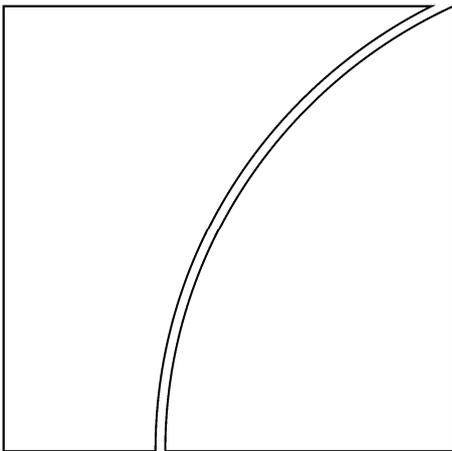




BANK FOR INTERNATIONAL SETTLEMENTS



Statistical commentary on provisional locational and consolidated international banking statistics at end- September 2011

Monetary and Economic Department

January 2012

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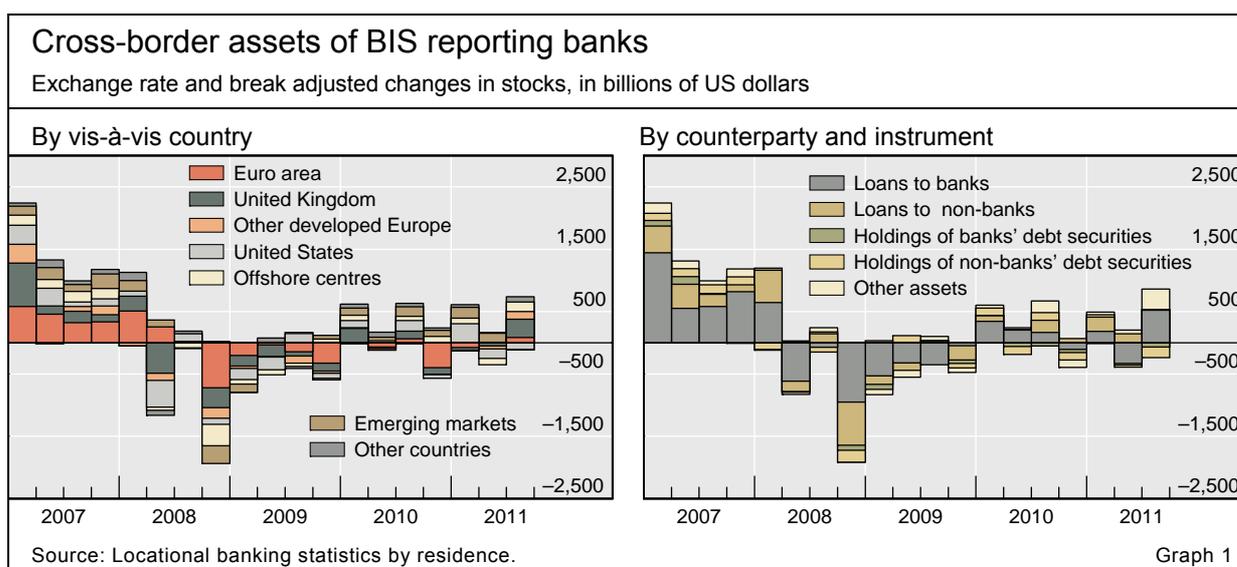
Release of preliminary locational and consolidated banking statistics

Third quarter of 2011

Data for the third quarter of 2011 are provisional and subject to change. Final data, with a detailed analysis of recent trends, will be published on the occasion of the forthcoming *BIS Quarterly Review*, to be released on 12 March 2012.

Locational banking statistics (Table 1)¹

In the third quarter of 2011, cross-border claims of BIS reporting banks rebounded by 2.0% after a decline of 0.6% in the previous period,² and cross-border liabilities increased by 2.8%. The upsurge in assets was mainly focused on interbank business which grew by 4.2% while lending to non-banks contracted by 1.8%. Excepting holdings of securities, which dropped by 3.9%, all other instruments rose on the assets side, and lending in euro increased by 3.8%. Most of the increase was recorded with developed countries and offshore centres, as activity with emerging economies in aggregate was subdued.



- Developed countries:** Banks' cross-border claims on residents of developed countries rose substantially after a drop in the previous quarter (\$ 430 billion compared to -\$245 billion). The increase was driven by claims on banks in the United Kingdom (\$287 billion), the euro area (\$208 billion) and Switzerland (\$ 103 billion). Conversely, notable decreases were recorded on banks in Italy and Spain (-\$60 billion and -\$45 billion, respectively).

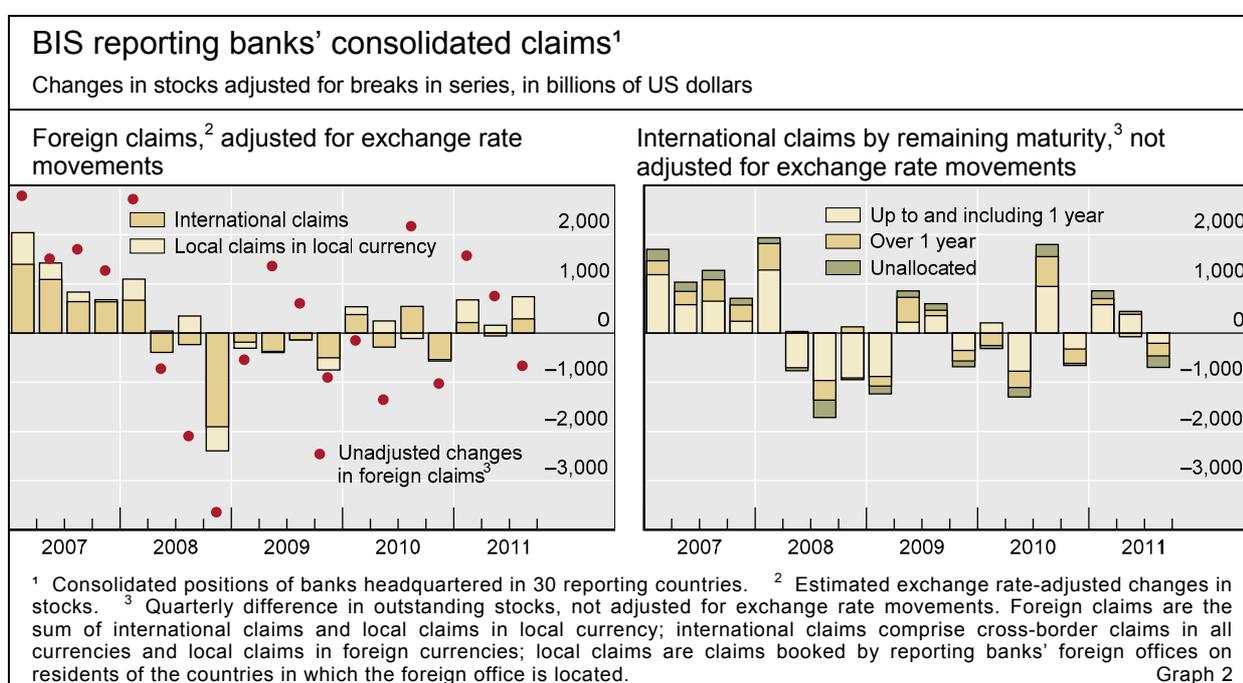
¹ Structured by residence of the banks' offices, the locational statistics provide details of the currency distribution for the claims and liabilities structure of cross-border banking, and of positions vis-à-vis residents of the reporting countries in foreign currencies. All changes in locational claims (in the text and in Table 1) exclude the effect of exchange rate movements and are net of statistical breaks as detailed in the Annex to this release.

² Taking into account the depreciation during the third quarter of 2011 against the US dollar of outstanding claims denominated in euros (-7.0%), sterling (-2.6%) and Swiss francs (-8.0%), and the appreciation of the yen by 5.1%, the underlying change was \$624 billion against an unadjusted increase of only \$91 billion in amounts outstanding.

- **Emerging markets:** cross-border lending to emerging markets during the third quarter decreased by –\$10 billion. Most of the decrease was concentrated on European developing countries such as Poland (–\$12 billion) and Hungary (–\$5 billion), as well as on Turkey (–\$9 billion) and South Korea (–\$7 billion). Cross-border claims of BIS reporting banks on China continued to expand (by +6.3% or \$30 billion)
- **Funding:** Significant increases in funding from banks (mostly denominated in euro) were recorded (+3.7% and +7.6% respectively), while debt securities issuance went down by – 4.1%.
- Local operations in foreign currencies with residents in all countries rose on both the assets and liabilities side by +4.5% and +4.1% respectively.

Consolidated bank claims on an immediate borrower basis (Table 2)³

Reporting banks' international claims adjusted for exchange rate movements increased in the third quarter of 2011 (by 1.4%) after a moderate slowdown of 0.3% in the previous quarter. Local claims in local currency also increased by 1.3%.



- **Local office positions in local currency:** In parallel with the adjusted 1.3% increase in the local currency claims of banks' foreign offices (Graph 2, left-hand panel),⁴ local currency liabilities went up by 0.7% in the third quarter.
- **Maturity structure:** The share of short-term claims increased overall from 52.3% to 53.0% of all international claims in the third quarter of 2011.

³ Tables 2 and 3 are not adjusted for statistical breaks (see Annex).

⁴ The estimated effect of the dollar's appreciation on outstanding international claims in other major currencies is based on the currency distribution of the locational banking statistics. The currency adjustment for local positions in local currency is calculated for each individual currency, taking into account exchange rate movements against the US dollar in the current quarter.

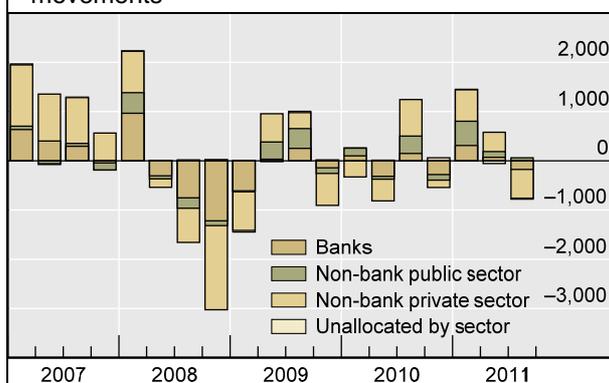
Consolidated foreign claims and other exposures on an ultimate risk basis (Table 3)

On an ultimate risk basis, which adjusts for net risk transfers across borrowing countries and sectors (but not for exchange rate changes), banks' consolidated foreign claims slowed down by 2.7%, in particular vis-à-vis the non-bank private sector (-3.9%). Other exposures resulting from derivatives contracts, excluding credit derivatives, increased by \$1.2 trillion after an increase in the guarantees of \$800 billion in the second quarter.

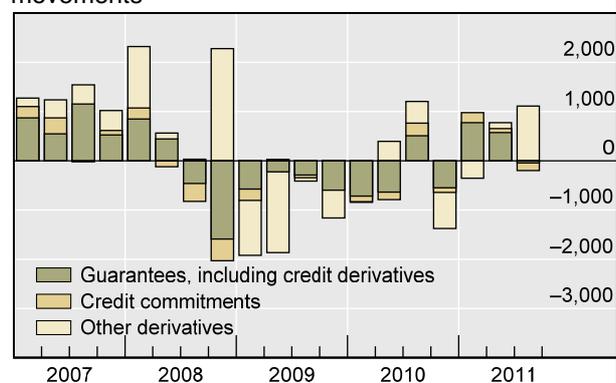
BIS reporting banks' consolidated claims on an ultimate risk basis¹

Changes in stocks adjusted for breaks in series, in billions of US dollars

Foreign claims,² not adjusted for exchange rate movements



Other exposures,³ not adjusted for exchange rate movements



¹ Worldwide consolidated positions of banks headquartered in 24 reporting countries. ² Sum of cross-border and local claims. The latter comprise claims in all currencies booked by reporting banks' foreign offices on residents of the country in which the foreign office is located. ³ Derivatives relate to positive market values recorded as on- or off-balance sheet items. Credit commitments and guarantees are recorded as off-balance sheet items. Graph 3

- Sector and region:** Contrasting with the reduction in claims on the public sector in emerging countries, the exposure of international banks to the developed countries' public sector increased by 4.3% in the third quarter, to represent 20.5% of those banks' total foreign claims. Not adjusted for exchange rate fluctuations, this increase was driven by claims on the public sectors of the United States, Germany and Japan, while claims of the BIS reporting banks on the public sectors of other euro area countries, mainly Italy and France, were reduced. The same category of claims went down also in Brazil.
- Other derivatives:** decline in the 2-year and over interest rates and strength of the US dollar, and a better liquidity in the markets in the third quarter, resulted in a large increase in the size and volume of derivatives contracts.

Table 1

Changes in international assets and liabilities of BIS reporting banks (locational statistics)

In billions of US dollars, at constant quarterly exchange rates

| | Vis-à-vis developed countries | | Vis-à-vis offshore centres | | Vis-à-vis emerging markets | | Vis-à-vis all countries ¹ | | Stocks at end-September 2011 |
|--|-------------------------------|---------|----------------------------|---------|----------------------------|---------|--------------------------------------|---------|------------------------------|
| | 2011-Q2 | 2011-Q3 | 2011-Q2 | 2011-Q3 | 2011-Q2 | 2011-Q3 | 2011-Q2 | 2011-Q3 | |
| A. Total assets | -241 | 556 | -59 | 191 | 168 | 7 | -115 | 805 | 35,878 |
| B. Cross-border assets | -245 | 430 | -102 | 152 | 144 | -10 | -186 | 624 | 31,682 |
| By sector | | | | | | | | | |
| On banks | -295 | 647 | -101 | 152 | 92 | -7 | -300 | 830 | 20,308 |
| On non-banks | 50 | -217 | -0 | 1 | 52 | -2 | 114 | -206 | 11,374 |
| By instrument | | | | | | | | | |
| Loans | -218 | 302 | -106 | 170 | 122 | 25 | -187 | 536 | 23,303 |
| Securities | -73 | -190 | 1 | -22 | 3 | -30 | -61 | -237 | 5,742 |
| Other stocks | 46 | 317 | 3 | 5 | 19 | -4 | 62 | 325 | 2,637 |
| By currency | | | | | | | | | |
| US dollar | -164 | -74 | -116 | 143 | 60 | 3 | -218 | 71 | 13,159 |
| Euro | -27 | 353 | -5 | -5 | -6 | -1 | -32 | 369 | 11,062 |
| Yen | -32 | 45 | 2 | 2 | 2 | 1 | -27 | 46 | 1,354 |
| Other currencies ² | -22 | 107 | 17 | 13 | 88 | -11 | 90 | 137 | 6,108 |
| C. Local assets in foreign currency | 4 | 126 | 43 | 39 | 24 | 16 | 70 | 181 | 4,196 |
| D. Total liabilities | -107 | 1,066 | -90 | 6 | 39 | -11 | -130 | 1,040 | 34,879 |
| E. Cross-border liabilities | -133 | 913 | -118 | -36 | 37 | -5 | -185 | 850 | 30,069 |
| By sector | | | | | | | | | |
| On banks | -73 | 852 | -161 | -47 | 12 | 4 | -210 | 795 | 22,023 |
| On non-banks | -60 | 61 | 44 | 11 | 25 | -9 | 25 | 55 | 8,046 |
| By instrument | | | | | | | | | |
| Loans | -161 | 641 | -128 | -30 | 34 | -8 | -246 | 658 | 24,395 |
| Securities | 25 | -69 | 7 | -8 | 1 | -2 | 46 | -184 | 4,110 |
| Other stocks | 3 | 341 | 3 | 2 | 2 | 4 | 16 | 377 | 1,565 |
| By currency | | | | | | | | | |
| US dollar | -187 | 122 | -118 | -41 | 39 | -32 | -260 | -41 | 13,196 |
| Euro | 38 | 626 | -18 | -5 | -27 | 34 | -20 | 719 | 9,819 |
| Yen | -31 | 19 | -7 | 8 | -8 | -2 | -44 | 21 | 998 |
| Other currencies ² | 47 | 146 | 25 | 1 | 32 | -6 | 139 | 150 | 6,057 |
| F. Local liabilities in foreign currency | 26 | 153 | 27 | 43 | 2 | -6 | 55 | 190 | 4,810 |

¹ Including positions vis-à-vis international organisations and unallocated data not individualised in the tables. ² Including unallocated currencies.

Table 2
Consolidated claims on a contractual (immediate borrower) basis

Amounts outstanding, in billions of US dollars at current quarterly exchange rates and not adjusted for statistical breaks

| | Vis-à-vis developed countries | | Vis-à-vis offshore centres | | Vis-à-vis emerging markets | | Total ¹ | |
|---|-------------------------------|---------|----------------------------|---------|----------------------------|---------|--------------------|---------|
| | 2011-Q2 | 2011-Q3 | 2011-Q2 | 2011-Q3 | 2011-Q2 | 2011-Q3 | 2011-Q2 | 2011-Q3 |
| Foreign claims on immediate borrower basis (30 countries) ² | 24,197 | 23,781 | 2,623 | 2,629 | 5,672 | 5,399 | 32,634 | 31,947 |
| International claims ³ | 15,576 | 15,034 | 2,082 | 2,088 | 3,233 | 3,155 | 21,031 | 20,417 |
| Local claims ⁴ | 8,621 | 8,747 | 541 | 540 | 2,439 | 2,243 | 11,603 | 11,531 |
| As % of foreign claims | (35.6) | (36.8) | (20.6) | (20.6) | (43.0) | (41.6) | (35.6) | (36.1) |
| Breakdown of international claims by maturity | | | | | | | | |
| Up to and including one year | 8,219 | 8,045 | 1,048 | 1,068 | 1,697 | 1,676 | 10,995 | 10,819 |
| As % of international claims | (52.8) | (53.5) | (50.3) | (51.1) | (52.5) | (53.1) | (52.3) | (53.0) |
| Unallocated | 2,481 | 2,341 | 423 | 398 | 318 | 270 | 3,286 | 3,072 |
| As % of international claims | (15.9) | (15.6) | (20.3) | (19.1) | (9.8) | (8.5) | (15.6) | (15.0) |
| Risk transfers ⁵ | | | | | | | | |
| Inward risk transfers | 1,167 | 1,069 | 114 | 111 | 226 | 232 | 1,527 | 1,435 |
| Outward risk transfers | 1,058 | 988 | 456 | 481 | 303 | 310 | 1,820 | 1,782 |
| Net risk transfers | 89 | 50 | -574 | -613 | -114 | -112 | -582 | -654 |
| Foreign claims (after net risk transfers reported by 26 countries) ⁶ | 24,286 | 23,831 | 2,048 | 2,016 | 5,558 | 5,287 | 32,052 | 31,293 |
| Of which: domestically owned banks ⁷ | 20,175 | 19,754 | 1,963 | 1,928 | 5,108 | 4,822 | 27,400 | 26,659 |

¹ Including positions vis-à-vis international organisations and unallocated. ² Foreign claims of all banks (domestic and foreign) in 30 reporting countries. ³ Cross-border claims denominated in all currencies plus local claims of foreign offices denominated in foreign currencies. ⁴ Local claims of domestic banks' foreign offices denominated in local currencies. ⁵ While 30 countries report claims on a contractual basis, 26 countries provide risk transfer information. Inward risk transfers minus outward risk transfers do not equal net risk transfers because some countries report only net risk transfers. ⁶ After net risk transfers reported by 26 countries. ⁷ Claims reported by banks headquartered in BIS reporting countries, exclusive of (1) cross-border claims of subsidiaries and affiliates on residents in the headquarters (home) country, (2) cross-border claims of non-consolidated entities and (3) cross-border claims of entities whose headquarters are outside the BIS reporting countries.

Table 3

**Consolidated foreign claims and other contingent exposures
on an ultimate risk basis**

Amounts outstanding, in billions of US dollars at current quarterly exchange rates
and not adjusted for statistical breaks

| | Vis-à-vis developed countries | | Vis-à-vis offshore centres | | Vis-à-vis emerging markets | | Total ¹ | |
|---|-------------------------------|---------|----------------------------|---------|----------------------------|---------|--------------------|---------|
| | 2011-Q2 | 2011-Q3 | 2011-Q2 | 2011-Q3 | 2011-Q2 | 2011-Q3 | 2011-Q2 | 2011-Q3 |
| Foreign claims after net risk transfers (24 countries) ² | 19,779 | 19,359 | 1,920 | 1,889 | 5,053 | 4,767 | 26,904 | 26,169 |
| <i>Of which: local claims in all currencies</i> | 9,245 | 9,366 | 710 | 725 | 2,847 | 2,644 | 12,807 | 12,738 |
| As % of foreign claims | (46.7) | (48.4) | (37.0) | (38.4) | (56.4) | (55.5) | (47.6) | (48.7) |
| By sector | | | | | | | | |
| Banks | 4,825 | 4,658 | 179 | 175 | 961 | 956 | 5,973 | 5,796 |
| As % of foreign claims | (24.4) | (24.1) | (9.3) | (9.2) | (19.0) | (20.1) | (22.2) | (22.1) |
| Public sector | 3,811 | 3,974 | 189 | 201 | 1,287 | 1,171 | 5,403 | 5,463 |
| As % of foreign claims | (19.3) | (20.5) | (9.8) | (10.6) | (25.5) | (24.6) | (20.1) | (20.9) |
| Non-bank private sector | 11,002 | 10,597 | 1,523 | 1,486 | 2,780 | 2,621 | 15,329 | 14,730 |
| As % of foreign claims | (55.6) | (54.7) | (79.3) | (78.7) | (55.0) | (55.0) | (57.0) | (56.3) |
| Unallocated | 141 | 131 | 30 | 27 | 25 | 19 | 199 | 180 |
| As % of foreign claims | (0.7) | (0.7) | (1.5) | (1.4) | (0.5) | (0.4) | (0.7) | (0.7) |
| Other potential exposures ³ | | | | | | | | |
| Derivatives contracts ⁴ | 3,165 | 4,204 | 125 | 160 | 193 | 235 | 3,506 | 4,618 |
| Guarantees extended | 6,685 | 6,707 | 253 | 247 | 1,085 | 1,112 | 8,173 | 8,231 |
| Credit commitments ⁵ | 2,959 | 2,852 | 219 | 200 | 608 | 581 | 3,791 | 3,635 |

¹ Including positions vis-à-vis international organisations and unallocated. ² Based on data from domestically owned banks in 24 countries that submit both immediate borrower and ultimate risk basis data, provide data on risk transfers and give a detailed breakdown of foreign claims and contingent exposures. ³ Not included in foreign claims.

⁴ Excluding Chile; positive market values only. ⁵ Excluding Chile.

Annex

Breaks in series and major data revisions processed in 2011-Q3

The changes in locational banking statistics discussed in the statistical commentary are net of the breaks listed below

A. Locational banking statistics by residence

In billions of US dollars

Breaks in series¹

| Quarter | Reporting country | Details | Assets | Liabilities |
|---------|-------------------|--|--------|-------------|
| 2011-Q3 | Belgium | Reorganisation and transfer of activities of reporting bank. | 14.8 | 16.8 |
| 2011-Q3 | Finland | Changes in reporting practice. | -40.2 | -40.3 |
| 2011-Q3 | Norway | Changes in the reporting population. | 5.2 | 7.7 |
| 2011-Q3 | United Kingdom | Improvements in reporting practice and changes in the reporting population | 416.5 | 309.1 |

Data revisions of previous quarters (exclusive of breaks in series)

| Quarters | Reporting country | Details | Assets | Liabilities |
|----------|-------------------|---------------------------------|--------|-------------|
| 2009-Q1 | United States | Revisions from reporting banks. | -3.5 | 15.2 |
| 2009-Q2 | United States | Revisions from reporting banks. | -1.5 | 5.2 |
| 2009-Q3 | United States | Revisions from reporting banks. | 0.6 | 7.0 |
| 2009-Q4 | United States | Revisions from reporting banks. | -0.6 | 4.0 |
| 2010-Q1 | United States | Revisions from reporting banks. | -5.4 | 16.8 |
| 2010-Q2 | Italy | Revisions from reporting banks. | 4.9 | 5.0 |
| 2010-Q2 | Sweden | Revisions from reporting banks. | 3.6 | 4.4 |
| 2010-Q2 | United States | Revisions from reporting banks. | -4.5 | 15.2 |
| 2010-Q3 | Italy | Revisions from reporting banks. | 10.8 | 16.3 |
| 2010-Q3 | Sweden | Revisions from reporting banks. | -3.2 | 5.3 |
| 2010-Q3 | Japan | Revisions from reporting banks. | -1.7 | 3.2 |
| 2010-Q3 | United States | Revisions from reporting banks. | -6.7 | 19.2 |
| 2010-Q4 | Japan | Revisions from reporting banks. | -1.5 | 2.6 |
| 2010-Q4 | United States | Revisions from reporting banks. | -19.9 | 36.8 |
| 2011-Q1 | Japan | Revisions from reporting banks. | -1.4 | 2.4 |
| 2011-Q1 | United States | Revisions from reporting banks. | -13.6 | 26.1 |
| 2011-Q2 | Italy | Revisions from reporting banks. | -4.1 | 5.5 |
| 2011-Q2 | Norway | Revisions from reporting banks. | -7.4 | 12.2 |
| 2011-Q2 | Australia | Revisions from reporting banks. | -28.6 | 53.2 |
| 2011-Q2 | Japan | Revisions from reporting banks. | -0.9 | 2.1 |
| 2011-Q2 | United States | Revisions from reporting banks. | -3.8 | 8.2 |

¹ See <http://www.bis.org/statistics/breakstables17.pdf> for historical break in series.

B. Locational banking statistics by nationality

In billions of US dollars

Assets**Liabilities****Breaks in series¹**

| Quarter | Reporting country | Details | | |
|----------------|--------------------------|--|-------|-------|
| 2011-Q3 | Belgium | Reorganisation and transfer of activities of reporting bank. | 14.8 | 16.8 |
| 2011-Q3 | Finland | | -40.2 | -40.3 |
| 2011-Q3 | Norway | Changes in the reporting population. | 5.2 | 7.7 |
| 2011-Q3 | United Kingdom | Improvements in reporting practice and changes in the reporting population | 378.0 | 382.0 |

Data revisions of previous quarters (exclusive of breaks in series)

| Quarters | Reporting country | Details | | |
|----------------------|--------------------------|--------------------------------|--------------|--------------|
| 2010-Q2 - 2011-Q1 | Japan | Revisions from reporting banks | 1.0 to 1.5 | 0.9 to 1.7 |
| 2009-Q1 - 2011-Q2 | United States | Revisions from reporting banks | -4.4 to 16.9 | -0.6 to 19.9 |
| 2011-Q2 | Norway | Revisions from reporting banks | 4.8 | 7.4 |
| 2010-Q3 | Sweden | Revisions from reporting banks | -0.8 to 2.1 | 3.2 to 3.6 |

¹ See <http://www.bis.org/statistics/breakstables8.pdf> for historical break in series.

C. Consolidated statistics on an immediate borrower basis

Changes, in billions of US dollars

Breaks in series¹

| Quarter | Reporting country | Details | International claims | Other positions |
|---------|-------------------|--|----------------------|-----------------|
| 2011-Q3 | Finland | Change in accounting methods concerning repos from an inside area office | -3.4 | |

Large data revisions from reporting banks of previous quarters (excluding breaks in series)

| Quarter | Reporting country | Details | International claims | Other positions |
|---------|-------------------|---|----------------------|-----------------|
| 2010-Q3 | Japan | International claims | -2.4 | |
| 2010-Q4 | Japan | International claims | -3.0 | |
| 2011-Q1 | Japan | International claims | -2.7 | |
| 2011-Q2 | Portugal | Local currency liabilities to local residents | | 3.1 |
| 2011-Q2 | United Kingdom | Local currency claims on local residents | | 6.2 |
| 2011-Q2 | Australia | International claims | 6.0 | |
| 2011-Q2 | Australia | Local currency claims on local residents | | 6.2 |
| 2011-Q2 | Australia | Net risk transfers | | -7.0 |

¹ See <http://www.bis.org/statistics/breakstablecons.pdf> for historical break in series.

D. Consolidated statistics on an ultimate risk basis

Changes, in billions of US dollars

| Quarter | Reporting country | Details of breaks in series ¹ | Foreign claims | Other positions |
|---------|-------------------|---|----------------|-----------------|
| 2011-Q3 | Germany | Methodological revision | - | |
| | | Cross-border claims | | -114.17 |
| | | Local claims of foreign offices in all currencies | | 114.17 |
| 2011-Q3 | United Kingdom | Improvements in reporting practice | -15.1 | |
| | | Cross-border claims on Jersey | | -15.1 |
| | | Guarantees extended | | ... |
| 2011-Q2 | Netherlands | Reclassification of claims by one reporting bank from Ireland to United States, West Indies UK and Cayman Islands and from the Greek non-bank private sector to the Greek public sector | - | |
| | | Cross-border claims | | - |
| | | Local claims of foreign offices in all currencies | | - |

Large data revisions from reporting banks of previous quarters (exclusive of breaks in series)

| Quarter | Reporting country | Details | Foreign claims | Other positions |
|---------|-------------------|---|----------------|-----------------|
| 2010-Q3 | Japan | Foreign claims | -4.2 | |
| 2010-Q3 | Japan | Cross-border claims | | -4.2 |
| 2010-Q4 | United Kingdom | Guarantees extended | | 18.1 |
| 2010-Q4 | Japan | Foreign claims | -4.9 | |
| 2010-Q4 | Japan | Cross-border claims | | -4.9 |
| 2011-Q1 | United Kingdom | Guarantees extended | | 15.2 |
| 2011-Q1 | Japan | Foreign claims | -4.1 | |
| 2011-Q1 | Japan | Cross-border claims | | -4.1 |
| 2011-Q2 | United Kingdom | Foreign claims | 8.0 | |
| 2011-Q2 | United Kingdom | Local claims of foreign offices in all currencies | | 6.2 |
| 2011-Q2 | United Kingdom | Guarantees extended | | 23.5 |
| 2011-Q2 | Australia | Foreign claims | 5.1 | |
| 2011-Q2 | Australia | Local claims of foreign offices in all currencies | | 4.3 |
| 2011-Q2 | Australia | Derivatives contracts | | -31.1 |
| 2011-Q2 | Australia | Guarantees extended | | 2.2 |
| 2011-Q2 | Australia | Credit commitments | | -12.1 |

¹ See <http://www.bis.org/statistics/breakstablescons.pdf> for historical break in series.