

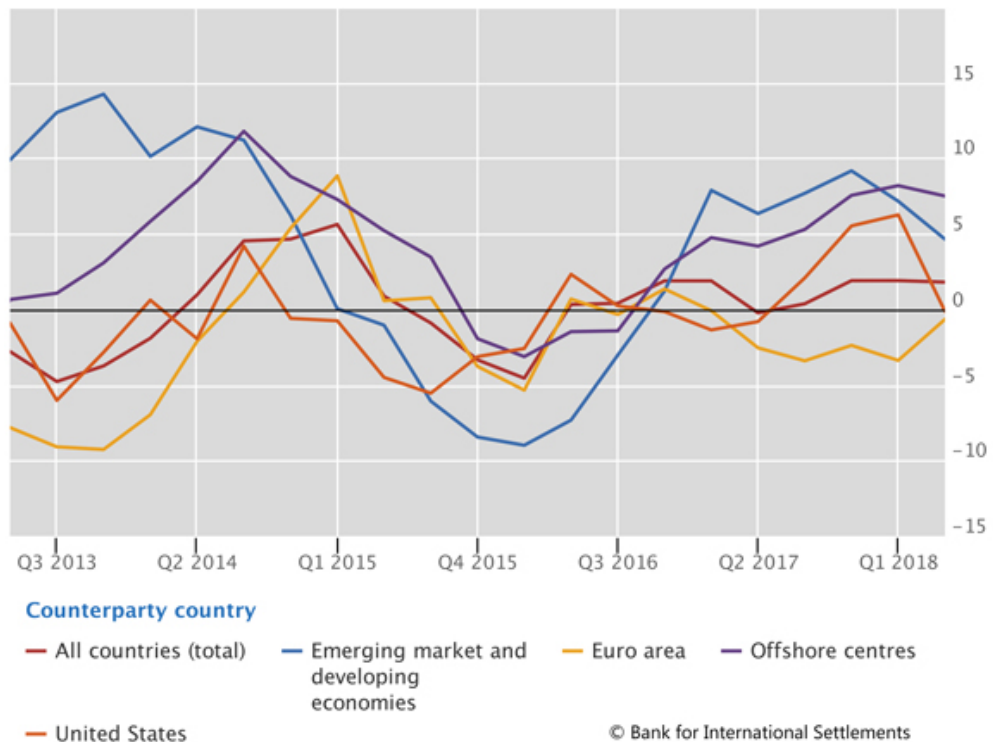


18 October 2018

## Statistical release: BIS international banking statistics at end-June 2018

- International banking activity was mixed in Q2 2018, slowing vis-à-vis some regions and sectors but continuing to expand vis-à-vis others. Overall, global cross-border bank credit contracted by [\\$130 billion](#) between end-March and end-June 2018, closing at \$29 trillion. This left the annual growth rate unchanged at 2% for the third consecutive quarter.
- The fastest growth in cross-border bank credit was again vis-à-vis non-bank financial borrowers, such as investment funds and special purpose vehicles, with an increase of [7%](#) in the year to end-June 2018.
- The annual growth in cross-border bank credit to emerging market and developing economies (EMDEs) slowed from 7% at end-March 2018 to [5%](#) at end-June 2018, largely due to declines in claims on Brazil, India and Mexico.

### Growth of cross-border bank credit diverged across countries

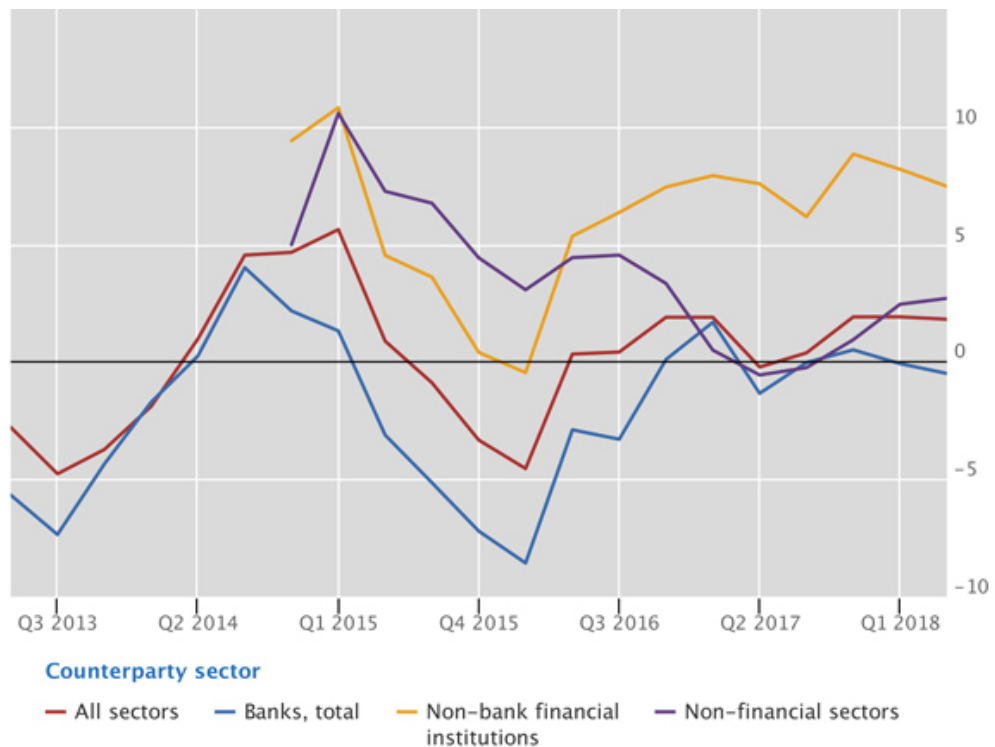


Graph 1: Annual percentage change in banks' cross-border claims ([interactive graph](#)).  
Source: BIS locational banking statistics ([Table A3](#)).

Global cross-border bank credit declined by [\\$130 billion](#) in the second quarter of 2018. Nevertheless, the overall annual growth rate remained unchanged at [2%](#) for the third consecutive quarter (Graph 1, red line).

The overall global figures mask a divergence of international banking activity across borrowing countries in the second quarter of 2018. The annual growth rate of cross-border credit to the United States fell from 6% at end-March 2018 to around 0% at end-June 2018 (Graph 1, orange line) and that of claims on EMDEs slowed to 5%, compared with its most recent peak of 9% at end-2017 (blue line). Meanwhile, the annual growth rate of claims on borrowers in the euro area remained in negative territory, closing at -1% (yellow line). In contrast, claims on Japan and offshore centres (purple line) grew at a rapid annual pace (9% and 8%, respectively).

### Credit to non-bank financial borrowers continued to expand rapidly

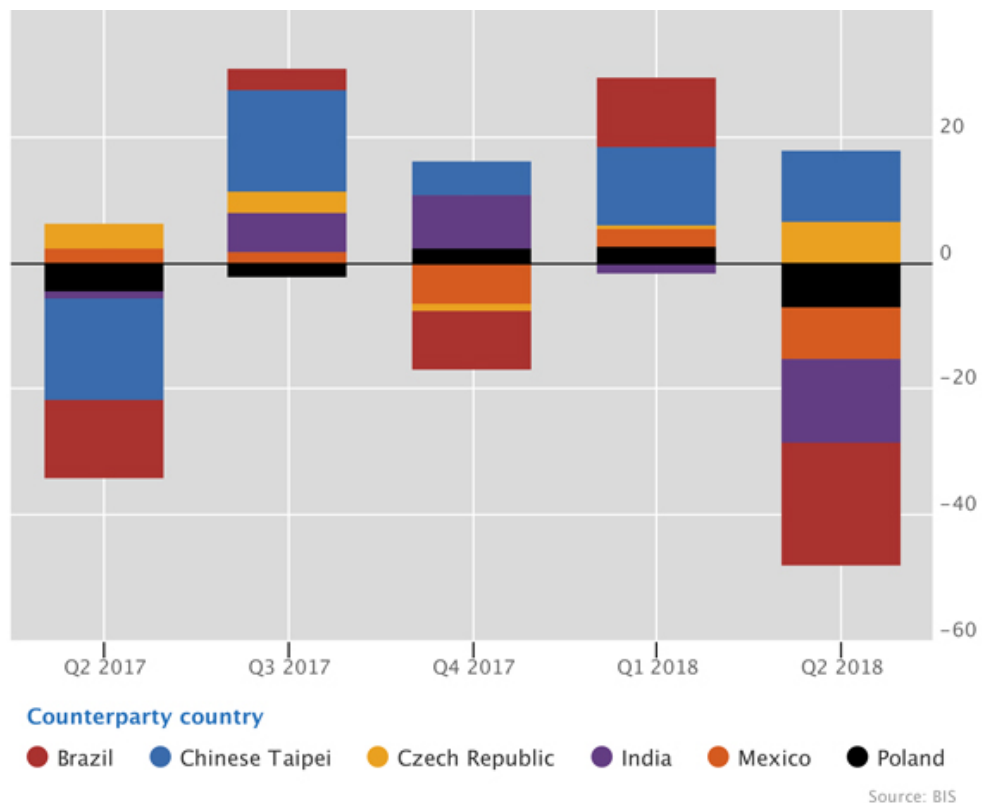


Source: BIS

Graph 2: Annual percentage change in banks' cross-border claims ([interactive graph](#)).  
Source: BIS locational banking statistics ([Table A1](#)).

There was also divergence in activity across borrowing sectors. Cross-border lending to banks contracted slightly, down by about 0.5% in the year to end-June 2018 (Graph 2, blue line). Meanwhile, the annual growth rate of cross-border credit to non-financial borrowers remained at roughly 3% (purple line). Lending to non-bank financial institutions, such as investment funds and special purpose vehicles, continued to expand rapidly. Cross-border claims on this sector rose by 7%, in line with the average growth rate since mid-2016 (yellow line).

## Slowdown in cross-border bank credit to EMDEs



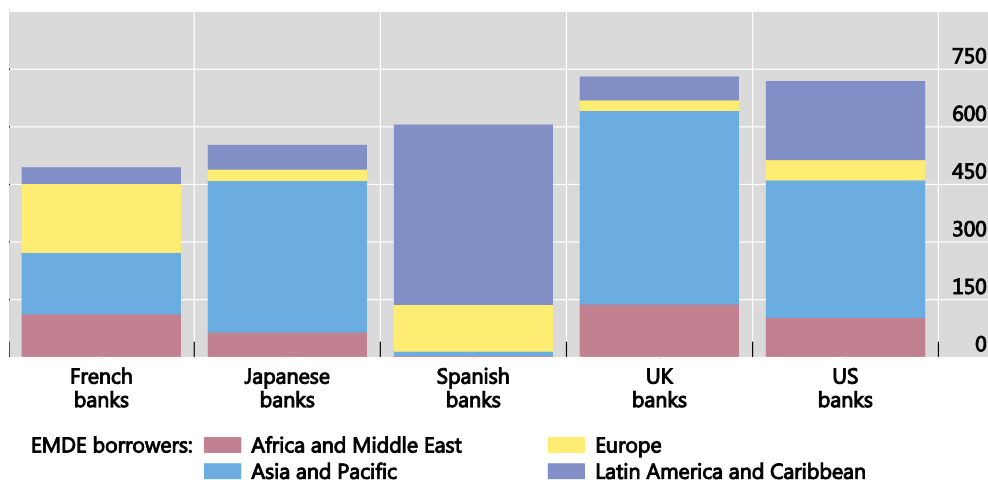
Graph 3: [Adjusted changes](#) in banks' cross-border claims on selected EMDEs, USD billions ([interactive graph](#)).

Source: BIS locational banking statistics ([Table A3](#)).

Cross-border credit to EMDEs contracted by [\\$20 billion](#) in Q2 2018. This was the first quarterly contraction since late 2016, and it saw the annual growth rate slow from 7% at end-March 2018 to [below 5%](#) at end-June 2018.

The overall decline in cross-border claims on EMDE borrowers was concentrated in a few borrowing countries. Claims on Brazil declined by [\\$20 billion](#), which more than reversed the large increase in Q1 2018. Other borrowing countries to experience declines in Q2 2018 included India ([-\\$13 billion](#)), Mexico ([-\\$8 billion](#)), Poland ([-\\$7 billion](#)) and Turkey ([-\\$1 billion](#)). In contrast, cross-border bank credit increased to Chinese Taipei ([+\\$11 billion](#)), the Czech Republic ([+\\$7 billion](#)) and Argentina ([+\\$1 billion](#)).

## Exposures to EMDEs vary significantly across foreign banking systems



Graph 4: Outstanding consolidated claims on borrowers in EMDEs, by nationality of reporting bank (interactive data). For a list of countries in each EMDE region, see [Table A3](#).

Source: BIS consolidated banking statistics on an ultimate risk basis ([Table B4](#)).

Foreign banks' outstanding claims on EMDEs totalled [\\$4.9 trillion](#) at end-June 2018 on a consolidated, ultimate risk basis (which takes into account credit risk transfers). Of this amount, the largest share comprised the local claims of banks' foreign subsidiaries located in EMDEs ([\\$2.8 trillion](#)); the remainder was cross-border claims (\$2.1 trillion). On top of these two main types of claim, foreign banks had exposures to EMDEs through three additional items: derivatives contracts, the positive market value of which stood at [\\$122 billion](#) at end-June 2018; credit protection sold against entities in EMDEs and other guarantees extended ([\\$634 billion](#)); and outstanding credit commitments to resident borrowers (\$582 billion). At end-June 2018, UK banks had the largest claims on EMDE borrowers at \$730 billion (Graph 4). US banks had claims of \$718 billion, followed by Spanish banks (\$605 billion), Japanese banks (\$552 billion) and French banks (\$494 billion).

There was considerable heterogeneity in the composition of foreign banks' exposures to EMDEs. Some national banking systems' claims were concentrated in one region (eg UK banks vis-à-vis emerging Asia), while other national banking systems' claims were more dispersed across EMDE regions (eg claims of French banks).

The business models that banks employ when lending to EMDEs are also not uniform. Some banks conduct their international business largely on a cross-border basis out of their home country or in financial centres, such as Japanese banks. Others follow a multinational model and set up foreign subsidiaries, such as Spanish banks. Such [differences in business models](#) are relevant to understanding how banks might respond to adverse developments in a borrowing country.

\* \* \*

As usual, the latest statistics are subject to revision and are affected by [breaks in series](#) – or changes in compilation – over time. Publication dates for revisions and updates are announced in the [release calendar](#).

## Annex A Locational banking statistics: charts

Cross-border claims, by sector, currency and instrument

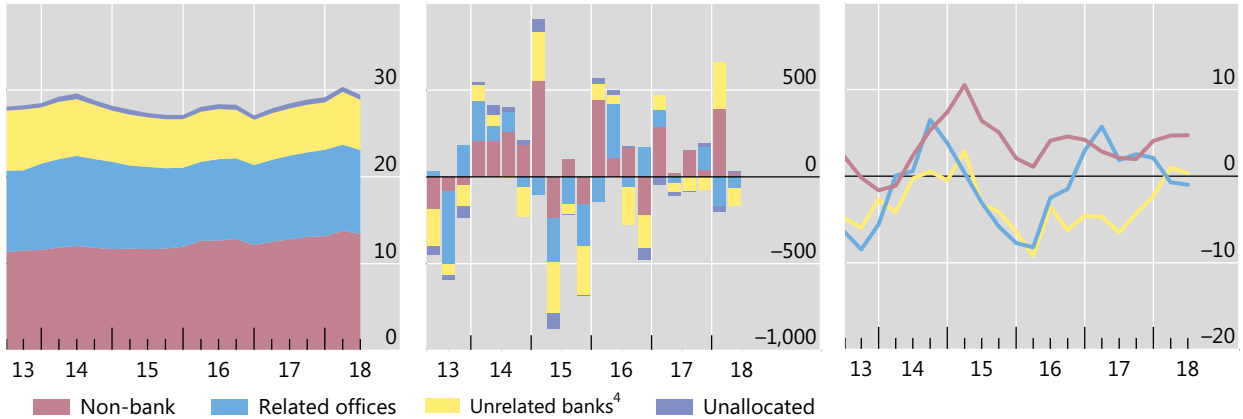
Graph A.1

Amounts outstanding, in USD trn<sup>1</sup>

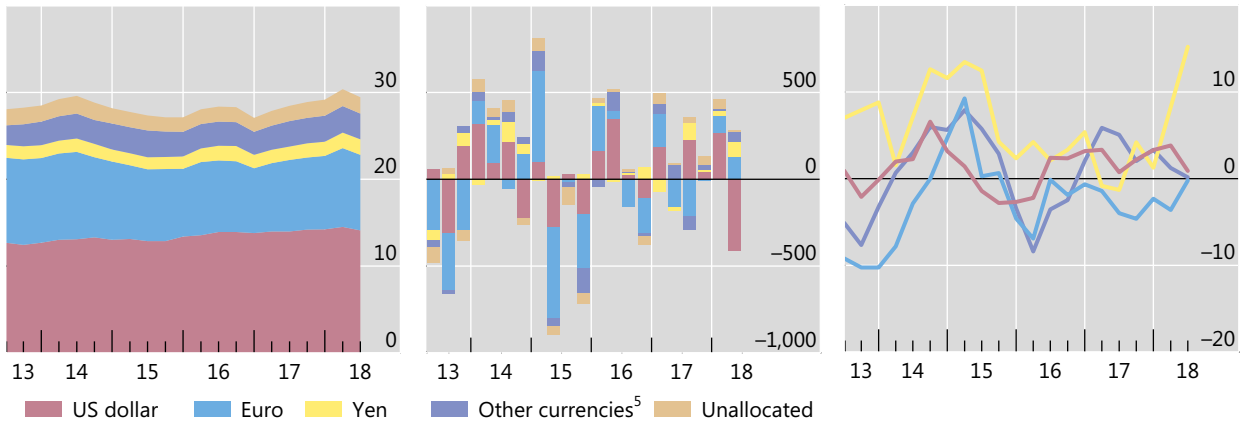
Adjusted changes, in USD bn<sup>2</sup>

Annual change, in per cent<sup>3</sup>

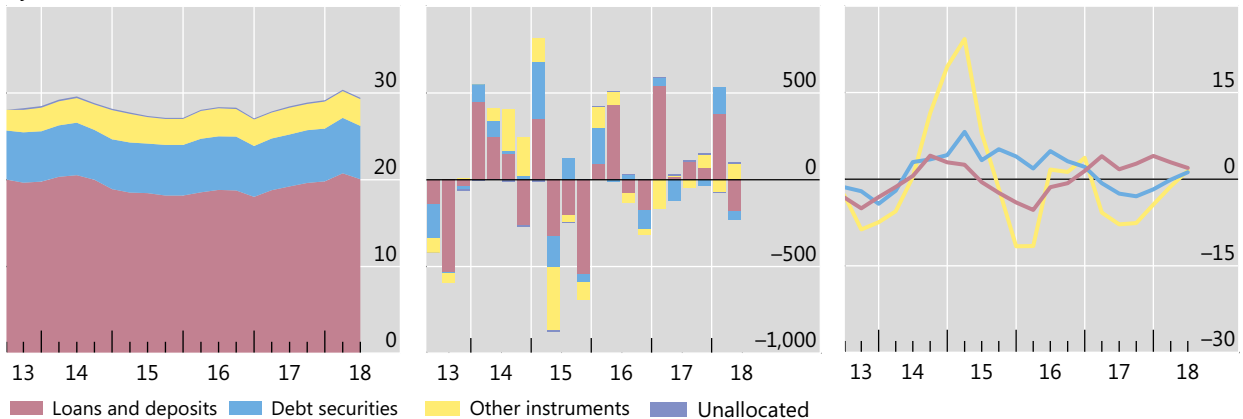
By sector of counterparty



By currency



By instrument



<sup>1</sup> At quarter-end. Amounts denominated in currencies other than the US dollar are converted to US dollars at the exchange rate prevailing on the reference date. <sup>2</sup> Quarterly changes in amounts outstanding, adjusted for the impact of exchange rate movements between quarter-ends and methodological breaks in the data. <sup>3</sup> Geometric mean of quarterly percentage adjusted changes. <sup>4</sup> Includes central banks and banks unallocated by subsector between intragroup and unrelated banks. <sup>5</sup> Other reported currencies, calculated as all currencies minus US dollar, euro, yen and unallocated currencies. The currency is known but reporting is incomplete.

Source: BIS locational banking statistics. Further information is available at [www.bis.org/statistics/bankstats.htm](http://www.bis.org/statistics/bankstats.htm).

## Cross-border claims, by borrowing region

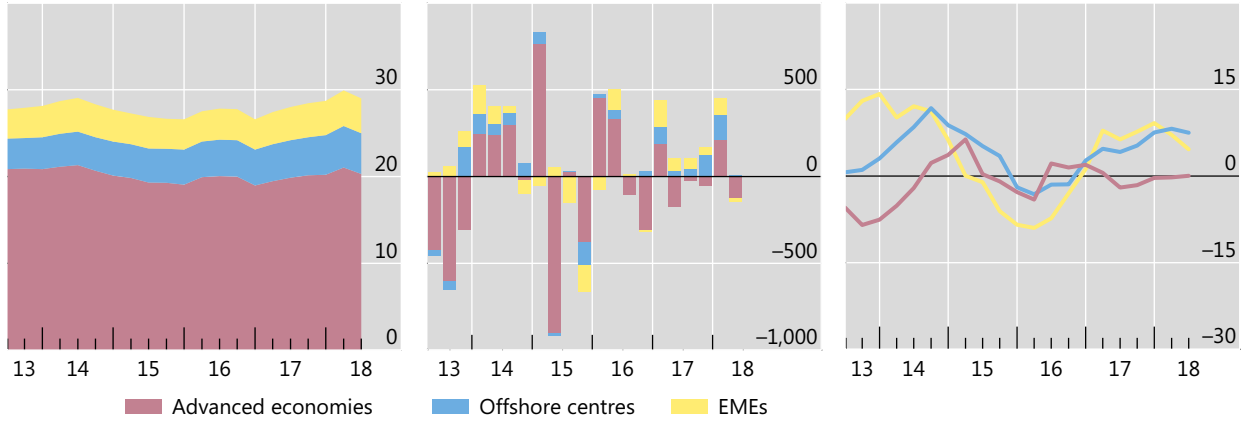
Graph A.2

Amounts outstanding, in USD trn<sup>1</sup>

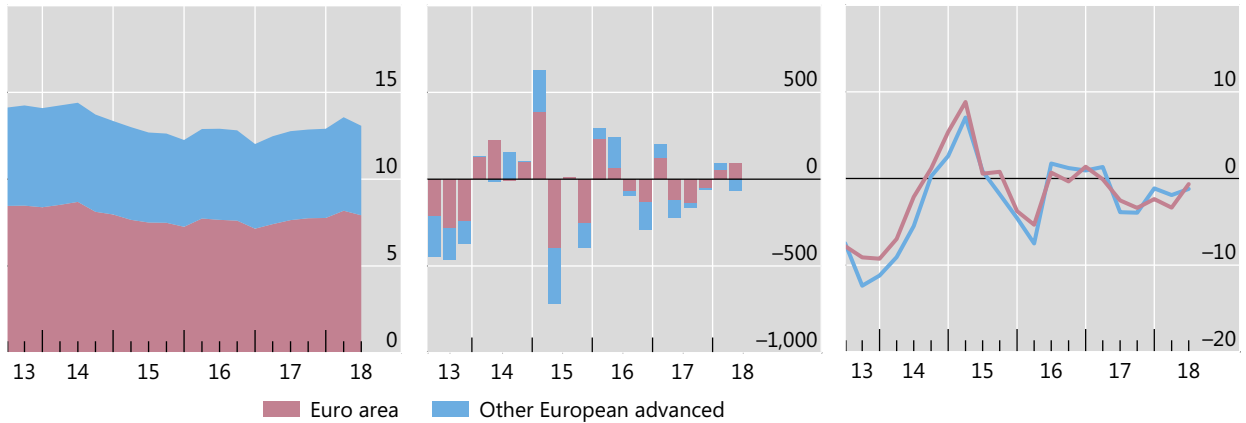
Adjusted changes, in USD bn<sup>2</sup>

Annual change, in per cent<sup>3</sup>

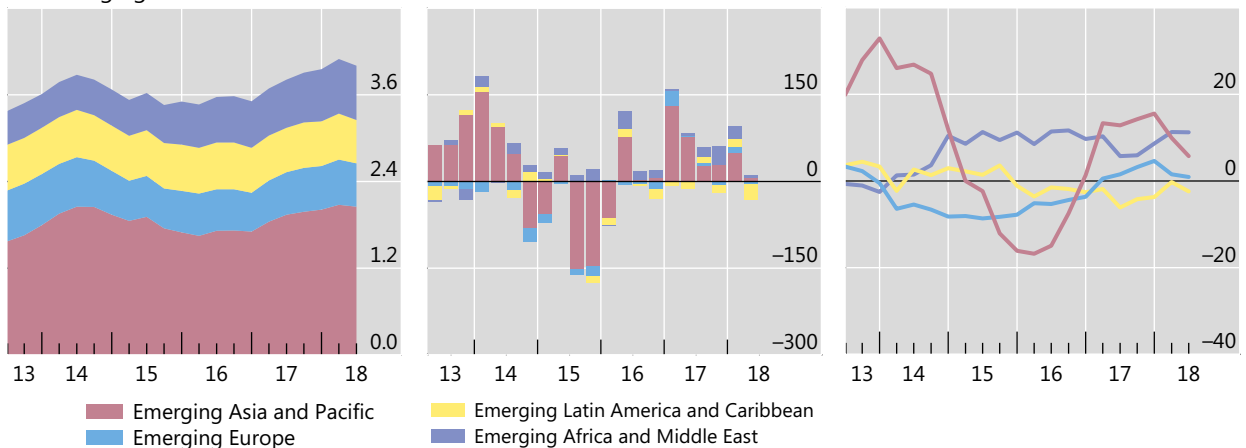
On all countries



On Europe



On emerging market economies



<sup>1</sup> At quarter-end. Amounts denominated in currencies other than the US dollar are converted to US dollars at the exchange rate prevailing on the reference date. <sup>2</sup> Quarterly changes in amounts outstanding, adjusted for the impact of exchange rate movements between quarter-ends and methodological breaks in the data. <sup>3</sup> Geometric mean of quarterly percentage adjusted changes.

Source: BIS locational banking statistics. Further information is available at [www.bis.org/statistics/bankstats.htm](http://www.bis.org/statistics/bankstats.htm).

# Cross-border claims, by borrowing country

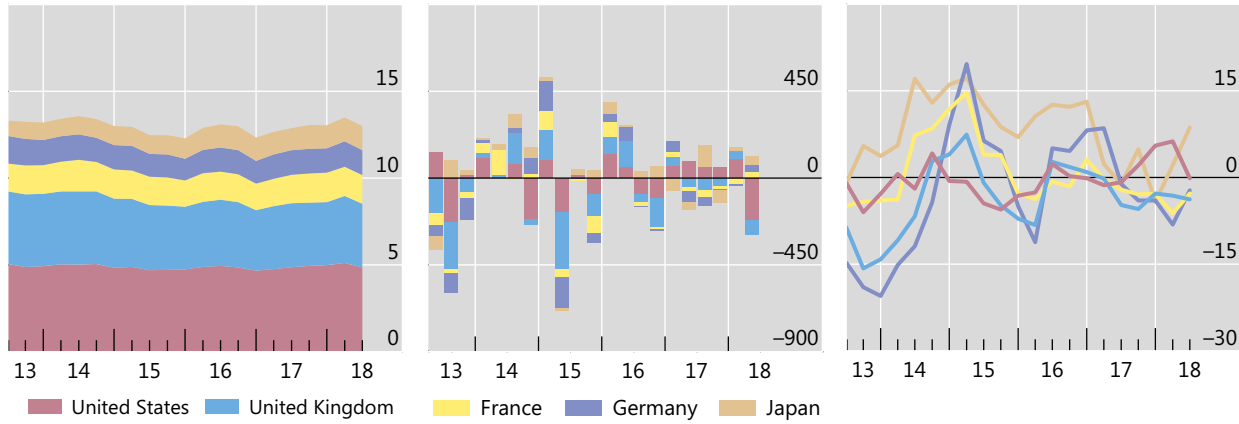
Graph A.3

Amounts outstanding, in USD trn<sup>1</sup>

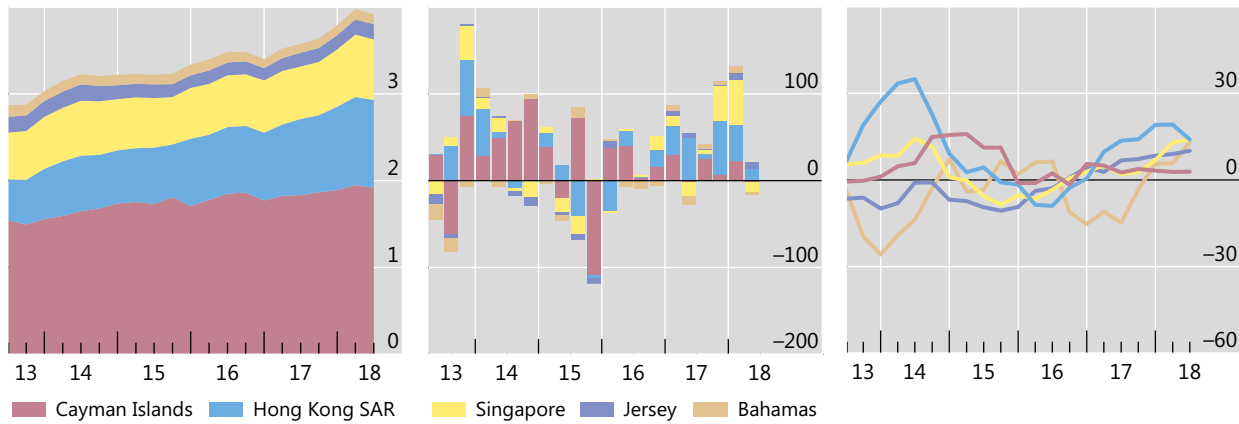
Adjusted changes, in USD bn<sup>2</sup>

Annual change, in per cent<sup>3</sup>

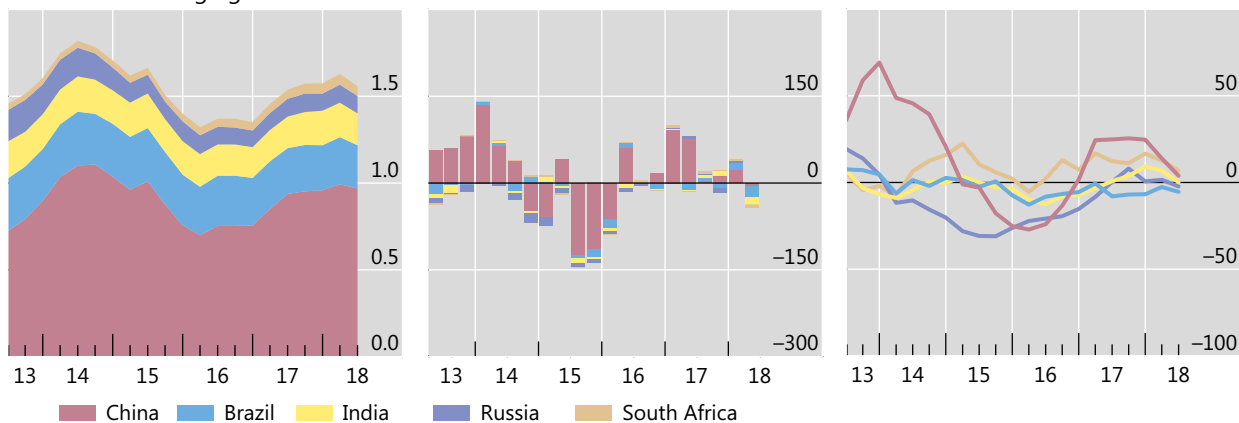
On selected advanced economies



On selected offshore centres



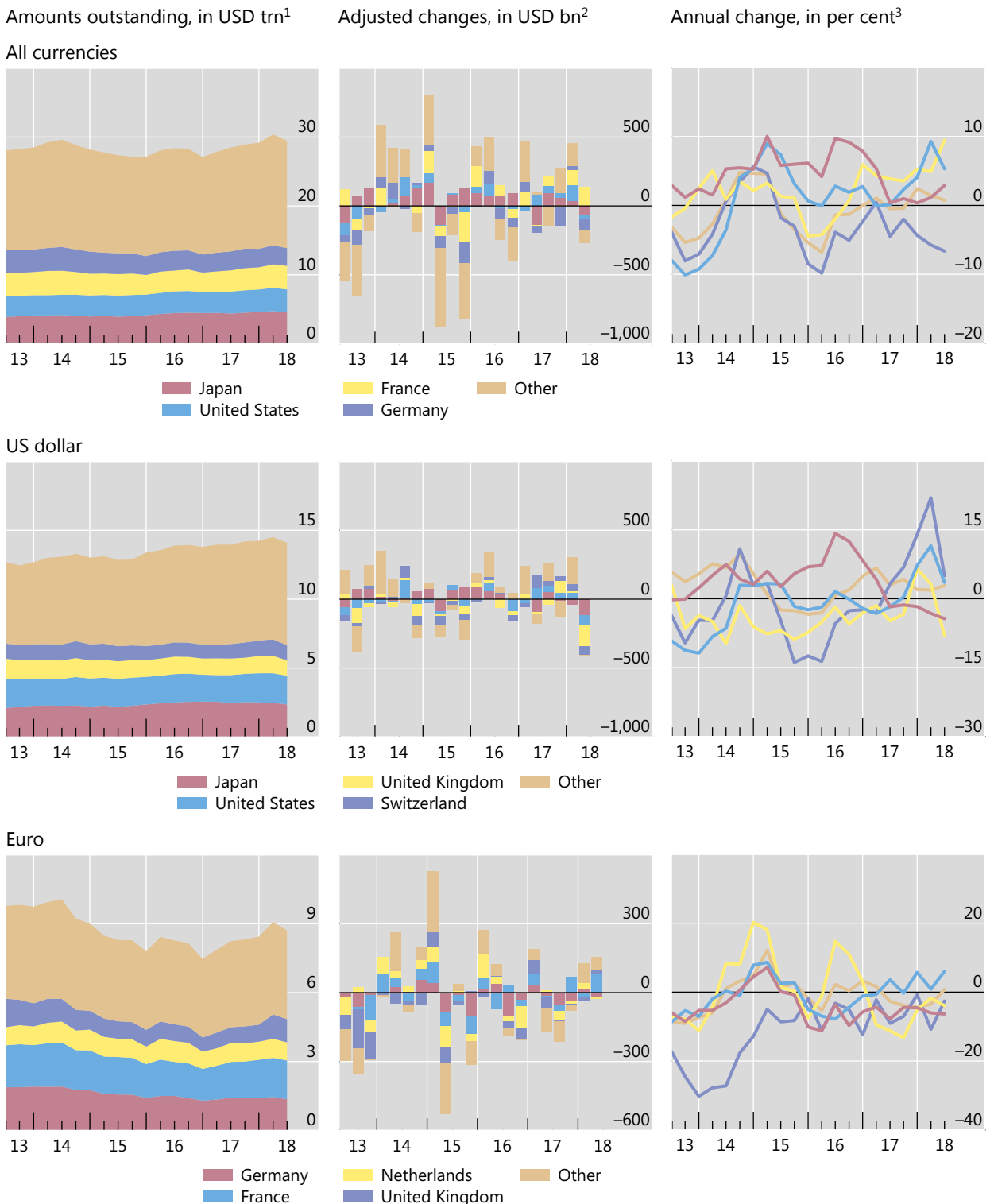
On selected emerging market economies



<sup>1</sup> At quarter-end. Amounts denominated in currencies other than the US dollar are converted to US dollars at the exchange rate prevailing on the reference date. <sup>2</sup> Quarterly changes in amounts outstanding, adjusted for the impact of exchange rate movements between quarter-ends and methodological breaks in the data. <sup>3</sup> Geometric mean of quarterly percentage adjusted changes.

Source: BIS locational banking statistics. Further information is available at [www.bis.org/statistics/bankstats.htm](http://www.bis.org/statistics/bankstats.htm).

Cross-border claims, by nationality of reporting bank and currency of denomination Graph A.4



<sup>1</sup> At quarter-end. Amounts denominated in currencies other than the US dollar are converted to US dollars at the exchange rate prevailing on the reference date. <sup>2</sup> Quarterly changes in amounts outstanding, adjusted for the impact of exchange rate movements between quarter-ends and methodological breaks in the data. <sup>3</sup> Geometric mean of quarterly percentage adjusted changes.

Source: BIS locational banking statistics. Further information is available at [www.bis.org/statistics/bankstats.htm](http://www.bis.org/statistics/bankstats.htm).



# Cross-border liabilities of reporting banks

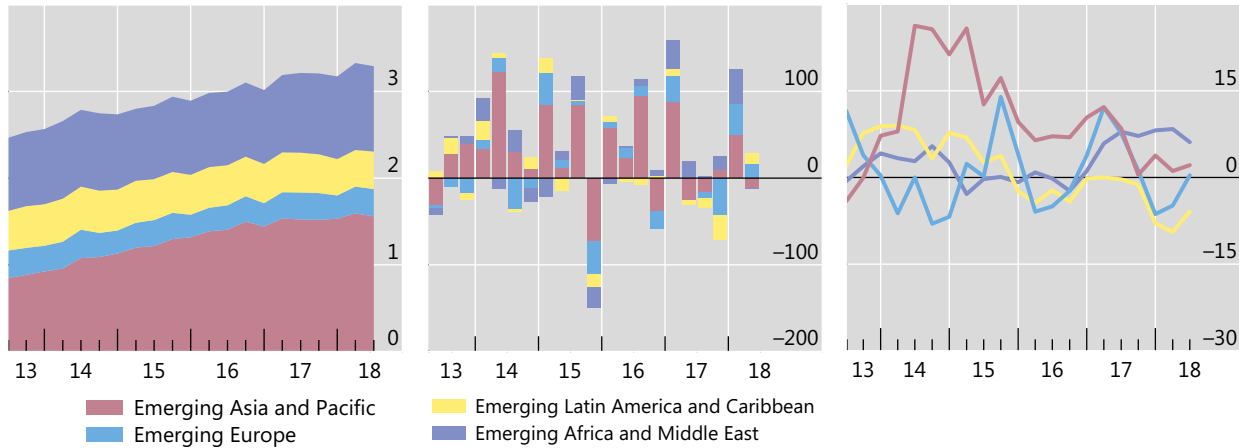
Graph A.5

Amounts outstanding, in USD trn<sup>1</sup>

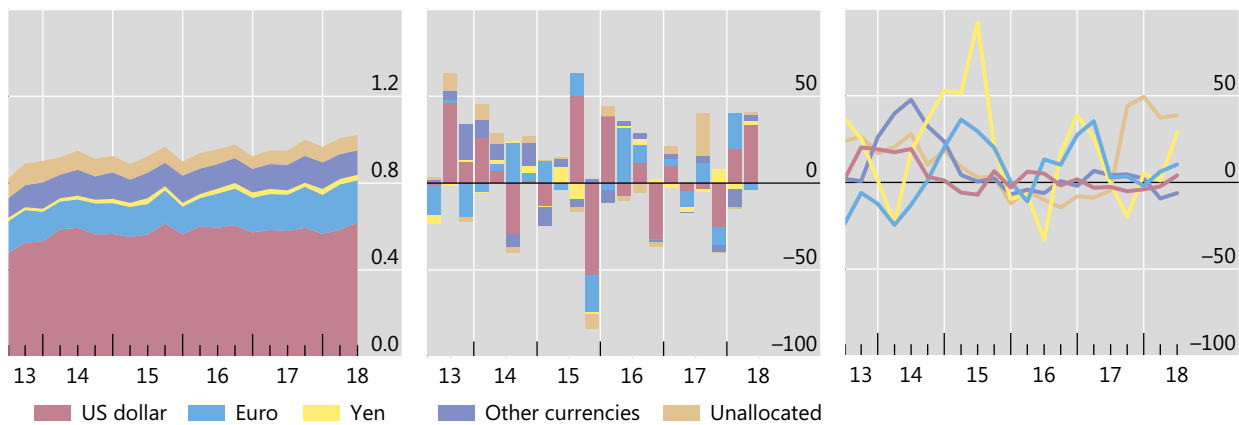
Adjusted changes, in USD bn<sup>2</sup>

Annual change, in per cent<sup>3</sup>

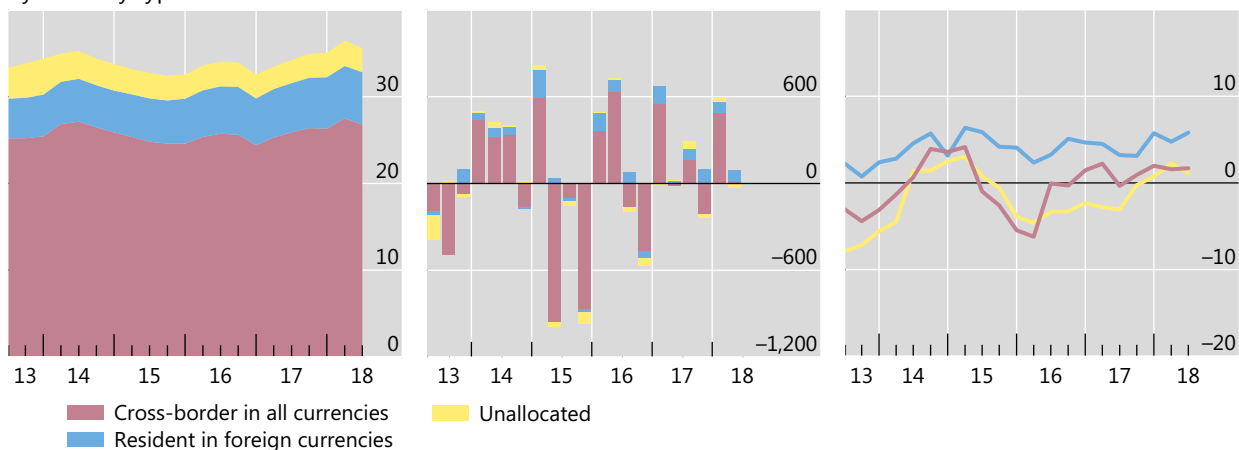
To emerging market economies



To central banks



By currency type and location



<sup>1</sup> At quarter-end. Amounts denominated in currencies other than the US dollar are converted to US dollars at the exchange rate prevailing on the reference date. <sup>2</sup> Quarterly changes in amounts outstanding, adjusted for the impact of exchange rate movements between quarter-ends and methodological breaks in the data. <sup>3</sup> Geometric mean of quarterly percentage adjusted changes.

Source: BIS locational banking statistics. Further information is available at [www.bis.org/statistics/bankstats.htm](http://www.bis.org/statistics/bankstats.htm).

## Annex B Consolidated banking statistics: charts

Consolidated claims of reporting banks on advanced economies

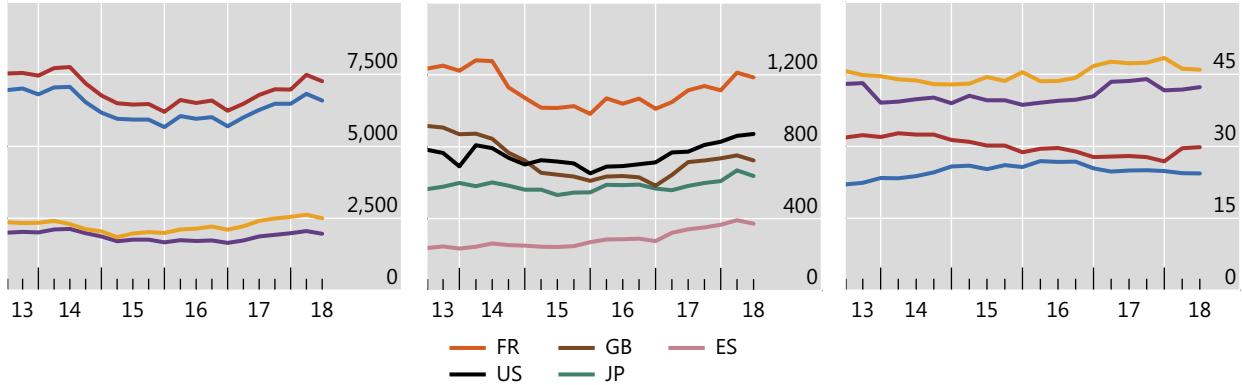
Graph B.1

Foreign claims and local positions, in USD bn<sup>1,2</sup>

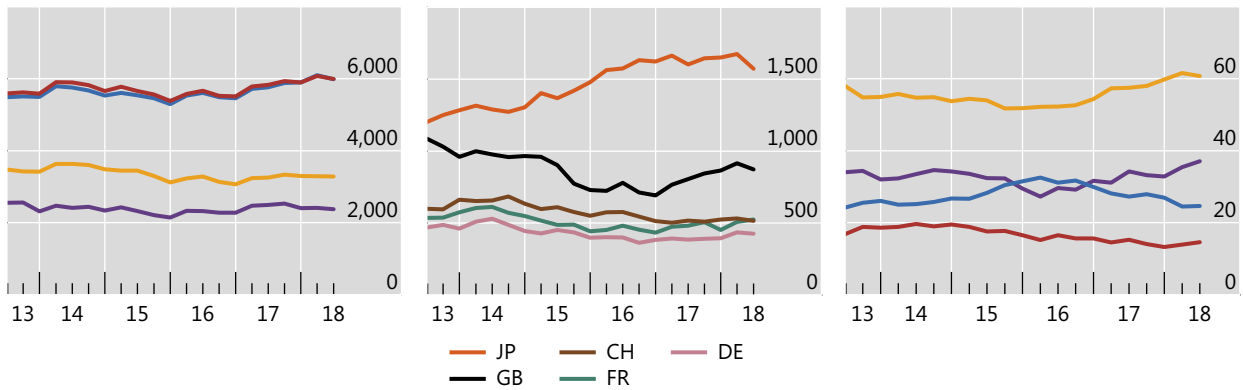
Foreign claims of selected creditors, in USD bn<sup>1,3</sup>

International claims, by sector and maturity, in per cent<sup>4</sup>

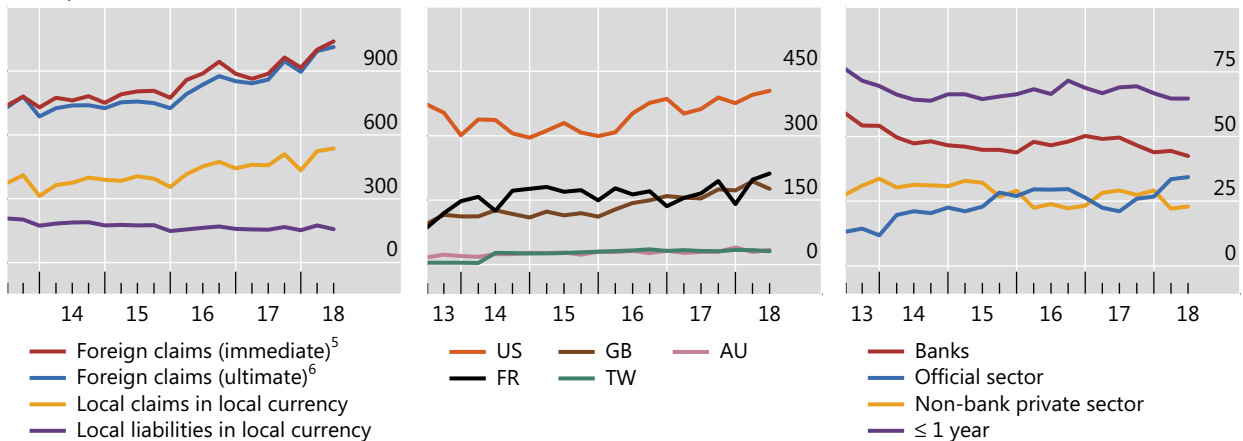
On the euro area



On the United States



On Japan



<sup>1</sup> Amounts outstanding at quarter-end. Amounts denominated in currencies other than the US dollar are converted to US dollars at the exchange rate prevailing on the reference date. <sup>2</sup> Excludes domestic claims, ie claims on residents of a bank's home country. <sup>3</sup> Foreign claims on an ultimate risk basis, by nationality of reporting bank. The banking systems shown are not necessarily the largest foreign bank creditors on each reference date. <sup>4</sup> As a percentage of international claims outstanding. <sup>5</sup> On an immediate counterparty basis. Includes the unconsolidated claims of banks headquartered outside but located inside CBS-reporting countries. <sup>6</sup> On an ultimate risk basis.

Source: BIS consolidated banking statistics (CBS). Further information is available at [www.bis.org/statistics/bankstats.htm](http://www.bis.org/statistics/bankstats.htm).

# Consolidated claims of reporting banks on emerging market economies

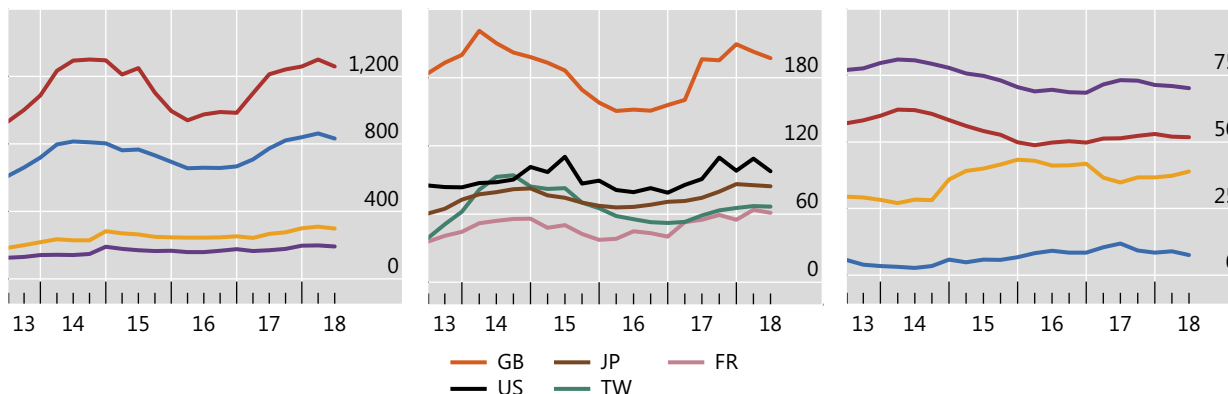
Graph B.2

Foreign claims and local positions, in USD bn<sup>1,2</sup>

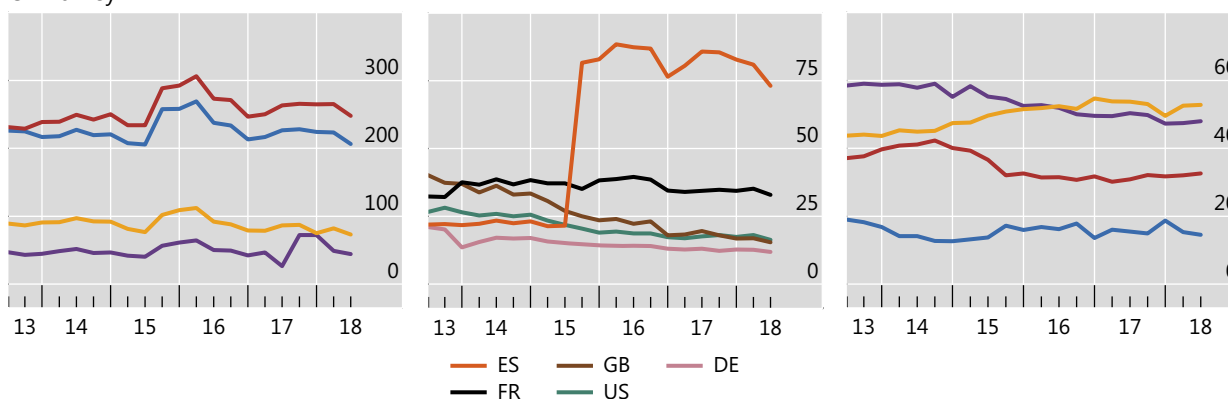
Foreign claims of selected creditors, in USD bn<sup>1,3</sup>

International claims, by sector and maturity, in per cent<sup>4</sup>

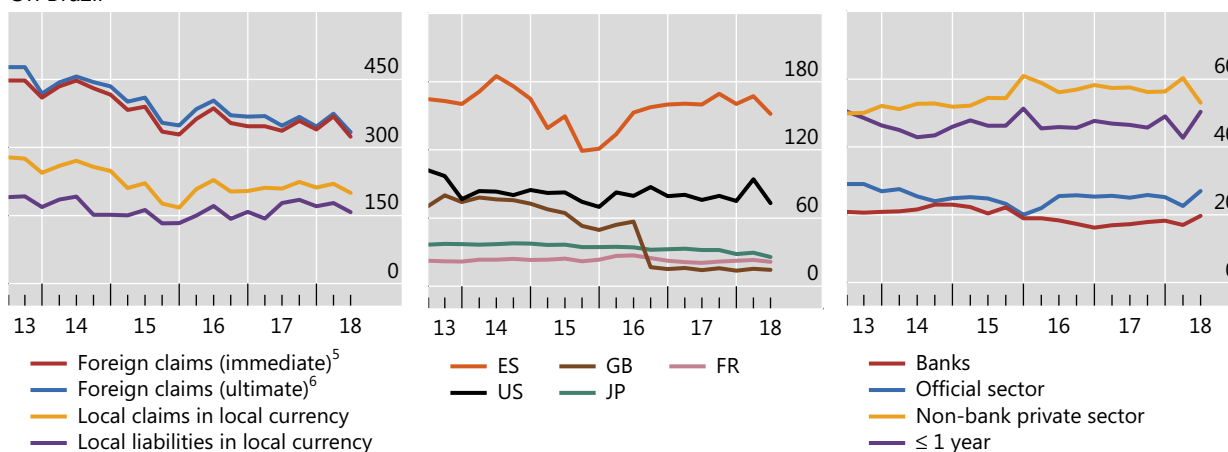
## On China



## On Turkey



## On Brazil



<sup>1</sup> Amounts outstanding at quarter-end. Amounts denominated in currencies other than the US dollar are converted to US dollars at the exchange rate prevailing on the reference date. <sup>2</sup> Excludes domestic claims, ie claims on residents of a bank's home country. <sup>3</sup> Foreign claims on an ultimate risk basis, by nationality of reporting bank. The banking systems shown are not necessarily the largest foreign bank creditors on each reference date. <sup>4</sup> As a percentage of international claims. <sup>5</sup> On an immediate counterparty basis. Includes the unconsolidated claims of banks headquartered outside but located inside CBS-reporting countries. <sup>6</sup> On an ultimate risk basis.

Source: BIS consolidated banking statistics (CBS). Further information is available at [www.bis.org/statistics/bankstats.htm](http://www.bis.org/statistics/bankstats.htm).