



22 July 2020

Statistical release: BIS international banking statistics at end-March 2020

- Against the backdrop of the rapidly escalating Covid-19 pandemic, global cross-border bank claims surged in Q1 2020, to \$33 trillion. Their annual growth rate rose to [10%](#) at end-March 2020, up from 6% at end-2019.
- Non-US banks reported substantial increases in their foreign claims on the [official sector](#) of the United States.
- Elevated market volatility in the first quarter of 2020 contributed to notable jumps in banks' derivatives positions.
- Amid the pandemic-induced turbulence in global financial markets, cross-border claims on emerging market and developing economies (EMDEs) stagnated.

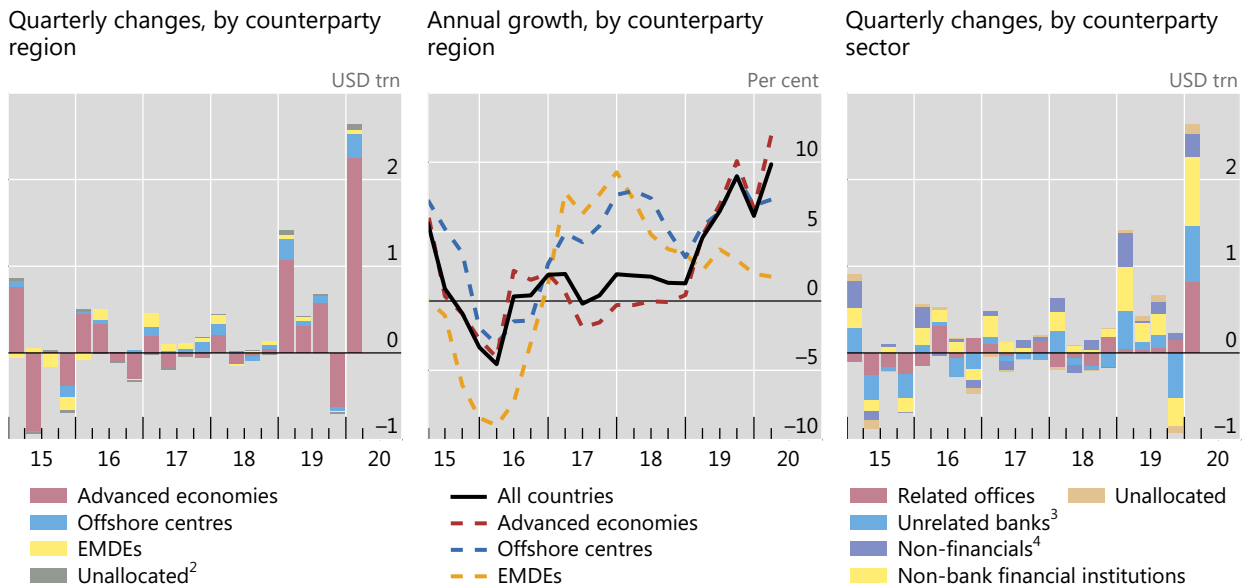
Global cross-border bank lending surged in Q1 2020

Against the backdrop of the rapidly escalating Covid-19 pandemic, banks' global cross-border claims surged during the first quarter of 2020. This partly reflected a seasonal pattern: over the past decade, these claims have tended to grow more strongly in the first quarter of each year, following recurrent end-of-year balance sheet contractions. Yet, even after such effects are discounted, the recent expansion was exceptional: cross-border claims, as tracked in the BIS locational banking statistics (LBS), grew (on a break- and exchange rate-adjusted basis) by \$2.6 trillion (Graph 1, left-hand panel).¹ This increased their year-on-year growth rate to 10% at end-March 2020, up from 6% a quarter before that and 5% a year earlier (centre panel). The overall increase in claims was driven mainly by interbank positions (right-hand panel).

Cross-border claims on borrowers in advanced economies and offshore financial centres expanded the most in Q1 2020. [Claims](#) on the United States rose by \$705 billion, followed by those on the United Kingdom (\$606 billion), Japan and Germany (about \$190 billion each). Similarly, claims on offshore financial centres rose by [\\$281 billion](#), with the Cayman Islands accounting for almost 60% of the increase (Annex Graph A.3, centre panels).²

¹ The LBS follow balance of payments residence-based concepts, and track the claims (assets) and liabilities of banks located in a particular reporting country, broken down by counterparty country, sector, instrument and currency (and including inter-office positions). Reporting banks' positions (claims and liabilities) are denominated in many currencies, but the amounts outstanding are reported in US dollars. The BIS publishes estimates of break- and exchange rate-adjusted quarterly flows ("adjusted changes") using the breaks-in-series and currency breakdown information available in the LBS. Unless mentioned otherwise, all flows and growth rates reported in this release are based on adjusted changes.

² Claims on the Cayman Islands rose by \$160 billion, more than three quarters of which were on non-bank financial institutions.



¹ Quarterly changes are adjusted for breaks-in-series and exchange rate fluctuations. The annual growth rates are calculated based on the adjusted changes for the last four quarters. ² Includes claims on international organisations (in addition to claims unallocated by counterparty residence). ³ Includes central banks and banks unallocated by subsector between intragroup and unrelated banks. ⁴ Includes non-banks unallocated by subsector.

Source: BIS locational banking statistics.

The BIS consolidated banking statistics (CBS), which track the globally consolidated positions of banks headquartered in a given country, also showed a significant increase in banks' positions in the first quarter. Overall, banks' foreign claims – ie cross-border claims and local claims booked by affiliates abroad (excluding inter-office positions) – grew by \$2.4 trillion (on an exchange rate-adjusted basis) in Q1 2020.³

Most notably, non-US banks' foreign claims on the United States surged by nearly \$950 billion, the largest quarterly increase on record (Graph 2, left-hand panel). Their local claims in local currencies (red bars) – ie dollar-denominated claims on US residents booked by the US-based affiliates of non-US banks – accounted for much of this expansion. Non-US banks' foreign claims (CBS/G basis)⁴ on the US official

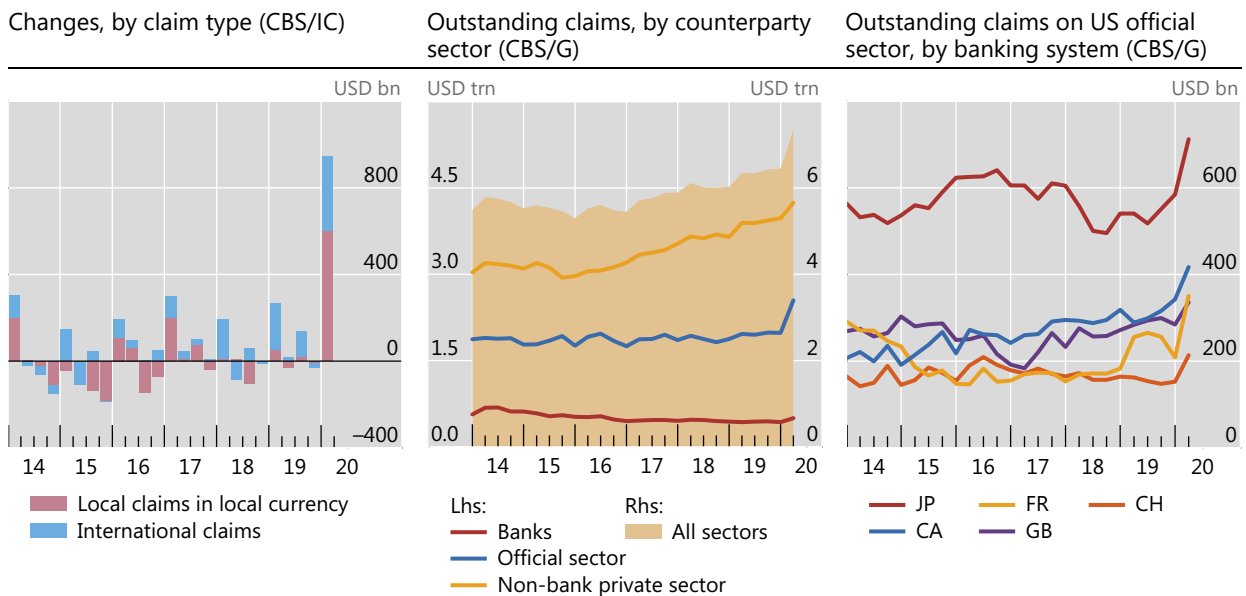
³ Exchange rate-adjusted changes for the CBS are estimated using the currency breakdowns available in the LBS (since the CBS do not contain currency breakdowns). In Q1 2020, many currencies depreciated vis-à-vis the US dollar, which tends to decrease the reported stock of outstanding claims when reported in US dollars. As a consequence, exchange rate-adjusted changes and growth rates tend to be higher than their unadjusted counterparts.

⁴ The counterparty sector breakdown in the CBS on an immediate counterparty basis (CBS/IC) is available only for banks' international claims, and not for their local claims in local currency. By contrast, in the CBS on a guarantor basis (CBS/G), which allocates claims to the country and sector of the ultimate obligor after taking into account credit risk mitigants, the counterparty sector applies to all foreign claims, ie banks' local claims in local currency plus their international claims.

sector – which includes the US government and the Federal Reserve – rose by \$560 billion (centre panel).⁵ French and Japanese banks accounted for the largest shares of this increase, followed by Canadian and Swiss banks (right-hand panel).

Non-US banks' foreign claims on the United States

Graph 2



Sources: BIS consolidated banking statistics on an immediate counterparty basis (CBS/IC) and on a guarantor basis (CBS/G); BIS calculations. Further information is available at www.bis.org/statistics/bankstats.htm.

The CBS also reveal a significant increase in the market value of banks' derivatives positions at the time of the pandemic escalation. This is likely to have reflected the bout of market volatility observed in the first quarter of 2020, which widened the gap between market and contract prices and pushed derivatives contracts "into the money" for either the reporting banks or their counterparties. Derivatives with a positive market value reached \$4.4 trillion by end-March, up 43% from end-December 2019, the highest level recorded since the second quarter of 2016 (Graph 3, left-hand panel).⁶ Derivatives with a negative market value, which tend to move in tandem with their counterparts on the assets side, also rose considerably. Banks headquartered in the United Kingdom, Germany and France reported the largest outstanding total derivatives positions (right-hand panel).

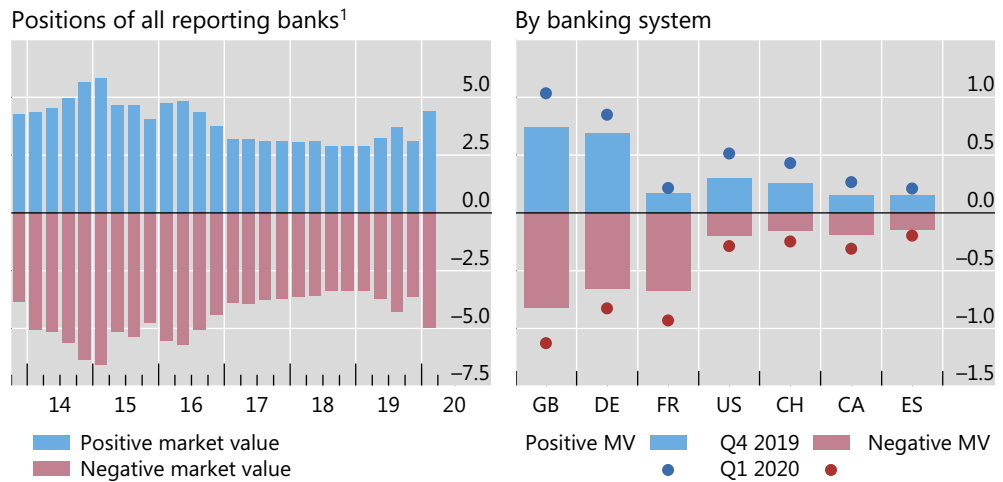
⁵ These results are consistent with Federal Reserve data showing that non-US banks' branches and agencies in the United States held \$870 billion of reserves at the Federal Reserve at end-Q1 2020, up from \$550 billion at end-2019. In the CBS, the official sector differs from the general government sector in the System of National Accounts, which does not include the central bank.

⁶ The positive (negative) market value of a bank's outstanding derivatives contracts is the sum of the replacement values of all contracts that are in a current gain (loss) position to the reporter at current market prices and therefore, if they were settled immediately, would represent claims on (liabilities to) counterparties.

Market value of banks' derivatives positions

In trillions of US dollars

Graph 3



¹ Derivatives with a positive market value (MV) are reported in the CBS on a guarantor basis (CBS/G). Derivatives with a negative market value are reported in the CBS on an immediate counterparty basis (CBS/IC). In order to ensure consistency across the plotted positive and negative MV series, the reporting population for negative MV has been restricted to the set of countries which also report positive MV in the CBS/G. India and Japan do not report domestic derivatives positions.

Source: BIS consolidated banking statistics.

Banks' claims on emerging market and developing economies stagnated

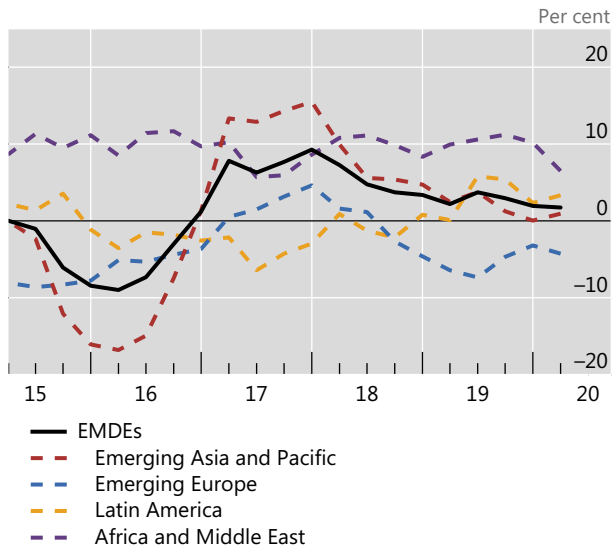
Amid the pandemic-induced turbulence in global financial markets, the annual growth rate of cross-border claims on EMDEs continued to decline from already low levels (Graph 4, left-hand panel). It fell to 1.8% as of end-March 2020, down from 2.0% at end-2019 and 3.7% at mid-2019. The annual growth rates of cross-border claims on [emerging Europe and on emerging Africa and the Middle East](#) both declined (from -3.2% to -4.3% and from 10.2% to 6.5%, respectively). In the meantime, claims on [emerging Asia and Latin America](#) continued to grow at a sluggish pace (1.0% and 3.4%, respectively).

The CBS reveal that foreign bank lending to EMDEs is highly concentrated (Graph 4, right-hand panel). At end-March 2020, five bank nationalities (UK, US, Japanese, Spanish and French banks) accounted for almost two thirds of all foreign claims on EMDEs (blue bars). Many bank nationalities also have sizeable undisbursed credit commitments to EMDE borrowers (yellow bars). Such commitments, which tend to be drawn on during periods of financial stress, exceeded 10% of the foreign claims of US, Spanish, French, Italian and German banks (red dots).

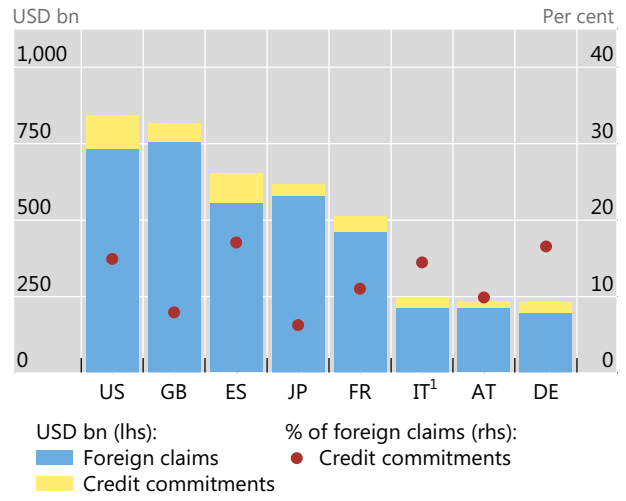
Claims on EMDEs

Graph 4

Year-on-year growth in cross-border claims, by borrowing country group



Outstanding stocks (at end-Q1 2020), by creditor banking system



¹ Data at end-Q4 2019.

Sources: BIS locational banking statistics; BIS consolidated banking statistics on a guarantor basis.

Annex A Locational banking statistics: charts

Cross-border claims by sector, currency and instrument

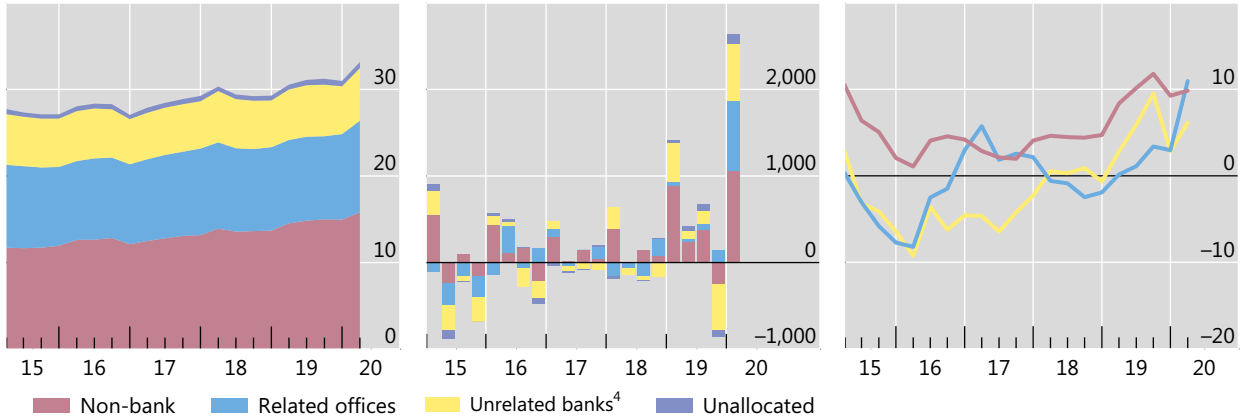
Graph A.1

Amounts outstanding, in USD trn¹

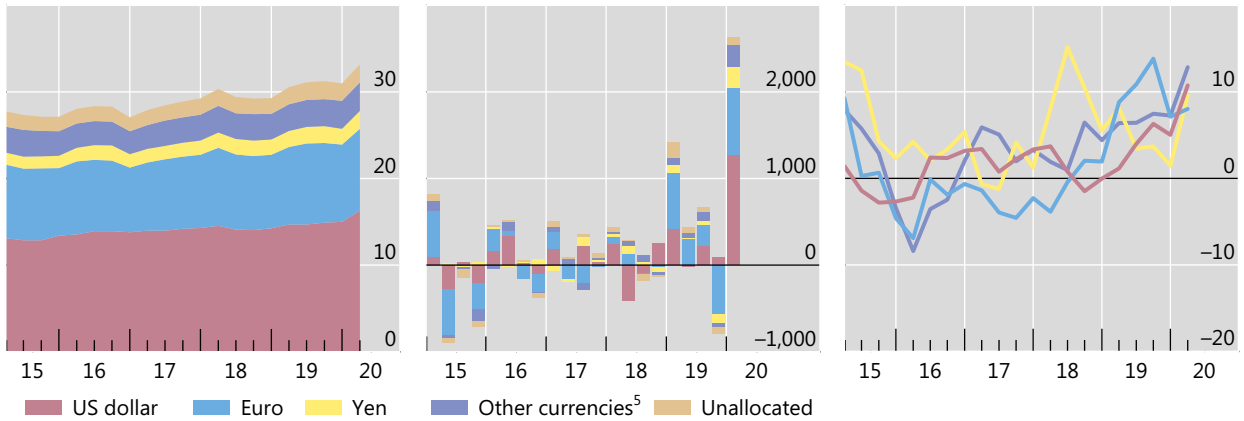
Adjusted changes, in USD bn²

Annual change, in per cent³

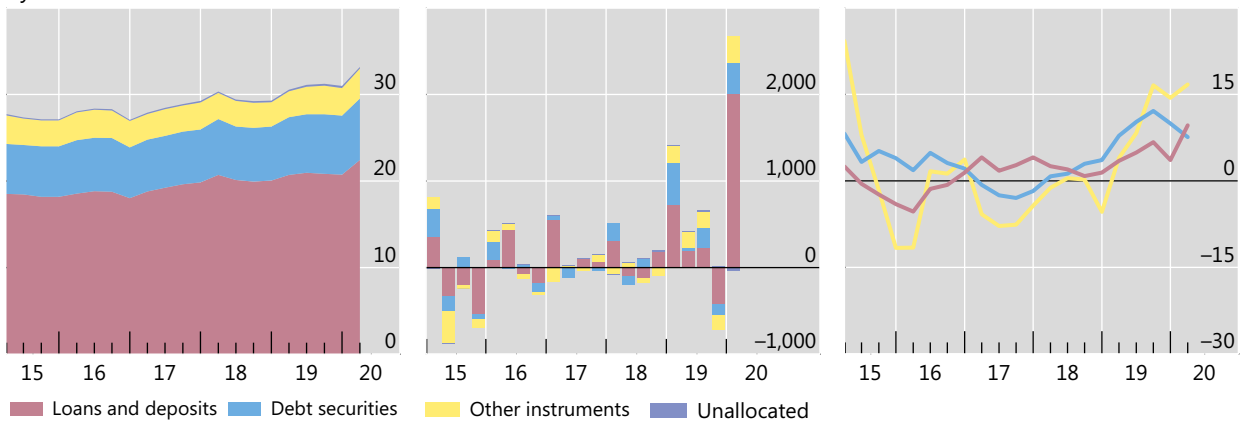
By sector of counterparty



By currency



By instrument



¹ 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. ² Quarterly changes in amounts outstanding, adjusted for the impact of exchange rate movements between quarter-ends and methodological breaks in the data. ³ Geometric mean of quarterly percentage adjusted changes. ⁴ Includes central banks and banks unallocated by subsector between intragroup and unrelated banks. ⁵ 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.

Cross-border claims by borrowing region

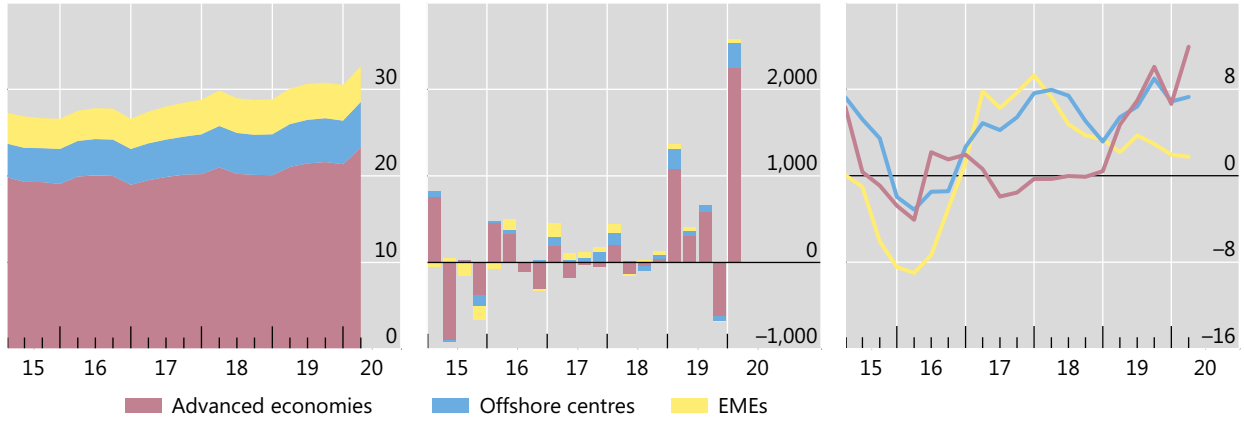
Graph A.2

Amounts outstanding, in USD trn¹

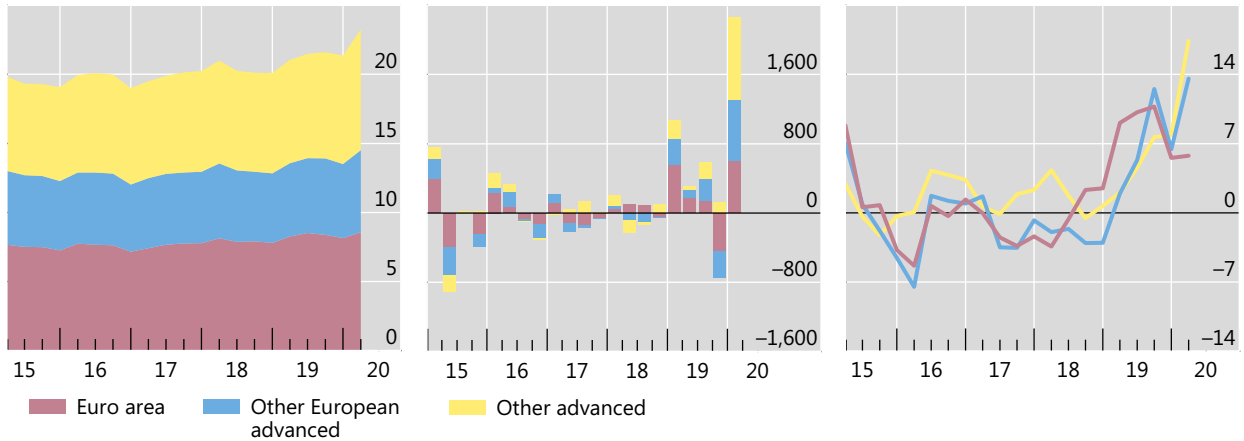
Adjusted changes, in USD bn²

Annual change, in per cent³

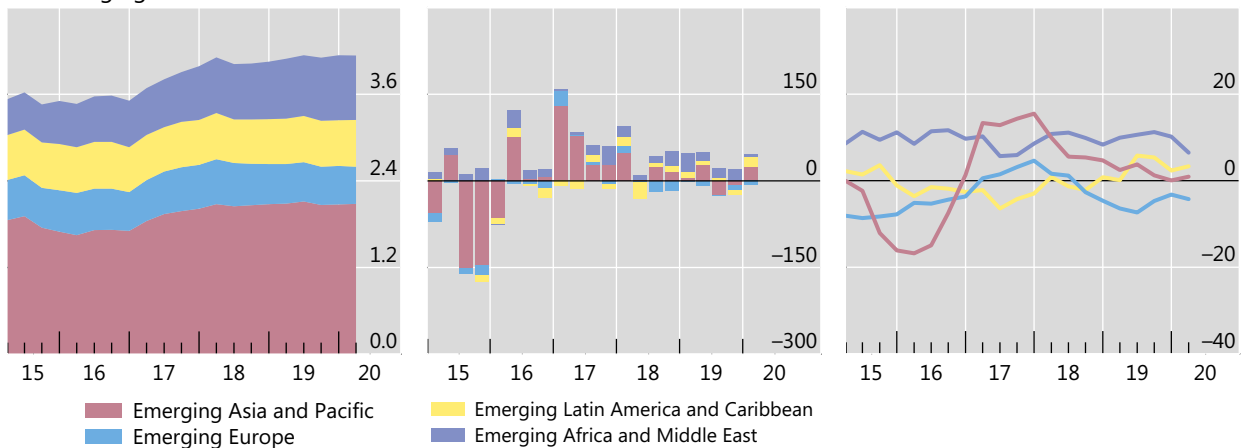
On all countries



On advanced economies



On emerging market economies



¹ 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. ² Quarterly changes in amounts outstanding, adjusted for the impact of exchange rate movements between quarter-ends and methodological breaks in the data. ³ Geometric mean of quarterly percentage adjusted changes.

Source: BIS locational banking statistics. Further information is available at www.bis.org/statistics/bankstats.htm.

Cross-border claims by borrowing country

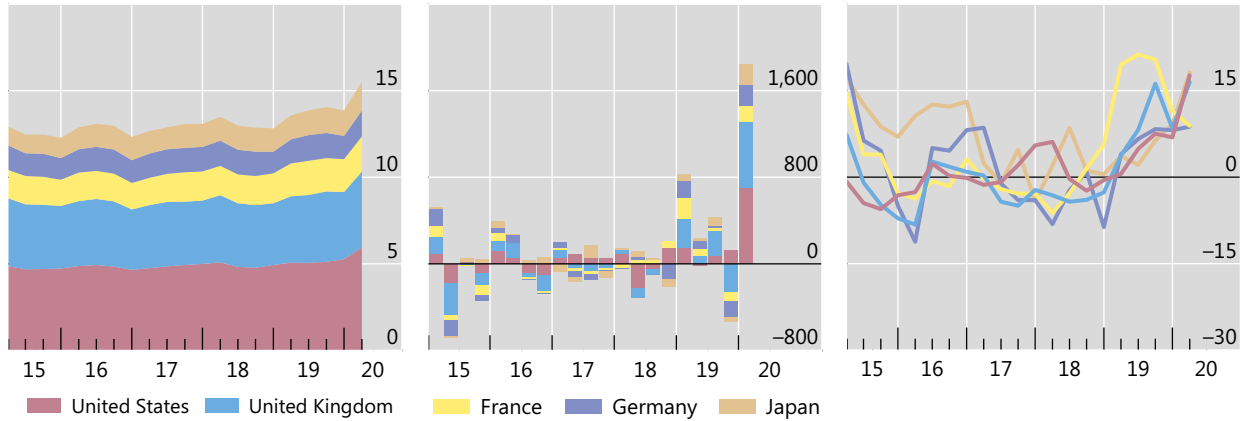
Graph A.3

Amounts outstanding, in USD trn¹

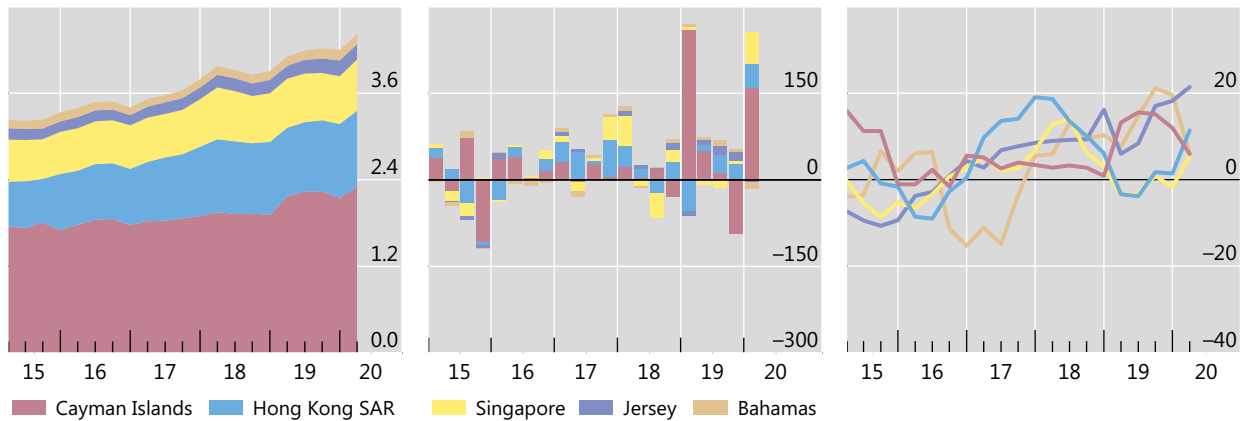
Adjusted changes, in USD bn²

Annual change, in per cent³

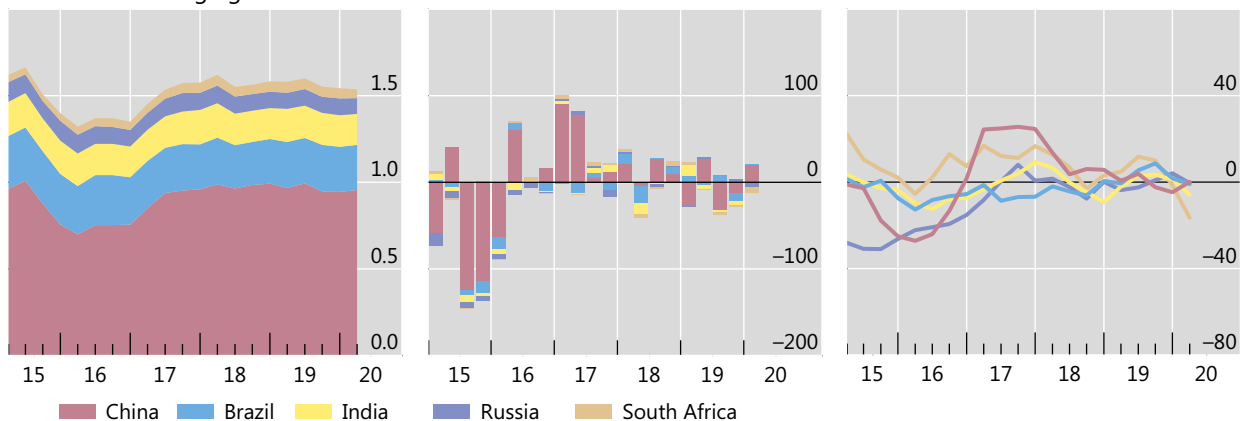
On selected advanced economies



On selected offshore centres



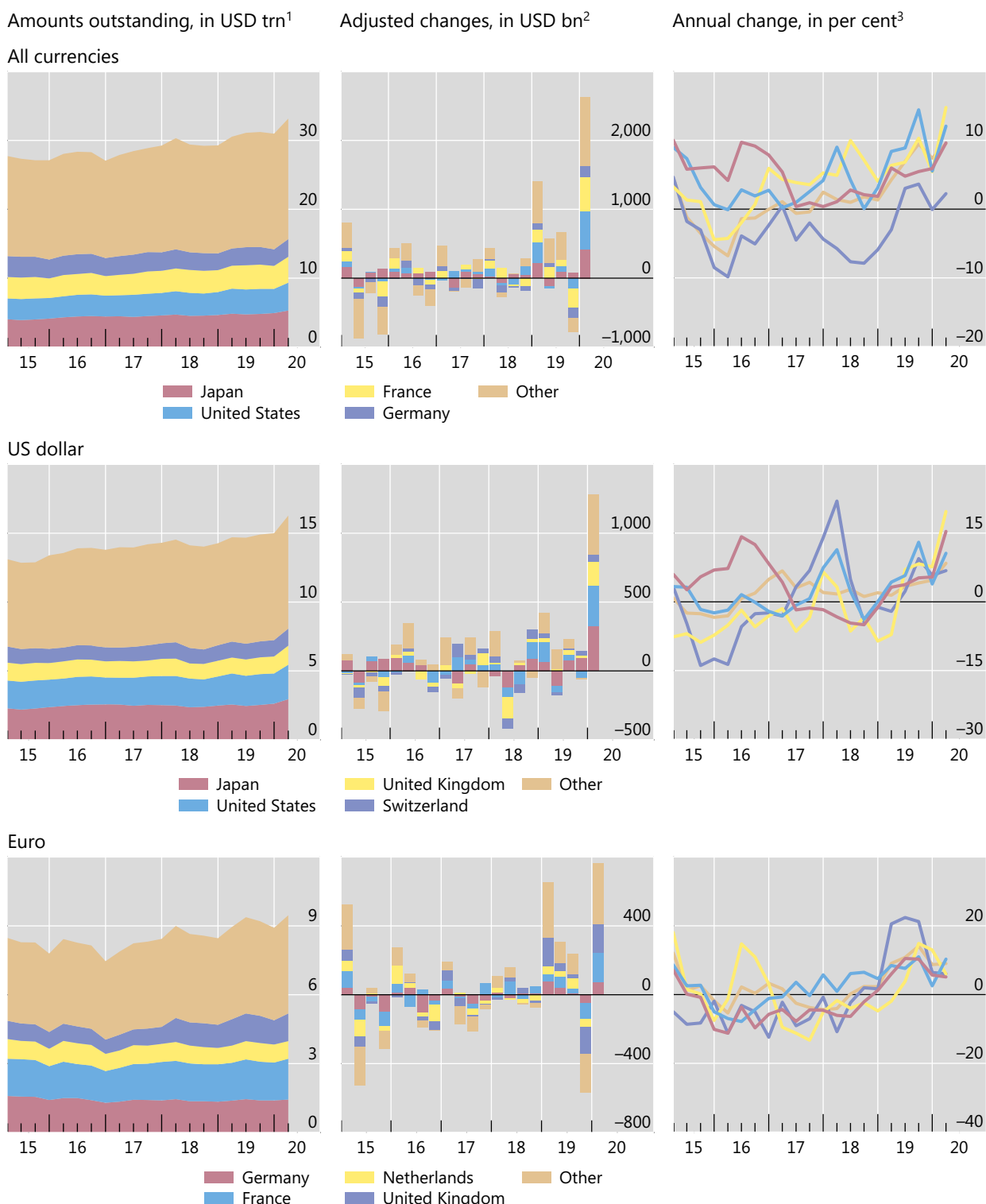
On selected emerging market economies



¹ 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. ² Quarterly changes in amounts outstanding, adjusted for the impact of exchange rate movements between quarter-ends and methodological breaks in the data. ³ Geometric mean of quarterly percentage adjusted changes.

Source: BIS locational banking statistics. Further information is available at www.bis.org/statistics/bankstats.htm.

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



¹ 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. ² Quarterly changes in amounts outstanding, adjusted for the impact of exchange rate movements between quarter-ends and methodological breaks in the data. ³ Geometric mean of quarterly percentage adjusted changes.

Source: BIS locational banking statistics. Further information is available at www.bis.org/statistics/bankstats.htm.

Cross-border liabilities of reporting banks

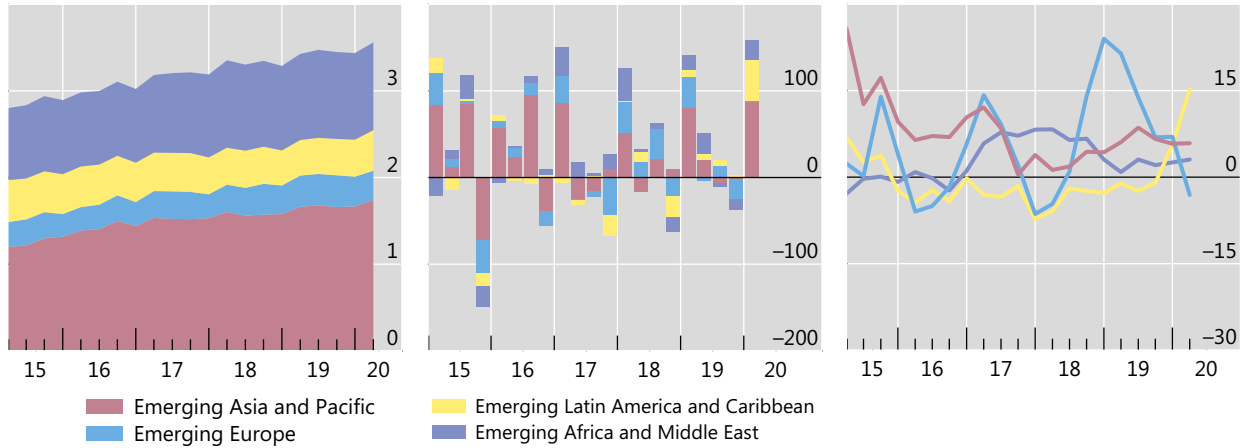
Graph A.5

Amounts outstanding, in USD trn¹

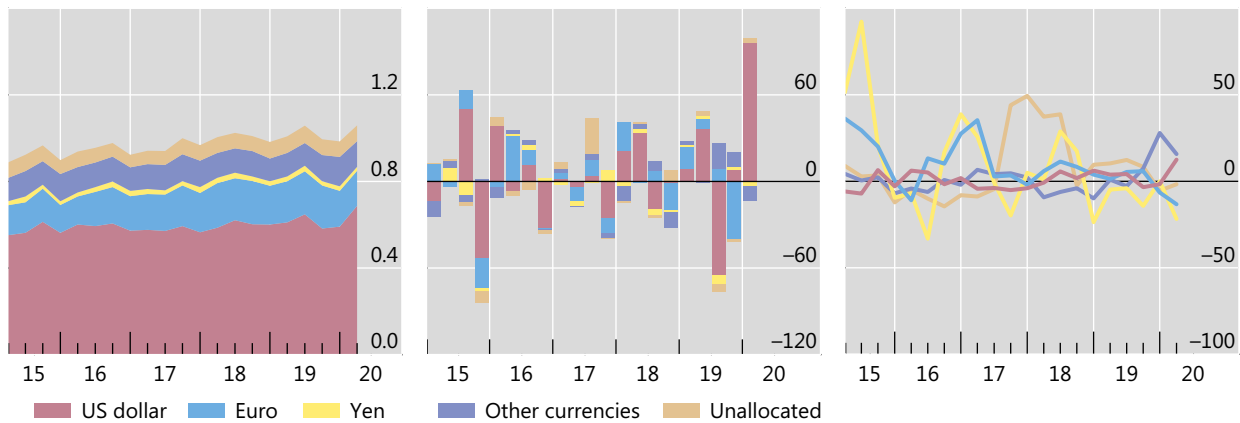
Adjusted changes, in USD bn²

Annual change, in per cent³

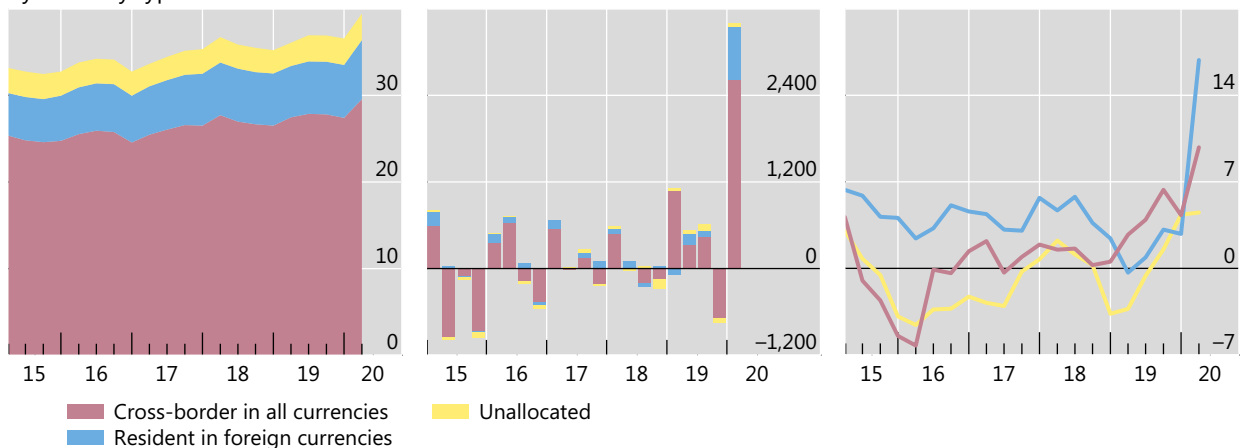
To emerging market economies



To central banks



By currency type and location



¹ 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. ² Quarterly changes in amounts outstanding, adjusted for the impact of exchange rate movements between quarter-ends and methodological breaks in the data. ³ Geometric mean of quarterly percentage adjusted changes.

Source: BIS locational banking statistics. Further information is available at www.bis.org/statistics/bankstats.htm.

Annex B Consolidated banking statistics: charts

Consolidated claims of reporting banks on advanced economies

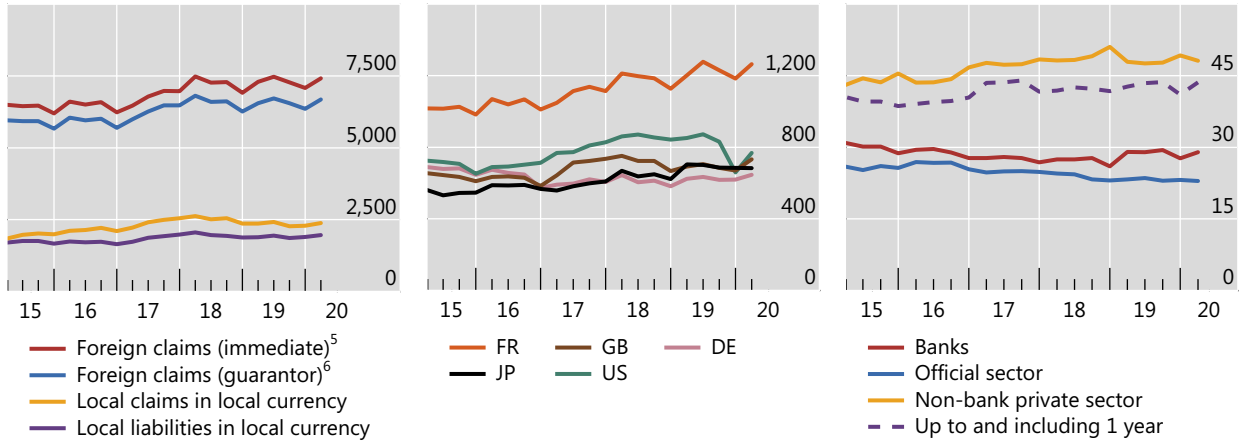
Graph B.1

Foreign claims and local positions, in USD bn^{1,2}

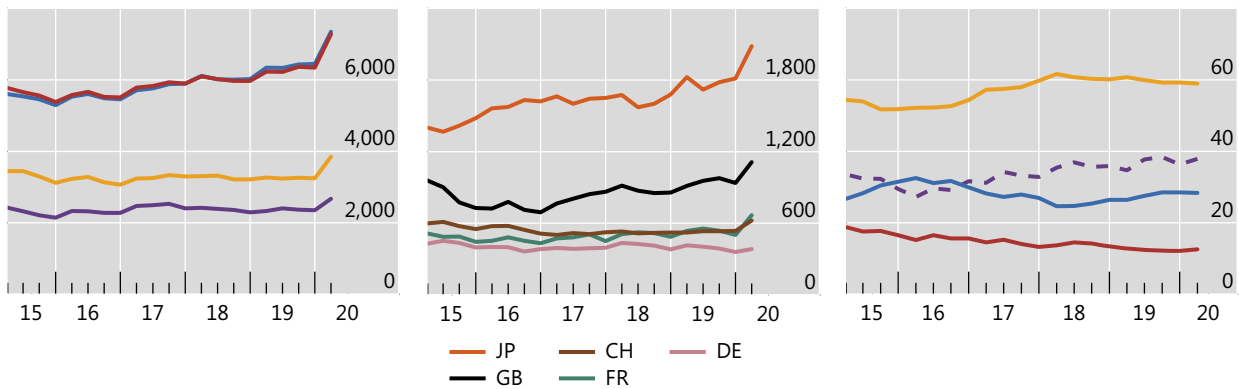
Foreign claims of selected creditors, in USD bn^{1,3}

International claims, by sector and maturity, in per cent⁴

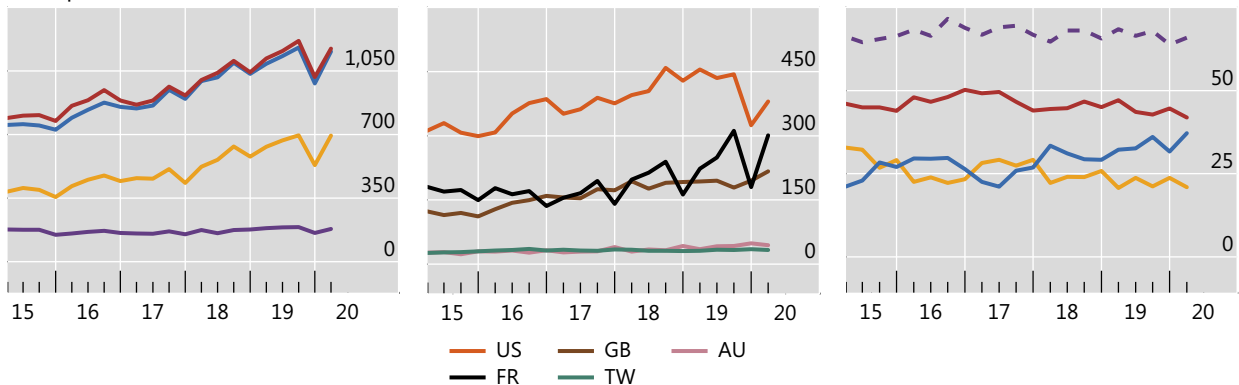
On the euro area



On the United States



On Japan



¹ 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. ² Excludes domestic claims, ie claims on residents of a bank's home country. ³ Foreign claims on a guarantor basis, by nationality of reporting bank. The banking systems shown are not necessarily the largest foreign bank creditors on each reference date. ⁴ As a percentage of international claims outstanding. ⁵ On an immediate counterparty basis. Includes the unconsolidated claims of banks headquartered outside but located inside CBS-reporting countries. ⁶ On a guarantor basis.

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

Consolidated claims of reporting banks on emerging market economies

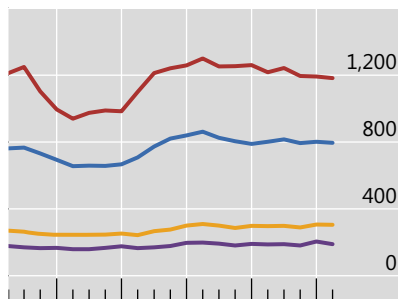
Graph B.2

Foreign claims and local positions, in USD bn^{1,2}

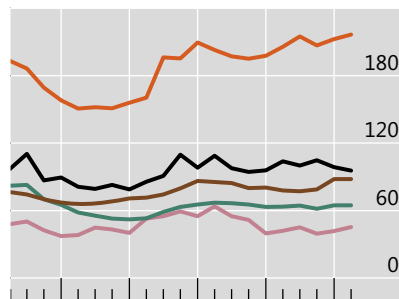
Foreign claims of selected creditors, in USD bn^{1,3}

International claims, by sector and maturity, in per cent⁴

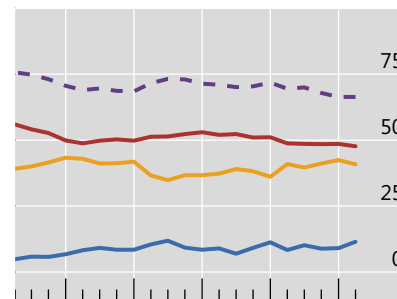
On China



— Foreign claims (immediate)⁵
 — Foreign claims (guarantor)⁶
 — Local claims in local currency
 — Local liabilities in local currency

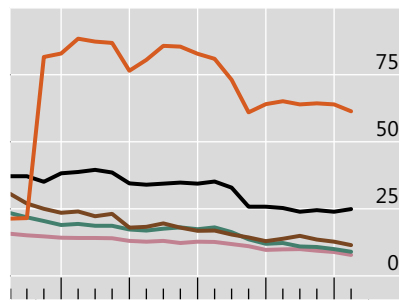
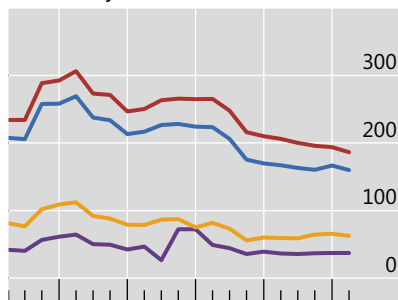


— GB — JP — FR
 — US — TW

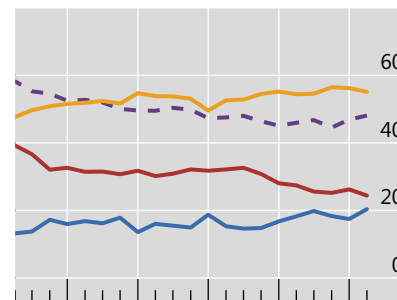


— Banks
 — Official sector
 — Non-bank private sector
 - - Up to and including 1 year

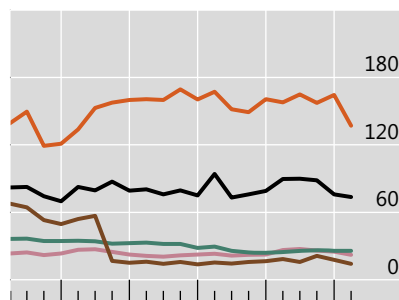
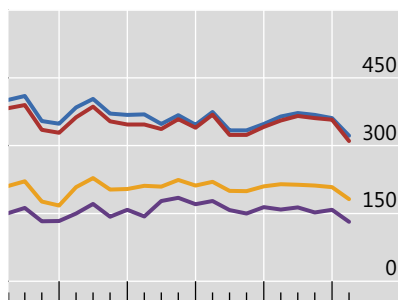
On Turkey



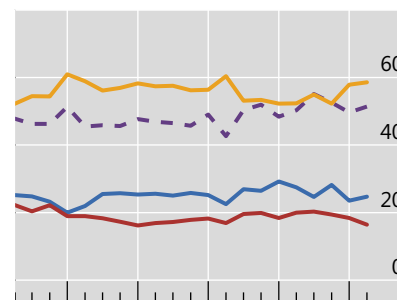
— ES — GB — DE
 — FR — US



On Brazil



— ES — GB — FR
 — US — JP



¹ 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. ² Excludes domestic claims, ie claims on residents of a bank's home country. ³ Foreign claims on a guarantor basis, by nationality of reporting bank. The banking systems shown are not necessarily the largest foreign bank creditors on each reference date. ⁴ As a percentage of international claims. ⁵ On an immediate counterparty basis. ⁶ On a guarantor basis.

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