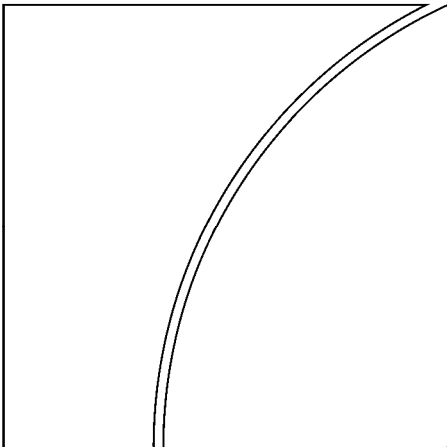




BANK FOR INTERNATIONAL SETTLEMENTS



Statistical commentary on provisional locational and consolidated international banking statistics at end-June 2010

Monetary and Economic Department

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Contents

Locational banking statistics (Table 1).....	1
Consolidated bank claims on an immediate borrower basis (Table 2)	2
Consolidated bank assets on an ultimate risk basis (Table 3).....	3
Breaks in series and major data revisions processed in Q2 2010.....	7

Release of preliminary locational and consolidated banking statistics

Second quarter of 2010

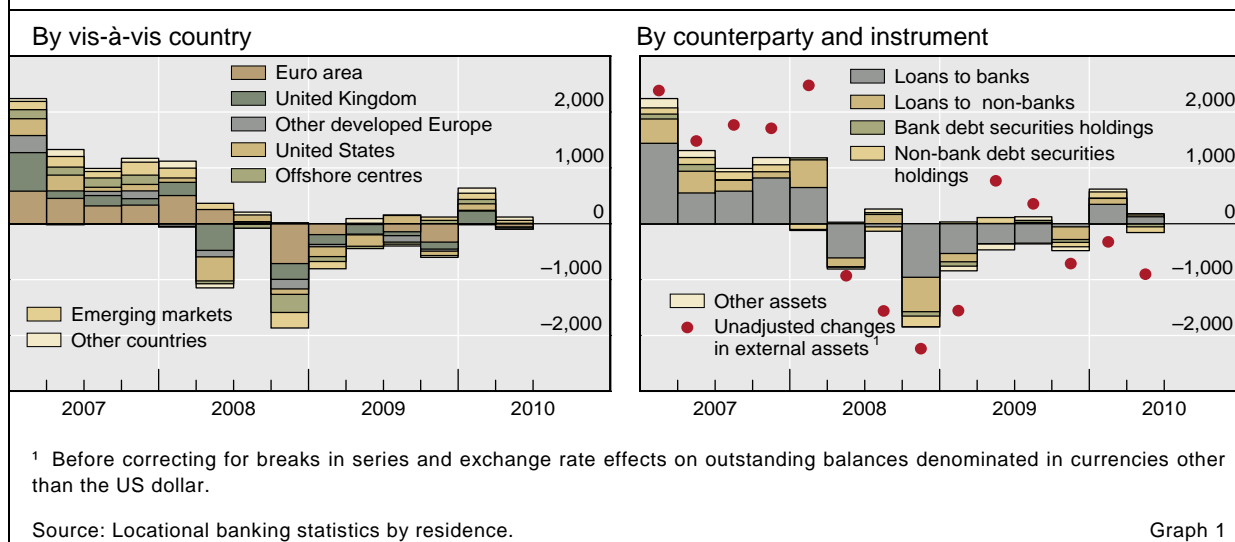
Data for the second quarter of 2010 are provisional. Final data, with a detailed analysis of recent trends, will be published in the forthcoming *BIS Quarterly Review*, to be released on 13 December 2010.

Locational banking statistics (Table 1)¹

Against a background of high volatility in financial markets and worries about fiscal positions in some euro area countries, external banking activity came to a standstill in aggregate in the second quarter of 2010 after a 2% recovery in the previous quarter.² While external loans to banks in emerging economies continued to grow, loans to non-banks there decreased. A 4% decline in local claims in foreign currency in developed countries was largely balanced by an increase in such claims in both offshore centres (+8%) and emerging economies (+9%).

External assets of BIS reporting banks

Exchange rate adjusted changes in stocks, in billions of US dollars



- **Developed countries:** Banks' external claims on residents of developed countries shrank on balance, with a slight increase in loans being overcompensated by a 3% decline in holdings of debt securities. Loans to the euro area were almost stable (+1%), but banks' debt holdings of euro area securities fell by 4%. External loans to banks resident in Germany grew briskly (+14%).

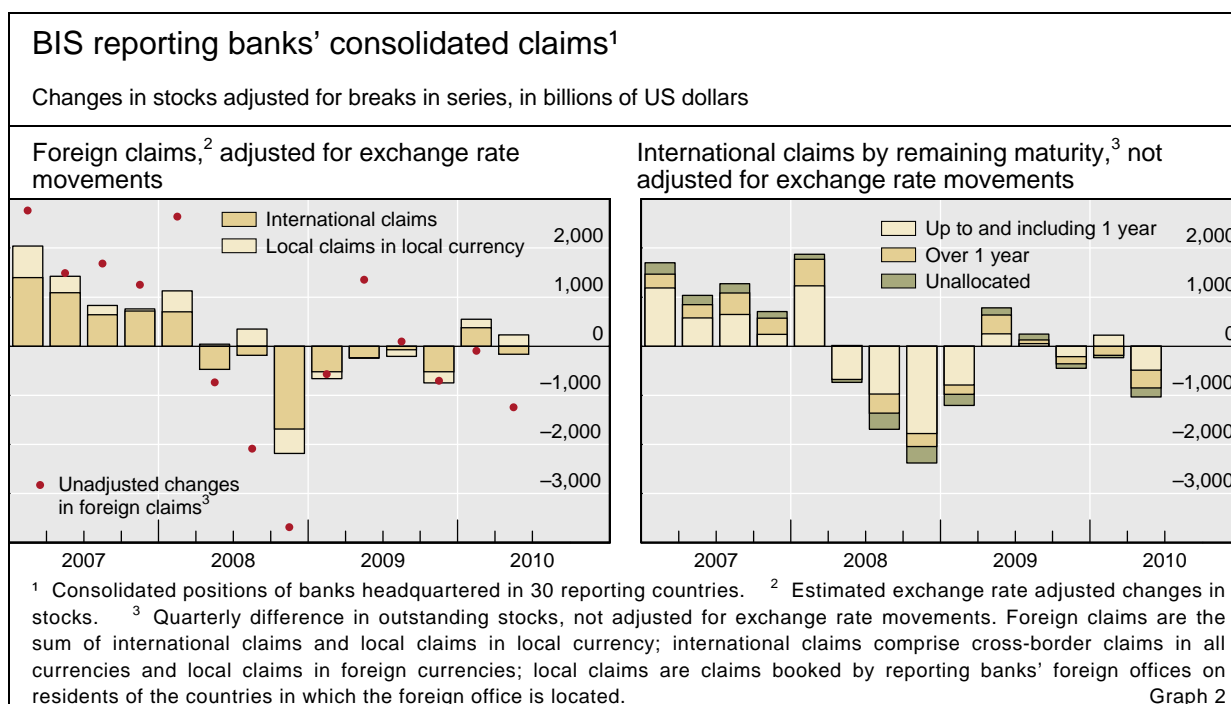
¹ The locational statistics are structured by residence of the banks' offices; they provide details of the currency distribution and the liability and asset structure of cross-border banking. All changes in locational claims (in the text and in Table 1) exclude the effect of exchange rate movements and are net of statistical breaks as detailed in the Annex to this release.

² Although external claims outstanding, reported in US dollar terms, declined by \$900 billion, underlying claims were unchanged in aggregate once the effect of the 10% depreciation of the euro against the US dollar during the second quarter of 2010 on outstanding claims is removed (Graph 1, right-hand panel).

- **Offshore centres:** Holdings of bank-issued external debt securities issued in offshore centres declined a further 2%, after a 15% reduction in the first quarter of 2010.
- **Emerging markets:** External loans to and debt securities claims on residents of Latin America continued to increase, by 4% and 7% respectively. Loans to counterparties in Asia and the Pacific also grew substantially (+7%), while holdings of securities increased more slowly (+3%). Loans to eastern Europe were largely unchanged (-1%), while holdings of debt securities issued by non-banks declined by 5%. Over the last five quarters (Q2 2009 to Q2 2010), claims on Asia and Latin America grew cumulatively by \$229 billion and \$72 billion (+34% and +19%) respectively, while claims on eastern Europe fell by \$66 billion (-8%) during the same period.
- **Funding:** A decline in banks' external liabilities to residents of offshore centres (\$73 billion) and emerging markets (\$32 billion) was offset by a \$137 billion increase in liabilities to developed countries, mainly the United Kingdom, Germany and Japan.

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

Consolidated international claims were down slightly in the second quarter of 2010 (-1%). Local claims of banks' foreign offices (which are reported only in the consolidated statistics) were quite buoyant, however, increasing by \$231 billion (+2%), once adjustments for exchange rate changes and breaks in series due to bank mergers, changes in ownership and changes in reporting coverage are made⁴ (Graph 2, left-hand panel).



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

⁴ The estimated effect of the dollar appreciation on outstanding international claims in other major currencies is based on the currency distribution of the locational statistics by nationality. 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. Due to the appreciation of the US dollar during the second quarter, amounts outstanding of foreign claims declined by around \$1 trillion in dollar terms.

- *Local office claims and liabilities in local currency:* Foreign banks' local offices increased their claims by \$231 billion, while local liabilities were unchanged, indicating that increased local lending was funded more by transfers from other bank offices than by an increase in local deposits, for local lending in both developed and emerging economies.
- *Maturity:* Although the maturity structure of bank lending remained unchanged in aggregate, the share of short-term claims with a maturity of one year or less decreased for a number of countries: Italy (38% to 34%), Spain (39% to 33%), Denmark (68% to 65%), New Zealand (53% to 48%) and Greece (32% to 28%), ordered by size of banks' outstanding claims on residents of those countries.

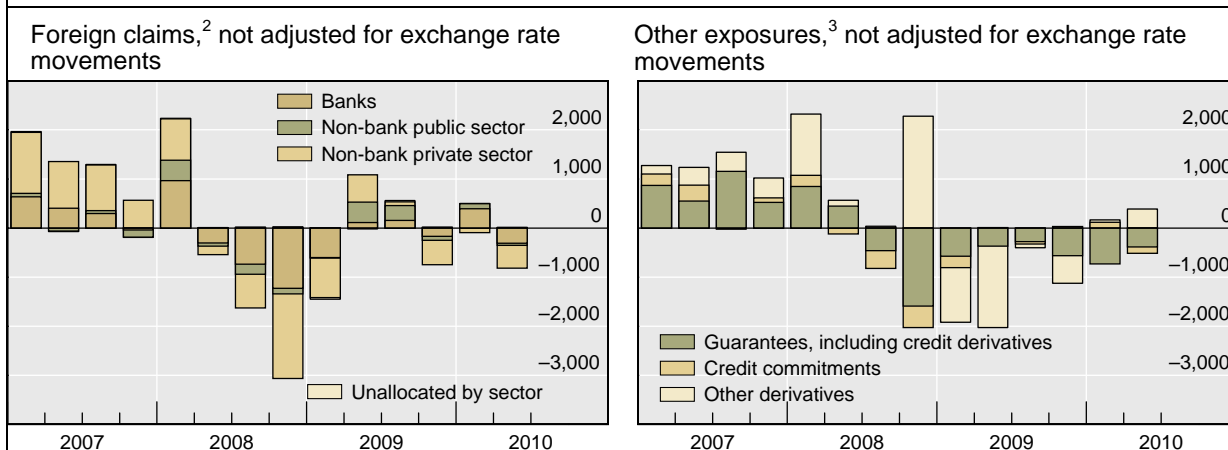
Consolidated foreign claims and other contingent exposures on an ultimate risk basis (subset of 24 reporting countries; Table 3)

On an ultimate risk basis, which adjusts for net risk transfers across borrowing countries, there were shifts in exposure to the bank sector in a number of countries.

- *Sectoral shares:* Although the share of the bank sector in total claims remained unchanged in aggregate at 24%, there was a shift away from lending to banks in a few countries: Greece (13% to 8%), Saudi Arabia (46% to 41%) and Cyprus (19% to 14%), with mainly the share of the non-bank private sector gaining. Conversely, the share of lending to the private non-bank sector declined in China (42% to 39%), Finland (69% to 65%) and Chinese Taipei (55% to 51%).
- *Other exposures:* The positive market value of *derivative* claims in banks' trading book rose 10%, across all regions (+\$388 billion). *Guarantees*, which include credit default swaps, fell by 5%, the eighth consecutive quarterly decline. Banks' credit commitments were down \$131 billion, not adjusted for exchange rate movements.

BIS reporting banks' consolidated claims on an ultimate risk basis¹

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



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

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-June 2010
	Q1 2010	Q2 2010	Q1 2010	Q2 2010	Q1 2010	Q2 2010	Q1 2010	Q2 2010	
A. Total assets	332	-209	114	41	158	93	670	-7	32,430
B. External assets	361	-105	79	10	115	53	620	26	28,835
By sector									
On banks	225	-33	56	27	75	53	404	112	18,556
On non-banks	136	-72	23	-18	40	1	216	-86	10,279
By instrument									
Loans	280	66	79	12	80	52	453	157	20,943
Securities	78	-159	-9	-6	29	5	117	-155	5,853
Other stocks	3	-12	9	3	6	-4	50	23	2,039
By currency									
US dollar	146	-123	69	3	26	32	253	-81	11,980
Euro	178	127	-19	1	-3	6	191	188	10,397
Yen	-5	3	11	3	2	1	8	6	1,101
Other currencies ²	43	-113	18	2	89	15	169	-88	5,357
C. Local assets in foreign currency	-29	-104	35	31	44	40	50	-33	3,596
D. Total liabilities	437	108	-82	-41	55	-31	470	8	29,926
E. External liabilities	520	136	-97	-74	19	-32	502	2	27,073
By sector									
On banks	397	76	-69	-37	6	-51	387	-17	19,990
On non-banks	123	60	-28	-36	12	19	115	19	7,084
By instrument									
Loans	447	105	-110	-79	22	-37	373	7	22,140
Securities	69	4	12	2	-12	2	80	-99	3,762
Other stocks	3	27	1	4	8	4	50	94	1,172
By currency									
US dollar	156	-65	-77	-59	-42	-32	20	-221	12,040
Euro	301	203	5	-27	22	2	359	207	8,666
Yen	-12	23	-5	2	0	1	-20	22	961
Other currencies ²	75	-24	-20	11	38	-3	144	-6	5,406
F. Local liabilities in foreign currency	-83	-28	15	32	36	1	-32	6	2,853

¹ Including positions on 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	
	Q1 2010	Q2 2010	Q1 2010	Q2 2010	Q1 2010	Q2 2010	Q1 2010	Q2 2010
Foreign claims on immediate borrower basis (30 countries) ²	23,539	22,423	2,186	2,174	4,555	4,437	30,374	29,127
International claims ³	15,526	14,522	1,737	1,718	2,576	2,523	19,932	18,855
Local claims ⁴	8,013	7,901	449	456	1,979	1,913	10,442	10,272
As % of foreign claims	(34.0)	(35.2)	(20.5)	(21.0)	(43.4)	(43.1)	(34.4)	(35.3)
Breakdown of international claims by maturity								
Up to and including one year	7,902	7,390	832	820	1,233	1,248	9,986	9,477
As % of international claims	(50.9)	(50.9)	(47.9)	(47.7)	(47.9)	(49.5)	(50.1)	(50.3)
Unallocated	2,422	2,246	316	321	250	235	3,025	2,840
As % of international claims	(15.6)	(15.5)	(18.2)	(18.7)	(9.7)	(9.3)	(15.2)	(15.1)
Risk transfers ⁵								
Inward risk transfers	1,364	1,300	101	90	176	180	1,647	1,576
Outward risk transfers	927	875	339	335	252	246	1,519	1,457
Net risk transfers	446	423	-425	-449	-128	-107	-117	-143
Foreign claims (after net risk transfers reported by 26 countries) ⁶	23,985	22,846	1,761	1,725	4,427	4,330	30,257	28,984
Of which: domestically owned banks ⁷	20,077	19,206	1,684	1,668	4,164	4,055	26,004	25,006

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	
	Q1 2010	Q2 2010	Q1 2010	Q2 2010	Q1 2010	Q2 2010	Q1 2010	Q2 2010
Foreign claims after net risk transfers (24 countries) ²	19,670	18,831	1,653	1,637	4,120	4,010	25,520	24,553
<i>Of which: local claims in all currencies</i>	8,658	8,537	554	574	2,315	2,261	11,532	11,376
As % of foreign claims	(44.0)	(45.3)	(33.5)	(35.1)	(56.2)	(56.4)	(45.2)	(46.3)
By sector								
Banks	5,345	5,015	132	135	744	726	6,230	5,884
As % of foreign claims	(27.2)	(26.6)	(8.0)	(8.3)	(18.1)	(18.1)	(24.4)	(24.0)
Public sector	3,573	3,510	157	158	970	955	4,758	4,681
As % of foreign claims	(18.2)	(18.6)	(9.5)	(9.7)	(23.6)	(23.8)	(18.6)	(19.1)
Non-bank private sector	10,588	10,123	1,336	1,318	2,386	2,313	14,317	13,759
As % of foreign claims	(53.8)	(53.8)	(80.8)	(80.5)	(57.9)	(57.7)	(56.1)	(56.0)
Unallocated	163	182	28	25	19	17	215	229
As % of foreign claims	(0.8)	(1.0)	(1.7)	(1.5)	(0.5)	(0.4)	(0.8)	(0.9)
Other exposures ³								
Derivatives contracts ⁴	3,721	4,054	146	161	177	194	4,056	4,430
Guarantees extended	6,151	5,809	369	336	764	740	7,286	6,886
Credit commitments ⁵	2,828	2,724	315	288	595	559	3,740	3,573

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 Q2 2010

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

A. Locational banking statistics by residence			Assets	Liabilities
In billions of US dollars				
Breaks in series¹				
Quarters	Reporting country	Details		
Q2 2010	Finland	Increase in reporting population	164.5	195.2
Q2 2010	Greece	Detailed vis-à-vis country breakdown (break in unallocated by country: assets: -\$7.4bn and liabilities: -\$1bn)	1.3	0.0
Q2 2010	Luxembourg	Decrease in reporting population	-75.6	-40.1
Q2 2010	Netherlands	Increase in reporting population and change in compilation
Q2 2010	South Africa	Reclassification of bank nationality	-5.3	-4.9
Data revisions of previous quarters (exclusive of breaks in series)				
Quarters	Reporting country	Details	Assets	Liabilities
Q1 2010	Belgium	Revisions from reporting banks	-1.0	-1.0
Q1 2009 - Q1 2010	Canada	Revisions from reporting banks	-3.2 to 0.0	-2.7 to 0.0
Q1 2009 - Q1 2010	Cayman Islands	Revisions from reporting banks (Reclassification of claims/liabilities from one country to	-2.6 to 0.0	-1.7 to 0.0
Q3 2009 - Q1 2010	Denmark	Revisions from reporting banks	-1.0 to 0.0	-1.0 to 2.4
Q2 2008	Hong Kong SAR	Revisions from reporting banks	-0.5	-1.0
Q2 2009 - Q1 2010	Hong Kong SAR	Revisions from reporting banks	-3.2 to 0.0	-2.7 to 0.0
Q2 2009 - Q1 2010	Japan	Revisions from reporting banks	-1.0 to 0.0	-1.0 to 1.0
Q1 2010	Malaysia	Revisions from reporting banks	-1.0	1.0
Q1 2010	Mexico	Revisions from reporting banks	-2.6	1.9
Q1 2010	Singapore	Revisions from reporting banks, claims vis-à-vis banks	-0.5	0.3
Q3 2009 - Q1 2010	South Africa	Revisions from reporting banks	-1.2 to 0.0	0.0 to 1.2
Q4 2009	Sweden	Revisions from reporting banks	5.7	16.4
Q1 2010	Sweden	Revisions from reporting banks	5.2	19.9
Q1 2010	Turkey	Revisions from reporting banks	0.4	-0.2
Q1 2010	United Kingdom	Revisions from reporting banks	-2.0	-1.7
Q2 2009	United States	Revisions from reporting banks	73.9	70.1
Q3 2009	United States	Revisions from reporting banks	117.9	72.1
Q4 2009	United States	Revisions from reporting banks	33.8	1.3
Q1 2010	United States	Revisions from reporting banks	-7.3	-34.1

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

B. Locational banking statistics by nationality

In billions of US dollars

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

Quarter	Reporting country	Details		
Q2 2010	Finland	Increase in reporting population	164.5	195.2
Q2 2010	Luxembourg	Decrease in reporting population	-75.6	-40.1
Q2 2010	Netherlands	Increase in reporting population and change in compilation
Q2 2010	South Africa	Increase in reporting population	-5.3	-4.9

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

Quarters	Reporting country	Details		
Q1 2010	Belgium	Revisions from reporting banks	-1.0	-1.0
Q1 2009 - Q1 2010	Canada	Revisions from reporting banks	-3.2 to 0.0	-2.7 to 0.0
Q3 2009 - Q1 2010	Denmark	Revisions from reporting banks	-1.0 to 0.0	-1.0 to 2.4
Q2 2009 - Q1 2010	Hong Kong SAR	Revisions from reporting banks	-3.2 to 0.0	-2.7 to 0.0
Q2 2009 - Q1 2010	Japan	Revisions from reporting banks	-1.0 to 0.0	-1.0 to 1.0
Q3 2009 - Q4 2009	South Africa	Revisions from reporting banks	-1.2 to 0.0	0.0 to 1.2
Q1 2009 - Q4 2009	United Kingdom	Reclassification of bank nationality	-2.0	-1.7

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

C. Consolidated statistics on an immediate borrower basis

Changes, in billions of US dollars

Quarter	Reporting country	Details of breaks in series ¹	International claims	Other positions
Q2 2010	Netherlands	Change in domestic bank reporting population	...	
		Local currency claims of foreign offices		...
		Local currency liabilities of foreign offices		...
Q2 2010	Germany	Acquisition of foreign offices by domestic banks	–	
		Local currency claims of foreign offices		11.4
		Local currency liabilities of foreign offices		8.7
Q2 2010	Ireland	Change in reporting population of domestic, inside area, and outside area banks	-15.4	
Q1 2010	Belgium	Increase in reporting population of inside area banks	9.2	
Q4 2009	Sweden	Change in domestic bank reporting population	3.1	

Quarter	Reporting country	Details of data revisions	International claims	Other positions
Q4 2009 - Q1 2010	Sweden	Revisions from reporting banks	2.0 to 2.9	
Q3 2009 - Q1 2010	Denmark	Revisions from reporting banks	0 to -0.1	
Q2 2009 - Q1 2010	Japan	Revisions from reporting banks	-0.4 to 3.0	
Q1 2009 - Q1 2010	Canada	Revisions from reporting banks	-1.8 to 0.0	
		Local currency claims of foreign offices		0 to 0.3
		Outward risk transfers		1.5 to 7.7
		Inward risk transfers		1.5 to 7.7
Q3 2009 - Q1 2010	United Kingdom	Revisions from reporting banks	-0.9 to 3.1	
		Local currency claims of foreign offices		0 to -6.1
		Local currency liabilities of foreign offices		0 to 6.2
Q3 2007 - Q1 2010	Portugal	Revisions from reporting banks	-6.2 to -17.2	
		Outward risk transfers		0.2 to 17.3
		Net risk transfers		-0.2 to -17.3
Q3 2009	Netherlands	Revisions from reporting banks	1.7	
Q1 2010	Netherlands	Revisions from reporting banks	-14.8	
Q1 2010	Mexico	Revisions from reporting banks	-2.6	

¹ See www.bis.org/statistics/breakstablecons.pdf for historical breaks 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
Q2 2010	Netherlands	Change in reporting population
		Cross-border claims		...
		Local claims of foreign offices		...
Q2 2010	Germany	Change in reporting population	11.4	
		Cross-border claims		11.2
		Local claims of foreign offices		0.2
Q2 2010	Ireland	Change in reporting population	13.6	
		Cross-border claims		13.6
		Local claims of foreign offices		—
Q1 2010	Germany	Acquisition of outside area bank by domestic bank	2.9	
		Cross-border claims		1.7
		Local claims of foreign offices		1.2
Q4 2009	Sweden	Change in reporting population	3.1	
		Cross-border claims		3.1
		Local claims of foreign offices		—
Quarter	Reporting country	Details of data revisions	Foreign claims	Other positions
Q4 2009 - Q1 2010	Sweden	Revisions from reporting banks	1.8 to 2.9	
		Cross-border claims		0.7 to 2.9
		Local claims of foreign offices		-0.8 to 2.2
Q2 2009 - Q1 2010	Japan	Revisions from reporting banks	-0.4 to 3.1	
		Cross-border claims		-0.4 to 3.1
Q1 2009 - Q1 2010	Canada	Revisions from reporting banks	-0.0 to 0	
		Cross-border claims		0 to 7.8
		Local claims of foreign offices		0 to -7.8
Q3 2009 - Q1 2010	United Kingdom	Revisions from reporting banks	0.0 to -4.1	
		Cross-border claims		-0.0 to 2.5
		Local claims of foreign offices		-0.0 to -6.6
		Credit commitments		0.0 to 0.7
Q3 2007 - Q1 2010	Portugal	Revisions from reporting banks	-3.5	
		Cross-border claims		-0.1 to -14.1
		Local claims of foreign offices		0 to 1.3
Q1 2010	Switzerland	Revisions from reporting banks	—	
		Guarantees		0.3
		Credit commitments		-0.2
Q3 2009	Netherlands	Revisions from reporting banks	1.7	
		Cross-border claims		1.7
Q1 2010	Netherlands	Revisions from reporting banks	-14.8	
		Cross-border claims		-14.8
		Derivatives		11.6
		Credit commitments		5.4