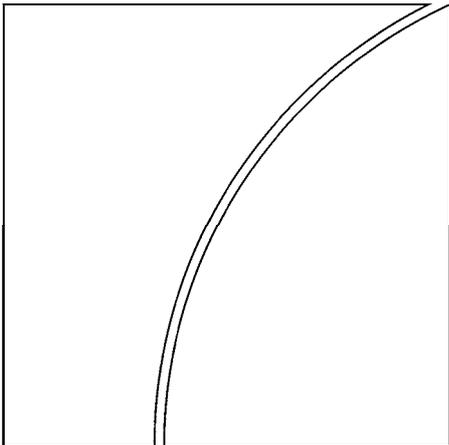




BANK FOR INTERNATIONAL SETTLEMENTS



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

Monetary and Economic Department

January 2011

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Release of preliminary locational and consolidated banking statistics

Third quarter of 2010

Data for the third 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 14 March 2011.

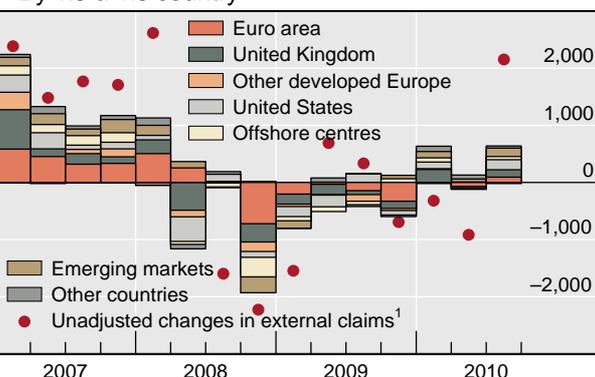
Locational banking statistics (Table 1)¹

In the third quarter of 2010, BIS reporting banks' claims on other countries rose by \$624 billion (+2.2%) following an increase of only 0.1% (\$10 billion) in the second quarter.² In contrast to the previous quarters, activity was more robust vis-à-vis counterparties in developed countries, while external loans to banks in emerging economies and offshore centres continued to grow. A sharp reversal in the currency of denomination occurred in the quarter under review, the US dollar having attracted most of the new business to the detriment of the euro. Local claims in foreign currencies to residents in reporting countries also increased significantly.

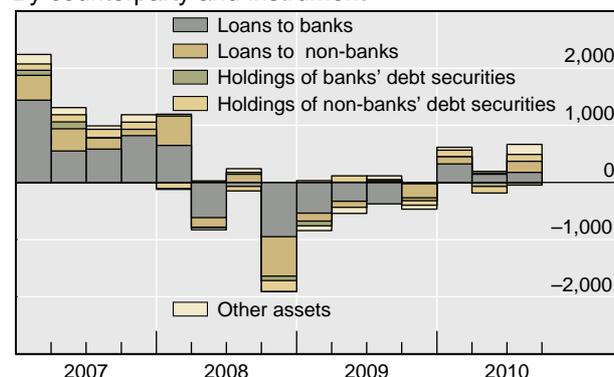
External assets of BIS reporting banks

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

By vis-à-vis country



By counterparty and instrument



¹ Before correcting for breaks in series and exchange rate effects on outstanding balances denominated in currencies other than the US dollar.

Source: Locational banking statistics by residence.

Graph 1

- **Developed countries:** Banks' external claims on residents of developed countries rose strongly for both banks and non-banks and for all instruments, following a decrease in the previous quarter. Loans in US dollars expanded by 5.2% after a

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 Unadjusted external claims outstanding, reported in US dollar terms, rose by about \$2 trillion. Once the effect of the appreciation of major currencies against the US dollar (between 6% for the yen and 10% for the euro) during the third quarter of 2010 on outstanding claims is removed, underlying changes in bank claims are calculated to have increased by \$624 billion only (Graph 1, left-hand panel).

contraction of 1.5% in the second quarter of 2010. The euro's share moved in the opposite direction, falling by 1.6% in the third quarter, following a 4.3% increase in the second.

- *Offshore centres:* Increased use of the US dollar also characterised claims on offshore centres, which were mainly focused on loans.
- *Emerging markets:* External loans to and debt securities claims on residents of Latin America continued to increase, by 9.8% and 11.2% respectively. External loans to and debt securities claims on counterparties in Asia and the Pacific also grew substantially (by 8.0% in each instrument). Loans to eastern Europe increased (by 2%) for the first time since the third quarter of 2008, and holdings of debt securities issued by non-banks also increased (by 6.7%).
- *Funding:* Movements on the funding side were even more pronounced. International liabilities increased overall by 2.6% (or \$814 billion). All regions and major currencies, except for Swiss franc-denominated liabilities, posted increases.

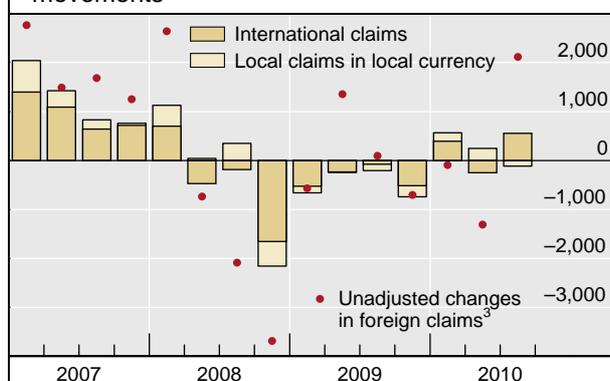
Consolidated bank claims on an immediate borrower basis (Table 2)³

At constant exchange rates, consolidated international claims increased by 2.9% in the third quarter of 2010. Local claims of banks' foreign offices (which are reported only in the consolidated statistics) surged on a nominal basis. However, this was entirely the effect of local currencies strengthening against the dollar, as exchange rate adjusted local currency claims declined by 1.1% or \$118 billion (Graph 2, left-hand panel).⁴

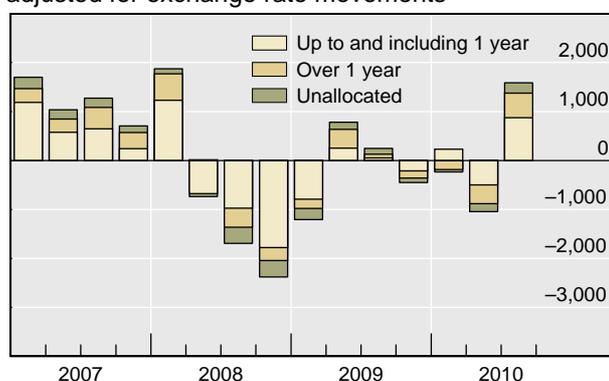
BIS reporting banks' consolidated claims¹

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

Foreign claims,² adjusted for exchange rate movements



International claims by remaining maturity,³ not adjusted for exchange rate movements



¹ Consolidated positions of banks headquartered in 30 reporting countries. ² Estimated exchange rate adjusted changes in stocks. ³ Quarterly difference in outstanding stocks, not adjusted for exchange rate movements. Foreign claims are the sum of international claims and local claims in local currency; international claims comprise cross-border claims in all currencies and local claims in foreign currencies; local claims are claims booked by reporting banks' foreign offices on residents of the countries in which the foreign office is located. Graph 2

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

⁴ The estimated effect of the dollar depreciation 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 depreciation of the US dollar during the third quarter, nominal amounts outstanding of foreign claims increased by around \$2 trillion in dollar terms.

- *Local office claims and liabilities in local currency:* In exchange rate adjusted terms, local currency claims fell by \$118 billion. Local currency liabilities were unchanged.
- *Maturity:* Although the share of short-term claims with a maturity of one year or less rose only marginally overall, a number of countries posted significant increases: Egypt (55% to 64%), Iceland (71% to 76%), Cyprus (48% to 53%), Denmark (65% to 69%), Finland (51% to 54%) and Canada (57% to 60%).

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

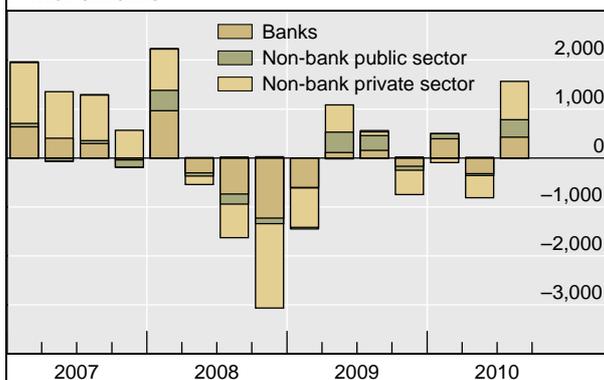
On an ultimate risk basis, which adjusts for net risk transfers across borrowing countries, the shifts in exposure to the bank sector continued in the third quarter of 2010 in developed countries and offshore banking centres.

- *Sectoral shares:* Although the share of the bank sector remained unchanged in aggregate at 24%, there was a shift away from lending to banks in a few countries – Austria (43% to 39%) and Portugal (22% to 21%) – in favour mainly of the non-bank private sector. Conversely, the share of lending to the private non-bank sector declined in Belgium (53% to 48%), France (33% to 31%), the United States (64% to 63%) and Peru (68% to 62%).
- *Other exposures:* not adjusted for exchange rate movements, the positive market value of *derivatives* claims in banks' trading book rose 9% across all regions (+\$404 billion) and *Guarantees*, which include credit default swaps, increased (by 2.8%) for the first time in two years. Banks' credit commitments went up by \$262 billion.

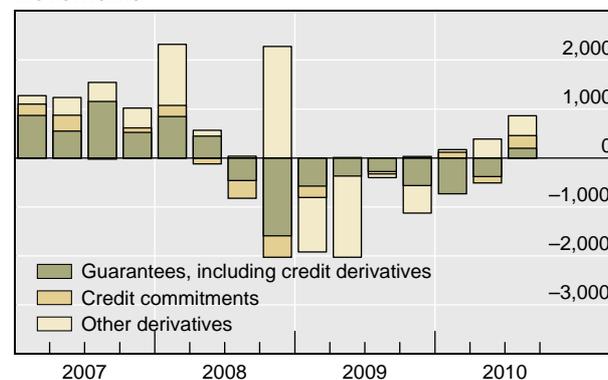
BIS reporting banks' consolidated claims on an ultimate risk basis¹

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

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-Sep 2010
	Q2 2010	Q3 2010	Q2 2010	Q3 2010	Q2 2010	Q3 2010	Q2 2010	Q3 2010	
A. Total assets	-236	524	42	65	91	157	-22	726	34,850
B. External assets	-133	442	11	55	51	148	10	624	30,989
By sector									
On banks	-40	161	31	36	54	92	130	267	19,830
On non-banks	-93	280	-19	19	-3	56	-119	356	11,160
By instrument									
Loans	64	255	17	50	50	99	169	373	22,344
Securities	-187	46	-9	6	4	27	-187	77	6,285
Other stocks	-10	140	3	-1	-4	22	28	174	2,361
By currency									
US dollar	-129	451	7	43	32	55	-84	552	12,541
Euro	112	-110	0	-21	6	7	169	-123	11,425
Yen	1	19	3	15	1	2	4	35	1,204
Other currencies ²	-117	82	1	18	13	84	-79	160	5,820
C. Local assets in foreign currency	-103	82	31	10	40	9	-32	102	3,860
D. Total liabilities	113	575	-43	72	-30	103	27	814	31,842
E. External liabilities	142	450	-76	62	-31	65	22	642	29,092
By sector									
On banks	83	260	-42	62	-51	40	5	398	21,470
On non-banks	58	190	-34	0	21	25	17	244	7,621
By instrument									
Loans	107	264	-82	57	-37	73	11	371	23,568
Securities	7	36	2	0	3	-2	-95	138	4,110
Other stocks	27	150	4	5	4	-6	106	133	1,414
By currency									
US dollar	-59	366	-61	91	-31	62	-214	602	12,663
Euro	202	50	-27	-22	2	-21	200	6	9,642
Yen	23	-8	2	2	1	1	23	-2	1,018
Other currencies ²	-24	42	10	-8	-3	23	14	37	5,769
F. Local liabilities in foreign currency	-28	125	32	10	1	37	5	172	2,750

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	
	Q2 2010	Q3 2010	Q2 2010	Q3 2010	Q2 2010	Q3 2010	Q2 2010	Q3 2010
Foreign claims on immediate borrower basis (30 countries) ²	22,359	23,862	2,184	2,335	4,429	4,884	29,065	31,182
International claims ³	14,443	15,701	1,727	1,840	2,515	2,767	18,778	20,407
Local claims ⁴	7,915	8,162	456	494	1,913	2,117	10,286	10,774
As % of foreign claims	(35.4)	(34.2)	(20.9)	(21.2)	(43.2)	(43.3)	(35.4)	(34.6)
Breakdown of international claims by maturity								
Up to and including one year	7,328	8,017	828	892	1,245	1,387	9,421	10,316
As % of international claims	(50.7)	(51.1)	(47.9)	(48.4)	(49.5)	(50.1)	(50.2)	(50.5)
Unallocated	2,265	2,404	323	350	235	272	2,861	3,065
As % of international claims	(15.7)	(15.3)	(18.7)	(19.0)	(9.3)	(9.8)	(15.2)	(15.0)
Risk transfers ⁵								
Inward risk transfers	1,302	1,429	90	97	180	197	1,580	1,734
Outward risk transfers	888	1,015	324	371	246	260	1,462	1,652
Net risk transfers	411	425	-441	-510	-105	-115	-144	-211
Foreign claims (after net risk transfers reported by 26 countries) ⁶	22,770	24,288	1,743	1,825	4,324	4,769	28,920	30,971
Of which: domestically owned banks ⁷	19,183	20,348	1,686	1,765	4,052	4,461	25,001	26,658

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	
	Q2 2010	Q3 2010	Q2 2010	Q3 2010	Q2 2010	Q3 2010	Q2 2010	Q3 2010
Foreign claims after net risk transfers (24 countries) ²	18,830	19,966	1,646	1,723	4,010	4,415	24,563	26,185
<i>Of which: local claims in all currencies</i>	8,537	8,845	574	625	2,260	2,480	11,376	11,955
As % of foreign claims	(45.3)	(44.3)	(34.9)	(36.3)	(56.4)	(56.2)	(46.3)	(45.7)
By sector								
Banks	5,005	5,380	134	148	726	788	5,874	6,328
As % of foreign claims	(26.6)	(26.9)	(8.1)	(8.6)	(18.1)	(17.9)	(23.9)	(24.2)
Public sector	3,514	3,729	158	170	955	1,083	4,685	5,042
As % of foreign claims	(18.7)	(18.7)	(9.6)	(9.9)	(23.8)	(24.5)	(19.1)	(19.3)
Non-bank private sector	10,127	10,687	1,329	1,375	2,312	2,525	13,774	14,592
As % of foreign claims	(53.8)	(53.5)	(80.7)	(79.8)	(57.7)	(57.2)	(56.1)	(55.7)
Unallocated	183	170	25	30	17	19	229	223
As % of foreign claims	(1.0)	(0.9)	(1.5)	(1.8)	(0.4)	(0.4)	(0.9)	(0.9)
Other exposures ³								
Derivatives contracts ⁴	4,058	4,481	162	165	194	204	4,434	4,867
Guarantees extended	5,810	5,812	336	285	740	986	6,886	7,083
Credit commitments ⁵	2,729	2,929	288	303	559	615	3,578	3,849

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 Q3 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	Revised breaks in series: Increase in reporting population (revised breaks in series)	166.1	202.2
Q3 2010	Netherlands	Reclassification of reporting institutions	13.3	0
Q2 2010	United States	Inclusion of previously omitted positions	0.0	1.8
Q1 2010	United States	Consolidation of a variable interest entity (VIE) in accordance with a change in U.S. accounting rules	8.0	0
Q4 2009	United States	Inclusion of previously omitted positions	2.8	14.3
Q2 2009	United States	Inclusion of previously omitted positions	-7.8	-22.9
Q1 2009	United States	Revised breaks in series: Inclusion of previously omitted positions	24.6	5.9
Q4 2008	United States	Revised breaks in series: Reporter panel changes, including addition of new bank holding companies. Historically, only cross-border positions of brokers and dealers of former investment banks were included in locational banking. Inclusion of previously omitted positions.	221.7	115.2
Q1 2008	United States	Revised breaks in series: Inclusion of previously omitted positions	194.9	221.9
Data revisions of previous quarters (exclusive of breaks in series)				
Quarters	Reporting country	Details	Assets	Liabilities
Q2 2010	Belgium	Revisions from reporting banks	0.2	0.1
Q2 2010	Brazil	Revisions from reporting banks	1.0	3.0
Q2 2010	France	Revisions to holdings of international debt securities and other claims	-37.7	0.0
Q2 2010	Greece	Revisions from reporting banks	0.1	0.6
Q1 2009 - Q2 2009, Q2 2010	Hong Kong SAR	Revisions from reporting banks	-1.0 to 0.0	-1.0 to 0.0
Q4 2008	Italy	Revisions from reporting banks	5.0	4.2
Q1 2009	Italy	Revisions from reporting banks	0.4	1.2
Q2 2009	Italy	Revisions from reporting banks	0.5	0.5
Q3 2009	Italy	Revisions from reporting banks	0.2	0.9
Q4 2009	Italy	Revisions from reporting banks	0.1	0.1
Q3 2009 - Q2 2010	Japan	Revisions from reporting banks (affecting positions vis-à-vis certain countries)	-1.0 to 0.0	-1.0 to 1.0

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

A. Locational banking statistics by residence (continued)

In billions of US dollars

			Assets	Liabilities
Q2 2010	Malaysia	Revisions from reporting banks	-1.0	-0.1
Q2 2010	Singapore	Revisions from reporting banks	20.0	24.8
Q2 2010	South Africa	Revisions from reporting banks	0.0	-1.7
Q1 2010	Sweden	Revisions from reporting banks	1.6	0.2
Q2 2010	Sweden	Revisions from reporting banks	1.7	0.3
Q4 2009 - Q2 2010	United Kingdom	Revisions from reporting banks	0.0 to 0.3	-1.1 to 1.6
Q1 2008	United States	Revisions from reporting banks (exclusive of break size)	136.2	91.3
Q2 2008	United States	Revisions from reporting banks (exclusive of break size)	120.4	94.7
Q3 2008	United States	Revisions from reporting banks (exclusive of break size)	81.5	91.5
Q4 2008	United States	Revisions from reporting banks (exclusive of break size)	92.5	100.0
Q1 2009	United States	Revisions from reporting banks (exclusive of break size)	106.0	106.2
Q2 2009	United States	Revisions from reporting banks (exclusive of break size)	25.7	-0.1
Q3 2009	United States	Revisions from reporting banks	3.6	-0.2
Q4 2009	United States	Revisions from reporting banks (exclusive of break size)	14.0	11.4
Q1 2010	United States	Revisions from reporting banks (exclusive of break size)	16.6	13.8
Q2 2010	United States	Revisions from reporting banks (exclusive of break size)	21.6	18.6

B. Locational banking statistics by nationality

In billions of US dollars

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

Quarter	Reporting country	Details		
Q2 2010	Finland	Revised: increase in reporting population	166.1	211.0
Q3 2010	Netherlands	Reclassification of reporting institutions	13.0	0
Q2 2010	South Africa	Revised: Increase in reporting population	-5.3	-4.9

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

Quarters	Reporting country	Details		
Q2 2010	Belgium	Revisions from reporting banks	0.2	0.1
Q2 2010	Singapore	Revisions from reporting banks	20	24.8
Q1 2009 - Q2 2010	Hong Kong SAR	Revisions from reporting banks	-1.0	-1.0
Q2 2010	South Africa	Revisions from reporting banks	0	-1.7
Q4 2009 - Q2 2010	United Kingdom	Revisions from reporting banks	0.3	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	Luxembourg	Decrease in reporting population of domestic, inside area and outside area banks	-73.4	
Q2 2010	Finland	Increase in reporting population of domestic and inside area banks	4.2	
		Local currency claims of foreign offices		0.1
		Local currency liabilities of foreign offices		—
Q3 2010	Germany	Acquisition of domestic bank by outside area bank	—	
		Local currency claims of foreign offices		—
		Local currency liabilities of foreign offices		—
Q3 2010	Australia	Improved data quality and better allocation of counterparty country by domestic banks	44.9	
		Local currency claims of foreign offices		13.1
		Local currency liabilities of foreign offices		19.5
Quarter	Reporting country	Details of data revisions	International claims	Other positions
Q1 2010 - Q2 2010	Ireland	Revisions from reporting banks	—	
		Outward risk transfers		3.8 to 4.3
		Inward risk transfers		3.8 to 4.3
Q2 2010	Luxembourg	Revisions from reporting banks	-73.4	
		Local currency claims of foreign offices		—
		Local currency liabilities of foreign offices		—
Q1 2010 - Q2 2010	Sweden	Revisions from reporting banks	0.9 to 1.7	
Q2 2010	United Kingdom	Revisions from reporting banks	0.4	
		Local currency claims of foreign offices		14.3
		Local currency liabilities of foreign offices		-4.3
Q2 2010	Portugal	Revisions from reporting banks	-3.1	
		Local currency claims of foreign offices		-0.7
		Local currency liabilities of foreign offices		-1.1
Q2 2010	Finland	Revisions from reporting banks	4.2	
		Local currency claims of foreign offices		0.1
Q2 2010	France	Revisions from reporting banks	-7.4	

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	Finland	Increase in reporting population	2.6	
		Cross-border claims		2.5
		Local claims of foreign offices		0.1
Q3 2010	Germany	Acquisition of domestic bank by outside area bank	-0.5	
		Cross-border claims		—
		Local claims of foreign offices		—
Q3 2010	Belgium	Change in methodology for risk allocation of derivatives data	13.6	
		Derivatives contracts		9.3
Q3 2010	Australia	Improved data quality and better allocation of counterparty country	58.2	
		Cross-border claims		29.9
		Local claims of foreign offices		28.3
Quarter	Reporting country	Details of data revisions	Foreign claims	Other positions
Q1 2010 - Q2 2010	Canada	Revisions from reporting banks	—	
		Cross-border claims		2.8 to 3.0
		Local claims of foreign offices		-2.8 to -3.0
Q2 2010	United Kingdom	Revisions from reporting banks	13.8	
		Cross-border claims		10.9
		Local claims of foreign offices		3.0
		Guarantees extended		1.1
		Credit commitments		5.6
Q2 2010	Portugal	Revisions from reporting banks	-4.4	
		Cross-border claims		-2.7
		Local claims of foreign offices		-1.7
Q2 2010	Finland	Revisions from reporting banks	2.6	
		Cross-border claims		2.5
		Local claims of foreign offices		0.1
		Derivatives contracts		5.1
Q2 2010	France	Revisions from reporting banks	-7.6	
		Cross-border claims		-7.6

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