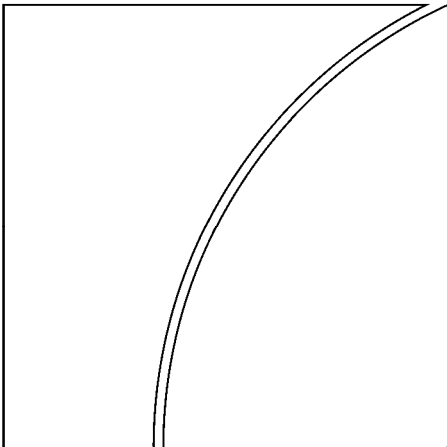




BANK FOR INTERNATIONAL SETTLEMENTS



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

Monetary and Economic Department

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Queries concerning this release should be addressed to the authors listed below:

Statistical commentary:	Karsten von Kleist e-mail: karsten.von-kleist@bis.org	tel: +41 61 280 8408
Locational banking statistics (data):	Swapam Pradhan e-mail: swapan-kumar.pradhan@bis.org	tel: +41 61 280 8491
Consolidated banking statistics (data):	Sebastian Görlich e-mail: sebastian.goerlich@bis.org	tel: +41 61 280 8410

Bank for International Settlements
Monetary and Economic Department
CH-4002 Basel, Switzerland

Fax: +41 61 280 9100 and +41 61 280 8100

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Release of preliminary locational and consolidated banking statistics

First quarter of 2010

Data for the first 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 6 September 2010.

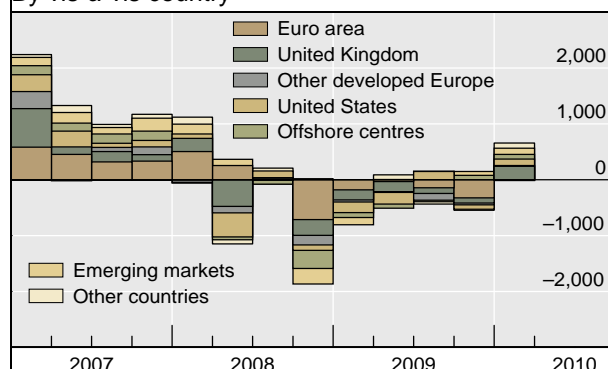
Locational banking statistics (Table 1)¹

For the first time since September 2008, after a cumulative contraction of almost 11%, international banking activity in aggregate rose by 2% or \$700 billion in the first quarter of 2010 (Graph 1).² About half of the quarterly increase in external claims was accounted for by reporting banks located in the United Kingdom and United States with counterparties in a few developed countries. External claims on emerging economies and on offshore centres continued to grow, and banks' foreign currency claims on residents also increased for the second consecutive quarter.

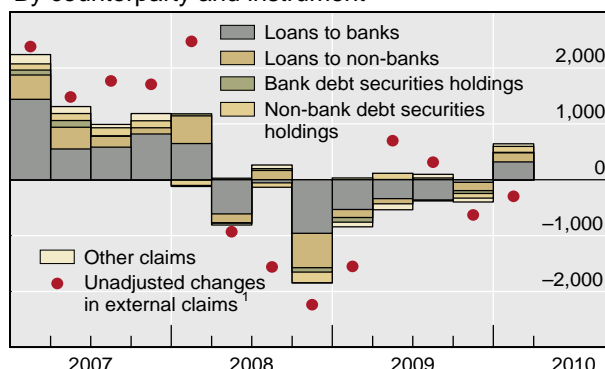
External claims of BIS reporting banks

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

- **Sector:** Around 75% of the \$212 billion increase in external claims of banks in the United States was accounted for by interbank positions with three countries: the Bahamas, Canada and the United Kingdom. Similarly, 60% of the \$177 billion increase of banks in the UK was due to positions with banks in a few European developed countries and Japan. Some 60% of the rise in claims of banks in the US on non-banks was vis-à-vis counterparties in the United Kingdom. Similarly, the

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 claims outstanding reported in US dollar terms declined, underlying claims actually increased once the effect of the 7% depreciation of the euro and sterling during Q1 2010 on outstanding claims is removed.

increase in claims of banks in the UK on non-banks was focused on only two countries: France and the United States. Apart from the \$389 billion rise in external claims of banks in the United Kingdom and United States, banks resident in other reporting countries saw an increase in claims of \$256 billion, of which 51% on counterparty banks.

- *Location of counterparties:* Claims on banks in Asia and Latin America rose by \$68 billion (+14%) and \$11 billion (+9%), respectively, with banks in China accounting for \$32 billion. Claims on non-banks in Asia and Latin America also grew – by \$21 billion (+7%) and \$15 billion (+5%), respectively. The \$391 billion increase in claims on banks and non-banks in developed countries was mostly accounted for by the United Kingdom (+5% or +\$241 billion) and the United States (+2.4% or +\$119 billion), whereas claims on residents of the euro area (–0.1% or –\$8 billion), Japan (–0.5% or –\$3 billion) and Switzerland (–0.2% or –\$1 billion) continued to decline at a moderate pace.
- *Currencies:* Cross-border claims denominated in US dollars increased by 2% (+\$243 billion), and claims denominated in euros also rose (for the first time since the third quarter of 2008), by 2% (+\$224 billion). Claims in Swiss francs declined by 1% (–\$4 billion). Claims denominated in other currencies, mainly those of emerging market countries, expanded by 3% (+\$182 billion).

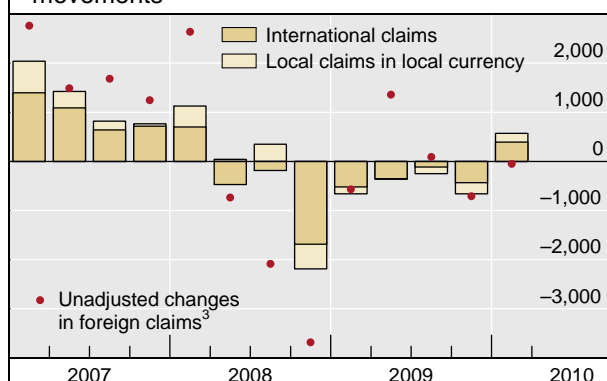
Consolidated bank claims on an immediate borrower basis (Table 2)³

Consolidated international claims (which exclude inter-office business) grew by an estimated \$394 billion (+2%) compared with the previous quarter (Graph 2 lhs) once adjustments for exchange rate changes and breaks in series are made.⁴ Local claims in local currency of banks' foreign offices also increased in the first quarter, by \$178 billion (exchange rate adjusted).

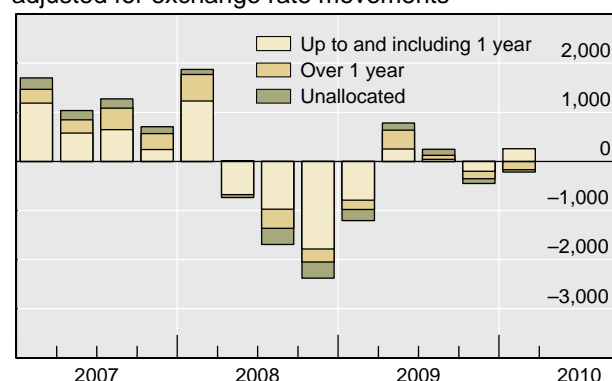
BIS reporting banks' consolidated claims¹

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 appreciation on outstanding claims in other major currencies is based on the currency distribution of the locational statistics by nationality.

- *Local office claims in local currency:* Increases in the claims in local currency of foreign banks' local offices, which are reported only in the consolidated statistics, were most pronounced in France (+\$28 billion), Japan (+\$25 billion), the United Kingdom (+\$24 billion), and the Netherlands (+\$21 billion), adjusted for exchange rate movements. Increases were also reported in the emerging market regions: Asia (+\$29 billion), emerging Europe (+\$10 billion), Latin America and Caribbean (+\$14 billion) and Africa and the Middle East (+\$7 billion).
- *Maturity:* The share of short-term claims with a maturity of one year or less increased by 1 percentage point to 50%.

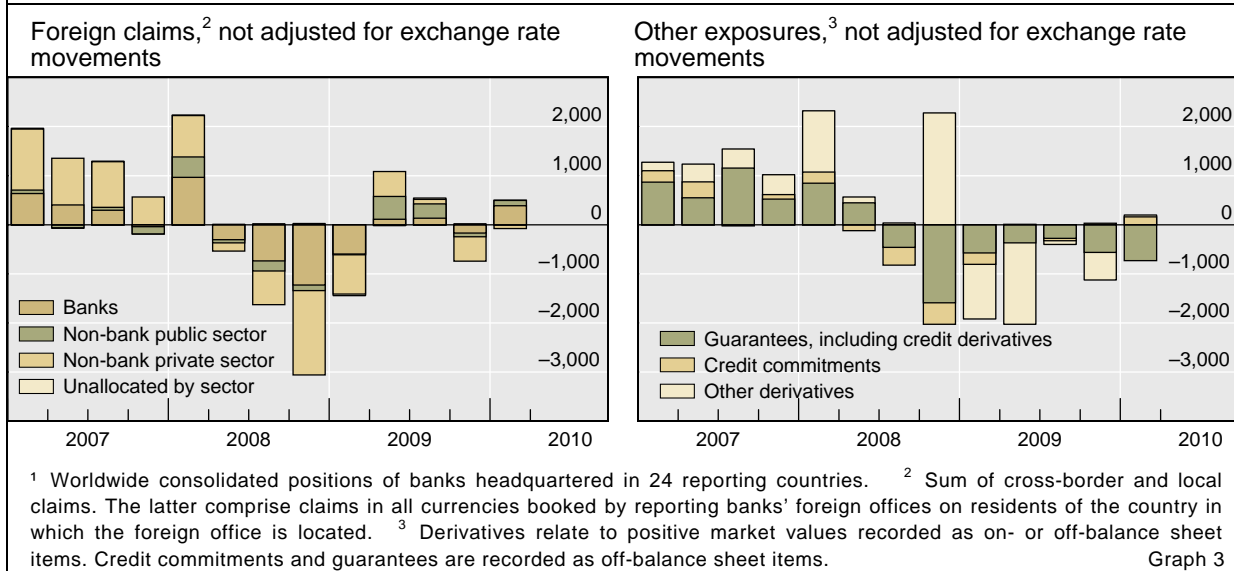
Consolidated foreign claims and other contingent exposures on an ultimate risk basis (subset of 24 reporting countries; Table 3)

On an *ultimate risk basis*, which adjusts for net risk transfers across borrowing countries, there was a slight shift in exposure from the non-bank private sector to the bank sector (1 percentage point). Other exposures, mainly credit derivatives and guarantees, declined during the quarter. Changes in ultimate risk data were partly affected by breaks⁵.

- *Other exposures:* The positive market value of *derivative* claims in banks' trading book remained broadly unchanged, with a 2% increase in claims on residents of emerging market countries (+\$4 billion). *Guarantees*, which include credit default swaps, fell by another 9% – after a drop of 7% in the previous quarter – mainly vis-à-vis developed countries.

BIS reporting banks' consolidated claims on an ultimate risk basis¹

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



⁵ In previous reports, some US reporting banks have failed to fully account for the risk transfers associated with protection bought using credit derivatives. This has been corrected for Q1 2010 only. Therefore, the current data for Q4-2009 and Q1-2010 suggest a much larger increase in US banks' cross-border ultimate risk claims and inward risk transfers than will be shown when the Q4-2009 data have also been revised. The amount of this additional reporting is estimated to be close to \$400 billion in the Q1 data.

Table 1

Changes in external claims 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 ^{1,2}		Stocks at end-March 2010
	Q4 2009	Q1 2010	Q4 2009	Q1 2010	Q4 2009	Q1 2010	Q4 2009	Q1 2010	
Total external claims	-532	385	79	82	70	113	-397	645	29,730
By sector									
On banks	-235	196	25	58	58	75	-163	376	18,996
On non-banks	-297	189	55	23	12	38	-234	270	10,733
By instrument									
Loans	-316	305	84	82	56	78	-192	483	21,497
Securities	-141	78	1	-9	10	28	-135	116	6,301
Other stocks	-75	3	-5	9	3	6	-70	46	1,931
By currency									
US dollar	-127	140	83	67	27	23	-1	243	12,092
Euro	-233	207	-15	-15	1	-2	-276	224	11,108
Yen	-101	-5	-4	11	1	2	-104	11	1,037
Other currencies ³	-70	44	15	18	41	89	-17	166	5,493
<i>Memo: Local claims in foreign currency</i>	88	-29	1	36	-34	46	56	54	3,714
Total external liabilities	-232	552	-18	-105	-7	17	-299	524	27,837
By sector									
On banks	-131	412	-43	-72	-5	7	-226	398	20,557
On non-banks	-101	140	26	-33	-2	10	-73	126	7,281
By instrument									
Loans	-190	480	-10	-114	-11	20	-230	400	22,884
Securities	24	64	-5	9	1	-11	12	72	3,982
Other stocks	-66	8	-2	1	3	8	-81	53	971
By currency									
US dollar	18	172	-3	-89	16	-44	64	29	12,278
Euro	-108	305	-7	6	-10	22	-181	361	9,166
Yen	-104	-6	-4	-3	-2	0	-113	-12	890
Other currencies ³	-37	81	-4	-18	-11	38	-69	147	5,503

¹ Including claims on international organisations; excluding claims on residents. ² Including unallocated data not individualised in the tables. ³ 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	
	Q4 2009	Q1 2010	Q4 2009	Q1 2010	Q4 2009	Q1 2010	Q4 2009	Q1 2010
Foreign claims on immediate borrower basis (30 countries) ²	23,855	23,566	2,107	2,194	4,411	4,554	30,462	30,409
International claims ³	15,696	15,553	1,659	1,740	2,486	2,576	19,928	19,961
Local claims ⁴	8,159	8,013	449	455	1,926	1,979	10,534	10,447
As % of foreign claims	(34.2)	(34.0)	(21.3)	(20.7)	(43.7)	(43.4)	(34.6)	(34.4)
Breakdown of international claims by maturity								
Up to and including one year	7,818	7,924	769	834	1,142	1,232	9,747	10,009
As % of international claims	(49.8)	(50.9)	(46.3)	(47.9)	(45.9)	(47.8)	(48.9)	(50.1)
Unallocated	2,493	2,422	310	317	236	249	3,074	3,024
As % of international claims	(15.9)	(15.6)	(18.7)	(18.2)	(9.5)	(9.7)	(15.4)	(15.2)
Risk transfers ⁵								
Inward risk transfers	1,002	1,364	88	101	165	176	1,262	1,646
Outward risk transfers	954	909	334	339	259	252	1,550	1,501
Net risk transfers	49	463	-420	-425	-134	-128	-510	-100
Foreign claims (after net risk transfers reported by 26 countries) ⁶	23,904	24,028	1,687	1,769	4,278	4,426	29,952	30,308
Of which: domestically owned banks ⁷	19,900	20,103	1,614	1,692	4,032	4,163	25,625	26,037

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	
	Q4 2009	Q1 2010	Q4 2009	Q1 2010	Q4 2009	Q1 2010	Q4 2009	Q1 2010
Foreign claims after net risk transfers (24 countries) ²	19,456	19,677	1,589	1,659	3,992	4,118	25,113	25,531
<i>Of which: local claims in all currencies</i>	8,729	8,658	556	561	2,268	2,312	11,559	11,535
As % of foreign claims	(44.9)	(44.0)	(35.0)	(33.8)	(56.8)	(56.1)	(46.0)	(45.2)
By sector								
Banks	4,993	5,331	131	132	700	746	5,832	6,217
As % of foreign claims	(25.7)	(27.1)	(8.2)	(8.0)	(17.5)	(18.1)	(23.2)	(24.4)
Public sector	3,587	3,607	151	157	890	969	4,683	4,791
As % of foreign claims	(18.4)	(18.3)	(9.5)	(9.5)	(22.3)	(23.5)	(18.6)	(18.8)
Non-bank private sector	10,721	10,575	1,280	1,342	2,382	2,385	14,389	14,308
As % of foreign claims	(55.1)	(53.7)	(80.6)	(80.9)	(59.7)	(57.9)	(57.3)	(56.0)
Unallocated	154	163	26	28	20	19	209	214
As % of foreign claims	(0.8)	(0.8)	(1.7)	(1.7)	(0.5)	(0.5)	(0.8)	(0.8)
Other exposures ³								
Derivatives contracts ⁴	3,671	3,708	148	146	173	177	4,005	4,043
Guarantees extended	6,902	6,151	378	369	741	764	8,022	7,286
Credit commitments ⁵	2,769	2,828	361	314	610	594	3,743	3,739

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 Q1 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		
Q1 2010	United Kingdom	Changes to reporting of securitised loans, along with related liabilities	20.0	45.6
Q3 2009	Jersey	Reclassification of instruments: Customers' deposits on maturity were replaced with money-market instruments		
		Debt securities liabilities	0.0	12.2
		Deposit liabilities	0.0	-12.2
Data revisions of previous quarters (exclusive of breaks in series)				
Quarters	Reporting country	Details	Assets	Liabilities
Q2 2009 - Q4 2009	Hong Kong SAR	Revisions from reporting banks	-3.2 to 0.0	-2.7 to 0.0
Q1 2009 - Q4 2009	Japan	Revisions from reporting banks	0.9 to 1.9	0.3 to 0.9
Q4 2009	Malaysia	Revisions from reporting banks	-0.1	-0.2
Q4 2009	Singapore	Revisions from reporting banks, claims vis-à-vis banks	-0.6	0.0
Q3 2009	South Africa	Revisions from reporting banks	0.1	1.2
Q4 2009	South Africa	Revisions from reporting banks	-1.4	-0.2
Q1 2009 - Q4 2009	United Kingdom	Revisions from reporting banks	-0.3 to 0.0	21.4 to 24.5

¹ See <http://www.bis.org/statistics/breakstables8.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		
Q1 2010	United Kingdom	Changes to reporting of securitised loans, along with related liabilities	20.0	45.6

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

Quarters	Reporting country	Details		
Q2 2009 - Q4 2009	Hong Kong SAR	Revisions from reporting banks	-3.2	-2.7
Q1 2009 - Q4 2009	Japan	Revisions from reporting banks	1.2	0.9
Q3 2009 - Q4 2009	South Africa	Revisions from reporting banks	-1.4	1.2
Q1 2009 - Q4 2009	United Kingdom	Revisions from reporting banks	0.0	24.5

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
Q1 2010	Germany	Acquisition of outside area bank by domestic bank	–	
		Local currency claims of foreign offices		0.2
		Local currency liabilities of foreign offices		1.6
Q1 2010	Austria	Reclassification of bank from outside area and unconsolidated banks to inside area banks	-6.5	
Q1 2010	Greece	Inclusion of previously omitted claims by an inside area bank. Correction of sectoral classification by a domestic bank.	4.6	
Q1 2010	France	Change in domestic bank reporting population	0.0	
		Local currency claims of foreign offices		-7.8
		Local currency liabilities of foreign offices		-7.7
Quarter	Reporting country	Details of data revisions	International claims	Other positions
Q1 2009 - Q4 2009	Japan	Revision from reporting banks	0.9 to -2.1	
Q4 2009	Belgium	Revision from reporting banks	6.3	
		Local currency claims of foreign offices		-1.4
		Local currency liabilities of foreign offices		-0.3
Q1 2009 - Q3 2009	Sweden	Revision from reporting banks	0 to 3.6	
Q4 2009	Singapore	Revision from reporting banks	-3.5	
Q4 2009	United Kingdom	Revision from reporting banks	4.7	
		Net risk transfers		8.2
Q4 2009	Portugal	Revision from reporting banks	-3.8	
		Local currency claims of foreign offices		0.3
		Local currency liabilities of foreign offices		0.1

¹ See www.bis.org/statistics/breakstablescons.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
Q1 2010	Switzerland	Change in reporting methodology for credit lines Credit commitments	–	-164.6
Q1 2010	Germany	Acquisition of outside area bank by domestic bank Cross-border claims	2.9	1.7
		Local claims of foreign offices		1.2
Q1 2010	France	Change in domestic bank reporting population Cross-border claims	-7.8	0.0
		Local claims of foreign offices		-7.8
Quarter	Reporting country	Details of data revisions	Foreign claims	Other positions
Q1 2009 - Q4 2009	Japan	Revision from reporting banks Cross-border claims	0.9 to -2.0	0.9 to -2.0
Q4 2009	Belgium	Revision from reporting banks Cross-border claims	4.6	6.0
		Local claims of foreign offices		-1.4
Q1 2009 - Q3 2009	Sweden	Revision from reporting banks Cross-border claims	0 to 2.8	-2.0
Q4 2009	United Kingdom	Revision from reporting banks Cross-border claims	9.9	12.1
		Local claims of foreign offices		-2.2
		Credit commitments		-2.8
Q4 2009	Portugal	Revision from reporting banks Cross-border claims	-3.5	-3.5

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