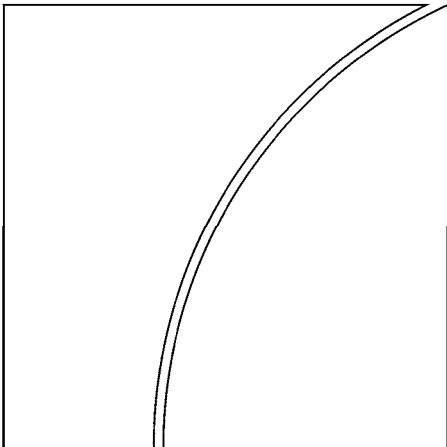




BANK FOR INTERNATIONAL SETTLEMENTS



**Statistical commentary on
preliminary locational and
consolidated international
banking statistics at
end-December 2010**

Monetary and Economic Department

April 2011

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Release of preliminary locational and consolidated banking statistics

Fourth quarter of 2010

Data for the fourth 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 June 2011.

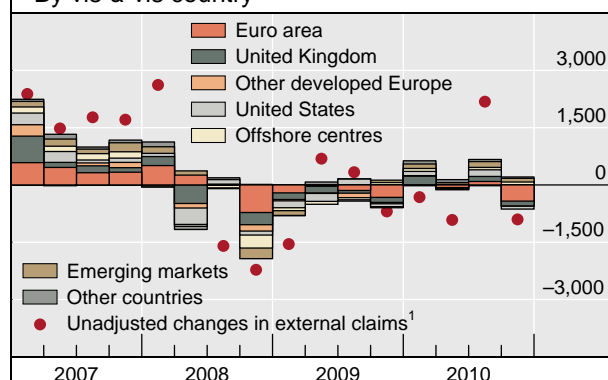
Locational banking statistics (Table 1)¹

In the fourth quarter of 2010, BIS reporting banks' cross-border claims on other countries dropped by \$423 billion (–1.4%) following an increase of 2.3% (\$652 billion) in the third quarter.² This decline was driven by a \$575 billion reduction in claims vis-à-vis developed countries, in particular vis-à-vis counterparties in the euro area (\$422 billion), the UK (\$126 billion) and the US (\$80 billion). In contrast, activity was more robust vis-à-vis counterparties in offshore centres (+\$81 billion) and developing countries (+\$91 billion). The overall decline was mainly focused on euro positions (\$490 billion), but other currency positions also declined (by \$71 billion in sterling and by \$17 billion in the US dollar). Yen-denominated claims increased by \$31 billion (2.6%). Local claims in foreign currencies to residents in reporting countries dropped by \$29 billion and \$32 billion in developed countries and in emerging markets respectively.

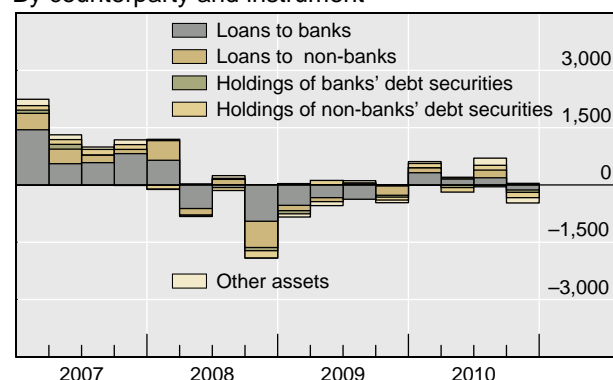
Cross-border assets of BIS reporting banks

Exchange rate and break 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

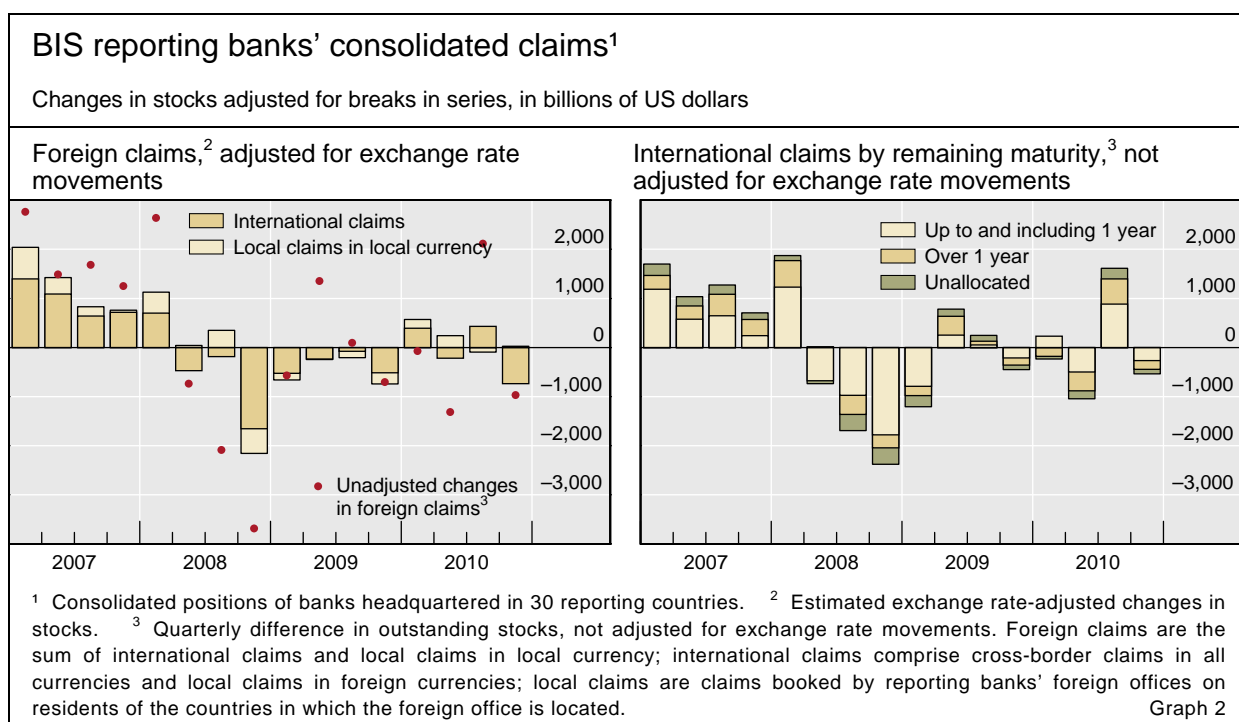
¹ The locational statistics are structured by residence of the banks' offices; they provide details of the currency distribution and the liability and asset structure of cross-border banking. All changes in locational claims (in the text and in Table 1) exclude the effect of exchange rate movements and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

² Unadjusted cross-border claims, reported in US dollar terms, declined by \$902 billion, including a reduction by more than \$250 billion due to transfers of distressed assets to non-bank asset management companies in some countries. Since the exchange rates of major currencies against the US dollar ended up largely where they had started during the fourth quarter of 2010, adjusted changes differed from unadjusted changes mainly due to breaks in series. (Graph 1, left-hand panel).

- *Developed countries:* Banks' external claims on residents of developed countries retreated in the fourth quarter of 2010 after a significant increase the previous quarter. This reflected mainly a decline in euro business with banks.
- *Emerging markets:* External lending activity with these countries continued to grow (+3%) but at a slower pace than in the third quarter. External loans to residents of Latin America continued to increase, by 5%, as did those to Asia and the Pacific, by 6%. Loans to eastern Europe declined by \$6 billion, largely reversing the 2% increase (\$12 billion) reported in the previous quarter. However, local lending in foreign currencies to residents, reported by banks located in EME countries, reversed abruptly, falling by \$32 billion (-6%).
- *Funding:* Banks' external liabilities to counterparties in the euro area and in the UK declined by \$191 billion and \$186 billion respectively (excluding transfers of liabilities to special asset management companies), while those to the US increased by \$101 billion.

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

Estimated at constant exchange rates, reporting banks' consolidated international claims decreased by 3.5% in the fourth quarter of 2010, after a 2% increase in the previous quarter (Graph 2, left-hand panel).⁴



- *Local office claims and liabilities in local currency:* Unlike local currency claims, which remained almost unchanged in the last quarter of 2010 (+\$2.5 billion), local

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. Unlike in the previous quarter, estimated changes adjusted for exchange rates differed little from unadjusted changes.

currency liabilities declined by 1% or \$109 billion. These exchange rate-adjusted local currency positions of banks' foreign offices are reported only in the consolidated statistics.

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

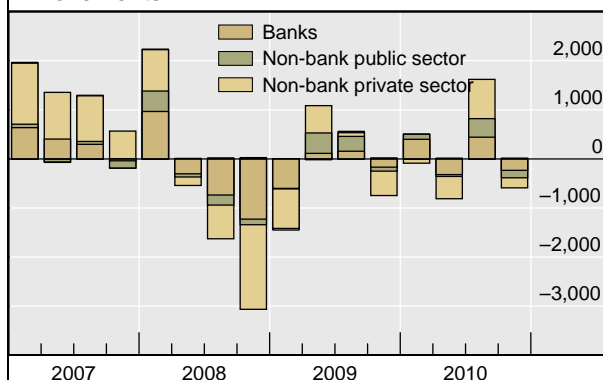
On an ultimate risk basis, which adjusts for net risk transfers across borrowing countries, the largest contraction of banks' consolidated foreign claims was vis-à-vis other banks.

- **Sector:** The consolidated foreign claims of 24 reporting countries on the bank sector dropped by \$462 billion, of which \$172 billion was due to transfers of distressed assets to non-bank asset management companies (see also footnote 2).
- **Other exposures:** The positive market value of *derivatives* claims in banks' trading books, which had risen in the third quarter by \$446 billion or 10%, dropped sharply in the fourth quarter (–\$808 billion or –17%, adjusted for breaks).

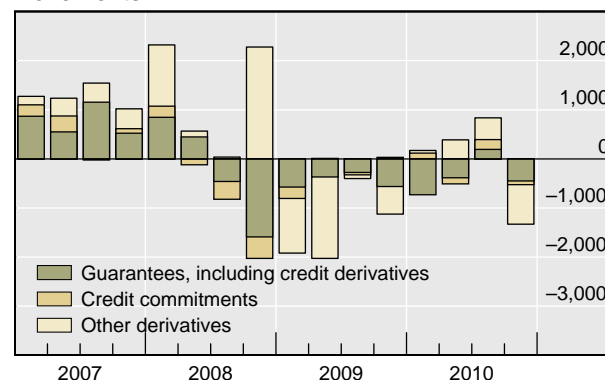
BIS reporting banks' consolidated claims on an ultimate risk basis¹

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-Dec 2010
	Q3 2010	Q4 2010	Q3 2010	Q4 2010	Q3 2010	Q4 2010	Q3 2010	Q4 2010	
A. Total assets	525	-604	70	111	189	59	777	-454	33,938
B. External assets	443	-575	60	81	157	91	652	-423	30,117
By sector									
On banks	160	-483	37	51	95	74	283	-378	19,121
On non-banks	283	-92	23	30	62	17	368	-45	10,996
By instrument									
Loans	246	-242	53	75	108	69	391	-87	22,004
Securities	47	-203	6	5	25	9	76	-197	5,899
Other stocks	150	-131	1	0	24	13	184	-138	2,214
By currency									
US dollar	453	-92	48	59	64	15	568	-17	12,474
Euro	-108	-460	-20	-5	7	-0	-120	-490	10,586
Yen	18	14	14	20	2	-2	34	31	1,261
Other currencies ²	80	-38	18	6	84	78	169	52	5,796
C. Local assets in foreign currency	82	-29	11	30	33	-32	125	-31	3,821
D. Total liabilities	569	-285	62	51	130	6	853	-291	31,461
E. External liabilities	442	-267	54	31	66	33	655	-266	28,462
By sector									
On banks	254	-322	58	17	42	26	419	-309	20,833
On non-banks	188	55	-4	14	24	7	235	43	7,629
By instrument									
Loans	258	-48	51	34	73	19	370	5	23,228
Securities	33	-11	-4	-8	-1	-1	129	-67	4,010
Other stocks	152	-207	7	4	-6	14	156	-204	1,224
By currency									
US dollar	362	59	82	37	62	12	590	83	12,698
Euro	50	-281	-22	-10	-22	16	4	-316	9,007
Yen	-9	-27	2	2	1	-1	-1	-29	1,007
Other currencies ²	38	-18	-8	1	24	6	62	-5	5,750
F. Local liabilities in foreign currency	126	-18	8	20	64	-27	199	-25	3,000

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	
	Q3 2010	Q4 2010	Q3 2010	Q4 2010	Q3 2010	Q4 2010	Q3 2010	Q4 2010
Foreign claims on immediate borrower basis (30 countries) ²	23,878	22,710	2,335	2,383	4,881	5,021	31,194	30,225
International claims ³	15,704	14,881	1,840	1,882	2,765	2,841	20,407	19,714
Local claims ⁴	8,174	7,829	494	501	2,117	2,180	10,787	10,511
As % of foreign claims	(34.2)	(34.5)	(21.2)	(21.0)	(43.4)	(43.4)	(34.6)	(34.8)
Breakdown of international claims by maturity								
Up to and including one year	8,013	7,648	891	929	1,387	1,448	10,312	10,058
As % of international claims	(51.0)	(51.4)	(48.4)	(49.4)	(50.2)	(51.0)	(50.5)	(51.0)
Unallocated	2,410	2,346	350	364	269	270	3,068	3,019
As % of international claims	(15.3)	(15.8)	(19.0)	(19.3)	(9.7)	(9.5)	(15.0)	(15.3)
Risk transfers ⁵								
Inward risk transfers	1,429	1,402	97	101	197	193	1,734	1,711
Outward risk transfers	1,012	1,004	374	394	261	273	1,650	1,673
Net risk transfers	429	411	-512	-537	-116	-102	-211	-232
Foreign claims (after net risk transfers reported by 26 countries) ⁶	24,307	23,122	1,822	1,846	4,766	4,920	30,984	29,993
Of which: domestically owned banks ⁷	20,358	19,184	1,762	1,780	4,457	4,573	26,661	25,637

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	
	Q3 2010	Q4 2010	Q3 2010	Q4 2010	Q3 2010	Q4 2010	Q3 2010	Q4 2010
Foreign claims after net risk transfers (24 countries) ²	19,976	18,789	1,720	1,739	4,411	4,525	26,189	25,152
<i>Of which: local claims in all currencies</i>	8,859	8,425	625	646	2,480	2,555	11,969	11,632
As % of foreign claims	(44.3)	(44.8)	(36.4)	(37.2)	(56.2)	(56.5)	(45.7)	(46.2)
By sector								
Banks	5,384	4,848	145	147	784	860	6,326	5,864
As % of foreign claims	(27.0)	(25.8)	(8.4)	(8.4)	(17.8)	(19.0)	(24.2)	(23.3)
Public sector	3,749	3,356	170	173	1,083	1,070	5,062	4,664
As % of foreign claims	(18.8)	(17.9)	(9.9)	(10.0)	(24.6)	(23.6)	(19.3)	(18.5)
Non-bank private sector	10,673	10,398	1,375	1,386	2,525	2,577	14,579	14,381
As % of foreign claims	(53.4)	(55.3)	(79.9)	(79.7)	(57.2)	(56.9)	(55.7)	(57.2)
Unallocated	170	187	30	33	19	20	223	243
As % of foreign claims	(0.9)	(1.0)	(1.8)	(1.9)	(0.4)	(0.4)	(0.9)	(1.0)
Other exposures ³								
Derivatives contracts ⁴	4,523	3,376	150	137	204	175	4,894	3,707
Guarantees extended	5,790	5,394	286	268	1,001	949	7,078	6,736
Credit commitments ⁵	2,926	2,868	234	237	615	590	3,776	3,708

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 Q4 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		
Q3 2010	Australia	Exclusion of non-bank financial institutions from reporters	-10.1	-18.1
Q4 2010	All reporting countries	Break-up of Netherlands Antilles into "Bonaire, Saint Eustatius and Saba", Curacao and Sint Maarten	-	-
Q4 2010	Belgium	Reclassification of capital from parent bank	0.0	1.7
Q4 2010	Curacao	New reporting country (former Netherlands Antilles)	21.4	21.3
Q4 2010	Germany	Transfer of international claims and liabilities from the "Deutsche Pfandbriefbank" to the Bad Bank "FMS Wertmanagement" (a non-bank)	-111.8	-8.4
Q4 2010	Ireland	Restructuring of a large international banking group and the closure of domestic offices by a foreign bank	-156.1	-177.4
Q4 2010	Netherlands Antilles	Netherlands Antilles no longer exists	-21.4	-21.3
Q4 2010	Sweden	Reclassification of reporting institutions	-0.9	-1.0
Q4 2010	United Kingdom	Restructuring within the population of reporting banks and population changes	-8.5	-13.2
Data revisions of previous quarters (exclusive of breaks in series)				
Quarters	Reporting country	Details	Assets	Liabilities
Q3 2010	Australia	Revisions from reporting banks	-10.1	-18.1
Q3 2010	Chile	Revisions from reporting banks	-1.5	1.7
Q3 2010	Malaysia	Revisions from reporting banks	2.1	0.2
Q3 2010	Singapore	Revisions from reporting banks	20.0	24.8
Q1 2010	United Kingdom	Revisions from reporting banks	0.0	2.4
Q2 2010	United Kingdom	Revisions from reporting banks	0.0	4.6
Q3 2010	United Kingdom	Revisions from reporting banks	-4.3	6.9

¹ See 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		
Q3 2010	Australia	Exclusion of non-bank financial institutions from reporters	-10.1	-18.1
Q4 2010	Sweden	Reclassification of reporting institutions	-0.9	-1.0
Q4 2010	United Kingdom	Restructuring within the population of reporting banks and population changes	-8.5	-13.2

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

Quarters	Reporting country	Details		
Q3 2010	Australia	Revisions from reporting banks	-10.1	-18.1
Q3 2010	Malaysia	Revisions from reporting banks	2.1	0.2
Q1 2010	United Kingdom	Revisions from reporting banks	0.0	2.4
Q2 2010	United Kingdom	Revisions from reporting banks	0.0	4.6
Q3 2010	United Kingdom	Revisions from reporting banks	-4.3	6.8

¹ See 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
Q4 2010	All reporting countries	Break-up of Netherlands Antilles into "Bonaire, Saint Eustatius and Saba", Curacao and Sint Maarten	-	-
Q4 2010	Curacao	New reporting country (former Netherlands Antilles)	16.4	
Q4 2010	France	Reclassification of reporting institutions	-31.4	
		Local currency claims of foreign offices		-211.6
		Local currency liabilities of foreign offices		-62.9
		Net risk transfers		-7.6
Q4 2010	Germany	Transfer of positions from "Deutsche Pfandbriefbank" to the Bad Bank "FMS Wertmanagement" (a non bank) and change of ownership of a bank and other reasons	-11.1	
		Net risk transfers		6.1
Q4 2010	Ireland	Restructuring of a large international banking group and the closure of domestic offices by a foreign bank	-164.3	
		Local currency claims of foreign offices		-22.0
		Local currency liabilities of foreign offices		-21.6
		Net risk transfers		4.2
Q4 2010	Netherlands Antilles	Netherlands Antilles no longer exists	-16.4	
Q4 2010	United Kingdom	Restructuring within the population of reporting banks
Q4 2010	Turkey	Reclassification of reporting institutions	0.0	
Quarter	Reporting country	Details of data revisions	International claims	Other positions
Q4 2009 - Q3 2010	Japan	Revision from reporting banks	-3.8 to 0	
		Net risk transfers		-1.0 to -0.9
2010 Q3	Netherlands	Revision from reporting banks	-3.6	
		Local currency claims of foreign offices		3.3
		Local currency liabilities of foreign offices		-7.5
		Net risk transfers		1.9
Q2 and Q3 2010	Portugal	Revision from reporting banks	0.2 to 1.7	
2010 Q3	Sweden	Revision from reporting banks	-2.7	
		Local currency claims of foreign offices		0.2
		Local currency liabilities of foreign offices		6.8
2010 Q3	United Kingdom	Revision from reporting banks	8.5	
		Local currency claims of foreign offices		9.3

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
Q4 2010	All reporting countries	Break-up of Netherlands Antilles into "Bonaire, Saint Eustatius and Saba", Curacao and Sint Maarten	-	-
Q4 2010	Curacao	New reporting country (former Netherlands Antilles)	12.1	
Q4 2010	France	Reclassification of reporting institutions	-335.8	
		Local claims of foreign offices in all currencies		-208.8
Q4 2010	Germany	Transfer of positions from "Deutsche Pfandbriefbank" to the Bad Bank "FMS Wertmanagement" (a non bank) and change of ownership of a bank and other reasons	-18.2	
		Local claims of foreign offices in all currencies		-4.9
Q4 2010	Ireland	Restructuring of a large international banking group and the closure of domestic offices by a foreign bank	-170.0	
Q4 2010	Netherlands Antilles	Netherlands Antilles no longer exists	-12.1	
Q4 2010	United Kingdom	Restructuring within the population of reporting banks
Q4 2010	Turkey	Reclassification of reporting institutions	-0.5	
Quarter	Reporting country	Details of data revisions	Foreign claims	Other positions
Q2 2010	Chile	Revision from reporting banks	-1.0	
		Cross-border claims		-1.0
Q4 2009 - Q3 2010	Japan	Revision from reporting banks	-9.2 to -0.8	
		Cross-border claims		-4.4 to -0.8
		Guarantees extended		-4.5 to 0
2010-Q3	Netherlands	Revision from reporting banks	1.7	
		Cross-border claims		-3.4
		Local currency claims of foreign offices		5.1
		Credit commitments		0.1
Q2 and Q3 2010	Portugal	Revision from reporting banks	0.2 to 1.8	
		Cross-border claims		0 to 0.2
		Derivatives contracts		0 to 0.2
2010 Q3	Sweden	Revision from reporting banks	-3.4	
		Cross-border claims		-3.6
		Local currency claims of foreign offices		0.2
2010 Q3	United Kingdom	Revision from reporting banks	9.5	
		Cross-border claims		0.2
		Local claims of foreign offices in all currencies		9.3
		Derivatives contracts		26.1
		Guarantees extended		-0.8
		Credit commitments		-72.6

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