

# Release of preliminary locational and consolidated banking statistics

## First quarter 2006

### Locational banking statistics (Table 1)

- A record surge of 8% in both total claims and liabilities was reported in the first quarter of 2006. Cross-border claims expanded by \$1,592 billion to \$23 trillion and cross-border liabilities by \$1,613 billion to \$21.7 trillion.<sup>1</sup>
- Interbank claims and liabilities, in particular vis-à-vis developed countries, drove the increase. Interbank claims rose by \$1,095 billion (of which \$1,022 billion vis-à-vis developed countries), the largest quarterly increase ever. In terms of currency, loans and deposits in US dollars and euros were the most important. Banks' international securities holdings expanded at a much slower pace compared to the previous quarter whilst their net securities issues expanded relatively rapidly.

### Consolidated banking statistics (Tables 2 and 3)

- BIS reporting banks' consolidated foreign claims<sup>2</sup> increased by 8% in the first quarter of 2006,<sup>3</sup> a far larger increase than in recent quarters, to stand at \$23.3 trillion.<sup>4</sup> International claims and local currency lending by reporting banks' foreign offices expanded by 8% and 7% (to \$15,699 billion and \$7,564 billion) respectively. An expansion of interbank activity, as well as new claims on the non-bank private sector, contributed to this growth. In contrast with developments in recent quarters, the maturity of total international claims shortened.
- German and UK banks reported the largest increases of foreign claims, with an expansion of \$353 billion and \$300 billion respectively. Banks from the Netherlands, Switzerland and France increased their foreign claims by around \$200 billion each. Over 85% of the total expansion reflected larger claims on borrowers in developed countries, with borrowers in the United States and the United Kingdom receiving 48% of the funds channelled to this group of countries. Foreign claims on Italy and

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<sup>1</sup> Exchange rate adjusted changes; provisional figures. Revised data will be published in the forthcoming *BIS Quarterly Review* on 11 September. The revised 2005 Q4 locational data published in the June 2006 *BIS Quarterly Review* did not materially differ (total assets) from the preliminary data published in April 2006.

<sup>2</sup> International claims plus foreign offices' local claims in local currencies, on an immediate borrower basis.

<sup>3</sup> In the quarter under review, exchange rate movements were minor and did not substantially affect the reported increases in lending.

<sup>4</sup> For the United States, the data for 2006 Q1 have been excluded in the absence of information on a series break that complicates comparisons with 2005 Q4. As a result, 2005 Q4 data have been used in place of 2006 Q1 data. Revised data will be published in the forthcoming *BIS Quarterly Review*.

France also showed notable increases. Among emerging market countries, those in Europe were the main recipients.

- Net risk transfers of \$465 billion, \$252 billion and \$172 billion were reported out of offshore centres, the United Kingdom and emerging market countries respectively. Net inward risk transfers of \$275 billion and \$137 billion were reported to residents of the United States and the euro area respectively. A large part of the remaining inward risk transfers were to entities resident in the home countries of the respective reporting banks.<sup>5</sup>
- Banks' derivatives positions (positive market values only) increased by 7% to \$2.3 trillion. Contingent liabilities arising from extended guarantees increased to \$1.7 trillion (+13%), with banks in the United Kingdom showing the largest growth (\$75 billion), followed by those in Switzerland (\$58 billion), to outstandings of \$382 billion and \$446 billion respectively. Credit commitments rose by 6% to \$4.1 trillion, with banks in France reporting the largest increase (\$98 billion).

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<sup>5</sup> As these risks become intra-country exposures, they are not explicitly reported as inward risk transfers.

Table 1  
**Cross-border claims of BIS reporting banks**  
Exchange rate adjusted changes in amounts outstanding, in billions of US dollars<sup>1</sup>

	Vis-à-vis developed countries		Vis-à-vis offshore centres		Vis-à-vis developing countries		Vis-à-vis all countries <sup>2</sup>		Stocks at end-Dec 2005
	2005 Q4	2006 Q1	2005 Q4	2006 Q1	2005 Q4	2006 Q1	2005 Q4	2006 Q1	
Total cross-border claims	415	1,399	67	87	73	99	566	1,592	23,004
By sector									
on banks	287	1,022	69	30	34	38	406	1,095	14,683
on non-banks	128	377	-2	57	38	61	160	497	8,322
By instrument									
Loans	110	1,228	56	38	52	56	225	1,319	16,688
Securities	218	103	12	38	8	28	241	170	5,080
Other stocks	87	67	-1	11	13	15	100	103	1,228
By currency									
US dollar	146	742	25	74	25	34	196	845	9,522
Euro	130	468	13	22	20	18	152	501	8,605
Yen	33	-8	19	-28	0	3	52	-33	883
Other currencies <sup>3</sup>	106	196	10	19	28	44	166	279	3,994
<i>Memo: Local claims in foreign currency</i>	-33	224	-21	13	-18	18	-72	255	3,074
Total cross-border liabilities	77	1,108	132	191	79	114	358	1,613	21,726
By sector									
on banks	175	823	117	156	53	97	418	1,227	16,167
on non-banks	-98	285	15	34	27	17	-60	386	5,559
By instrument									
Deposits	91	1,098	129	185	80	110	292	1,403	18,778
Securities	2	12	-1	6	0	4	87	183	2,475
Other stocks	-16	-2	4	0	0	0	-21	27	473
By currency									
US dollar	81	646	86	144	45	83	228	935	9,974
Euro	-36	328	7	28	11	18	11	449	6,941
Yen	2	19	5	-17	0	-5	13	-2	707
Other currencies <sup>3</sup>	31	115	33	36	23	18	107	230	4,104

<sup>1</sup> Not adjusted for seasonal effects. <sup>2</sup> Including claims on international organisations; excluding claims on residents. <sup>3</sup> Including unallocated currencies.

Table 2

**Consolidated claims on a contractual (immediate borrower) basis**

In billions of US dollars

	Vis-à-vis developed countries		Vis-à-vis offshore centres		Vis-à-vis emerging markets		Total <sup>1</sup>	
	2005 Q4	2006 Q1	2005 Q4	2006 Q1	2005 Q4	2006 Q1	2005 Q4	2006 Q1
Foreign claims <sup>2</sup>	17,543	19,060	1,500	1,587	2,396	2,556	21,497	23,263
By type of claim								
- International claims <sup>3</sup>	11,859	12,904	1,213	1,291	1,339	1,444	14,466	15,699
As % of foreign claims	(67.6)	(67.7)	(80.8)	(81.4)	(55.9)	(56.5)	(67.3)	(67.5)
- Local claims <sup>4</sup>	5,684	6,156	287	295	1,057	1,112	7,030	7,564
As % of foreign claims	(32.4)	(32.3)	(19.2)	(18.6)	(44.1)	(43.5)	(32.7)	(32.5)
Breakdown of international claims								
By maturity								
- Up to and including one year	6,551	7,327	539	578	639	685	7,746	8,607
- As % of international claims	(55.2)	(56.8)	(44.5)	(44.8)	(47.8)	(47.4)	(53.5)	(54.8)
- Between one and two years	441	441	33	35	65	71	542	549
- As % of international claims	(3.7)	(3.4)	(2.7)	(2.7)	(4.9)	(4.9)	(3.7)	(3.5)
Over two years	3,023	3,107	397	421	499	528	3,935	4,073
- As % of international claims	(25.5)	(24.1)	(32.7)	(32.6)	(37.3)	(36.6)	(27.2)	(25.9)
Unallocated	1,845	2,029	244	257	135	157	2,243	2,468
- As % of international claims	(15.6)	(15.7)	(20.1)	(19.9)	(10.1)	(10.9)	(15.5)	(15.7)
Risk transfers <sup>5</sup>								
Inward risk transfers	998	1,059	47	48	90	99	1,138	1,208
Outward risk transfers	878	855	258	287	169	176	1,307	1,320
Net risk transfers	175	266	-433	-465	-161	-172	-429	-383
Foreign claims (after net risk transfers reported by 26 countries)	17,717	19,326	1,068	1,121	2,235	2,384	21,068	22,880
Of which: Domestically owned banks	14,705	16,094	997	1,049	2,043	2,179	17,796	19,375

<sup>1</sup> Includes positions vis-à-vis international organisations and unallocated. <sup>2</sup> Foreign claims of all banks (domestic and foreign banks) in 30 reporting countries. For the United States 2005 Q4 data have been used in place of 2006 Q1 data. <sup>3</sup> Cross-border claims denominated in all currencies plus local claims of foreign offices denominated in foreign currencies. <sup>4</sup> Local claims of foreign offices denominated in local currencies. <sup>5</sup> 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.

Table 3

**Consolidated foreign claims and other contingent exposures  
on an ultimate risk basis**

In billions of US dollars

	Vis-à-vis developed countries		Vis-à-vis offshore centres		Vis-à-vis emerging markets		Total <sup>1</sup>	
	2005 Q4	2006 Q1	2005 Q4	2006 Q1	2005 Q4	2006 Q1	2005 Q4	2006 Q1
<i>Memo: Foreign claims of domestically owned banks (after net risk transfers reported by 26 countries, Table 2)</i>	(14,705)	(16,094)	(997)	(1,049)	(2,043)	(2,179)	(17,796)	(19,375)
Foreign claims after net risk transfers (24 countries) <sup>2</sup>	14,451	15,823	979	1,029	2,028	2,164	17,504	19,065
Of which: local claims	6,181	6,739	337	343	1,164	1,234	7,696	8,330
As % of foreign claims	(42.8)	(42.6)	(34.5)	(33.3)	(57.4)	(57.0)	(44.0)	(43.7)
By sector								
-Banks	4,358	4,885	116	128	403	436	4,885	5,454
As % of foreign claims	(30.2)	(30.9)	(11.9)	(12.4)	(19.9)	(20.1)	(27.9)	(28.6)
-Public sector	2,743	2,820	47	47	417	440	3,241	3,343
As % of foreign claims	(19.0)	(17.8)	(4.8)	(4.6)	(20.6)	(20.3)	(18.5)	(17.5)
-Non-bank private sector	6,957	7,724	775	811	980	1,057	8,725	9,603
As % of foreign claims	(48.1)	(48.8)	(79.2)	(78.8)	(48.3)	(48.9)	(49.8)	(50.4)
-Unallocated	392	394	41	43	228	231	652	663
As % of foreign claims	(2.7)	(2.5)	(4.1)	(4.2)	(11.2)	(10.7)	(3.7)	(3.5)
Other exposures								
Derivatives contracts <sup>3</sup>	2,002	2,079	69	71	94	152	2,172	2,307
Guarantees extended <sup>4</sup>	1,239	1,384	99	125	136	158	1,481	1,673
Credit commitments <sup>5</sup>	3,108	3,296	363	386	356	376	3,836	4,068

<sup>1</sup> Including positions vis-à-vis international organisations and unallocated. <sup>2</sup> Based on data of *domestically owned* banks in 24 countries which submitted both sets of data in 2005 Q4 and 2006 Q1 and also provided data on risk transfers, and a detailed breakdown of foreign claims and contingent exposures. For the United States 2005 Q4 data have been used in place of 2006 Q1 data. <sup>3</sup> Excluding Austria and Chile. Positive market values only. <sup>4</sup> Excluding the United States. <sup>5</sup> Excluding Chile.

### Breaks in series and data revisions processed in 2006 Q1

The changes discussed in the statistical commentary are net of the breaks listed below.

<b>Locational by residence banking statistics</b>			<b>Assets</b>	<b>Liabilities</b>
<b>Breaks in series<sup>1</sup></b>			<b>USD billions</b>	
2005 Q4	Mexico	Increase in reporting coverage and reporting population	39.2	23.9
2006 Q1	Sweden	Increase in reporting population	23.8	47.8
2006 Q1	Canada	Improved accuracy of Instrument Category breakdown. Increase in reporting population	25.1	2.4

<b>Consolidated statistics on an immediate borrower basis</b>			<b>International claims</b>	
<b>Breaks in series<sup>1</sup></b>			<b>USD billions</b>	
2005 Q4	Mexico	Inclusion of development banks in the reporting population. Improved compilation methodology as per the BIS guidelines and more accurate maturity and sector breakdown of international claims		5.6
2006 Q1	Greece	Move to quarterly reporting. Inclusion of domestic cooperative banks and inside and outside area foreign banks and subsidiaries in the reporting population		29.5
2006 Q1	Canada	Four large Canadian banks started consolidating the positions of their investment dealer subsidiaries		27.4
2006 Q1	Sweden	Increase in reporting population		18.7
2006 Q1	Italy	Two Italian banks taken over by a French and a Dutch bank		-1.9

<b>Data revisions<sup>2</sup></b>				
2005 Q4	UK	Enhanced/modified reporting of data for inside and outside area foreign banks and subsidiaries (with revisions up to 2004 Q1)		559.2
2005 Q4	Luxembourg	Enhanced/modified reporting of data for inside and outside area foreign banks and subsidiaries (revisions up to 2003 Q1 are expected in due course)		-290.1
2005 Q4	Netherlands	Maturity reallocation		23.3
2005 Q4	Ireland	Ensuring consistency between immediate and ultimate risk data (revisions up to 2004 Q4 are expected in due course)		15.9
2005 Q4	Japan	Revisions from reporting banks		2.5

<b>Consolidated statistics on an ultimate risk basis</b>			<b>Foreign claims</b>
<b>Breaks in series<sup>1</sup></b>			<b>USD billions</b>
2006 Q1	Canada	Four large Canadian banks started consolidating the positions of their investment dealer subsidiaries	61.1
2006 Q1	Sweden	Increase in reporting population	18.1
2006 Q1	Italy	Two Italian banks taken over by a French and a Dutch bank	-15.2

<sup>1</sup> Please refer to the document at <http://www.bis.org/statistics/breakstables.pdf> for historical breaks in series.

<sup>2</sup> Revisions of smaller magnitudes relating to 2005 Q4 and previous quarters are excluded from the above list.