

Release of preliminary locational and consolidated banking statistics

Second quarter 2006

Locational banking statistics (Table 1)

- Provisional data for the second quarter of 2006 indicate that the growth in banks' overall cross-border claims slowed to \$586 billion, bringing the total outstanding to \$24 trillion. This followed the largest expansion to date (\$1.4 trillion) in the previous quarter. Cross-border liabilities grew by \$622 billion to \$22.7 trillion.¹ New lending to offshore centres more than doubled, however, increasing by \$207 billion to \$3.0 trillion.
- Interbank claims rose by only \$389 billion overall against \$913 billion the previous quarter. However, the growth in claims on banks in offshore centres was, at \$181 billion, the strongest since the statistics have been collected.
- The slowdown was mostly centred on lending in US dollars and euros, with an absolute decline in lending in Japanese yen. "Other" currencies continued to expand broadly at the pace seen in the previous quarter.
- On a net basis, there was a \$10 billion inflow to emerging markets.
- Macao SAR joined as a new reporting country for the locational banking statistics, providing back data to 2003 Q4. Downward revisions of earlier data (by \$20–30 billion) were reported by Sweden. The changes noted above are net of such revisions.

Consolidated banking statistics (Tables 2 and 3)

- BIS reporting banks' consolidated foreign claims² increased by 6% in the second quarter of 2006, including valuation effects,³ to stand at \$24.7 trillion. International claims and local currency lending by reporting banks' foreign offices expanded to \$17 trillion and \$8 trillion respectively.
- Dutch and French banks reported the largest increases in foreign claims, followed by banks with head offices in Germany, the United Kingdom and Switzerland. About

¹ Exchange rate adjusted changes; provisional figures. Revised data will be published in the forthcoming *BIS Quarterly Review* on 11 December. The revised 2006 Q1 locational data published in the September 2006 *BIS Quarterly Review* were revised downwards by 0.7% relative to the provisional data.

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

³ In the quarter under review, the US dollar gave back most of the ground gained on other major currencies since 2005, with the partial exception of the Japanese yen. The underlying increase in non-US dollar stocks, when converted into US dollars for reporting, therefore exaggerates the actual increase in new lending.

80% of the total expansion reflected larger claims on borrowers in developed countries. Borrowers in the United Kingdom and the United States received about 45% of the funds channelled to the group of developed countries. Foreign claims on Italy and Japan also showed notable increases. Among emerging market countries, those in Europe and Asia-Pacific were the main recipients. German and UK banks continued to lend to emerging markets, while US banks pared back their activity slightly.

- On an ultimate risk basis, the foreign claims of domestically owned banks in 24 reporting countries increased by \$1.1 trillion to \$20.3 trillion. Cross-border claims contributed about 55% of the total. A substantial portion of the total increase in foreign claims was accounted for by the non-bank private sector, mainly in developed countries.
- Banks' derivatives positions (positive market values only) increased significantly by \$315 billion to \$2.3 trillion, mainly on developed countries. Contingent liabilities arising from guarantees increased to \$3.1 trillion (+16%), with banks in the United States showing the largest growth (\$207 billion), followed by those in the United Kingdom (\$87 billion), to reach outstanding totals of \$1,224 billion and \$469 billion respectively. Credit commitments rose by only 3% to \$3.5 trillion. Swiss, UK and US banks each accounted for around 40% of the total increase, offsetting reductions reported by banks of other nationalities.

Table 1

Cross-border claims of BIS reporting banksExchange rate adjusted changes in amounts outstanding, in billions of US dollars¹

	Vis-à-vis developed countries		Vis-à-vis offshore centres		Vis-à-vis developing countries		Vis-à-vis all countries ²		Stocks at end-Jun 2006
	2006 Q1	2006 Q2	2006 Q1	2006 Q2	2006 Q1	2006 Q2	2006 Q1	2006 Q2	
Total cross-border claims	1,215	295	87	207	99	60	1,408	586	24,009
By sector									
on banks	839	150	30	181	38	37	913	389	15,272
on non-banks	376	144	57	26	60	23	495	197	8,737
By instrument									
Loans	1,028	142	38	206	56	50	1,118	408	17,296
Securities	104	161	38	-1	28	3	170	153	5,415
Other stocks	84	-9	11	3	15	7	119	24	1,298
By currency									
US dollar	547	56	74	180	34	19	650	260	9,582
Euro	477	136	22	7	18	17	509	162	9,202
Yen	-7	-32	-28	-9	3	-2	-32	-43	859
Other currencies ³	199	135	19	29	44	26	281	208	4,367
<i>Memo: Local claims in foreign currency</i>	236	21	18	11	18	14	272	46	3,201
Total cross-border liabilities	905	323	192	141	114	50	1,408	622	22,654
By sector									
on banks	622	135	158	59	97	43	1,025	346	16,688
on non-banks	282	187	34	83	17	7	383	276	5,966
By instrument									
Deposits	895	337	187	138	110	47	1,202	521	19,545
Securities	12	-21	6	3	4	4	184	73	2,600
Other stocks	-2	7	0	0	0	-1	22	28	509
By currency									
US dollar	446	139	144	75	83	14	734	255	10,025
Euro	328	81	28	7	18	20	443	128	7,413
Yen	19	-23	-17	12	-5	5	-2	-2	720
Other currencies ²	112	125	37	47	18	10	233	241	4,495

¹ Not adjusted for seasonal effects. ² Including claims on international organisations; excluding claims on residents. ³ 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 ¹	
	2006 Q1	2006 Q2	2006 Q1	2006 Q2	2006 Q1	2006 Q2	2006 Q1	2006 Q2
Foreign claims ²	19,211	20,275	1,587	1,667	2,577	2,729	23,435	24,729
- International claims ³	13,039	13,758	1,301	1,365	1,473	1,561	15,873	16,740
as % of foreign claims	(67.9)	(67.9)	(81.9)	(81.8)	(57.2)	(57.2)	(67.7)	(67.7)
- Local claims ⁴	6,171	6,517	287	303	1,103	1,168	7,562	7,989
as % of foreign claims	(32.1)	(32.1)	(18.1)	(18.2)	(42.8)	(42.8)	(32.3)	(32.3)
Breakdown of international claims by maturity								
- Up to and including one year	7,494	7,728	588	612	713	742	8,812	9,100
- As % of international claims	(57.5)	(56.2)	(45.2)	(44.8)	(48.4)	(47.5)	(55.5)	(54.4)
- Over one year and up to two years	443	498	35	36	71	72	551	609
- As % of international claims	(3.4)	(3.6)	(2.7)	(2.6)	(4.8)	(4.6)	(3.5)	(3.6)
Over two years	3,098	3,358	421	437	530	575	4,066	4,387
- As % of international claims	(23.8)	(24.4)	(32.4)	(32.0)	(36.0)	(36.8)	(25.6)	(26.2)
Unallocated	2,004	2,173	256	280	156	173	2,442	2,644
- As % of international claims	(15.4)	(15.8)	(19.7)	(20.5)	(10.6)	(11.1)	(15.4)	(15.8)
Risk transfers ⁵								
Inward risk transfers	1,022	975	47	46	87	85	1,158	1,109
Outward risk transfers	836	844	274	258	165	165	1,277	1,268
Net risk transfers	247	193	-454	-441	-172	-170	-390	-426
Foreign claims ⁶	19,457	20,469	1,134	1,226	2,404	2,559	23,046	24,302
Of which: Domestically owned banks	16,229	17,146	1,063	1,137	2,200	2,340	19,547	20,674

¹ Includes positions vis-à-vis international organisations and unallocated. ² Foreign claims of all banks (domestic and foreign banks) 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.

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 ¹	
	2006 Q1	2006 Q2	2006 Q1	2006 Q2	2006 Q1	2006 Q2	2006 Q1	2006 Q2
<i>Memo: Foreign claims of domestically owned banks (after net risk transfers reported by 26 countries, Table 2)</i>	(16,229)	(17,146)	(1,063)	(1,137)	(2,200)	(2,340)	(19,547)	(20,674)
Foreign claims after net risk transfers (24 countries) ²	15,958	16,829	1,044	1,117	2,185	2,321	19,236	20,314
Of which: local claims	6,818	7,186	344	365	1,246	1,320	8,423	8,887
As % of foreign claims	(42.7)	(42.7)	(33.0)	(32.7)	(57.0)	(56.9)	(43.8)	(43.7)
By sector								
-Banks	4,953	5,094	131	138	468	516	5,557	5,757
As % of foreign claims	(31.0)	(30.3)	(12.5)	(12.3)	(21.4)	(22.2)	(28.9)	(28.3)
-Public sector	2,830	3,026	57	59	499	513	3,422	3,636
As % of foreign claims	(17.7)	(18.0)	(5.4)	(5.3)	(22.8)	(22.1)	(17.8)	(17.9)
-Non-bank private sector	8,015	8,536	849	916	1,195	1,277	10,070	10,738
As % of foreign claims	(50.2)	(50.7)	(81.4)	(82.0)	(54.7)	(55.0)	(52.3)	(52.9)
-Unallocated	160	174	7	5	24	16	187	183
As % of foreign claims	(1.0)	(1.0)	(0.7)	(0.4)	(1.1)	(0.7)	(1.0)	(0.9)
Other exposures								
Derivatives contracts ³	1,888	2,168	75	92	65	81	2,033	2,348
Guarantees extended ⁴	2,311	2,712	156	157	231	249	2,705	3,125
Credit commitments ⁵	2,708	2,760	369	393	346	361	3,433	3,524

¹ Including positions vis-à-vis international organisations and unallocated. ² Based on data of *domestically owned* banks in 24 countries which submitted both sets of data in 2006 Q1 and 2006 Q2 and also provided data on risk transfers, and a detailed breakdown of foreign claims and contingent exposures. ³ Excluding Austria and Chile. Positive market values only. ⁴ Excluding the United States. ⁵ Excluding Chile.

Breaks in series and data revisions processed in 2006 Q2

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

Locational by residence banking statistics			Assets	Liabilities
Breaks in series ¹			USD billions	
Q2 2006	Mexico	Reports loans and deposits in domestic currency, a currency breakdown of liabilities vis-à-vis international organisations, and international debt securities (assets), in domestic currency.	1.3	2.0
Q4 2003	Macao SAR	New reporting country.	15.8	14.8
Data Revisions of previous quarters ²				
2006 Q1	Hong Kong	Revision	2.7	1.1
2005 Q2	Sweden	Revision	-31.4	0
2005 Q3	Sweden	Revision	-29.7	0
2005 Q4	Sweden	Revision	-27.6	0
2006 Q1	Sweden	Revision	0.2	-32.4

The data for Luxembourg are under revision for 2003Q1 to 2005Q4.

Locational by nationality banking statistics			Assets	Liabilities
Breaks in series ¹			USD billions	
2003 Q4	Macao SAR	New reporting country.	15.8	14.8
Data Revisions of previous quarters ²				
2006 Q1	Hong Kong	Revision	2.7	1.1
2005 Q2	Sweden	Revision	-31.4	0
2005 Q3	Sweden	Revision	-29.7	0
2005 Q4	Sweden	Revision	-27.6	0
2006 Q1	Sweden	Revision	0	-21.4

The data for Luxembourg are under revision for 2003 Q1 to 2005 Q4.

Consolidated statistics on an immediate borrower basis			International claims
Breaks in series ¹			USD billions
There were no breaks in series reported for 2006 Q2. The revisions of data, including those for breaks in series, are reported below under "Data revisions".			
Data revisions ²			International claims USD billions
2005 Q2 to 2006 Q1	Austria	Revisions from reporting banks	Between -4 and +4
2005 Q4 & 2006 Q1	Belgium	Revisions from reporting banks (with sector reallocation of international claims)	Between -10 and +11
2004 Q1 to 2006 Q1	Canada	Revisions from reporting banks, including revisions to post-break data of 2006 Q1	Between -2 and +2

2003 Q1 to 2006 Q1	Denmark	Enhanced/modified reporting and revision to historical data (with reporting of local currency positions since 2005 Q1)	Between -44 and +12
2006 Q1	Greece	Revisions of pre-and post-break data	-25.4
2004 Q4 to 2006 Q1	Ireland	Revisions from reporting banks (with country, maturity and sector reallocation of international claims)	Between -4 and +4
2005 Q2 to 2006 Q1	Japan	Revisions from reporting banks	Between -1 and +1
2005 Q4 & 2006 Q1	Portugal	Revisions from reporting banks	Between -1 and +1
2005 Q3 to 2006 Q1	Sweden	Revisions from reporting banks, including revisions to post-break data of 2006 Q1 (maturity reallocation)	Between -4 and +6
2006 Q1	United States	Revisions of post-break data from reporting banks (no changes to pre-break values)	-42.1

Consolidated statistics on an ultimate risk basis

Foreign claims

Breaks in series¹

USD billions

There were no breaks in series reported for 2006 Q2. The revisions of data, including those for breaks in series, are reported below under "Data revisions".

Data revisions²

Foreign claims (USD billions)

2005 Q2 to 2006 Q1	Austria	Revisions from reporting banks	Between 0 and 9
2005 Q4 & 2006 Q1	Belgium	Revisions from reporting banks	0.5 and -13.7
2005 Q1 to 2006 Q1	Canada	Revisions from reporting banks, including revisions to post-break data of 2006 Q1	Between -1 and +1
2006 Q1	Greece	Revisions of pre-and post-break data	1
2004 Q4 to 2006 Q1	Ireland	Revisions from reporting banks (with reallocation of sector and type of claims)	Between -66 and +112
2006 Q1	Japan	Revisions from reporting banks	1
2005 Q4 & 2006 Q1	Portugal	Revisions from reporting banks	0.2 and 1.7
2005 Q3 to 2006 Q1	Sweden	Revisions from reporting banks, including revisions to post-break data of 2006 Q1	Between 0.5 and -16
2006 Q1	United States	Revisions of post-break data from reporting banks (no changes to pre-break values)	-47.6

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

² Revisions of smaller magnitudes are excluded from the above list.