

# Release of preliminary locational and consolidated banking statistics<sup>1</sup>

## Third quarter 2006

### Locational banking statistics (Table 1)

- In the third quarter of 2006<sup>2</sup> the increase in banks' cross-border claims accelerated slightly to 3% or \$808 billion, compared to \$ 607 billion in the second quarter, to stand at \$24.5 trillion, while growth in cross-border liabilities eased to \$625 billion (\$642 billion in the previous quarter). There was a slowdown in lending vis-à-vis offshore centres, while new lending to banks in developed and developing countries picked up.
- Interbank business remained very active, particularly vis-à-vis developed countries.
- Growth in banks' international securities holdings and net issues slowed, to \$117 billion and \$63 billion respectively, while growth in new loans was up by one third.
- US dollar positions expanded at a quicker pace than in the previous quarter on both sides of the balance sheet.

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

- BIS reporting banks' consolidated worldwide foreign claims<sup>3</sup> increased by 4% in the third quarter of 2006, to stand at \$25.6 trillion.<sup>4</sup> Local currency lending by reporting banks' foreign offices expanded by 5%.
- French and UK banks reported the largest increase in foreign claims (\$208 billion and \$164 billion respectively), followed by banks with head offices in Switzerland (\$114 billion), Germany (\$54 billion) and Japan (\$51 billion). A large part (77%) of the total expansion reflected larger claims on borrowers in developed countries – mainly the United States (51% of the increase), Italy (15%) and France (11%). Within the developed countries claims on the Netherlands declined by 8% (\$61 billion).

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<sup>1</sup> A more detailed analysis of the trends identified in the final data will be published in the forthcoming *BIS Quarterly Review* to be released on 12 March 2007.

<sup>2</sup> Exchange rate adjusted changes; provisional figures. Revised data will be published in the forthcoming *BIS Quarterly Review*. The data in the December 2006 *BIS Quarterly Review* were revised upwards by less than 0.1% (Total assets) relative to the provisional data.

<sup>3</sup> International claims plus foreign offices' local claims in local currencies, on an immediate borrower basis.

<sup>4</sup> In the quarter under review, the US dollar recovered slightly against other major currencies, with the exception of the pound sterling. The underlying movements in non-US dollar stocks, when converted into US dollars for reporting, therefore somewhat understate the actual increase in new lending in the consolidated data, for which a currency breakdown is not available.

- Emerging market countries received substantial additional financing (\$133 billion, or 15% of increase on all regions) compared to Q2 2006, with those in Europe and Asia-Pacific accounting for about 80% (\$107 billion) of the total increase, provided mainly by Swiss, French, UK and US banks.
- Local currency claims on local residents increased mainly in the United States (\$219 billion, or 7%) and Japan (\$27 billion), while declining primarily in Germany (\$40 billion, -13%). The increase was due mainly to French, Swiss and UK banks. The increase vis-à-vis Italy (\$56 billion) was more than accounted for by the acquisition of an Italian bank by a French bank.
- Net outward risk transfers of domestically owned banks stood at \$461 billion, \$286 billion and \$190 billion out of offshore centres (of which Cayman Islands \$276 billion), the United Kingdom and emerging market countries respectively. Net inward risk transfers stood at \$233 billion and \$150 billion to residents of the euro area (Germany \$181 billion) and the United States respectively.<sup>5</sup>
- On an ultimate risk basis, the foreign claims of domestically owned banks in 24 reporting countries increased by 4% (\$807 billion) to \$21.1 trillion. Borrowers in developed countries accounted for about 77% of the total increase. Europe and Asia-Pacific attracted 80% (\$93 billion, of which \$64 billion on the non-bank private sector), of the total increase on developing countries.
- The positive market value of banks' derivatives positions decreased significantly by 9% to \$2.1 trillion, mainly due to a decline of \$80 billion and \$54 billion on the United Kingdom and the United States respectively. UK, German and French banks reported the largest decreases. Derivatives exposures are highly concentrated on developed countries (92%), but there are notable positions on the Cayman Islands, Korea, Hong Kong, Singapore, South Africa and Mexico.
- Contingent liabilities arising from guarantees increased to \$3.6 trillion (11%), with banks in the United States showing the largest growth (\$172 billion), followed by those in the United Kingdom (\$67 billion) and Switzerland (\$65 billion). More than 87% of guarantees are extended towards borrowers in developed countries, with the United Kingdom, the United States, Germany and France accounting for about 74% of total exposures. Residents of the Cayman Islands, Bermuda, Hong Kong, Turkey, Korea and Brazil also benefit significantly from guarantees.
- Credit commitments rose by 4%, mainly to borrowers in the United States (\$36 billion), Germany (\$22 billion) and the Netherlands (\$17 billion) to stand at \$3.7 trillion. The increase was mainly due to French, Belgian and Swiss banks.

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<sup>5</sup> Conceptually, global outward and inward risk transfers are identical. Net risk transfers to entities resident in the home countries of the respective reporting banks become intra-country exposures, however, and 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-Sep 2006
	2006 Q2	2006 Q3	2006 Q2	2006 Q3	2006 Q2	2006 Q3	2006 Q2	2006 Q3	
Total cross-border claims	307	603	209	114	67	79	607	808	24,545
By sector									
on banks	156	265	180	109	41	46	401	430	15,684
on non-banks	151	338	29	5	26	33	206	378	8,861
By instrument									
Loans	154	431	205	90	57	57	426	579	17,876
Securities	163	80	2	20	2	18	162	117	5,317
Other stocks	-10	93	2	4	7	4	19	111	1,352
By Currency									
US dollar	59	315	179	68	18	33	257	419	9,980
Euro	139	220	7	18	17	12	164	244	9,219
Yen	-29	19	-8	-3	-2	3	-40	20	849
Other currencies <sup>3</sup>	139	49	31	30	34	30	226	125	4,497
<i>Memo: Local claims in foreign currency</i>	22	-47	7	14	14	11	42	-23	3,164
Total cross-border liabilities	333	257	142	142	61	143	642	625	23,046
By sector									
on banks	145	207	58	156	48	102	358	517	16,945
on non-banks	188	50	84	-15	13	42	284	108	6,101
By instrument									
Deposits	346	222	138	136	58	142	541	531	20,083
Securities	-21	16	3	4	4	1	71	63	2,424
Other stocks	8	19	0	1	-1	0	29	31	539
By currency									
US dollar	141	157	76	111	15	93	261	432	10,442
Euro	83	92	8	14	20	30	132	115	7,324
Yen	-20	-2	12	-11	5	-4	1	-13	686
Other currencies <sup>2</sup>	129	9	46	27	20	24	249	91	4,595

<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>	
	2006 Q2	2006 Q3	2006 Q2	2006 Q3	2006 Q2	2006 Q3	2006 Q2	2006 Q3
Foreign claims <sup>2</sup>	20,243	20,930	1,664	1,734	2,728	2,861	24,692	25,582
- International claims <sup>3</sup>	13,738	14,094	1,362	1,417	1,560	1,663	16,716	17,231
as % of foreign claims	(67.9)	(67.3)	(81.8)	(81.7)	(57.2)	(58.1)	(67.7)	(67.4)
- Local claims <sup>4</sup>	6,505	6,836	303	317	1,167	1,198	7,976	8,351
as % of foreign claims	(32.1)	(32.7)	(18.2)	(18.3)	(42.8)	(41.9)	(32.3)	(32.6)
Breakdown of international claims by maturity								
- Up to and including one year	7,705	7,843	609	635	741	792	9,074	9,289
- As % of international claims	(56.1)	(55.6)	(44.7)	(44.8)	(47.5)	(47.6)	(54.3)	(53.9)
- Over one year and up to two years	498	495	36	36	71	80	608	613
- As % of international claims	(3.6)	(3.5)	(2.6)	(2.5)	(4.6)	(4.8)	(3.6)	(3.6)
Over two years	3,355	3,498	437	455	575	600	4,383	4,569
- As % of international claims	(24.4)	(24.8)	(32.1)	(32.1)	(36.8)	(36.1)	(26.2)	(26.5)
Unallocated	2,180	2,258	280	291	173	192	2,652	2,760
- As % of international claims	(15.9)	(16.0)	(20.6)	(20.6)	(11.1)	(11.6)	(15.9)	(16.0)
Risk transfers <sup>5</sup>								
Inward risk transfers	1,035	1,232	49	53	89	109	1,176	1,399
Outward risk transfers	882	1,031	275	293	175	200	1,334	1,526
Net risk transfers	214	272	-456	-461	-176	-191	-427	-386
Foreign claims <sup>6</sup>	20,457	21,202	1,208	1,273	2,551	2,670	24,265	25,196
Of which: Domestically owned banks	17,114	17,745	1,133	1,197	2,339	2,454	20,638	21,450

<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. <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 domestic banks' 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. <sup>6</sup> 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 <sup>1</sup>	
	2006 Q2	2006 Q3	2006 Q2	2006 Q3	2006 Q2	2006 Q3	2006 Q2	2006 Q3
<i>Memo: Foreign claims of domestically owned banks (after net risk transfers reported by 26 countries, Table 2)</i>	(17,114)	(17,745)	(1,133)	(1,197)	(2,339)	(2,454)	(20,638)	(21,450)
Foreign claims after net risk transfers (24 countries) <sup>2</sup>	16,822	17,448	1,113	1,176	2,319	2,436	20,301	21,108
Of which: local claims	7,190	7,442	362	375	1,320	1,366	8,887	9,191
As % of foreign claims	(42.7)	(42.7)	(32.5)	(31.9)	(56.9)	(56.1)	(43.8)	(43.5)
By sector								
-Banks	5,090	5,297	138	144	516	528	5,753	5,978
As % of foreign claims	(30.3)	(30.4)	(12.4)	(12.3)	(22.2)	(21.7)	(28.3)	(28.3)
-Public sector	3,031	3,078	59	62	512	537	3,641	3,709
As % of foreign claims	(18.0)	(17.6)	(5.3)	(5.3)	(22.1)	(22.1)	(17.9)	(17.6)
-Non-bank private sector	8,527	8,906	912	961	1,275	1,353	10,724	11,226
As % of foreign claims	(50.7)	(51.0)	(81.9)	(81.7)	(55.0)	(55.6)	(52.8)	(53.2)
-Unallocated	173	167	5	8	16	17	183	194
As % of foreign claims	(1.0)	(1.0)	(0.4)	(0.7)	(0.7)	(0.7)	(0.9)	(0.9)
Other exposures								
Derivatives contracts <sup>3</sup>	2,166	1,968	92	87	81	73	2,346	2,132
Guarantees extended	2,797	3,109	157	178	249	276	3,209	3,564
Credit commitments <sup>4</sup>	2,760	2,851	393	413	361	393	3,524	3,664

<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 2006 Q2 and 2006 Q3 and also provided data on risk transfers, and a detailed breakdown of foreign claims and contingent exposures. <sup>3</sup> Excluding Austria and Chile. Positive market values only. <sup>4</sup> Excluding Chile.

### Breaks in series and data revisions processed in 2006 Q3

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

Locational by residence banking statistics			Assets	Liabilities
Breaks in series <sup>1</sup>			USD billions	
Q2 2006	United States	Improved vis-à-vis country breakdown.	—	—
Q3 2006	France	Change in reporting methodology of International Debt Securities and Other Stocks.	-246	-254
Data revisions of previous quarters <sup>2</sup>				
Q2 2006	Brazil	Revision	—	—
Q2 2005	Hong Kong	Revision	—	—
Q2 2006	Japan	Revision	3.1	3.4
Q4 2005	United Kingdom	Revision	-5.6	-6.1
Q1 2006	United Kingdom	Revision	-4.6	1.1
Q2 2006	United Kingdom	Revision	—	—

The data for Luxembourg are under revision for 2003 Q1 to 2004 Q4.

Locational by nationality banking statistics			Assets	Liabilities
Breaks in series <sup>1</sup>			USD billions	
Q3 2006	Germany	Reclassification of nationality of reporting banks	—	—
Q3 2006	France	Change in reporting methodology of International Debt Securities and Other Stocks.	-255	-259
Data revisions of previous quarters <sup>2</sup>				
Q2 2006	Brazil	Revision	—	—
Q2 2005	Hong Kong	Revision	—	—
Q2 2006	Japan	Revision	3.1	3.4
Q4 2005	United Kingdom	Revision	-0.6	-6.1
Q1 2006	United Kingdom	Revision	0.6	1.1
Q2 2006	United Kingdom	Revision	—	—

The data for Luxembourg are under revision for 2003 Q1 to 2004 Q4.

**Consolidated statistics on an immediate borrower basis**

**International claims**

**Breaks in series<sup>1</sup>**

**USD billions**

2006 Q3	Greece	A Greek bank acquired by a French bank and increase in reporting population for outside area foreign banks category	-0.3
2006 Q3	France	Acquisition of an Italian bank	18.6
2003 Q1	Luxembourg	Compliance in reporting as per BIS guidelines. This comprises proper allocation of claims of inside area and outside area foreign banks. Also providing maturity breakdown for "Over 1 year and up to 2 years" (previously not reported)	-203.3

**Data revisions<sup>2</sup>**

**International claims  
(USD billions)**

2006 Q2	Brazil	Revisions from reporting banks for a few vis-à-vis countries (reallocation of international claims)	-
2005 Q3 to 2006 Q2	Japan	Revisions from reporting banks, mainly revisions of net risk transfers	Between 0 and +1
2003 Q2	Luxembourg	Revisions mainly on account of proper allocation of claims of inside area and outside area foreign banks.	-240.4
2003 Q3	Luxembourg	Revisions mainly on account of proper allocation of claims of inside area and outside area foreign banks.	-248.0
2003 Q4	Luxembourg	Revisions mainly on account of proper allocation of claims of inside area and outside area foreign banks.	-270.8
2004 Q1	Luxembourg	Revisions mainly on account of proper allocation of claims of inside area and outside area foreign banks.	-275.1
2004 Q2	Luxembourg	Revisions mainly on account of proper allocation of claims of inside area and outside area foreign banks.	-275.6
2004 Q3	Luxembourg	Revisions mainly on account of proper allocation of claims of inside area and outside area foreign banks.	-278.1
2004 Q4	Luxembourg	Revisions mainly on account of proper allocation of claims of inside area and outside area foreign banks.	-323.5
2005 Q1	Luxembourg	Revisions	26.8
2005 Q2	Luxembourg	Revisions	30.3
2005 Q3	Luxembourg	Revisions	32.8
2005 Q4	Luxembourg	Revisions	33.8
2006 Q1	Luxembourg	Revisions	4.6
2006 Q2	Netherlands	Revisions from reporting banks	-3.1

2005 Q3	Singapore	Revisions for inside and outside area foreign banks (post-break data)	2.1
2005 Q4	Singapore	Revisions for inside and outside area foreign banks	-2.1
2006 Q1	Singapore	Revisions for inside and outside area foreign banks	-2.5
2006 Q2	Singapore	Revisions for inside and outside area foreign banks	0.1
2005 Q1	Spain	Revisions from reporting banks (decrease in international claims by \$99.3bn and increase in local claims by \$97.9bn; revisions of local liabilities by -\$8.5bn)	-99.3
2005 Q2	Spain	Revisions from reporting banks (revisions of local claims by -\$4.4bn and local liabilities by -\$2.6bn)	-
2005 Q3	Spain	Revisions from reporting banks (increase in international claims by \$33.3bn and decrease in local claims by \$35.3bn; revisions of local liabilities by -\$34.4bn)	33.3
2006 Q1	Sweden	Revisions from reporting banks for pre- and post-break data (amount in next column relate to post-break data)	15.6
2006 Q2	Sweden	Revisions from reporting banks (revisions of local claims by -\$5.0 billion)	-0.8
2005 Q4	United Kingdom	Revisions for a few vis-à-vis countries with reallocation of maturity breakdown (between -\$9.2bn and \$6.2bn) and sector breakdown ( between -\$2.2bn and \$0.6bn) of international claims; revisions of local claims by \$0.9bn	-4.5
2006 Q1	United Kingdom	Revisions for a few vis-à-vis countries with reallocation of maturity breakdown (between -\$8.1bn and \$5.2bn) and sector breakdown (between -\$1.3bn and \$0bn) of international claims; revisions of local claims by \$2.0bn and local liabilities by \$4.9bn	-1.0
2006 Q2	United Kingdom	Revisions for a few vis-à-vis countries with reallocation of maturity breakdown (between -\$15.5bn and \$7.2bn) and sector breakdown (between -\$5.9bn and \$0bn) of international claims; revisions of local liabilities by \$79 billion.	-8.3

**Consolidated statistics on an ultimate risk basis**

**Foreign claims**

**Breaks in series<sup>1</sup>**

**USD billions**

2006 Q3	Greece	A Greek bank acquired by a French bank	-3.1
2006 Q3	France	Acquisition of an Italian bank	96.0

Data revisions <sup>2</sup>			Foreign claims (USD billions)
2006 Q1	Canada	Revisions from reporting banks for post-break "Guarantees extended" for a few vis-à-vis countries	-
2006 Q2	Canada	Revisions from reporting banks for "Guarantees extended" for a few vis-à-vis countries	-
2006 Q2	Brazil	Revisions from reporting banks(sector reallocation only, by \$ 1.6bn)	-
2005 Q3	Japan	Revisions from reporting banks	-0.5
2005 Q4	Japan	Revisions from reporting banks	-0.4
2006 Q1	Japan	Revisions from reporting banks	-0.5
2006 Q2	Japan	Revisions from reporting banks	-0.5
2006 Q2	Netherlands	Revisions from reporting banks	2.0
2005 Q1	Spain	Revisions from reporting banks	-1.3
2005 Q2	Spain	Revisions from reporting banks	-4.4
2005 Q3	Spain	Revisions from reporting banks	-1.0
2006 Q1	Sweden	Revisions from reporting banks for pre- and post-break data (amount in next column relate to post-break data)	30.7
2006 Q2	Sweden	Revisions from reporting banks	-5.8
2005 Q4	United Kingdom	Revisions of foreign/local claims for a few vis-à-vis countries with reallocation of sector breakdown of foreign claims	-0.9
2006 Q1	United Kingdom	Revisions of foreign/local claims for a few vis-à-vis countries with reallocation of sector breakdown of foreign claims; revisions of credit commitments by \$3.3bn	2.2
2006 Q2	United Kingdom	Revisions of foreign/cross-border claims for a few vis-à-vis countries with reallocation of sector breakdown of foreign claims	-8.3

<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 are excluded from the above list.