

Provisional locational and consolidated banking statistics at end-September 2005

24 January 2006

The BIS is today releasing provisional data for the end of the third quarter of 2005 for both its locational and consolidated banking statistics. Revised data, together with a detailed commentary, will be made available in the next *BIS Quarterly Review* to be published on 6 March 2006. As most countries have reported their national data for both datasets, little change is expected between the preliminary data released today and the final figures to be published in early March.¹

The *locational* banking statistics measure aggregate international claims and liabilities of all banks in the 39 reporting countries using balance of payments concepts (Table 1).² For this dataset breakdowns are available by sector, instrument and vis-à-vis country. As a currency breakdown is also provided, the BIS can estimate exchange rate adjusted changes.

Worldwide *consolidated* data are reported on a contractual (immediate borrower) basis by banks' head offices in 30 reporting countries (Table 2). These data exclude banks' cross-border inter-office business contained in the locational data, but include additionally local claims in foreign currency of all their foreign branches and subsidiaries. Twenty-four of these countries provide more detailed information on their domestic banks' claims (exposures) on an ultimate risk basis, including local claims in all currencies. Contingent exposures are also reported (Table 3).

The consolidated data are provided without a currency breakdown, so exchange rate adjusted changes are not available. As exchange rates between the major currencies were similar on the two reporting dates, exchange rate effects for the third quarter 2005 data were small.

Some of the major developments in both statistical datasets are highlighted below. More detailed tables, similar to those in the statistical annex to the *BIS Quarterly Review*, are provided on the BIS website.

Locational banking statistics (Table 1)

- Total cross-border claims expanded by \$532 billion (2.6%) to \$20.7 trillion during the third quarter of 2005. This was only about half of the increase observed in the previous quarter. Interbank claims grew noticeably less than in the previous quarter, particularly vis-à-vis developed countries and offshore centres. New lending to non-bank borrowers in developed countries was also less buoyant than in the second quarter.
- Both cross-border bank loans and securities investments contributed to moderating the expansion in claims. Lending in yen vis-à-vis developed countries turned negative.
- While banks' total cross-border liabilities also grew less than in the second quarter of 2005, liabilities to non-banks, particularly from developed countries, increased by \$113 billion (4%).

¹ Revisions between the preliminary data for the second quarter of 2005, published in October 2005, and the final data released in the *BIS Quarterly Review* in December 2005 amounted to less than 0.1% of the total stock of cross-border bank lending on a locational basis.

² Data are provided by the offices of domestically owned and foreign banks resident in the reporting country.

Consolidated banking statistics on a contractual basis (Table 2)

- The outstanding stock of total consolidated foreign claims on a contractual (immediate borrower) basis rose by \$862 billion (4.2%) to \$21.5 trillion at the end of the third quarter of 2005. This was largely due to an increase in international claims, ie cross-border claims net of inter-office transactions plus local claims of foreign offices denominated in foreign currencies.
- As can be seen from the more detailed tables available on the BIS website, an expansion in interbank activity, as well as new claims on the non-bank private sector, contributed to the growth in claims in the third quarter. The share of local currency claims remained stable from the previous quarter at 33%.
- Much of the increase reflected expanded exposures of banks in Singapore, the United Kingdom and the United States. Long-term lending to Germany, the United States, Luxembourg, the United Kingdom and the Cayman Islands was significant.
- There was a notable shift in net risk transfers out of offshore centres to developed countries.

Consolidated banking statistics on an ultimate risk basis (Table 3)

- Ultimate risk exposures (mostly of banks in the United Kingdom, Sweden, France, Switzerland and Japan) to emerging markets rose by 9%.
- In contrast, cross-border exposures (mainly of Japanese, Swiss and French banks) to offshore centres on an ultimate risk basis dropped slightly. The share of exposures covered by net risk transfers (see Table 2) out of these centres rose to 27% from 24%, due especially to increased net outward risk transfers by Japanese, euro area and Swiss banks.
- As can be seen from the more detailed tables available on the BIS website, the largest net inward risk transfers were reported against the euro area, in particular Germany (by UK, US, Swiss, Dutch and French banks), and on the United States (mainly by Swiss and Japanese banks). Conversely, the largest net outward risk transfers were reported for the United Kingdom and the Cayman Islands. These risk transfers exclude risk transfers from reporting banks to other residents in the same reporting country.
- The sectoral distribution remained stable, with a slight increase in exposures to the non-bank private sector in emerging markets.
- Other exposures reported in Table 3 show some decrease in contingent claims resulting from derivatives contracts with positive market values mainly vis-à-vis developed countries, but a 19% increase on emerging markets.
- Additional funding obligations for guarantees increased banks' contingent exposures by 12-18% in the major regions. Credit commitments rose everywhere, most strongly (by 16%) in emerging markets.

Table 1

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

Provisional data

	Vis-à-vis developed countries		Vis-à-vis offshore centres		Vis-à-vis developing countries		Vis-à-vis all countries ²		Stocks at end-Sep
	2005 Q2	2005 Q3	2005 Q2	2005 Q3	2005 Q2	2005 Q3	2005 Q2	2005 Q3	
Total cross-border claims	840	402	211	39	20	77	1,086	532	20,713
By sector									
on banks	614	234	146	-6	-2	48	774	288	13,158
on non-banks	226	168	65	45	22	29	312	244	7,556
By instrument									
Loans	611	276	179	3	9	61	800	352	15,014
Securities	244	80	30	29	5	10	280	122	4,602
Other stocks	-15	46	1	7	6	6	5	59	1,097
By currency									
US dollar	385	212	157	-23	-10	41	525	238	8,435
Euro	329	158	36	7	5	7	387	168	7,798
Other currencies ³	127	32	17	55	25	29	174	126	4,481
<i>Memo: Local claims in foreign currency</i>	-19	4	7	10	8	4	-4	18	2,859
Total cross-border liabilities	556	377	159	29	63	114	886	630	19,612
By sector									
on banks	634	264	102	10	44	90	867	447	14,331
on non-banks	-78	113	57	19	19	25	19	183	5,281
By instrument									
Deposits	501	403	160	27	63	112	726	565	17,042
Securities	-4	3	3	-1	1	1	86	78	2,073
Other stocks	59	-28	-4	3	-1	1	74	-12	498
By currency									
US dollar	251	276	118	-9	25	62	406	358	8,744
Euro	134	87	25	1	32	9	241	152	6,296
Other currencies ³	172	14	16	37	7	44	239	120	4,572

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

Provisional data

	Vis-à-vis developed countries		Vis-à-vis offshore centres		Vis-à-vis emerging markets		Total ¹	
	2005 Q2	2005 Q3	2005 Q2	2005 Q3	2005 Q2	2005 Q3	2005 Q2	2005 Q3
Foreign claims ²	16,878	17,522	1,494	1,545	2,160	2,325	20,614	21,477
By type of claim								
International claims ³	11,270	11,793	1,211	1,251	1,225	1,299	13,787	14,425
As % of foreign claims	(66.8)	(67.3)	(81.0)	(81.0)	(56.7)	(55.9)	(66.9)	(67.2)
Local claims ⁴	5,608	5,730	283	294	935	1,026	6,828	7,052
As %	(33.2)	(32.7)	(19.0)	(19.0)	(43.3)	(44.1)	(33.1)	(32.8)
Breakdown of international claims								
By maturity								
Up to and including 1 year	6,170	6,512	576	577	580	627	7,360	7,752
As % of international claims	(54.8)	(55.2)	(47.6)	(46.1)	(47.4)	(48.3)	(53.4)	(53.7)
Over 1 year and up to 2 years	442	487	35	39	63	65	543	593
As %	(3.9)	(4.1)	(2.9)	(3.1)	(5.1)	(5.0)	(3.9)	(4.1)
Over two years	2,912	3,048	372	385	465	477	3,768	3,931
As %	(25.8)	(25.9)	(30.7)	(30.8)	(37.9)	(36.7)	(27.3)	(27.2)
Unallocated	1,746	1,745	228	250	118	130	2,116	2,149
As %	(15.5)	(14.8)	(18.8)	(20.0)	(9.6)	(10.0)	(15.3)	(14.9)
Risk transfers ⁵								
Inward risk transfers	1,039	1,037	43	42	78	89	1,162	1,170
Outward risk transfers	910	886	255	266	161	167	1,328	1,321
Net risk transfers	100	159	-354	-422	-177	-174	-440	-447
Foreign claims (after net risk transfers reported by 26 countries)	16,978	17,681	1,141	1,123	1,983	2,151	20,174	21,030

¹ Includes positions vis-à-vis international organisations and unallocated. ² Out of the 30 reporters, Greece and Hong Kong SAR report semiannually (for Q2 and Q4); data for these two reporters relate to 2005 Q2. The data for Spain are carried forward from 2005 Q2 for this preliminary release. ³ Cross-border claims denominated in all currencies plus local claims of foreign offices denominated in foreign currencies; for US banks, cross-border claims only. ⁴ Local claims of foreign offices denominated in local currencies; for US banks, local claims in all currencies. ⁵ While 30 countries report claims on a contractual basis, 26 provide risk transfer information. Moreover, inward risk transfers minus outward risk transfers may not be equal to net risk transfers as 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

Provisional data

	Vis-à-vis developed countries		Vis-à-vis offshore centres		Vis-à-vis emerging markets		Total ¹	
	2005 Q2	2005 Q3	2005 Q2	2005 Q3	2005 Q2	2005 Q3	2005 Q2	2005 Q3
<i>Memo: Foreign claims (after net risk transfers, Table 2)</i>	(16,978)	(17,681)	(1,141)	(1,123)	(1,983)	(2,151)	(20,174)	(21,030)
Foreign claims after net risk transfers ²	14,033	14,667	1,048	1,019	1,816	1,985	16,943	17,719
o/w local claims	5,824	6,174	352	364	1,029	1,130	7,211	7,679
As % of foreign claims	(41.5)	(42.1)	(33.6)	(35.7)	(56.7)	(56.9)	(42.6)	(43.3)
By sector								
Banks	4,474	4,622	118	118	358	386	4,955	5,133
As % of foreign claims	(31.9)	(31.5)	(11.3)	(11.6)	(19.7)	(19.4)	(29.2)	(29.0)
Public sector	2,641	2,719	48	50	406	429	3,130	3,234
As %	(18.8)	(18.5)	(4.5)	(4.9)	(22.4)	(21.6)	(18.5)	(18.3)
Non-bank private sector	6,560	6,891	844	810	835	937	8,249	8,651
As %	(46.7)	(47.0)	(80.5)	(79.5)	(46.0)	(47.2)	(48.7)	(48.8)
Unallocated	359	435	39	40	217	233	608	701
As %	(2.6)	(3.0)	(3.7)	(3.9)	(11.9)	(11.8)	(3.6)	(4.0)
Other exposures								
Derivatives contracts ³	2,150	2,069	70	70	94	112	2,322	2,258
Guarantees extended ⁴	1,070	1,205	107	126	118	133	1,301	1,470
Credit commitments ⁵	2,783	3,055	324	344	292	337	3,406	3,747

¹ Includes positions vis-à-vis international organisations and unallocated. ² Based on data reported by 24 countries which submitted both sets of data in 2005 Q2 and Q3 and also provide risk transfers and detailed breakdown and contingent exposures. Greece and Ireland are semiannual reporters (Q2 and Q4); data for these two countries relate to 2005 Q2. The data for Spain are carried forward from 2005 Q2 for the preliminary release. ³ Excluding Austria and Chile. Positive market values only. ⁴ Excluding the United States. ⁵ Excluding Chile.