FEDERAL RESERVE
press release

For immediate release June 3, 1977

RESULTS OF FEDERAL RESERVE SURVEY ON FOREIGN CLAIMS OF U.S. BANKS

The Board of Governors of the Federal Reserve System today issued the results of a survey of U.S. banks' claims on foreigners. The survey covered more than 80 reporting banks with total assets of $1 billion or more and $50 million or more in claims on the countries in the survey. The results of the survey will be combined by the Bank for International Settlements (BIS) with reports from other participating central banks to provide aggregate data on the external bank indebtedness of countries outside the Group of Ten Countries (G-10).

The survey indicated that reporting U.S. bank claims on countries outside the G-10 -- other than offshore banking centers -- amounted to $77 billion at the end of 1976, of which $42 billion was on the non-oil exporting developing countries.

The survey also collected information on the extent to which foreign claims of U.S. banks were guaranteed by parties outside the borrowing countries. Approximately nine per cent of the total claims were externally-guaranteed, with the percentage guaranteed for most countries ranging between five and fifteen per cent. These estimates

are probably lower ranges for the external support for these claims, because the instructions to the report form requested banks to report as guaranteed only those claims which were irrevocably guaranteed by a party or parties outside the borrowing country and not to include, as guaranteed, those claims covered by "comfort letters" or similar agreements.

The survey also requested information on the maturity distribution of the claims at the banks' domestic offices and offices in the offshore banking centers. Claims at these offices accounted for a large proportion of total U.S. bank claims on many countries, and thus the maturity data are a close approximation to the maturity distribution of total U.S. bank claims on these countries. The survey indicated that slightly more than one-half of U.S. bank claims on the countries in the survey had less than one year remaining to maturity.

Because of differences in coverage and definitions, the data in the survey differ from other data published on the foreign claims of U.S. banks. The principal differences are: (1) this survey is based on reports from a sample of U.S. banks; (2) the data collected in the survey include claims of foreign subsidiaries of U.S. banks while other published data include only claims reported by domestic offices and foreign branches; and (3) this survey requested banks to omit each office's local currency claims on residents of the country

in which the office is located because such claims are not considered to represent "cross border" exposure to the banks. Other published data included sizable amounts of such claims for some countries.

As a memorandum item, data are presented on U.S. bank claims on the offshore banking centers. These data are not directly comparable to the information on claims on other countries because they largely represent short-term interbank balances with banks having head offices in G-10 countries, including balances placed with other offices of U.S. banks.

Attachment

FEDERAL RESERVE
press release

For immediate release January 16, 1978

Country Exposure Lending Survey

The results of a survey of foreign lending by large United States banks as of June 30, 1977 were made public today by the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Federal Reserve Board.

The survey was made to increase the information available on foreign lending, on a country-by-country basis. The data reported cover claims on foreign residents held at all domestic and foreign offices of 119 U.S. banks with assets of $1 billion or more.

Based on the experience of this survey, the bank regulatory agencies have instituted a semi-annual "Country Exposure Report" to begin with data for December 1977. Results of future reports will be published approximately four months after the reporting date.

Types of Loans

The information gathered in the survey concentrated on data concerning lending from a bank's offices in one country to residents of another country, or lending in a currency other than that of the borrower. These are known as cross-border or cross-currency loans.

Cross-border and cross-currency loans are those most closely associated with country risk. As shown in Table I, these claims totaled $164 billion on the reporting date. About 42 per cent of such foreign lending was accounted for by claims on residents of Switzerland and the Group of

Ten (G-10) developed countries. Another 20 per cent represented loans to residents of "other developed countries" and "offshore banking centers."[1/] Cross-border and cross-currency claims on residents of non-oil producing less developed countries amounted to approximately $40 billion, or some 24 per cent of the total.

In addition, the banks reported $44 billion in local currency claims that were held by their offices in foreign countries on residents of the country in which the office was located. An example would be Deutsche Mark claims on German residents held by the German branch of the reporting U.S. bank. To a large extent, these local currency claims were matched by $37 billion in local currency liabilities due to local residents. Approximately 75 per cent of these claims were on residents of Switzerland and the G-10 countries.

Maturities

The survey provided for the first time comprehensive data on the type of customer and the maturity distribution of banks' claims on foreigners (Table 1). About 63 per cent of the reported cross-border and cross-currency claims had a maturity of under one year. Such short-term claims were especially prominent in the G-10 countries and the offshore banking centers where, combined, $64 billion out of $85 billion in claims matured in less than one year. This heavy concentration of short-term claims reflects the large volume of interbank lending in

---

1/ Countries where multinational banks conduct a large international money market business.

these countries. Most such placements of deposits are for very short periods.

For most other groups of countries, short-term claims accounted for about one-half of total claims although the proportion varied significantly among individual countries.

Type of Borrower

With regard to type of customer, private nonbank sector lending was the largest, accounting for $63 billion. Other types of lending were placements with banks amounting to $59 billion, and loans to the public sector totaling $42 billion. This last category includes foreign central governments, their political subdivisions and agencies and commercial non-bank enterprises owned by government. This distribution varied significantly from country to country. Here also, most of the claims on banks were on those located in the G-10 countries and the offshore banking centers.

Guarantees

In Table II, information is provided on the cross-border and cross-currency claims that are guaranteed by residents of another country. Claims are reallocated from the country of residence of the borrower to another country on two grounds: First, claims on a bank branch located in one country where the head office is located in another country are allocated to the country of the head office. Since a branch is legally a part of the parent, claims on a branch are treated as being guaranteed by the head office. Second, claims on a borrower in one country which

are formally guaranteed by a resident of another country are allocated to the latter country. These reallocations are thought to provide a better approximation of country exposure in the banks' portfolios than the unadjusted figures.

The results of the reallocations appear in the last column of Table II. Most of the shifts are accounted for by the transfer of claims on branches (and, where guaranteed, subsidiaries) of banks to their head offices ($25 billion out of $33 billion). In general, the reallocations primarily affected the offshore banking centers and some of the developed countries. For example, claims on the offshore banking centers decreased from $16.8 billion to $4.4 billion and claims on the United Kingdom decreased from $25 billion to $15.8 billion.

For most less developed countries, a relatively small portion of claims is externally guaranteed. The total shown for claims on foreigners by country of guarantor is about $150 billion or $14 billion less than the total for claims by country of borrower. This results from U.S. residents guaranteeing about $16.5 billion in claims on foreigners and foreign residents guaranteeing about $2.5 billion of claims on U.S. residents.

Commitments to Provide Funds for Foreigners

The survey also provided information on commercial letters of credit and other contingent claims on foreigners. The banks were asked to report such contingent claims only where the bank had a legal obligation to provide funds. As shown in Table III, the amounts reported total $42 billion,

with 75 per cent of that total being on the private sector, including banks.

Use of the Data

The results of the survey need to be interpreted with some caution. The survey was experimental in nature, and it was recognized that all banks might not be able to furnish the requested information in the short period of time they were given. As a result, certain deviations from the instructions were permitted and in a limited number of cases, data were estimated for banks that were unable to report all items requested. In particular, some banks were permitted to report claims by "country of the guarantor" rather than by country of the borrower's residence. Gross claims on some countries (particularly the banking centers) may, as a result, be somewhat understated.

In addition, the reported contingent claims may be somewhat overstated, particularly as regards the private sector, because some banks included advised lines (where actual extensions of credit under such lines of credit might not be obligatory). In spite of these difficulties, it is believed that the reported data provide a representative profile of the foreign claims of U.S. banks.

- 0 -

Attachment

FEDERAL RESERVE
press release

For immediate release June 8, 1978

COUNTRY EXPOSURE LENDING SURVEY

The results of a survey of foreign lending by large United States banks as of December 31, 1977, were made public today by the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Federal Reserve Board.

The results are from a semi-annual reporting system begun on an experimental basis by the bank regulatory agencies in June 1977 and since made permanent. The survey is intended to increase the information available to the public on foreign lending by U.S. banks on a country-by-country basis.

The data for the year-end 1977 survey cover claims on foreign residents held at all domestic and foreign offices of 124 U.S. banking organizations with significant foreign banking operations.

Types of Loans

The information gathered in the survey concentrated on data concerning lending from a bank's offices in one country to residents of another country, or lending in a currency other than that of the borrowers. These are known as cross-border or cross-currency loans.

Cross-border and cross-currency loans are those most closely associated with country risk. As shown in Table I, such claims totalled $194 billion on the reporting date. About 43 percent of such foreign lending was accounted for by claims on residents

of Switzerland and the Group of Ten (G-10) developed countries. Another 22 percent represented loans to residents of "other developed countries" and "offshore banking centers."[1/] Cross-border and cross-currency claims on residents of less developed countries that are not oil exporters amounted to approximately $47 billion, or some 24 percent of the total.

In addition, the banks reported $49 billion in local currency claims that were held by their offices in foreign countries on residents of the country in which the office was located. An example would be Deutsche mark claims on German residents held by the German branch of the reporting U.S. bank. To a large extent, these local currency claims were matched by $40 billion in local currency liabilities due to local residents. Approximately 73 percent of these claims were on residents of Switzerland and the G-10 countries.

Maturities

About two-thirds of the reported cross-border and cross-currency claims had a maturity of under one year. Only $12 billion in claims had a maturity in excess of five years. Short-term claims were especially prominent in the G-10 countries and the offshore banking centers where, combined, $85 billion out of $107 billion in claims matured in less than one year. This heavy concentration of short-term claims reflects the large volume of

---

1/ Countries where multinational banks conduct a large international money market business.

interbank lending in these countries. Most such placements of deposits are for very short periods.

For most other groups of countries, short-term claims accounted for about one-half of total claims, although the proportion varied significantly among individual countries.

Type of Borrower

With regard to type of customer, business with other banks accounted for the largest amount, equaling $96 billion. This was followed by private nonbank sector lending totaling $60 billion, and loans to the public sector amounting to $38 billion. This last category includes foreign central governments, their political subdivisions and agencies, foreign central banks, and commercial nonbank enterprises owned by government. This distribution varied significantly from country to country. Here also, most of the claims on banks were on those located in the G-10 countries and the offshore banking centers.

Guarantees

In Table II, information is provided on the cross-border and cross-currency claims that are guaranteed by residents of another country. Claims are reallocated from the country of residence of the borrower to another country in two major ways. First, claims on a bank branch located in one country where the head office is located in another country are allocated to the country of the head office.

Since a branch is legally a part of the parent, claims on a branch are treated as being guaranteed by the head office. Second, claims on a borrower in one country which are formally guaranteed by a resident of another country are allocated to the latter country. These reallocations are thought to provide a better approximation of country exposure in the banks' portfolios than the unadjusted figures.

The results of the reallocations appear in the last column of Table II. Most of the shifts are accounted for by the transfer of claims on branches (and, where guaranteed, subsidiaries) of banks to their head offices ($36 billion out of $46 billion). In general, the reallocations primarily affected the offshore banking centers and some of the developed countries. For example, claims on the offshore banking centers decreased from $24 billion to $8 billion and claims on the United Kingdom decreased from $31 billion to $18 billion.

For most less developed countries, a relatively small portion of claims is externally guaranteed. The total shown for claims on foreigners by country of guarantor is about $174 billion or $20 billion less than the total for claims by country of borrower. This results from U.S. residents guaranteeing about $28 billion in claims on foreign residents and foreigners guaranteeing about $8 billion of claims on U.S. residents.

Commitments to Provide Funds for Foreigners

The survey also provided information on contingent claims on foreigners. The banks were asked to report such contingent claims only where the bank had a legal obligation to provide funds. As shown in Table III, the amounts reported total $52 billion; 75 percent of that total being in the private sector, including banks. Table III also adjusts these commitments for guarantees in the same manner as Table II does for claims.

Use of the Data - Comparison with June 1977 Survey

The December 1977 survey is not fully comparable to the survey conducted in June 1977 for which data were released on January 16, 1978. A slightly different reporting panel was used for the latest survey, adjustments were made to the form and its instructions, and certain deviations from the instructions that were permitted in the June version of the form were not permitted this time.

Total claims as of December were about $30 billion larger than in June. However, the largest increase, $20 billion, was in claims on banks in the offshore banking centers and G-10 countries. It is believed that a large portion of this increase is due to better reporting. In June, several banks reported bank claims on a net basis after guarantees rather than reporting gross amounts initially. Some of the growth in this particular item may also be due to the fact

that the June report included only bank placements in this category, while the December report included other claims on banks as well.

The change in reported amounts in other areas was more moderate and is probably more indicative of real growth in lending to these areas. For example, claims on less developed countries that are not oil exporters, after adjustments for guarantees, showed an increase of about $3.5 billion, going from $41.5 billion[2/] to $45 billion.

[2/] Includes amounts for "other Latin America", "Other Africa", "Other Middle East", and "Other Asia/Pacific" which were not included in the total in June but are in the December data.

FEDERAL RESERVE
press release

The following statement has been prepared on the basis of data (attached) collected by the Comptroller of the Currency (supervisor of national banks), the Federal Reserve Board (supervisor of State chartered banks that are members of the Federal Reserve System) and the Federal Deposit Insurance Corporation (supervisor of insured State chartered non-member banks).

The statement and data are being issued on behalf of the three agencies.

For immediate release December 7, 1978

Country Exposure Lending Survey

The results of a survey by the Federal bank regulatory agencies of foreign lending by large United States banks during the first half of 1978 were made public today.

The survey, conducted semi-annually, covers credits to (claims on) foreign residents held at all domestic and foreign offices of 124 United States banking organizations. Besides information on types of loans, loan maturities, types of borrowers, and loan guarantees the survey provides information on commitments to provide funds to foreigners. The survey data are given on a country-by-country basis.

A brief discussion of the results precedes presentation of the data in tabular form.

General

The data indicate that in the first half of 1978 there was very little growth in U.S. bank credits extended to foreigners. Cross-border

and non-local currency claims increased only $6 billion from $194 to $200 billion, an annual rate of growth of only 6 per cent. In addition, local currency lending by foreign offices of U.S. banks increased $2 billion to a total of $51 billion.

Types of Loans

The information gathered in the survey concentrated on lending data from a bank's offices in one country to residents of another country, or lending in a currency other than that of the borrower's. These are known as cross-border or cross-currency loans.

Cross-border and cross-currency loans are those most closely associated with country risk. As shown in Table I, such claims totaled $200 billion on the reporting date. About 42 per cent of such foreign lending was accounted for by claims on residents of Switzerland and the Group of Ten (G-10)[1/] developed countries. Another 33 per cent represented loans to residents of "other developed countries" "oil exporting countries" and "offshore banking centers."[2/] Cross-border and cross-currency credits to residents of less developed countries that are not oil exporters amounted to approximately $49 billion, or some 25 per cent of the total.

1/ The G-10 countries are: Belgium, Canada, France, Federal Republic of Germany, Italy, Japan, Netherlands, Sweden, United Kingdom and the United States.

2/ Off-shore banking centers are located in countries where multinational banks conduct a large international money market business.

In addition, the banks reported $51 billion in local currency credits that were held by their offices in foreign countries to residents of the country in which the office was located. An example would be Deutsche mark credits to German residents held by the German branch of the reporting U.S. bank. To a large extent, these local currency claims were matched by $44 billion in local currency liabilities due to local residents. Approximately 75 per cent of these claims were on residents of Switzerland and the G-10 countries.

Maturities

About two-thirds of the reported cross-border and cross-currency credits had a maturity of under one year. Only $14 billion in credits had a maturity in excess of five years. Short-term credits were especially prominent in the G-10 countries and the offshore banking centers where $86 billion out of $108 billion total credits matured in less than one year. This heavy concentration of short-term credits reflects the large volume of interbank lending in these countries. Most such placements of deposits are for very short periods.

For most other groups of countries, short-term credits accounted for about one-half of total credits, although the proportion varied significantly among individual countries.

Type of Borrower

With respect to the type of customer, business with other banks accounted for the large amount, equaling $100 billion. This was followed

by private nonbank sector lending totaling $62 billion, and loans to the public sector amounting to $37 billion. This last category includes foreign central governments, their political subdivisions and agencies, foreign central banks, and commercal non-bank enterprises owned by government. This distribution varied significantly from country to country. Here also, most of the credits to banks were to those located in the G-10 countries and the offshore banking centers.

Guarantees

In Table II, information is provided on the cross-border and cross-currency credits that are guaranteed by residents of another country. Credits are reallocated from the country of residence of the borrower to another country, using two methods.

First, credits to a bank branch located in one country where the head office is located in another country are allocated to the country of the head office. Since a branch is legally a part of the parent, credits to a branch are treated as being guaranteed by the head office.

Second, credits to a borrower in one country which are formally guaranteed by a resident of another country are allocated to the latter country. These reallocations are thought to provide a better approximation of country exposure in the banks' portfolios than the unadjusted figures.

The results of the reallocations appear in the last column of Table II. Most of the shifts are accounted for by the transfer of credits to branches (and, where guaranteed, subsidiaries) of banks to their head

offices ($40 billion out of $51 billion). In general, the reallocations primarily affected the offshore banking centers and some of the developed countries. For example, credits to the offshore banking centers decreased from $25 billion to $6 billion and claims on the United Kingdom decreased from $34 billion to $19 billion. For most less developed countries, a relatively small portion of credits is externally guaranteed. The total shown for credits to foreigners by country of guarantor is about $175 billion or $25 billion less than the total for credits by country of borrower. This results from U.S. residents guaranteeing about $28 billion in claims on foreign residents and foreigners guaranteeing about $3 billion of claims on U.S. residents.

Commitments to Provide Funds for Foreigners

The survey also provided information on contingent claims on foreigners. The banks were asked to report such contingent claims only where the bank had a legal obligation to provide funds. As shown in Table III, the amounts reported total $55 billion; 75 per cent of that total being in the private sector, including banks. Table III also adjusts these commitments for guarantees in the same manner as claims in Table II.

Use of the Data - Comparison with Earlier Surveys

The June 1978 survey is fully comparable to the December 1977 survey, for which data were released on June 8, 1978. However, it is not fully comparable in the June 1977 survey since adjustments have been made

to the form and its instructions, subsequent to that date and certain deviations from the instructions that were permitted in the June 1977 version were not permitted this time or in December 1977.

# # # # # #

FEDERAL RESERVE
press release

June 21, 1979

COUNTRY EXPOSURE LENDING SURVEY

The results of a survey of foreign lending by large United States banks as of December 31, 1978, were made public today by the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Federal Reserve Board. The data cover claims on foreign residents held by all domestic and foreign offices of 129 U.S. banking organizations with significant foreign banking operations.

The results indicate that cross-border and nonlocal currency claims increased moderately in 1978 rising 12 percent from $194 billion to $217 billion. Most of the growth represented increased claims on banks, which are largely related to money market activities. Cross-border and cross-currency lending to public and private nonbank borrowers increased by only $2 billion during the year. In addition, the survey indicates that local currency lending to local borrowers by foreign offices of U.S. banks increased $9 billion in 1978 to a total of $58 billion. Most of the increase in both types of lending occurred in the second half of the year.

Types of Loans

The survey concentrated on data involving lending from a bank's offices in one country to residents of another country or lending in a currency other than that of the borrowers. These are known as cross-border and cross-currency loans.

Cross-border and cross-currency loans are those most closely associated with country risk. As shown in Table I, such claims totaled $217

billion at year-end 1978. Claims on residents of Switzerland and the Group of Ten (G-10) developed countries represent 42 per cent of this total. Another 21 per cent represents claims on residents of "other developed countries" and "offshore banking centers."[1/] Claims on residents of developing countries that are not oil exporters amount to 24 percent.

In addition, the banks reported $58 billion in local currency claims that were held by their foreign offices on residents of the country in which the office was located. An example would be Deutsche mark claims on German residents held by the German branch of the reporting U.S. bank. To a large extent, these local currency claims were matched by $48 billion in local currency liabilities due local residents.

Maturities

More than two-thirds of the reported cross-border and cross-country claims had a maturity of 1 year or less. Only $16 billion in claims had a maturity in excess of 5 years. Short-term claims are especially prominent in the G-10 countries and the offshore banking centers where a large volume of interbank lending takes place. Such placements of deposits are usually for very short periods.

For most other groups of countries, short-term claims accounted for slightly less than half of the total claims, although the proportion varied among countries.

Type of Borrower

Business with other banks accounted

1/ Countries where multinational banks conduct a large international money market business.

for the largest amount, equaling $116 billion. Most of the claims on banks were on those located in the G-10 countries and the offshore banking centers. Private nonbank sector lending totaled $62 billion, and loans to the public sector amounted to $39 billion. This last category includes foreign central governments, their political subdivisions and agencies, foreign central banks, and commercial nonbank enterprises owned by government. The distribution by type of borrower varied significantly from country to country.

Guarantees

Table II provides information on the cross-border and cross-currency claims that are guaranteed by residents of another country. Claims are reallocated from the country of residence of the borrower to another country in two major ways. First, claims on a bank branch located in one country where the head office is located in another country are allocated to the country of the head office. Since a branch is legally a part of the parent, claims on a branch are treated as being guaranteed by the head office. Second, claims on a borrower in one country which are formally guaranteed by a resident of another country are allocated to the latter country. These reallocations are thought to provide a better approximation of country exposure in the banks' portfolios than the unadjusted figures.

The results of the reallocations appear in the last column of Table II. Most of the shifts are accounted for by the transfer of claims on branches (and, where guaranteed, subsidiaries) of banks to their head offices ($41 billion out of $53 billion). In general, the reallocations primarily affected the offshore banking centers and some of the developed countries. For example, claims on the offshore banking centers decreased from $26 billion to $7 billion

and claims on the United Kingdom decreased from $35 billion to $16 billion. For most less developed countries, a relatively small portion of claims is externally guaranteed. The total shown for claims on foreigners by country of guarantor is about $196 billion or $21 billion less than the total for claims by country of borrower. This results from U.S. residents guaranteeing about $26 billion in claims on foreign residents and foreigners guaranteeing about $5 billion in claims on U.S. residents.

Commitments to Provide Funds for Foreigners

The survey also provided information on contingent claims on foreigners. The banks were asked to report only those contingent claims where the bank had a legal obligation to provide funds. As shown in Table III, the amounts reported total $60 billion, 73 per cent of that total being on the private sector, including banks. Table III also adjusts these commitments for guarantees in the same manner as Table II does for claims.

Joint News Release

Comptroller of the Currency
Federal Deposit Insurance Corporation
Federal Reserve Board

December 14, 1979

COUNTRY EXPOSURE LENDING SURVEY

International lending by United States banks with sizable foreign banking operations, as of June 30, 1979, was very little increased in the first half of 1979. This was reported today by the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Federal Reserve Board. The report was based on a semi-annual survey covering foreign offices of 128 U.S. banking organizations with significant foreign banking operations.

The results concerned lending by the U.S. banks across borders and lending in a currency other than that of the borrower. If increased activity of U.S. banks with the foreign offices of other U.S. banks is deducted, the figures show virtually no net growth.

Cross-border and non-local currency lending to less developed countries which are not members of OPEC increased slightly, from $52.2 billion to $54.4 billion. However, this was offset by a decline in such business with developed countries. In addition, the survey indicated that local currency lending to local borrowers by foreign offices of U.S. banks increased $3 billion in the first six months of 1979, to a total of $61 billion.

Types of Loans

The survey concentrated on data involving lending from a bank's offices in one country to residents of another country and lending in a currency other than that of the borrowers. These are known as cross-border and cross-currency loans.

Cross-border and cross-currency loans are those most closely asso-

ciated with country risk. As shown in Table 1, such claims totaled $221 billion in June 1979. Claims on residents of Switzerland and the Group of Ten (G-10) developed countries represent 41 percent of this total. Another 22 percent represents claims on residents of "other developed countries" and "offshore banking centers."[1/] Claims on residents of developing countries that are not members of OPEC comprise 25 percent of total claims.

In addition, the banks reported $61 billion in local currency claims that were held by their foreign offices on residents of the country in which the office was located. An example would be Deutsche mark claims on German residents held by the German branch of the reporting U.S. bank. To a large extent, these local currency claims were matched by $51 billion in local currency liabilities due local residents.

Maturities

More than two-thirds of the reported cross-border and cross-country claims had a maturity of 1 year or less. Only $17 billion in claims had a maturity in excess of 5 years. Short-term claims are especially prominent in the G-10 countries and the offshore banking centers where a large volume of interbank lending takes place. Such placements of deposits are usually for very short periods.

For most other groups of countries, short-term claims accounted for slightly less than half of the total claims, although the proportion varied among countries.

Type of Borrower

Businesses with other banks accounted for the largest amount,

1/ Countries where multinational banks conduct a large international money market business.

equaling $120 billion. Most of the claims on banks were on those located in the G-10 countries and the offshore banking centers. Lending to the private nonbank sector totaled $62 billion, and loans to the public sector amounted to $39 billion. This last category included foreign central banks, and commercial nonbank enterprises owned by government. The distribution by type of borrower varied significantly from country to country.

Guarantees

Table II provides information on the cross-border and cross-currency claims that are guaranteed by residents of another country. Claims are reallocated from the country of residence of the borrower to another country in two major ways. First, claims on a bank branch located in one country where the head office is located in another country are allocated to the country of the head office. Since a branch is legally a part of the parent, claims on a branch are treated as being guaranteed by the head office. Second, claims on a borrower in one country which are formally guaranteed by a resident of another country are allocated to the latter country. These reallocations are thought to provide a better approximation of country exposure in the banks' portfolios than the unadjusted figures.

The results of the reallocations appear in the last column of Table II. Most of the shifts are accounted for by the transfer of claims on branches (and, where guaranteed, subsidiaries) of banks to their head offices ($44 billion out of $57 billion). In general, the reallocations primarily affect the offshore banking centers and some of the developed countries. For example, claims on the offshore banking centers decrease from $31 billion to $8 billion and claims on the United Kingdom decrease from $36 billion to $19 billion.

For most less developed countries, a relatively small portion of claims is externally guaranteed. The total shown for claims on foreigners by country of guarantor is about $196 billion, or, $25 billion less than the total for claims by country of borrower. This results from U.S. residents guaranteeing about $29 billion in claims on foreign residents and foreigners guaranteeing about $5 billion in claims on U.S. residents.

Commitments to Provide Funds for Foreigners

The survey also provides information on contingent claims on foreigners. The banks were asked to report only those contingent claims where the bank had a legal obligation to provide funds. As shown in Table III, the amounts total $68 billion, 77 percent of that total being on the private sector, including banks. Table III also adjusts these commitments for guarantees in the same manner as Table II does for claims.

Joint News Release

Comptroller of the Currency
Federal Deposit Insurance Corporation
Federal Reserve Board

For immediate release June 12, 1980

COUNTRY EXPOSURE LENDING SURVEY

The results of a survey of foreign lending by large United States banks as of December 31, 1979, were made public today by the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Federal Reserve Board. The data cover claims on foreign residents held by all domestic and foreign offices of 130 U.S. banking oragnizations with significant foreign banking operations.

The results indicate that cross-border and non-local currency claims increased moderately in 1979 rising 13 percent from $217 billion to 246 billion. This compares to a 12 percent increase in 1978. Much of the growth represented increased claims on banks, largely related to increased money market activity. Cross-border and cross-currency lending to public and private nonbank borrowers grew by $9 billion during the year, a 9 percent increase. In addition, the survey indicates that local currency lending to local borrowers by foreign offices of U.S. banks increased $9 billion in 1979 to a total of $67 billion. Most of the growth in both types of lending occurred in the second half of the year.

Types of Loans

The survey concentrated on data involving lending from a bank's offices in one country to residents of another country as well as in a currency other than that of the borrowers. These are known as cross-border and

cross-currency loans.

Cross-border and cross-currency loans are those most closely associated with country risk. As shown in Table I, such claims totaled $246 billion at year-end 1979. Claims on residents of Switzerland and the Group of Ten (G-10) developed countries and "offshore banking centers"[1/] represent 55 percent of this total. Claims on residents of developing countries that are not members of OPEC amount to 25 percent of the total, up slightly from 24 percent in 1978.

In addition, the banks reported $67 billion in local currency claims that were held by their foreign offices on residents of the country in which the office was located. An example would be Deutsche mark claims on German residents held by the German branch of the reporting U.S. banks. Most of these local currency local currency claims were funded by local currency liabilities due to local residents, which amounted to $56 million.

Maturities

More than two-thirds of the reported cross-border and cross-country claims had a maturity of 1 year or less. Only $19 billion in claims had a maturity in excess of 5 years. Short-term claims are especially prominent in the G-10 countries and the offshore banking centers where a large volume of interbank lending takes place. Such placements of deposits are usually for very short periods.

For most other groups of countries, short-term claims accounted for slightly less than half of the total claims, although the proportion varied among countries.

1/ Countries where multinational banks conduct a large international money market business.

Type of Borrower

Business with other banks accounted for the largest amount, equalling $136 billion. Most of the claims on banks were on those located in the G-10 countries and the offshore banking centers. Private nonbank sector lending totaled $67 billion, and loans to the public sector amounted to $43 billion. This last category includes foreign central governments, their political subdivisions and agencies, foreign central banks, and commercial nonbank enterprises owned by government. The distribution by type of borrower varied significantly from country to country.

Guarantees

Table II provides information on the cross-border and cross-currency claims that are guaranteed by residents of another country. Claims are reallocated from the country or residence of the borrower to another country in two major ways. First, claims on a bank branch located in one country where the head office is located in another country are allocated to the country of the head office. Since a branch is legally a part of the parent, claims on a branch are treated as being guaranteed by the head office. Second, claims on a borrower in one country, which are formally guaranteed by a resident of another country, are allocated to the latter country. These reallocations are thought to provide a better approximation of country exposure in the banks' portfolios than the unadjusted figures.

The results of the reallocations appear in the last column of Table II. Most of the shifts are accounted for by the transfer of claims on branches (and, where guaranteed, subsidiaries) of banks to their head offices ($52 billion out of $64 billion). In general, the reallocations primarily affected the offshore banking centers and some of the developed countries. For example, claims

on the offshore banking centers decreased from $37 billion to $10 billion and claims on the United Kingdom decreased from $38 billion to $21 billion. For most less developed countries, a relatively small portion of claims is externally guaranteed. The total shown for claims on foreigners by country of guarantor is about $220 billion or $26 billion less than the total for claims by country of borrower. This results from U.S. residents guaranteeing about $33 billion in claims on foreign residents and foreigners guaranteeing about $7 billion in claims on U.S. residents.

Commitments to Provide Funds for Foreigners

The survey also provided information on contingent claims on foreigners. The banks were asked to report only those contingent claims where the bank had a legal obligation to provide funds. As shown in Table III, the amounts reported total $70 billion, 77 percent of the total being on the private sector, including banks. Table III also adjusts these commitments for guarantees in the same manner as Table II does for claims.