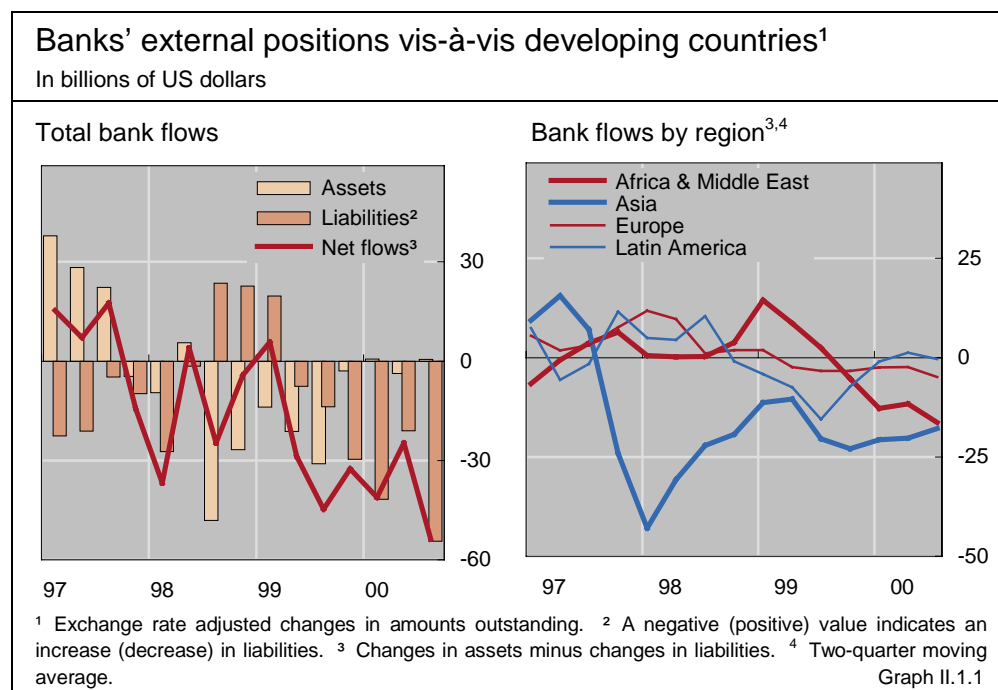


II. Highlights of international financing

1. The international banking market

The third quarter of 2000 saw a large flow of funds from oil-exporting countries and other developing countries to commercial banks in the reporting area. Indeed, net flows to reporting banks from developing countries as a group exceeded quarterly outflows during the financial crises of 1997-99 (Graph II.1.1). In contrast to the earlier period, however, outflows in the third quarter arose from a surge in deposits rather than a reduction in claims. Cross-border claims on developing countries remained broadly unchanged, with further repayments from Asia offsetting modest amounts of credit extended to Argentina, Brazil, Turkey and a few other developing countries.

According to the latest locational banking statistics, the surge in deposits from developing countries accompanied a substantial increase in overall activity in the international banking market. Interbank loans expanded by \$68 billion as funds were rechannelled through various banking centres to



borrowers in developed countries. Cross-border loans to non-bank borrowers in developed countries rose by \$15 billion, boosted by drawdowns of syndicated credits arranged for European telecommunications companies. Banks, especially Japanese banks, continued to purchase substantial amounts of debt securities and other assets issued by US and European residents.

Deposits by developing countries surge

Flows between banks and their customers can reflect changes on either side of the balance sheet: changes in assets, such as new loans and securities purchases, or changes in liabilities, such as increases in deposits. Changes on the assets side of banks' balance sheets had accounted for most of the net outflows from developing countries to banks in the reporting area between 1997 and 1999, ie loan repayments had exceeded new credit by a large margin (Graph II.1.1). In recent quarters, banks' assets vis-à-vis developing countries have more or less stabilised. Nevertheless, owing to changes in liabilities, in particular a sharp rise in deposits by oil-exporting countries, substantial amounts of money continued to flow from developing countries to commercial banks abroad.

Record deposits from developing countries ...

Deposit flows from developing countries to banks in the reporting area have picked up steadily since mid-1999, and reached a record \$54 billion in the third quarter of 2000 (Table II.1.1). This surge in deposits, coupled with negligible changes in banks' claims on developing countries, boosted net outflows from developing countries to banks in the reporting area to \$120 billion during the first three quarters of 2000, equivalent to 2% of developing countries' GDP. By comparison, net outflows from developing countries to banks abroad had totalled \$61 billion in 1998 as a whole, and \$100 billion in 1999.

... boost net outflows to international banks

Members of the Organization of the Petroleum Exporting Countries (OPEC) accounted for one third of the deposit flows from developing countries in the third quarter. Saudi Arabia alone deposited more than \$7 billion, after reducing its deposits with international banks in the first half of 2000. Iran, Kuwait, Libya and Venezuela continued to place substantial sums with reporting banks.

The largest deposits are made by oil-exporting countries ...

Among developing countries outside OPEC, the largest deposits were from Taiwan and mainland China, of \$6.4 billion and \$5.1 billion respectively. For Taiwan, this represented a record increase in deposits with reporting banks. In both Taiwan and mainland China, foreign currency deposits in the local banking system have been growing rapidly in recent quarters, owing in part to a negative interest rate differential between local currency deposits and

... and by Taiwan and mainland China

Banks' external positions vis-à-vis developing countries ¹								
In billions of US dollars								
	1998	1999			2000			Stocks at end-Sep 2000
	Year	Year	Q3	Q4	Q1	Q2	Q3	
Total claims	-78.7	-68.9	-31.0	-2.9	0.6	-3.7	0.5	898.9
Africa & Middle East	21.8	0.1	2.2	5.3	-6.3	-1.0	-0.6	148.6
Saudi Arabia	6.4	2.0	2.0	0.9	-1.2	-0.1	0.1	24.7
Asia & Pacific	-96.3	-61.8	-24.4	-17.6	2.8	-7.3	-5.8	299.7
China	-10.1	-17.1	-7.3	-5.7	0.1	-3.4	-1.7	60.4
Taiwan	-0.5	-3.3	-0.6	0.7	1.3	-0.1	-0.8	20.0
Europe	3.8	8.9	2.0	4.8	-0.6	2.6	1.4	158.9
Russia	-6.1	-6.5	-1.7	-1.4	-1.4	-1.4	-3.2	35.3
Turkey	2.8	5.8	1.4	1.3	2.7	2.6	2.5	45.0
Latin America	-8.0	-16.1	-10.9	4.5	4.7	1.9	5.5	291.7
Argentina	0.6	0.7	-2.0	1.1	-1.3	-0.1	2.1	48.3
Brazil	-10.2	-8.9	-3.3	3.9	1.4	0.1	3.1	90.7
Total liabilities ²	-17.3	31.3	13.8	29.6	41.7	21.0	54.4	1,014.7
Africa & Middle East	13.6	-6.9	0.8	17.2	7.3	8.7	22.4	302.1
Saudi Arabia	13.3	-17.9	1.2	1.2	-0.4	-0.9	7.2	54.6
Asia & Pacific	3.6	4.8	3.8	0.0	26.5	9.5	13.0	341.9
China	5.4	-4.0	5.6	-0.2	12.0	10.4	5.1	94.1
Taiwan	1.1	7.5	3.5	2.8	-0.1	0.6	6.4	51.9
Europe	-19.3	20.1	6.1	7.4	1.8	4.9	8.7	115.5
Russia	-2.3	3.7	0.9	0.9	2.4	3.4	3.2	24.9
Turkey	-7.2	3.3	0.4	1.9	0.0	-0.6	0.3	17.8
Latin America	-15.2	13.3	3.2	5.1	6.2	-2.1	10.2	255.2
Argentina	1.2	0.0	-2.0	3.7	0.4	0.1	3.4	41.4
Brazil	-8.4	2.2	3.4	-2.0	1.2	-8.9	3.1	48.5
Net flows ³	-61.4	-100.2	-44.8	-32.5	-41.1	-24.7	-53.9	-115.8
<i>Memorandum item:</i>								
<i>OPEC members' deposits</i>	19.5	-19.9	-0.2	14.1	1.9	9.5	18.0	222.3

¹ Exchange rate adjusted changes in amounts outstanding. ² Mainly deposits. Other liabilities account for less than 1% of the total liabilities outstanding. ³ Total assets (claims) minus total liabilities. Table II.1.1

foreign currency deposits.² At the same time, foreign currency lending to residents by local banks has been weak, leaving local banks with surplus foreign exchange. This surplus appears to have been placed with commercial banks abroad.

² For a discussion of the growth of foreign currency deposits in the Chinese banking system, see the special feature by R N McCauley and Y K Mo, "Foreign currency deposits of firms and individuals with banks in China", in the August 2000 issue of the *BIS Quarterly Review*.

Claims on developing countries remain broadly unchanged

In contrast to the 1970s, when petrodollars deposited with international banks had supported an increase in cross-border lending to developing countries, recent deposit flows were not recycled back into developing countries. Banks' claims on developing countries have remained approximately unchanged since the final quarter of 1999. Claims increased by a very modest \$0.5 billion in the third quarter of 2000 – only the second quarterly increase in assets since mid-1998 (Table II.1.1). Banks continued to increase their exposure to a few countries in Europe and Latin America. But these increases were largely offset by further repayments from developing countries in Asia.

Deposit flows are not recycled back into developing countries

According to the locational banking statistics, three countries received the bulk of new credit extended by banks in the reporting area to emerging market countries in the third quarter: Brazil \$3.1 billion, Turkey \$2.5 billion and Argentina \$2.1 billion. In the first three quarters of 2000, cross-border claims on Turkey rose by substantially more than claims on any other developing country. A little less than half of the funds went to banks in Turkey and the remainder was split more or less evenly between corporations and the public

Claims on Turkey continue to increase

Main features of cross-border claims of BIS reporting banks ¹								
In billions of US dollars								
	1998	1999		2000			Stocks at end-Sep 2000	
	Year	Year	Q3	Q4	Q1	Q2		Q3
Claims on developed countries	564.9	458.6	191.4	95.7	481.1	112.4	147.4	7,842.5
<i>of which: intra-euro 11</i>	296.7	252.1	84.7	- 1.3	107.2	- 13.5	26.1	1,474.5
Interbank loans ²	286.1	29.6	125.1	- 1.1	334.1	8.0	55.6	4,628.7
Loans to non-banks	21.4	114.8	2.5	25.4	40.9	- 13.1	15.4	1,349.7
Securities ³	257.4	314.1	63.7	71.4	106.1	117.6	76.4	1,864.1
Claims on offshore centres	-172.5	-102.3	-26.0	35.1	-51.3	5.9	29.4	1,180.1
Interbank loans ²	-166.9	-139.7	-47.0	36.9	-64.0	-17.1	14.2	790.9
Loans to non-banks	- 26.7	9.3	12.9	- 9.5	- 0.9	12.6	- 1.6	234.4
Securities ³	21.1	28.2	8.1	7.8	13.6	10.4	16.8	154.8
Claims on developing countries	- 78.7	- 68.9	-31.0	- 2.9	0.6	- 3.7	0.5	898.9
Interbank loans ²	- 63.4	- 58.6	-22.4	- 4.6	5.9	- 9.8	- 7.1	347.7
Loans to non-banks	- 8.9	- 16.8	- 8.6	- 2.1	-16.2	- 0.2	0.0	404.3
Securities ³	- 6.4	6.5	0.0	3.7	11.0	6.3	7.6	146.9
Unallocated	- 33.5	- 23.9	- 4.3	-12.0	11.3	- 2.2	6.2	203.3
Total	280.1	263.5	130.1	116.0	441.7	112.4	183.6	10,124.8
Interbank loans ²	32.1	-218.0	42.6	2.0	281.5	-24.0	67.6	5,838.0
Loans to non-banks	- 26.8	104.0	9.5	22.3	25.9	- 1.4	8.4	2,017.5
Securities ³	274.8	377.5	78.0	91.6	134.3	137.7	107.5	2,269.4
<i>Memorandum item:</i>								
<i>Syndicated credits⁴</i>	905.3	1,025.9	265.4	286.2	267.5	372.3	426.6	

¹ Exchange rate adjusted changes in amounts outstanding. ² Including inter-office transactions. ³ Partly estimated. The data include other assets, which account for less than 5% of the total claims outstanding. ⁴ Signed new facilities.

Table II.1.2

sector. More recent data on syndicated credits suggest that reporting banks' claims on Turkey continued to increase in the fourth quarter of 2000 despite heightened concern about the stability of the Turkish financial system (see page 20).

Lending to
Argentina and
Brazil picks up

Diverging from the overall trend in bank claims on developing countries, the rise in claims on Brazil and Argentina in the third quarter took the form of bank lending rather than securities purchases. In particular, banks in the United States transferred substantial sums to their subsidiaries in Brazil and moreover lent near record amounts to non-banks in Argentina. Argentine corporations faced an unusually heavy schedule of international bond repayments in the fourth quarter of 2000, and some may have lined up funding from international banks to help them meet these payments.

Debt restructuring
reduces claims on
Russia

Russia experienced the largest contraction in claims among emerging market countries in the third quarter, over –\$3 billion. Most of this was related to the finalisation of a debt restructuring agreement between Russia and its commercial bank creditors rather than a cutback in credit; cross-border lending to Russia fell as German and other banks wrote down their Soviet-era loans, while securities holdings increased as loans were exchanged for international bonds.

Deposits and inter-office transactions boost interbank activity

The majority of
new deposits are
placed with banks
in Europe

The process of recycling the large deposit flows from developing countries contributed to a \$68 billion expansion of interbank loans in the third quarter (Table II.1.2). Banks in the United Kingdom received approximately one third of the deposit flows from developing countries, and banks in the euro area another quarter. The remainder was split between banks in the United States and offshore centres. These funds were then rechannelled to borrowers in the developed countries as well as branches in offshore centres.

Inter-office
transactions boost
interbank loans

Interbank activity in the third quarter was also boosted by Swiss and US banks' transactions with their offices abroad. Swiss banks channelled substantial amounts into their subsidiaries in the United States, which then onlent the funds to US corporations. According to the consolidated banking statistics, Swiss banks' exposure to non-bank private sector borrowers in the United States increased by \$10 billion in the third quarter, accounting for half of the total increase in reporting banks' exposure to US borrowers.

Lending to European non-banks rebounds

Banks lend to non-
bank borrowers in
Europe ...

Direct loans to non-bank borrowers in the developed countries increased by \$15 billion in the third quarter after contracting in the second (Table II.1.2). Cross-border loans to non-banks in the United States, which had been among the largest non-bank borrowers in the second quarter, fell by \$11 billion.

Syndicated credits in the fourth quarter of 2000

Blaise Gadanecz

Activity in the international syndicated credit market remained strong in the fourth quarter of 2000, with \$394 billion worth of new facilities signed. On a seasonally adjusted basis, however, announcements declined quarter-over-quarter for the first time in two years. For 2000 as a whole, activity reached record levels: \$1.5 trillion worth of facilities were announced, up by 42% from 1999.

Telecommunications firms tapped the international syndicated loan market for \$74 billion in the fourth quarter. In contrast to a third quarter dominated by European firms, North American companies were the most active telecoms in the fourth. The largest syndicated loan announced in the fourth quarter was a \$25 billion facility arranged for AT&T, as backing for its commercial paper programme. Syndicated credits arranged for telecoms firms totalled \$256 billion in the whole of 2000, a more than threefold increase over 1999. Syndicated lending to telecoms companies in the first quarter of 2000 had been followed in the second by a surge in bond issuance as telecoms refinanced those loans. In the second half of the year, however, securities issuance by telecoms slowed while syndicated lending reached record levels.

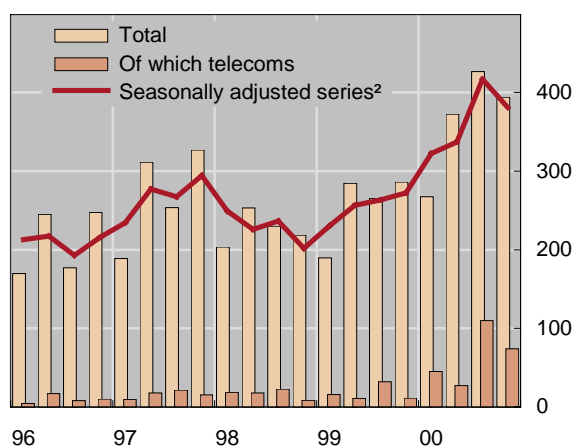
Even though the pace of mergers and acquisitions (M&As) in developed countries, especially the United States, appears to have subsided in recent quarters, substantial amounts of syndicated credits continue to be arranged to support such activities. Indeed, announcements related to M&As and buyouts increased by 22% in 2000 over the previous year, to \$214 billion. The poor performance of equities during 2000 may have prompted firms to turn from stock markets to the syndicated loan market to finance M&As.

Developing countries' access to the international syndicated loan market continues to improve, especially for those countries considered better credit risks. Spreads on newly signed US dollar facilities fell to 115 basis points in the fourth quarter of 2000 from a peak of nearly 280 basis points in the early part of 1999. Facilities arranged for developing country borrowers rose to \$34 billion in the fourth quarter, the most active quarter since 1997. Borrowers from Chile raised the most, \$4.7 billion, followed by Turkey, with \$4.4 billion. Despite the emergence of strains in Turkey's banking system, Turkish banks were still able to arrange a number of syndicated loans in the fourth quarter.

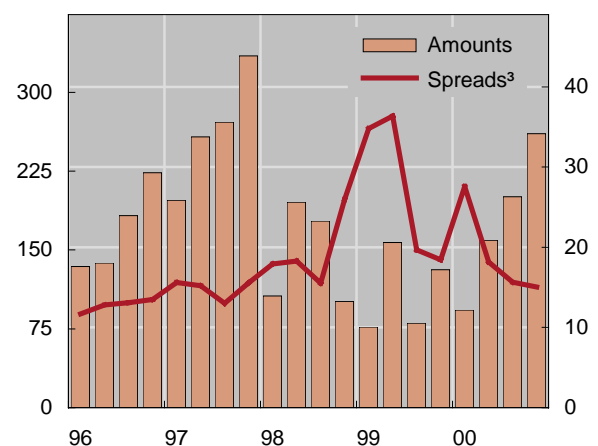
Activity in the international syndicated credit market¹

In billions of US dollars (rhs) and basis points (lhs)

Signed facilities



Syndicated lending to developing countries



¹ The methodology used to compile the syndicated loan statistics has been modified in order to bring the coverage closer to that of the BIS international banking statistics. Please refer to the notes at the end of the statistical annex for an explanation of the changes. ² Adjusted using the US Census Board's X11 Arima seasonal adjustment process. ³ Spreads over Libor on newly signed US dollar facilities priced over Libor. Spreads are weighted by the face value of the facility.

Sources: Capital DATA; BIS.

Lending to Japan declined by a further \$13 billion, largely because of continued unwinding of loans to Japanese residents booked through Japanese banks' offices in Hong Kong and other offshore centres. By contrast, lending to non-bank borrowers in Europe turned positive, increasing by \$38 billion.

... including
telecoms firms

Much of this lending to Europe was related to telecoms financing. In the third quarter of 2000, large syndicated loans were arranged for telecommunications firms in several European countries.³ According to the locational banking statistics, non-bank borrowers in these same countries – in particular France, the Netherlands, the United Kingdom and Finland – were the largest recipients of cross-border loans in the third quarter, suggesting that the syndicated credits were at least partially drawn down.

These loans are
denominated
mainly in euros ...

Banks resident in the United Kingdom provided half of the cross-border loans to European non-banks, the remainder coming from banks in the euro area, especially Germany. While banks in these countries were among the principal recipients of deposit flows from developing countries, these funds do not appear to have been used to support lending to non-banks in Europe in the third quarter. Most of the deposits by developing countries were denominated in US dollars, with the euro a distant second, accounting for less than 15% of deposits. By contrast, most of the cross-border loans to non-bank borrowers in the euro area in the third quarter were denominated in euros. So too was a

Currency breakdown of cross-border claims of BIS reporting banks ¹								
In billions of US dollars								
	1998	1999			2000			Stocks at end-Sep 2000
	Year	Year	Q3	Q4	Q1	Q2	Q3	
US dollar	121.7	28.6	23.8	96.0	113.7	68.7	79.1	4,177.4
Euro ²	415.8	487.1	159.3	8.2	240.5	41.6	63.2	2,724.5
<i>of which: intra-euro 11</i>	160.7	352.1	87.8	7.3	104.0	– 9.3	20.8	1,199.9
Japanese yen	– 24.8	–198.8	–25.8	27.7	11.7	28.6	– 8.1	876.2
Pound sterling	44.0	12.8	7.6	–15.4	46.3	3.0	20.8	449.0
Swiss franc	4.5	20.1	6.2	– 0.4	28.9	–30.5	7.7	227.1
Other and unallocated	–281.1	– 88.0	–40.8	– 0.1	0.6	1.0	20.8	1,670.6
Total cross-border claims	280.1	261.8	130.1	116.0	441.7	112.4	183.6	10,124.8
<i>Memorandum item:</i>								
<i>Foreign currency claims on residents³</i>	– 9.1	45.9	28.2	–26.5	128.2	29.0	9.0	1,284.6

¹ Exchange rate adjusted changes in amounts outstanding. ² The data include cross-border transactions in euros between residents of the euro area. For 1998, the data relate to five euro legacy currencies (BEF, DEM, FRF, ITL and NLG) and the ECU, which were reported separately. Changes for 1999 Q1 are adjusted on an estimated basis to exclude the data for six euro legacy currencies (ATS, ESP, FIM, IEP, LUF and PTE) that were previously not reported separately but included under "Other and unallocated". ³ See Table 5D in the statistical annex for a currency breakdown of foreign currency claims on residents. Table II.1.3

³ See the box "Syndicated credits in the third quarter of 2000" in the November 2000 issue of the *BIS Quarterly Review*.

substantial part of the lending to non-banks in the United Kingdom (with the remainder denominated mainly in sterling).

Instead of coming from developing countries, the euros lent to European non-banks in the third quarter originated mostly within the euro area. Banks in the euro area had transferred large amounts of euros to their offices in the United Kingdom in the second quarter, and some of these funds appear to have been onlent to non-bank borrowers in the third quarter. This round-tripping of funds was responsible for much of the expansion of euro positions in the international banking market in the second and third quarters (Table II.1.3).

... in part reflecting round-tripping through London

Purchases of US and European securities remain strong

Banks continued to purchase substantial amounts of debt and equity securities in the third quarter (Table II.1.2). The historical pattern of purchases reasserted itself, with European securities accounting for the largest share of purchases after being surpassed by US securities in the second quarter. Banks' cross-border investment in securities issued by European residents totalled \$43 billion, compared to \$31 billion invested in US securities.

As in the second quarter, banks resident in Japan were the largest purchasers of securities in the third, investing \$39 billion. Purchases of US securities accounted for two thirds of this amount. Japanese banks were especially active buyers of US agency and corporate bonds. According to the US Treasury International Capital reporting system, Japanese residents, mainly banks, invested a record \$8 billion in US agency securities in the third quarter, nearly one third of their net purchases of US debt and equity securities.

Japanese banks buy US agency and corporate bonds ...

Purchases by banks in Japan of securities issued by European residents totalled \$12 billion, in line with their investment in the second quarter. A significant proportion of this amount was invested in German bunds and Pfandbriefe. Purchases by trust accounts – as opposed to banks' own accounts – of yen-denominated international bonds, including bonds issued by telecommunications firms, had contributed to a significant increase in Japanese claims on European non-banks in the second quarter.⁴ However, purchases of euroyen bonds slowed markedly in the third, as indeed did issuance of such bonds. This contributed to a \$8 billion contraction in cross-border yen positions after several quarters of expansion (Table II.1.3).

... but reduce their purchases of euroyen bonds

⁴ In the BIS international banking statistics, the positions of Japanese banks include investments by bank-administered trust accounts. Although reported as claims of Japanese banks, the positions of such trust accounts are not in fact direct exposures of Japanese banks; the risk is retained by the beneficiary of the trust account. See *Guide to the International Banking Statistics*, available on the BIS website (www.bis.org), for further discussion of the treatment of trust accounts in the BIS international banking statistics.

A new focus for the BIS consolidated banking statistics

Ingo Fender and Allen Frankel

Over the years, the Committee on the Global Financial System (CGFS) has been the oversight body for the BIS international banking statistics. A guiding presumption of the CGFS is that the statistics should be revised from time to time so as to ensure that they remain a key source of public information on international financial market developments. Good financial statistics are a necessary if not sufficient requirement to support informed decision-making by both the private and public sectors. Against this background and following up on earlier work carried out by the CGFS in the wake of the Asian financial crisis, the Committee established, in the autumn of 1999, a working group with the task of examining the desirability of modifying the current BIS international banking statistics. The Committee was particularly interested in extending the statistics so as to capture derivatives exposures, which have expanded rapidly in recent years and are now thought to constitute a significant proportion of banks' total cross-border exposures.

This working group on the BIS international banking statistics, chaired by Satoshi Kawazoe of the Bank of Japan, has recently released the results of its deliberations in a report.^① The group concluded that, where feasible, consolidated banking data should cover all relevant aspects of financial institutions' exposures – including guarantees by third parties, undrawn contingent credit facilities and off-balance sheet financial contracting. In addition, the group proposed that the focus of the consolidated statistics should be changed so as to adopt detailed reporting of data collected on an ultimate risk basis, ie net of guarantees by third parties, with a view to developing a statistical system consistent with commercial banks' own risk management practices. At the same time, because such information is crucial to enable cross-checks on country-level compilations of external debt statistics, the working group underlined the continuing importance of banking information on the basis of residence of the immediate borrower. Based on these considerations, the working group recommended the following actions:

- (i) the BIS consolidated banking statistics should be restructured to present data on an ultimate risk basis, while the BIS should also continue to compile and publish key statistics on an immediate borrower basis;
- (ii) the target date for the new data series should be set at year-end 2004; and
- (iii) the BIS should revise its presentation of the commitment data to emphasise their interpretation as a measure of a contingent source of borrower funding and hence credit risk.

The Kawazoe Report also called for an expert group of central bank statisticians to deal with the practical issues of the report's recommendations. The inaugural meeting of this group was held at the BIS in October 2000. At this meeting, group members had a preliminary exchange of views on a plan detailing the data to be collected and focusing on the detail of disaggregation to be provided.

It is worth noting that the suggestions of the working group are in full agreement with the recommendations of other international bodies, such as those of the Banking Supervision Committee of the European System of Central Banks and those issued by the Financial Stability Forum. The recommendations are thus a welcome step towards the development of consolidated banking statistics as a consistent source of aggregate information compatible with banks' own internal risk measurement procedures. In this sense it is hoped that the improvements to the statistics will support the efforts being undertaken by a wide range of national and international bodies to heighten transparency in support of international financial stability, while maintaining the status of the BIS international banking statistics as a key data source for participants in international financial markets.

^① See Report of the Working Group on the BIS International Banking Statistics (Kawazoe Report), Committee on the Global Financial System, Basel, September 2000 (available at www.bis.org).

Possible presentation of ultimate risk data as suggested by the Kawazoe Report
(compared to current presentation of contractual data)

A. <i>Current presentation of immediate borrower data (as of November 2000)</i>	B. <i>Possible presentation of ultimate risk data (from end-2004)</i>
<i>Consolidated cross-border claims of BIS reporting banks</i>	<i>Consolidated international exposures of BIS reporting banks¹</i>
Cross-border contractual claims reported on an immediate borrower basis.	International claims reported on an ultimate risk basis. By sector.
A1. <i>Maturity breakdown</i> ➤ - 1 yr, 1 - 2 yrs, 2 yrs+, unallocated	B1. <i>Banks</i> ➤ maturity breakdown
A2. <i>Sectoral breakdown</i> ➤ banks, public sector, non-bank private sector, unallocated	B2. <i>Non-bank private sector</i> ➤ maturity breakdown
A3. <i>Total</i>	B3. <i>Public sector</i> ➤ maturity breakdown
	B4. <i>Market value of OTC derivatives (reported on an ultimate risk basis)</i>
A4. <i>Undisbursed credit commitments and backup facilities</i>	B5. <i>Baseline measure of reporting banks' exposures (sum of lines B1, B2, B3 and B4)</i>
A5. <i>Local currency positions of reporting banks' foreign affiliates with local residents</i> ➤ claims and liabilities	B6. <i>Contingent facilities (possible sectoral breakdown)</i>
A6. <i>Banks' net risk exposure² (memorandum item, ultimate risk basis)</i>	B7. <i>Baseline measure of reporting banks' exposures to exceptional circumstances (sum of lines B5 and B6)</i>

¹ Item B5 is broadly equivalent to item A6 in the present statistics, with the addition of banks' derivatives exposures (as indicated by position B4). Item B6 aims to collect more consistent data than the current line A4, while position B7 is meant to reflect the importance of contingent claims. ² Item A6 in the present statistics is derived from the contractual total, position A3, by subtracting net guarantees by third parties.