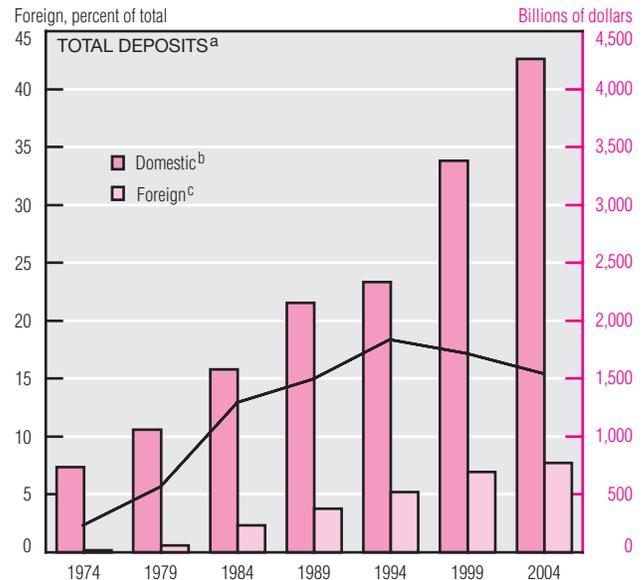
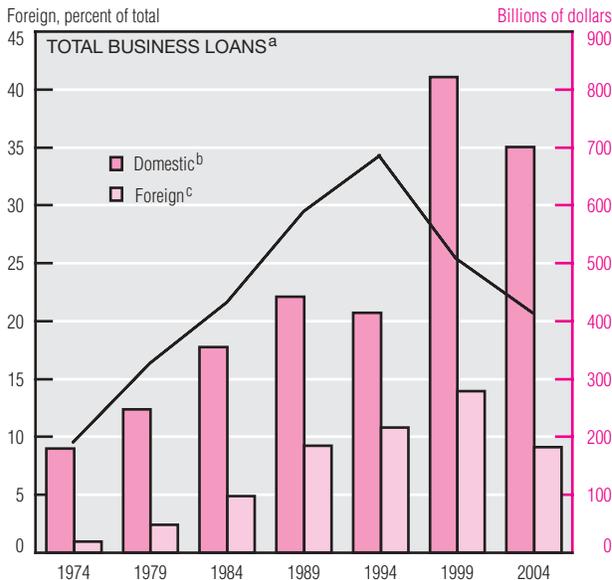
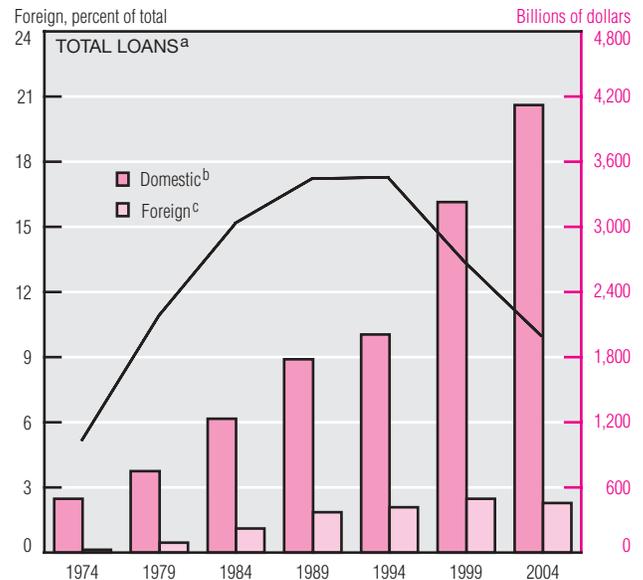
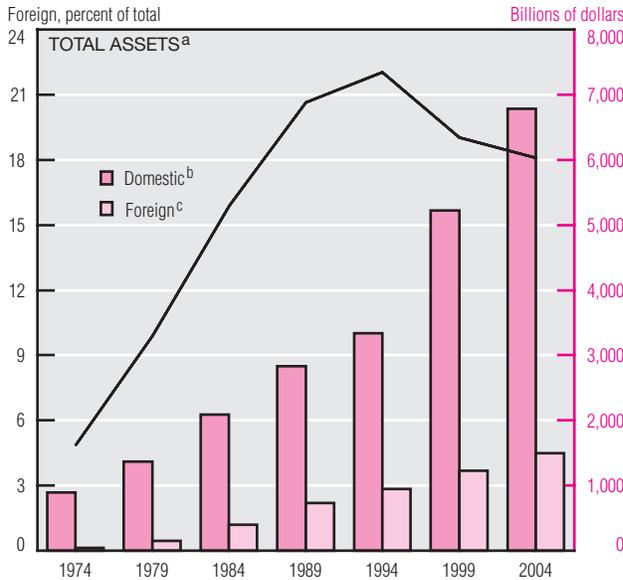


# Foreign Banking Organizations



NOTE: All 2004 data are as of the second quarter.

a. Total claims, including domestically owned commercial banks as well as foreign banks' branches and agencies in the 50 states and the District of Columbia; New York investment companies (through September 1996); U.S. commercial banks, of which more than 25% are owned by foreign banks; and international banking facilities. The data exclude Edge Act and agreement corporations; U.S. offices of banks in Puerto Rico, the U.S. Virgin Islands, and other U.S.-affiliated insular areas; and foreign bank offices in U.S.-affiliated insular areas. Foreign banks are those owned by institutions located outside the U.S. and its affiliated insular areas.

b. Excludes commercial banks, with more than 25% ownership by foreign banks, but includes international banking facilities as well as banks owned by nonbank foreigners.

c. Adjusted to exclude net claims on own foreign offices.

SOURCE: Board of Governors of the Federal Reserve System, *Structure and Share Data for U.S. Offices of Foreign Banks*.

The U.S. banking industry shows the impact of financial markets' increasing globalization. Clearly, foreign banks are becoming more important to our country's banking system. Total assets held by foreign banks have risen steadily from \$46 billion in 1974 to over \$1,497 billion in mid-2004, more than trebling the share of assets they held from 4.9% to 18.1%.

Similar patterns are apparent in foreign banking organizations' market share of both loans and deposits. Their

holdings of total loans increased from \$27.0 billion in 1974 to \$455.6 billion at the end of 2004:IIQ, nearly doubling their share of total loans from 5.15% to 9.95%. Given the nature of the lending process and the importance of established bank-customer relationships, it is not surprising that foreign banking organizations' loan share has grown much more slowly than their share of total assets.

On the other hand, foreign banking organizations increased their holdings

of business loans from \$18.8 billion in 1974 to \$182.3 billion as of June 30, 2004, increasing their share from 9.46% to 20.64%. Their greater share of business loans, compared to their share of total loans and total assets, indicates a focus on commercial lending.

Finally, the \$722.8 billion in deposits held by foreign banking organizations, a 15.36% share, confirms that they are important competitors in the U.S. banking system.