Reporting Standard ARS 731.1

International Banking Statistics — Locational Data

Objective of this Reporting Standard

This Reporting Standard outlines the requirements for the provision of information to APRA relating to an authorised deposit-taking institution's international exposures.

It includes *Reporting Form ARF 731.1 International Banking Statistics — Locational Data* (ARF 731.1) and the associated specific instructions.

Authority

1. This Reporting Standard is made under section 13 of the *Financial Sector (Collection of Data) Act 2001*.

Purpose

2. Information collected by this Reporting Standard is used by APRA for the purposes of satisfying Australia's obligations in providing aggregate international banking statistics to the Bank for International Settlements, and may be used by APRA for prudential regulation purposes. It may also be used by the Reserve Bank of Australia.

Application and commencement

~~3.~~ This reporting standard applies to ADIs within ADI Category B.~~This reporting standard applies to an authorised deposit-taking institution (ADI) as set out in the table below.~~

~~Class of ADI~~	~~Applicable~~
~~Australian-owned Bank~~	~~Yes~~
~~Foreign Subsidiary Bank~~	~~Yes~~
~~Branch of a Foreign Bank~~	~~Yes~~
~~Building Society~~	~~No~~
~~Credit Union~~	~~No~~
~~Other ADIs~~	~~No~~

~~4.~~3. This Reporting Standard applies for reporting periods ending on or after ~~31 December 2017~~1 October 2027.

Information required

~~5.~~4. An ADI~~,~~ to which this Reporting Standard applies~~,~~ must provide APRA with the information required by ~~ARF 731.1~~this Reporting Standard on a domestic books basis in respect of each reporting period.

Forms and method of submission

5. The information required by this Reporting Standard must be given to APRA:

(a) in electronic format using ~~the 'Direct to APRA' application~~an electronic method available on APRA's website; or

~~(a)~~ by a method notified by APRA~~, in writing,~~ prior to submission.

(b) ~~*Note*: the 'Direct to APRA' application software (also known as 'D2A') may be obtained from APRA.~~

Reporting periods and due dates

6. Subject to paragraph 9, an ADI to which this Reporting Standard applies must provide the information required by this Reporting Standard in respect of each quarter ending 30 September, 31 December, 31 March and 30 June.

7. The information required by this Reporting Standard must be provided to APRA within 35~~28~~ calendar days after the end of the reporting period to which the information relates.

8. APRA may, by notice in writing, change the reporting periods, or specified reporting periods, for a particular ADI, to require it to provide the information required by this Reporting Standard more frequently, or less frequently, having regard to:

(a) the particular circumstances of the ADI;

(b) the extent to which the information is required for the purposes of the prudential supervision of the ADI; and

(c) the requirements of the Bank for International Settlements or the Reserve Bank of Australia.

9. APRA may grant an ADI an extension of a due date, in writing, in which case the new due date for the provision of the information will be the date on the notice of extension.

Note: for the avoidance of doubt, if the due date for a particular reporting period falls on a day other than a usual business day, an ADI is nonetheless required to submit the information required no later than the due date.

Quality control

10. The information provided by an ADI under this Reporting Standard must be the product of processes and controls that have been reviewed and tested by the external auditor of

the ADI. *Guidance Statement GS 012 Prudential Reporting Requirements for Auditors of Authorised Deposit-taking Institutions*, issued by the Auditing and Assurance Standards Board, provides guidance on the scope and nature of the review and testing required from external auditors. This review and testing must be done on an annual basis or more frequently if necessary to enable the external auditor to form an opinion on the accuracy and reliability of the information.

11. All information provided by an ADI under this Reporting Standard must be subject to processes and controls developed by the ADI for the internal review and authorisation of that information. These systems, processes and controls are to assure the completeness and reliability of the information provided.

Authorisation

12. When an officer or agent of an ADI ~~submits information under~~provides the information required by this Reporting Standard using ~~the D2A software or, other method as notified by APRA in writing~~an electronic format, ~~it will be necessary for an~~the officer or agent ~~of the ADI to~~must digitally sign~~, authorise and encrypt~~ the relevant information~~. For this purpose, APRA's certificate authority will issue 'digital certificates', for use with the software, to officers of the ADI who have authority from the ADI to transmit the information to APRA~~ using a digital certificate acceptable to APRA.

Minor alterations to forms and instructions

13. APRA may make minor variations to:

    (a) a form that is part of this Reporting Standard, and the instructions to such a form, to correct technical, programming or logical errors, inconsistencies or anomalies; or

    (b) the instructions to a form, to clarify their application to the form

    without changing any substantive requirement in the form or instructions.

14. If APRA makes such a variation it must notify in writing each ADI that is required to report under this reporting standard.

Transitional

~~15.~~ An ADI must report under the ~~old~~ reporting standard~~s~~ revoked by the determination that makes this Reporting Standard in respect of any reporting periods ending before 1 October 2027~~in respect of a transitional reporting period. For these purposes:~~

~~16. ***old reporting standards*** means the reporting standards revoked in the determination making this reporting standard (being the reporting standards which this reporting standard replaces);~~

~~17. ***transitional reporting period*** means a reporting period under the old reporting standards:~~

~~18. which ended before the date of revocation of the old reporting standards; and~~

~~19. in relation to which the ADI was required, under the old reporting standards, to report by a date on or after the date of revocation of the old reporting standards.~~

~~20.~~15. ~~*Note:* for the avoidance of doubt, if an ADI was required to report under an old reporting standard, and the reporting documents were due before the date of revocation of the old reporting standard, the ADI is still required to provide the overdue reporting documents in accordance with the old reporting standard~~.

Interpretation

~~21.~~16. In this reporting standard:

AASB has the meaning in section 9 of the *Corporations Act 2001*.

ADI means an authorised deposit-taking institution within the meaning of the *Banking Act 1959*.

ADI Category B means the ADI reporting category defined in paragraph of *Reporting Standard ARS 701.0 ABS/RBA Definitions for the EFS Collection*.

APRA means the Australian Prudential Regulation Authority established under the *Australian Prudential Regulation Authority Act 1998*.

Australian-owned bank means a locally incorporated ADI that assumes or uses the word 'bank' in relation to its banking business and is not a foreign subsidiary bank.

~~***branch of a foreign bank*** means a 'foreign ADI' as defined in section 5 of the *Banking Act 1959*.~~

building society means a locally incorporated ADI that assumes or uses the expression 'building society' in relation to its banking business.

~~***class of ADI*** means each of the following:~~

~~(i) Australian-owned bank;~~

~~(ii) foreign subsidiary bank;~~

~~(iii) branch of a foreign bank;~~

~~(iv) building society;~~

~~(v) credit union; and~~

~~(vi) other ADI.~~

credit union means a locally incorporated ADI that assumes or uses the expression 'credit union' in relation to its banking business.

due date means the last day of the 35~~28~~ calendar days provided for in paragraph 8, or, if applicable, paragraph 10.

foreign subsidiary bank means a locally incorporated ADI in which a bank that is not locally incorporated has a stake of more than 15 per cent.

locally incorporated means incorporated in Australia or in a State or Territory of Australia, by or under a Commonwealth, State or Territory law.

~~***other ADI*** means an ADI that is not an Australian-owned bank, a branch of a foreign bank, a building society, a credit union or a foreign subsidiary bank.~~

reporting period means a quarter of a year as provided for in paragraph 7.

~~22.~~17. In this Reporting Standard, unless the contrary intention appears, a reference to an Act, Regulations~~, or~~ Prudential Standard, Reporting Standard, Australian Accounting Standing or Auditing Standard is a reference to the ~~Act, Regulations or Prudential Standard~~instrument as in force or existing from time to time.

~~23.~~18. Where this Reporting Standard provides for APRA to exercise a power or discretion, this power or discretion is to be exercised in writing.

ARF_731_1: International Banking Statistics — Locational Data

Australian Business Number	Institution Name

Reporting Period	Scale Factor
Quarterly	Millions to three decimal places

Reporting Consolidation
Domestic Books

1. Claims by currency, counterparty, country and financial instrument

Currency (1)	Vis-à-vis counterparty sector (2)	Vis-à-vis country (3)	Loans and deposits (4)	Holdings of debt securities (5)	Other assets (6)	Total claims (7)
AUD	Banking: related offices	Country list				
USD	Banking: central banks					
EUR	Banking: other					
JPY	Non-banking financial institutions					
GBP	General government					
CHF	Non-financial corporations					
NZD	Households and non-profits					
RMB	Unallocated					
Other						

1.1. Grand total across all currencies, counterparties and countries				

2. Liabilities by currency, counterparty, country and financial instrument

Currency (1)	Vis-à-vis counterparty sector (2)	Vis-à-vis country (3)	Loans and deposits (4)	Issue of debt securities: remaining maturity <= 1 year (5)	Issue of debt securities: remaining maturity > 1 year (6)	Issue of debt securities: Total (7)	Other liabilities (8)	Total liabilities (9)
AUD	Banking: related offices	Country list						
USD	Banking: central banks							
EUR	Banking: other							
JPY	Non-banking financial institutions							
GBP	General government							
CHF	Non-financial corporations							
NZD	Households and non-profits							
RMB	Unallocated							
Other								

2.1. Grand total across all currencies, counterparties and countries						

Reporting Form ARF 731.1

International Banking Statistics — Locational Data

Instructions

These instructions assist in the completion of *Reporting Form ARF 731.1 International Banking Statistics — Locational Data* (ARF 731.1) and are based on the Bank for International Settlements (BIS) *Guidelines for reporting the BIS international banking statistics* (BIS Guide). Reporting entities are encouraged to consult the BIS Guide for a detailed discussion of the rationale for, and uses of, the international banking statistics: ~~http://www.bis.org/statistics/bankstatsguide.htm~~http://www.bis.org/statistics/bankstatsguide.htm.

ARF 731.1 has two purposes:

- to provide information on the international exposures of Australian-***resident*** banks; and
- to satisfy Australia's obligation to the BIS in providing aggregate international banking statistics for Australia. These are available, along with statistics from other countries, on the BIS website (~~http://www.bis.org/statistics/index.htm~~https://www.bis.org/statistics/dataportal/index.htm).

ARF 731.1 is part of the international exposures forms. The four forms (listed below) make up the suite of international exposures forms.

- *ARF 731.1* collects data on ***claims*** and ***liabilities*** broken down by ***currency***, ***counterparty sector***, and ***counterparty country*** on a domestic books basis.
- *Reporting Form ARF 731.3A International Banking Statistics — Immediate and Ultimate Risk Exposures — Domestic Entity* (ARF 731.3A) collects data on ***claims*** and ***liabilities*** broken down by ***counterparty country, maturity*** and ***counterparty sector*** on the greater of ***Level 1*** or ***Level 2*** basis.
- *Reporting Form ARF 731.3B International Banking Statistics — Immediate and Ultimate Risk Exposures — Foreign Entity* (ARF 731.3B) collects data on ***claims*** of ***foreign subsidiary banks*** and ***branches of foreign banks*** broken down by ***counterparty country, maturity*** and ***counterparty sector*** on a domestic books basis.
- *Reporting Form ARF 731.4 International Banking Statistics — Balance Sheet Items* (ARF 731.4) collects a small number of balance sheet items for Australian-owned banks on the greater of ***Level 1*** or ***Level 2*** basis.

Australian-owned banks complete ARF 731.1, ARF 731.3A and ARF 731.4.

Foreign subsidiary banks and ***branches of foreign banks*** complete ARF 731.1 and ARF 731.3B.

Reporting level

ARF 731.1 is to be completed by all banks on a domestic books basis.

Domestic books means an unconsolidated report of positions, transactions and other information recorded on the Australian books of the body corporate authorised by ***APRA*** to carry on banking business as per the *Banking Act 1959*. Includes transactions and positions with both ***residents*** and ***non-residents*** that are recorded on the Australian books of these entities.

Do not consolidate positions, transactions and other information recorded on the books of Extended Licensed Entities (ELEs), of any other entity not consolidated at Level 1 (for example, ***related parties*** such as subsidiaries, special purpose vehicles or parent entities) and of overseas-based entities (e.g. overseas-based branches and offshore banking units (within the meaning of section 128AE of the *Income Tax Assessment Act 1936*)).

Data are to be supplied on the positions on the Australian books of the Australian reporting entity, including ***claims*** and ***liabilities*** in all ***currencies*** including AUD vis-à-vis ***residents*** and ***non-residents*** of Australia.

Reporting basis and unit of measurement

The return should be completed as at the last day of the stated quarter (i.e. March, June, September and December).

All banks are to complete the return in AUD millions to three (3) decimal places ~~(with the data formatted to the nearest million)~~.

Amounts denominated in foreign ***currency*** are to be converted to AUD in accordance with *AASB 121 The Effects of Changes in Foreign Exchange Rates* (AASB 121).

Report all items on ARF 731.1 in accordance with Australian Accounting Standards unless otherwise specified.

Netting of assets and liabilities

Assets and ***liabilities*** should in principle be reported on a gross basis in the ***locational statistics***. Assets and ***liabilities*** vis-à-vis the same counterparty should be reported separately, not netted one against the other. An exception exists for some cases of ***derivative contracts***.

Reporting of net positions is allowed only if Australian accounting standards allow netting of multiple matching swaps (by ***currency*** and ***maturity***) with the same ***counterparty*** that are covered under a legally enforceable netting agreement. For swaps, the net market/fair value of each contract, where here the "net" refers to the net present value of the "two legs" of a swap, should be reported. Financial derivatives other than swaps should be reported at gross market value, with positive market value as ***claims*** and negative market value as ***liabilities***.

Standard Business Reporting (SBR)

The accounting type (i.e. credit or debit) is stated for all monetary items and represents the natural accounting type of the item collected.

Valuation

Assets and ***liabilities*** should be measured in accordance with Australian accounting standards.

Note: International financial ***claims*** should be reported gross of specific provisions and General Reserve for Credit Losses as defined by *Prudential Standard APS 220 Credit ~~Credit Quality~~Risk Management*. Provisions and reserves are not to be included in ARF 731.1, ARF 731.3A and ARF 731.3B.

When reporting the data, reporting entities should also ensure that all figures be prepared in accordance with applicable Australian accounting principles.

As a general rule, it is recommended that financial ***claims*** belonging to the banking book be valued at face values or cost prices and financial ***claims*** belonging to the trading book be valued at market or fair values which is largely consistent with *AASB 139 Financial Instruments: Recognition and Measurement.*

Background to the international exposures forms

There are two main sets of international banking data: the locational and consolidated banking statistics.

The ***locational statistics*** (collected on ARF 731.1) collect data on the domestic books international financial ***claims*** (assets) and ***liabilities*** of ***resident*** banks. The main purpose of the statistics is to provide information on the role of banks and financial centres in the intermediation of international capital flows. The key organisational criteria are:

- the country of residence of the reporting entities and their counterparties; and
- the recording of all positions on a gross basis, including those vis-à-vis own affiliates.

This methodology is consistent with the principles underlying the compilation of national accounts, balance of payments and external debt statistics.

The ***consolidated statistics*** (collected on ARF 731.3A, ARF 731.3B and ARF 731.4) collects data on international on-balance sheet (and selected off-balance sheet) financial ***claims*** (i.e. contractual lending) of banks vis-à-vis Australia and the rest of the world and provides a measure of the risk exposure of lenders' national banking systems.

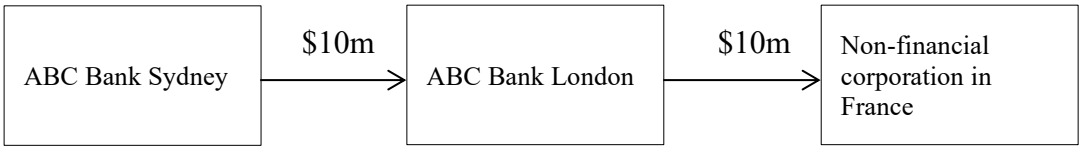
The key difference between the two sets of BIS banking data is based upon the concept of residency. ***Locational statistics*** show the ***claims*** and ***liabilities*** of banks located in Australia vis-à-vis entities located in Australia and other countries, including inter-office positions, and domestic entities.

The ***consolidated statistics*** show the total ***claims*** of a reporting entity group's global offices,

including the ***claims*** of their domestic and foreign affiliates. ***Claims*** between offices of the same entity group are netted out.

The differences between locational and ***consolidated statistics*** are highlighted in an example in Figure 1. ABC Bank (headquartered in Sydney) has lent $10 million to a non-financial corporation located in France routed via its branch office in London.

Figure 1: Flow of funds and BIS locational and ***consolidated statistics***



The implications of this transaction for the BIS data are as follows:

Locational statistics:
Australian-***resident*** bank (i.e. ABC Bank Sydney) will report to APRA a $10 million increase in locational ***claims*** on UK ***resident*** banks (ABC Bank London).

The UK ***resident*** bank will report to the UK regulator a $10 million increase in locational ***claims*** on a non-financial corporation ***resident*** in France.

Consolidated statistics:
Australian ***resident*** reporting bank (i.e. ABC Bank, Sydney) will report a $10 million increase in consolidated ***claims*** on a non-financial corporation ***resident*** in France.

Specific instructions

Terms highlighted in ***bold italics*** indicate that the definition is provided in these instructions.

1. Claims by currency, counterparty, country and financial instrument

The main items to be reported are:

- ***claims*** vis-à-vis ***non-residents*** in all ***currencies***; and
- ***claims*** vis-à-vis ***residents*** in all ***currencies***, reported with Australia as the ***counterparty country***.

SBR: submit item 1 with accounting type of debit (assets).

Item 1	In item 1 column 1, report the ***currency*** of the ***claim***.
	
	In item 1 column 2, report the ***counterparty sector*** to the ***claim.*** The ***counterparty sectors*** to be reported are:
	• ***Banking: related offices***;
	• ***Banking: central banks***;
	• ***Banking: other***;
	• ***Non-banking financial institutions***;
	• ***General government***;
	• ***Non-financial corporations***;
	• ***Households and non-profit institutions serving households (NPISHs)***; and
	• ***Unallocated sector***.
	
	~~Avoid reporting large amounts as~~If the current counterparty's sector is unknown, report the ***claim*** under ***unallocated sector***.
	
	In item 1 column 3, report the ***counterparty country*** to the ***claim***.
	
	In item 1 column 4, report the ***loans claims*** and ***deposits claims*** for the selected ***currency, counterparty sector*** and ***counterparty country.***
	
	In item 1 column 5, report the holdings of ***debt securities*** for the selected ***currency, counterparty sector and counterparty country.*** Report the ***counterparty country*** as the country of residence of the issuer of the security.
	
	Item 1 column 6 is derived as:
	• the value in column 7 total ***claims,*** less;
	  o the value in column 4 ***loans*** and ***deposits;*** and
	  o the value in column 5 holdings of ***debt securities.***
	
	Report the holdings of ***other assets*** for the selected ***currency, counterparty sector*** and ***counterparty country.***

	In item 1 column 7, report the total ***claims*** for the selected ***currency, counterparty sector*** and ***counterparty country.***

Grand total across all currencies, counterparties and countries

	Item 1.1 Column 4 is derived as the sum of all ***loans*** and ***deposits*** for all ***currencies, counterparty sectors*** and ***counterparty countries.*** Item 1.1 Column 5 is derived as the sum of all holdings of ***debt securities*** for all ***currencies, counterparty sectors*** and ***counterparty countries.*** Item 1.1 Column 6 is derived as the sum of all ***other assets*** for all ***currencies, counterparty sectors*** and ***counterparty countries.*** Item 1.1 Column 7 is derived as the sum of all ***claims*** for all ***currencies, counterparty sectors*** and ***counterparty countries.***

2. Liabilities by currency, counterparty country and financial instrument

The main items to be reported are:

- ***liabilities*** vis-à-vis ***non-residents*** in all ***currencies***; and
- ***liabilities*** vis-à-vis ***residents*** in all ***currencies***, reported with Australia as the ***counterparty country***.

SBR: submit item 2 with accounting type of credit (liabilities).

Item 2	In item 2 column 1, report the ***currency*** of the ***liability***. In item 2 column 2, report the ***counterparty sector*** to the ***liability***. If the counterparty's sector is unknown, report the ***liability*** under ***unallocated sector***. The ***counterparty sectors*** to be reported are: • ***Banking: related offices***; • ***Banking: central banks***; • ***Banking: other***; • ***Non-banking financial institutions***; • ***General government***; • ***Non-financial corporations***; • ***Households and non-profit institutions serving households (NPISHs)***; and • ***Unallocated sector***. ~~Avoid reporting large amounts as unallocated.~~

	In item 2 column 3, report the ***counterparty country*** to the ***liability***. If the ***counterparty country*** is unknown, report the ***liability*** under unallocated by ***counterparty country***. In item 2 column 4, report the ***deposit liabilities*** and ***loan liabilities*** for the selected ***currency, counterparty sector*** and ***counterparty country.*** In item 2 column 5 report issue of ***debt securities*** with a ***maturity*** of less than or equal to one year, for the selected ***currency, counterparty sector*** and ***counterparty country.*** In item 2 column 6 ~~R~~report issue of ***debt securities*** with a ***maturity*** of greater than to one year, for the selected ***currency, counterparty sector*** and ***counterparty country*** ~~in item 2 column 6~~ . Column 7 is derived as • the value in column 5: issue of ***debt securities***: remaining ***maturity*** <= 1 year; and • the value in column 6: issue of ***debt securities***: remaining ***maturity*** > 1 year. Report the issue of ***debt securities*** for the selected ***currency, counterparty sector*** and ***counterparty country.*** Column 8 is derived as: the value in column 9 total ***liabilities,*** less; o the value in column 4 ***loans and deposits;*** and o the value in column 7 issue of ***debt securities.*** Report the issue of ***other liabilities*** for the selected ***currency, counterparty sector*** and ***counterparty country.*** In item 2 column 9, report the total ***liabilities*** for the selected ***currency, counterparty sector*** and ***counterparty country***.

Grand total across all currencies, counterparties and countries

	In item 2.1 column 4 is item is derived as the sum of all ***loans and deposits*** for all ***currencies, counterparty sectors*** and ***counterparty countries.*** In item 2.1 column 5 is derived as the sum of all ***debt securities*** for all ***currencies, counterparty sectors*** and ***counterparty countries.*** Item 2.1 column 6 is derived as the sum of all issue of ***debt securities***: remaining ***maturity*** <= 1 year for all ***currencies, counterparty sectors*** and ***counterparty countries.*** Item 2.1 column 7 is derived as the sum of all issue of ***debt***

	securities: remaining ***maturity*** > 1 year for all ***currencies, counterparty sectors*** and ***counterparty countries.*** Item 2.1 column 8 is derived as the sum of all ***other liabilities*** for all ***currencies, counterparty sectors*** and ***counterparty countries.*** Item 2.1 column 9 is derived as the sum of all ***liabilities*** for all ***currencies, counterparty sectors*** and ***counterparty countries.***

Definitions

Banking refers to financial institutions whose business it is to receive deposits or close substitutes for deposits and to grant credits or invest in securities on their own account, including credit unions and building societies. Money market funds, investment funds and pension funds are excluded from this category.

Banking: central banks refers to central banks, including the RBA, BIS, the European Central Bank, and other official monetary authorities. A complete list of central banks is maintained on the BIS website at http://www.bis.org/statistics/bankstatsguide.htm.

Banking: other refers to ***banking*** institutions not included in ***bankings: related offices*** and ***bankings: central banks.***

Banking: related offices refers to entities that are part of the same ***banking*** group (i.e. have the same controlling parent institution). Include the controlling parent, the head office (if different), and branches and subsidiaries which are part of the consolidated entity.

Claims includes all on-balance sheet financial assets in all ***currencies*** vis-à-vis all counterparty countries. Include ***trustee business***.

Consolidated statistics – See section *Background to the international exposures forms*.

Counterparty country refers to where the counterparty of the financial instrument is domiciled.

Countries include the countries listed~~are~~ as per ISO 3166, available at https://www.iso.org/iso-3166-country-codes.html~~http://www.iso.org/iso/country_codes~~, as well as the BIS ***counterparty country*** classifications *International Organisations* and *Unallocated.* ***Claims*** on and ***liabilities*** due to international organisations should not be allocated to an ISO 3166 country code, but should be reported under *International Organisations*.

Counterparty sector refers to the economic sector of the counterparty of the financial instrument. There are eight ***counterparty sectors*** to be reported:

- ***Banking: related offices***;
- ***Banking: central banks***;
- ***Banking: other***;
- ***Non-banking financial institutions***;

- ***General government***;
- ***Non-financial corporations***;
- ***Households and non-profit institutions serving households (NPISHs)***; and
- ***Unallocated sector***.

Currency refers to the ***currency*** of denomination for an instrument. There are nine breakdowns to report:

- *Australian dollar (AUD);*
- *US dollar (USD);*
- *Euro (EUR);*
- *Japanese Yen (JPY);*
- *British pound (GBP);*
- *Swiss franc (CHF);*
- *New Zealand dollar (NZD);*
- *Chinese renminbi* (RMB); and
- Other ***currencies***.

RMB should include both onshore and offshore Chinese renminbi, using the relevant exchange rate which reflects the individual exposure.

All positions are reported in AUD.

Debt securities refers to banks' holdings of ***debt securities*** and banks' own issues of ***debt securities***.

Banks' holding of ***debt securities*** comprise ***claims*** in all negotiable debt instruments, include:

- all negotiable short and long-term debt instruments;
- negotiable certificates of deposit (CDs); and
- ***debt securities*** held in the bank's own name but on behalf of third parties as part of ***trustee business***.

Exclude:

- equity shares, investment fund units and warrants;
- ***debt securities*** held on a purely custodial basis for customers;
- ***debt securities*** acquired in the context of securities lending transactions without cash collateral; and
- borrowing and lending of securities and gold without cash collateral.

The reporting of negative positions is accepted in those cases where it is the result of the short selling of securities acquired in the context of repo or bond lending transactions.

Banks' issues of ***debt securities*** comprise ***liabilities*** in all negotiable ***debt securities***, including negotiable CDs, subordinated issues and issues in their own name but on behalf of third parties.

Deposits claims include deposits placed by the ADI with another financial institution that is not represented by negotiable securities. Includes non-negotiable certificates of deposit and intra-group deposits. ***Deposit claims*** may only be reported against the following ***counterparty***

sectors:

- ***Bankings: related offices***;
- ***Bankings: central banks***;
- ***Bankings: other***; and
- ***Non-banking financial institutions.***

Deposit liabilities comprise all deposits held with the bank reflecting evidence of deposit that are not represented by negotiable securities, including non-negotiable certificates of deposit.

Derivative contracts include derivative instruments that are reflected in the on-balance sheet positions of reporting entities under International Financial Reporting Standards (IFRS) (e.g. assets and ***liabilities*** arising from ***currency*** swaps, cash margins in connection with futures and fair values of option contracts). For the purposes of this form derivative instruments that are recorded on-balance sheet are to be included at fair values under ***other assets*** and ***other liabilities***. Gross future commitments, recorded off-balance sheet, arising from ***derivative contracts*** should not be reported.

Where ***derivative contracts*** are entered into after adoption of IFRS, they are to be reported consistent with the classification and measurement basis used for derivatives by institutions in accordance with *AASB 132 Financial Instruments: ~~Disclosure and~~ Presentation*, *AASB 7 Financial Instruments: Disclosures* and *AASB 139 Financial Instruments: Recognition and Measurement*. ***Derivative contracts*** in existence prior to adoption of IFRS are to be reported in accordance with *AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards*.

The ***currency*** denomination of ***derivative contracts*** should be the ***currency*** in which the value of the ***derivative contracts*** are to be redeemed or settled.

Note: The treatment of ***derivative contracts*** differs in ***consolidated statistics***.

General government refers to federal, state and local government and social security funds both in Australia and overseas ~~(the general government sector)~~, and non-profit institutions financed by ***general government***. Exclude public ***non-banking financial institutions*** and public ***non-financial corporations.*** These should be classified as ***non-banking financial institutions*** or ***non-financial corporations***, respectively. Exclude central banks. These should be classified as ***Banking: central banks***. ~~and~~Exclude international organisations (including multilateral development banks and other development banks). These should be classified as ***non-banking financial institutions*** or ***non-financial sector*** in the ***locational statistics*** ~~***Banks: central banks***~~.

Note: This definition of ***general government*** is different to the ***consolidated statistics*** reported in ARF 731.3A and ARF 731.3B.

Households and non-profit institutions serving households (NPISHs) refers to households, non-profit entities such as charities, religious institutions, trade unions, consumer associations and unincorporated enterprises owned by households.

Liabilities includes all on-balance sheet financial ***liabilities*** in all ***currencies*** vis-à-vis all counterparty countries, and ***trustee business***.

Loan claims comprise of all ***loans*** where the bank extends funding and receives an asset.

Loan liabilities comprise of all ***loans*** where the bank receives funding in return for a claim against it. For example: intra-group ***loans***.

Loans are financial assets that are created when a creditor lends funds directly to a debtor and are evidenced by non-negotiable documents.

Include:
- ***trade-related credits***;
- ***trustee business***;
- international note and coin;
- repurchase transactions (repos);
- financial leases;
- promissory notes;
- non-negotiable ***debt securities***;
- endorsement ***liabilities*** arising from bills rediscounted; and
- subordinated ***loans*** (including subordinated non-negotiable ***debt securities***).

Exclude:
- ***loans*** that have become negotiable de facto. These should be classified under ***debt securities***; and
- borrowing and lending of securities and gold without cash collateral.

Multi-***currency loans*** should be classified according to the ***currency*** in which the repayment obligation exists. This would normally be the same ***currency*** in which the drawings are made.

Locational statistics – See section *Background to the international exposures forms*.

Maturity refers to the remaining ***maturity*** of the instrument.

Non-banking financial institutions refers to private or public financial institutions which are not ***banking*** institutions, but are engaged primarily in the provision of financial services and activities auxiliary to financial intermediation, such as fund management. Include special purpose vehicles, hedge funds, securities brokers, money market funds, pension funds, insurance companies, financial leasing corporations, central clearing counterparties, unit trusts, other financial auxiliaries and other captive financial institutions. Also include any public financial institutions such as multilateral development banks and export credit agencies.

Non-financial corporations refers to both public and private ***non-financial corporations*** as well as unincorporated enterprises that function as if they were corporations, such as partnerships and branches of foreign corporations.

Non-residents of Australia are entities whose centre of predominant economic interest is outside Australia's economic territory.

For Australian-***resident*** banks, ***non-residents*** should ~~I~~include:
- households whose principal place of residence is overseas; and

- foreign branches and foreign subsidiaries of Australian enterprises, for example, a foreign branch of an Australian bank.

For Australian-***resident*** banks, ***non-residents*** should ~~E~~exclude:
- Australian-based branches and subsidiaries of foreign enterprises, for example, Australian branches of foreign banks.

Other assets and ***other liabilities*** are the residual ***claims*** and ***liabilities*** that are not included under ***loans***, ***deposits*** or ***debt securities***.

Include:
- equity shares;
- mutual and investment fund units and holdings of shares in a reporting entity's own name but on behalf of third parties;
- participations;
- ***derivative contracts***;
- working capital supplied by head offices to branches;
- accrued interest;
- items in the course of collection; and
- any other ***claim*** or ***liability*** not included in ***loans***, ***deposits*** or ***debt securities***.

Exclude:
- borrowing and lending of securities and gold without cash collateral.

Residents of Australia are entities whose centre of predominant economic interest is within Australia's economic territory.

For Australian-***resident*** banks, ***residents*** should ~~I~~include:
- households whose principal place of residence is in Australia; and
- Australian branches and Australian subsidiaries of foreign enterprises, for example, Australian branches of foreign banks.

For Australian-***resident*** b~~q~~anks, ***residents*** should ~~E~~exclude:
- foreign branches and foreign subsidiaries of Australian enterprises, for example, foreign branches of Australian banks.

Trade-related credits mainly occur in one of two forms: as buyers' credits or as suppliers' credits. A buyer's credit is granted directly by a reporting entity to a foreign importer and therefore represents an external asset that should be included in the ***locational statistics***.

In contrast, a supplier's credit is granted directly by a reporting entity to a domestic exporter. However, this credit may be extended on the basis of a trade bill that is drawn by the exporter on the importer and subsequently acquired by the reporting entity. These credits may therefore be treated as external or domestic assets depending on whether the residency of the drawee (who is the final debtor) or of the presenter of the bill (who has guaranteed payment by endorsing the bill) is used as the criterion for geographical allocation.

For the purposes of the ***locational statistics***, it is recommended that suppliers' credits be allocated according to the residence of the drawee of the relevant trade bills, as the drawee is

the final recipient of the credit extended.

Reporting entities may acquire external trade bills 'à forfait' and 'en pension'. An 'à forfait' purchase is an outright purchase that absolves the seller/presenter of the bills from any obligation should the drawee fail to honour the bill when it matures. When the drawee is a ***non-resident***, such bills should similarly be considered to be external assets, irrespective of the residence of the presenter.

An 'en pension' acquisition involves a reporting entity purchasing a foreign trade bill under a sale and repurchase agreement with the domestic exporter whereby the reporting entity must or may return the bill to the exporter on, or prior to, the ***maturity*** date. If the return of the bill is optional, the bill is recorded in the balance sheet of the purchaser as a claim on the drawee. If the bill must be returned, the instrument remains in the balance sheet of the seller and the transaction can be regarded as an advance to the domestic exporter that should not be included in the ***locational statistics*** as a foreign asset.

Trustee business
Funds received by reporting entities on a trust basis represent international ***liabilities*** that fall into the category of ***loans*** and deposits. Funds on-lent or deposited on a trust basis in reporting entities' own name, but on behalf of third parties, with ***non-residents*** in any ***currency*** or with ***residents*** in foreign ***currency***, represent international assets which also fall into the category of ***loans*** and deposits. In addition, international securities issued by reporting entities in their own name but on behalf of third parties, or funds invested on a trust basis in international securities and held in the reporting entities' own name but on behalf of third parties, represent international assets and ***liabilities*** that should be included in the categories of '***debt securities***' and 'other' assets and ***liabilities*** as described above. ***Trustee business*** with ***residents*** in AUD should also be reported.

Note: ***Trustee business*** does not refer to unit trusts.

Unallocated sector refers to where the ***counterparty sector*** is unknown.