Reporting Standard ARS 731.4

International Banking Statistics — Balance Sheet Items

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 731.4 International Banking Statistics – Balance Sheet Items* (ARF 731.4) 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, excluding foreign subsidiary banks and branches of a foreign bank~~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~~	~~No~~
~~Branch of a Foreign Bank~~	~~No~~
~~Building Society~~	~~No~~
~~Credit Union~~	~~No~~
~~Other ADIs~~	~~No~~

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

Information required

5. An ADI, to which this Reporting Standard applies, must provide APRA with the information required as set out in paragraph 6 in respect of each reporting period.

6. If an ADI, to which this Reporting Standard applies, is part of a Level 2 group, the ADI must provide APRA with the information required by ARF 731.4 at Level 2, in respect of each reporting period unless the ADI is a subsidiary of an authorised NOHC. If the ADI is a subsidiary of an authorised NOHC, the ADI's immediate parent NOHC must provide APRA with the information required by ARF 731.4 in respect of each reporting period. In doing so, the immediate parent NOHC must comply with this Reporting Standard as if it were the relevant ADI. Otherwise an ADI, to which this Reporting Standard applies, must provide APRA with the information required by ARF 731.4 at Level 1.

Forms and method of submission

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

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

Reporting periods and due dates

~~7.~~8. Subject to paragraph 10, 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.

~~8.~~9. 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.

~~9.~~10. 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 Reserve Bank of Australia or the Bank for International Settlements.

~~10.~~11. 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

~~11.~~12. 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.

~~12.~~13. 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

~~13.~~14. When an officer or agent of an ADI ~~submits~~ provides the information ~~under~~ 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 '~~ using a digital certificate~~s', for use with the software, to officers of the ADI who have authority from the ADI to transmit the information~~ acceptable to APRA.

Minor alterations to forms and instructions

~~14.~~15. 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.

~~15.~~16. If APRA makes such a variation it must notify in writing each ADI that is required to report under this Reporting Standard.

Transitional

17. An ADI must report under the Reporting Standard revoked by the determination that makes this Reporting Standard in respect of any reporting periods ending before 1 October 2027.

Interpretation

~~16.~~18. 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 9~~10~~ 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.

authorised NOHC has the meaning given in the *Banking Act 1959*.

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 of the 35~~28~~ calendar days provided for in paragraph 9 or, if applicable, paragraph 11.

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.

immediate parent NOHC means an authorised NOHC, or a subsidiary of an authorised NOHC, that is an immediate parent NOHC.

Level 1 has the meaning in ~~A~~CPS 001.

Level 2 has the meaning in ~~A~~CPS 001.

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 8 or, if applicable, paragraph 10.

subsidiary has the meaning in the *Corporations Act 2001.*

~~17.~~19. In this Reporting Standard, unless the contrary intention appears, a reference to an Act, Regulations, ~~or~~ Prudential Standard, Reporting Standard, Australian Accounting Standard or Auditing Standard is a reference to the ~~Act, Regulations or Prudential Standard~~instrument as in force or existing from time to time.

~~18.~~20. 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_4: International Banking Statistics - Balance Sheet Items

Australian Business Number	Institution Name

Reporting Period	Scale Factor
Quarterly	Millions to three decimal places

Reporting Consolidation
Level 1 / Level 2

1. Total assets	
2. Total liabilities	
2.1. Loan and deposit liabilities	
2.2. Debt securities	
2.2.1. Remaining maturity <= 1 year	
2.2.2. Remaining maturity > 1 year	
2.3. Derivatives	
2.4. Other liabilities	
3. Total equity	

Reporting Form ARF 731.4

International Banking Statistics - Balance Sheet Items

Instructions

These instructions assist in the completion of *Reporting Form ARF 731.4 International Banking Statistics- Balance Sheet Items* (ARF 731.4) and is based on the Bank for International Settlements (BIS) *Guidelines for reporting the BIS international banking statistics ~~March 2013~~* (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 731.4 has two purposes:

- to provide information on the prudential balance sheet of ***Australian-owned banks***; and
- to satisfy Australia's obligation to the ~~Bank for International Settlements (~~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 731.4 is part of the international exposures forms. The four forms (listed below) make up the suite of international exposures forms.

- *Reporting Form ARF 731.1 International Banking Statistics - Locational Data* (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 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 Risk Exposures – Foreign Entity* (ARF 731.3B) collects data on claims broken down by counterparty country, maturity and counterparty sector on a domestic book basis.
- ARF 731.4 collects a small number of balance sheet items for ***Australian-owned banks*** 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 731.4 is to be completed by all ***Australian- -owned banks***. Report data on a ***Level 2*** consolidated basis (or ***Level 1*** where there is no ***Level 2*** entity).

Securitisation deconsolidation principle

Except as otherwise specified in these instructions, the following applies:

1. Where an ***ADI*** (or a member of its ***Level 2*** consolidated group) participates in a securitisation that meets ***APRA's*** operational requirements for regulatory capital relief under *Prudential Standard APS 120 Securitisation* (APS 120):

   (a) special purpose vehicles (SPVs) holding securitised assets may be treated as non-consolidated independent third parties for regulatory reporting purposes, irrespective of whether the SPVs (or their assets) are consolidated for accounting purposes; and

   (b) the assets and liabilities of the relevant SPVs may be excluded from the bank's reported amounts in ARF 731.4.

2. Where an ***ADI*** (or a member of its ***Level 2*** consolidated group) participates in a securitisation that does not meet APRA's operational requirements for regulatory capital relief under APS 120, or the ***ADI*** elects to treat the securitised assets as on-balance sheet assets under *Prudential Standard APS 112 Capital Adequacy: Standardised Approach to Credit Risk* or *Prudential Standard APS 113 Capital Adequacy: Internal Ratings-based Approach to Credit Risk*, such exposures are to be reported as on-balance sheet assets in ~~AP~~ARF 731.4.

Reporting basis and unit of measurement

ARF 731.4 should be completed as at the last day of the stated quarter (i.e. March, June, September and December). ***Australian-owned banks*** should submit the completed return to APRA within ~~28~~35 calendar days after the end of the reporting quarter.

Australian-owned 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 731.4 in accordance with Australian Accounting Standards unless otherwise specified.

Valuation

Assets and liabilities should be measured in accordance with Australian accounting standards. When reporting the data, reporting entities should also ensure that all figures be prepared in

accordance with applicable Australian accounting principles.

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

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.*

Financial claims resulting from derivative contracts should be valued at fair values (i.e. current credit exposure calculated as the sum of all positive fair values of derivative contracts outstanding after taking account of legally enforceable bilateral netting agreements) as this ensures consistency not only with the BIS OTC derivatives statistics but also with the valuation principles for all other on- and off-balance sheet items in the BIS international financial statistics. Negative fair values of derivative contracts are considered to represent financial liabilities and are therefore by definition excluded from the reporting of financial claims.

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.

Specific instructions

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

Part A:

Claims on an immediate borrower basis: by remaining maturity

SBR: submit item 1 with accounting type of debit (assets).
SBR: submit item 2 with accounting type of credit (liability).

Item 1	In item 1 column 1, report the total assets of the ***ADI***, including financial and non-financial assets and derivative contracts with a positive market value.
Item 2	In item 2, report the total liabilities of the ***ADI*** including derivative instruments with a negative market value. In item 2.1, report ***loan liabilities*** and ***deposit liabilities***. Item 2.2 is derived as debt securities liabilities, as item 2.2.1 plus item 2.2.2.. In item 2.2.1, report debt securities with a residual maturity of less than or equal to one year, including negotiable securities, including negotiable certificates of deposit. In item 2.2.2, report debt securities with a residual maturity of greater than one year, including negotiable securities, including negotiable certificates of deposit. In item 2.3, report derivative instruments with a negative market value. Item 2.4 is derived as total liabilities reported in item 2 less: • ***deposit liabilities*** in item 2.1 • debt securities in item 2.2; and • derivative liabilities in item 2.3.
Item 3	Item 3 is derived as total assets reported in item 1 net of total liabilities reported in item 2.

Definitions

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

Loan liabilities comprise of all loans created by bank borrowing from institution.

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.

Note: 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.