BANK FOR INTERNATIONAL SETTLEMENTS

Interim financial statements
(unaudited)

as at 30 September 2014

These financial statements for the six months ended 30 September 2014 were presented to the Board of Directors on 10 November 2014.

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Management report

Net interest income for the six months ended 30 September 2014 amounted to SDR 348.2 million, in comparison to SDR 403.3 million in the equivalent period last year. The reduction in net interest income reflects the global low interest rate environment.

Net valuation movements amounted to a loss of SDR 43.7 million for the six months ended 30 September 2014, compared with a loss of SDR 116.4 million for the equivalent period last year.

Net foreign exchange gains for the six months to 30 September 2014 were SDR 18.6 million compared to a net foreign exchange loss of SDR 28.8 million for the equivalent period last year.

Operating expenses declined to SDR 135.3 million, in comparison to SDR 137.6 million in the six months ended 30 September 2013.

Mainly as a result of the factors outlined above, the Bank's ***operating profit*** amounted to SDR 191.0 million, compared with SDR 121.9 million for the equivalent period last year, an increase of SDR 69.1 million.

A net gain of SDR 19.6 million was realised during the period on the *sale of securities available for sale*. This figure compares with a net gain of SDR 26.4 million for the equivalent period last year. A gain of SDR 33.3 million was realised on the sale of *gold investment assets* during the period, representing the disposal of 1½ tonnes of the Bank's own gold. In the first half of 2013/14 financial year, the Bank sold 3 tonnes of gold and realised a gain of SDR 69.7 million.

As a result, the Bank recorded a ***net profit*** of SDR 243.9 million for the six months ended 30 September 2014. This compares with a profit of SDR 218.0 million for the equivalent period last year.

In addition to the items reflected in the Bank's profit and loss account, the unrealised gains and losses on the Bank's *securities available for sale* and *gold investment assets* are recorded in the securities revaluation account and gold revaluation account, which are included in the Bank's equity.

The *securities revaluation account* increased by SDR 32.3 million during the period as a result of unrealised gains on investment securities held in the Bank's own funds. The *gold revaluation account* decreased by SDR 94.5 million as a result of a decrease in the price of gold.

The Bank's ***total comprehensive income*** amounted to a gain of SDR 190.7 million. By comparison, the total comprehensive income for the equivalent period last year was a loss of SDR 779.7 million, primarily driven by a reduction in the gold price.

After payment of the dividend for the 2013/14 financial year of SDR 120.0 million, the *Bank's equity* increased over the six months ended 30 September 2014 by SDR 70.7 million to SDR 17,798.6 million.

Balance sheet

SDR millions	Notes	**30 September 2014**	31 March 2014
Assets			
Cash and sight accounts with banks		12,748.7	11,211.5
Gold and gold loans		20,198.0	20,596.4
Treasury bills	3	40,317.6	44,530.8
Securities purchased under resale agreements	3	55,410.9	50,554.4
Loans and advances		18,599.7	19,600.3
Government and other securities	3	72,469.5	70,041.1
Derivative financial instruments		6,103.7	3,002.2
Accounts receivable		2,366.6	2,777.4
Land, buildings and equipment	4	193.0	196.2
Total assets		**228,407.7**	222,510.3
Liabilities			
Currency deposits	5	185,905.8	180,472.2
Gold deposits		9,692.7	11,297.5
Securities sold under repurchase agreements	6	949.8	1,169.3
Derivative financial instruments		2,151.6	2,632.9
Accounts payable		11,116.5	8,411.5
Other liabilities		792.7	799.0
Total liabilities		**210,609.1**	204,782.4
Shareholders' equity			
Share capital	8	698.9	698.9
Statutory reserves		14,579.7	14,280.4
Profit and loss account		243.9	419.3
Less: shares held in treasury		(1.7)	(1.7)
Other equity accounts		2,277.8	2,331.0
Total equity		**17,798.6**	17,727.9
Total liabilities and equity		**228,407.7**	222,510.3

Profit and loss account

For the six months ended 30 September

SDR millions	**2014**	2013
Interest income	741.4	836.4
Interest expense	(393.2)	(433.1)
Net interest income	**348.2**	403.3
Net valuation movement	(43.7)	(116.4)
Net interest and valuation income	**304.5**	286.9
Net fee and commission income	3.2	1.4
Net foreign exchange gain / (loss)	18.6	(28.8)
Total operating income	**326.3**	259.5
Operating expense	(135.3)	(137.6)
Operating profit	**191.0**	121.9
Net gain on sales of securities available for sale	19.6	26.4
Net gain on sales of gold investment assets	33.3	69.7
Net profit	**243.9**	218.0

Basic and diluted earnings per share (in SDR per share)	**437.0**	390.6

Statement of comprehensive income

For the six months ended 30 September

SDR millions	**2014**	2013
Net profit	**243.9**	218.0
Other comprehensive income		
Items either reclassified to profit and loss during the period, or that will be reclassified subsequently when specific conditions are met		
Net valuation movement on securities available for sale	32.3	(185.2)
Net valuation movement on gold investment assets	(94.5)	(802.4)
Items that will not be reclassified subsequently to profit and loss		
Re-measurement of defined benefit obligation	9.0	(10.1)
Total comprehensive income	**190.7**	(779.7)

Statement of cash flows

For the six months ended 30 September

SDR millions	Notes	**2014**	2013
Cash flow from / (used in) operating activities			
Interest and similar income received		1,221.1	1,124.5
Interest and similar expenses paid		(314.0)	(353.3)
Net fee and commission income		3.2	1.4
Foreign exchange transaction gain / (loss)		2.8	(2.9)
Operating expenses paid		(127.5)	(130.0)
Non-cash flow items included in operating profit			
Valuation movements on operating assets and liabilities		(43.7)	(116.4)
Foreign exchange translation gain / (loss)		15.8	(25.9)
Change in accruals and amortisation		(558.9)	(367.9)
Change in operating assets and liabilities			
Currency deposit liabilities held at fair value through profit and loss		2,006.5	8,694.6
Currency banking assets		1,419.2	(16,957.0)
Sight and notice deposit account liabilities		3,516.1	379.3
Gold deposit liabilities		(1,604.8)	(6,088.8)
Gold and gold loan banking assets		296.5	11,159.0
Accounts receivable		(1.9)	0.4
Other liabilities / accounts payable		(159.4)	(43.1)
Net derivative financial instruments		(3,582.8)	2,144.7
Net cash flow from / (used in) operating activities		**2,088.2**	(581.4)
Cash flow from / (used in) investment activities			
Net change in currency investment assets available for sale		(533.6)	(957.9)
Net change in currency investment assets held at fair value through profit and loss		–	677.5
Securities sold under repurchase agreements		95.8	–
Net change in gold investment assets		40.7	84.9
Net purchase of land, buildings and equipment	4	(4.6)	(12.6)
Net cash flow used in investment activities		**(401.7)**	(208.1)

SDR millions	Notes	**2014**	2013
Cash flow from / (used in) financing activities			
Dividends paid		(120.0)	(175.8)
Net cash flow used in financing activities		**(120.0)**	(175.8)
Total net cash flow		**1,566.5**	(965.3)
Net effect of exchange rate changes on cash and cash equivalents		(351.5)	173.9
Net movement in cash and cash equivalents		1,918.0	(1,139.2)
Net change in cash and cash equivalents		**1,566.5**	(965.3)
Cash and cash equivalents, beginning of period	9	**11,544.5**	7,225.6
Cash and cash equivalents, end of period	9	**13,111.0**	6,260.3

Movements in the Bank's equity

For the six months ended 30 September 2014

SDR millions	Share capital	Statutory reserves	Profit and loss	Shares held in treasury	Other equity accounts: Defined benefit obligations	Other equity accounts: Gold and securities revaluation	Total equity
Equity at 31 March 2014	**698.9**	**14,280.4**	**419.3**	**(1.7)**	**(238.9)**	**2,569.9**	**17,727.9**
Payment of 2013/14 dividend	–	–	(120.0)	–	–	–	(120.0)
Allocation of 2013/14 profit	–	299.3	(299.3)	–	–	–	–
Total comprehensive income	–	–	243.9	–	9.0	(62.2)	190.7
Equity at 30 September 2014	**698.9**	**14,579.7**	**243.9**	**(1.7)**	**(229.9)**	**2,507.7**	**17,798.6**

For the six months ended 30 September 2013

SDR millions	Share capital	Statutory reserves	Profit and loss	Shares held in treasury	Other equity accounts: Defined benefit obligations	Other equity accounts: Gold and securities revaluation	Total equity
Equity at 31 March 2013 restated	**698.9**	**13,560.8**	**895.4**	**(1.7)**	**(422.0)**	**3,742.7**	**18,474.1**
Payment of 2012/13 dividend	–	–	(175.8)	–	–	–	(175.8)
Allocation of 2012/13 profit	–	719.6	(719.6)	–	–	–	–
Total comprehensive expense	–	–	218.0	–	(10.1)	(987.6)	(779.7)
Equity at 30 September 2013	**698.9**	**14,280.4**	**218.0**	**(1.7)**	**(432.1)**	**2,755.1**	**17,518.6**

Notes to the financial statements

1. Accounting policies

The accounting policies adopted by the Bank for these interim financial statements are consistent with those described in the Bank's 84th Annual Report.

2. Use of estimates

The preparation of the financial statements requires the Bank's Management to make some estimates in arriving at the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of income and expenses during the financial period. To arrive at these estimates, Management uses available information, makes assumptions and exercises judgment.

Assumptions include forward-looking estimates, for example relating to the valuation of assets and liabilities, the assessment of post-employment benefit obligations and the assessment of provisions and contingent liabilities.

Judgment is exercised when selecting and applying the Bank's accounting policies. The judgments relating to the designation and valuation of financial instruments are another key element in the preparation of these financial statements. Subsequent actual results could differ significantly from these estimates.

A. The valuation of financial assets and liabilities

There is no active secondary market for certain financial assets and financial liabilities of the Bank. Such assets and liabilities are valued using valuation techniques which require judgment to determine appropriate valuation parameters. Changes in assumptions about these parameters could significantly affect the reported fair values. The valuation impact of a 1 basis point change in spread assumptions is shown in the table below:

SDR millions	**30 September 2014**	31 March 2014
Treasury bills	1.1	1.1
Securities purchased under resale agreements	0.4	0.3
Loans and advances	0.2	0.2
Government and other securities	11.5	11.0
Currency deposits	15.5	13.3
Derivative financial instruments	6.4	4.1

B. Impairment provision on financial assets

The Bank conducts a review for impairment at each balance sheet date. The Bank did not have any financial assets that were considered to be impaired at 30 September 2014 or at 31 March 2014. Impairment charges, when recognised, would be included in the profit and loss account under the heading "Net interest income".

C. Actuarial assumptions

The valuation of the Bank's pension fund and health care arrangements relies on actuarial assumptions which, among others, include expectations of inflation, interest rates, medical cost inflation as well as the retirement age and life expectancy of participants. Any changes to these assumptions would have an impact on the valuation of the Bank's pension fund post-employment benefit obligations and the amounts recognised in the financial statements.

3. Currency assets

Currency assets comprise treasury bills, securities purchased under resale agreements, fixed-term loans and advances, and government and other securities.

Currency assets held at fair value through profit and loss comprise those currency banking assets that represent the reinvestment of currency deposit liabilities. The Bank's currency investment assets are categorised as available for sale and, together with the gold investment assets, largely represent the investment of the Bank's equity.

The tables below analyse the Bank's holdings of currency assets:

As at 30 September 2014	Banking assets	Investment assets	**Total currency assets**
SDR millions	Held at fair value through profit and loss	Available for sale	
Treasury bills	**40,317.6**	**–**	**40,317.6**
Securities purchased under resale agreements	**54,638.6**	**772.3**	**55,410.9**
Fixed-term loans and advances	**18,237.4**	**–**	**18,237.4**
Government and other securities			
Government	31,573.3	15,203.7	46,777.0
Financial organisations	13,776.6	90.1	13,866.7
Other	11,825.8	–	11,825.8
	57,175.7	**15,293.8**	**72,469.5**
Total currency assets	**170,369.3**	**16,066.1**	**186,435.4**

As at 31 March 2014	Banking assets	Investment assets	Total currency assets
SDR millions	Held at fair value through profit and loss	Available for sale	
Treasury bills	44,530.8	–	44,530.8
Securities purchased under resale agreements	49,708.6	845.8	50,554.4
Fixed-term loans and advances	19,267.3	–	19,267.3
Government and other securities			
Government	29,176.5	14,658.7	43,835.2
Financial organisations	13,281.2	142.2	13,423.4
Other	12,779.3	3.2	12,782.5
	55,237.0	14,804.1	70,041.1
Total currency assets	168,743.7	15,649.9	184,393.6

The balance sheet heading "Loans and advances" comprises "Fixed-term loans and advances" and notice accounts. The tables above exclude the notice accounts, held at amortised cost, which totalled SDR 362.3 million at 30 September 2014 (31 March 2014: SDR 333.0 million).

4. Land, buildings and equipment

For the six months ended 30 September

SDR millions	**2014**	2013
Historical cost		
Balance at 31 March	**412.6**	408.7
Net capital expenditure	4.6	12.6
Balance at 30 September	**417.2**	421.3
Depreciation		
Balance at 31 March	**216.4**	218.1
Net change in accumulated depreciation	7.8	7.6
Balance at 30 September	**224.2**	225.7
Net book value at end of period	**193.0**	195.6

5. Currency deposits

Currency deposits are book entry claims on the Bank and are analysed in the table below:

SDR millions	**30 September 2014**	31 March 2014
Deposit instruments repayable at one to two days' notice		
Medium-Term Instruments (MTIs)	61,066.1	57,196.1
Callable MTIs	2,411.6	2,832.7
Fixed Rate Investments of the BIS (FIXBIS)	52,288.7	43,327.0
	115,766.4	103,355.8
Other currency deposits		
Floating Rate Investments of the BIS (FRIBIS)	27.0	58.3
Fixed-term deposits	47,180.3	57,832.9
Dual Currency Deposits (DCDs)	448.1	257.3
Sight and notice deposit accounts	22,484.0	18,967.9
	70,139.4	77,116.4
Total currency deposits	**185,905.8**	180,472.2
Comprising:		
Designated as held at fair value through profit and loss	163,421.8	161,504.3
Designated as financial liabilities measured at amortised cost	22,484.0	18,967.9

6. Securities sold under repurchase agreements

Securities sold under repurchase agreements ("repurchase agreements") are recognised as collateralised deposit transactions by which the Bank receives cash and provides an irrevocable commitment to return the cash, plus interest, at a specified date in the future. Interest payable on the transaction is fixed at the start of the agreement. As part of these agreements, the Bank transfers legal title of collateral securities to the counterparty which the counterparty commits to return at the end of the contract. Because the Bank retains the risks and rewards associated with ownership of these securities, they continue to be recognised as assets in the Bank's balance sheet.

Repurchase agreements are analysed in the table below:

As at *SDR millions*	**30 September 2014**	31 March 2014
Held at amortised cost	772.3	845.8
Held at fair value through profit and loss	177.5	323.5
Total securities sold under repurchase agreements	**949.8**	1,169.3
Transactions awaiting settlement	(80.6)	(249.9)
Repurchase agreements on a settlement date basis	**869.2**	919.4

Information on collateral is contained in the section "Credit risk mitigation" within the "Risk management" section of this report.

7. Dividends

The Bank declared a dividend of SDR 120.0 million for the 2013/14 financial year, which was paid during the six months to 30 September 2014. The dividend of SDR 175.8 million for the financial year 2012/13 was paid during the comparative financial period.

8. Share capital

The Bank's share capital consists of:

SDR millions	**30 September 2014**	31 March 2014
Authorised capital: 600,000 shares, each of SDR 5,000 par value, of which SDR 1,250 is paid up	3,000.0	3,000.0
Issued capital: 559,125 shares	2,795.6	2,795.6
Paid-up capital (25%)	**698.9**	698.9

The number of shares eligible for dividend is:

	30 September 2014	31 March 2014
Issued shares	559,125	559,125
Less: shares held in treasury	(1,000)	(1,000)
Outstanding shares eligible for full dividend	**558,125**	558,125

9. Cash and cash equivalents

The cash and cash equivalents in the cash flow statement comprise:

SDR millions	30 September 2014	31 March 2014
Cash and sight accounts with banks	12,748.7	11,211.5
Notice accounts	362.3	333.0
Total cash and cash equivalents	**13,111.0**	11,544.5

10. Commitments

The Bank provides a number of committed standby facilities for its customers on a collateralised or uncollateralised basis. As at 30 September 2014 the outstanding commitments to extend credit under these committed standby facilities amounted to SDR 3,089.0 million (31 March 2014: SDR 2,922.9 million), of which SDR 202.1 million was uncollateralised (31 March 2014: SDR 194.1 million).

The Bank is committed to supporting the operations of the Financial Stability Board (FSB), the International Association of Deposit Insurers (IADI) and the International Association of Insurance Supervisors (IAIS) and in each case has a separate agreement specifying the terms of support and commitment. The Bank is the legal employer of IADI and IAIS staff, with the regular ongoing staff costs borne by each association. The commitment by the BIS to IADI and the IAIS is subject to an annual budgetary decision of the Board. On 28 January 2013 the BIS and the FSB entered into an agreement which governs the Bank's support of the FSB. The agreement is for an initial term of five years. Under the terms of the agreement, the BIS is the legal employer of FSB staff. The Bank provides a contribution to cover FSB staff costs and also provides premises, administrative infrastructure and equipment.

11. The fair value hierarchy

The Bank categorises its financial instrument fair value measurements using a hierarchy that reflects the observability of inputs used in measuring fair value. A valuation level is assigned according to the least observable input that is significant to the fair value measurement in its entirety. The fair value hierarchy used by the Bank comprises the following levels:

Level 1 – Instruments valued using unadjusted quoted prices in active markets for identical financial instruments.

Level 2 – Instruments valued with valuation techniques using inputs which are observable for the financial instrument either directly (ie as a price) or indirectly (ie derived from prices for similar financial instruments). This includes observable interest rates, spreads and volatilities.

Level 3 – Instruments valued using valuation techniques where the inputs are not observable in financial markets.

The Bank considers level 1 prices as the best evidence of fair value. Where level 1 prices are not available the Bank determines fair value by using market standard valuation techniques. These techniques include the use of discounted cash flow models as well as other standard market valuation methods. Where financial models are used, the Bank aims at making maximum use of observable market inputs. The financial instruments valued in this manner are categorised as level 2.

The Bank did not hold assets classified as level 3 during the current or comparative financial periods.

The tables below summarise the financial instruments held:

As at 30 September 2014

SDR millions	Level 1	Level 2	Total
Financial assets held at fair value through profit and loss			
Treasury bills	35,596.7	4,720.9	40,317.6
Securities purchased under resale agreements	–	54,638.6	54,638.6
Fixed-term loans	–	18,237.4	18,237.4
Government and other securities	42,667.7	14,508.0	57,175.7
Derivative financial instruments	2.0	6,101.7	6,103.7
Financial assets designated as available for sale			
Government and other securities	15,236.4	57.4	15,293.8
Securities purchased under resale agreements	–	772.3	772.3
Total financial assets accounted for at fair value	**93,502.8**	**99,036.3**	**192,539.1**
Financial liabilities held at fair value through profit and loss			
Currency deposits	–	(163,421.8)	(163,421.8)
Securities sold under repurchase agreements	–	(177.5)	(177.5)
Derivative financial instruments	(1.9)	(2,149.7)	(2,151.6)
Total financial liabilities accounted for at fair value	**(1.9)**	**(165,749.0)**	**(165,750.9)**

As at 31 March 2014

SDR millions	Level 1	Level 2	Total
Financial assets held at fair value through profit and loss			
Treasury bills	40,162.5	4,368.3	44,530.8
Securities purchased under resale agreements	–	49,708.6	49,708.6
Fixed-term loans	–	19,267.3	19,267.3
Government and other securities	38,207.1	17,029.9	55,237.0
Derivative financial instruments	1.0	3,001.2	3,002.2
Financial assets designated as available for sale			
Government and other securities	14,730.2	73.9	14,804.1
Securities purchased under resale agreements	–	845.8	845.8
Total financial assets accounted for at fair value	93,100.8	94,295.0	187,395.8
Financial liabilities held at fair value through profit and loss			
Currency deposits	–	(161,504.3)	(161,504.3)
Securities sold under repurchase agreements	–	(323.5)	(323.5)
Derivative financial instruments	(0.7)	(2,632.2)	(2,632.9)
Total financial liabilities accounted for at fair value	(0.7)	(164,460.0)	(164,460.7)

A. Transfers between levels in the fair value hierarchy

Of the assets categorised as level 1 at 30 September 2014, SDR 513.4 million related to assets that had been held at 31 March 2014 and categorised as level 2 at that date. This transfer of assets between levels 2 and 1 reflected specific market conditions existing at the reporting dates that affected the observability of the market prices as defined above. No liability valuations were transferred between fair value hierarchy levels.

B. Financial instruments not measured at fair value

The Bank accounts for certain financial instruments at amortised cost. These comprise financial assets of "Cash and sight accounts", "Gold and gold loans" and "Notice accounts". Financial liabilities held at amortised cost comprise "Gold deposits", "Sight and notice deposit accounts" and those "Securities sold under repurchase agreements" that are associated with currency assets available for sale. If these instruments were included in the fair value hierarchy, the valuation of "Gold loans" and "Securities sold under repurchase agreements" would be considered level 2. All other amortised cost financial instruments would be considered level 1.

Using the same valuation techniques for amortised cost financial instruments that are applied to fair valued financial instruments, the Bank estimates that their fair values would be materially the same as the carrying values shown in these financial statements for both 30 September 2014 and 31 March 2014.

12. Related parties

The Bank considers the following to be its related parties:

- the members of the Board of Directors;
- the senior officials of the Bank;
- close family members of the above individuals;
- the Bank's post-employment benefit arrangements; and
- central banks whose Governor is a member of the Board of Directors and organisations that are connected with these central banks.

The Board of Directors and senior officials are shown within the section of the Annual Report titled "Board of Directors". Note 20 of the financial statements contained in the 84th Annual Report provides details of the Bank's post-employment benefit arrangements.

A. Related party individuals

The total compensation of senior officials recognised in the profit and loss account amounted to:

For the six months ended 30 September

CHF millions	**2014**	2013
Salaries, allowances and medical cover	3.7	3.8
Post-employment benefits	1.1	1.0
Total compensation	**4.8**	4.8
SDR equivalent	3.5	3.4

The total cost for the Board of Directors recognised in the profit and loss account amounted to:

For the six months ended 30 September

CHF millions	**2014**	2013
Directors' fees	1.1	1.0
Pension to former Directors	0.4	0.4
Travel, external Board meetings and other costs	0.7	0.7
Total compensation	**2.2**	2.1
SDR equivalent	1.6	1.5

The BIS offers personal deposit accounts for all staff members, including the Directors and the senior officials of the Bank. The accounts bear interest at a rate determined by the Bank based on the rate offered by the Swiss National Bank on staff accounts. The movements and total balance on the personal deposit accounts of related parties were as follows:

For the six months ended 30 September

CHF millions	**2014**	2013
Balance at 31 March	18.3	27.2
Deposits taken including interest income (net of withholding tax)	1.9	2.0
Withdrawals	(0.5)	(12.4)
Balance at 30 September	**19.7**	16.8
SDR equivalent	13.9	12.1
Interest expense on deposits in CHF millions	0.2	0.2
SDR equivalent	0.1	0.1

Balances related to individuals who are appointed as members of the Board of Directors or as senior officials of the Bank during the financial period are included as deposits taken in the table above. Balances related to individuals who cease to be members of the Board of Directors or senior officials of the Bank during the financial period are included as withdrawals in the table above.

In addition, the Bank operates a blocked personal deposit account for staff members who were previously members of the Bank's savings fund, which closed on 1 April 2003. The terms of these blocked accounts are such that members cannot make further deposits or withdrawals and the balances are paid out when they leave the Bank. The accounts bear interest at a rate determined by the Bank based on the rate offered by the Swiss National Bank on staff accounts plus 1%. The total balance of blocked accounts for related parties at 30 September 2014 was SDR 16.3 million (31 March 2014: SDR 17.0 million). These accounts are included under the balance sheet heading "Currency deposits".

The Bank made contributions to its staff pension fund totalling SDR 14.3 million for the six-months ended 30 September 2014 (30 September 2013: SDR 13.8 million).

B. Related party central banks and connected organisations

The BIS provides banking services to its customers, who are predominantly central banks, monetary authorities and international financial organisations. In fulfilling this role, the Bank in the normal course of business enters into transactions with related party central banks and connected organisations. These transactions include making advances and taking currency and gold deposits. It is the Bank's policy to enter into transactions with related party central banks and connected organisations on similar terms and conditions to transactions with other, non-related party, customers.

Currency deposits from related party central banks and connected organisations

For the six months ended 30 September

SDR millions	**2014**	2013
Balance at 31 March	65,417.0	36,727.8
Deposits taken	95,609.0	66,625.6
Maturities, repayments and fair value movements	(84,350.8)	(57,450.5)
Net movement on notice accounts	3,502.5	39.6
Balance at 30 September	**80,177.7**	45,942.5
Percentage of total currency deposits at end of period	43.1%	25.5%

Gold deposit liabilities from related central banks and connected organisations

For the six months ended 30 September

SDR millions	**2014**	2013
Balance at 31 March	7,187.0	10,849.7
Net movement on gold sight accounts	(153.0)	(3,448.0)
Balance at 30 September	**7,034.0**	7,401.7
Percentage of total gold deposits at end of period	72.6%	65.5%

Securities purchased under resale transactions with related party central banks and connected organisations

For the six months ended 30 September

SDR millions	**2014**	2013
Balance at 31 March	1,357.7	3,994.3
Collateralised deposits placed	605,088.6	519,764.9
Maturities and fair value movements	(604,951.2)	(519,035.4)
Balance at 30 September	**1,495.1**	4,723.8
Percentage of total securities purchased under resale agreements at end of period	2.7%	9.3%

Derivatives transactions with related party central banks and connected organisations

The BIS enters into derivatives transactions with related party central banks and connected organisations, including foreign exchange deals and interest rate swaps. The total nominal value of these transactions during the six months ended 30 September 2014 was SDR 10,186.4 million (30 September 2013: SDR 13,971.4 million).

Other balances with related party central banks and connected organisations

The Bank maintains sight accounts in currencies with related party central banks and connected organisations, the total balance of which was SDR 12,641.2 million as at 30 September 2014 (31 March 2014: SDR 11,202.1 million). Gold held with related party central banks and connected organisations totalled SDR 19,905.6 million as at 30 September 2014 (31 March 2014: SDR 20,292.9 million).

During the six months ended 30 September 2014, the Bank acquired SDR 21.1 million of securities issued by related party central banks and connected organisations (30 September 2013: SDR 107.3 million). A total of SDR 174.5 million of such securities matured or were sold during the six months ended 30 September 2014 (30 September 2013: SDR 123.0 million). As at 30 September 2014, the Bank held SDR 117.7 million of related party securities (31 March 2014: SDR 271.2 million).

The Bank provides committed standby facilities for customers. As at 30 September 2014, the Bank had outstanding commitments to extend credit to related parties under such facilities of SDR 289.9 million (31 March 2014: SDR 271.1 million).

13. Contingent liabilities

In the opinion of the Bank's Management there were no material contingent liabilities at 30 September 2014.

Capital adequacy

1. Capital adequacy frameworks

As a supra-national financial institution that is overseen by a Board composed of Governors of major central banks and that has no national supervisor, the Bank is committed to maintaining its superior credit quality and financial strength, in particular in situations of financial stress. To that end, the Bank continuously assesses its capital adequacy based on an annual capital planning process that focuses on two elements: an economic capital framework and a financial leverage framework.

The Bank discloses risk-related information on its exposure to credit, market, operational and liquidity risk based on its own assessment of capital adequacy.

To facilitate comparability, the Bank has implemented a framework that is consistent with the revised *International Convergence of Capital Measurement and Capital Standards* (Basel II framework) issued by the Basel Committee on Banking Supervision in June 2006. Following that framework, the Bank discloses a Tier 1 capital ratio (Pillar 1), risk-weighted assets and more detailed related information. The Bank maintains a capital position substantially in excess of the regulatory minimum requirement in order to ensure its superior credit quality.

2. Economic capital

The Bank's economic capital methodology relates its risk-taking capacity to the amount of economic capital needed to absorb potential losses arising from its exposures. The risk-taking capacity is defined as allocatable economic capital that is derived following a prudent assessment of the components of the Bank's equity, which are set out in the table below:

SDR millions	**30 September 2014**	31 March 2014
Share capital	698.9	698.9
Statutory reserves per balance sheet	14,579.7	14,280.4
Less: shares held in treasury	(1.7)	(1.7)
Share capital and reserves	**15,276.9**	14,977.6
Securities revaluation account	164.7	132.4
Gold revaluation account	2,343.0	2,437.5
Re-measurement of defined benefit obligations	(229.9)	(238.9)
Other equity accounts	**2,277.8**	2,331.0
Profit and loss account	243.9	419.3
Total equity	**17,798.6**	17,727.9

Allocatable economic capital is determined following a prudent evaluation of the Bank's equity components for their loss absorption capacity and sustainability. The components of capital with long-term risk-bearing capacity are the Bank's Tier 1 capital and the sustainable portion of the securities and gold revaluation reserves ("sustainable supplementary capital"). Only this "allocatable capital" is available for allocation to the various categories of risk. The portion of revaluation reserves that is considered more transitory in nature is assigned to the "capital filter" together with the profit accrued during the financial period.

SDR millions	30 September 2014	31 March 2014
Share capital and reserves	15,276.9	14,977.6
Re-measurement of defined benefit obligations	(229.9)	(238.9)
Tier 1 capital	**15,047.0**	14,738.7
Sustainable supplementary capital	1,753.0	1,661.3
Allocatable capital	**16,800.0**	16,400.0
Capital filter	998.6	1,327.9
Total equity	**17,798.6**	17,727.9

As part of the annual capital planning process, Management allocates economic capital to risk categories within the amount of allocatable capital. As a first step, capital is assigned to an "economic capital cushion" that provides an additional margin of safety and is sufficient to sustain a potential material loss without the need to reduce the capital allocation to individual risk categories or to liquidate any holdings of assets. The level of the economic capital cushion is determined based on stress tests that explore extreme but still plausible default events. Allocations are then made to each category of financial risk (ie credit, market and "other risks") as well as operational risk. "Other risks" are risks that have been identified but are not taken into account in the economic capital utilisation calculations, and include model risk and residual basis risk. The Bank's economic capital framework measures economic capital to a 99.995% confidence level assuming a one-year horizon, except for settlement risk (included in the utilisation for credit risk) and other risks. The amount of economic capital set aside for settlement risk and other risks is based on an assessment by Management.

The following table summarises the Bank's economic capital allocation and utilisation for credit risk, market risk, operational risk and other risks:

	30 September 2014		31 March 2014	
SDR millions	Allocation	Utilisation	Allocation	Utilisation
Insolvency and transfer risk	8,800.0	7,529.2	8,200.0	7,474.1
FX settlement risk	300.0	300.0	300.0	300.0
Credit risk	9,100.0	7,829.2	8,500.0	7,774.1
Market risk	3,900.0	3,341.4	4,100.0	2,178.4
Operational risk	1,200.0	1,200.0	1,200.0	1,200.0
Other risks	300.0	300.0	300.0	300.0
Economic capital cushion	2,300.0	2,300.0	2,300.0	2,300.0
Total economic capital	**16,800.0**	**14,970.6**	16,400.0	13,752.5

The Bank's economic capital frameworks are subject to regular review and calibration. As from 1 July 2014, the Bank calculates the economic capital utilisation for market risk on the basis of a stressed market data set.

3. Financial leverage

The Bank complements its capital adequacy assessment with a prudent financial leverage framework. As from 1 July 2014, the Bank monitors its financial leverage using a ratio that takes account of regulatory guidance issued by the Basel Committee on Banking Supervision related to the leverage ratio. The Bank thereby uses a leverage ratio that compares the Bank's Common Equity Tier 1 (CET1) capital with its total exposure. However, to reflect the scope and nature of its banking activities, the Bank's definition of CET1 capital limits the recognition of revaluation reserves to the proportion of the gold and securities revaluation reserves that is considered sustainable ("sustainable supplementary capital"). Further, the exposure measure is supplemented by the pension fund assets.

The table below shows the calculation of the Bank's financial leverage ratio under the methodology in effect since 1 July 2014:

SDR millions	30 September 2014
CET1 capital, BIS-adjusted	
Share capital and reserves	15,276.9
Sustainable supplementary capital	1,753.0
Prudential adjustments:	
Re-measurement losses on defined benefit obligations	(229.9)
Expected loss	(21.7)
Intangible assets	(16.2)
Total CET1 capital, BIS-adjusted	**16,762.1**
Exposure	
Total balance sheet assets	228,407.7
Exposure adjustments:	
Derivatives	(486.1)
Securities purchased under resale agreements	–
Committed and uncommitted facilities	4,263.3
Pension fund assets	1,037.6
Total exposure	**233,222.5**
BIS leverage ratio	**7.2%**

Total balance sheet assets include derivative assets and securities purchased under repurchase agreements ("reverse repurchase agreements") on a gross basis in accordance with the Bank's accounting policies. Before 1 July 2014, the Bank monitored its financial leverage using a leverage ratio that compared the Bank's Tier 1 capital with its total balance sheet assets.

The table below shows the calculation of the Bank's financial leverage ratio under the previous methodology as at 31 March 2014:

SDR millions	31 March 2014
Tier 1 capital (A)	**14,738.7**
Total balance sheet assets (B)	222,510.3
Financial leverage ratio (A) / (B)	**6.6%**

4. Risk-weighted assets and minimum capital requirements under the Basel II framework

The Basel II framework includes several approaches for calculating risk-weighted assets and the corresponding minimum capital requirements. In principle, the minimum capital requirements are determined by taking 8% of the risk-weighted assets.

The following table summarises the relevant exposure types and approaches as well as the risk-weighted assets and related minimum capital requirements for credit risk, market risk and operational risk:

		30 September 2014			31 March 2014		
SDR millions	Approach used	Amount of exposure	Risk-weighted assets (A)	Minimum capital requirement (B)	Amount of exposure	Risk-weighted assets (A)	Minimum capital requirement (B)
Credit risk							
Exposure to sovereigns, banks and corporates	Advanced internal ratings-based approach, where (B) is derived as (A) x 8%	146,586.2	10,924.9	874.0	144,885.9	10,152.5	812.2
Securitisation exposures and other assets	Standardised approach, where (B) is derived as (A) x 8%	1,108.9	460.3	36.8	1,078.6	386.2	30.9
Market risk							
Exposure to foreign exchange risk and gold price risk	Internal models approach, where (A) is derived as (B) / 8%	–	9,462.3	757.0	–	11,244.9	899.6
Operational risk							
	Advanced measurement approach, where (A) is derived as (B) / 8%	–	10,329.5	826.4	–	10,154.1	812.3
Total			**31,177.0**	**2,494.2**		31,937.7	2,555.0

For credit risk, the Bank has adopted the advanced internal ratings-based approach for the majority of its exposures. Under this approach, the risk weighting for a transaction is determined by the relevant Basel II risk-weight function using the Bank's own estimates for key inputs. For securitisation exposures and other relevant assets, the Bank has adopted the standardised approach. Under this approach, risk weightings are mapped to exposure types.

Risk-weighted assets for market risk are derived following an internal models approach. For operational risk, the advanced measurement approach is used. Both these approaches rely on value-at-risk (VaR) methodologies.

More details on the assumptions underlying the calculations are provided in the sections on credit risk, market risk and operational risk.

5. Tier 1 capital ratio

The capital ratio measures capital adequacy by comparing the Bank's Tier 1 capital with its risk-weighted assets. The table below shows the Bank's Tier 1 capital ratio, consistent with the Basel II framework:

SDR millions	**30 September 2014**	31 March 2014
Share capital and reserves	15,276.9	14,977.6
Re-measurement losses on defined benefit obligations	(229.9)	(238.9)
Tier 1 capital	**15,047.0**	14,738.7
Expected loss	(21.7)	(19.9)
Tier 1 capital net of expected loss (A)	**15,025.3**	14,718.8
Total risk-weighted assets (B)	31,177.0	31,937.7
Tier 1 capital ratio (A) / (B)	**48.2%**	46.1%

Expected loss is calculated for credit risk exposures subject to the advanced internal ratings-based approach. The expected loss is calculated at the balance sheet date taking into account any impairment provision which is reflected in the Bank's financial statements. The Bank had no impaired financial assets at 30 September 2014 (31 March 2014: nil). In accordance with the requirements of the Basel II framework, any expected loss is compared with the impairment provision and any shortfall is deducted from the Bank's Tier 1 capital.

The Bank is committed to maintaining its superior credit quality and financial strength, in particular in situations of financial stress. This is reflected in its own assessment of capital adequacy.

Risk management

1. Risks faced by the Bank

The Bank supports its customers, predominantly central banks, monetary authorities and international financial organisations, in the management of their reserves and related financial activities.

Banking activities form an essential element of meeting the Bank's objectives and ensure its financial strength and independence. The BIS engages in banking activities that are customer-related as well as activities that are related to the investment of its equity, each of which may give rise to financial risk comprising credit risk, market risk and liquidity risk. The Bank is also exposed to operational risk.

Within the risk frameworks defined by the Board of Directors, the Management of the Bank has established risk management policies designed to ensure that risks are identified, appropriately measured and controlled as well as monitored and reported.

2. Credit risk

Credit risk arises because a counterparty may fail to meet its obligations in accordance with the agreed contractual terms and conditions. A financial asset is considered past due when a counterparty fails to make a payment on the contractual due date.

The Bank manages credit risk within a framework and policies set by the Board of Directors and Management. These are complemented by the more detailed guidelines and procedures of the independent risk control function.

Credit risk assessment

The following tables show the exposure of the Bank to default risk, without taking into account any collateral held or other credit enhancements available to the Bank. Credit risk is mitigated through the use of collateral and legally enforceable netting or setoff agreements. The corresponding assets and liabilities are not offset on the balance sheet.

The exposures set out in the tables below are based on the carrying value of the assets on the balance sheet as categorised by sector, geographical region and credit quality. The carrying value is the fair value of the financial instruments, including derivatives, except in the case of very short-term financial instruments (sight and notice accounts) and gold, which are shown at amortised cost net of any impairment charge. Commitments are reported at their notional amounts. Gold and gold loans exclude gold bar assets held in custody, and accounts receivable do not include unsettled liability issues, because these items do not represent credit exposures of the Bank.

The vast majority of the Bank's assets are invested in securities issued by governments and financial organisations rated A– or above by at least one of the major external credit assessment organisations. Limitations on the number of high-quality counterparties in these sectors mean that the Bank is exposed to single-name concentration risk.

A. Default risk by asset class and issuer type

The following tables show the exposure of the Bank to default risk by asset class and issuer type, without taking into account any collateral held or other credit enhancements available to the Bank. "Public sector" includes international and other public sector organisations.

As at 30 September 2014

SDR millions	Sovereign and central banks	Public sector	Banks	Corporate	Securitisation	Total
On-balance sheet exposures						
Cash and sight accounts with banks	12,644.5	–	104.2	–	–	12,748.7
Gold and gold loans	–	–	227.1	–	–	227.1
Treasury bills	39,756.3	561.3	–	–	–	40,317.6
Securities purchased under resale agreements	1,495.1	–	50,748.4	3,167.4	–	55,410.9
Loans and advances	1,398.7	620.3	16,580.7	–	–	18,599.7
Government and other securities	46,777.0	12,162.7	5,667.5	6,976.2	886.1	72,469.5
Derivatives	262.7	303.6	5,537.0	0.4	–	6,103.7
Accounts receivable	4.4	0.4	0.2	7.6	–	12.6
Total on-balance sheet exposure	**102,338.7**	**13,648.3**	**78,865.1**	**10,151.6**	**886.1**	**205,889.8**
Commitments						
Undrawn unsecured facilities	202.1	–	–	–	–	202.1
Undrawn secured facilities	2,886.9	–	–	–	–	2,886.9
Total commitments	**3,089.0**	**–**	**–**	**–**	**–**	**3,089.0**
Total exposure	**105,427.7**	**13,648.3**	**78,865.1**	**10,151.6**	**886.1**	**208,978.8**

As at 31 March 2014

SDR millions	Sovereign and central banks	Public sector	Banks	Corporate	Securitisation	Total
On-balance sheet exposures						
Cash and sight accounts with banks	11,206.0	–	5.5	–	–	11,211.5
Gold and gold loans	–	–	236.8	–	–	236.8
Treasury bills	43,982.9	547.9	–	–	–	44,530.8
Securities purchased under resale agreements	1,357.7	–	47,347.0	1,849.7	–	50,554.4
Loans and advances	647.1	493.9	18,459.3	–	–	19,600.3
Government and other securities	43,835.2	12,606.5	5,608.8	7,053.1	937.5	70,041.1
Derivatives	13.7	43.3	2,944.5	0.7	–	3,002.2
Accounts receivable	2.8	–	0.2	7.8	–	10.8
Total on-balance sheet exposure	101,045.4	13,691.6	74,602.1	8,911.3	937.5	199,187.9
Commitments						
Undrawn unsecured facilities	194.1	–	–	–	–	194.1
Undrawn secured facilities	2,728.8	–	–	–	–	2,728.8
Total commitments	2,922.9	–	–	–	–	2,922.9
Total exposure	103,968.3	13,691.6	74,602.1	8,911.3	937.5	202,110.8

B. Default risk by geographical region

The following tables represent the exposure of the Bank to default risk by asset class and geographical region, without taking into account any collateral held or other credit enhancements available to the Bank. The Bank has allocated exposures to regions based on the country of incorporation of each legal entity to which the Bank has exposures.

As at 30 September 2014

SDR millions	Africa and Europe	Asia-Pacific	Americas	International organisations	Total
On-balance sheet exposures					
Cash and sight accounts with banks	6,749.9	5,993.8	5.0	–	12,748.7
Gold and gold loans	90.8	–	136.3	–	227.1
Treasury bills	10,209.8	26,778.6	2,767.9	561.3	40,317.6
Securities purchased under resale agreements	52,971.8	–	2,439.1	–	55,410.9
Loans and advances	12,457.4	4,612.1	1,196.4	333.8	18,599.7
Government and other securities	35,410.8	8,768.4	20,091.1	8,199.2	72,469.5
Derivatives	4,569.2	567.6	966.7	0.2	6,103.7
Accounts receivable	11.3	0.8	0.1	0.4	12.6
Total on-balance sheet exposure	**122,471.0**	**46,721.3**	**27,602.6**	**9,094.9**	**205,889.8**
Commitments					
Undrawn unsecured facilities	–	202.1	–	–	202.1
Undrawn secured facilities	255.1	2,631.8	–	–	2,886.9
Total commitments	**255.1**	**2,833.9**	**–**	**–**	**3,089.0**
Total exposure	**122,726.1**	**49,555.2**	**27,602.6**	**9,094.9**	**208,978.8**

As at 31 March 2014

SDR millions	Africa and Europe	Asia-Pacific	Americas	International organisations	Total
On-balance sheet exposures					
Cash and sight accounts with banks	6,199.6	5,001.6	10.3	–	11,211.5
Gold and gold loans	98.2	–	138.6	–	236.8
Treasury bills	7,806.6	32,030.6	4,145.7	547.9	44,530.8
Securities purchased under resale agreements	42,240.1	–	8,314.3	–	50,554.4
Loans and advances	11,792.1	6,411.2	1,097.3	299.7	19,600.3
Government and other securities	31,805.7	5,081.3	25,339.4	7,814.7	70,041.1
Derivatives	2,318.2	86.6	597.4	–	3,002.2
Accounts receivable	9.7	0.9	0.2	–	10.8
Total on-balance sheet exposure	102,270.2	48,612.2	39,643.2	8,662.3	199,187.9
Commitments					
Undrawn unsecured facilities	–	194.1	–	–	194.1
Undrawn secured facilities	267.5	2,461.3	–	–	2,728.8
Total commitments	267.5	2,655.4	–	–	2,922.9
Total exposure	102,537.7	51,267.6	39,643.2	8,662.3	202,110.8

C. Default risk by counterparty / issuer rating

The following tables show the exposure of the Bank to default risk by asset class and counterparty / issuer rating, without taking into account any collateral held or other credit enhancements available to the Bank. The ratings shown reflect the Bank's internal ratings expressed as equivalent external ratings.

As at 30 September 2014

SDR millions	AAA	AA	A	BBB	BB and below	Unrated	Total
On-balance sheet exposures							
Cash and sight accounts with banks	6,644.1	108.5	5,995.2	0.5	0.4	–	12,748.7
Gold and gold loans	–	–	227.1	–	–	–	227.1
Treasury bills	3,857.1	7,290.0	25,759.2	3,411.3	–	–	40,317.6
Securities purchased under resale agreements	–	4,662.5	33,569.0	17,179.4	–	–	55,410.9
Loans and advances	1,631.5	–	15,910.2	670.4	387.6	–	18,599.7
Government and other securities	15,920.8	40,184.1	14,870.9	1,480.8	12.9	–	72,469.5
Derivatives	285.2	102.3	5,507.6	196.9	11.3	0.4	6,103.7
Accounts receivable	–	0.2	0.2	0.5	2.2	9.5	12.6
Total on-balance sheet exposure	**28,338.7**	**52,347.6**	**101,839.4**	**22,939.8**	**414.4**	**9.9**	**205,889.8**
Commitments							
Undrawn unsecured facilities	–	–	–	202.1	–	–	202.1
Undrawn secured facilities	–	852.4	869.6	1,164.9	–	–	2,886.9
Total commitments	**–**	**852.4**	**869.6**	**1,367.0**	**–**	**–**	**3,089.0**
Total exposure	**28,338.7**	**53,200.0**	**102,709.0**	**24,306.8**	**414.4**	**9.9**	**208,978.8**

As at 31 March 2014 *SDR millions*	AAA	AA	A	BBB	BB and below	Unrated	Total
On-balance sheet exposures							
Cash and sight accounts with banks	6,120.1	88.2	5,001.9	1.0	0.3	–	11,211.5
Gold and gold loans	–	–	236.8	–	–	–	236.8
Treasury bills	2,144.9	7,725.7	31,042.6	3,617.6	–	–	44,530.8
Securities purchased under resale agreements	–	3,207.4	35,215.4	12,131.6	–	–	50,554.4
Loans and advances	1,141.1	1,188.9	16,213.4	1,056.9	–	–	19,600.3
Government and other securities	13,159.1	44,218.0	11,118.9	1,532.5	12.6	–	70,041.1
Derivatives	16.2	71.5	2,845.8	67.7	0.4	0.6	3,002.2
Accounts receivable	0.1	0.2	0.2	0.7	0.7	8.9	10.8
Total on-balance sheet exposure	22,581.5	56,499.9	101,675.0	18,408.0	14.0	9.5	199,187.9
Commitments							
Undrawn unsecured facilities	–	–	–	194.1	–	–	194.1
Undrawn secured facilities	–	797.2	813.2	1,118.4	–	–	2,728.8
Total commitments	–	797.2	813.2	1,312.5	–	–	2,922.9
Total exposure	22,581.5	57,297.1	102,488.2	19,720.5	14.0	9.5	202,110.8

D. Credit risk mitigation

Netting

Netting agreements give the Bank a legally enforceable right to net transactions with counterparties under potential future conditions, notably an event of default. Such master netting or similar agreements apply to counterparties with whom the Bank conducts most of its derivative transactions, as well as counterparties for repurchase and reverse repurchase agreement transactions. Where required, netting is applied when determining the amount of collateral to be requested or provided, but the Bank does not settle assets and liabilities on a net basis during the normal course of business. As such, the amounts shown on the Bank's balance sheet are the gross amounts.

Collateral

The Bank also mitigates the credit risks it is exposed to by requiring counterparties to provide collateral. The Bank receives collateral in respect of most derivative contracts, reverse repurchase agreements and for advances made under collateralised facility agreements. During the term of these transactions, further collateral may be called or collateral may be released based on the movements in value of both the underlying instrument and the collateral that has been received. The Bank is required to provide collateral in respect of repurchase agreements.

For derivative contracts and reverse repurchase agreements, the Bank accepts as collateral high-quality sovereign, state agency and supranational securities and, in a limited number of cases, cash. For advances made under collateralised facility agreements, eligible collateral accepted includes currency deposits with the Bank as well as units in the BIS Investment Pools.

Under the terms of its collateral arrangements, the Bank is permitted to sell ("re-hypothecate") collateral received on derivative contracts and reverse repurchase agreements, but upon expiry of the transaction must return equivalent financial instruments to the counterparty. At 30 September 2014, the Bank had not sold any of the collateral it held (31 March 2014: nil).

The fair value of collateral received which the Bank had the right to sell was:

SDR millions	**30 September 2014**	31 March 2014
Collateral received in respect of:		
Derivative financial instruments	3,508.2	515.9
Securities purchased under resale agreements	45,986.6	42,378.7
Total collateral received	**49,494.8**	42,894.6

Financial assets and liabilities subject to netting or collateralisation

The tables below show the categories of assets and liabilities which are either subject to collateralisation, or for which netting agreements would apply under potential future conditions such as the event of default of a counterparty.

The amount of collateral required is usually based on valuations performed on the previous business day, whereas the Bank's balance sheet reflects the valuations of the reporting date. Due to this timing difference, the valuation of collateral can be higher than the valuation of the underlying contract in the Bank's balance sheet. The amount of the collateral received is also impacted by thresholds, minimum transfer amounts and valuation adjustments ("haircuts") specified in the contracts. In these tables, the mitigating effect of collateral has been limited to the balance sheet value of the underlying net asset.

As at 30 September 2014		Effect of risk mitigation				Analysed as:	
SDR millions	Gross carrying amount as per balance sheet	Trade date balances subject to delivery versus payment on settlement date	Enforceable netting agreements	Collateral (received) / provided limited to balance sheet value	Exposure after risk mitigation	Amounts not subject to netting agreements or collateralisation	Residual exposure on amounts subject to risk mitigation agreements
Financial assets							
Securities purchased under resale agreements	55,410.9	(8,224.4)	–	(47,186.5)	–	–	–
Advances	387.6	–	–	(387.6)	–	–	–
Derivative financial assets	6,103.7	–	(2,023.6)	(3,143.0)	937.1	60.8	876.3
Financial liabilities							
Securities sold under repurchase agreements	(949.8)	80.6	–	869.2	–	–	–
Derivative financial liabilities	(2,151.6)	–	2,023.6	–	(128.0)	(45.0)	(83.0)
Total	**58,800.8**	**(8,143.8)**	**–**	**(49,847.9)**	**809.1**	**15.8**	**793.3**

As at 31 March 2014		Effect of risk mitigation				Analysed as:	
SDR millions	Gross carrying amount as per balance sheet	Trade date balances subject to delivery versus payment on settlement date	Enforceable netting agreements	Collateral (received) / provided limited to balance sheet value	Exposure after risk mitigation	Amounts not subject to netting agreements or collateralisation	Residual exposure on amounts subject to risk mitigation agreements
Financial assets							
Securities purchased under resale agreements	50,554.4	(7,107.9)	–	(43,422.2)	24.3	–	24.3
Derivative financial assets	3,002.2	–	(2,325.7)	(509.9)	166.6	7.0	159.6
Financial liabilities							
Securities sold under repurchase agreements	(1,169.3)	249.9	–	919.4	–	–	–
Derivative financial liabilities	(2,632.9)	–	2,325.7	–	(307.2)	(43.3)	(263.9)
Total	49,754.4	(6,858.0)	–	(43,012.7)	(116.3)	(36.3)	(80.0)

E. Minimum capital requirements for credit risk

Exposure to sovereigns, banks and corporates

For the calculation of risk-weighted assets for exposures to banks, sovereigns and corporates, the Bank has adopted an approach that is consistent with the advanced internal ratings-based approach.

As a general rule, under this approach risk-weighted assets are determined by multiplying the credit risk exposures with risk weights derived from the relevant Basel II risk weight function using the Bank's own estimates for key inputs. These estimates for key inputs are also relevant to the Bank's economic capital calculation for credit risk.

The credit risk exposure for a transaction or position is referred to as the exposure at default (EAD). The Bank determines the EAD as the notional amount of all on- and off-balance sheet credit exposures, except derivative contracts and certain collateralised exposures. The EAD for derivatives is calculated using an approach consistent with the internal models method proposed under the Basel II framework. In line with this methodology, the Bank calculates effective expected positive exposures that are then multiplied by a factor alpha as set out in the framework.

Key inputs to the risk weight function are a counterparty's estimated one-year probability of default (PD) as well as the estimated loss-given-default (LGD) and maturity for each transaction.

Due to the high credit quality of the Bank's investments and the conservative credit risk management process at the BIS, the Bank is not in a position to estimate PDs and LGDs based on its own default experience. The Bank calibrates each counterparty PD estimate through a mapping of internal rating grades to external credit assessments taking external default data into account. Similarly, LGD estimates are derived from external data. Where appropriate, these estimates are adjusted to reflect the risk-reducing effects of collateral obtained giving consideration to market price volatility, re-margining and revaluation frequency. The recognition of the risk-reducing effects of collateral obtained for derivative contracts, reverse repurchase agreements and collateralised advances is accounted for in calculating the EAD.

The table below details the calculation of risk-weighted assets. The exposures are measured taking netting and collateral benefits into account. The total amount of exposures reported in the table as at 30 September 2014 includes SDR 235.6 million for interest rate contracts (31 March 2014: SDR 208.5 million) and SDR 1,052.9 million for FX and gold contracts (31 March 2014: SDR 229.4 million). In line with the Basel II framework, the minimum capital requirement is determined as 8% of risk-weighted assets.

As at 30 September 2014

Internal rating grades expressed as equivalent external rating grades *SDR millions / percentages*	Amount of exposure *SDR millions*	Exposure-weighted PD *%*	Exposure-weighted average LGD *%*	Exposure-weighted average risk-weight *%*	Risk-weighted assets *SDR millions*
AAA	26,933.1	0.01	35.6	3.4	923.6
AA	48,854.3	0.02	39.4	7.1	3,460.1
A	64,490.6	0.04	47.0	7.6	4,901.8
BBB	6,278.5	0.16	50.4	25.5	1,602.4
BB and below	29.7	3.49	54.0	124.5	37.0
Total	**146,586.2**				**10,924.9**

As at 30 September 2014, the minimum capital requirement for credit risk related to exposures to sovereigns, banks and corporates amounted to SDR 874.0 million.

As at 31 March 2014

Internal rating grades expressed as equivalent external rating grades *SDR millions / percentages*	Amount of exposure *SDR millions*	Exposure-weighted PD *%*	Exposure-weighted average LGD *%*	Exposure-weighted average risk-weight *%*	Risk-weighted assets *SDR millions*
AAA	20,887.6	0.01	35.6	3.5	727.3
AA	52,972.0	0.02	37.6	6.5	3,447.8
A	64,401.2	0.04	42.3	7.1	4,541.3
BBB	6,612.5	0.17	40.6	21.6	1,429.9
BB and below	12.6	0.70	35.6	48.8	6.2
Total	144,885.9				10,152.5

As at 31 March 2014, the minimum capital requirement for credit risk related to exposures to sovereigns, banks and corporates amounted to SDR 812.2 million.

The table below summarises the impact of collateral arrangements on the amount of credit exposure after taking netting into account.

The effect of risk mitigation on exposures to sovereigns, banks and corporates *SDR millions*	Amount of exposure after taking netting into account	Benefits from collateral arrangements	Amount of exposure after taking into account netting and collateral arrangements
As at 30 September 2014	208,167.5	61,581.3	**146,586.2**
As at 31 March 2014	197,550.2	52,664.3	144,885.9

Securitisation exposures

The Bank invests in highly rated securitisation exposures based on traditional, ie non-synthetic, securitisation structures. Given the scope of the Bank's activities, risk-weighted assets under the Basel II framework are determined according to the standardised approach for securitisation. Under this approach, external credit assessments of the securities are used to determine the relevant risk weights. External credit assessment organisations used for this purpose are Moody's Investors Service, Standard & Poor's and Fitch Ratings. Risk-weighted assets are then derived as the product of the notional amounts of the exposures and the associated risk weights. In line with the Basel II framework, the minimum capital requirement is determined as 8% of risk-weighted assets.

The following table shows the Bank's investments in securitisation analysed by type of securitised assets:

As at 30 September 2014

SDR millions	External rating	Amount of exposures	Risk-weight	Risk-weighted assets
Residential mortgage-backed securities	AAA	5.3	20%	1.1
Residential mortgage-backed securities	A	21.0	50%	10.5
Securities backed by other receivables (government-sponsored)	AAA	792.4	20%	158.5
Total		**818.7**		**170.1**

As at 30 September 2014, the minimum capital requirement for securitisation exposures amounted to SDR 13.6 million.

As at 31 March 2014

SDR millions	External rating	Amount of exposures	Risk-weight	Risk-weighted assets
Residential mortgage-backed securities	AAA	19.4	20%	3.9
Residential mortgage-backed securities	A	24.5	50%	12.2
Securities backed by other receivables (government-sponsored)	AAA	830.8	20%	166.2
Total		874.7		182.3

As at 31 March 2014, the minimum capital requirement for securitisation exposures amounted to SDR 14.6 million.

3. Market risk

The Bank is exposed to market risk through adverse movements in market prices. The main components of the Bank's market risk are gold price risk, interest rate risk and foreign exchange risk.

A. Gold price risk

Gold price risk is the exposure of the Bank's financial condition to adverse movements in the price of gold.

The Bank is exposed to gold price risk principally through its holdings of gold investment assets, which amount to 109.7 tonnes (31 March 2014: 111.2 tonnes). These gold investment assets are held in custody or placed on deposit with commercial banks. At 30 September 2014, the Bank's net gold investment assets amounted to SDR 2,879.9 million (31 March 2014: SDR 2,981.8 million), approximately 16.0% of its equity (31 March 2014: 17.0%). The Bank sometimes also has small exposures to gold price risk arising from its banking activities with central and commercial banks.

B. Interest rate risk

Interest rate risk is the exposure of the Bank's financial condition to adverse movements in interest rates including credit spreads. The Bank is exposed to interest rate risk through the interest bearing assets relating to the management of its equity held in its investment portfolios and investments relating to its banking portfolios. The investment portfolios are managed using a fixed-duration benchmark of bonds.

The tables below show the impact on the Bank's equity of a 1% upward shift in the relevant yield curve per time band:

As at 30 September 2014

SDR millions	Up to 6 months	6 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Euro	(6.8)	(17.8)	(15.1)	(29.5)	(43.7)	(44.8)	(14.9)
Japanese yen	(1.5)	(2.8)	0.1	–	(0.1)	–	–
Pound sterling	(1.1)	(3.1)	(15.0)	(19.8)	(17.7)	(9.5)	2.4
Swiss franc	11.6	(0.3)	(2.4)	(0.8)	(1.2)	–	4.3
US dollar	23.2	(49.0)	(43.4)	(45.1)	(52.2)	(52.1)	11.1
Other currencies	(0.2)	(0.1)	(1.0)	(1.4)	(0.5)	(1.0)	(0.4)
Total	**25.2**	**(73.1)**	**(76.8)**	**(96.6)**	**(115.4)**	**(107.4)**	**2.5**

As at 31 March 2014

SDR millions	Up to 6 months	6 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Euro	0.5	(7.9)	(28.6)	(41.1)	(42.7)	(35.0)	(9.9)
Japanese yen	(1.4)	(2.1)	0.1	(0.1)	–	–	–
Pound sterling	(0.2)	(1.8)	(7.7)	(15.0)	(23.8)	(4.8)	3.8
Swiss franc	10.3	(0.2)	(1.8)	(2.1)	(1.5)	(0.4)	5.6
US dollar	8.7	(10.2)	(34.8)	(40.6)	(58.5)	(40.1)	12.2
Other currencies	0.4	(0.3)	(1.4)	1.1	(2.3)	0.3	(0.3)
Total	18.3	(22.5)	(74.2)	(97.8)	(128.8)	(80.0)	11.4

C. Foreign exchange risk

The Bank's functional currency, the SDR, is a composite currency comprising fixed amounts of USD, EUR, JPY and GBP. Currency risk is the exposure of the Bank's financial condition to adverse movements in exchange rates. The Bank is exposed to foreign exchange risk primarily through the assets relating to the management of its equity. The Bank is also exposed to foreign exchange risk through managing its customer deposits and through acting as an intermediary in foreign exchange transactions. The Bank reduces its foreign exchange exposures by matching the relevant assets to the constituent currencies of the SDR on a regular basis, and by limiting currency exposures arising from customer deposits and foreign exchange transaction intermediation.

The following tables show the Bank's assets and liabilities by currency and gold exposure. The net foreign exchange and gold position in these tables therefore includes the Bank's gold investments. To determine the Bank's net foreign exchange exposure, the gold amounts need to be removed. The SDR-neutral position is then deducted from the net foreign exchange position excluding gold to arrive at the net currency exposure of the Bank on an SDR-neutral basis.

As at 30 September 2014

SDR millions	SDR	USD	EUR	GBP	JPY	CHF	Gold	Other currencies	Total
Assets									
Cash and sight accounts with banks	–	15.7	89.7	1.9	5,984.1	6,644.7	–	12.6	12,748.7
Gold and gold loans	–	9.5	–	–	–	–	20,188.5	–	20,198.0
Treasury bills	–	1,515.7	10,689.2	81.9	23,953.1	–	–	4,077.7	40,317.6
Securities purchased under resale agreements	–	4,628.8	32,259.1	16,926.3	1,596.7	–	–	–	55,410.9
Loans and advances	333.8	11,980.2	960.4	1,763.6	938.8	3.1	–	2,619.8	18,599.7
Government and other securities	–	32,353.2	21,917.8	7,843.5	4,246.4	–	–	6,108.6	72,469.5
Derivative financial instruments	4,314.4	98,763.3	(34,666.6)	(10,023.4)	(34,381.8)	(5,727.5)	(7,620.5)	(4,554.2)	6,103.7
Accounts receivable	–	2,188.8	81.2	70.4	–	8.0	–	18.2	2,366.6
Land, buildings and equipment	180.3	–	–	–	–	12.7	–	–	193.0
Total assets	**4,828.5**	**151,455.2**	**31,330.8**	**16,664.2**	**2,337.3**	**941.0**	**12,568.0**	**8,282.7**	**228,407.7**
Liabilities									
Currency deposits	(4,269.0)	(136,958.5)	(23,880.2)	(10,281.0)	(1,969.4)	(464.9)	–	(8,082.8)	(185,905.8)
Gold deposits	–	(7.9)	–	–	–	–	(9,684.8)	–	(9,692.7)
Securities sold under repurchase agreements	–	(270.2)	(261.8)	(417.7)	–	–	–	(0.1)	(949.8)
Derivative financial instruments	(72.7)	(7,166.3)	4,753.8	(908.7)	1,323.4	(66.5)	(0.3)	(14.3)	(2,151.6)
Accounts payable	–	(654.5)	(6,617.9)	(3,229.8)	(614.2)	–	–	(0.1)	(11,116.5)
Other liabilities	–	(0.5)	–	–	–	(791.5)	–	(0.7)	(792.7)
Total liabilities	**(4,341.7)**	**(145,057.9)**	**(26,006.1)**	**(14,837.2)**	**(1,260.2)**	**(1,322.9)**	**(9,685.1)**	**(8,098.0)**	**(210,609.1)**
Net currency and gold position	**486.8**	**6,397.3**	**5,324.7**	**1,827.0**	**1,077.1**	**(381.9)**	**2,882.9**	**184.7**	**17,798.6**
Adjustment for gold	–	–	–	–	–	–	(2,882.9)	–	(2,882.9)
Net currency position	**486.8**	**6,397.3**	**5,324.7**	**1,827.0**	**1,077.1**	**(381.9)**	**–**	**184.7**	**14,915.7**
SDR-neutral position	(486.8)	(6,416.2)	(5,189.8)	(1,750.5)	(1,072.4)	–	–	–	(14,915.7)
Net currency exposure on SDR-neutral basis	**–**	**(18.9)**	**134.9**	**76.5**	**4.7**	**(381.9)**	**–**	**184.7**	**–**

As at 31 March 2014

SDR millions	SDR	USD	EUR	GBP	JPY	CHF	Gold	Other currencies	Total
Assets									
Cash and sight accounts with banks	–	5.3	430.1	(8.8)	4,996.7	5,774.5	–	13.7	11,211.5
Gold and gold loans	–	8.6	–	–	–	–	20,587.8	–	20,596.4
Treasury bills	–	2,910.6	8,085.7	–	29,445.4	–	–	4,089.1	44,530.8
Securities purchased under resale agreements	–	13,588.4	15,725.9	20,171.7	1,068.5	–	–	(0.1)	50,554.4
Loans and advances	299.7	10,994.0	456.0	2,408.1	5.5	3.2	–	5,433.8	19,600.3
Government and other securities	–	37,816.3	18,613.1	7,562.9	1,858.8	–	–	4,190.0	70,041.1
Derivative financial instruments	1,178.2	37,183.3	(185.4)	(1,653.8)	(24,096.4)	(1,190.9)	(5,176.2)	(3,056.6)	3,002.2
Accounts receivable	–	1,793.7	429.0	511.8	–	7.8	–	35.1	2,777.4
Land, buildings and equipment	188.1	–	–	–	–	8.1	–	–	196.2
Total assets	1,666.0	104,300.2	43,554.4	28,991.9	13,278.5	4,602.7	15,411.6	10,705.0	222,510.3
Liabilities									
Currency deposits	(4,856.2)	(131,291.6)	(23,073.6)	(9,848.8)	(2,404.8)	(475.5)	–	(8,521.7)	(180,472.2)
Gold deposits	–	(7.2)	–	–	–	–	(11,290.3)	–	(11,297.5)
Securities sold under repurchase agreements	–	(323.5)	(845.8)	–	–	–	–	–	(1,169.3)
Derivative financial instruments	3,207.0	35,397.7	(11,149.1)	(13,462.1)	(9,514.9)	(4,072.6)	(1,135.8)	(1,903.1)	(2,632.9)
Accounts payable	–	(1,637.9)	(2,661.6)	(3,812.9)	(188.6)	–	–	(110.5)	(8,411.5)
Other liabilities	–	(0.6)	–	–	–	(798.1)	–	(0.3)	(799.0)
Total liabilities	(1,649.2)	(97,863.1)	(37,730.1)	(27,123.8)	(12,108.3)	(5,346.2)	(12,426.1)	(10,535.6)	(204,782.4)
Net currency and gold position	16.8	6,437.1	5,824.3	1,868.1	1,170.2	(743.5)	2,985.5	169.4	17,727.9
Adjustment for gold investment assets	–	–	–	–	–	–	(2,985.5)	–	(2,985.5)
Net currency position	16.8	6,437.1	5,824.3	1,868.1	1,170.2	(743.5)	–	169.4	14,742.4
SDR-neutral position	(16.8)	(6,289.2)	(5,553.6)	(1,762.9)	(1,119.9)	–	–	–	(14,742.4)
Net currency exposure on SDR-neutral basis	–	147.9	270.7	105.2	50.3	(743.5)	–	169.4	–

D. Minimum capital requirements for market risk

For the calculation of minimum capital requirements for market risk under the Basel II framework, the Bank has adopted a banking book approach consistent with the scope and nature of its business activities. Consequently, market risk-weighted assets are determined for gold price risk and foreign exchange risk, but not interest rate risk. The related minimum capital requirement is derived using the VaR-based internal models method. Under this method, VaR calculations are performed using the Bank's VaR methodology, to a 99% confidence interval assuming a 10-day holding period.

The actual minimum capital requirement is derived as the higher of the VaR on the calculation date and the average of the daily VaR measures on each of the preceding 60 business days (including the calculation date) subject to a multiplication factor of three plus a potential add-on depending on backtesting results. For the period under consideration, the number of backtesting outliers observed remained within the range where no add-on is required. The table below summarises the market risk development relevant to the calculation of minimum capital requirements and the related risk-weighted assets over the reporting period:

As at	**30 September 2014**			31 March 2014		
SDR millions	VaR	Risk-weighted assets (A)	Minimum capital requirement (B)	VaR	Risk-weighted assets (A)	Minimum capital requirement (B)
Market risk, where (A) is derived as (B) / 8%	252.3	9,462.3	**757.0**	299.9	11,244.9	899.6

4. Operational risk

Operational risk is defined by the Bank as the risk of financial loss, or damage to the Bank's reputation, or both, resulting from human factors, failed or inadequate processes, failed or inadequate systems, or external events. Operational risk includes legal risk, but excludes strategic risk.

For the measurement of economic capital for operational risk and related risk-weighted assets, the Bank has adopted a VaR approach using a Monte Carlo simulation technique that is consistent with the advanced measurement approach proposed under the Basel II framework. In line with the assumptions of the Basel II framework, the quantification of operational risk does not take reputational risk into account and is determined to a 99.9% confidence level assuming a one-year time horizon. Internal and external loss data, scenario estimates and control self-assessments to reflect changes in the business and control environment of the Bank are key inputs in the calculations. In quantifying its operational risk, the Bank does not take potential protection it may obtain from insurance into account.

A. Minimum capital requirements for operational risk

In line with the key parameters of the Basel II framework, the calculation of the minimum capital requirement for operational risk is determined to a 99.9% confidence level assuming a one-year time horizon. The table below shows the minimum capital requirements for operational risk and related risk-weighted assets:

As at	**30 September 2014**			31 March 2014		
SDR millions	VaR	Risk-weighted assets (A)	Minimum capital requirement (B)	VaR	Risk-weighted assets (A)	Minimum capital requirement (B)
Operational risk, where (A) is derived as (B) / 8%	826.4	10,329.5	**826.4**	812.3	10,154.1	812.3

5. Liquidity risk

Liquidity risk arises when the Bank may not be able to meet expected or unexpected current or future cash flows and collateral needs without affecting its daily operations or its financial condition.

Outstanding balances in the currency and gold deposits from central banks, international organisations and other public organisations are the key drivers of the size of the Bank's balance sheet. The Bank is exposed to funding liquidity risk mainly because of the short-term nature of its deposits and because it undertakes to repurchase at fair value certain of its currency deposit instruments at one or two business days' notice. In line with the Bank's objective to maintain a high level of liquidity, it has developed a liquidity management framework, including a ratio, based on conservative assumptions for estimating the liquidity available and the liquidity required.

A. Maturity profile of cash flows

The following tables show the maturity profile of cash flows for assets and liabilities. The amounts disclosed are the undiscounted cash flows to which the Bank is committed.

As at 30 September 2014

SDR millions	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	5 to 10 years	Over 10 years	Total
Assets									
Cash and sight accounts with banks	12,748.7	–	–	–	–	–	–	–	12,748.7
Gold and gold loans	19,979.7	218.5	–	–	–	–	–	–	20,198.2
Treasury bills	5,965.8	16,907.9	10,200.1	5,473.4	–	–	–	–	38,547.2
Securities purchased under resale agreements	29,028.6	15,788.8	2,374.8	–	–	–	–	–	47,192.2
Loans and advances	8,365.9	10,246.8	–	–	–	–	–	–	18,612.7
Government and other securities	1,403.0	5,318.7	8,426.1	17,778.3	12,574.2	26,514.6	1,521.6	–	73,536.5
Total assets	**77,491.7**	**48,480.7**	**21,001.0**	**23,251.7**	**12,574.2**	**26,514.6**	**1,521.6**	**–**	**210,835.5**
Liabilities									
Currency deposits									
Deposit instruments repayable at 1–2 days' notice	(2,926.0)	(11,271.5)	(23,051.0)	(35,007.3)	(18,534.7)	(25,257.7)	(19.5)	–	(116,067.7)
Other currency deposits	(40,699.3)	(10,634.6)	(10,619.9)	(8,064.5)	–	–	–	–	(70,018.3)
Gold deposits	(9,475.9)	(216.9)	–	–	–	–	–	–	(9,692.8)
Securities sold under repurchase agreements	(788.8)	(80.5)	–	–	–	–	–	–	(869.3)
Total liabilities	**(53,890.0)**	**(22,203.5)**	**(33,670.9)**	**(43,071.8)**	**(18,534.7)**	**(25,257.7)**	**(19.5)**	**–**	**(196,648.1)**
Derivatives									
Net settled									
Interest rate contracts	(84.3)	1.8	194.5	132.3	42.2	20.4	2.4	–	309.3
Gross settled									
Exchange rate and gold price contracts									
Inflows	54,945.5	47,148.8	19,460.1	14,537.4	–	–	–	–	136,091.8
Outflows	(53,704.6)	(45,644.0)	(18,861.2)	(14,118.3)	–	–	–	–	(132,328.1)
Subtotal	1,240.9	1,504.8	598.9	419.1	–	–	–	–	3,763.7
Interest rate contracts									
Inflows	221.9	0.1	109.7	116.4	326.3	–	–	–	774.4
Outflows	(229.3)	(0.3)	(121.7)	(114.1)	(351.7)	–	–	–	(817.1)
Subtotal	(7.4)	(0.2)	(12.0)	2.3	(25.4)	–	–	–	(42.7)
Total derivatives	**1,149.2**	**1,506.4**	**781.4**	**553.7**	**16.8**	**20.4**	**2.4**	**–**	**4,030.3**
Total future undiscounted cash flows	**24,750.9**	**27,783.6**	**(11,888.5)**	**(19,266.4)**	**(5,943.7)**	**1,277.3**	**1,504.5**	**–**	**18,217.7**

As at 31 March 2014

SDR millions	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	5 to 10 years	Over 10 years	Total
Assets									
Cash and sight accounts with banks	11,211.5	–	–	–	–	–	–	–	11,211.5
Gold and gold loans	20,374.5	–	–	222.6	–	–	–	–	20,597.1
Treasury bills	10,075.7	22,334.5	7,135.5	4,400.3	323.6	–	–	–	44,269.6
Securities purchased under resale agreements	34,956.5	8,497.3	–	–	–	–	–	–	43,453.8
Loans and advances	9,645.7	9,955.7	–	–	–	–	–	–	19,601.4
Government and other securities	3,990.7	7,821.5	8,208.5	11,422.5	12,341.6	26,177.5	1,458.7	–	71,421.0
Total assets	90,254.6	48,609.0	15,344.0	16,045.4	12,665.2	26,177.5	1,458.7	–	210,554.4
Liabilities									
Currency deposits									
Deposit instruments repayable at 1–2 days' notice	(9,115.8)	(19,975.2)	(16,886.1)	(17,351.8)	(16,795.8)	(23,879.9)	(16.1)	–	(104,020.7)
Other currency deposits	(47,374.8)	(17,579.2)	(7,913.1)	(3,210.3)	–	–	–	–	(76,077.4)
Gold deposits	(11,077.0)	–	–	(221.1)	–	–	–	–	(11,298.1)
Securities sold under repurchase agreements	(669.5)	(249.9)	–	–	–	–	–	–	(919.4)
Total liabilities	(68,237.1)	(37,804.3)	(24,799.2)	(20,783.2)	(16,795.8)	(23,879.9)	(16.1)	–	(192,315.6)
Derivatives									
Net settled									
Interest rate contracts	11.2	71.0	102.8	117.3	105.6	(37.7)	(3.9)	–	366.3
Gross settled									
Exchange rate and gold price contracts									
Inflows	44,188.7	40,218.5	8,699.9	7,240.7	–	–	–	–	100,347.8
Outflows	(44,213.3)	(39,986.0)	(8,752.1)	(7,211.6)	–	–	–	–	(100,163.0)
Subtotal	(24.6)	232.5	(52.2)	29.1	–	–	–	–	184.8
Interest rate contracts									
Inflows	32.6	0.2	186.1	282.9	400.1	25.5	–	–	927.4
Outflows	(36.8)	(1.8)	(214.0)	(331.5)	(458.9)	(28.6)	–	–	(1,071.6)
Subtotal	(4.2)	(1.6)	(27.9)	(48.6)	(58.8)	(3.1)	–	–	(144.2)
Total derivatives	(17.6)	301.9	22.7	97.8	46.8	(40.8)	(3.9)	–	406.9
Total future undiscounted cash flows	21,999.9	11,106.6	(9,432.5)	(4,640.0)	(4,083.8)	2,256.8	1,438.7	–	18,645.7

The Bank writes options in the ordinary course of its banking business. The table below discloses the fair value of the written options analysed by exercise date:

Written options

SDR millions	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	5 to 10 years	Over 10 years	Total
As at 30 September 2014	(2.0)	(2.3)	(2.3)	–	–	(1.1)	–	–	**(7.7)**
As at 31 March 2014	(0.3)	(0.1)	(3.3)	(3.8)	–	(9.3)	–	–	(16.8)

The table below shows the contractual expiry date of the credit commitments as at the balance sheet date:

Contractual expiry date

SDR millions	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 2 years	2 to 5 years	5 to 10 years	Maturity undefined	Total
As at 30 September 2014	–	–	202.1	255.1	–	–	–	2,631.8	**3,089.0**
As at 31 March 2014	–	–	267.5	194.1	–	–	–	2,461.3	2,922.9

B. Liquidity ratio

The Bank has adopted a liquidity risk framework taking into account regulatory guidance issued by the Basel Committee on Banking Supervision related to the liquidity coverage ratio (LCR). The framework is based on a liquidity ratio that compares the Bank's available liquidity with a liquidity requirement over a one-month time horizon assuming a stress scenario. In line with the Basel III liquidity framework, the underlying stress scenario combines an idiosyncratic and a market crisis. However, the liquidity ratio differs in construction from the LCR to reflect the nature and scope of the BIS banking activities – in particular, the short-term nature of the Bank's balance sheet. Within the Bank's liquidity framework, the Board of Directors has set a limit for the Bank's liquidity ratio which requires the liquidity available to be at least 100% of the potential liquidity requirement.

The table below shows the Bank's estimated liquidity available, liquidity required and the resulting liquidity ratio:

SDR millions	30 September 2014	31 March 2014
Liquidity available		
Estimated cash inflows	56.7	70.5
Estimated liquidity from sales of highly liquid securities	55.9	56.9
Estimated sale and repurchase agreements	8.0	6.1
Total liquidity available (A)	**120.6**	**133.5**
Estimated withdrawal of currency deposits	65.6	76.1
Estimated drawings of committed and uncommitted facilities	4.9	4.3
Estimated other outflows	–	1.1
Total liquidity required (B)	**70.5**	**81.5**
Liquidity ratio (A) / (B)	**171.1%**	**163.8%**