

F. Glossary

A

Affiliate (of a bank)

A branch, subsidiary or a joint venture. In these Guidelines, a clear distinction is made between the various types of affiliates.

“À forfait” purchase

An outright purchase of a trade bill (or similar instrument) which absolves the seller/presenter of the bill from any obligation should the drawee fail to honour the bill when it matures.

B

Banking offices

Includes banks’ head offices, branches and subsidiaries (same definition as for “Affiliates”).

Banks, deposit-taking corporations, monetary financial institutions (MFIs)

Financial institutions whose business it is to receive deposits or close substitutes for deposits and to grant credits or invest in securities on their own account. For the purposes of the consolidated banking statistics, the counterparty sector “banks” excludes central banks and multilateral development banks. In the locational banking statistics, central banks (including the BIS and the ECB) are included in the counterparty sector “banks”. Money market funds, investment funds and pension funds are excluded from this category.

Branch

Unincorporated entity wholly owned by another entity.

Brass plate company

A company that is used to register ownership of shipping vessels or to raise capital through the issuance of securities. Such companies may register in a country but for all practical purposes have no operational presence in that country. Moreover, books or accounts may be maintained elsewhere rather than in the host country.

C

Cash collateral

Collateral consisting of cash, negotiable instruments (eg negotiable securities), documents of title, deposit accounts or other cash equivalents. It includes any negotiable assets that may be converted into liquid assets, if necessary. In bankruptcy proceedings, cash collateral is important for presenting an accurate picture of the financial condition related to the action. Depending on the type of bankruptcy that is being filed, conversion of assets into cash may be required. This cash collateral is then used to discharge part of the outstanding indebtedness, leaving the court to address the disposition of any remaining credit.

Central banks

See “Official monetary authorities”.

Claims on an immediate risk basis	Financial assets including, as a minimum, deposits and balances with other banks, loans and advances to non-banks as well as banks, and holdings of debt securities. For the purposes of the consolidated banking statistics on an immediate risk basis (CBS/IR), claims should be allocated to the counterparty country and sector of the immediate obligor. Moreover, the definition of claims should exclude derivatives with a positive market value. These derivatives positions are reported separately in the consolidated banking statistics on an ultimate risk basis (CBS/UR).
Consolidated banking statistics	The statistics capture the consolidated positions of banks' worldwide offices, including the positions of banks' foreign subsidiaries and branches but excluding inter-office activity. Central banks and other official authorities collect the data on a consolidated basis from individual banks headquartered in their jurisdiction. Aggregate data for the national banking system are then provided to the BIS.
Consortium bank	A joint venture in which no single owner has a controlling interest.
Controlling parent institution	The entity that controls or exerts dominant influence over the financial affiliates in a corporate group. In the IBS, what is relevant for the identification of the controlling parent is the highest level entity over which consolidated supervision is exercised by prudential authorities. The controlling parent institution of a reporting bank may thus be the ultimate parent, or may be the head of a financial group that is a subset of a diversified conglomerate. For banks that are not part of a larger corporate group, the controlling parent is generally the head office (or home office) of the bank.
Countries	Both territorial entities that are states, as understood by international law and practice, and territorial entities that are not states but for which statistical data are maintained and provided internationally on a separate and independent basis.
Coverage	Refers either to the number of countries that report, or to the number of reporting institutions in each country, or to the extent of balance sheet reporting by individual banks, thus indicating the degree of comprehensiveness of the information collected.
Credit commitments	Arrangements that irrevocably obligate an institution, at a client's request, to extend credit in the form of loans, participation in loans, lease financing receivables, mortgages, overdrafts or other loan substitutes or commitments to extend credit in the form of the purchase of loans, securities or other assets, such as backup facilities including those under note issuance facilities and revolving underwriting facilities. In the CBS/UR, banks are asked to report the undisbursed (unutilised) amounts of legally binding credit commitments.

Credit derivatives contract	Derivative whose redemption value is linked to specified credit-related events, such as bankruptcy, credit downgrade, non-payment, or default of a borrower. For example, a lender might use a credit derivative to hedge the risk that a borrower might default. Common credit derivatives include credit default swaps, total return swaps and credit spread options.
Cross-border positions	Asset and liability positions vis-à-vis banks and non-banks located in a country other than the country of residence of the reporting banking office; also referred to as “external” positions.
D	
Debt securities	Negotiable instruments other than loans and deposits, equity securities, investment fund shares or units, and financial derivatives. All financial assets that are bearer instruments, usually negotiable and traded on secondary markets, not granting the holder any ownership rights to the institutional unit issuing them. Non-negotiable instruments are classified as loans and deposits.
Deposit-taking corporations	See “Banks”.
Derivative instrument	A financial instrument whose value depends on some underlying financial asset, commodity index or predefined variable.
Derivative claim	A derivative instrument with a positive market value. These are reported separately in the CBS/UR (see Section C.6.1.2).
Derivative liability	A derivative instrument with a negative market value. These are reported as part of the instrument breakdown of total liabilities in the CBS/IB (see Section C.4.2.2).
Domestic bank	A bank whose controlling parent institution is located in the reporting country, regardless of whether the controlling parent institution is a banking or non-banking entity.
E	
“En pension” acquisition	Transaction in which the pension provider transfers assets – such as bills of exchange, receivables or securities – in return for payment of a sum of money, to a recipient of a pension, on the understanding that the pension provider is obliged, or even entitled, to re-transfer the assets on a specific date or on a date yet to be defined. Mostly consists of loan transactions with fixed-interest securities over a fixed period.
Equity securities	An equity security is any financial instrument that evidences a residual interest in the assets of an entity after deduction of all of its liabilities. See IAS32.11 and IAA32.16 for more information.

Exchange-rate adjusted changes

The change in stocks after eliminating the valuation effects arising from movements in exchange rates of original currencies against US dollar. The term is applied to data expressed in a common currency (for instance, the international banking statistics are expressed in US dollar equivalent). It is calculated by:

(a) converting US dollar equivalent stocks back into respective original currencies, using end-of-period exchange rates for a given quarter,

(b) deriving the difference in stocks in original currency, and

(c) converting back the changes of stocks to equivalent US dollars amounts in original currencies using period average (eg quarterly) exchange rates to the US dollar.

External positions

See “Cross-border positions”.

F

Face value

The amount of principal to be repaid (2008 SNA 3.154 (d)). It is equivalent to the redemption price of a debt security excluding accrued interest (2009 Handbook on Securities Statistics, Part 1).

Foreign bank (branches and/or subsidiaries)

A bank whose controlling parent institution is outside the country in which the reporting banking entity is located (see “Affiliates”).

Foreign claims

Financial claims on residents of countries other than the reporting country, ie claims on non-residents of the reporting country. In the CBS, foreign claims are calculated as the sum of cross-border claims and local claims (in all currencies) of reporting banks’ foreign affiliates, or equivalently of international claims and local claims denominated in local currencies (see Table C3).

Foreign currency positions

Positions denominated in a currency other than the local (domestic) currency of the country in which the banking office is located.

G

General government

Includes the central government, state government, local government and social security funds. In the LBS, central banks, other official monetary authorities and public corporations are not part of the general government sector. In the CBS, central banks are combined with the general government to form the “official sector”.

Guarantees extended	Contingent liabilities arising from an irrevocable obligation to pay a third-party beneficiary when a client fails to perform certain contractual obligations. They include secured, bid and performance bonds, warranties and indemnities, confirmed documentary credits, irrevocable and standby letters of credit, acceptances and endorsements. Guarantees extended also include the contingent liabilities of the protection seller of credit derivatives instruments. In the CBS/UR, banks are asked to report guarantees extended.
H	
Head office	A bank exercising control over or ownership of affiliates. In the IBS, the head office is taken to be the highest level entity over which consolidated supervision is exercised by prudential authorities. See also “Controlling parent institution”.
Hedge funds	Any collective investment undertakings or private investment funds, often leveraged, and often engaging in active trading strategies (including arbitrage) to achieve positive absolute returns and whose managers are remunerated in relation to the funds’ performance.
Home country	The country where the prudential authority exercising the highest level of consolidated supervision is located. Also referred to as “parent country”.
Households	Individuals, families, unincorporated enterprises owned by households, and non-profit institutions serving households (NPISHs) such as charities, religious institutions, trade unions and consumer associations.
I	
Inside-area bank	A bank in a BIS reporting country whose controlling parent institution is located elsewhere in the BIS reporting area, that is, in another country that reports consolidated banking statistics to the BIS (Table A2).
Interbank positions	Asset and liability positions reported by a bank vis-à-vis another bank.
International banking business	The term “international” refers to banks’ transactions in any currency with non-residents (ie their external or cross-border business) plus their transactions in foreign (non-local) currency with residents.
International banking facility (IBF)	A banking unit in the United States conducting cross-border business unrestricted by many of the rules and regulations applied in ordinary banking with residents. Similar institutions exist in Japan. IBFs and similar institutions are considered residents of the country in which they are located.
International claims	Sum of cross-border claims in any currency and local claims of foreign affiliates denominated in non-local currencies.

International organisation	<p>International organisations are those that meet either of the following conditions:</p> <p>a) The members of the organization are either national states or other international organizations whose members are national states; they thus derive their authority either directly from the national states that are their members or indirectly from them through other international organizations.</p> <p>b) They are entities established by formal political agreements between their members that have the status of international treaties; their existence is recognized by law in their member countries.</p>
Inter-office business	Business between different offices of the same banking organisation. Inter-office business is excluded in the consolidated banking statistics, but is included in the locational banking statistics and reported separately in the locational statistics by nationality.
Intrabank business	See “Inter-office business”.
Investment companies	Companies that actively manage a pool of assets for their shareholders and that issue redeemable securities that represent an undivided interest in the assets managed by the company.
Investment funds	All collective investment entities investing in financial and non-financial assets where the sole objective is the investment of capital raised from the public. This definition excludes pension funds and money market funds, the latter being classified as “other depository institutions”. Hedge funds are considered as being part of this category of funds.
J	
Japan Offshore Market	See “International banking facility”.
Joint venture	A (banking) enterprise in which two or more parties hold major interests. One of those parties may, but need not, be of the country in which the joint venture operates.

L

Loans and deposits

On the claims side, all loans granted, working capital provided to branches/subsidiaries, and deposits with other banks, including those with their own affiliates (inter-office positions).

On the liabilities side, all claims on the reporting bank that reflect evidence of deposit, and borrowing (loans) from others. In the locational banking statistics, this includes borrowing from the bank's own affiliates, head office or controlling parent institution, and working capital received from the head office or controlling parent institution.

This instrument category also includes repurchase transactions (repos), financial leases, promissory notes, non-negotiable debt securities (eg non-negotiable CDs), endorsement liabilities arising from bills rediscounted abroad and subordinated loans (including subordinated non-negotiable debt securities) and reporting banks' holdings of notes and coins that are in circulation.

Local positions in local currency

Asset or liability positions with a counterparty (bank or non-bank) located in the same country as the banking office and which are denominated in the domestic currency of the country.

Local positions in foreign currencies

Asset or liability positions with a counterparty (bank or non-bank) located in the same country as the banking office and which are denominated in a currency *other than* the domestic currency of the country.

Locational banking statistics

Statistics designed mainly to capture the financial claims and financial liabilities of internationally active banks (ie excluding only resident domestic banks without positions vis-à-vis non-residents of the reporting country). The statistics cover all on-balance sheet positions and some off-balance sheet positions in the area of trustee business. The basic reporting basis underlying the statistics is the residence of the reporting banking office. This conforms to balance of payments and external debt methodology. These offices report exclusively their own (unconsolidated) business, including their international transactions with any of their own affiliates (branches, subsidiaries, joint ventures), including claims and liabilities vis-à-vis non-residents in any currency, claims and liabilities vis-à-vis residents of the reporting country in local currency as well as in foreign currencies.

Long-term

Maturities exceeding one year or with no stated maturity.

M

Master netting agreement

See "Netting agreement".

Maturity structure	In the consolidated banking statistics on an immediate risk basis (CBS/IR), breakdown of positions according to their remaining maturity (ie the time to final maturity) as opposed to contractual or original maturity (ie maturity at initiation of contract).
Monetary financial institutions	See "Banks".
Money market funds	Funds that issue highly liquid liabilities of a monetary nature and that are similar to financial institutions ("other depository corporations").
Mutual funds	Investment companies that issue and sell redeemable securities which represent an undivided interest in the assets held by the fund.
 N	
Nationality (of reporting entities)	Nationality is determined by the location of the reporting entity's controlling parent institution (in contrast to the location of the reporting entity). See also "Controlling parent institution".
Negotiable security	A security where legal ownership is readily capable of being transferred from one entity to another by delivery or endorsement (BPM6, paragraph 5.15). It is not necessary that a security be traded on an exchange for it to be considered negotiable.
Netting agreement	A netting agreement (or master netting agreement) is a standardised bilateral contract that enables trading counterparties to agree to net collateral requirements. Such an agreement enables the positive balances of one counterparty to be offset against the negative ones of another when payable the same day and in the same currency. For further information, see Basel Committee on Banking Supervision, <i>International convergence of capital measurement and capital standards</i> , BIS, June 2006. Available at: www.bis.org/publ/bcbs128.htm .
Nominal value	The outstanding amount the debtor owes to the creditor, which is composed of the outstanding principal amount including any accrued interest (BPM6, 3.88). The nominal value reflects the sum of funds originally advanced, plus any subsequent advances, plus any interest that has accrued, less any repayments (which includes any payments covering interest accrual).
Non-bank financial institutions	Private or public financial institutions, other than banks, engaged primarily in the provision of financial services and activities auxiliary to financial intermediation such as fund management. Includes special purpose vehicles, hedge funds, securities brokers, money market funds, pension funds, insurance companies, financial leasing corporations, central clearing counterparties, unit trusts, other financial auxiliaries and other captive financial institutions. It also includes any public financial institutions such as development banks and export credit agencies.

Non-banks	All entities other than those defined as banks. The general government sector and public corporations are part of the non-bank sector. In the locational banking statistics, central banks are classified as “banks”. In the consolidated banking statistics, central banks are classified as “official sector” and thus are considered non-banks.
Non-financial corporations	Privately and publicly owned corporations as well as unincorporated enterprises that function as if they were corporations, such as partnerships and the branches of foreign corporations.
O	
Official monetary authorities	Central banks or similar national and international bodies, such as the BIS. Central banks are allocated to the counterparty sector “banks” in the locational banking statistics, but to “official sector” in the consolidated banking statistics. See Section H for a list of institutions classified as central banks for the purposes of the IBS.
Official sector	In the CBS, the counterparty sector “official sector” comprises the general government sector, central bank sector and international organisations (including multilateral development banks). Public non-bank financial institutions and public corporations should not be classified as “official sector”, but rather should be classified as non-bank financial institutions or private non-financial sector, respectively.
Offshore centres	A term used to describe countries with banking sectors dealing primarily with non-residents and/or in foreign currency on a scale out of proportion to the size of the host economy.
Outside-area banks	Banking offices with a controlling parent institution located in a country or territory which does not report consolidated banking statistics to the BIS.
Own offices	Different offices of the same bank, including head offices, branch offices and subsidiaries. Also called “related offices”.
P	
Parent country	See “Home country”.
Parent institution	See “Controlling parent”.
Participation	Permanent holding of financial interests in other undertakings, eg through the acquisition of shares.
Promissory note	A written, dated and signed two-party instrument containing an unconditional promise by the maker to pay a definite sum of money to a payee on demand or at a specified future date. The only difference between a promissory note and a bill of exchange is that the maker of a note pays the payee personally, rather than ordering a third party to do so.

R

Related offices	See “Own offices”.
Reporting area	The whole group of countries which report to the BIS. The reporting area is different for the locational and the consolidated banking statistics.
Reporting centre or country	The terms “reporting centre” and “reporting country” are used interchangeably and refer to the countries that participate in the locational and/or consolidated banking statistics.
Reporting institutions	All deposit-taking corporations/institutions located in a BIS reporting country.
Repurchase agreements (repos)	Repos are money market operations based on arrangements involving the sale of (financial) assets at a specified price with a commitment to repurchase the same or similar assets at a fixed price on a specified future date (usually short-term) or on a date subject to the discretion of the purchaser. From the perspective of the entity purchasing the security in the first leg, the transaction is referred to as a reverse repo agreement.
Resident/non-resident	The residence of a counterparty is the country where the counterparty is permanently located, physically and/or by way of law or registration. In other words, the residence of an institutional unit is determined by the location where it has its centre of predominant economic interest. This concept is similar to the one used for balance of payments purposes. It should not be confused with the nationality criterion.
Risk transfer	Requirement in the consolidated banking statistics for the reporting of data on the reallocation of international claims from the country of the immediate risk to the country of “ultimate risk”. Data are requested separately on outward and inward risk transfers.

S

Short position	See “Short sales”.
Short sales/short selling	In finance, short selling is the practice of selling securities the seller does not then own, in the hope of repurchasing them later at a lower price.
Short-term	Maturities of up to and including one year or maturities on demand.
Stock figure	An amount outstanding on a particular date as opposed to a flow for a given period.
Subsidiary	A separately incorporated entity in which another entity has a majority or full participation.

Swap (currency swap)	<p>Contract which commits two counterparties to exchange streams of interest payments in different currencies for an agreed period of time and to exchange principal amounts in different currencies at a pre-agreed exchange rate at maturity.</p> <p>On balance-sheet accounts are not affected at inception.</p>
Swap (foreign exchange swap)	<p>Transaction which involves the actual exchange of two currencies (principal amount only) on a specific date at a rate agreed at the time of conclusion of the contract (the short leg), and a reverse exchange of the same two currencies at a date further in the future and at a rate (generally different from the rate applied to the short leg) agreed at the time of the contract (the long leg). Both spot/forward and forward/forward swaps are included. Short-term swaps carried out as “tomorrow/next day” transactions are also included in this category.</p> <p>Only the currency composition of the on balance-sheet accounts is affected at inception.</p>
T	
Trustee business	<p>Funds received and/or invested on a trust basis in a bank’s own name but on behalf of third parties.</p>
U	
Ultimate risk	<p>Analytical concept for measuring country risk exposure in the context of the CBS/UR. In contrast to the country where the actual counterparty resides, the country of ultimate risk is defined as the country in which the guarantor of a financial claim resides and/or the country in which the head office of a legally dependent branch is located.</p>
Undisbursed credit commitments	<p>See “Credit commitments”.</p>
V	
Vis-à-vis country	<p>Country of location of the counterparty to a financial contract. The claim of a reporting bank will be the liability of an entity in the vis-à-vis country and vice versa.</p>
W	
Working capital	<p>Funds of a permanent debt nature provided by the head office or the controlling parent institution of a bank to a legally dependent, unincorporated branch for the purpose of supporting its day-to-day operations.</p>