An introduction to the BIS

Petroleum Fund Management Seminar
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Agenda

I. Corporate purpose and structure
II. Fostering international monetary and financial cooperation
III. The bank for central banks
Corporate purpose and structure

- Oldest international financial institution
  - founded: 17 May 1930
- Shareholders: 56 major central banks & monetary authorities

The BIS is an international organisation which fosters cooperation among central banks and other agencies in pursuit of monetary and financial stability. Its banking services are provided exclusively to central banks, other official monetary institutions and international organisations.

Visit: www.bis.org
At a glance

- 570 Staff
- 53 nationalities
- Headquartered in Basel, Switzerland
- Two regional representative offices
  - in Hong Kong for Asia and the Pacific
  - in Mexico City for the Americas
Ownership of BIS

BIS shareholders are the central banks or monetary authorities of*:

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*Board members in bold

*and the European Central Bank*
79 years of central bank cooperation – 2009
BIS Governance Structure

- Board of Directors
  - Chairman of the Board of Directors
  - General Manager
    - Deputy General Manager
  - Legal Service
  - Risk Control
  - Banking Department
    - Head of Banking Department
  - Treasury
    - Asset Management
    - Operations
    - Financial Analysis
  - Compliance & Operational Risk Management
  - Audit Committee
  - Internal Audit
- Administrative Committee
- Nomination Committee

FICO
- Sets risk policy of the Bank

- Financial Stability Institute
- Representative Office Asia & Pacific
- Representative Office Americas
- Finance IT Services
  - Building, Security, Logistics
  - Monetary & Economic Dept. Economic Adviser
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A meeting place for central banks

- Over 5,000 senior executives and officials from central banks and supervisory agencies participate in meetings organised by the BIS every year
  - Bimonthly Meetings of Governors – focus on world economy and financial markets
  - Other meetings of senior central bank officials – focus on conduct of monetary policy, financial market surveillance and central bank governance
  - Frequent meetings of experts – mostly on monetary and financial stability issues but also on technical issues such as legal matters, reserve management, IT, internal audit and technical cooperation
Research and statistics

- The economic, monetary, financial and legal research of the BIS supports its meetings and the activities of the Basel-based committees.
- The BIS is also a centre for sharing statistical information among central banks, and for publishing statistics on global banking, securities, foreign exchange and derivatives markets.
Seminars and workshops

- Through seminars and workshops organised by the Financial Stability Institute (FSI), the BIS promotes dissemination of the work undertaken by the supervisory community.

- In doing this the FSI familiarises financial sector supervisors worldwide with the recommendations of the Basel Committee on Banking Supervision.
Publications: www.bis.org

- Annual Report: view of BIS on global monetary and current financial issues
- Quarterly Review: topical issues on financial markets
- Publications of committees
- Regular statistics
- Research papers
- International Journal of Central Banking
- Central Bank Research Hub
Basel committees

- Basel Committee on Banking Supervision
- Committee on Payment and Settlement Systems
- Committee on the Global Financial System
- Markets Committee
- Central Bank Governance Group
- International Association of Insurance Supervisors
- International Association of Deposit Insurers
- Financial Stability Board
- Financial Stability Institute
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Customer base

Some 120 central banks and monetary authorities as well as a number of international institutions

Global foreign exchange reserves

BIS market share

= 3.5%

1 As at 30 September 2009.
Products

**Money Markets**
- Fixed and floating rate deposits
- Dual currency deposits (DCD)
- Call/notice accounts
- FIXBIS (up to 1 year)
- MTI & Callable MTI (1 - 5 years)

** Tradable Instruments**
- Commercial orders
- Currency allocation
- Dual currency deposits

**Forex & Gold Services**
- Short-term liquidity support
- Dedicated portfolios
- BIS Investment Pool (BISIP)

**Credits to Central Banks**

**Asset Management**

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On balance sheet

Off balance sheet
Distribution of BIS currency placements and managed portfolios
At end-March 2010 (evolution since end-September 2009)

- Europe: 18% (0%)
- Asia & Pacific: 43% (+5%)
- Americas: 20% (0%)
- Africa & Middle East: 15% (-5%)
- International institutions: 4% (0%)
Customer placements by product
End-quarter figures, in billions of SDR
BIS Asset Management

- An asset manager for central banks and monetary authorities
- Established in 1991
- A fixed income specialist; single- and multi-currency bond portfolios
- A long-standing track record across and within global sovereign markets
- Client centric advisory services
- A stable group of 15 experienced investment professionals
BIS Asset Management

Assets under management: USD 31.8 bn
- Own capital: USD 18.6 bn
- External mandates: USD 13.2 bn

External mandates by region

- Asia-Pacific: 51%
- Africa/Middle East: 40%
- Europe: 3%
- Americas: 6%

External Mandates by assets

- EUR Govt: 35%
- USD Govt: 20%
- JPY Govt: 7%
- GBP Govt: 5%
- Asian Credit: 5%
- Global: 6%
- MBS Outsourced: 2%
- Admin/Other: 9%
- USD Credit: 11%
- MBS Outsourced: 2%
Product lines: External Mandates

- **Dedicated portfolios**
  - Single and multicurrency

- **BIS Investment Pool**
  - Single and multicurrency

Government bonds and high-grade credit
ABF2 Initiative

8 single-market funds

USD 1 billion

EMEAP's investment in ABF2

Pan-Asian Bond Index Fund (PAIF)

Local currency bond markets

8 single-market funds

China fund
Hong Kong fund
Indonesia fund
Korea fund
Malaysia fund
Philippines fund
Singapore fund
Thailand fund

7 of the funds are already listed and open to the public – 4 are exchange-traded funds (ETFs)
BIS global services

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