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Statistics on foreign financial claims of Portuguese banks on a consolidated basis

Banco de Portugal will publish statistical information in the Statistical Bulletin (Tables C.5.1 to C.5.3) as of today on foreign financial claims of Portuguese banks on a consolidated basis and the respective time series and multidimensional components in the *BPstat* | Statistics online.

This information focuses on the exposure to risks of banks having their head office in Portugal, particularly to country-risk associated with financial claims (except financial derivatives) held by them in the context of their international activity, including foreign claims of branches and subsidiaries abroad.

These statistics are compiled according to the methodological guidelines established by the Bank for International Settlements (BIS) in the field of international banking statistics, which in addition to statistics on a consolidated basis, comprise locational banking statistics. The latter focus on financial claims and liabilities in the unconsolidated balance sheet of resident banks in Portugal, and are currently published by Banco de Portugal as part of the balance sheet of other monetary financial institutions under monetary and financial statistics.

International banking statistics, on a locational and consolidated basis, are reported by Banco de Portugal to BIS, which releases the information collected from 31 countries on a consolidated basis and 44 countries on a locational basis at:

<http://stats.bis.org/bis-stats-tool/org.bis.stats.ui.StatsApplication/StatsApplication.html>

Immediate risk, ultimate risk and risk transfers

One of the most relevant aspects of these statistics is the provision of information on risk transfers, derived on two different bases:

- **Immediate risk basis (Table C.5.1 of the Statistical Bulletin)** - Corresponds to foreign financial claims against the counterpart which signed the agreement with the bank, and which is primarily responsible for its compliance, even when guaranteed by a third party.
- **Ultimate risk basis (Table C.5.2 of the Statistical Bulletin)** - Corresponds to foreign financial claims against the counterpart that is ultimately responsible for the compliance with the agreement, i.e. when there is a third party that guarantees compliance with the agreement, it takes the place of the immediate counterparty.

Table 1 sums up the categories of foreign financial claims included in both bases.

Table 1

Classification of foreign claims of Portuguese banks

Holder of the claim	Counterparty country	Currency of the claim	
		Local ⁽¹⁾	External ⁽²⁾
Head office in Portugal	Portugal	N.A.	
	Another country	External claim	
Subsidiary or Branch in another country within the Monetary Union	Portugal	N.A.	
	Host country of the Subsidiary or Branch	Local claim in local currency	Local claim in foreign currency
	Another country	External claim	
Subsidiary or Branch in another country outside the Monetary Union	Portugal	N.A.	
	Host country of the Subsidiary or Branch	Local claim in local currency	Local claim in foreign currency
	Another country	Foreign claim	

⁽¹⁾ Includes the euro, in the case of countries within the Monetary Union.

⁽²⁾ Includes the euro, in the case of countries outside the Monetary Union.

Table C.5.1 of the Statistical Bulletin also includes **net risk transfers** to other countries by Portugal, which reflect the difference between the ultimate risk basis and the immediate risk basis.

When the ultimate risk of a foreign claim held by a Portuguese bank is addressed by a resident entity in Portugal, the associated risk transfer is recorded with a negative sign. When the ultimate risk of a domestic asset held by a Portuguese bank is addressed by a non-resident entity, the risk transfer is recorded with a positive sign.

Table C.5.2 of the Statistical Bulletin also breaks down other potential exposures to risks (memo itens), which despite not corresponding to foreign claims, when effectively used, may account for an increase in risks associated with foreign claims of Portuguese banks. This includes financial derivatives (with a positive market value), guarantees and credit commitments.

Table C.5.3 of the Statistical Bulletin includes foreign claims of Portuguese banks broken down into both risk basis and by geographical aggregate of the counterparty.

For each geographical aggregate, the difference between the figures under both risk basis reflects the increase or decrease in Portuguese banks' exposure to

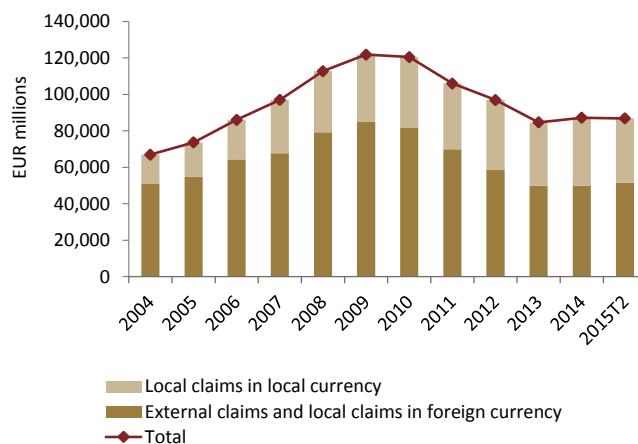
that aggregate stemming from net risk transfers. These are associated with situations where the geographical aggregate of the ultimate risk counterpart of foreign claims is different from that of the immediate risk counterpart.

Highlights

According to available data (Table C.5.1 of the Statistical Bulletin), the value of the consolidated foreign claim outstanding amount of Portuguese banks on an immediate risk basis nearly doubled during the 2004-2010 period, from €67 billion to €121 billion. It subsequently decreased by approximately one-third, up to the second quarter of 2015 (€87 billion). These developments were mostly due to the 'external claims and local claims of subsidiaries and branches denominated in foreign currency' component, which also accounts for the largest share (Chart 1).

Chart 1

Foreign financial claims on an immediate risk basis (end-of-period outstanding amounts)



On a consolidated basis, the share of local claims in total foreign claims of Portuguese banks has increased. According to the assessment by immediate risk basis (Table C.5.2 of the Statistical Bulletin), where this increase was most notable, local claims are, as of the third quarter of 2012, the component with the largest share in the total (from 27% in 2004 to 52% in the second quarter of 2015) (Chart 2).

Chart 2

Foreign financial claims on an ultimate risk basis by type of asset

(end-of-period outstanding amounts)

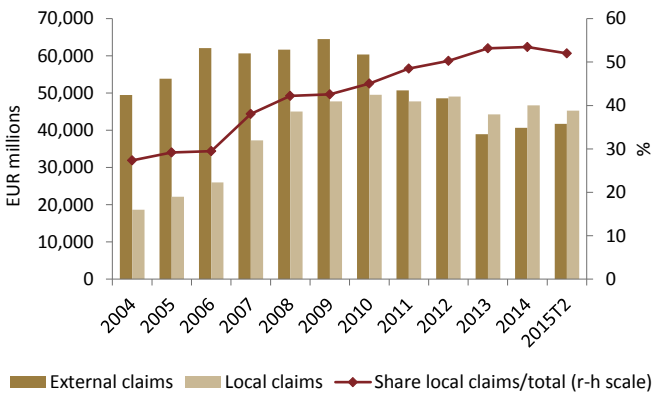
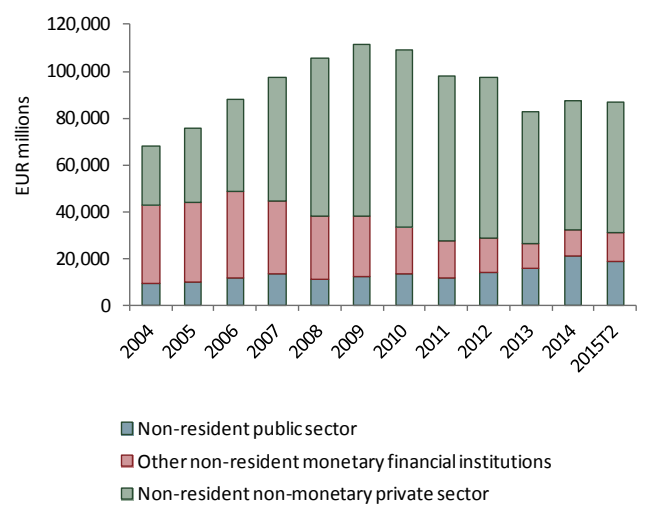


Chart 4

Foreign financial claims on an ultimate risk basis by counterparty sector

(end-of-period positions)



This reflects the higher relative importance of subsidiaries and branches of Portuguese banks in their host countries, most notably in the African (Angola and Mozambique) and European markets (particularly Poland and Spain) (Chart 3; Table C.5.3 of the Statistical Bulletin).

Chart 3

Local claims on an ultimate risk basis - main geographical aggregates

(end-of-period outstanding amounts)

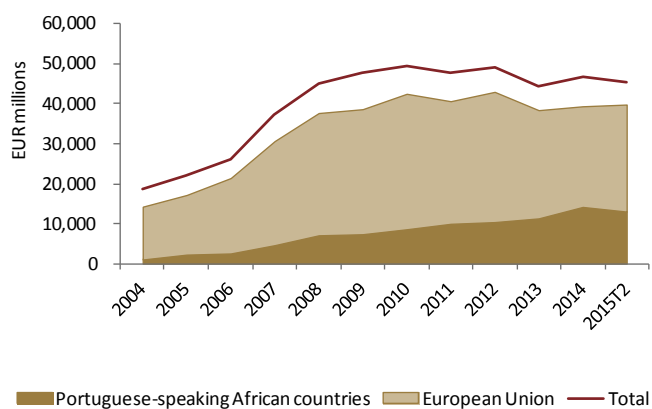
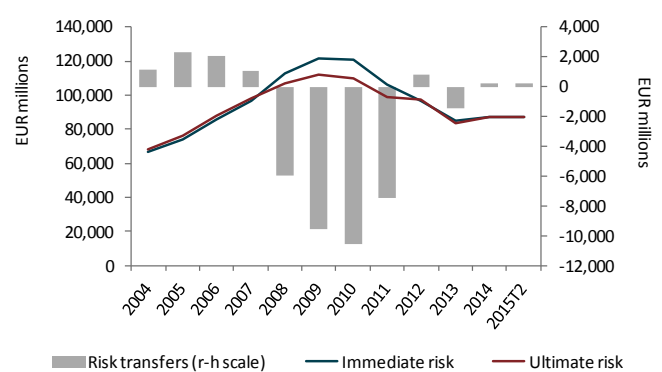


Chart 5

Foreign financial claims of Portuguese banks – risk bases and risk transfers

(end-of-period outstanding amounts)



The analysis by counterparty sector of foreign claims held by Portuguese banks, on a consolidated basis, points to a reduction in the share of other monetary financial institutions and an increase in other sectors, most notably the non-monetary private sector, which includes non-financial corporations, non-monetary financial institutions and households (Chart 4).

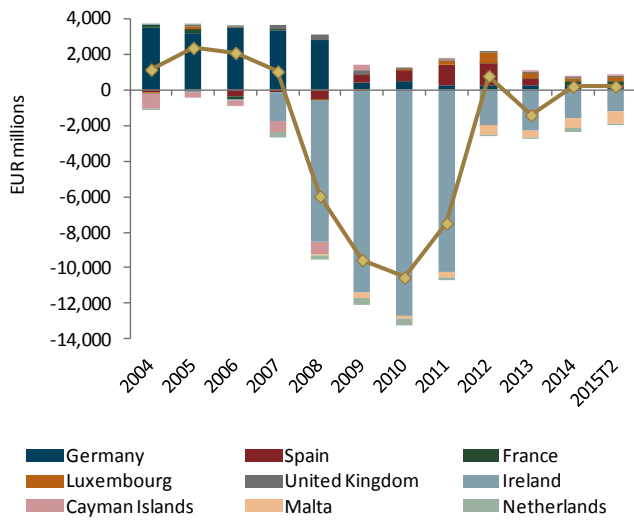
Between 2004 and 2008, risk transfers were systematically positive, reflecting a period where foreign financial claims of Portuguese banking groups were more exposed to other countries in terms of ultimate risk than in terms of immediate risk.

Between 2008 and 2011, there was a reversal of net risk transfers and exposure to ultimate risk fell below that on an immediate risk basis. This shows that part of international immediate risk was ultimately borne by residents in Portugal. This stemmed from Portuguese banks' acquisition of securities issued by non-resident credit securitisation companies, namely from Ireland,

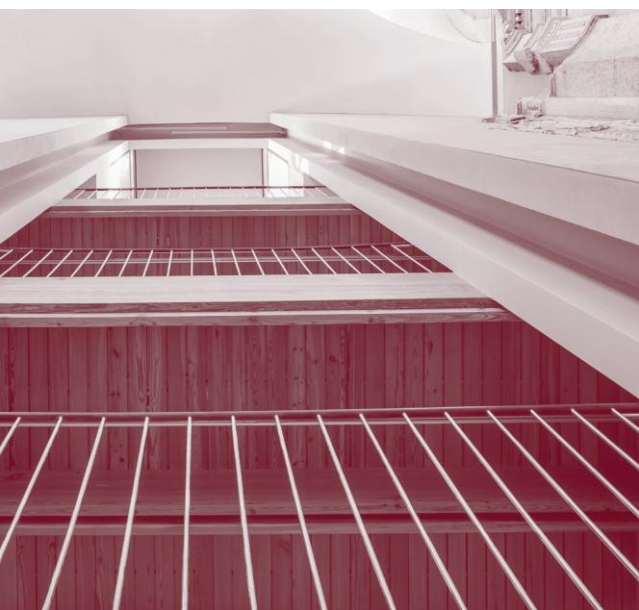
whose underlying assets were credits held by those banks (Chart 6).

Chart 6

Net risk transfers by counterparty country
(differences between end-of-period outstanding amounts)



As of 2012, the size of net risk transfers has decreased markedly. This suggests that the value of foreign claims on an immediate risk basis is very similar to that of claims on an ultimate risk basis.



C. ESTATÍSTICAS DA BALANÇA DE PAGAMENTOS E DA POSIÇÃO DE INVESTIMENTO INTERNACIONAL

Balance of payments and International
investment position statistics

C.0 Estatísticas da balança de pagamentos | Balance of
payments statistics

C.1 Balanças corrente e de capital | Current and capital
accounts

C.2 Balança financeira | Financial account

C.3 Posição de investimento internacional | International
investment position

C.4 Dívida externa | External debt

**C.5 Estatísticas bancárias internacionais em base
consolidada** | International consolidated banking statistics

C.5.1 Ativos internacionais dos bancos portugueses -
Em base consolidada - Ótica do risco imediato
 Posições em fim de período

Foreign claims of portuguese banks -
Consolidated activity - Immediate risk basis
 End-of-period outstanding amounts

Fonte / Source: Banco de Portugal

10⁶ euros

		Total	Ativos externos e ativos locais das sucursais e filiais em moeda estrangeira					Ativos locais das sucursais e filiais em moeda local	Por memória:	
			Total	Maturidade residual	Setor institucional da contraparte não residente					Transferências de risco líquidas ⁽²⁾
					dos quais:					
					Até 1 ano	Outras instituições financeiras monetárias	Setor público ⁽¹⁾			
		Total	Residual maturity	Institutional sector of the non resident counterparty			Local claims of foreign affiliates and branches in local currency	Memo items:		
		of which:			Net risk transfers ⁽²⁾					
		Up to and including 1 year	Other monetary financial institutions	Official sector ⁽¹⁾		Non-monetary private sector				
		1=2+7	2	3	4	5	6	7	8	
11	Mar	112 919	76 007	20 318	14 810	5 780	55 188	36 912	-9 254	
	Jun	108 087	71 554	20 198	13 008	5 391	52 927	36 533	-9 567	
	Set	104 245	68 572	18 575	12 466	5 341	50 536	35 673	-7 932	
	Dez	105 957	69 824	21 203	12 638	5 163	51 779	36 133	-7 494	
12	Mar	107 573	70 528	22 967	13 191	5 246	51 804	37 045	-7 952	
	Jun	104 017	65 806	24 723	13 408	5 399	46 712	38 211	-1 376	
	Set	101 319	62 270	22 600	13 919	5 866	42 237	39 048	-396	
	Dez	96 937	58 512	18 294	11 163	6 615	40 484	38 425	760	
13	Mar	93 897	55 189	16 481	9 598	8 098	36 927	38 708	-637	
	Jun	85 137	51 700	14 586	7 521	7 977	35 635	33 437	-969	
	Set	82 683	48 556	11 837	6 591	7 860	33 746	34 127	-981	
	Dez	84 644	49 812	12 401	6 943	7 932	34 698	34 833	-1 432	
14	Mar	87 107	51 865	13 696	8 530	8 705	34 390	35 243	-158	
	Jun	90 235	54 296	16 560	8 497	10 315	35 246	35 938	111	
	Set	89 470	54 411	18 174	11 713	9 603	33 084	35 059	774	
	Dez	87 172	49 838	13 411	8 449	10 004	31 301	37 334	180	
15	Mar	88 089	52 242	14 534	10 370	9 084	32 696	35 846	627	
	Jun	86 844	51 512	14 085	9 521	9 771	32 137	35 332	181	

(1) Os Bancos Centrais e as Organizações Internacionais estão incluídos no setor público. / Central Banks and International Organizations are included in the official sector.

(2) As transferências de risco líquidas correspondem à diferença entre a ótica do risco de última instância e a ótica do risco imediato. O sinal positivo (negativo) reflete uma maior (menor) exposição ao risco de Portugal face ao exterior na ótica de última instância. / Net risk transfers represent the difference between ultimate risk basis and immediate risk basis. A positive (negative) sign reflects a higher (lower) risk exposure of Portugal vis-à-vis foreign countries at the ultimate risk basis.

C.5.2 Ativos internacionais dos bancos portugueses -
Em base consolidada - Ótica do risco de última instância
 Posições em fim de período

Foreign claims of portuguese banks -
Consolidated activity - Ultimate risk basis
 End-of-period outstanding amounts

Fonte / Source: Banco de Portugal

10⁶ euros

		Total	Setor institucional da contraparte não residente			Tipo de ativos		Por memória:			
			Total	Outras instituições financeiras monetárias	Setor público ⁽¹⁾	Setor privado não monetário	Ativos externos	Ativos locais	Outras exposições potenciais ao risco ⁽²⁾		
									Derivados financeiros	Garantias	Compromissos de crédito
		Total	Institutional sector of the non resident counterparty			Type of claims		Memo items:			
			of which:			External claims	Local claims	Other potential risk exposures ⁽²⁾			
			Other monetary financial institutions	Official sector ⁽¹⁾	Non-monetary private sector			Financial derivatives	Guarantees	Credit commitments	
		1=5+6	2	3	4	5	6	7	8	9	
11	Mar	103 865	17 978	11 860	73 556	55 901	47 764	5 824	7 305	5 596	
	Jun	98 521	15 820	11 677	70 759	51 450	47 071	5 407	6 541	5 702	
	Set	96 313	14 982	11 388	69 476	49 833	46 480	6 276	6 007	5 364	
	Dez	98 463	15 295	11 908	70 808	50 695	47 768	6 041	6 162	5 136	
12	Mar	99 621	15 793	12 264	71 078	51 451	48 171	6 176	5 902	5 082	
	Jun	102 640	16 413	12 622	73 124	52 778	49 862	6 411	6 205	4 926	
	Set	100 923	17 006	13 431	70 045	50 142	50 781	4 752	6 456	4 767	
	Dez	97 697	14 533	13 969	68 751	48 604	49 093	4 490	6 193	4 572	
13	Mar	93 259	12 839	14 972	64 686	44 424	48 835	5 009	5 708	3 964	
	Jun	84 168	10 647	15 395	57 521	41 350	42 817	3 836	6 539	4 093	
	Set	81 702	9 986	14 946	56 482	38 244	43 458	3 852	6 094	4 428	
	Dez	83 213	10 716	15 760	56 479	38 954	44 258	3 840	5 845	4 559	
14	Mar	86 950	12 033	16 677	57 977	41 962	44 987	3 384	5 709	4 183	
	Jun	90 346	12 184	18 399	59 497	44 639	45 707	3 641	5 814	4 260	
	Set	90 244	15 194	17 454	57 570	46 123	44 121	3 820	6 009	4 413	
	Dez	87 352	11 101	20 989	55 164	40 668	46 684	3 901	5 230	4 161	
15	Mar	88 716	13 393	18 774	56 441	42 236	46 480	3 705	5 002	4 033	
	Jun	87 026	12 634	18 665	55 633	41 754	45 272	3 106	5 077	3 640	

(1) Os Bancos Centrais e as Organizações Internacionais estão incluídos no setor público. / Central Banks and International Organizations are included in the official sector.

(2) As outras exposições potenciais ao risco não estão incluídas no total de ativos. / Other potential risk transfers are not included in total claims.

C.5.3 Ativos internacionais dos bancos portugueses -
Em base consolidada - Por agregado geográfico da contraparte não
residente
Posições em fim de período

Foreign claims of portuguese banks -
Consolidated activity - By geographical aggregate of the non resident
counterparty
End-of-period outstanding amounts

Fonte / Source: Banco de Portugal

10⁶ euros

	Ótica do risco imediato ⁽¹⁾	Ótica do risco de última instância ⁽¹⁾	União Europeia ⁽²⁾				Países Africanos de Língua Oficial Portuguesa ⁽²⁾		BRICS ⁽²⁾		Centros Financeiros Off-shore ⁽²⁾	
			Total		dos quais:		Ótica do risco imediato ⁽¹⁾	Ótica do risco de última instância ⁽¹⁾	Ótica do risco imediato ⁽¹⁾	Ótica do risco de última instância ⁽¹⁾	Ótica do risco imediato ⁽¹⁾	Ótica do risco de última instância ⁽¹⁾
			Ótica do risco imediato ⁽¹⁾	Ótica do risco de última instância ⁽¹⁾	Área do Euro							
					Ótica do risco imediato ⁽¹⁾	Ótica do risco de última instância ⁽¹⁾	Ótica do risco imediato ⁽¹⁾	Ótica do risco de última instância ⁽¹⁾				
	Immediate risk basis ⁽¹⁾	Ultimate risk basis ⁽¹⁾	European Union ⁽²⁾				Portuguese Speaking African Countries ⁽²⁾		BRICS ⁽²⁾		Off-shore Financial Centers ⁽²⁾	
			Total		of which:		Immediate risk basis ⁽¹⁾	Ultimate risk basis ⁽¹⁾	Immediate risk basis ⁽¹⁾	Ultimate risk basis ⁽¹⁾	Immediate risk basis ⁽¹⁾	Ultimate risk basis ⁽¹⁾
			Immediate risk basis ⁽¹⁾	Ultimate risk basis ⁽¹⁾	Euro Area							
							Immediate risk basis ⁽¹⁾	Ultimate risk basis ⁽¹⁾				
	1	2	3	4	5	6	7	8	9	10	11	12
11 Mar	112 919	103 665	79 547	68 950	63 286	52 721	10 478	10 461	6 842	7 831	6 122	6 392
Jun	108 087	98 521	76 777	66 010	60 079	49 331	11 218	11 149	5 577	6 353	5 411	5 729
Set	104 245	96 313	73 699	64 603	57 531	48 607	11 536	11 492	5 345	5 911	4 358	4 509
Dez	105 957	98 463	71 269	62 241	55 090	46 211	11 803	11 765	5 325	5 913	8 297	8 776
12 Mar	107 573	99 621	73 107	64 395	56 271	47 717	12 115	12 000	5 132	5 770	8 086	8 171
Jun	104 017	102 640	67 609	65 170	50 738	48 371	13 159	13 158	5 405	6 119	8 483	8 775
Set	101 319	100 923	66 664	65 648	49 468	48 503	12 807	12 816	5 234	5 742	7 659	7 761
Dez	96 937	97 697	65 134	64 768	47 725	47 444	13 216	13 372	5 362	6 159	5 372	5 501
13 Mar	93 897	93 259	65 598	64 560	48 516	47 528	12 243	12 430	4 549	4 811	5 001	4 959
Jun	85 137	84 168	58 621	57 170	42 611	41 245	12 325	12 542	4 126	4 350	4 711	4 756
Set	82 683	81 702	56 402	54 399	39 818	37 784	12 668	12 889	3 991	4 532	4 591	4 710
Dez	84 644	83 213	56 474	54 669	40 019	38 343	13 417	13 261	3 907	4 242	5 262	5 372
14 Mar	87 107	86 950	56 926	55 707	40 132	38 550	14 572	14 727	4 454	4 886	5 234	5 349
Jun	90 235	90 346	59 415	58 084	41 951	40 250	14 773	14 949	4 733	5 362	5 578	5 656
Set	89 470	90 244	58 817	57 976	41 044	39 803	16 835	17 057	4 479	5 111	4 706	4 786
Dez	87 172	87 352	56 027	54 778	39 566	37 966	16 961	17 163	3 899	4 347	4 466	4 552
15 Mar	88 089	88 716	56 876	56 288	39 094	38 143	17 221	17 490	4 199	4 595	4 376	4 322
Jun	86 844	87 026	57 100	56 269	38 717	37 535	16 408	16 483	3 920	4 308	4 987	4 953

(1) Para cada agregado geográfico, a diferença entre a ótica do risco de última instância e a ótica do risco imediato corresponde às transferências de risco líquidas, onde um sinal positivo (negativo) reflete uma maior (menor) exposição ao risco de Portugal face a esse agregado geográfico. / For each geographical aggregate, the difference between the ultimate risk basis and the immediate risk basis corresponds to net risk transfers, where a positive (negative) sign reflects a higher (lower) risk exposure of Portugal vis-à-vis that geographical aggregate.

(2) Ver composição dos agregados geográficos no BPstat | Estatísticas online. / The composition of geographical aggregates can be found in BPstat | Statistics online.