



Domestic banks¹ claims on foreign residents increased by €1.8 billion (2.3 per cent) at end-December 2018 on a quarterly basis, bringing the outstanding amount of claims to €81.9 billion. Domestic banks' largest foreign claims continued to be on the United Kingdom (UK), accounting for 64 per cent of total claims at end-December 2018. The UK contributed the largest proportion of the quarterly increase, rising by €614 million (1.2 per cent).

On a sectoral basis, claims on banks recorded a €913 million (9.4 per cent) quarterly increase while claims on the official sector rose by €820 million (5.6 per cent).

Table 1: Overview of Foreign Claims by Country & Sector, end-December 2018

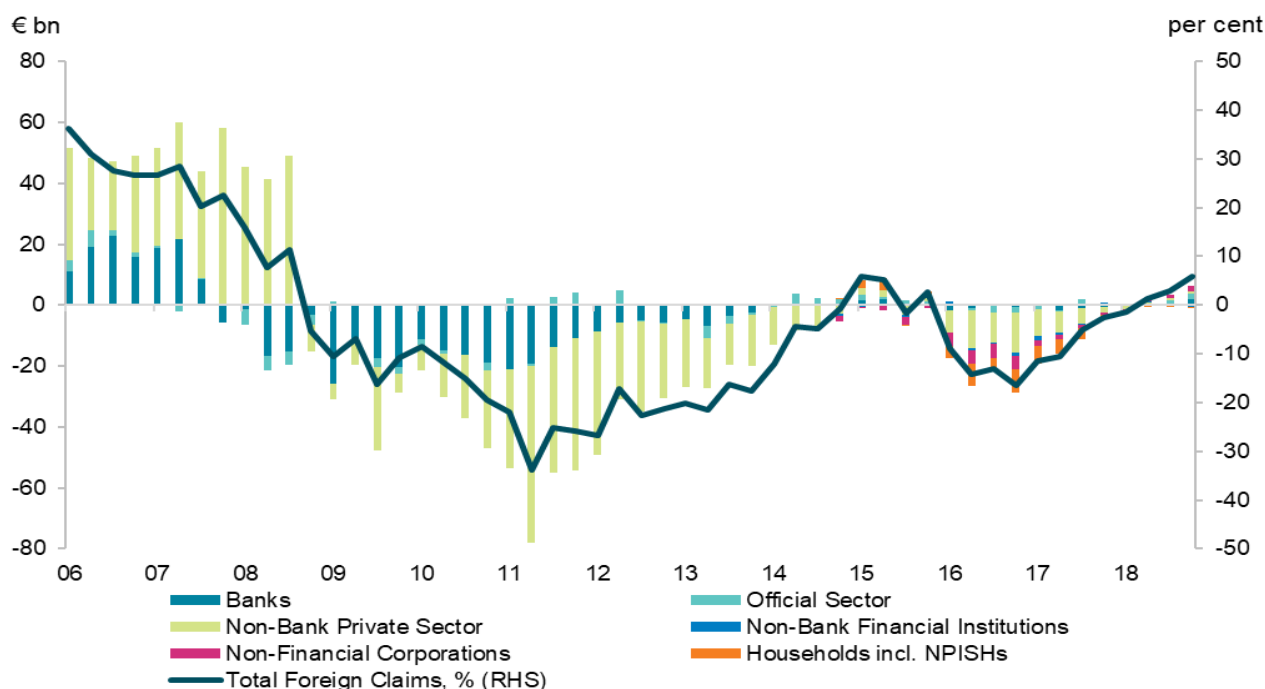
	Q4 2018		Change in Quarter	
	€ million	% of total	€ million	% change
<i>By country</i>				
United Kingdom	52,441	64%	614	1.2%
United States	6,679	8%	155	2.4%
France	3,935	5%	263	7.2%
Spain	2,740	3%	-14	-0.5%
Netherlands	1,851	2%	-20	-1.1%
International organisations	2,730	3%	306	12.6%
Rest of World	11,546	14%	536	4.9%
Total	81,921	100%	1,840	2.3%
<i>By sector</i>				
Banks	10,641	13%	913	9.4%
Official Sector	15,455	19%	820	5.6%
Non-Bank Financial Institutions	5,745	7%	-490	-7.9%
NFCs	22,639	28%	442	2.0%
Households	27,442	33%	155	0.6%

¹ In this case, the Central Bank of Ireland defines *domestic banks* as those banks whose ultimate parent entity is resident in Ireland.

Developments in Foreign claims by Sector

- All sectors, with the exception of non-bank financial institutions, recorded increases in claims over the quarter to end-December 2018. The largest of this was in the banks sector, which recorded an increase of €913 million. The official sector and non-financial corporate (NFC) sectors recorded quarterly increases of €820 million and €442 million, respectively at end-December 2018. In contrast, the non-bank financial institutions sector declined by €490 million.
- The majority Irish-resident banks' foreign claims were vis-à-vis the household and NFC sectors, with exposures largely unchanged at 33.5 per cent and 27.6 per cent, respectively. Foreign claims on the official sector (18.9 per cent), banks (13.0 per cent) and non-bank financial institutions (7.0 per cent) as a percentage of total claims remained smaller in comparison.
- On an annual basis, foreign claims rose by €4.5 billion (5.8 per cent) at end-December 2018, the third consecutive annual increase.

Chart 1: Foreign Claims; annual net flows and annual rate of change²

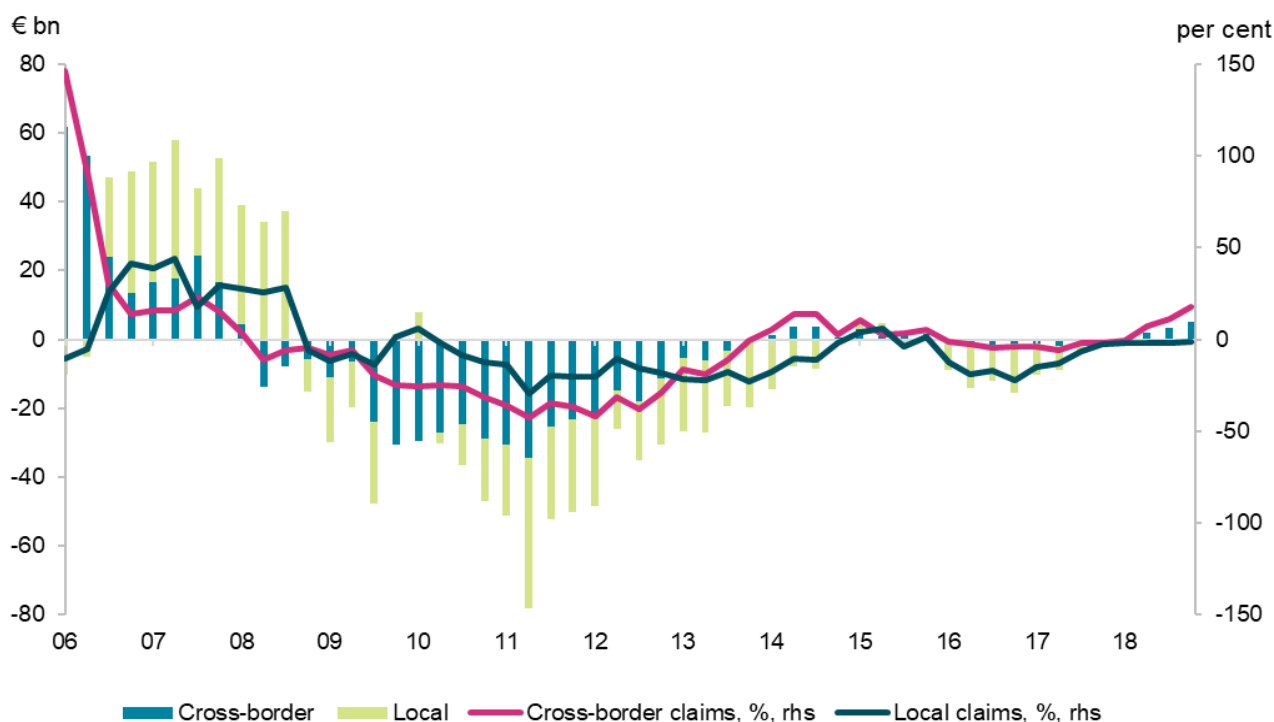


² From Q4 2013, the non-bank private sector has been broken down further into three sub-categories. However, as this chart uses a four-quarter sum, the breakdown is only available from Q4 2014 onwards. Before this, the non-bank private sector is shown as an aggregate figure.

Developments in Local & Cross-Border Claims

- Local claims³ increased by €179 million (0.4 per cent) on the quarter, to €48.3 billion at end-December 2018, which accounted for 58.9 per cent of total foreign claims. On an annual basis, local claim declined by €528 million (-1.1 per cent).
- Cross-border⁴ claims rose to €33.6 billion at end-December 2018, following a rise of €1.7 billion (5.2 per cent) over the quarter. In annual terms, cross-border claims recorded its strongest rate of growth since end-September 2007, increasing by 17.7% (€5.0 billion at end-December).

Chart 2: Local and Cross-Border claims; annual net flows and annual rate of change



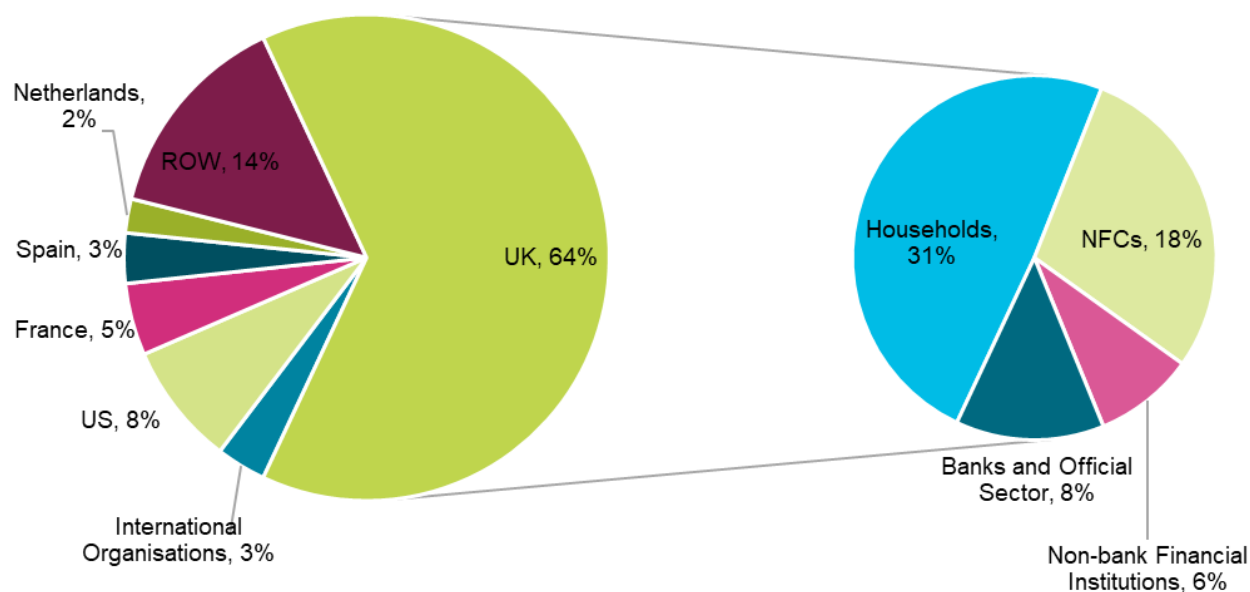
³ Local claims are claims where the location of the bank office that books the position is the same as the location of the claim counterpart (e.g. UK subsidiary of an Irish headquartered bank lending to UK resident).

⁴ Cross-border claims refer to claims where the location of the bank office that books the position is different to the location of the claim counterpart (e.g. an Irish bank office lending to UK residents).

Developments in Claims by Location of Counterparty

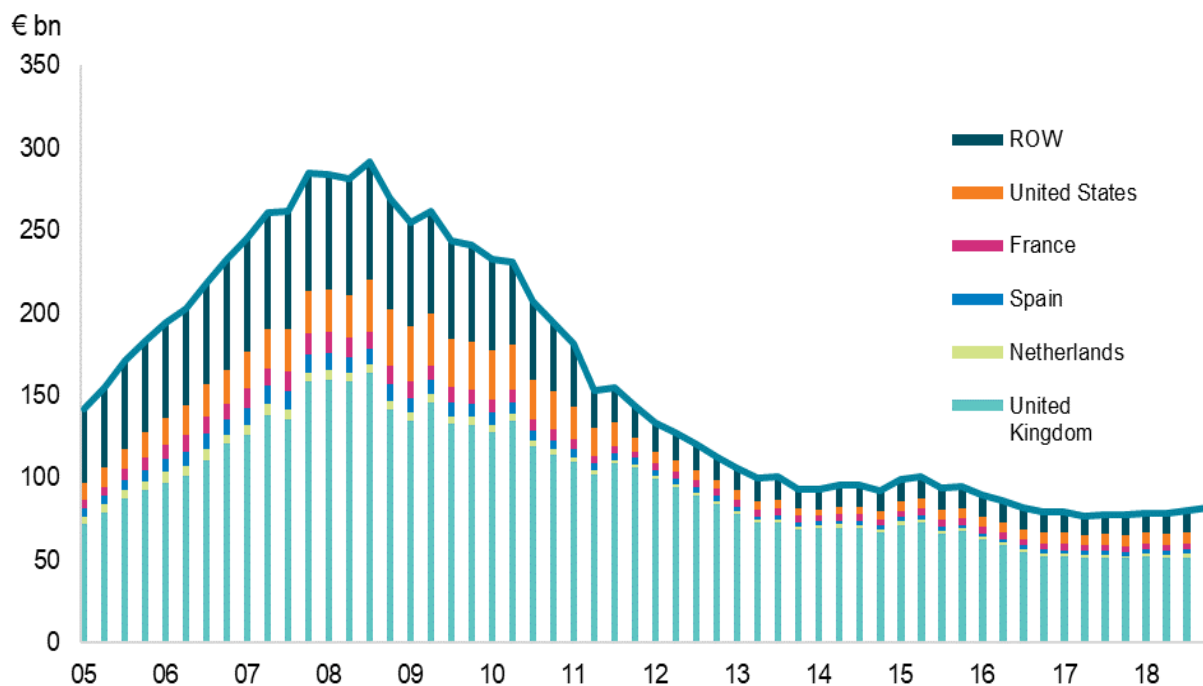
- Domestic banks' largest foreign claims were on the UK (including Northern Ireland), with exposures of €52.4 billion at end-December 2018, an increase of €614 million (1.2 per cent) over the quarter.
- This rise in UK foreign claims was predominantly driven by an increase in claims on the NFC and official sector, rising by €402 million and €221 million respectively.
- Chart 3 shows that claims on the UK are primarily vis-à-vis the household and NFC sectors, which account for 31.4 per cent and 18.5 per cent of all foreign claims, while exposures to banks and the official sector are relatively small in comparison.

Chart 3: Geographical Breakdown of Foreign Claims, end-December 2018



- There was a 7.2 per cent (€263 million) increase in claims on France over the quarter to end-December 2018. Claims on the United States increased by 2.4 per cent (€155 million) on the quarter.
- Spain and the Netherlands were also important locations for the foreign claims of domestic banks at end-December 2018, although they both experienced marginal declines on the quarter, reducing by €14 million and €20 million respectively.

Chart 4: Locations of Irish Foreign Claims, Outstanding Amounts



Note: The consolidated banking statistics detail the claims of the domestic banks on non-residents, by counterpart country and sector on an ultimate risk basis i.e. according to the country and sector where the ultimate guarantor of the risk resides. The dataset used is similar in methodology to the Consolidated Banking Statistics published by the Bank for International Settlements (BIS), but differs in coverage, as it refers only to the domestic Irish banks.

The tables can be accessed on the Central Bank of Ireland [website](#). The dataset begins in Q4 2004 and the latest data published relate to end-Q4 2018.