



## Consolidated Banking Statistics: Foreign Claims – Q4 2015

Domestic banks<sup>1</sup> claims on foreign residents increased by €868 million (0.9 per cent) in Q4 2015, bringing the outstanding amount of claims to €94.7 billion. Public sector and non-bank private sector counterparts were the main drivers, increasing by €1.2 billion and €337 million, respectively. Claims on the UK accounted for the largest country increase of €1 billion (1.6 per cent) over the quarter. Domestic banks' largest foreign claims continued to be on the UK accounting for 71 per cent of claims at end-Q4 2015, the majority of which were vis-à-vis the private sector (Table 1).

**Table 1: Overview of Foreign Claims by Country & Sector, end-December 2015**

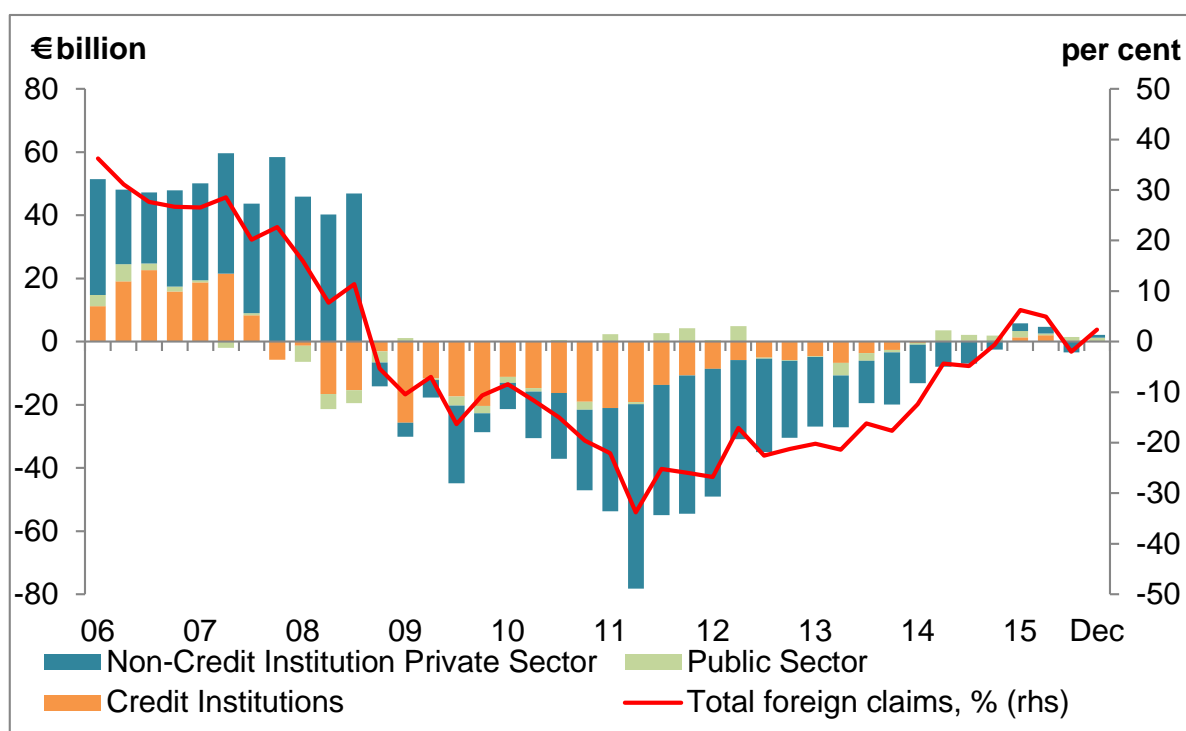
	Q4 2015		Change in Quarter	
	€ million	% of total	€ million	% change
<i>By country</i>				
United Kingdom	67,516	71.3%	1,049	1.6%
United States	5,964	6.3%	568	10.5%
France	4,153	4.4%	-262	-5.9%
Spain	2,350	2.5%	-145	-5.8%
Netherlands	1,749	1.8%	32	1.9%
Rest of World	12,982	13.7%	-374	-2.8%
<b>Total</b>	<b>94,714</b>		<b>868</b>	
<i>By sector</i>				
Credit institutions	9,990	10.5%	-628	-5.9%
Public sector	14,324	15.1%	1,160	8.8%
Private sector	70,400	74.3%	337	0.5%

<sup>1</sup> 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

- Public sector and non-bank private sector foreign claims increased in Q4 by €1.2 billion (8.8 per cent) and €337 million (0.5 per cent), respectively. Conversely, claims on foreign credit institutions declined by €628 million (Chart 1). The majority of Irish resident banks' foreign claims are on the private sector, which accounted for 74 per cent of total claims at end-Q4 2015. Claims on foreign public sectors and credit institutions were relatively small in comparison, accounting for 15 per cent and 11 per cent, respectively.
- Foreign claims increased by €2.2 billion or 2.3 per cent during 2015. This contrasts to an annual decline of 0.6 per cent over 2014. Annual growth was recorded in three quarters of 2015; an occurrence not observed since 2008.

Chart 1: Foreign Claims; net flows (4 qr sum) and annual rate of change



### Developments in Local & Cross-Border Claims

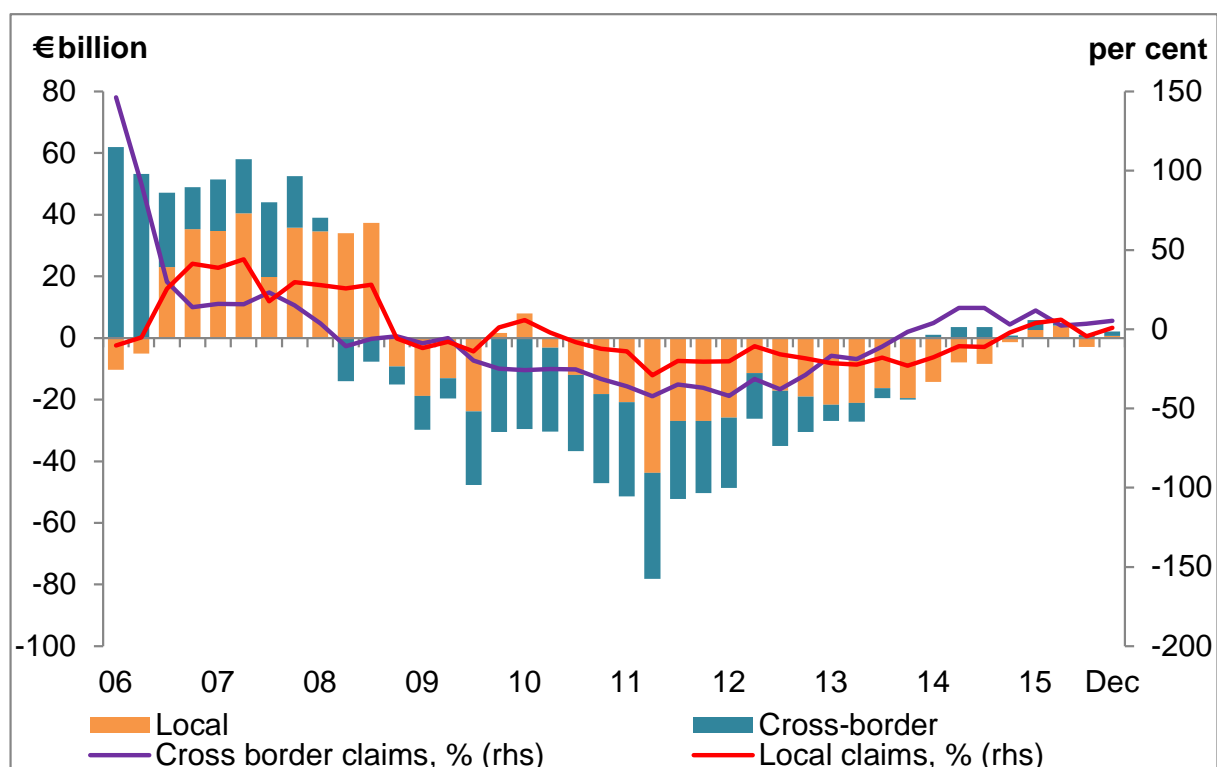
- Local claims<sup>2</sup> stood at €64.5 billion at end-Q4 2015. This represented a €1.4 billion increase during Q4 following a €6.7<sup>3</sup> billion decline in Q3. Despite the decline in Q3, local claims recorded annual growth of €631 million (1 per cent) over the year. Local claims stabilized somewhat in 2015 following several years of decline (Chart 2).

<sup>2</sup> 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 lending to UK resident).

<sup>3</sup> Data for Q3 2015 has been revised since the last release.

- Cross-border<sup>4</sup> claims were lower at €30.2 billion at end-Q4 2015 following a fall of €493 million (1.6 per cent) over the quarter. Growth remained positive on an annual basis however, with a net increase of €1.5 billion (5.3 per cent) over the year to end-Q4 2015. Q4 represented the eighth consecutive quarter of annual growth in cross-border claims.

**Chart 2: Local and Cross-Border claims; net flows (4qr sum) and annual rate of change**

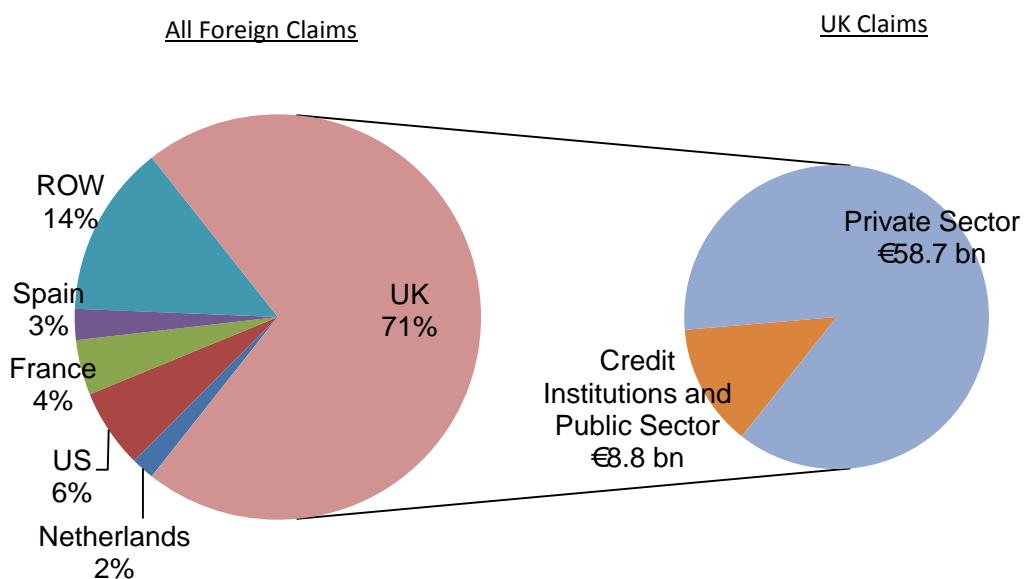


### ***Developments in Claims by Location of Counterparty***

- Domestic banks' largest foreign claims were on the United Kingdom (including Northern Ireland), with exposures of €67.5 billion at end-Q4 2015. Foreign claims on the UK rose by €1 billion (1.6 per cent) over the quarter. This was predominantly driven by an increase in claims on the UK public sector. Chart 3 shows, however, that the vast majority of the domestic banks' claims on the UK are on the non-bank private sector, while exposures to credit institutions and the public sector are relatively small in comparison.

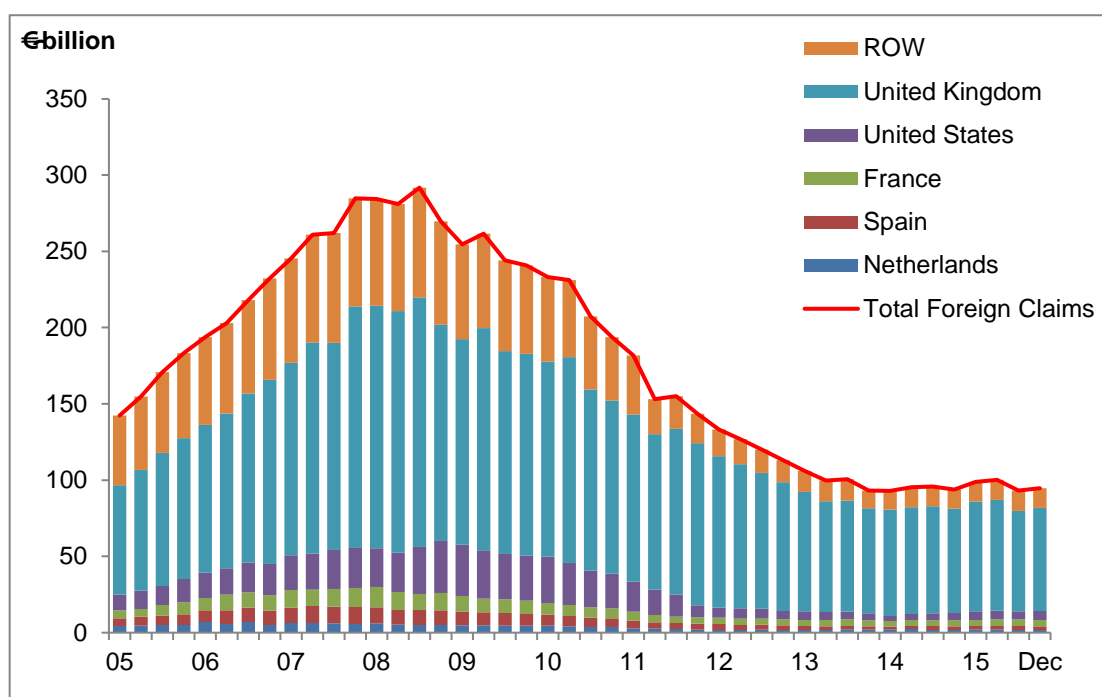
<sup>4</sup> Cross border claims refer to claims where the location of the bank office that books the position is different to the location of the claim counterparty (e.g. an Irish bank office lending to UK resident).

**Chart 3: Geographical Breakdown of Foreign Claims, end-Q4 2015**



- There was an 11 per cent or €568 million a rise in claims on the US over Q4 2015. Developments in Q4 reflected increased claims on the US public sector and on the non-bank private sector.
- France, Spain and the Netherlands were also important locations for the foreign claims of Irish banks at end-Q4 2015. Foreign claims on these three countries decreased cumulatively by €375 million during the quarter. This was driven by a fall in claims on France and Spain of €262 million and €145 million, respectively. This was partially offset by increased claims on Netherlands of €32 million (2 per cent).

**Chart 4: Locations of Irish Foreign Claims**



**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 2015.***