



Domestic banks<sup>1</sup> claims on foreign residents decreased by €308 million (0.4 per cent) at end-June 2018 on a quarterly basis, bringing the outstanding amount of claims to €78.2 billion. A fall in claims on the United Kingdom official sector was the principal driver of the decline, recording a decrease of €883 million quarter-on-quarter. Domestic banks' largest foreign claims continued to be on the UK, accounting for 66 per cent of total claims at end-June 2018. Claims on the UK fell by approximately €1.1 billion (2.1 per cent) over the quarter, although exchange rate adjustments had a significant influence on this decrease in claims.

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

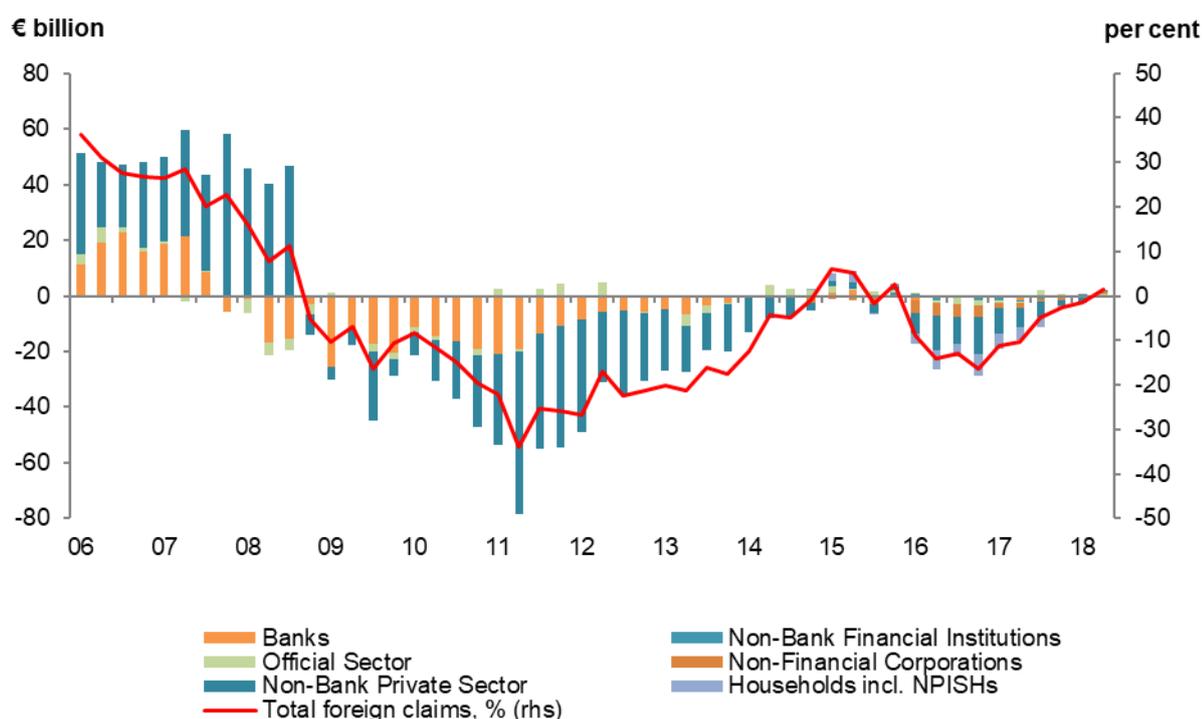
	Q2 2018		Change in Quarter	
	€ million	% of total	€ million	% change
<i>By country</i>				
United Kingdom	51,406	65.8%	-1,076	-2.1%
United States	6,465	8.3%	38	0.6%
France	3,588	4.6%	-197	-5.2%
Spain	2,496	3.2%	207	9.0%
Netherlands	1,801	2.3%	251	16.2%
Rest of World	12,406	15.9%	473	4.0%
<b>Total</b>	<b>78,158</b>	<b>100.0%</b>	<b>-308</b>	<b>-0.4%</b>
<i>By sector</i>				
Banks	9,447	12.1%	76	0.8%
Official Sector	13,261	17.0%	-441	-3.2%
Non-Bank Financial Institutions	6,068	7.8%	-159	-2.6%
NFCs	21,920	28.0%	552	2.6%
Households	27,463	35.1%	-335	-1.2%

<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

- The banking and non-financial corporate (NFC) sectors recorded quarterly increases of €76 million and €552 million, respectively at end-June 2018. In contrast, there were declines of €441 million, €335 million and €159 million in foreign claims on the official, household and non-bank financial institutions sectors. Almost two-thirds of Irish-resident banks' foreign claims were vis-à-vis the household and NFC sectors, with exposures largely unchanged at 35 per cent and 28 per cent, respectively. Foreign claims on the official sector (17 per cent), banks (12 per cent) and non-bank financial institutions (8 per cent) as a percentage of total claims remained smaller in comparison.
- On an annual basis, foreign claims rose by €1 billion (1.3 per cent) at end-June 2018, its first year-on-year increase since the final quarter of 2015.

**Chart 1: Foreign Claims; net flows (4-qr sum) and annual rate of change<sup>2</sup>**



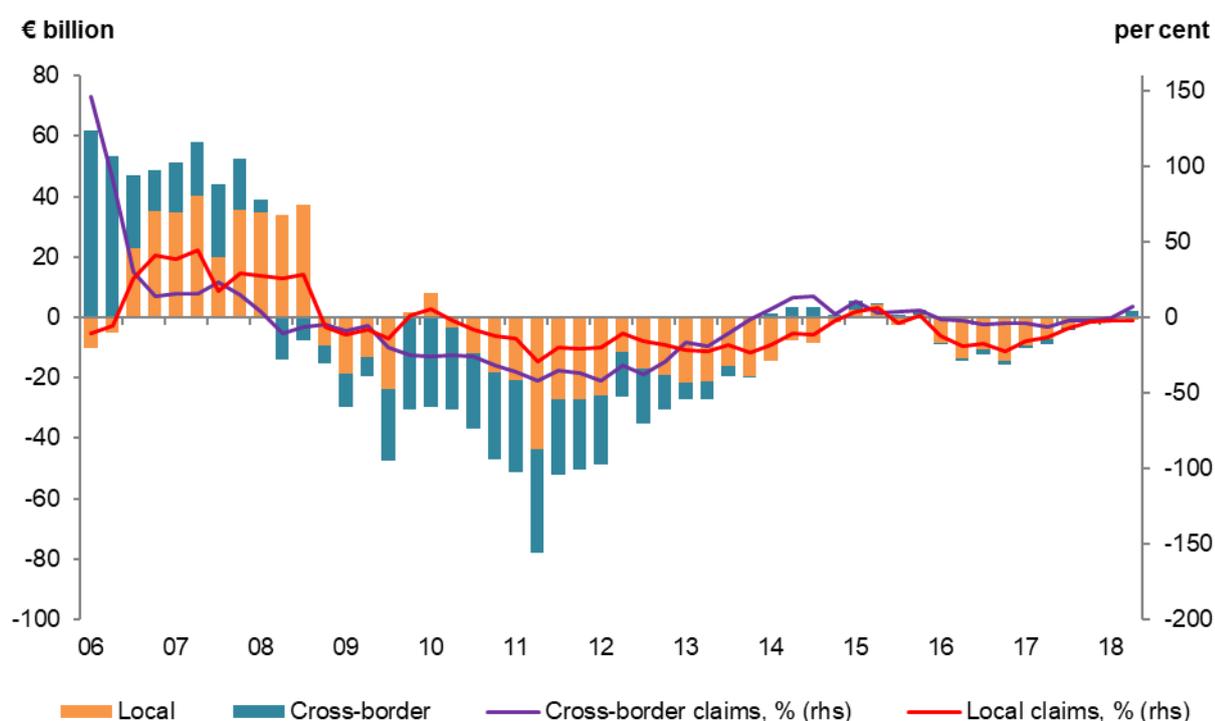
<sup>2</sup> From Q4 2013, the non-bank private sector has been broken down further into three sub-categories. However, as this chart uses a four-quarter sum, the breakdown is only available from Q4 2014 onwards. Before this, the non-bank private sector is shown as an aggregate figure.

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### Developments in Local & Cross-Border Claims

- Local claims<sup>3</sup> declined by €1.3 billion (2.7 per cent) quarter-on-quarter, to €48.2 billion at end-June 2018, which accounted for 62 per cent of total foreign claims. On an annual basis, local claim declined by €1 billion (2.1 per cent).
- Cross-border<sup>4</sup> claims were higher at €29.9 billion at end-June 2018, following growth of €1 billion (3.5 per cent) over the quarter. In annual terms, cross-border claims returned to positive growth, its first since Q4 2015, increasing by 7.3 per cent or €2 billion at end-June 2018.

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



<sup>3</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 of an Irish headquartered bank lending to UK resident).

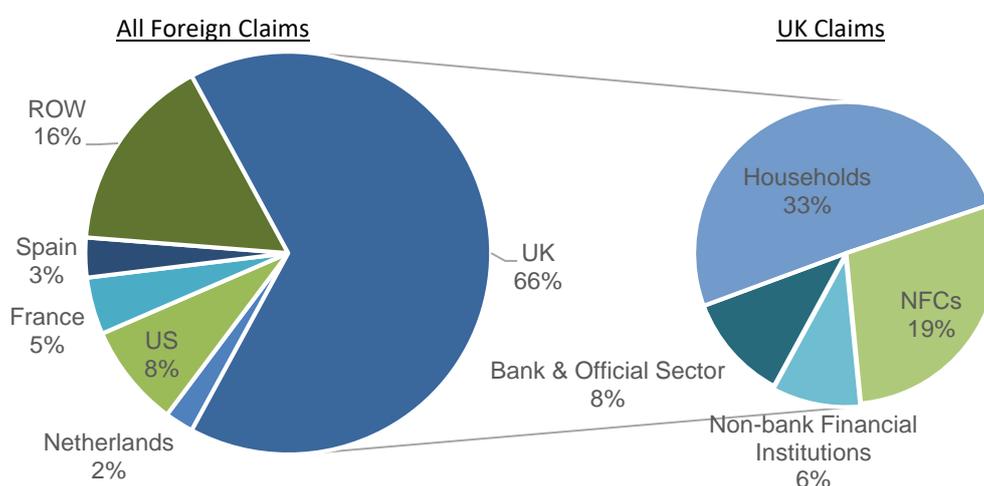
<sup>4</sup> Cross-border claims refer to claims where the location of the bank office that books the position is different to the location of the claim counterpart (e.g. an Irish bank office lending to UK residents).

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### Developments in Claims by Location of Counterparty

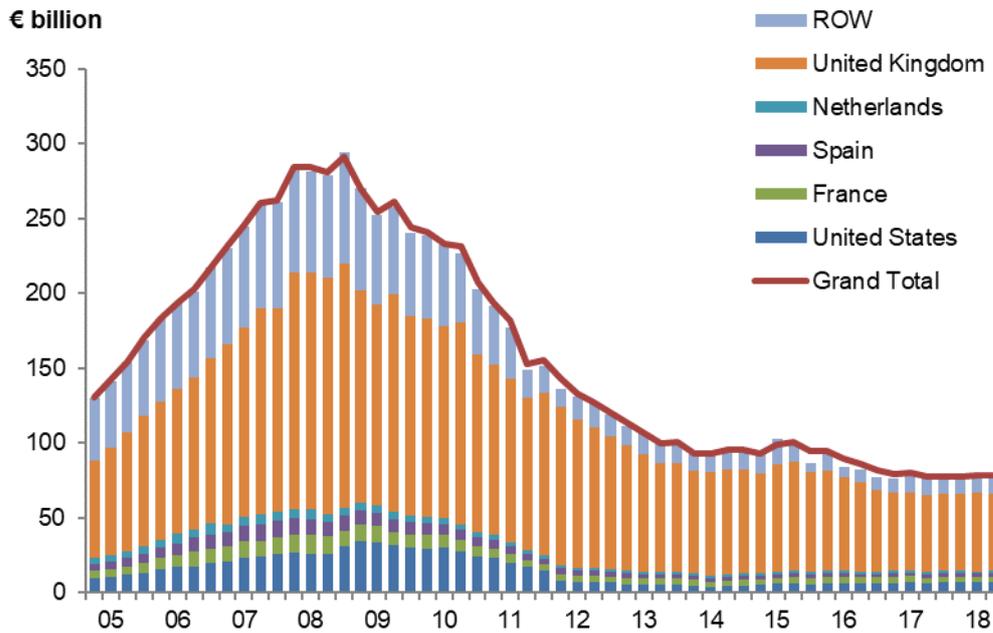
- Domestic banks' largest foreign claims were on the United Kingdom (including Northern Ireland), with exposures of €51.4 billion at end-June 2018. Foreign claims on the UK declined by €1.1 billion (2.1 per cent) over the quarter. This decline was predominantly driven by a fall in claims on the official and household sectors, with claims on the official sector recording the largest decrease at €883 million. Chart 3 shows that claims on the UK are primarily vis-à-vis the household and NFC sectors, which account for 33% and 19% 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-June 2018**



- There was a 5.2 per cent (€197 million) decline in claims on France on the quarter in Q2 2018. This decrease was driven by a fall in claims on the banking sector of €231 million. Claims on the United States were largely unchanged quarter-on-quarter, increasing by 0.6 per cent to €6.5 billion.
- Spain and the Netherlands were also important locations for the foreign claims of domestic banks at end-June 2018. Foreign claims on the Netherlands experienced the largest positive movement over the quarter by any country, increasing by €251 million. Spain recorded a slightly smaller rise of €207 million.

**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-Q2 2018.