



Domestic banks¹ claims on foreign residents increased by €1.9 billion (2.5 per cent) at end-September 2018 on a quarterly basis, bringing the outstanding amount of claims to €80.1 billion. Increased claims on a number of countries, in particular the United Kingdom was the principal driver of the increase. On a sectoral basis, claims on the official sector recorded a 10.4 per cent quarterly increase. This was most notable for claims on the UK official sector, which increased by €644 million over the quarter. Domestic banks' largest foreign claims continued to be on the UK, accounting for 65 per cent of total claims at end-September 2018. Claims on the UK increased by €421 million (0.8 per cent) over the quarter.

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

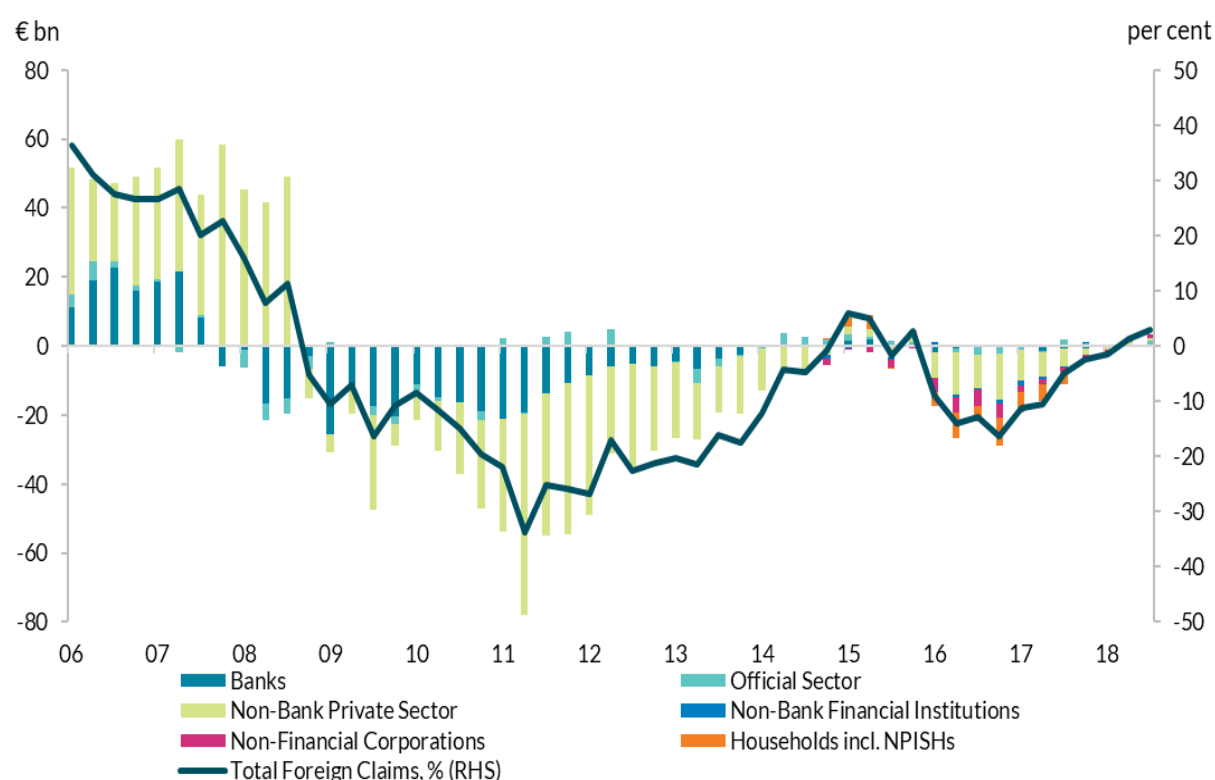
	Q3 2018		Change in Quarter	
	€ million	% of total	€ million	% change
<i>By country</i>				
United Kingdom	51,827	65%	421	0.8%
United States	6,524	8%	58	0.9%
France	3,672	5%	84	2.4%
Spain	2,754	3%	258	10.3%
Netherlands	1,870	2%	70	3.9%
Rest of World	13,434	17%	1,031	8.3%
Total	80,081	100%	1,923	2.5%
<i>By sector</i>				
Banks	9,728	12%	281	3.0%
Official Sector	14,635	18%	1,374	10.4%
Non-Bank Financial Institutions	6,234	8%	167	2.7%
NFCs	22,197	28%	277	1.3%
Households	27,287	34%	-176	-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, apart from households, recorded increases in claims over the quarter to end-September 2018. The largest of this was in the official sector, which recorded an increase of €1.4 billion. The banking and non-financial corporate (NFC) sectors recorded quarterly increases of €281 million and €277 million, respectively at end-September 2018. In contrast, the household sector declined by €176 million. Almost two-thirds of Irish-resident banks' foreign claims were vis-à-vis the household and NFC sectors, with exposures largely unchanged at 34 per cent and 28 per cent, respectively. Foreign claims on the official sector (18 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 €2.2 billion (2.9 per cent) at end-September 2018, the second quarter to record an annual increase since the end of 2015.

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



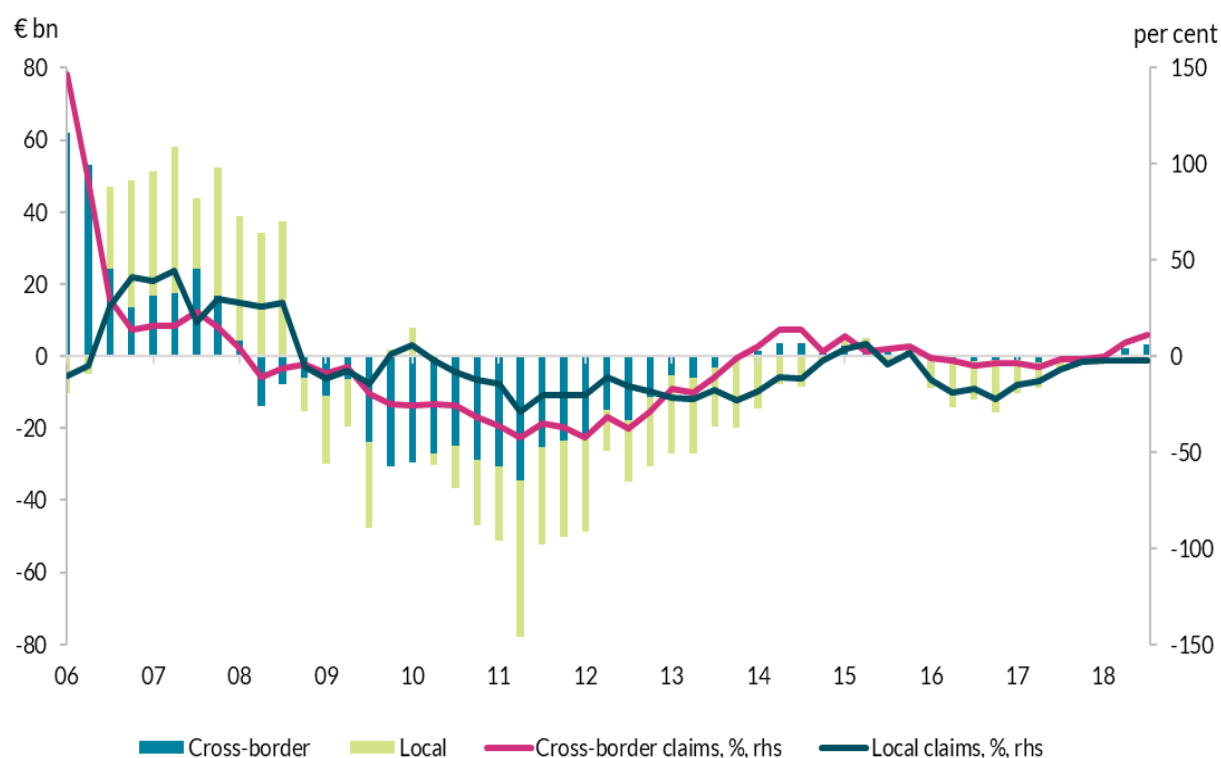
² From Q4 2013, the non-bank private sector has been broken down further into three sub-categories. However, as this chart uses a four-quarter sum, the breakdown is only available from Q4 2014 onwards. Before this, the non-bank private sector is shown as an aggregate figure.

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Developments in Local & Cross-Border Claims

- Local claims³ declined by €115 million (.02 per cent) quarter-on-quarter, to €48.1 billion at end-September 2018, which accounted for 60 per cent of total foreign claims. On an annual basis, local claim declined by €952 million (1.9 per cent).
- Cross-border⁴ claims were increased over the quarter at €32 billion at end-September 2018, following growth of €2 billion (6.8 per cent) over the quarter. In annual terms, cross-border claims continued to record a positive growth rate, increasing by 11 per cent or €3.2 billion at end-September 2018.

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).

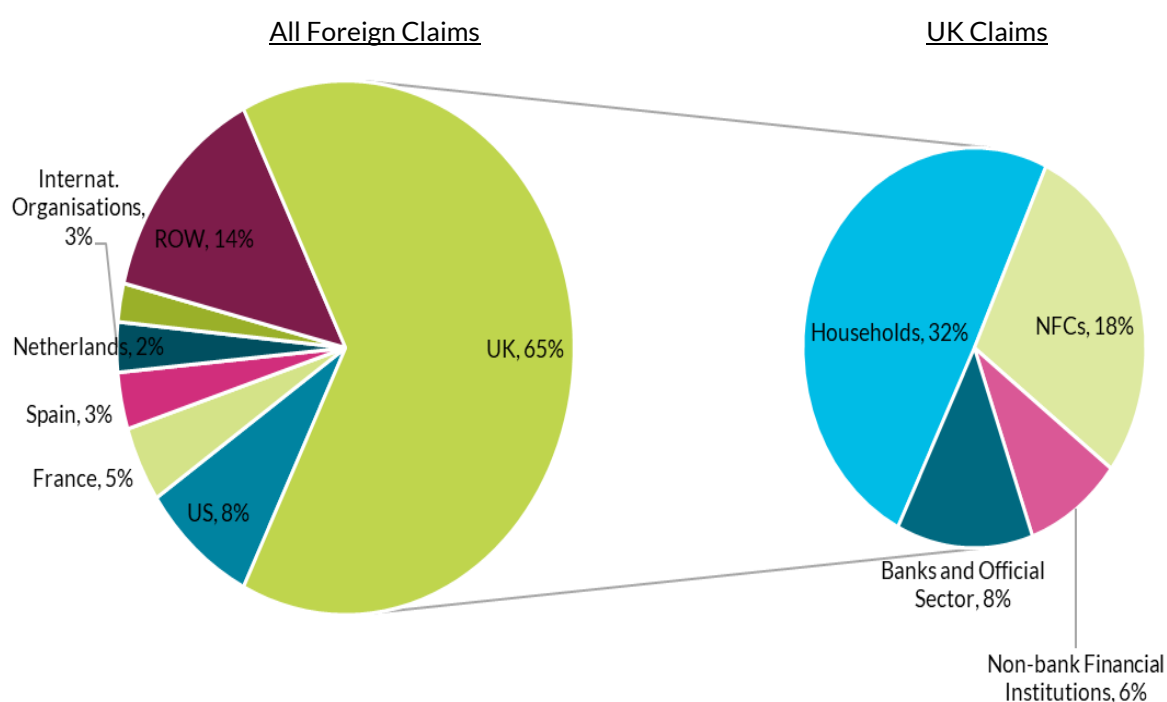
⁴ Cross-border claims refer to claims where the location of the bank office that books the position is different to the location of the claim counterpart (e.g. an Irish bank office lending to UK residents).

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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 €51.8 billion at end-September 2018. Foreign claims on the UK increased by €421 million (0.8 per cent) over the quarter. This increase was predominantly driven by an increase in claims on the official and bank sectors, with claims on the official sector recording the largest increase at €644 million. Chart 3 shows that claims on the UK are primarily vis-à-vis the household and NFC sectors, which account for 32% and 18% 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-September 2018

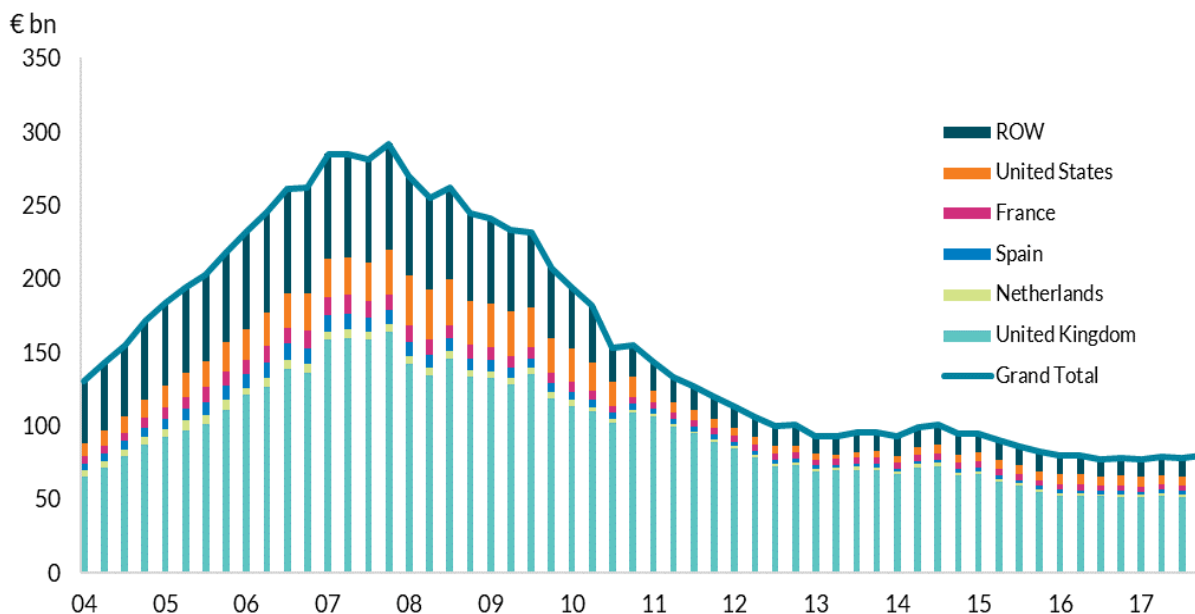


- There was a 2.4 per cent (€84 million) increase in claims on France over the quarter to end-September 2018. This increase was driven by a rise in claims on the banking sector of €83 million. Claims on the United States were largely unchanged quarter-on-quarter, increasing by 0.9 per cent to €6.5 billion.
- Spain and the Netherlands were also important locations for the foreign claims of domestic banks at end-September 2018. Foreign claims on Spain experienced a large

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positive movement over the quarter, increasing by €258 million, mostly on the official sector.

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-Q3 2018.