



Domestic banks¹ claims on foreign residents increased by €702 million (0.9 per cent) in Q3 2017, bringing the outstanding amount of claims to €77.9 billion. A rise in claims on the official sector, banks and non-bank financial institutions were the principal drivers with increases of €373 million, €260 million and €234 million, respectively. Claims on the United Kingdom decreased by €289 million (0.6 per cent) over the quarter, marking the seventh consecutive quarterly decline. Conversely, claims on the United States increased by €716 million, the biggest increase since Q1 2015. Domestic banks' largest foreign claims continued to be on the UK, which accounted for 66 per cent at end-September 2017.

Table 1: Overview of Foreign Claims by Country & Sector, end-Sept 2017

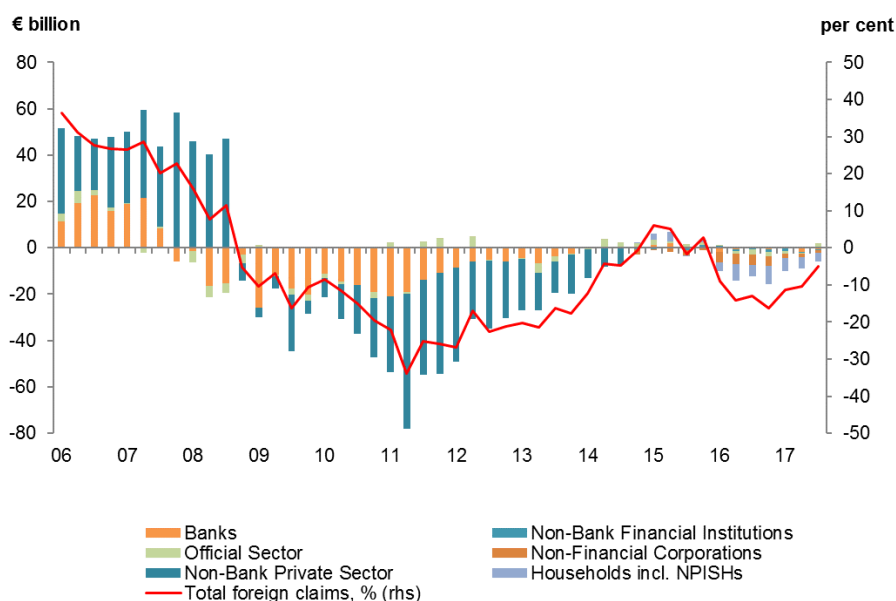
	Q3 2017		Change in Quarter	
	€ million	% of total	€ million	% change
<i>By country</i>				
United Kingdom	51,541	66.2%	-289	-0.6%
United States	6,501	8.4%	716	12.4%
France	3,945	5.1%	37	0.9%
Spain	2,354	3%	224	10.5%
Netherlands	1,499	1.9%	-5	-0.3%
Rest of World	12,017	15.4%	18	0.2%
Total	77,854	100%	702	0.9%
<i>By sector</i>				
Banks	9,461	12.2%	255	2.8%
Official Sector	13,374	17.2%	378	2.9%
Non-Bank Financial Institutions	6,206	8%	234	3.9%
NFCs	21,023	27%	-33	-0.2%
Households	27,791	35.7%	-131	-0.5%

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

- The predominant increases were in foreign claims on the official, banking and non-bank financial institution sectors, recording rises of €373 million, €260 million and €234 million, respectively. This contrasted with decreases of €712 million, €68 million and €94 million experienced by these sectors respectively in Q2 2017. Almost two thirds of Irish resident banks foreign claims were vis-à-vis the household and NFC sectors, with exposures remaining steady at 36 per cent and 27 per cent respectively. Claims on foreign official sectors (17 per cent), banks (12 per cent), and non-bank financial institutions (8 per cent) continued to be smaller in comparison.
- On an annual basis, foreign claims recorded a decline of €4.1 billion, or 5 per cent. Annual declines in foreign claims have been recorded for seven consecutive quarters.

Chart 1: Foreign Claims; net flows (4-qr sum) and annual rate of change²



Developments in Local & Cross-Border Claims

- Local claims³ stood at €49.1 billion at end-Sept 2017. This represented a €186 million decrease during the quarter and follows a much larger fall of €1.3 billion in Q2 2017. Local claims fell by €3.5 billion (6.7 per cent) on an annual basis to end-Q3 2017.

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.

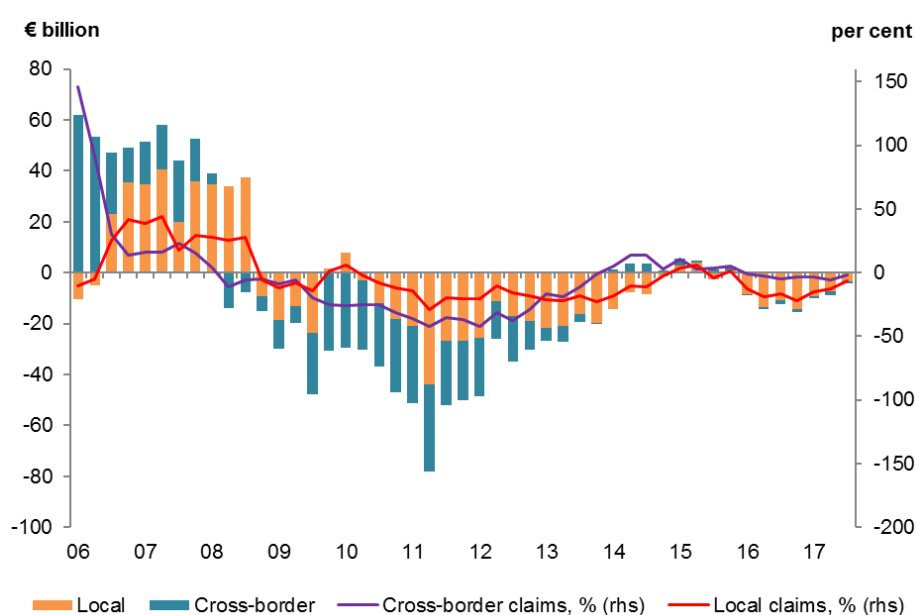
³ Local claims are claims where the location of the bank office that books the position is the same as the location of the claim counterpart (e.g. UK subsidiary of an Irish headquartered bank lending to UK resident).

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This annual fall in local claims represents 87 per cent of the annual decline in total foreign claims, and continues a trend, originating in Q1 2016.

- Cross-border⁴ claims were higher at €28.8 billion at end-Sept 2017, following a rise of €887 million (3.2 per cent) over the quarter. Prior to Q3 2017, cross-border claims had registered seven consecutive quarters of decline. In annual terms, cross-border claims recorded a decline of 1.8 per cent, or €534 million, in Q3 2017.

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

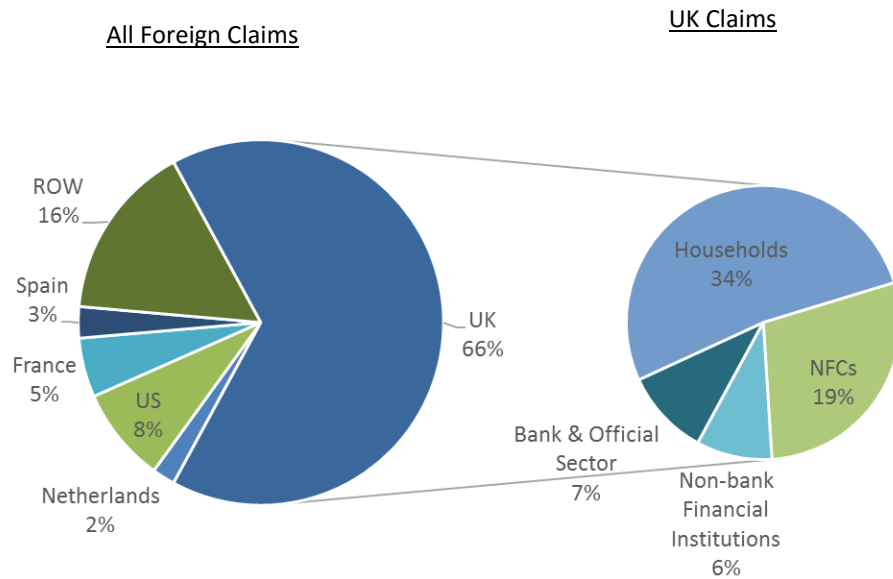


Developments in Claims by Location of Counterparty

- Domestic banks' largest foreign claims were on the United Kingdom (including Northern Ireland), with exposures of €51.5 billion at end-Sept 2017. Foreign claims on the UK fell by €289 million (0.6 per cent) over the quarter. This represents the seventh consecutive quarterly decline in this figure. It was predominantly driven by a decrease in claims on banks and households, with claims on UK banks recording the largest decline of €201 million. Chart 3 shows that claims on the UK are primarily vis-à-vis the NFC and household sectors, while exposures to banks and the official sector are relatively small in comparison.

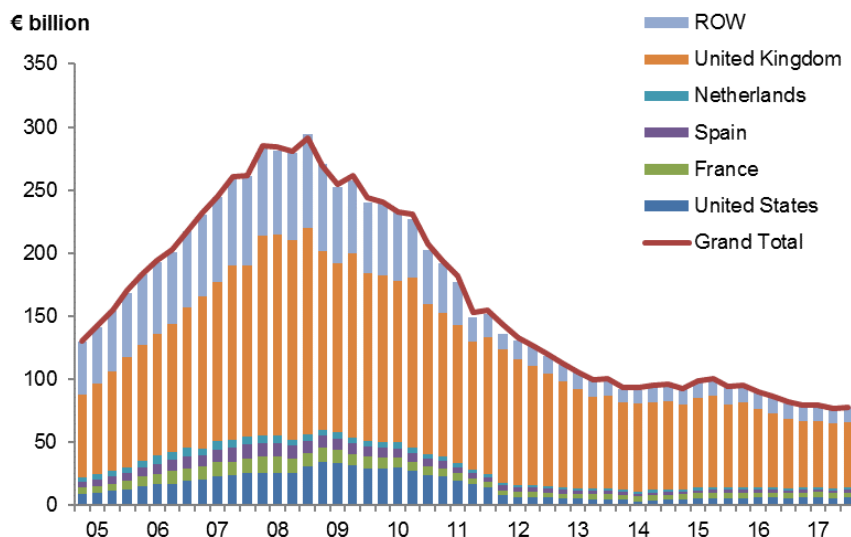
⁴ Cross-border claims refer to claims where the location of the bank office that books the position is different to the location of the claim counterparty (e.g. an Irish bank office lending to UK resident).

Chart 3: Geographical Breakdown of Foreign Claims, end-Sept 2017



- There was a 12.4 per cent, or €716 million, increase in claims on the US over Q3 2017. This rise, the largest since Q1 2015, was primarily driven by growth in claims on the official sector of €474 million.
- France, Spain and the Netherlands were also important locations for the foreign claims of domestic banks at end-Q3 2017. Foreign claims on these three countries increased cumulatively by €256 million during the quarter. Spain was the main driver with a rise of €224 million. The Netherlands and France experienced a reduction of €5 million and a rise of €37 million, respectively.

Chart 4: Locations of Irish Foreign Claims



Statistical Release – Consolidated Banking Statistics: Foreign Claims Q3 2017

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 2017.***