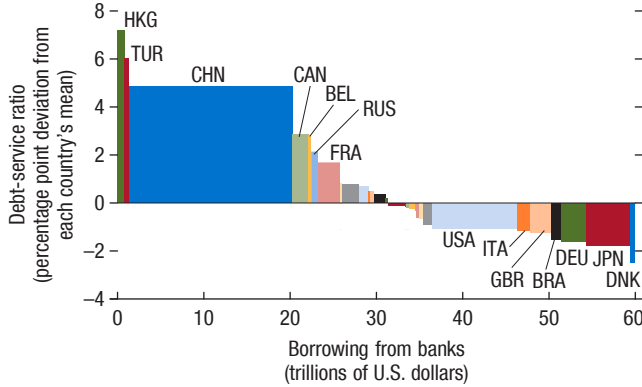


Figure 1.21. Banking System Exposures to the Nonfinancial Sector

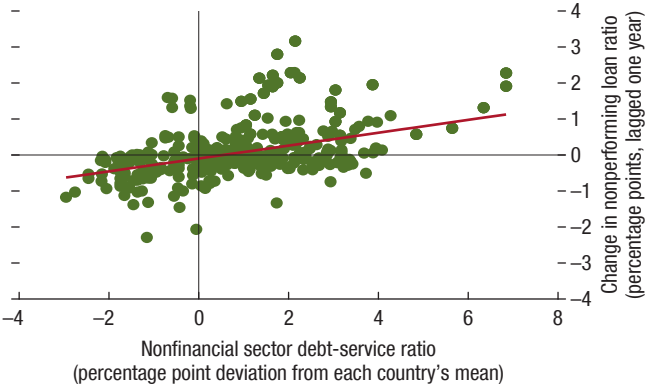
Banks are exposed to countries with high debt-service ratios.

1. Private Nonfinancial Sector Debt-Service Ratios and Debt Levels, 2017:Q4



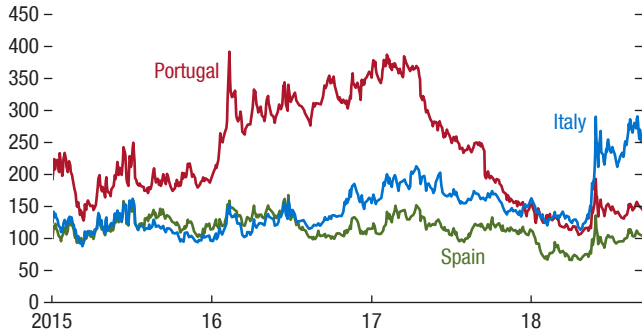
Asset quality could deteriorate as a result.

2. Private Nonfinancial Sector Debt-Service Ratios and Nonperforming Loans, 2006:Q1–2017:Q4



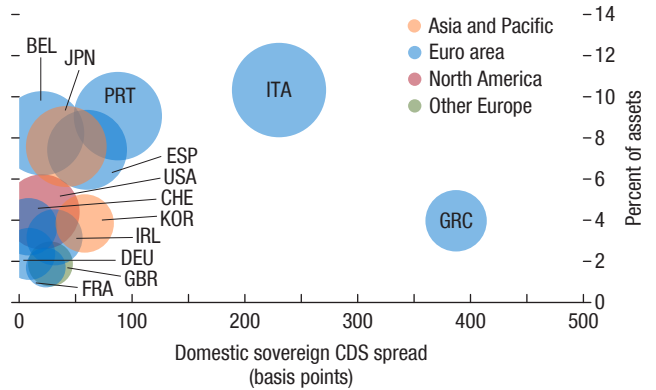
Sovereign risk has risen in Italy ...

3. Ten-Year Sovereign Spreads to German Government Bonds (Basis points)



... and could spill over to banks.

4. Banking System Exposure to Domestic Governments, 2018



Sources: Bank for International Settlements; Bloomberg Finance L.P.; Haver Analytics; IMF, Financial Soundness Indicators; national central banks; and IMF staff calculations.

Note: Panel 2 presents historical data for a sample of 17 advanced economies. Panel 4 is based on the latest available data in 2018. The size of the circles is proportional to the banking systems' exposure to their domestic government (relative to assets). Data labels in the figure use International Organization for Standardization (ISO) country codes. CDS = credit default swap.