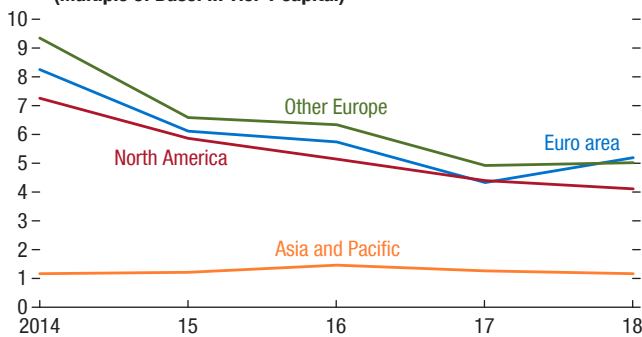


Figure 1.22. Bank Exposures to Opaque and Illiquid Assets, Interconnectedness, and Funding

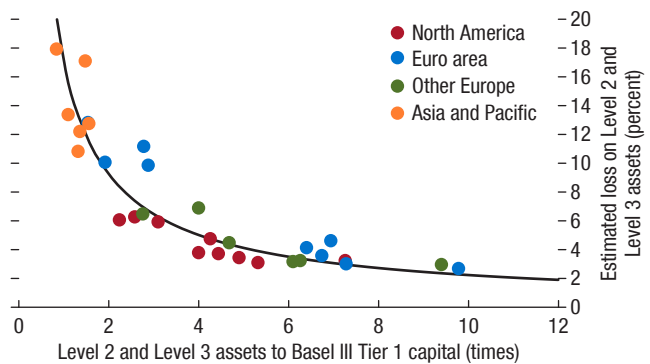
G-SIB holdings of Level 2 and Level 3 assets have fallen ...

1. G-SIB Holdings of Level 2 and Level 3 Assets (Multiple of Basel III Tier 1 capital)



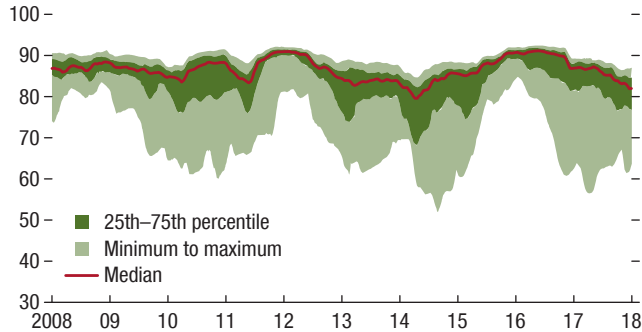
... but holdings are still large relative to capital at some G-SIBs.

2. G-SIB Exposure to Level 2 and Level 3 Assets, 2018



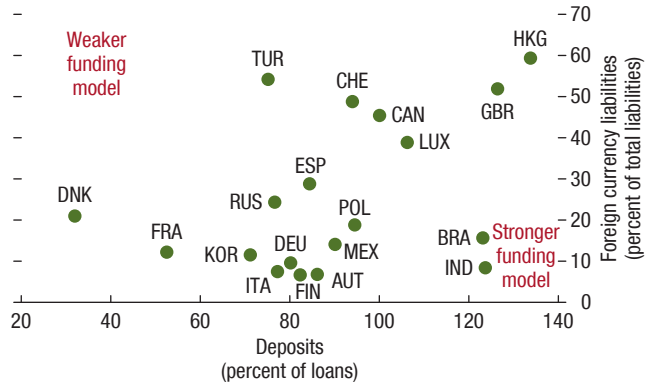
Market prices suggest G-SIBs continue to be interconnected.

3. G-SIB Interconnectedness (Percent of equity returns explained by shocks to other G-SIBs)



Bank funding models have improved but remain uneven.

4. Banking System Funding Models 2018:Q1



Sources: Bank for International Settlements; Bloomberg Finance L.P.; IMF, Financial Soundness Indicators; S&P Global Market Intelligence; and IMF staff calculations. Note: The vertical axis in panel 2 shows the estimated loss on Level 2 and Level 3 assets that would result in a 1 percentage point reduction in each bank's leverage ratio. The panel is based on 2018:Q2 or, if not available, the latest available data. Panel 3 shows the range of outward spillovers from one G-SIB to another, captured by the percentage of variance in equity returns in one G-SIB that can be explained by the variation in equity returns in other G-SIBs, based on Diebold and Yilmaz (2009). Panel 4 uses data from the IMF Financial Soundness Indicators (FSI) database. Reporting countries compile these data using different methodologies, which may vary across time. The metadata accompanying the FSI database explains the definitions used. The panel is based on 2018:Q1 or, if not available, the latest available data and reflects the most recent revisions submitted by authorities to the IMF FSI database. Data labels in panel 4 use International Organization for Standardization (ISO) country codes. G-SIB = global systemically important bank.