Figure 1.11. Bank Capital and Asset Changes

Advanced economy banks have on balance deleveraged and raised new capital...

...while emerging market banks have used their strong profitability to increase lending.

## Change in risk-weighted assets, 2009-14 (percentage points) **Emerging Markets Advanced Economies** Assets change Assets change Effect of RWA density Effect of RWA density RWA change RWA change -2 80 -4 40 120 -8 -6 Tier 1 capital ratio evolution, 2009-14 (percent of RWA) **Advanced Economies Emerging Markets** Tier 1 capital ratio, 2009 Tier 1 capital ratio, 2009 Earnings $\oplus$ Earnings Net capital raised Net capital raised RWA effect RWA effect Tier 1 capital ratio, 2014 Tier 1 capital ratio, 2014 0 5 10 15 20 0 10 15 20 5

Sources: Bankscope; and IMF staff calculations.

Note: The earnings and net capital in the two lower panels are expressed in 2014 risk-weighted assets (RWA). RWA density = RWA/total assets. The top panels include 512 advanced economy banks and 222 emerging market economy banks. The lower panels include 1,356 advanced economy banks and 576 emerging market economy banks. The plus/minus symbols indicate that the impact increase/decrease the relevant measure by the size of the bar.