- Local Factors j in country c encompass the bank assets to capital ratio (at year $y-1$) and its growth (between year $y-2$ and $y-1$) (*Local Leverage* and *Local Leverage growth*), bank return on assets (*Local Equity growth*). Other local variables are ΔRER, $\Delta M2$, ΔGDP, *Inflation*, and $\Delta Debt/GDP$, as described in the data section. In addition we use country-fixed effects to control for any additional country-level effect not captured by our control variables, such as unobserved changes in credit demand at the country level.

- $\Delta Interest\ Spread$ is the first difference in the spread between the local lending rate and the US Fed Fund rate.

To reduce endogeneity concerns and maximise the period coverage, all independent variables are lagged by one quarter (if at quarterly frequency) or by four quarters (if at yearly frequency). We start running regressions separately for the "level" and "growth" variables and then show results where all variables are included in the same specification. The results are presented in Table 1.

Column (1) is the specification that includes the variables *Global Leverage and Local Leverage*. Only *Global Leverage* is positive and significant. Column (2) is the specification that includes the variables *Global Equity Growth and Local Equity Growth*, where both variables are positive and significant. Column (3) is the specification that includes the variables *Global Leverage Growth and Local Leverage Growth*, where only *Global Leverage Growth* is positive and significant. Column (4) is the specification that includes all variables. This specification shows that *Global Leverage* (both in levels and growth) continues remaining highly significant, together with *Local Equity Growth*.

The additional local variables in Table 1 enter with the predicted signs, but they do not diminish the role of *Global Leverage*. Particularly notable is the variable RER which gives the price of dollars in local currency in real terms, so that a fall in RER represents an appreciation of the local currency. We see that the coefficient on ΔRER is the only variable that is negative and highly significant in every specification, indicating that a real appreciation between quarter $q-1$ to quarter q is associated with acceleration in bank capital flows between quarter q to quarter $q+1$. Thus, an appreciation of the local currency leads