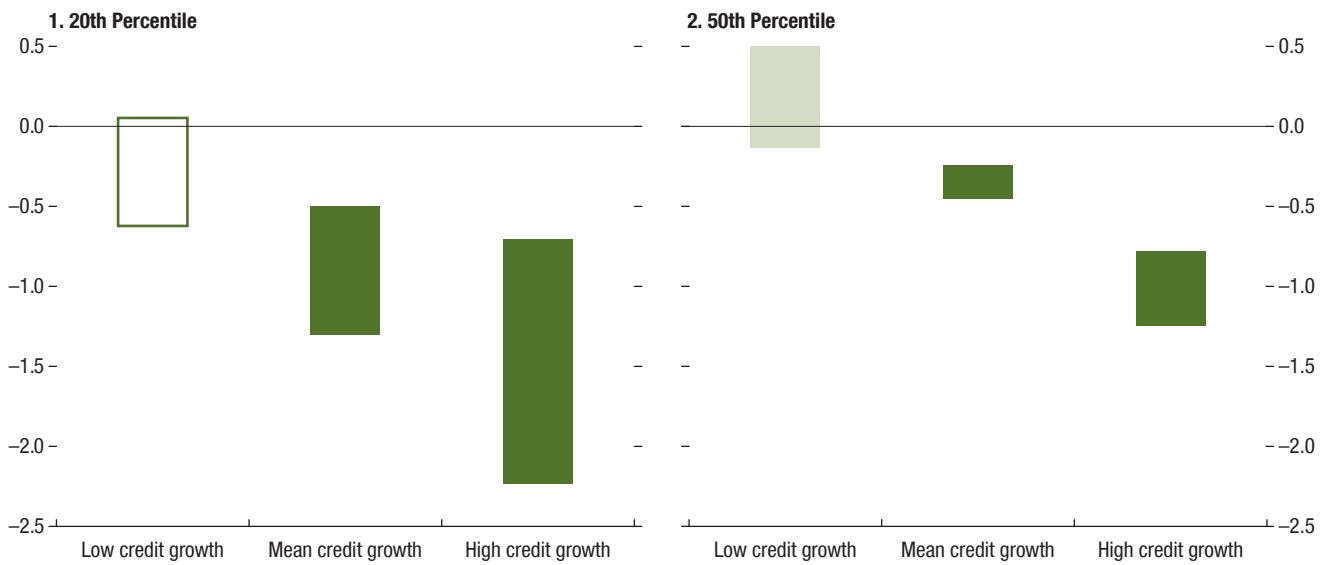


Figure 2.12. The Association of the Riskiness of Credit Allocation with Downside Risks to GDP Growth Depends on the Size of Credit Expansion
(Percentage points of GDP growth)



Source: IMF staff estimates.

Note: The panels show the range of impact of a one unit increase in the riskiness of credit allocation on the 20th and 50th percentiles of the distribution of future cumulative GDP growth from year t to year $t + 3$ across the four (leverage-, interest coverage ratio-, debt overhang-, and expected default frequency-based) measures. The impact is conditional on high, mean, and low credit growth. High (low) credit growth is defined as one standard deviation above (below) mean credit growth. Dark-colored (light-colored) bars indicate that the effects are statistically significant at the 10 percent level or higher for four (two) out of four measures. An empty bar indicates no statistically significant impact of any of the four measures. Further details on the methodology are in Annex 2.3.