Mean Default Contagion (DCo) for Banks with Higher and Lower Losses
(In percent)

Source: IMF staff estimates.

1Unweighted average of pair-wise conditional probabilities of default, which indicate that H banks or L banks default given that any other bank (B) defaults. In order to keep the confidentiality of the analyzed institutions, we report the mean-DCo, rather than the institution-specific DCo. From January 1, 2007 to March 5, 2008, the mean-DCo rose by a factor of 1.5 among L banks, and by a factor of 1.7 among H banks.