IMF Working Paper

© 1999 International Monetary Fund

April 14, 1999

WP/99/33
Correction 1

Subject: **Determinants of Ex-Ante Banking System Distress: A Macro-Micro Empirical Exploration of Some Recent Episodes**

CORRIGENDUM

The attached page 64 of WP/99/33 (March 1999) is reissued to include the numbers in parenthesis which were inadvertently omitted.

Att: (1)

Other Distribution:
Department Heads
Division Chiefs

Table 7.1. Estimation Results—Bank Failures in Colombia

	(1) (a) Probability of Failure Odds Ratio	(1) (b) Exponential Hazard Hazard Ratio	(2) (a) Probability of Failure Odds Ratio	(2) (b) Exponential Hazard Hazard Ratio
Proximate Indicators of Fragility:				
NPLA	1.341 (1.183)	1.132* (5.711)	--	--
CA	--	--	1.563 (1.178)	1.168* (-5.424)
Model Statistics:				
Model χ^2	7.66*	32.62*	7.59*	29.42*
Pseudo R^2	0.554	--	0.548	--
Log likelihood	-3.084	-16.720	-3.120	-17.516

Number of banks: 18
Number of records (1980–88): 132
Number of failures (1980–89): 5

Notes: The dependent variable takes the value of one if a bank is intervened at time t+1 and the value zero otherwise. Probability of failure is estimated by fixed-effects logit. The odds ratio and hazard ratio depict exponentiated coefficients. The z statistics are given in parenthesis and are based on robust (Huber and White) standard errors which account for correlated observations in grouped data. $P|z|$ is the test of the underlying coefficient being zero. One, two, and three asterisks indicate significance levels of 1, 5 and 10 percent, respectively.

Models 1 (b) and 2 (b), using a Weibull parametric distribution, produced a p value of 1 and, hence, an exponential distribution was estimated.

Table 7.1. Estimation Results—Bank Failures in Colombia (Concluded)

| | (3) | | (4) | |
	(a) Probability of Failure Odds Ratio	(b) Weibull-Hazard Hazard Ratio	(a) Probability of Failure Odds Ratio	(b) Weibull-Hazard Hazard Ratio
Bank-Specific Variables:				
Credit Risk				
LNYIELD	1.506 (0.547)	1.255 (1.533)	—	1.225** (1.952)
Liquidity Risk				
DEPPUB	—	1.049*** (1.749)	—	1.063* (2.456)
DEPIB	0.894 (-0.399)	1.036 (0.969)	—	1.100 (1.065)
INTDEP	1.596 (0.817)	1.235* (2.365)	—	1.304* (3.370)
Moral Hazard				
INTAS	0.370 (-0.475)	0.555*** (-1.737)	—	0.565* (-2.568)
Regional/Macroeconomic Variables				
PEXP	—	—	0.816 (-1.281)	1.107 (1.042)
Banking Sector Variable:				
BSLNGDP	—	—	1.183 (0.421)	0.572 (-0.916)
Model Statistics:				
Model χ^2	6.24	15.06*	5.23***	24.13*
Pseudo R^2	0.451	—	0.378	—
Log likelihood	-3.796	-11.200	-4.302	-9.723
p (Weibull)	—	1.281 (0.958)	—	3.353*** (1.833)

Notes: The dependent variable takes the value of one if a bank is intervened at time t+1 and the value zero otherwise. Probability of failure is estimated by fixed-effects logit. The odds ratio and hazard ratio depict exponentiated coefficients. The z statistics are given in parenthesis and are based on robust (Huber and White) standard errors which account for correlated observations in grouped data. P|z| is the test of the underlying coefficient being zero. One, two, and three asterisks indicate significance levels of 1, 5 and 10 percent, respectively.

Model 4 (a) did not converge. Hence, the micro-macro components were separated.