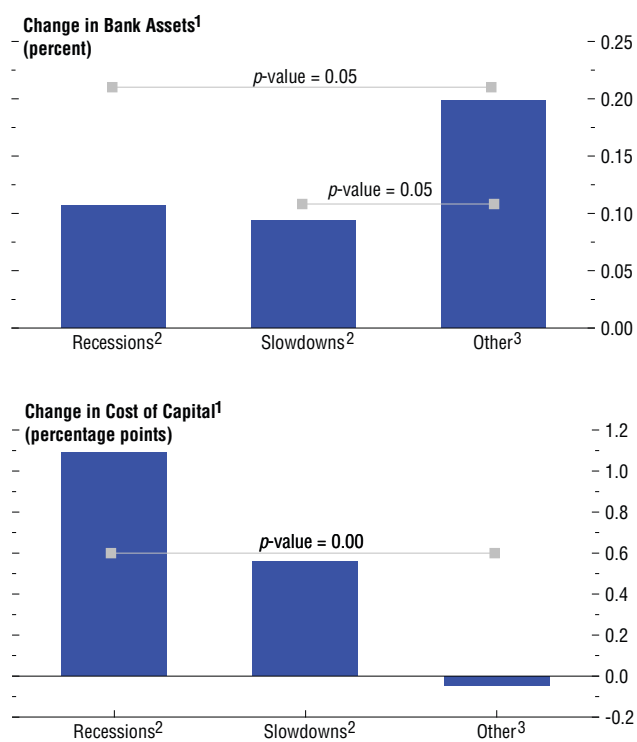


### Figure 4.8. Cost of Capital and Bank Asset Growth around Banking Financial Stress Episodes

(Average; change from one year before to one year after the start of financial stress)

Banking-related financial stress episodes associated with recessions are characterized by lower bank asset growth and higher cost of capital in the aftermath.



Sources: OECD, Analytic Database; and IMF staff calculations.

<sup>1</sup> *p*-value reported refers to the two-tailed *t*-tests on the difference between the two averages.

<sup>2</sup> Banking-related financial stress episodes followed by slowdowns or recessions.

<sup>3</sup> Financial stress episodes not followed by slowdowns or recessions.