

Table III: Estimation results of the Impact of income diversification on bank stability (Z score, NPLs)

Dependent Variables		Z Score				NPLs		
Model	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Estimator	OLS	FE	GMM	GMM	GMM	OLS	FE	GMM
Lagt-1	0.8954*** (0.0152)	0.5548*** (0.0277)	0.6157*** (0.0267)	0.5685*** (0.0381)	0.640*** (0.0257)	0.8504*** (0.0573)	0.6867*** (0.1162)	0.8502*** (0.0043)
INDV	0.0554* (0.0289)	-0.0220** (0.0097)	0.3378*** (0.0717)	0.2700*** (0.0873)	0.279*** (0.0721)	0.0207 (0.0261)	0.0475* (0.0242)	0.0763*** (0.0037)
LIQ	0.0229*** (0.0060)	0.0379*** (0.0075)	0.1053*** (0.0071)	0.1141*** (0.0111)	0.105*** (0.0059)	-0.0067* (0.0040)	0.0022 (0.0076)	-0.012*** (0.0021)
OE	0.0146 (0.0092)	-0.042*** (0.0105)	-0.1315*** (0.0201)	-0.1342*** (0.0208)	-0.117** (0.0194)	-0.0013 (0.0085)	-0.0083 (0.0107)	-0.0030 (0.0020)
DTA	0.0047 (0.0058)	0.0118 (0.0090)	0.0129** (0.0054)	0.0151** (0.0064)	0.0132** (0.0057)	-0.0025 (0.0058)	-0.0180** (0.0087)	-0.0194*** (0.0026)
ROE	0.0048 (0.0083)	0.0258*** (0.0083)	-0.0893*** (0.0202)	-0.0996*** (0.0216)	-0.077*** (0.0179)	-0.0055 (0.0043)	0.0012 (0.0052)	0.0028*** (0.0009)
IF	-0.0001 (0.0002)	0.0001 (0.0001)	0.0012 (0.0023)	0.0004 (0.0024)	0.0010 (0.0024)	0.002*** (0.0000)	0.0002** (0.0001)	0.001** (0.0014)
GDP	-0.0479*** (0.0178)	-0.0348** (0.0163)	-0.0736*** (0.0047)	-0.0727*** (0.0052)	-0.071*** (0.0042)	0.038*** (0.0119)	0.0415*** (0.0112)	-0.0344*** (0.0011)
Crisis	-0.0063 (0.1494)	-0.0131 (0.1370)	-0.0616* (0.0339)	-0.0625* (0.0334)	0.0501* (0.0261)	0.0287** (0.0146)	-0.0104 (0.0128)	0.0224** (0.0096)
INDV^2	-0.0851** (0.0332)	-0.0274** (0.0133)	-0.3492*** (0.0767)	-0.2775*** (0.0959)	-0.291*** (0.0789)	-0.0288 (0.0282)	-0.0661** (0.0290)	0.093*** (0.0032)
INDV*crisis	0.0177 (0.4136)	0.0441 (0.3772)	0.1156* (0.0924)	-0.1100 (0.0877)	-0.0783 (0.0662)	-0.0819** (0.0397)	0.0388 (0.0388)	-0.0547* (0.0291)
Reg-cap	-0.0030 (0.0142)	-0.0028 (0.0183)	0.0049 (0.0120)	0.0038 (0.0128)	0.0042 (0.0122)	0.104*** (0.0295)	0.1841*** (0.0569)	-0.1105*** (0.0035)
Polcon	-0.0041 (0.0052)	0.0012 (0.0060)	-0.0103** (0.0045)			-0.0079* (0.0048)	0.0028 (0.0077)	0.0053*** (0.0017)
Political right				-0.0035*** (0.0012)				
polity					0.0000 (0.0153)			
Constant	-0.3725 (0.5997)	0.0197** (0.0096)	-1.8045*** (0.6049)	-1.5581** (0.6834)	-1.853*** (0.5760)	0.8669* (0.4606)	-0.1176 (0.5879)	-0.0020 (0.0024)
Hansen (p-value)			0.232	0.289	0.225			0.269
AR1 (p-value)			0.006	0.005	0.008			0.017
AR2 (p-value)			0.613	0.548	0.555			0.622
Observation	765	765	739	739	739	765	765	739
R-squared	0.8410	0.4179				0.7930	0.6758	
No. of id		45	45	45	45		45	45

Source: Authors' calculations (2022). Notes: *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.