Online Appendix for "When Myopic Managers Must Mark to Market"

OA1 Implementing the Sefcik and Thompson event study method

We presently describe in detail our implementation of the Sefcik and Thompson (1986) method for conducting event studies with common event dates. In the first step, we run cross-sectional regressions of bank excess returns on firm characteristics for every trading day between September 1, 2008 to March 31, 2009:

$$\begin{aligned} R_{i,t} - r_{f,t} &= \beta_{0,t} + \beta_{1,t}\text{Duration}_{i,t} + \beta_{2,t}\Delta\text{Capital}_{i,t} + \beta_{3,t}\text{SubprimeBeta}_i \\ &+ \beta_{4,t}\text{FVL23}_i + \beta_{5,t}\text{FV1}_i + \beta_{6,t}\text{Size}_{i,t} + e_{i,t} \end{aligned}$$

where $R_{i,t}$ is the total stock return (from CRSP) of bank i on day t, $r_{f,t}$ is the daily risk-free rate taken from Ken French's website, and all other variables are as defined in the main text. Note that each parameter estimate for day t, $\beta_{k,t}$ for $k = 0, 1, ..., 6$, can be interpreted as the return on a portfolio, in excess of the risk free rate, on day t. To see how, note that the vector of OLS parameter estimates for day t is given by $(X_t'X_t)^{-1}X_t'R_t$, where X_t is the matrix that includes all observations of bank characteristics on day t (as well as a column whose elements are all equal to one), and R_t is the vector containing all observations of bank stock returns, in excess of the risk-free rate, on day t. Since, as Sefcik and Thompson (1986) point out, each row of the matrix $(X_t'X_t)^{-1}X_t'$ can be interpreted as a vector of portfolio weights, it follows that each OLS parameter estimate in the equation above is the excess return on a portfolio. We therefore take each time series of the seven OLS parameter estimates (the intercept and the six coefficients) from our cross-sectional regressions, and we treat them as portfolio excess returns, running the following system of seven time series factor return regressions:

$$\begin{aligned} \beta_{k,t} &= \alpha_k + \gamma_{k,1}\text{MktRf}_t + \gamma_{k,2}\text{HML}_t + \gamma_{k,3}\text{SMB}_t + \gamma_{k,4}\text{UMD}_t + \gamma_{k,5}\Delta\text{T10YR}_t + \delta_k D_t + \eta_{k,t} \\ &\quad \text{For } k = 0, ..., 6, \end{aligned}$$

Where MktRf_t, HML_t, and SMB_t are the Fama-French risk factors, UMD is Carhart momentum factor, ΔT10YR_t is the change in the 10 year constant maturity Treasury rate, and D_t is a dummy variable that takes the value of one (negative one) on days within event windows containing news indicating a relaxation of impairment rules is more (less) likely, and is zero otherwise. Since the HML, SMB and UMD risk factors had not yet been discovered, the market factor is the only one included in the specification suggested by Sefcik and Thompson (1986). We follow Borisov et al. (2016) and include HML, SMB, and UMD to maximize power and minimize bias. We also follow prior literature on bank stock returns (e.g., Flannery and James (1984)) and include an interest rate risk factor, the change in the 10 year constant maturity Treasury rate, the same one we use in our ABX liquidity regression. As discussed in the Robustness Checks section, however, and shown in the Online Appendix, our results are not sensitive to using changes in Treasury rates for other maturities. Our results are also robust to including two bond market factors: the term spread and credit spread. We use Zellner's Seemingly Unrelated Regression (SUR) method to estimate the seven portfolio regressions jointly.

As shown in Sefcik and Thompson (1986), the SUR estimates of the coefficients δ_k on the event dummy in equation system above, for $k = 0, .., 6$, as well as their corresponding standard errors, provide unbiased estimates of the parameters and their corresponding standard errors (robust to cross-sectional correlation in abnormal returns) in equation (3) of the main text.

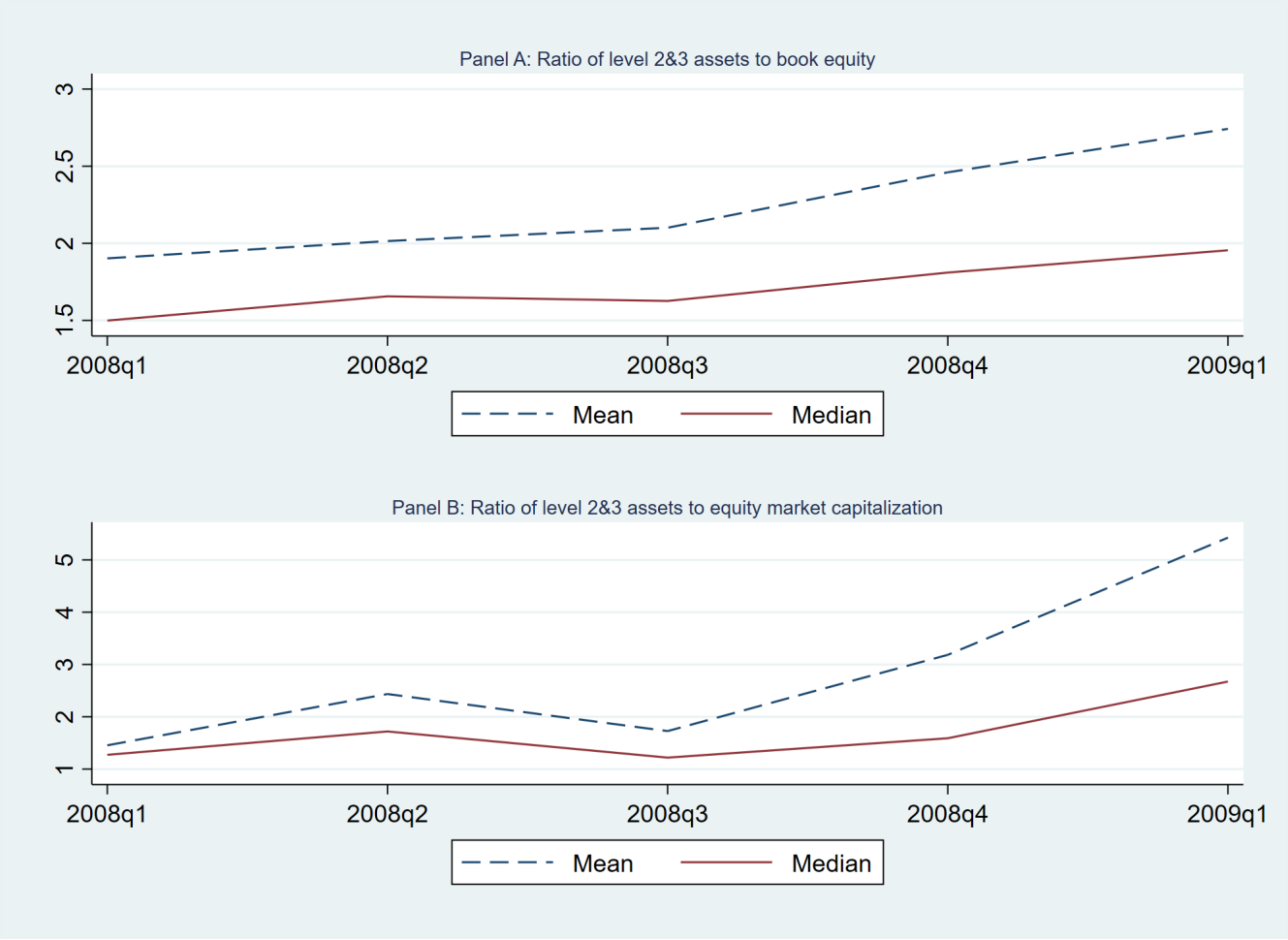

Figure OA1: Bank holdings of level 2&3 assets. The figure reports the quarterly mean and median ratios of bank level 2&3 assets fair value to bank equity value. The top panel uses bank common equity book value and the bottom bank market capitalization.

Figure OA2: Bank holdings of NA MBS. The figure reports the quarterly mean and median ratios of bank holdings of NA MBS in fair value to bank equity value. The top panel uses bank common equity book value and the bottom bank market capitalization.

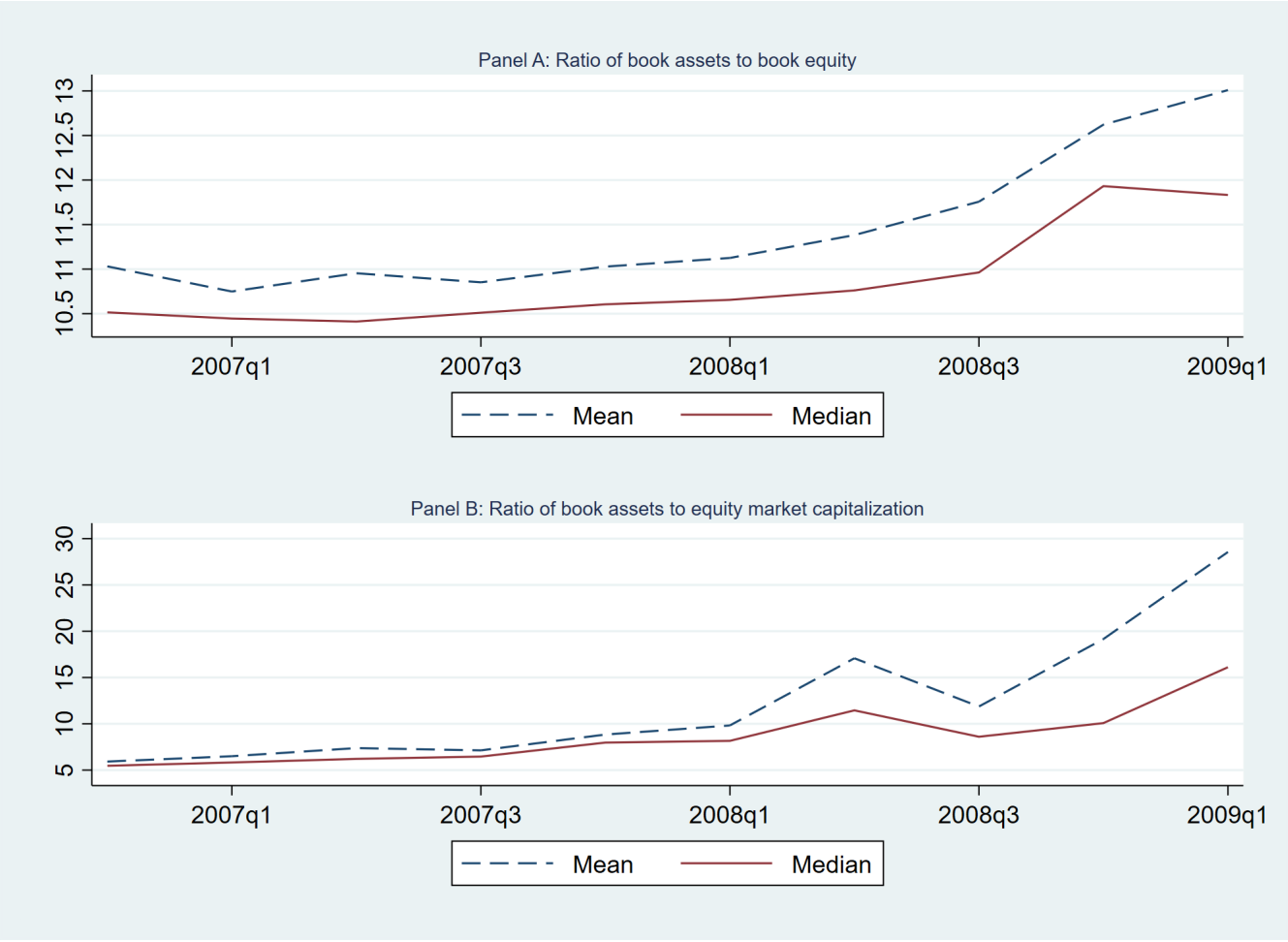

Figure OA3: Bank assets. The figure reports the quarterly mean and median ratios of bank book assets to bank equity value. The top panel uses bank common equity book value and the bottom bank market capitalization.

Table OA1: CEO equity duration and bonus-EPS sensitivity. The table reports the results of regressions that examine whether the sensitivity of CEOs' annual bonus pay to EPS over the period of 2007-2009 varies with CEO equity duration. The dependent variable is bonus, defined as the sum of CEO regular bonus and nonequity incentive pay divided by CEO base salary in fiscal 2006. ΔEPS is the first difference of earning per share, scaled by book assets per share. *Equity Duration* is the dollar delta-weighted average number of years CEOs must wait to cash out their stock and option grants at the beginning of each fiscal year. *Long (Medium) Duration* is a dummy variable that equals one if *Equity Duration* is in the top (middle) tercile, zero otherwise. We control for contemporaneous and one-year lagged log book assets, and one-year lagged bonus. All variables are defined in the paper. All the regressions control for year fixed effects and are estimated using a Tobit model. Standard errors (reported in parentheses) are adjusted for heteroskedasticity and clustered by firm. ***, **, and * indicate statistical significance at the 1%, 5%, and 10% levels, respectively.

	(1)	(2)
ΔEPS	1.991***	3.452***
	(0.472)	(0.870)
ΔEPS		
× Equity Duration	−0.633***	
	(0.222)	
ΔEPS		
× Medium Duration (0/1)		−1.700**
		(0.734)
ΔEPS		
× Long Duration (0/1)		−3.140***
		(1.112)
Duration	0.446***	
	(0.119)	
Medium Duration (0/1)		1.439**
		(0.597)
Long Duration (0/1)		2.254***
		(0.698)

(*Continued*)

Table (OA1)–*Continues*

	(1)	(2)
New Equity Grants	−0.196	−0.376*
	(0.145)	(0.192)
ΔEPS		
× New Equity Grants	0.164	0.414
	(0.238)	(0.326)
New Equity Duration	−0.154	−0.474**
	(0.159)	(0.239)
ΔEPS		
× New Equity Duration	0.761***	1.273***
	(0.275)	(0.465)
Net Insider Sales	0.051	0.051
	(0.112)	(0.112)
ΔEPS		
× Net Insider Sales	−0.112	−0.055
	(0.156)	(0.145)
Moneyness of Unvested Options	−0.092	−0.167
	(0.142)	(0.136)
ΔEPS		
× Moneyness of Unvested Options	0.237	0.434
	(0.372)	(0.291)
Moneyness of Vested Options	−0.823***	−1.005***
	(0.287)	(0.344)
ΔEPS		
× Moneyness of Vested Options	1.983***	2.350***
	(0.506)	(0.630)
All Equity Unrestricted (0/1)	0.269	0.644
	(0.328)	(0.511)
ΔEPS		
× All Equity Unrestricted (0/1)	−1.002**	−1.067
	(0.494)	(0.731)
Log Assets	−0.573	−1.242
	(0.759)	(0.905)
Log Assets (t-1)	0.335	0.917
	(0.751)	(0.880)
Bonus (t-1)	0.770***	0.802***
	(0.073)	(0.058)
Year FE	Yes	Yes
Observations	262	262
Pseudo R^2	0.304	0.292

Table OA2: OTTI and ABX spread. The table reports the results of regressions that examine whether banks realize more OTTI when ABX AAA spread increases. The dependent varible is $\ln(1+\text{OTTI})$. The monthly spread change of ABX AAA is multiplied by 100. All variables are defined in the paper. Column (1) reports the cross-sectional OLS result, and Column (2) reports the result using a Tobit model with left-censoring at zero. For OLS, standard errors (reported in parentheses) are Menzel (2021)'s bootstrap method with cluster-dependence in both firm and quarter dimensions. Critical values of bootstrapped t-statistics, as indicated by the significance level (if any), are reported in square brackets. For Tobit, Standard errors are adjusted for heteroskedasticity and clustered by firm and quarter. ***, **, and * indicate statistical significance at the 1%, 5%, and 10% levels, respectively.

	(1) OLS	(2) Tobit
ΔABX Spread	0.109***	1.668***
	(0.029)	(0.503)
	[-3.328; 3.294]	
ΔTotal Capital Ratio (%)	-0.026**	-0.476
	(0.007)	(0.265)
	[-3.755; 3.669]	
Assets Growth (%)	-0.003	-0.080
	(0.018)	(0.836)
ΔLoan/Assets (%)	-0.051	-0.920
	(0.055)	(1.290)
ΔAgency MBS/Assets (%)	0.069	1.291
	(0.062)	(2.018)
Log Assets	0.358***	5.321***
	(0.052)	(1.315)
Observations	2784	2784
Adjusted/Pseudo R^2	0.035	0.040

Table OA3: Sample construction. This table presents sample construction. Panel A reports each sampling step and its impact on the number of sample banks for the feedback trading analysis; Panel B reports such information for the four event windows containing news on the proposed relaxation of fair value securities impairment rules.

Panel A: Feedback trading sample

Steps	Number of firms
1. Start with the sample of firms in Kolasinski and Yang (2018)	254
2. Keep banks and bank holding companies, for which we merge firms with RSSD ID using the CRSP-FRB linktable provided by Federal Reserve Bank of New York (https://www.newyorkfed.org/research/banking_research/datasets.html)	229
3. Require banks to have some positive NAMBS holdings during the sample period from 2006Q4 to the quarter before the adoption of the new impairment accounting rule	139
4. Require observations to have all variables non-missing for the empirical analysis	132

Panel B: Event study sample

Steps	Event 1	Event 2	Event 3	Event 4
1. Start with banks in the Step 3 of panel A above	139	139	139	139
2. No non-routine insider trades in the event window (Thomson-Reuters insider trading database)	119	134	139	108
3. No earnings announcements within the event window (Compustat fundq)	109	134	139	108
4. No firm-specific news within the event window (Ravepack and 8-K)	69	111	119	90
5. No firm-specific news within the event window (Factiva)	64	109	114	87
6. Have enough stock return data for computing CAR	54	93	93	70

Table OA4: Calendar-time regressions of hedge portfolios formed on earnings surprises for long/short CEO equity duration. The table reports the results of calendar-time regressions of hedge portfolios formed on earnings surprises for banks with long and short CEO equity duration, respectively. Each month we form zero-investment hedge portfolios that go long (short) in banks with top (bottom)-quintile earnings surprises that are announced within different horizons: 1 to 6 months, 7 to 12 months, and 7 to 18 months. The sample covers earnings realizations for quarters from Q4 2006 to Q4 2009, and earnings surprise is earnings-per-share (EPS) in the current quarter less EPS in the previous quarter, deflated by quarter-end total assets per share. We regress monthly value-weighted portfolio returns on the Fama-French four factors plus an interest rate risk factor (changes in the 10 year constant maturity treasury yield). We construct the weights using a bank's market capitalization at the beginning of a given year. To control for cross-sectional correlation and heteroskedasticity, standard errors (reported in parentheses) are clustered by month. *p-val(Alpha Diff.)* reports the p-value for the Wald tests of the difference in alphas of long- vs. short-duration based portfolio. ***, **, and * indicate statistical significance at the 1%, 5%, and 10% levels, respectively.

	1 to 6 Months		7 to 12 Months		7 to 18 Months	
	(1) Long Dur.	(2) Short Dur.	(3) Long Dur.	(4) Short Dur.	(5) Long Dur.	(6) Short Dur.
Mktret	0.273	0.118	0.176	0.484**	−0.627***	0.155
	(0.374)	(0.338)	(0.347)	(0.234)	(0.195)	(0.174)
Smb	−0.592	−0.605	−0.309	0.248	−0.017	−0.269
	(0.534)	(0.712)	(0.756)	(0.533)	(0.408)	(0.365)
Hml	0.331	−0.457	−0.520	−0.543	−0.081	−0.839***
	(0.425)	(0.573)	(0.436)	(0.483)	(0.295)	(0.218)
Umd	0.494***	0.255	−0.575**	0.038	0.004	−0.210
	(0.185)	(0.169)	(0.229)	(0.233)	(0.135)	(0.164)
ΔT10YR	−0.005	−0.006	−0.024	0.016	0.041	0.014
	(0.053)	(0.048)	(0.064)	(0.038)	(0.046)	(0.026)
Alpha	−1.426	0.672	3.282*	0.004	1.986**	0.053
	(1.283)	(1.297)	(1.777)	(1.238)	(0.851)	(0.728)
Observations	43	42	43	42	49	48
R^2	0.152	0.183	0.116	0.131	0.241	0.207
p-val(Alpha Diff.)	0.239		0.136		0.046	

Table OA5: Correlations. The table reports the Pearson correlations for the bank variables in the event study (Panel A) and in the feedback trading sample (Panel B). All variables are defined in the paper. ***, **, and * indicate statistical significance at the 1%, 5%, and 10% levels, respectively.

Panel A: Event study sample

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
(1) ΔTotal Capital Ratio (%)	1.00												
(2) Equity Duration	0.13	1.00											
(3) New Equity Grants	0.04	0.73***	1.00										
(4) Net Insider Sales	−0.05	0.02	0.07	1.00									
(5) New Equity Duration	0.10	0.40***	0.25***	−0.07	1.00								
(6) Moneyness of Vested Options	0.08	−0.17*	−0.17*	0.03	0.03	1.00							
(7) Moneyness of Unvested Options	−0.00	0.47***	0.23**	0.08	0.33***	−0.22**	1.00						
(8) All Equity Unrestricted (0/1)	−0.08	−0.05	0.07	−0.01	−0.25***	0.00	−0.27***	1.00					
(9) Log Assets	0.24***	0.18**	0.10	−0.05	0.15	−0.18**	0.05	−0.06	1.00				
(10) FV1/Assets (%)	−0.04	0.02	−0.03	−0.03	−0.05	0.05	0.04	0.07	0.13	1.00			
(11) FV23/Assets (%)	0.09	0.07	0.04	0.08	−0.04	0.08	0.02	−0.01	0.34***	0.17*	1.00		
(12) Toxic Assets/Assets (%)	−0.01	−0.01	0.03	−0.11	0.11	−0.06	0.07	0.03	0.18**	0.04	0.12	1.00	
(13) Subprime Beta	−0.05	0.03	0.09	0.04	0.06	0.14	0.15	−0.01	−0.11	−0.01	0.01	−0.03	1.00

(*Continued*)

Table (OA5)–*Continues*

Panel B: Feedback trading sample

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
(1) ΔNAMBS/Assets (%)	1.00														
(2) ΔTotal Capital Ratio (%)	−0.00	1.00													
(3) Equity Duration	−0.00	0.04	1.00												
(4) New Equity Grants	0.01	0.10***	0.51***	1.00											
(5) Net Insider Sales	−0.01	0.02	−0.01	0.07**	1.00										
(6) New Equity Duration	0.06*	0.04	0.23***	0.38***	−0.03	1.00									
(7) Moneyness of Vested Options	0.05	0.08**	−0.21***	−0.24***	−0.02	−0.10***	1.00								
(8) Moneyness of Unvested Options	−0.03	0.04	0.41***	0.13***	0.05	0.12***	−0.26***	1.00							
(9) All Equity Unrestricted (0/1)	0.00	0.02	−0.15***	0.00	−0.03	−0.14***	−0.00	−0.30***	1.00						
(10) Log Assets	0.05	0.07**	0.14***	0.13***	−0.06*	0.12***	−0.12***	−0.04	−0.07**	1.00					
(11) Assets Growth (%)	0.16***	0.04	−0.03	−0.01	0.01	0.00	0.10***	0.07**	−0.02	0.08**	1.00				
(12) ΔLoan/Assets (%)	−0.13***	−0.17***	0.08**	−0.04	0.03	−0.03	−0.02	0.04	−0.00	−0.02	−0.35***	1.00			
(13) ΔAgency MBS/Assets (%)	0.03	0.04	−0.05	0.08**	0.00	0.11***	−0.12***	−0.01	−0.01	0.00	−0.05	−0.27***	1.00		
(14) Toxic Assets/Assets (%)	0.09***	−0.13***	0.06*	0.07**	−0.03	0.10***	0.02	0.01	−0.08**	0.21***	0.07**	−0.05	0.04	1.00	
(15) Subprime Beta	−0.00	0.03	0.11***	0.04	0.03	−0.03	−0.03	0.11***	−0.03	−0.06**	0.02	−0.01	0.03	−0.03	1.00

Table OA6: Feedback trading, CEO equity duration, and bank capital ratio: additional results on incentive related control variables. The table reproduces Table 6 and reports additional results on incentive related control variables for banks' feedback trading regressions. These control variables include: *Net Insider Sales* and *New Equity Grants* are respectively the accumulated net insider sales and accumulated new equity grants made since the end of 2006 up to the beginning of the current quarter, scaled by total equity holdings. *New Equity Duration* is the duration of these new grants. *Moneyness of Vested Options* and *Moneyness of Unvested Options* measure the extent to which vested and unvested options are in-the-money, respectively. All other variables are defined in the paper. Column (1) reproduces the cross-sectional feedback trading result as the Table 3 of Bhat et al. (2011), and Column (2) adds bank fixed effects. Columns (3) and (4) report results on how the feedback trading varies with *Equity Duration* (or *Long Duration* and *Medium Duration*) and Δ*Total Capital Ratio* (or *Weak total Cap.*), adding both bank and month fixed effects. All regressions are estimated using OLS and standard errors (reported in parentheses) are computed with Menzel (2021)'s pivotable two dimensional (bank and quarter) bootstrap with model selection. ***, **, and * indicate statistical significance at the 1%, 5%, and 10% levels, respectively. Critical values for bootstrapped t-statistics, at the indicated significance level (if any), are reported in square brackets.

Table OA6—*Continued*

	(1)	(2)	(3)	(4)
ΔABX Spread	−0.905***	−0.849***		
	(0.232)	(0.235)		
	[-3.388; 3.241]	[-3.501; 3.283]		
Δ*ABX*				
× Equity Duration			2.640***	
			(0.719)	
			[-3.755; 3.560]	
Δ*ABX*				
× Medium Duration (0/1)				1.749**
				(0.640)
				[-2.660; 2.653]
Δ*ABX*				
× Long Duration (0/1)				2.018**
				(0.702)
				[-2.500; 2.507]
Δ*ABX*				
× New Equity Grants			−3.717	−3.689
			(1.800)	(2.055)
Δ*ABX*				
× Net Insider Sales			1.959	2.177
			(0.990)	(1.055)
Δ*ABX*				
× New Equity Duration			−0.245	−0.155
			(0.245)	(0.237)
Δ*ABX*				
× Moneyness of Vested Options			−0.188	−0.274
			(0.244)	(0.248)
Δ*ABX*				
× Moneyness of Unvested Options			−2.292	−1.827
			(1.113)	(1.066)
Δ*ABX*				
× All Equity Unrestricted (0/1)			−0.849	0.164
			(0.506)	(0.475)
Δ*ABX*				
× ΔTotal Capital Ratio			0.018	
			(0.013)	
Δ*ABX*				
× Weak total Cap. (0/1)				−0.761
				(0.400)
Δ*ABX*				
× Subprime Beta			4.436*	3.428
			(1.815)	(1.654)
Δ*ABX*				
× Toxic Assets			0.052	0.023
			(0.101)	(0.100)
Controls	Yes	Yes	Yes	Yes
Bank FE	No	Yes	Yes	Yes
Month FE	No	No	Yes	Yes
Observations	2784	2784	2784	2784
Adjusted R^2	0.033	0.219	0.303	0.304

Table OA7: Check autocorrelation in ABX residuals. The table reports the results of regressions that examine whether ABX residuals are autocorrelated up to two lags. ABX residuals are the residuals from the regression of the monthly spread change of the ABX AAA index on monthly change in the 10 year constant maturity treasury yield, monthly returns of the Case-Shiller index, the residential REIT index, and the S&P500 index. We estimate this monthly time series regression from the last quarter of 2006 through the first quarter of 2010, inclusive. Newey-West standard errors with two lags are reported in parentheses. ***, **, and * indicate statistical significance at the 1%, 5%, and 10% levels, respectively.

	(1)
ABX_residual(lag1)	−0.011
	(0.261)
ABX_residual(lag2)	0.125
	(0.139)
Constant	−0.000
	(0.005)
Observations	42
R^2	0.015
F-stats.	0.408

Table OA8: CEO equity duration and timeliness of loan loss recognition. The table reports the results of cross-sectional regressions that examine the relation between CEO equity duration and the change of banks' earnings management through delaying loan loss recognition around the 2009 mark-to-market accounting rule change. For each bank, we estimate the timeliness of loan loss recognition using the method of Beatty and Liao (2011) for two sample periods: the 20 quarters before the rule change (through Q1 2009), as well as the 20 quarters after the change (starting in Q2 20009). Specifically, for each of the two periods, we regress each bank's loan loss provision on two lags of changes in non-performing loans and control variables. For banks without the full 20 quarters of data in the pre or post sample period, we run the regressions using whatever quarters are available so long as there are at least 12. We then run a second pair regressions that are similar, but these includes as additional regressors the contemporaneous and the next quarter's change in non-performing loans. The increase in the R^2 from the first to second regression in the same period measures the timeliness of loan loss provisions in that period. Finally, we compute each bank's change in timeliness from before to after the rule change, and we regress this change on equity duration and control variables. Standard errors (reported in parentheses) are adjusted for heteroskedasticity. ***, **, and * indicate statistical significance at the 1%, 5%, and 10% levels, respectively.

	(1)	(2)
Equity Duration	0.055	
	(0.041)	
Medium Duration (0/1)		0.036
		(0.073)
Long Duration (0/1)		0.010
		(0.078)
All Equity Unrestricted (0/1)	0.052	0.054
	(0.067)	(0.074)
Total Capital Ratio	0.010	0.009
	(0.013)	(0.014)
Log Assets	−0.036**	−0.034*
	(0.015)	(0.017)
Loans/Assets (%)	0.004	0.003
	(0.003)	(0.003)
Subprime Beta	−0.451	−0.407
	(0.434)	(0.433)
Constant	−0.955**	−0.882**
	(0.372)	(0.368)
Observations	96	96
R^2	0.075	0.071

Table OA9: Feedback trading with ABX BBBm spread. The table reports the results of regressions that repeat the feedback trading analysis, except that we replace liquidity shocks to the AAA ABX tranche with shocks to the ABX BBB- tranche. For ΔABX × ΔTotal Capital Ratio and ΔABX × Toxic Assets, *the original coefficient estimates are multiplied by 100 for the ease of presentation.* All variables are defined in the paper. All regressions are estimated using OLS and standard errors (reported in parentheses) are Menzel (2021)'s bootstrap method with cluster-dependence in both firm and quarter dimensions. Critical values of bootstrapped t-statistics, as indicated by the significance level (if any), are reported in square brackets. ***, **, and * indicate statistical significance at the 1%, 5%, and 10% levels, respectively.

	(1)	(2)	(3)	(4)
ΔABX Spread	0.029	0.011		
	(0.031)	(0.027)		
Δ*ABX*				
× Equity Duration			0.067	
			(0.077)	
Δ*ABX*				
× Medium Duration (0/1)				0.120
				(0.077)
Δ*ABX*				
× Long Duration (0/1)				−0.010
				(0.078)
Δ*ABX*				
× New Equity Grants			−0.549	−0.389
			(0.211)	(0.208)
Δ*ABX*				
× Net Insider Sales			0.315	0.320
			(0.155)	(0.157)
Δ*ABX*				
× New Equity Duration			−0.004	0.006
			(0.030)	(0.028)
Δ*ABX*				
× Moneyness of Vested Options			0.049	0.046
			(0.038)	(0.040)
Δ*ABX*				
× Moneyness of Unvested Options			0.109	0.142
			(0.116)	(0.110)
Δ*ABX*				
× All Equity Unrestricted (0/1)			−0.061	0.028
			(0.058)	(0.059)
Δ*ABX*				
× ΔTotal Capital Ratio			0.031	
			(0.002)	
Δ*ABX*				
× Weak total Cap. (0/1)				−0.037
				(0.048)
Δ*ABX*				
× Subprime Beta			0.376	0.313
			(0.188)	(0.163)
Δ*ABX*				
× Toxic Assets			−0.473	−0.649
			(0.014)	(0.014)
Controls	Yes	Yes	Yes	Yes
Bank FE	No	Yes	Yes	Yes
Month FE	No	No	Yes	Yes
Observations	2784	2784	2784	2784
Adjusted R^2	0.030	0.216	0.303	0.304

Table OA10: Feedback trading excluding banks with exposure to asset-backed commercial paper (ABCP). The table reports the robustness check results on the feedback trading regressions after excluding banks with exposure to ABCP based on the data from Acharya, Schnabl, and Suarez (2013). All variables are defined in the paper. The regressions are estimated using OLS. Standard errors (reported in parentheses) are Menzel (2021)'s bootstrap method with cluster-dependence in both firm and quarter dimensions. Critical values of bootstrapped t-statistics, as indicated by the significance level (if any), are reported in square brackets. ***, **, and * indicate statistical significance at the 1%, 5%, and 10% levels, respectively.

	(1)	(2)	(3)	(4)
ΔABX Spread	−0.838***	−0.793***		
	(0.232)	(0.239)		
	[-3.251; 3.184]	[-3.198; 3.258]		
Δ*ABX*				
× Equity Duration			2.596***	
			(0.712)	
			[-3.681; 3.430]	
Δ*ABX*				
× Medium Duration (0/1)				1.802*
				(0.665)
				[-2.376; 2.414]
Δ*ABX*				
× Long Duration (0/1)				2.149**
				(0.697)
				[-2.649; 2.606]
Δ*ABX*				
× New Equity Grants			−3.787	−4.078
			(1.775)	(2.044)
Δ*ABX*				
× Net Insider Sales			1.878	2.019
			(0.963)	(1.037)
Δ*ABX*				
× New Equity Duration			−0.208	−0.127
			(0.247)	(0.238)
Δ*ABX*				
× Moneyness of Vested Options			−0.173	−0.286
			(0.246)	(0.252)
Δ*ABX*				
× Moneyness of Unvested Options			−2.227	−1.750
			(1.110)	(1.065)
Δ*ABX*				
× All Equity Unrestricted (0/1)			−0.775	0.242
			(0.504)	(0.473)
Δ*ABX*				
× ΔTotal Capital Ratio			0.021	
			(0.013)	
Δ*ABX*				
× Weak total Cap. (0/1)				−0.792
				(0.411)
Δ*ABX*				
× Subprime Beta			4.374*	3.231
			(1.801)	(1.640)
Δ*ABX*				
× Toxic Assets			0.048	0.021
			(0.113)	(0.110)
Controls	Yes	Yes	Yes	Yes
Bank FE	No	Yes	Yes	Yes
Quarter FE	No	No	Yes	Yes
Observations	2631	2631	2631	2631
Adjusted R^2	0.025	0.207	0.298	0.301

Table OA11: Alternative subprime exposure proxies. The table reports the robustness check results using four alternative proxies for subprime exposure: the value-weighted average loan-to-income ratio of all residential mortgages originated (Loan-income), the fraction of residential mortgages sold by value (Loans sold), the year-over-year growth rate in value of residential mortgages originated (Loan growth), and pre-crisis (fiscal-year-end 2006) NAMBS/Assets (%)). The first three proxies are constructed from the Home Mortgage Disclosure Act (HMDA) database over the 2004-2006 period. All variables are defined in the paper. Panel A and B reports the event study results using the Sefcik and Thompson (1986) weighted portfolio approach, for the subsamples of above-median (below-median) holdings in level 2 and 3 securities. Panel C reports feedback trading regressions in the strict impairment period, for continuous and dummy durations, respectively. Feedback trading regressions are estimated using OLS and standard errors (reported in parentheses) are Menzel (2021)'s bootstrap method with cluster-dependence in both firm and quarter dimensions. Critical values of bootstrapped t-statistics, as indicated by the significance level (if any), are reported in square brackets. ***, **, and * indicate statistical significance at the 1%, 5%, and 10% levels, respectively.

Panel A: High FV23 sampe

	Loan-income		Loans sold		Loan growth		NAMBS (%)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Intercept	0.955	2.384	1.558	2.896	0.708	0.583	1.334	2.235*
	(1.200)	(1.918)	(1.187)	(2.210)	(1.263)	(1.555)	(1.138)	(1.236)
Equity Duration	−2.872***		−3.172***		−3.092***		−2.767***	
	(0.783)		(0.795)		(0.800)		(0.911)	
New Equity Grants	3.247***	3.877	3.033**	4.933	3.260	3.059	2.598	3.348
	(0.984)	(3.420)	(1.384)	(3.642)	(2.496)	(3.578)	(1.599)	(3.533)
Net Insider Sales	−2.102	−4.524**	−2.498	−4.720**	−1.487	−4.146**	−0.020	−1.464
	(1.735)	(2.194)	(2.062)	(2.085)	(1.930)	(2.003)	(1.484)	(2.371)
New Equity Duration	−0.034	0.139	0.206	0.506	−0.052	0.093	−0.087	−0.031
	(0.279)	(0.451)	(0.277)	(0.534)	(0.292)	(0.414)	(0.302)	(0.417)
Moneyness of Vested Options	0.740**	0.270	0.491	−0.801	0.638	−0.165	0.289	−0.443
	(0.374)	(0.931)	(0.516)	(1.478)	(0.477)	(1.120)	(0.270)	(0.541)
Moneyness of Unvested Options	1.137	−2.251	1.246	−2.175	1.566	−0.983	1.741	−1.132
	(2.325)	(2.927)	(2.292)	(2.541)	(2.005)	(2.752)	(2.742)	(3.229)
All Equity Unrestricted (0/1)	−0.765	0.229	−0.257	2.168	−0.731	0.810	−0.466	0.645
	(0.861)	(1.376)	(1.357)	(2.694)	(1.123)	(1.783)	(0.567)	(0.700)
Medium Duration (0/1)		1.004		1.249		0.950		1.012
		(1.216)		(1.304)		(1.158)		(0.986)
Long Duration (0/1)		−0.950		−1.487*		−0.962		−0.809
		(0.704)		(0.851)		(0.729)		(0.806)
ΔTotal Capital Ratio	−0.046**		−0.056**		−0.049*		−0.047*	
	(0.023)		(0.027)		(0.027)		(0.024)	
Log Assets	−0.484	−1.056	−0.471	−1.049	−0.420	−0.839	−0.448	−0.905
	(0.434)	(0.804)	(0.426)	(0.779)	(0.409)	(0.688)	(0.393)	(0.686)
FV23/Assets (%)	0.047	0.008	0.015	−0.060	0.040	0.044	0.020	−0.032
	(0.033)	(0.039)	(0.035)	(0.073)	(0.049)	(0.051)	(0.046)	(0.034)
FV1/Assets (%)	−0.245***	−0.265*	−0.256*	−0.423	−0.260**	−0.309*	−0.235***	−0.282**
	(0.086)	(0.153)	(0.138)	(0.290)	(0.106)	(0.185)	(0.082)	(0.132)
Toxic Assets/Assets (%)	−0.259**	0.061	−0.183**	0.210	−0.278	−0.169	−0.397**	−0.254
	(0.121)	(0.130)	(0.090)	(0.197)	(0.173)	(0.180)	(0.170)	(0.186)
Subprime Beta	−0.303	−0.942	−2.174**	−2.592**	−0.001	−0.479**	0.142	0.261*
	(0.450)	(0.646)	(0.998)	(1.188)	(0.258)	(0.220)	(0.154)	(0.150)
Weak total Cap. (0/1)		1.174		1.702*		1.267		1.328**
		(0.830)		(0.960)		(0.838)		(0.661)
Observations	7827	7827	7827	7827	7827	7827	7827	7827
Adjusted R^2	0.149	0.124	0.150	0.148	0.167	0.127	0.167	0.130

(*Continued*)

Table OA11–*Continues*

Panel B: Low FV23 sampe

	Loan-income		Loans sold		Loan growth		NAMBS (%)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Intercept	1.264	0.981	1.359	1.564	0.857	0.903	0.981	1.012
	(1.395)	(1.547)	(1.107)	(1.150)	(1.129)	(1.160)	(1.427)	(1.369)
Equity Duration	1.585		1.843		2.009		1.927	
	(1.249)		(1.363)		(1.449)		(1.368)	
New Equity Grants	−3.456	−0.763	−3.834	−0.989	−3.669	−0.440	−3.646	−0.854
	(2.884)	(2.517)	(2.976)	(2.397)	(2.835)	(2.274)	(2.863)	(2.308)
Net Insider Sales	0.548	0.403	0.856	0.710	0.431	0.154	0.728	0.746
	(1.639)	(1.827)	(1.637)	(1.864)	(1.776)	(1.829)	(1.817)	(2.011)
New Equity Duration	0.245	0.281	0.257	0.347	0.196	0.413	0.195	0.283
	(0.272)	(0.252)	(0.243)	(0.243)	(0.294)	(0.311)	(0.258)	(0.309)
Moneyness of Vested Options	−0.285	−0.353	−0.360	−0.417	−0.305	−0.389	−0.336	−0.407
	(0.376)	(0.371)	(0.398)	(0.377)	(0.457)	(0.428)	(0.461)	(0.410)
Moneyness of Unvested Options	−2.122**	−1.573	−2.403**	−1.853**	−2.570***	−1.532*	−2.528**	−1.801**
	(0.925)	(1.004)	(0.953)	(0.944)	(0.997)	(0.834)	(1.085)	(0.822)
All Equity Unrestricted (0/1)	1.420*	1.203	1.339*	1.076	1.303*	1.158	1.241*	1.233
	(0.849)	(0.896)	(0.737)	(0.788)	(0.751)	(0.863)	(0.746)	(0.798)
Medium Duration (0/1)		−0.030		−0.301		−0.382		0.042
		(0.502)		(0.610)		(0.492)		(0.490)
Long Duration (0/1)		−0.039		−0.094		−0.614		−0.000
		(0.988)		(1.056)		(1.113)		(1.158)
ΔTotal Capital Ratio	−0.010		−0.005		−0.009		−0.010	
	(0.026)		(0.027)		(0.029)		(0.033)	
Log Assets	0.148	0.194	0.101	0.155	0.100	0.150	0.077	0.129
	(0.341)	(0.351)	(0.339)	(0.347)	(0.369)	(0.353)	(0.346)	(0.368)
FV23/Assets (%)	−0.055	−0.032	−0.053	−0.028	−0.031	0.006	−0.038	−0.016
	(0.062)	(0.067)	(0.059)	(0.064)	(0.049)	(0.048)	(0.066)	(0.068)
FV1/Assets (%)	−0.164***	−0.151**	−0.168***	−0.168**	−0.154***	−0.122**	−0.135**	−0.140**
	(0.061)	(0.074)	(0.049)	(0.067)	(0.041)	(0.059)	(0.054)	(0.066)
Toxic Assets/Assets (%)	0.110	0.029	0.070	−0.010	0.054	−0.064	0.026	−0.042
	(0.131)	(0.145)	(0.163)	(0.171)	(0.147)	(0.140)	(0.167)	(0.187)
Subprime Beta	−0.306	−0.080	−0.658	−0.834	0.082	−0.278	0.080	0.049
	(0.529)	(0.582)	(0.761)	(0.895)	(0.395)	(0.416)	(0.209)	(0.209)
Weak total Cap. (0/1)		−0.107		−0.259		−0.279		−0.232
		(0.710)		(0.703)		(0.764)		(0.764)
Observations	7832	7832	7832	7832	7832	7832	7832	7832
Adjusted R^2	0.205	0.173	0.217	0.189	0.212	0.190	0.211	0.179

(*Continued*)

Table OA11–*Continues*

Panel C: Feedback trading								
	Loan-income		Loans sold		Loan growth		NAMBS (%)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
ΔABX								
× Equity Duration	3.043***		3.510***		2.903***		2.690***	
	(0.754)		(0.798)		(0.774)		(0.726)	
	[-3.723; 3.457]		[-3.814; 3.824]		[-3.496; 3.613]		[-3.944; 3.536]	
ΔABX								
× Medium Duration (0/1)		1.866**		2.051**		1.813*		1.837**
		(0.672)		(0.651)		(0.682)		(0.664)
		[-2.769; 2.682]		[-3.000; 2.881]		[-2.310; 2.311]		[-2.771; 2.674]
ΔABX								
× Long Duration (0/1)		2.092**		2.741***		2.040**		2.058**
		(0.744)		(0.769)		(0.741)		(0.730)
		[-2.647; 2.528]		[-3.355; 3.330]		[-2.768; 2.698]		[-2.646; 2.567]
ΔABX								
× New Equity Grants	−4.569	−4.010	−4.484	−4.613	−4.574	−4.117	−4.038	−3.858
	(1.946)	(2.211)	(1.826)	(2.095)	(2.040)	(2.206)	(1.891)	(2.121)
ΔABX								
× Net Insider Sales	2.016*	2.195*	2.260**	2.522**	2.057*	2.269*	2.113*	2.279
	(0.929)	(1.006)	(0.966)	(1.026)	(0.909)	(0.979)	(0.982)	(1.059)
ΔABX								
× New Equity Duration	−0.309	−0.189	−0.507	−0.394	−0.314	−0.204	−0.264	−0.199
	(0.239)	(0.234)	(0.240)	(0.237)	(0.241)	(0.234)	(0.228)	(0.224)
ΔABX								
× Moneyness of Vested Options	0.025	−0.139	0.072	−0.084	0.004	−0.156	−0.109	−0.246
	(0.324)	(0.330)	(0.331)	(0.333)	(0.325)	(0.326)	(0.247)	(0.248)
ΔABX								
× Moneyness of Unvested Options	−2.345	−1.831	−2.688	−2.232	−2.016	−1.659	−2.011	−1.594
	(1.154)	(1.116)	(1.165)	(1.101)	(1.188)	(1.173)	(1.102)	(1.055)
ΔABX								
× All Equity Unrestricted (0/1)	−0.778	0.335	−0.949	0.269	−0.578	0.488	−0.914	0.144
	(0.494)	(0.445)	(0.500)	(0.470)	(0.482)	(0.434)	(0.509)	(0.447)
ΔABX								
× ΔTotal Capital Ratio	0.014		0.019		0.013		0.014	
	(0.012)		(0.013)		(0.012)		(0.013)	
ΔABX								
× Weak total Cap. (0/1)		−0.625		−0.940		−0.562		−0.772
		(0.416)		(0.420)		(0.410)		(0.406)
ΔABX								
× Subprime Exposure	−0.418	−0.442	3.070***	3.207***	0.084	0.235	−0.053	−0.005
	(0.418)	(0.433)	(0.782)	(0.772)	(0.140)	(0.137)	(0.117)	(0.118)
ΔABX								
× Toxic Assets	0.123	0.098	0.093	0.067	0.181	0.169	0.102	0.053
	(0.113)	(0.111)	(0.102)	(0.100)	(0.116)	(0.114)	(0.131)	(0.126)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Bank FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Quarter FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	2766	2766	2766	2766	2748	2748	2784	2784
Adjusted R^2	0.308	0.309	0.307	0.309	0.268	0.270	0.305	0.307

Table OA12: Alternative interest rate factors. The table reports the robustness check results of the event study that use alternative interest rate factors. Panel A and Panel B report results for the subsamples of above-median (below-median) holdings in level 2 and 3 securities, respectively. Each panel reports results based on Carhart four factors and daily change in either 5-year or 3-month Treasury bill secondary market rate. All variables are defined in the paper. The estimation uses the Sefcik and Thompson (1986) weighted portfolio approach. Standard errors are reported in parentheses. ***, **, and * indicate statistical significance at the 1%, 5%, and 10% levels, respectively.

Panel A: High FV23 sampe				
	5-year TBill		3-month TBill	
	(1)	(2)	(3)	(4)
Intercept	0.363	1.135	0.488	1.242
	(1.311)	(1.443)	(1.331)	(1.499)
Equity Duration	−3.324***		−3.282***	
	(0.862)		(0.819)	
New Equity Grants	3.759**	4.343	3.684***	4.232
	(1.483)	(3.197)	(1.413)	(3.043)
Net Insider Sales	−0.900	−2.308	−1.205	−2.582
	(1.507)	(2.134)	(1.486)	(2.088)
New Equity Duration	0.023	0.112	0.022	0.106
	(0.335)	(0.416)	(0.326)	(0.402)
Moneyness of Vested Options	0.426	−0.237	0.380	−0.253
	(0.362)	(0.598)	(0.363)	(0.594)
Moneyness of Unvested Options	1.181	−1.822	1.112	−1.803
	(2.771)	(2.957)	(2.740)	(2.888)
All Equity Unrestricted (0/1)	−0.442	0.625	−0.415	0.637
	(0.513)	(0.595)	(0.516)	(0.599)
Medium Duration (0/1)		0.636		0.631
		(0.870)		(0.851)
Long Duration (0/1)		−1.344*		−1.320*
		(0.727)		(0.704)
ΔTotal Capital Ratio	−0.053***		−0.049***	
	(0.017)		(0.016)	
Log Assets	−0.491	−0.905	−0.445	−0.841
	(0.512)	(0.720)	(0.480)	(0.679)
FV23/Assets (%)	0.070*	0.025	0.066*	0.022
	(0.038)	(0.034)	(0.037)	(0.034)
FV1/Assets (%)	−0.207***	−0.276***	−0.213***	−0.276***
	(0.079)	(0.098)	(0.079)	(0.098)
Toxic Assets/Assets (%)	−0.354**	−0.065	−0.324**	−0.043
	(0.166)	(0.118)	(0.157)	(0.116)
Subprime Beta	−2.810	−3.155	−2.808	−3.108
	(4.004)	(3.244)	(3.930)	(3.217)
Weak total Cap. (0/1)		1.198**		1.096*
		(0.604)		(0.567)
Observations	7827	7827	7827	7827
Adjusted R^2	0.176	0.147	0.182	0.150

(*Continued*)

Table OA12–*Continues*

Panel B: Low FV23 sampe				
	5-year TBill		3-month TBill	
	(1)	(2)	(3)	(4)
Intercept	0.600	0.780	0.554	0.763
	(1.238)	(1.332)	(1.188)	(1.274)
Equity Duration	0.953		0.975	
	(1.333)		(1.335)	
New Equity Grants	−1.781	0.072	−1.659	0.239
	(3.031)	(2.404)	(3.109)	(2.440)
Net Insider Sales	0.567	0.463	0.488	0.352
	(1.961)	(2.274)	(2.007)	(2.331)
New Equity Duration	0.308	0.344	0.304	0.344
	(0.252)	(0.250)	(0.255)	(0.245)
Moneyness of Vested Options	−0.114	−0.070	−0.072	−0.018
	(0.406)	(0.409)	(0.406)	(0.415)
Moneyness of Unvested Options	−1.292	−1.001	−1.203	−0.897
	(1.098)	(1.106)	(1.129)	(1.122)
All Equity Unrestricted (0/1)	1.150	0.959	1.068	0.863
	(0.766)	(0.860)	(0.747)	(0.843)
Medium Duration (0/1)		−0.286		−0.345
		(0.492)		(0.506)
Long Duration (0/1)		−0.180		−0.204
		(1.009)		(0.970)
ΔTotal Capital Ratio	−0.014		−0.015	
	(0.028)		(0.028)	
Log Assets	−0.033	−0.054	−0.043	−0.067
	(0.285)	(0.265)	(0.275)	(0.254)
FV23/Assets (%)	−0.059	−0.043	−0.047	−0.031
	(0.060)	(0.063)	(0.056)	(0.058)
FV1/Assets (%)	−0.158***	−0.159**	−0.160***	−0.160**
	(0.051)	(0.064)	(0.050)	(0.063)
Toxic Assets/Assets (%)	0.073	0.003	0.065	−0.004
	(0.159)	(0.160)	(0.156)	(0.157)
Subprime Beta	−5.270	−6.393	−5.776	−6.950
	(4.126)	(4.371)	(4.152)	(4.417)
Weak total Cap. (0/1)		−0.106		−0.131
		(0.763)		(0.777)
Observations	7832	7832	7832	7832
Adjusted R^2	0.200	0.169	0.200	0.169

Table OA13: Controlling for additional bond market factors. The table reports the robustness check results of the event study that control for additional bond market factors. Besides the Carhart four factors and daily change in 10-year Treasury bill secondary market rate, we further control for Moody's BAA-AAA credit spread, and term spread between 10-year and 6-month Treasuries. All variables are defined in the paper. The estimation uses the Sefcik and Thompson (1986) weighted portfolio approach. Standard errors are reported in parentheses. ***, **, and * indicate statistical significance at the 1%, 5%, and 10% levels, respectively.

	High FV23		Low FV23	
	(1)	(2)	(3)	(4)
Intercept	0.277	1.071	0.404	0.605
	(1.324)	(1.482)	(1.217)	(1.308)
Equity Duration	−3.283***		0.929	
	(0.872)		(1.339)	
New Equity Grants	3.632**	4.233	−1.874	−0.074
	(1.495)	(3.223)	(2.995)	(2.289)
Net Insider Sales	−0.861	−2.255	0.666	0.583
	(1.471)	(2.105)	(1.920)	(2.226)
New Equity Duration	0.020	0.110	0.347	0.380
	(0.330)	(0.410)	(0.264)	(0.260)
Moneyness of Vested Options	0.415	−0.248	−0.111	−0.070
	(0.365)	(0.604)	(0.405)	(0.407)
Moneyness of Unvested Options	1.169	−1.820	−1.314	−1.047
	(2.828)	(3.002)	(1.082)	(1.113)
All Equity Unrestricted (0/1)	−0.440	0.611	1.195	1.001
	(0.527)	(0.598)	(0.759)	(0.854)
Medium Duration (0/1)		0.612		−0.295
		(0.873)		(0.513)
Long Duration (0/1)		−1.332*		−0.176
		(0.739)		(0.965)
ΔTotal Capital Ratio	−0.053***		−0.017	
	(0.018)		(0.029)	
Log Assets	−0.482	−0.897	−0.020	−0.047
	(0.507)	(0.713)	(0.279)	(0.258)
FV23/Assets (%)	0.070*	0.026	−0.057	−0.041
	(0.038)	(0.034)	(0.060)	(0.062)
FV1/Assets (%)	−0.204**	−0.274***	−0.155***	−0.156**
	(0.081)	(0.095)	(0.051)	(0.065)
Toxic Assets/Assets (%)	−0.352**	−0.064	0.070	0.000
	(0.166)	(0.117)	(0.158)	(0.160)
Subprime Beta	−2.612	−2.914	−5.412	−6.444
	(4.086)	(3.329)	(4.159)	(4.412)
Weak total Cap. (0/1)		1.204*		−0.080
		(0.615)		(0.777)
Observations	7827	7827	7832	7832
Adjusted R^2	0.167	0.137	0.193	0.160

Table OA14: Using market capitalization to measure bank size. The table reports the robustness check results of the event study that use bank market capitalization as the size control. Event studies are based on Carhart four factors and daily change in 10-year Treasury bill secondary market rate. All variables are defined in the paper. The estimation uses the Sefcik and Thompson (1986) weighted portfolio approach. Standard errors are reported in parentheses. ***, **, and * indicate statistical significance at the 1%, 5%, and 10% levels, respectively.

	High FV23		Low FV23	
	(1)	(2)	(3)	(4)
Intercept	3.846	5.741	1.078	1.199
	(3.517)	(3.926)	(2.389)	(2.234)
Equity Duration	−2.869***		1.157	
	(0.873)		(1.379)	
New Equity Grants	3.034**	2.623	−2.309	0.050
	(1.387)	(2.248)	(3.106)	(2.307)
Net Insider Sales	−0.119	−0.716	0.597	0.433
	(1.436)	(1.775)	(1.782)	(2.185)
New Equity Duration	0.013	0.031	0.312	0.393
	(0.305)	(0.332)	(0.233)	(0.239)
Moneyness of Vested Options	0.435	0.019	−0.129	−0.070
	(0.329)	(0.399)	(0.421)	(0.424)
Moneyness of Unvested Options	0.887	−1.242	−1.353	−0.976
	(2.765)	(2.399)	(1.115)	(1.090)
All Equity Unrestricted (0/1)	−0.451	0.344	1.231	0.975
	(0.473)	(0.577)	(0.794)	(0.914)
Medium Duration (0/1)		0.394		−0.327
		(0.794)		(0.492)
Long Duration (0/1)		−1.088		−0.304
		(0.711)		(0.957)
ΔTotal Capital Ratio	−0.041***		−0.013	
	(0.013)		(0.027)	
Log Mcap	−0.599	−0.857	−0.079	−0.090
	(0.473)	(0.552)	(0.267)	(0.253)
FV23/Assets (%)	0.059	0.025	−0.054	−0.035
	(0.040)	(0.035)	(0.058)	(0.061)
FV1/Assets (%)	−0.257***	−0.310***	−0.149***	−0.147**
	(0.083)	(0.104)	(0.055)	(0.068)
Toxic Assets/Assets (%)	−0.326*	−0.121	0.057	−0.017
	(0.168)	(0.119)	(0.165)	(0.165)
Subprime Beta	−3.113	−3.504	−5.198	−6.516
	(3.731)	(2.986)	(4.422)	(4.696)
Weak total Cap. (0/1)		0.767*		−0.101
		(0.451)		(0.770)
Observations	7827	7827	7832	7832
Adjusted R^2	0.157	0.141	0.185	0.159