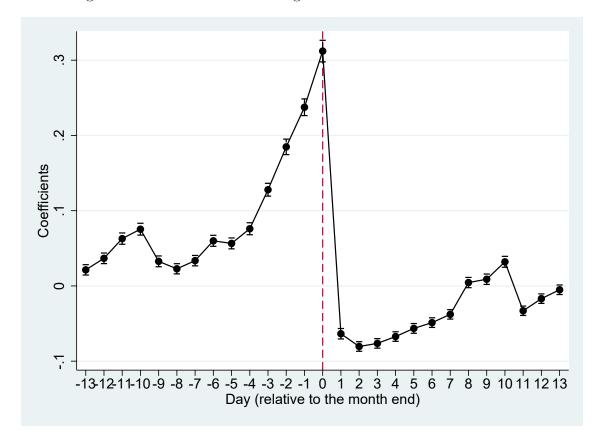# Online Appendix for:
SOE and Soft Incentive Constraints in State Bank Lending

Yiming Cao, Raymond Fisman, Hui Lin, and Yongxiang Wang

A Additional Results

Figure A1: Value of New Lending Issued with Branch Fixed Effects

Note: The dependent variable is the value in RMB of new loans issued by branch b on date t. Dates more than $+/-13$ days away from the month end are the omitted category; coefficient plots are conditional on year-month, day-of-week, and branch fixed effects; standard errors are clustered at the branch level.
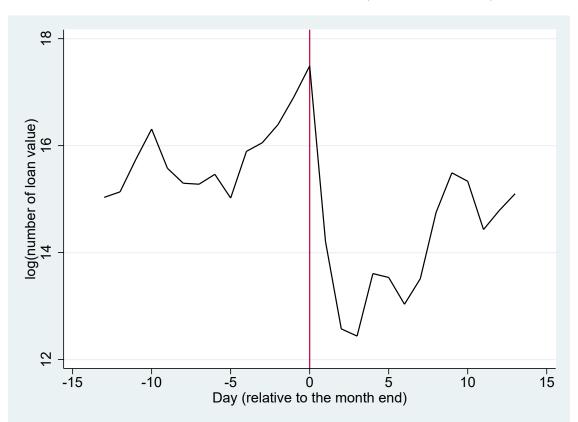
Figure A2: Value of New Lending Issued (Branch-level data)

Note: The y-axis is the log value in RMB of new loans issued by branch b on date t.dates more than $+/-13$ days away from the month end are excluded from the raw data graph.
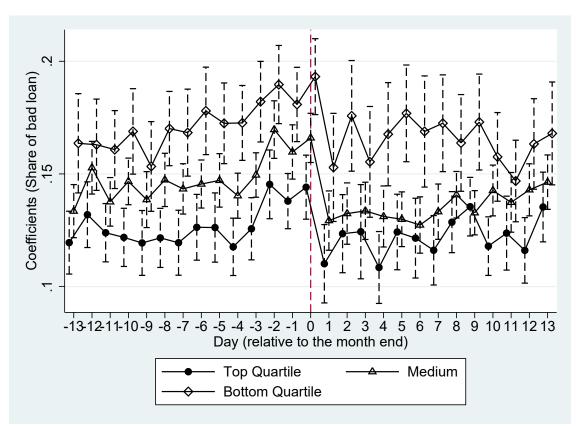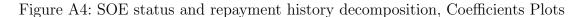
Figure A3: Share of Bad Loans by loan size, Coefficients Plots
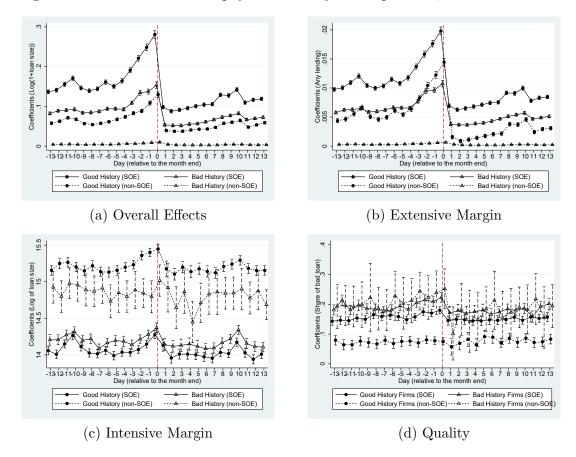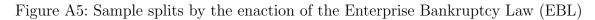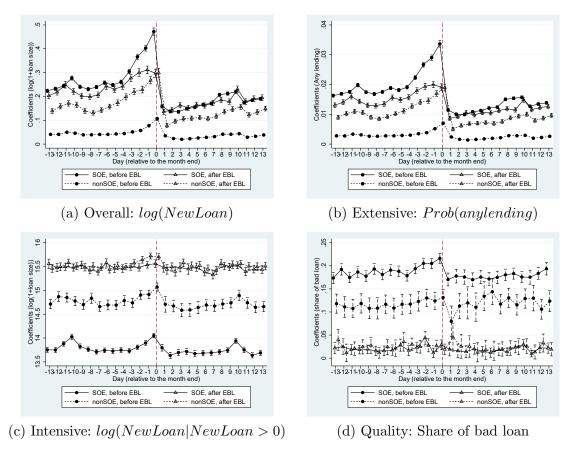

Note: The dependent variable is the fraction of loans issued by branch b on date t that eventually are classified as bad (see text for details). Dates more than $+/-13$ days away from the month end are the excluded category; coefficient plots are conditional on year-month, day-of-week, and city fixed effects; standard errors are clustered at the branch level.

Figure A4: SOE status and repayment history decomposition, Coefficients Plots

(a) Overall Effects

(b) Extensive Margin

(c) Intensive Margin

(d) Quality

Note: The dependent variable in panel (a) is the value in RMB of new loans issued by branch b on date t. The dependent variable in panel (b) is an indicator variable denoting that the branch b issued at least one loan to a firm in our dataset on date t. The dependent variable in panel (c) is the value in RMB of new loans issued by branch b on date t conditional on at least one loan being issued. The dependent variable in panel (d) is the fraction of loans issued by branch b on date t that eventually are classified as bad (see text for details). SOE firms are defined as firms owned or controlled by the state. Repayment status of a firm is defined as bad if at least one of the borrowers previous loans was classified as bad, and good otherwise. Dates more than +/-13 days away from the month end are the excluded category; coefficient plots are conditional on year-month, day-of-week, and city fixed effects; standard errors are clustered at the branch level.

Figure A5: Sample splits by the enaction of the Enterprise Bankruptcy Law (EBL)

(a) Overall: $log(NewLoan)$

(b) Extensive: $Prob(anylending)$

(c) Intensive: $log(NewLoan|NewLoan > 0)$

(d) Quality: Share of bad loan

Note: dates more than $+/-13$ days away from the month end are excluded from the raw data graph.

Table A1: Loan Quantity and SOE Status, Extensive Margin

	Dependent Variables: Anylending					
	SOE status		(SOE status, repayment history)			
	SOE	nonSOE	(SOE, good)	(SOE, bad)	(nonSOE, good)	(nonSOE, bad)
	(1)	(2)	(3)	(4)	(5)	(6)
Last 5 days	0.0101***	0.0032***	0.0069***	0.0035***	0.0026***	0.0002***
	(0.0002)	(0.0001)	(0.0002)	(0.0002)	(0.0001)	(0.0000)
First 5 days	-0.0037***	-0.0012***	-0.0022***	-0.0015***	-0.0010***	-0.0000***
	(0.0001)	(0.0001)	(0.0001)	(0.0001)	(0.0001)	(0.0000)
City FEs	Yes	Yes	Yes	Yes	Yes	Yes
Year-month FEs	Yes	Yes	Yes	Yes	Yes	Yes
Day-of-week FEs	Yes	Yes	Yes	Yes	Yes	Yes
Mean(Dep.var)	0.015	0.004	0.009	0.006	0.004	0.000
# Observations	4992658	4992658	4992658	4992658	4992658	4992658
Adjusted R^2	0.019	0.012	0.012	0.014	0.011	0.002

Notes: *Anylending* is an indicator variable denoting that the branch b issued at least one loan to a firm in our dataset on date t. SOE firms are defined as firms owned or controlled by the state. Repayment status of a firm is defined as bad if at least one of the borrowers previous loans was classified as bad, and good otherwise. In each specification, the reference group is the middle 5 (13–17) days of the month. OLS estimates, standard errors are clustered at the city level. Significance: * significant at 10%; ** significant at 5%; *** significant at 1%.

Table A2: Loan Quantity and SOE Status: Intensive Margin

	Dependent Variables: ln(value of new lending)					
	SOE status		(SOE status, repayment history)			
	SOE	nonSOE	(SOE, good)	(SOE, bad)	(nonSOE, good)	(nonSOE, bad)
	(1)	(2)	(3)	(4)	(5)	(6)
Last 5 days	0.1463***	0.1985***	0.1286***	0.1158***	0.1992***	0.0283
	(0.0132)	(0.0178)	(0.0164)	(0.0195)	(0.0189)	(0.0646)
First 5 days	0.0130	-0.0050	0.0258	-0.0031	0.0083	-0.0715
	(0.0153)	(0.0222)	(0.0191)	(0.0233)	(0.0235)	(0.0812)
City FEs	Yes	Yes	Yes	Yes	Yes	Yes
Year-month FEs	Yes	Yes	Yes	Yes	Yes	Yes
Day-of-week FEs	Yes	Yes	Yes	Yes	Yes	Yes
Mean(Dep.var)	14.081	15.168	14.002	14.132	15.188	14.958
# Observations	74282	22169	47060	28011	19417	1421
Adjusted R^2	0.392	0.431	0.413	0.408	0.445	0.562

Notes: new lending is the value in RMB of new loans issued by branch b on date t. SOE firms are defined as firms owned or controlled by the state. Repayment status of a firm is defined as bad if at least one of the borrowers previous loans was classified as bad, and good otherwise. In each specification, the reference group is the middle 5 (13–17) days of the month. OLS estimates, standard errors are clustered at the city level. Significance: * significant at 10%; ** significant at 5%; *** significant at 1%.

Table A3: Loan Quality and SOE Status without controlling for loan size

	Dependent Variables: share of bad loans					
	SOE status		(SOE status, repayment history)			
	SOE	nonSOE	(SOE, good)	(SOE, bad)	(nonSOE, good)	(nonSOE, bad)
	(1)	(2)	(3)	(4)	(5)	(6)
Last 5 days	0.0147***	0.0022	0.0163***	0.0159***	-0.0032	0.0433*
	(0.0032)	(0.0042)	(0.0039)	(0.0050)	(0.0043)	(0.0246)
First 5 days	-0.0091**	-0.0078	-0.0041	-0.0156**	-0.0043	-0.0608**
	(0.0036)	(0.0058)	(0.0044)	(0.0060)	(0.0063)	(0.0250)
City FEs	Yes	Yes	Yes	Yes	Yes	Yes
Year-month FEs	Yes	Yes	Yes	Yes	Yes	Yes
Day-of-week FEs	Yes	Yes	Yes	Yes	Yes	Yes
Mean(Dep.var)	0.167	0.085	0.154	0.197	0.075	0.229
# Observations	66651	16492	42445	24926	13946	1196
Adjusted R^2	0.212	0.396	0.200	0.309	0.396	0.497

Notes: Share of bad loans is the fraction of loans issued by branch b on date t that eventually are classified as bad (see text for details). SOE firms are defined as firms owned or controlled by the state. Repayment status of a firm is defined as bad if at least one of the borrowers previous loans was classified as bad, and good otherwise. The reference groups are the middle 5 (13–17) days of the month. OLS estimates, standard errors are clustered at the city level. Significance: * significant at 10%; ** significant at 5%; *** significant at 1%.