

# THE EFFECT OF BANK MERGERS ON LOAN PRICES: EVIDENCE FROM THE UNITED STATES

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# Introduction

- During the 1990s, a wave of bank mergers in the United States led to an increase in the average size of banks.
- This paper investigates:
  - (1) whether the bank mergers reduce loan rates through efficiency gains.
  - (2) Or whether they increase loan rates by enhancing the market power.
- Also, the market overlap between merging banks can be important in the analysis.

# Main findings

- Overall, acquiring banks reduce loan spreads after a merger.
- The magnitude of the reduction is larger for
  - (1) non-mega acquirers (according to total asset)
  - (2) small loans (according to face value or commitment)

# Main findings

- Why mega acquirers and large loans show different pricing patterns?
- Mega acquirers reduce spreads only for the first two years after the mergers, and thereafter reverse the direction.  
 strategic price cuts
- The effect on spreads of large loans is not significant.  
 due to difference in lending technologies

# Main findings

- Is the reduction caused by the efficiency gains?
- The decline in loan prices is significantly greater for mergers with the following two characteristics:
  - (1) a large decline in operating cost ratios (direct evidence)
  - (2) a decent level of the market overlap
    - ➡ due to more offices to consolidate, etc.
- On the other hand, the effect on loan prices is reversed when the market overlap is too large.
  - ➡ due to overwhelming effect of market power

# Data and sample description

- Survey of Terms of Business Lending (STBL)
  - Provided by Federal Reserve Board
  - Covers all commercial and industrial loan extensions of a sample of banks in the United States
    - i.e. new loans, renewals, takedowns under revolving credit agreements
  - The data includes characteristics of each loan extension.
    - i.e. interest rate, face value, line of credit, etc.

# Data and sample description

- The survey sample of banks is regarded as covering all of the large banks and some of small and medium banks.
- Compared to total assets of the following banks:  
Citigroup \$1,900B, Woori bank \$300B, Busan bank \$20B

	All banks: Mean (Median)	Acquirer (median)	Target (median)
Total assets	\$9.8B (\$1.2B)	\$6.1B	\$0.18B
ROA	0.9% (1%)	1.2%	0.9%

# Data and sample description

- The data covers all individual loan extensions of sample banks between 1987 and 2003.
- Loan size defined as the line of credit if the loan is under commitment, and the face value otherwise.
- Loan size is used as the proxy of the size of the borrower.

	All loans	Size ≤ \$0.1M	Size ≤ \$25M
Face value	\$0.7M	\$0.026M	\$8.8M
Commitment	\$5.3M	\$0.032M	\$62M
Spreads	4.25%	5.08%	2.75%
% under commitment	82%	60%	90%

# Data and sample description

- Between 1990 and 2000, there were 1857 “merger-quarters” in the United States.
- Among them, the STBL covers 263 merger-quarters which represent 62% of all acquirers’ assets and 51% of all targets’ assets.
- “within family” mergers are not included.

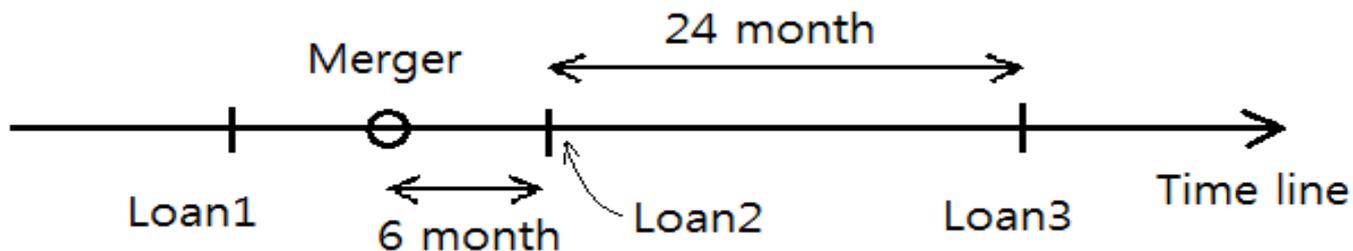
# Basic regression

- Consider only loan extensions within three years before and after bank mergers.
- For each loan  $i$  of bank  $k$  in quarter  $t$ , the basic regression estimates the following equation:

$$\begin{aligned} \text{Spread}_{i,k,t} = & \alpha + \beta_1 \text{AfrMrgrOne}_{k,t} + \beta_2 \text{AfrMrgrTwo}_{k,t} \\ & + \beta_3 \text{AfrMrgrThree}_{k,t} + \beta_4 \text{AfrMrgrOne}_{k,t} * \text{SizeRatio}_{k,t} \\ & + \beta_5 \text{AfrMrgrTwo}_{k,t} * \text{SizeRatio2}_{k,t} \\ & + \beta_6 \text{AfrMrgrThree}_{k,t} * \text{SizeRatio3}_{k,t} + \lambda_1 X_{i,k,t} \\ & + \lambda_2 Y_{k,t-1} + d_t + f_k + \varepsilon_{ikt}. \end{aligned}$$

# Basic regression

- To explain the AftrMrgr dummies, consider the following acquirer:



	AftrMrgr dummies	SizeRatio variables
Loan 1	(0, 0, 0)	(0, 0, 0)
Loan 2	(1, 0, 0)	(S2/St, 0, 0)
Loan 3	(0, 0, 1)	(0, 0, S3/St)

**Table 3**  
**The effect of bank mergers on loan prices—“All Loans” sample**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>AftrMrgrOne</i>	-0.069 (2.12)**	-0.074 (2.13)**	-0.097 (2.82)***	-0.090 (2.82)***	-0.096 (2.73)***	-0.091 (2.84)***	-0.091 (2.59)**
<i>AftrMrgrTwo</i>	-0.112 (3.52)***	-0.096 (3.17)***	-0.127 (3.67)***	-0.081 (3.47)***	-0.073 (3.01)***	-0.074 (2.87)***	-0.058 (2.12)**
<i>AftrMrgrThree</i>	-0.024 (0.65)	-0.029 (0.79)	-0.019 (0.54)	0.020 (0.59)	0.011 (0.30)	-0.005 (0.15)	-0.026 (0.70)
<i>AcquirerSize</i>	0.077 (1.06)	0.073 (1.06)	0.062 (0.88)	0.015 (0.26)	0.003 (0.06)	0.001 (0.01)	-0.007 (0.12)
<i>NonperformRatio</i>	1.431 (1.08)	1.704 (1.22)	1.480 (1.11)	1.510 (1.13)	1.715 (1.24)	1.387 (1.01)	1.553 (1.09)
<i>AftrMrgrOne*SizeRatio1</i>		-0.023 (0.38)			0.054 (1.06)		0.017 (0.42)
<i>AftrMrgrTwo*SizeRatio2</i>		-0.096 (1.71)*			-0.023 (0.83)		-0.063 (1.94)*
<i>AftrMrgrThree*SizeRatio3</i>		0.029 (0.34)			0.047 (1.05)		0.067 (1.13)
<i>LoanSize</i>				-0.292 (10.91)***	-0.292 (10.52)***	-0.283 (12.55)***	-0.284 (12.18)***
<i>DumSecured</i>			0.426 (6.80)***	0.422 (8.99)***	0.430 (9.04)***	0.464 (9.27)***	0.465 (9.16)***
<i>DumFixed</i>			-0.832 (7.95)***	-0.808 (7.09)***	-0.806 (7.00)***	-0.885 (8.41)***	-0.866 (8.21)***
<i>DumCommit</i>			-0.465 (4.35)***				
<i>StateDummy</i>						-0.076 (1.75)*	-0.077 (1.85)*
<i>MrktHHI</i>						0.131 (0.84)	0.150 (0.93)
<i>AverageSpread</i>	0.941 (12.58)***	0.939 (12.53)***	0.947 (11.75)***	0.953 (15.23)***	0.953 (15.29)***	0.946 (14.08)***	0.945 (14.07)***
Adj. R <sup>2</sup>	0.17	0.18	0.23	0.40	0.40	0.40	0.40
No. of observations	655,157	634,915	655,155	655,155	634,913	583,649	568,694

# Basic regression

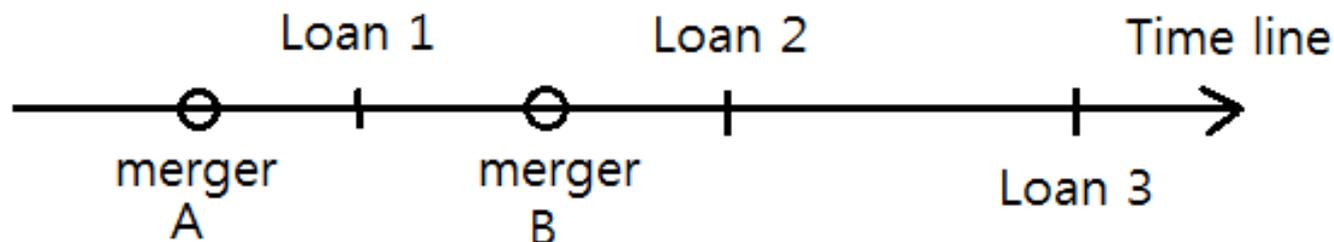
- The favorable effect on loan prices starts during the first year after the merger.
- The negative sign of the interaction term of SizeRatio2 : the 2<sup>nd</sup>-year post-merger decline in loan spreads becomes larger when the target is relatively bigger.
- The results are robust to whether the regression includes loan characteristics, which are possibly endogenous.

# Subsamples based on acquirer size

- Now we estimate a similar regression with subsample of non-mega acquirers.
- Non-mega acquirers are defined by acquiring banks with total assets of less than \$10M.
- More significant results with AftrMrgr dummies are expected.

# Subsamples based on acquirer size

- Modified dummies may improve the performance of the results. Consider the following acquirer:



	Modified dummies	Original dummies
Loan 1	(1, 0, 0)	(1, 0, 0)
Loan 2	(1, 0, 0)	(1, 1, 0)
Loan 3	(0, 1, 0)	(0, 1, 1)

**Table 4**

The effect on loan prices with “After-Merger” compared to the “After-Last-Merger” dummies—“All Mergers” sample and “Non-mega Acquirers” subsample

	Panel A: All Mergers		Panel B: Non-mega Acquirers	
	After-Merger dummies (1)	After-Last-Merger dummies (2)	After-Merger dummies (3)	After-Last-Merger dummies (4)
<i>AftrMrgrOne</i>	−0.091 (2.84) <sup>***</sup>	−0.172 (3.32) <sup>***</sup>	−0.034 (0.65)	−0.076 (1.01)
<i>AftrMrgrTwo</i>	−0.074 (2.87) <sup>***</sup>	−0.152 (3.11) <sup>***</sup>	−0.040 (0.74)	−0.086 (1.22)
<i>AftrMrgrThree</i>	−0.005 (0.15)	−0.086 (1.32)	−0.154 (2.69) <sup>***</sup>	−0.172 (2.05) <sup>**</sup>
<i>AcquirerSize</i>	−0.007 (0.12)	0.025 (0.47)	0.115 (1.27)	0.112 (1.18)
<i>NonperformRatio</i>	1.553 (1.09)	2.060 (1.52)	3.085 (1.75) <sup>*</sup>	3.147 (1.77) <sup>*</sup>
<i>AftrMrgrOne*SizeRatio1</i>	0.054 (1.06)	0.054 (1.09)	0.046 (1.26)	0.042 (1.50)
<i>AftrMrgrTwo*SizeRatio2</i>	−0.023 (0.83)	0.000 (0.01)	−0.032 (1.14)	−0.030 (1.40)
<i>AftrMrgrThree*SizeRatio3</i>	0.047 (1.05)	0.048 (1.00)	0.032 (0.99)	0.007 (0.43)
<i>LoanSize</i>	−0.284 (12.18) <sup>***</sup>	−0.292 (10.48) <sup>***</sup>	−0.269 (12.49) <sup>***</sup>	−0.269 (12.45) <sup>***</sup>
<i>DumSecured</i>	0.465 (9.16) <sup>***</sup>	0.429 (8.96) <sup>***</sup>	0.480 (7.72) <sup>***</sup>	0.480 (7.73) <sup>***</sup>
<i>DumFixed</i>	−0.866 (8.21) <sup>***</sup>	−0.810 (7.05) <sup>***</sup>	−0.831 (9.72) <sup>***</sup>	−0.830 (9.72) <sup>***</sup>
<i>AverageSpread</i>	0.945 (14.07) <sup>***</sup>	0.953 (15.39) <sup>***</sup>	0.983 (21.50) <sup>***</sup>	0.985 (21.49) <sup>***</sup>
Adjusted R <sup>2</sup>	0.40	0.40	0.41	0.41
No. of observations	634,913	634,913	292,554	292,554

# Subsamples based on acquirer size

- Overall, the decline in loan spreads becomes more significant when the modified dummies are used.
- We observe different pricing patterns according to acquirer size.

	1 <sup>st</sup> year	2 <sup>nd</sup> year	3 <sup>rd</sup> year
Mega	(-)	(-)	(+)
Non-mega	0	0	(-)

# Subsamples based on loan size

- Merger gains are expected to have greater effects on smaller loans. Why?
  - (1) Commitments to large firms are made based on different lending technologies
  - (2) Large loans were already charged with lower spreads before the merger.
- Small loans are defined by loan size of less than \$1M.

**Table 5**  
**The effect of bank mergers on loan prices—small compared to large loans**

	Panel A: All Mergers		Panel B: Non-mega Acquirers		Panel C: Pro forma Banks	
	Small loans (1)	Large loans (2)	Small loans (3)	Large loans (4)	Small loans (5)	Large loans (6)
<i>AftrMrgrOne</i>	-0.174 (4.01) <sup>***</sup>	0.003 (0.10)	-0.095 (1.69) <sup>*</sup>	0.003 (0.07)	-0.354 (3.65) <sup>***</sup>	-0.032 (0.18)
<i>AftrMrgrTwo</i>	-0.129 (3.95) <sup>***</sup>	-0.011 (0.53)	-0.075 (1.25)	-0.003 (0.05)	-0.495 (2.94) <sup>***</sup>	-0.054 (0.29)
<i>AftrMrgrThree</i>	0.028 (0.69)	-0.015 (0.38)	-0.147 (2.80) <sup>***</sup>	-0.149 (1.14)	-0.395 (1.60)	0.270 (1.57)
<i>AcquirerSize</i>	0.128 (1.93) <sup>*</sup>	-0.103 (1.48)	0.191 (1.77) <sup>*</sup>	-0.022 (0.27)	-0.157 (3.14) <sup>***</sup>	-0.207 (2.03) <sup>*</sup>
<i>NonperformRatio</i>	0.294 (0.17)	3.988 (2.27) <sup>**</sup>	2.164 (1.04)	4.054 (2.46) <sup>**</sup>	0.609 (1.08)	-0.845 (2.30) <sup>**</sup>
<i>AftrMrgrOne*SizeRatio1</i>	0.029 (0.80)	0.138 (1.46)	0.026 (1.27)	0.344 (1.52)	0.345 (1.37)	-0.309 (1.50)
<i>AftrMrgrTwo*SizeRatio2</i>	-0.053 (1.60)	0.134 (2.89) <sup>***</sup>	-0.054 (1.70) <sup>*</sup>	0.259 (1.32)	0.551 (1.32)	-0.236 (1.18)
<i>AftrMrgrThree*SizeRatio3</i>	0.012 (0.28)	0.158 (2.54) <sup>**</sup>	0.021 (1.34)	0.163 (0.92)	0.078 (0.22)	-0.569 (3.83) <sup>***</sup>
<i>LoanSize</i>	-0.265 (7.61) <sup>***</sup>	-0.269 (11.96) <sup>***</sup>	-0.225 (8.34) <sup>***</sup>	-0.271 (11.50) <sup>***</sup>	-0.276 (4.96) <sup>***</sup>	-0.274 (6.76) <sup>***</sup>
<i>DumSecured</i>	0.132 (2.85) <sup>***</sup>	0.726 (9.09) <sup>***</sup>	0.175 (2.98) <sup>***</sup>	0.802 (10.29) <sup>***</sup>	0.208 (2.78) <sup>**</sup>	0.745 (5.36) <sup>***</sup>
<i>DumFixed</i>	-0.608 (6.23) <sup>***</sup>	-1.096 (8.38) <sup>***</sup>	-0.659 (7.10) <sup>***</sup>	-1.000 (7.65) <sup>***</sup>	-0.881 (4.78) <sup>***</sup>	-1.092 (6.47) <sup>***</sup>
<i>AverageSpread</i>	1.008 (20.59) <sup>***</sup>	0.908 (11.63) <sup>***</sup>	1.040 (28.47) <sup>***</sup>	0.919 (14.83) <sup>***</sup>	0.903 (48.70) <sup>***</sup>	1.040 (4.94) <sup>***</sup>
Adjusted R <sup>2</sup>	0.29	0.41	0.28	0.45	0.29	0.39
No. of observations	345,256	289,657	166,183	126,371	70,232	69,035

# Changes in loan portfolios

- The results could be due to a change in the riskiness of the acquirer's loan portfolio following the merger.
- That is, the loan portfolio could be less risky after the merger. It seems not likely.
- The STBL started covering the internal risk ratings of individual loans in the second quarter of 1997.
- We run a regression controlling for the risk ratings.

**Table 6**  
**The effect of bank mergers on loan prices using risk ratings of individual loans as controls**

	Panel A: All loans				Panel B: Small loans			
	All Mergers		Non-mega Acquirers		All Mergers		Non-mega Acquirers	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>AftrMrgrOne</i>	-0.166 (3.68)***	-0.211 (3.79)***	-0.027 (0.44)	-0.032 (0.49)	-0.257 (3.29)***	-0.295 (3.24)***	-0.021 (0.28)	-0.038 (0.49)
<i>AftrMrgrTwo</i>	-0.079 (3.05)***	-0.084 (2.95)***	0.068 (0.78)	0.065 (0.79)	-0.145 (4.11)***	-0.147 (4.03)***	0.127 (1.28)	0.122 (1.36)
<i>AftrMrgrThree</i>	0.038 (0.75)	0.076 (1.24)	-0.282 (3.63)***	-0.264 (3.25)***	0.068 (0.95)	0.102 (1.33)	-0.250 (3.00)***	-0.233 (2.71)***
<i>AftrMrgrOne*</i> <i>SizeRatio1</i>	0.079 (0.75)	0.020 (0.18)	0.080 (0.21)	0.115 (0.29)	-0.010 (0.06)	-0.024 (0.13)	0.009 (0.03)	0.030 (0.09)
<i>AftrMrgrTwo*</i> <i>SizeRatio2</i>	-0.037 (0.49)	-0.098 (1.13)	-0.384 (0.57)	-0.365 (0.55)	-0.112 (1.26)	-0.158 (1.70)*	-0.538 (0.84)	-0.546 (0.90)
<i>AftrMrgrThree*</i> <i>SizeRatio3</i>	0.003 (0.05)	-0.040 (0.59)	0.158 (0.67)	0.184 (0.65)	-0.097 (1.05)	-0.116 (1.22)	0.116 (0.56)	0.103 (0.43)
<i>RiskRating = 2</i>		0.731 (4.66)***		1.040 (6.27)***		1.048 (4.94)***		1.280 (6.81)***
<i>RiskRating = 3</i>		1.257 (9.14)***		1.639 (9.03)***		1.473 (6.96)***		1.880 (8.89)***
<i>RiskRating = 4</i>		1.367 (9.87)***		1.816 (9.82)***		1.419 (7.21)***		2.054 (10.40)***
<i>RiskRating = 5</i>		1.891 (15.06)***		2.236 (11.40)***		1.772 (9.60)***		2.405 (12.72)***
Adjusted R <sup>2</sup>	0.40	0.43	0.40	0.45	0.30	0.32	0.31	0.36
No. of observations	271,760	271,760	72,080	72,080	153,052	153,052	45,848	45,848

# Market overlap of merging banks

- The geographical overlap of markets between merging banks can affect both cost savings and market power.

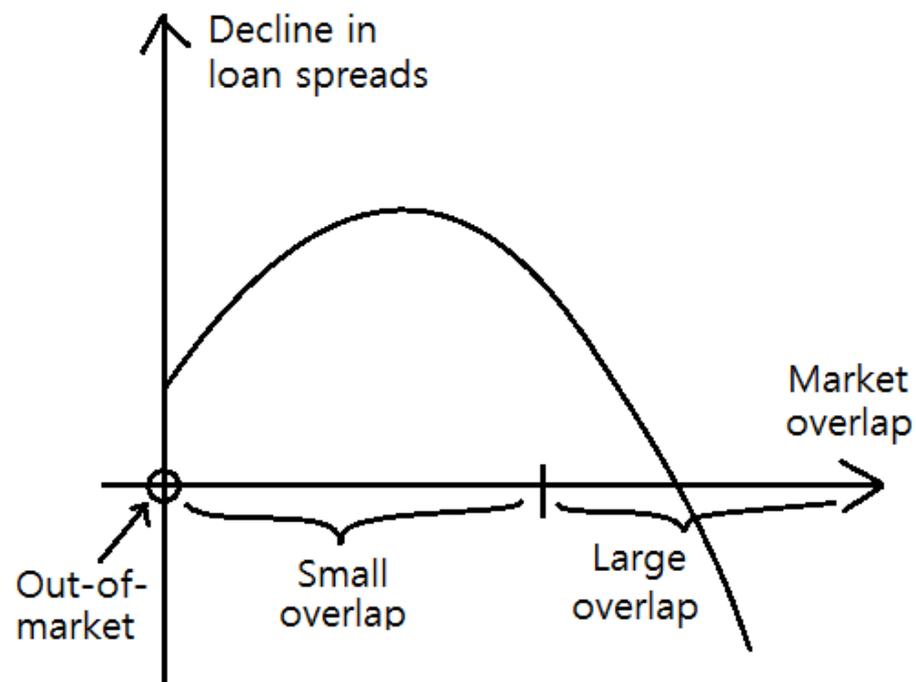
- Cost savings

- 1) Offices to consolidate
- 2) Sharing of local expertise

➔ loan spreads down

- Market power

➔ loan spreads up



# Market overlap of merging banks

- A measure of market overlap is given by:

$$MrktOverlap = \frac{\sum_n \min(Deposit_{Acq}, Deposit_{Trgt})}{\sum_n (Deposit_{Acq} + Deposit_{Trgt})}$$

- For example, consider the following local markets.

	Acquirer	Target
Market1	3	0
Market2	3	3
Market3	0	5

$$MrktOverlap = \frac{0+3+0}{3+6+5} = \frac{3}{14}$$

# Market overlap of merging banks

- The mean (median) MrktOverlap is 0.044 (0.013).
- In 33% of all mergers, both banks have zero market overlap -> “Out-of-market” subsample.
- The upper 25<sup>th</sup> percentile of market overlap -> “Large Overlap” subsample.
- Other mergers are in “Small Overlap” subsample.

**Table 7****The effect of “Out-of-Market” compared to “In-Market” mergers on loan prices**

	Panel A: “Out-of-Market” Mergers			Panel B: “In-Market” Mergers with Small Market Overlap		
	All loans (1)	Small loans (2)	Large loans (3)	All loans (4)	Small loans (5)	Large loans (6)
<i>AftrMrgrOne</i>	−0.058 (0.89)	−0.083 (1.89)*	0.010 (0.13)	−0.154 (3.54)***	−0.211 (3.81)***	−0.076 (2.14)**
<i>AftrMrgrTwo</i>	−0.063 (0.94)	−0.057 (0.94)	0.005 (0.08)	−0.129 (3.38)***	−0.176 (3.24)***	−0.065 (2.07)**
<i>AftrMrgrThree</i>	−0.059 (0.67)	−0.038 (0.47)	−0.028 (0.35)	−0.000 (0.00)	0.021 (0.25)	−0.098 (1.72)*
<i>AcquirerSize</i>	−0.134 (2.39)**	−0.057 (0.92)	−0.133 (1.99)*	0.237 (3.30)***	0.235 (3.46)***	0.260 (2.28)**
<i>NonperformRatio</i>	9.087 (1.66)	3.396 (0.55)	10.432 (2.19)**	3.755 (0.81)	3.571 (0.60)	11.054 (3.01)***
<i>LoanSize</i>	−0.304 (9.92)***	−0.309 (7.87)***	−0.231 (5.01)***	−0.294 (6.02)***	−0.246 (4.35)***	−0.273 (22.59)***
<i>DumSecured</i>	0.482 (7.00)***	0.070 (0.85)	0.937 (15.40)***	0.433 (10.41)***	0.166 (3.95)***	0.742 (7.85)***
<i>DumFixed</i>	−1.037 (6.42)***	−0.782 (5.67)***	−1.238 (5.55)***	−0.631 (3.93)***	−0.514 (3.64)***	−1.003 (5.30)***
<i>AverageSpread</i>	0.251 (1.60)	0.248 (1.74)*	0.751 (2.93)***	1.062 (50.04)***	1.075 (35.48)***	1.042 (25.72)***
Adjusted R <sup>2</sup>	0.43	0.33	0.41	0.40	0.29	0.40
No. of observations	241,195	118,403	122,792	296,165	179,259	116,906

**Table 8**  
**The effect of “In-Market Mergers with Large Overlap” on loan prices**

	Panel A: “In-Market” Mergers with Large Market Overlap (in Upper 25th Percentile)			Panel B: In-Market Mergers with Market Overlap in Upper 10th Percentile		
	All loans (1)	Small loans (2)	Large loans (3)	All loans (4)	Small loans (5)	Large loans (6)
<i>AftrMrgrOne</i>	-0.107 (2.29)**	-0.135 (2.52)**	-0.072 (1.71)*	0.108 (1.50)	0.029 (0.41)	0.174 (2.03)*
<i>AftrMrgrTwo</i>	-0.100 (1.80)*	-0.155 (2.54)**	-0.043 (0.78)	0.090 (0.94)	-0.045 (0.49)	0.154 (1.63)
<i>AftrMrgrThree</i>	-0.128 (1.32)	-0.222 (2.26)**	0.017 (0.17)	0.235 (2.24)**	0.136 (0.99)	0.288 (2.89)***
<i>AcquirerSize</i>	-0.137 (1.11)	-0.152 (1.10)	-0.084 (0.75)	-0.162 (0.93)	-0.064 (0.35)	-0.303 (1.73)*
<i>NonperformRatio</i>	1.629 (2.01)*	1.328 (1.77)*	1.549 (1.57)	0.743 (0.91)	1.053 (1.30)	0.271 (0.26)
<i>LoanSize</i>	-0.277 (13.07)***	-0.252 (7.13)***	-0.289 (8.51)***	-0.270 (9.99)***	-0.269 (5.81)***	-0.283 (6.58)***
<i>DumSecured</i>	0.424 (2.83)***	0.197 (1.61)	0.562 (3.13)***	0.346 (1.86)*	0.139 (0.95)	0.543 (2.52)**
<i>DumFixed</i>	-1.055 (8.75)***	-0.823 (4.82)***	-1.222 (8.82)***	-1.072 (7.55)***	-0.973 (6.19)***	-1.100 (7.48)***
<i>AverageSpread</i>	0.735 (21.98)***	0.850 (22.15)***	1.070 (6.25)***	0.721 (20.07)***	0.820 (21.07)***	1.263 (6.26)***
Adjusted R <sup>2</sup>	0.41	0.23	0.45	0.41	0.25	0.41
No. of observations	137,647	66,947	70,700	99,471	49,874	49,597

# Market overlap of merging banks

- The results of loan spreads are summarized as follows:

Subsample	Change in loan spreads
Out-of-market	Insignificant
Small overlap	Significant decrease
Large overlap	Significant, but weaker decrease
Upper 10 <sup>th</sup> large	Significant increase

- In “Upper 10<sup>th</sup> Percentile” subsample, small loans show insignificant change in spreads. Why?
  - 1) political pressure
  - 2) the existence of alternatives for small borrowers

# Operating efficiencies

- The operating cost ratios are defined by:

$$OCR_t = \frac{(\textit{operating expense})_t}{(\textit{operating income})_t}$$

- The change of the operating cost ratios represent a measure of efficiency gains after the mergers.
- The coefficients of AftrMrgr dummies are expected to show more significant values for the merging banks with more-than-median decline of the operating cost ratios.

**Table 10**  
**Operating efficiencies**

Mergers after which	Panel A: Operating cost ratio declined more than median			Panel B: Operating cost ratio declined less than median		
	All loans (1)	Small loans (2)	Large loans (3)	All loans (4)	Small loans (5)	Large loans (6)
<i>AftrMrgrOne</i>	-0.185 (4.64)***	-0.212 (3.81)***	-0.211 (3.32)***	0.028 (0.47)	-0.004 (0.08)	0.071 (0.88)
<i>AftrMrgrTwo</i>	-0.154 (3.62)***	-0.151 (2.44)**	-0.258 (2.89)***	-0.086 (1.65)*	-0.074 (1.51)	-0.085 (1.45)
<i>AftrMrgrThree</i>	-0.123 (1.95)*	-0.048 (0.64)	-0.343 (2.18)**	-0.037 (0.41)	0.015 (0.16)	-0.035 (0.40)
<i>AcquirerSize</i>	-0.054 (0.89)	0.015 (0.16)	-0.060 (1.24)	-0.046 (0.56)	0.144 (1.96)*	-0.171 (1.59)
<i>NonperformRatio</i>	0.073 (0.08)	-0.362 (0.27)	2.621 (2.57)**	2.485 (1.19)	-2.246 (0.87)	6.561 (2.84)***
<i>AftrMrgrOne*SizeRatio1</i>	0.043 (0.95)	0.014 (0.46)	0.163 (1.02)	-0.105 (1.02)	-0.122 (1.67)	-0.042 (0.34)
<i>AftrMrgrTwo*SizeRatio2</i>	-0.041 (1.47)	-0.068 (2.19)**	0.109 (0.83)	-0.100 (1.50)	-0.156 (1.53)	0.067 (0.60)
<i>AftrMrgrThree*SizeRatio3</i>	0.001 (0.03)	-0.015 (0.72)	0.074 (0.63)	0.135 (1.78)*	0.046 (0.33)	0.092 (0.93)
<i>LoanSize</i>	-0.299 (6.04)***	-0.248 (3.83)***	-0.277 (15.10)***	-0.284 (9.71)***	-0.274 (9.11)***	-0.242 (4.68)***
<i>DumSecured</i>	0.446 (6.00)***	0.146 (2.29)**	0.734 (6.52)***	0.454 (7.21)***	0.183 (2.58)**	0.762 (6.72)***
<i>DumFixed</i>	-0.658 (5.46)***	-0.504 (4.31)***	-0.916 (6.46)***	-0.847 (5.61)***	-0.665 (5.03)***	-1.397 (9.72)***
<i>AverageSpread</i>	0.922 (8.37)***	0.983 (10.32)***	0.900 (8.23)***	0.954 (14.44)***	1.000 (15.41)***	1.031 (13.91)***
Adjusted R <sup>2</sup>	0.40	0.28	0.39	0.39	0.28	0.40
No. of observations	316,197	174,878	141,319	263,715	149,347	114,368