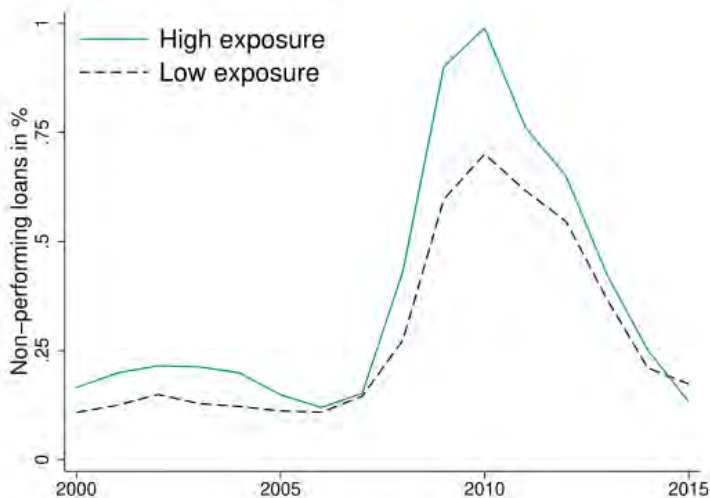


Bank risk-taking increases as the population ages!

| | (1) | (2) | (3) | (4) | (5) | (6) |
|-----------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | | | | | IV | IV |
| VARIABLES | Δ LTI | Δ LTI | Δ LTI | Δ LTI | Δ LTI | Δ LTI |
| exposure | 0.443*** (0.068) | 0.435*** (0.071) | 0.446*** (0.073) | 0.406*** (0.076) | 0.678*** (0.091) | 0.599*** (0.091) |
| Observations | 20,500 | 20,500 | 20,500 | 20,500 | 20,500 | 20,500 |
| R-squared | 0.002 | 0.060 | 0.066 | 0.110 | | |
| Bank Controls | - | ✓ | ✓ | ✓ | ✓ | Δ |
| County Controls | - | - | ✓ | - | - | - |
| County FE | - | - | - | ✓ | ✓ | ✓ |
| Bank FE | - | - | - | - | - | - |

Banks were more exposed to aging had higher NPL ratios during the GFC



Because seniors (65+) hold more deposits, increasing banks' lending capacity

| VARIABLES | (1) Δ deposits | (2) Δ deposits | (3) Δ deposits | (4) Δ deposits | (5) Δ deposits |
|-----------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Δ old | 0.793*** (0.294) | 0.759*** (0.279) | 0.563*** (0.195) | 0.640*** (0.203) | 0.471** (0.203) |
| Observations | 12,947 | 12,947 | 12,947 | 12,942 | 12,244 |
| County Controls | ✓ | ✓ | ✓ | ✓ | Δ |
| Bank Controls | - | ✓ | ✓ | - | - |
| State FE | - | - | ✓ | ✓ | ✓ |
| Bank FE | - | - | - | ✓ | ✓ |

Yet, they borrow less, pushing banks to other markets and riskier borrowers

| VARIABLES | (1) never borrow | (2) never borrow | (3) has any debt | (4) has any debt | (5) turned down | (6) turned down |
|--------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| respondent age 65+ | 0.209*** (0.003) | 0.188*** (0.006) | -0.422*** (0.004) | -0.358*** (0.008) | -0.251*** (0.005) | -0.158*** (0.005) |
| Observations | 41,366 | 41,366 | 41,366 | 41,366 | 41,366 | 41,366 |
| R-squared | 0.080 | 0.101 | 0.176 | 0.247 | 0.058 | 0.178 |
| Survey wave FE | - | ✓ | - | ✓ | - | ✓ |
| Controls | - | ✓ | - | ✓ | - | ✓ |