Table 4

Coefficients from pooled regressions of the various performance measures on selected variables with the errors clustered at the firm level for the full sample and various sub-samples. Robust Huber/White/sandwich estimator of variance is used to calculate the t statistics in brakets. Dstate equals 1 if a bank has at least 20% of state ownership; 0 otherwise. Dforeign equals 1 if there is foreign ownership in the bank; 0 otherwise. The sample period is from 1989 to 2004. D9396 equals 1 if an observation is from the period 1993-1996; 0 otherwise. D9700 equals 1 if an observation is from the period 1997-2000; 0 otherwise. D0104 equals 1 if an observation is from the period 2001-2004. Size is the ratio of total assets to country GDP. The year dummies, country dummies and country-year dummies are included in the regressions but their coefficients are not reported here to conserve space.

Dependent Variable	Sample	D_{state}	D_{state} x D9396	D_{state} x D9700	D_{state} x D0104	$D_{foreign}$	Size	Intercept	No. of Obs.	R^2
A. Core capital / Assets	Full	-0.0299***	-0.0019	-0.02	0.0127	0.0352***	-0.2026***	0.0402***	5633	0.2216
		[2.83]	[0.19]	[1.27]	[0.84]	[4.22]	[3.34]	[3.08]		
	Extreme crisis	-0.0182*	-0.0049	-0.0840***	0.0021	0.0197***	-0.2810***	0.1086***	2198	0.2451
		[1.76]	[0.56]	[3.09]	[0.10]	[2.72]	[3.37]	[17.28]		
	Minimal government	-0.0173	-0.01	-0.0037	0.007	0.0096	-0.1572**	0.1541***	1388	0.2244
		[1.13]	[0.63]	[0.25]	[0.46]	[1.01]	[2.52]	[6.27]		
	Heavy government	-0.0286**	-0.0007	-0.0254	0.0123	0.0423***	-0.3123***	0.0400***	4245	0.2222
		[2.34]	[0.06]	[1.34]	[0.70]	[4.11]	[4.47]	[3.07]		
B. Allowance for loan losses / Loans	Full	0.0035	0.0106**	0.0239**	0.0187**	0.0065*	-0.0268	0.0068	5197	0.3956
		[1.49]	[2.14]	[2.29]	[2.04]	[1.67]	[1.42]	[0.51]		
	Extreme crisis	0.0051	0.0198**	0.0372*	0.0415**	0.0164***	-0.0868	0.0073**	2174	0.3896
		[1.22]	[2.07]	[1.81]	[2.07]	[2.84]	[1.10]	[2.22]		
	Minimal government	0.0115	0.0022	0.0347*	0.0065	-0.0137**	-0.0186	0.0325***	1341	0.2908
		[1.14]	[0.29]	[1.84]	[0.37]	[2.00]	[0.83]	[4.34]		
	Heavy government	0.0040*	0.0119*	0.0186	0.0194*	0.0131***	-0.0452	0.0059	3856	0.4186
		[1.74]	[1.96]	[1.49]	[1.81]	[2.82]	[1.54]	[0.43]		
C. Nonperforming loans / Loans	Full	0.0442***		0.0303	-0.0298*	0.001	-0.0693**	0.0519***	2049	0.3454
		[3.41]		[1.49]	[1.66]	[0.10]	[2.55]	[4.28]		
	Extreme crisis	0.0014		0.0994***	0.013	0.0470***	0.0959	-0.0005	736	0.4689
		[0.07]		[2.62]	[0.45]	[2.86]	[0.50]	[0.02]		
	Minimal government	0.0622***		0.0416	-0.0243	-0.0224	-0.0509	0.0399**	678	0.2678
		[2.84]		[1.25]	[0.63]	[1.25]	[1.47]	[2.54]		
	Heavy government	-0.0032		0.0529**	0.0083	0.0158	0.1647	0.1087***	1371	0.4298
		[0.22]		[2.25]	[0.43]	[1.30]	[1.16]	[3.87]		
D. Personnel expenses / Loans	Full	-0.0056***	0.0108***	0.0111***	0.0102***	-0.0056**	-0.0239***	0.0217***	4104	0.2243
		[3.36]	[5.23]	[4.02]	[3.95]	[2.53]	[2.88]	[11.21]		
	Extreme crisis	-0.0067***	0.0045***	0.0038	0.0083**	-0.0053***	-0.0370***	0.0204***	2049	0.2448
		[4.01]	[2.99]	[1.09]	[2.19]	[3.14]	[2.93]	[15.17]		
	Minimal government	0.0112***	-0.0006	0.003	-0.0039	-0.0079	-0.0194*	0.0819**	855	0.1833
		[2.87]	[0.13]	[0.54]	[0.63]	[0.87]	[1.70]	[2.41]		
	Heavy government	-0.0077***	0.0117***	0.0107***	0.0119***	-0.0052***	-0.0381***	0.0223***	3249	0.2597
		[4.53]	[5.30]	[3.42]	[4.19]	[3.39]	[3.06]	[11.96]		

Dependent Variable	Sample	D_{state}	D_{state} x D9396	D_{state} x D9700	D_{state} x D0104	$D_{foreign}$	Size	Intercept	No. of Obs.	R^2
E. Loans / Deposits	Full	0.1365**	-0.0551	-0.0865	-0.0986	0.2508***	-0.3991***	0.5104***	5592	0.1511
		[2.28]	[0.65]	[1.05]	[1.26]	[5.30]	[2.84]	[10.02]		
	Extreme crisis	0.2942***	-0.1603	-0.1906	-0.1108	0.3466***	-0.4669	1.2793***	2191	0.1756
		[2.73]	[1.06]	[1.50]	[0.63]	[5.23]	[1.04]	[11.25]		
	Minimal government	0.0534	0.0863	-0.0601	-0.0586	0.0531	-0.4305**	0.6583***	1375	0.1098
		[0.58]	[0.62]	[0.66]	[0.59]	[1.10]	[2.33]	[9.81]		
	Heavy government	0.1681**	-0.0913	-0.1053	-0.1267	0.3133***	-0.3066	0.5075***	4217	0.1664
		[2.45]	[0.93]	[1.09]	[1.40]	[5.23]	[1.16]	[9.11]		
F. Government securities / Assets	Full	-0.0098	0.0166***	0.0223**	0.0573***	-0.0079*	0.0387**	0.0468**	5533	0.6038
		[1.58]	[3.01]	[2.40]	[4.36]	[1.69]	[2.67]	[2.37]		
	Extreme crisis	-0.003	0.0016	0.014	0.1141***	-0.0047	0.2015*	0.0056	2193	0.3145
		[0.61]	[0.39]	[0.79]	[3.57]	[0.67]	[1.70]	[1.65]		
	Minimal government	-0.0291	0.018	0.0131	0.0223	-0.0099	0.0410***	0.0372***	1374	0.6173
		[1.55]	[0.90]	[0.69]	[0.92]	[1.08]	[3.48]	[2.96]		
	Heavy government	-0.0065	0.0179***	0.0252**	0.0644***	-0.0073	0.0539	0.0447**	4159	0.6037
		[1.32]	[3.39]	[2.35]	[4.25]	[1.32]	[1.27]	[2.26]		
G. Asset growth rate	Full	-0.1440***	0.0006	0.0666	0.0802	0.0094	0.0131	0.4097***	5143	0.1489
		[2.67]	[0.01]	[1.14]	[1.42]	[0.55]	[0.07]	[3.64]		
	Extreme crisis	-0.0105	-0.0571	0.0231	-0.0404	-0.0048	-0.0498	0.2296***	1996	0.2076
		[0.16]	[0.82]	[0.30]	[0.58]	[0.20]	[0.25]	[8.32]		
	Minimal government	-0.1134	0.0831	0.0603	0.0404	0.0432	0.2334	0.1283*	1277	0.1432
		[1.11]	[0.69]	[0.59]	[0.43]	[1.63]	[0.75]	[1.86]		
	Heavy government	-0.1442**	-0.0224	0.0715	0.0948	-0.0068	-0.4974***	0.4261***	3866	0.1573
		[2.46]	[0.33]	[1.09]	[1.52]	[0.34]	[5.10]	[3.77]		

*, **, *** Significantly different from zero at the 10%, 5%, and 1% levels respectively, using a two-tailed tests.

Table 5

Coefficients from pooled regressions of the ratio of operating pretax cash flows returns on selected variables with the errors clustered at the firm level for the full sample and various sub-samples. Robust Huber/White/sandwich estimator of variance is used to calculate the t statistics in brakets. Dstate equals 1 if a bank has at least 20% of state ownership; 0 otherwise. Dforeign equals 1 if there is foreign ownership in the bank; 0 otherwise. OWNstate is the proportion of state ownership. OWNforeign is the proportion of foreign ownership. The sample period is from 1989 to 2004. D9396 equals 1 if an observation is from the period 1993-1996; 0 otherwise. D9700 equals 1 if an observation is from the period 1997-2000; 0 otherwise. D0104 equals 1 if an observation is from the period 2001-2004. The year dummies, country dummies and country-year dummies are included in the regressions but their coefficients are not reported here to conserve space.

	British-American accounting model	Continental accounting model	British-American accounting and minimal government involvement	British-American accounting and heavy government involvement
D_{state}	-0.0067***	-0.0027	-0.0085**	-0.0070***
	[4.69]	[0.86]	[2.36]	[4.32]
D_{state} x D9396	-0.0049***	0.0009	-0.0181***	-0.0033*
	[2.63]	[0.38]	[3.38]	[1.66]
D_{state} x D9700	-0.0374***	-0.0076	-0.0068	-0.0413***
	[3.98]	[0.90]	[0.93]	[3.93]
D_{state} x D0104	0.0042	0.0055	0.0069	0.0041
	[1.54]	[1.05]	[1.28]	[1.39]
$D_{foreign}$	0.0013	0.001	0.0037	0.0009
	[0.51]	[0.28]	[1.18]	[0.31]
Size	0.0164	0.0308	0.0022	0.0340*
	[1.61]	[1.35]	[0.22]	[1.67]
Intercept	0.0115**	0.0036***	0.0087	0.0108**
	[2.18]	[2.98]	[1.63]	[2.07]
Year Dummies	Included	Included	Included	Included
Country Dummies	Included		Included	Included
Country-Year dummies	Included		Included	Included
Observations	4055	291	647	3408
R-squared	0.2489	0.4104	0.1084	0.2599

*, **, *** Significantly different from zero at the 10%, 5%, and 1% levels respectively, using a two-tailed tests.

Table 6
Coefficients from pooled regressions of the ratio of operating pretax cash flows returns on selected variables with the errors clustered at the firm level for the full sample and various sub-samples. Robust Huber/White/sandwich estimator of variance is used to calculate the t statistics in brakets. Dstate equals 1 if a bank has at least 20% of state ownership; 0 otherwise. Dforeign equals 1 if there is foreign ownership in the bank; 0 otherwise. OWNstate is the proportion of state ownership. OWNforeign is the proportion of foreign ownership. The sample period is from 1989 to 2004. D9396 equals 1 if an observation is from the period 1993-1996; 0 otherwise. D9700 equals 1 if an observation is from the period 1997-2000; 0 otherwise. D0104 equals 1 if an observation is from the period 2001-2004. The country-year dummy variables are included in the regressions but are not reported here to conserve space. The instrumental variable (IV) regressions instrument the proportion of state ownership variable by 3-year lagged variables of proportion of state ownership, operating cash flow returns, core capital to assets, allowance for loan losses to loans, personnel expenses to loans, and government securities to assets. The year dummies, country dummies and country-year dummies are included in the regressions but their coefficients are not reported here to conserve space.

	Full Sample			Extreme-Crisis Sample			Less Government Involvement Sample			Greater Government Involvement Sample		
	Instrumental variable	Without banks that increased state ownership	Top 10 banks in each country	Instrumental variable	Without banks that increased state ownership	Top 10 banks in each country	Instrumental variable	Without banks that increased state ownership	Top 10 banks in each country	Instrumental variable	Without banks that increased state ownership	Top 10 banks in each country
D_{state}		-0.0051***	-0.0034**		-0.0045**	-0.0033		-0.0024	-0.0033		-0.0057***	-0.0022
		[4.15]	[2.06]		[2.13]	[1.51]		[1.03]	[1.28]		[3.89]	[0.91]
D_{state} x D9396		-0.0043***	-0.003		-0.0028	-0.0006		-0.0078**	-0.0057		-0.0033*	-0.002
		[2.62]	[1.23]		[1.33]	[0.34]		[2.55]	[1.20]		[1.72]	[0.71]
D_{state} x D9700		-0.0258***	-0.0197**		-0.0829***	-0.0384*		-0.0103*	-0.0154**		-0.0303***	-0.0236*
		[3.56]	[2.05]		[4.24]	[1.88]		[1.80]	[2.39]		[3.25]	[1.66]
D_{state} x D0104		0.0027	-0.0008		0.0069	0.0038		0.0037	-0.0009		0.0047	-0.0023
		[0.99]	[0.27]		[0.99]	[0.82]		[0.95]	[0.20]		[1.60]	[0.53]
OWN_{state}	-0.0182***			-0.0079**			0.0028			-0.0193***		
	[4.51]			[2.52]			[0.39]			[4.66]		
OWN_{state} x D9396	0.004			-0.0027			-0.0216***			0.0058		
	[1.03]			[0.80]			[2.91]			[1.47]		
OWN_{state} x D9700	-0.0480***			-0.1415***			-0.0274***			-0.0620***		
	[2.93]			[4.48]			[3.02]			[2.94]		
OWN_{state} x D0104	0.0168***			0.0081			-0.0034			0.0178**		
	[2.64]			[0.93]			[0.52]			[2.25]		
$D_{foreign}$		0.0032	0.0043**		0.0004	0.0059		0.0026	0.0001		0.0027	0.0068**
		[1.59]	[2.03]		[0.11]	[1.65]		[1.03]	[0.02]		[1.06]	[2.29]
$OWN_{foreign}$	0.0042			0.0001			0.0043			0.0042		
	[0.52]			[0.02]			[0.94]			[0.44]		
Size	0.0379**	-0.0022	0.002	0.034	-0.0037	0.0062	0.0174	-0.0003	0.0044	0.0404	-0.0028	-0.0016
	[2.10]	[0.36]	[0.35]	[1.06]	[0.17]	[0.27]	[1.18]	[0.04]	[0.51]	[1.59]	[0.34]	[0.24]
Intercept	0.0164***	0.0119***	0.0096***	0.0157***	0.0201***	0.0168***	0.0096***	0.0098**	0.0210***	0.0173***	0.0106**	0.0085***
	[5.37]	[4.85]	[4.33]	[6.45]	[10.51]	[4.24]	[2.98]	[2.02]	[6.18]	[8.54]	[2.02]	[3.58]
No. of Obs.	2264	4895	1998	1281	2009	721	521	982	544	1743	3913	1454
R^2	0.3241	0.2117	0.7206	0.3495	0.2581	0.746	0.2900	0.1542	0.2947	0.3278	0.2299	0.7395

*, **, *** Significantly different from zero at the 10%, 5%, and 1% levels respectively, using a two-tailed tests.

31