

Online Appendix

“How Do Board Reforms Affect Debt Financing Costs around the World?”

Table OA1 Board Reforms and Loan Spread: Robustness to Banking Policy Reforms

This table presents the effect of the first board reform on loan spread, controlling for policy reforms in the banking industries across countries. This is based on the sample of observations from 10 years before to 10 years after the reform. The dependent variable is the natural logarithm of *All-in-drawn* spread of a loan in basis point. POST is an indicator variable equal to one after a country passes the first board reform, and zero otherwise. Banking policy controls include OVERALL_CAPITAL_REQUIREMENT, which measures the stringency of capital requirement, BANKING_ACTIVITIES_RESTRICTIONS, which measures the extent to which banks are restricted from engaging in securities, insurance, and real estate activities, FINANCIAL_CONGLOMERATES_RESTRICTIONS, which measures the restrictions on forming banking conglomerates, *Foreign Bank Entry*, which measures the extent to which foreign banks may enter a country's banking industry, BANKING_ENTRY_RESTRICTIONS, which measures the stringency on the requirements to obtain a banking license, OFFICIAL_SUPERVISORY_POWER, which measures the power of supervisory authorities to take specific actions to prevent and/or correct problems of banks, PRIVATE_MONITORING_INDEX, which measures incentives/abilities for private monitoring of banks, and DEPOSIT_INSURER_POWER, which measures the power of insurance authority to intervene in a bank. Control variables include LOAN_SIZE, MATURITY, FIRM_SIZE, MTB, Ln(AGE), LEVERAGE, ROA, CASH, PPE, FOREIGN_SALES, R&D, CAPEX, CLOSELY_HELD, INVESTMENT_GRADE, INDUSTRY_Q, GDP, FDI, RULE_OF_LAW, INSIDER_TRADING_LAW, M&A_LAW, DIVIDEND_TAX, CAPITAL_GAIN_TAX, and CAPITAL_STRINGENCY_INDEX. Appendix A provides detailed definitions of the variables. We include firm fixed effects and year fixed effects in all the regressions. Robust t-statistics are reported in parenthesis, which are based on standard errors clustered at the country level. ***, **, * denote significance levels at 1%, 5% and 10% respectively.

Table OA2 Board Reforms and Loan Spread: Robustness to Alternative Reform Years

This table presents the robustness testes on the effect of major board reforms on loan spread. This is based on the sample of observations from 10 years before to 10 years after the reform. POST is an indicator variable equal to one after a country passes the major board reform, and zero otherwise. Control variables include LOAN_SIZE, MATURITY, FIRM_SIZE, MTB, Ln(AGE), LEVERAGE, ROA, CASH, PPE, FOREIGN_SALES, R&D, CAPEX, *CLOSELY_HELD*, INVESTMENT_GRADE, INDUSTRY_Q, GDP, FDI, RULE_OF_LAW, INSIDER_TRADING_LAW, M&A_LAW, DIVIDEND_TAX, CAPITAL_GAIN_TAX, and CAPITAL_STRINGENCY_INDEX. Appendix A provides detailed definitions of the variables. We include firm fixed effects and year fixed effects in all the regressions. Robust t-statistics are reported in parenthesis, which are based on standard errors clustered at the country level. ***, **, * denote significance levels at 1%, 5% and 10% respectively.

<i>Dependent Variable</i>	Ln(SPREAD)		
	Full (1)	Term Loans (2)	Credit Lines (3)
POST	0.1783*** (3.08)	0.2281** (2.13)	0.1893*** (3.38)
Observations	36,203	11,024	19,801
Adjusted R-squared	0.736	0.713	0.738
Loan-level Controls	Y	Y	Y
Firm-level Controls	Y	Y	Y
Country-level Controls	Y	Y	Y
Firm FE	Y	Y	Y
Year FE	Y	Y	Y

Table OA3 Board Reforms and Loan Covenants: More Measures

This table presents the effect of the first board reform on performance pricing and the number of loan covenants based on the sample of observations from 10 years before to 10 years after the reform. The respective dependent variable in column 1 to 4 is PERFORMANCE_PRICING, an indicator variable equal to one if a loan includes performance pricing grids, Ln(1+NO_OF_COVENANTS), the natural logarithm of one plus the total number of covenants included in a loan package, Ln(1+NO_OF_FINANCIAL_COVENANTS), the natural logarithm of one plus the number of financial covenants included in a loan package, and Ln(1+NO_OF_GENERAL_COVENANTS), the natural logarithm of one plus the number of general covenants included in a loan package. POST is an indicator variable equal to one after a country passes the first board reform, and zero otherwise. Control variables include LOAN_SIZE (DEAL_SIZE), MATURITY (AVERAGE_MATURITY), FIRM_SIZE, MTB, Ln(AGE), LEVERAGE, ROA, CASH, PPE, FOREIGN_SALES, R&D, CAPEX, CLOSELY_HELD, INVESTMENT_GRADE, INDUSTRY_Q, GDP, FDI, RULE_OF_LAW, INSIDER_TRADING_LAW, M&A_LAW, DIVIDEND_TAX, CAPITAL_GAIN_TAX, and CAPITAL_STRINGENCY_INDEX. Appendix A provides detailed definitions of the variables. We include firm fixed effects and year fixed effects in all the regressions. Robust t-statistics are reported in parenthesis, which are based on standard errors clustered at the country level. ***, **, * denote significance levels at 1%, 5% and 10% respectively.

<i>Dependent Variable</i>	PERFORMANCE _PRICING	Ln(1+NO_OF _COVENANTS)	Ln(1+NO_OF _FINANCIAL _COVENANTS)	Ln(1+NO_OF _GENERAL _COVENANTS)
	(1)	(2)	(3)	(4)
POST	0.0758** (2.12)	0.0883* (1.93)	0.0226 (0.85)	0.0749** (2.06)
Observations	35,558	25,306	25,306	25,306
Adjusted R-squared	0.322	0.488	0.427	0.484
Loan-level Controls	Y			
Deal-level Controls		Y	Y	Y
Firm-level Controls	Y	Y	Y	Y
Country-level Controls	Y	Y	Y	Y
Firm FE	Y	Y	Y	Y
Year FE	Y	Y	Y	Y

Table OA4 Board Reforms and Firm Value in Full vs. Loan Sample

This table presents summary statistics of the key variables in the full sample and the loan sample (i.e., firms with at least one syndicated loan issuance in our sample period) (Panel A), and the effect of the first board reform on the value of firms in the loan sample (Panel B). The dependent variable in Panel B is TOBIN'S_Q, measured as total assets minus book value of equity plus market value of equity, and scaled by total assets. POST is an indicator variable equal to one after a country passes the first board reform, and zero otherwise. HIGH_ASSET_SUBSTITUTION_RISK is an indicator variable equal to one if a firm is operating in industries with higher-than-median sales growth, and zero otherwise. The industry-level partitioning variable is benchmarked to the U.S. industries. Control variables include FIRM_SIZE, Ln(AGE), LEVERAGE, CASH, PPE, FOREIGN_SALES, R&D, CAPEX, CLOSELY_HELD, INVESTMENT_GRADE, INDUSTRY_Q, GDP, FDI, RULE_OF_LAW, INSIDER_TRADING_LAW, M&A_LAW, DIVIDEND_TAX, and CAPITAL_GAIN_TAX. Appendix A provides detailed definitions of the variables. We include firm fixed effects and year fixed effects in all the regressions. Robust t-statistics are reported in parenthesis, which are based on standard errors clustered at the country level. ***, **, * denote significance levels at 1%, 5% and 10% respectively.

Panel A.

	Full Sample		Loan Sample	
	Mean (1)	Median (2)	Mean (3)	Median (4)
FIRM_SIZE	5.0615	5.1271	6.2066	6.2042
Ln(AGE)	2.6167	2.6391	2.8337	2.8332
LEVERAGE	0.2804	0.2003	0.2829	0.2503
CASH	0.1706	0.0981	0.1359	0.0713
PPE	0.3112	0.2654	0.3143	0.2530

Panel B.

<i>Dependent Variable</i>	TOBIN' S_Q	
	(1)	(2)
POST	0.0558 (0.94)	0.1166** (2.09)
POST * HIGH_ASSET_SUBSTITUTION_RISK		-0.1003*** (-2.92)
Observations	42,186	42,186
Adjusted R-squared	0.317	0.317
Firm-level Controls	Y	Y
Country-level Controls	Y	Y
Firm FE	Y	Y
Year FE	Y	Y