

Internet Appendix for "Bank Lines of Credit as a Source of Long-term Finance"

We augment empirical specifications of Table 3 in the manuscript by adding firm fixed effects. The results are similar to those in Table 3.

Table IA.I Determinants of Long-term Drawdown Amounts, Initiations, and Terminations (with Firm Fixed Effects)

This table replicates Table 3 in the manuscript using firm-fixed effects. Δ LTDRAW is the change in total long-term drawdowns from the prior year scaled by beginning-of-the-year total assets. STARTD equals one if the firm starts a long-term drawdown in the current year and has no long-term drawdown in the prior year, and zero otherwise. ENDD equals one if a firm has long-term drawdowns in the prior year and no long-term drawdown in the current year, and zero otherwise. All firm-specific explanatory variables are defined in Table 2 of the manuscript and measured at the beginning of the year. Intercept terms are included in all the regressions but are unreported. The t -statistics in parentheses are calculated from the Huber/White/Sandwich heteroskedastic-consistent errors, which are also corrected for correlation across observations for a given firm. Coefficients significant at the 10%, 5%, and 1% levels are marked with *, **, and *** in superscripts, respectively.

| Dependent Variables | OLS | Linear Probability Model | |
|---------------------|-----------------------|--------------------------|----------------------|
| | 1 | 2 | 3 |
| | Δ LTDRAW | STARTD | ENDD |
| INV | 0.018*** (3.01) | 0.047* (1.83) | -0.100** (-2.19) |
| ln(ASSETS) | -0.006*** (-2.91) | 0.010 (0.85) | 0.014 (0.51) |
| ROA | 0.039*** (3.55) | 0.095** (2.00) | -0.904*** (-3.53) |
| PPE | 0.031** (2.27) | -0.066 (-0.86) | -0.023 (-0.11) |
| LTDRAW | -0.578*** (-23.84) | | -0.829*** (-4.94) |
| OD | -0.003 (-0.29) | 0.032 (0.62) | -0.195 (-1.38) |
| MB | 0.001 (1.36) | 0.003 (0.62) | -0.012 (-0.46) |
| CASH | -0.019 (-1.56) | -0.130** (-2.30) | -0.041 (-0.12) |
| CURRENT_RATIO | 0.000 (0.13) | -0.006 (-1.20) | 0.018 (0.75) |
| EXCESS_RETURN | -0.003** (-2.00) | -0.009 (-1.31) | 0.033 (1.50) |
| STOCK_VOL | -0.312*** (-3.87) | -0.250 (-0.53) | 2.060 (1.58) |
| INTERMEDIATE_RATING | 0.003 (0.90) | 0.001 (0.03) | 0.052 (0.64) |

| | | | |
|-------------------------|----------------------|----------------------|---------------------|
| LOW_RATING | -0.003 (-0.59) | 0.024 (0.71) | 0.000 (-0.00) |
| VERY_LOW_RATING | -0.012* (-1.94) | -0.017 (-0.47) | 0.079 (0.64) |
| NO_RATING | 0.016*** (2.74) | 0.041 (1.21) | -0.051 (-0.60) |
| GDP_GROWTH | 0.002*** (3.72) | 0.001 (0.32) | -0.021** (-2.12) |
| CREDIT_SPREAD | 0.013*** (6.71) | 0.033*** (2.72) | -0.076** (-2.26) |
| MARKET_RETURN | -0.014*** (-3.32) | -0.072*** (-2.94) | 0.060 (0.96) |
| Firm FE | Y | Y | Y |
| Observations | 9,808 | 7,019 | 2,789 |
| Adjusted R ² | 0.20 | 0.29 | 0.17 |
