

Notes on the Data for the paper by Kalemli-Ozcan, Sorensen, Yesiltas:

We prepared aggregates, means and medians of key financial variables for different types of banks/firms by countries and by year using our permanent samples. Permanent sample means we make sure we observed the bank/firm every year during the time period we report. The details on the construction of the samples and variables are given in the paper and also below. Note that all monetary values are defined in billion real dollars.

1 Bank Selection Criteria

The time period covered in bank-level samples that we downloaded via BANKSCOPE database is 1990–2010. However we exclude the first 6 years and the last year because of poor coverage. We apply the following sample selection criteria to obtain the samples that we use in our analysis:

- We drop central banks.
- We drop banks with faulty records which have inconsistent information on any generic variables such as date of establishment/type of company/template etc.
- We drop bank-year observations with negative values of all types of assets/capital/reserves and deposits.
- We drop the countries with less than 20 banks.

In addition to above criteria, we drop the banks that do not report Total Assets continuously between 2000–2009 to obtain the permanent samples.

2 Firm Selection Criteria

The time period covered in firm-level samples that we downloaded via ORBIS and AMADEUS databases is 1996–2010, however we exclude the last year because of poor coverage. We apply the following selection criteria:

- We drop firms with faulty records, which have inconsistent information on any generic variables such as date of establishment/type of company/template etc.

- We drop firm-year observations with negative values of all types of assets/capital/reserves and deposits.
- We drop firms if any of total assets, current liabilities and non-current liabilities is missing in all years between 1996-2009.
- We drop firms if any of total assets, employment, sales, operating revenue, current liabilities and non-current liabilities is negative.
- We drop firms whose total number of employees is lower than 10.
- We drop firms if Total Assets are less than 100,000 in PPP dollars.
- We drop firms if Sales are less than 1000 in PPP dollars.
- We drop firms if Operating Revenue are less than 1000 in PPP dollars.
- We drop firm-year observations at 0.1 and 0.99 percent of the tails of ratios employment/sales, sales/total assets, operating revenue/total assets and shareholders funds/total assets
- In the data that covers European firms, we drop countries having firms less than 100 at least 6 years between 1996-2009.
- We drop firm-year observations at 0.1 and 0.99 percent tails of all leverage measures we defined above.
- We drop firm-year observations at 0.1 and 0.99 percent tails for collateral variable defined as total fixed assets/total assets.
- We drop firm-year observations at 0.1 and 0.99 percent tails for all profitability measures defined above.

Lastly, to obtain the permanent samples that we use, we restrict the samples to the firms that report Total Assets continuously in the period starting by 2000. The sample that contains US firms has the related information for the period of 2004–2009. We exclude the years between 2000–2003 because of poor coverage.

3 Variable Definitions

The structure of the financial statements is not the same for banks and firms. Not only the coverage, but also the definition of the variables differ, thus the construction of the variables of our main interest needs careful and detailed work. The details are given below.

3.1 Bank-Level Variables

Total Assets: Total book value of intangible, tangible and other fixed assets.

Shareholder's Funds: Book value of equity (issued share capital plus other shareholders fund)

Total Liabilities: Total book value of current and non-current liabilities.

Total Debt: Total book value of short term and long term debt.

Off-Balance Sheet Items: In financial statement of banks, the off-balance sheet volumes depend on three summary lines of acceptances, documentary credits and guarantees.

Guarantees : Total amount guaranteed by the bank.

Acceptances: reported off-balance-sheet: Total amounts the bank “accepts” to pay, usually under international trade finance arrangements where reported off balance sheet. These are usually reported on balance sheet (as a liability, often matched by a corresponding asset for a claim by the bank on the recipient of goods) under US GAAP and IFRS.

Committed credit lines: Total committed and undrawn lines of credit extended by the bank.

Since the number of banks reporting acceptances is very limited, we used committed credit lines and guarantees to calculate total book value of off-balance sheet items.

Net income: Book value of profit/loss before deduction of Minority interests if any (Profit after taxation+ extraordinary and other profit).

Earning Assets: Total book value of stock, bonds, CD and income from rental property.

Adjusted Assets: Book value of total assets excluding goodwill and intangibles.

3.2 Firm-Level Variables

Total Assets: Total book value of intangible, tangible and other fixed assets.

Shareholder's Funds: Book value of equity (issued share capital plus other shareholders fund)

Total Liabilities: Total book value of current (all current liabilities of the company such as Loans+ Creditors+ Other current liabilities) and non-current liabilities (all long term liabilities of the company such as Long term financial debt+other long term liabilities and provisions)

Total Debt: Total book value of short term and long term debt.

EBITDA: Total book value of Earnings before interest, tax, depreciation and amortization

PLBT: Profit (Loss) before tax: Operating profit+ financial profit.¹

¹This variable is not available in our permanent samples of European firms.

Table 1: Bank/Firm Level Variables Correspondence to the Data Files

Panel A: Bank-Level Variables	
totassets	Total Assets
equity	Shareholder's Funds
totliab	Total Liabilities
todebt	Total Debt
netincome	Net Income
earning	Total Earning Assets
adjustedassets	Adjusted Assets
offbalance	Off-Balance Sheet Items

Panel B: Firm-Level Variables	
totassets	Total Assets
equity	Shareholder's Funds
totliab	Total Liabilities
todebt	Total Debt
ebitda	EBITDA
plbtax	Profit (Loss) before tax

Notes: The first column gives the names of the variables available in the corresponding bank/firm STATA data sets. See the related variable definitions.