Online Appendix
# The Information Content of Stress Test Announcements

December 29, 2023

A Data Description

The data description section in the main body of the paper included a chart showing the absolute value of overnight stock returns straddling the release of the DFAST results as well as analogous returns on the day before and on the day after the release. We showed that overnight returns straddling the DFAST release are skewed to towards the higher percentiles of realized distributions for the 6 months prior to the release for each cycle. Figure A.1 shows that analogous patterns of returns manifest themselves after the release of the CCAR results.

To complete the data description, Figure A.2 shows a heat map for changes in CDS spreads at the closing of the trading day after the release of DFAST results. While the CDS spread movements on the day surrounding stress test announcements do not tend to be as extreme as the changes in stock prices (relative to their distribution), they can still be sizable, as can be seen from the figure. Furthermore, there is significant heterogeneity in the results across banks. Figure A.3 shows that the distribution of the absolute value of changes in CDS spreads on the day of DFAST releases is not qualitatively different from the distribution on days surrounding the releases. Nonetheless, our regression results show that the variation that does occur on the day of the releases is systematically related to the results.

Finally, Tables A.1, A.2, A.3, and A.4 show examples of events that occurred in a three-day window surrounding the stress test announcements in 2013 and 2015. They show releases of macroeconomic data as examples of events that occurred close to the stress test announcements. The data releases shown in these tables are just as numerous as are the releases for every other year in our sample for equally sized windows around the announcements. These events cloud the results of other studies that, unlike ours, focused on wider windows surrounding the stress test announcements.

Figure A.1: Extreme Values of Overnight Stock Returns for Stress-Tested Banks Are Prevalent When Stress Test Results Are Announced: Reactions to <u>CCAR</u> Results Across Cycles
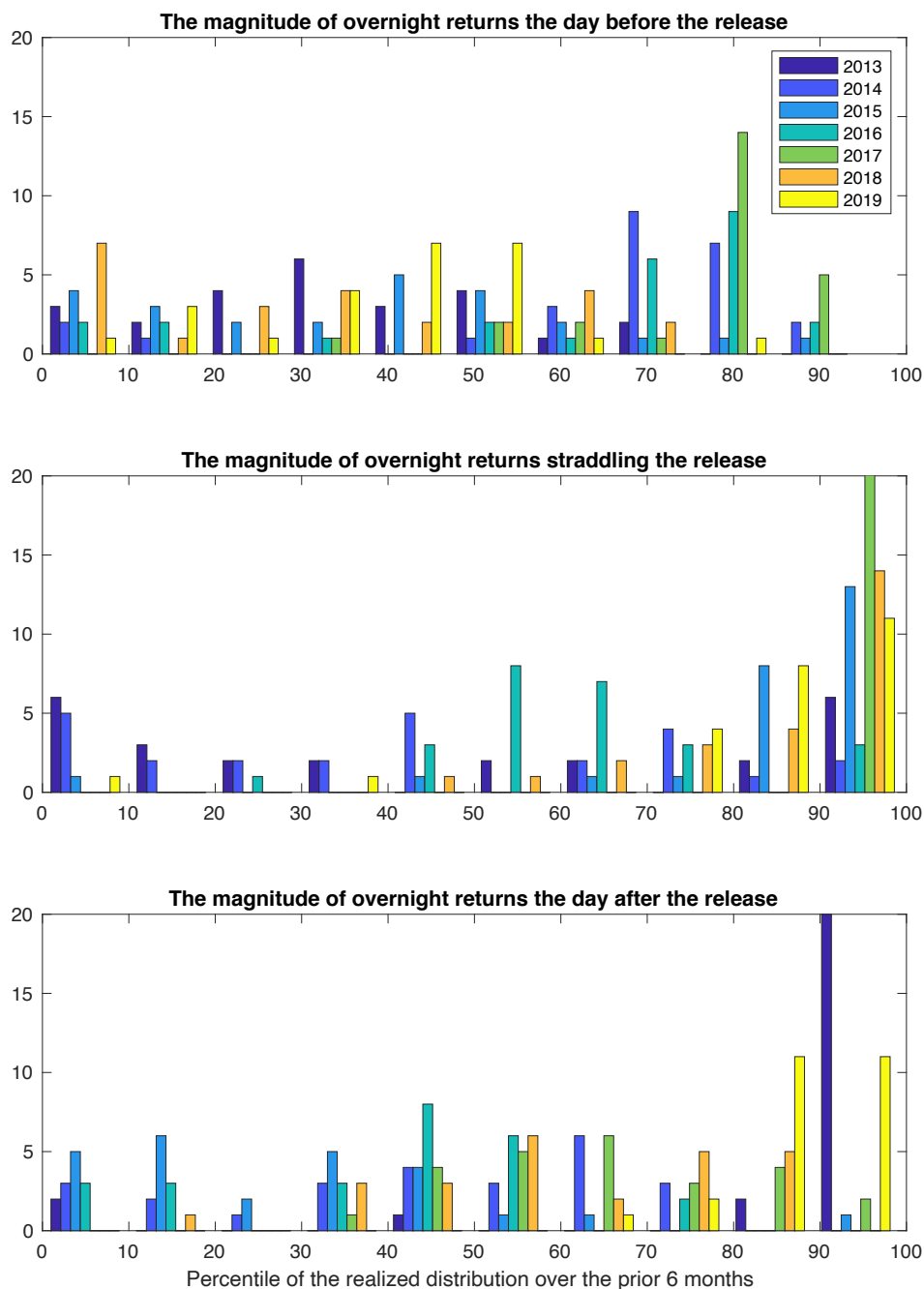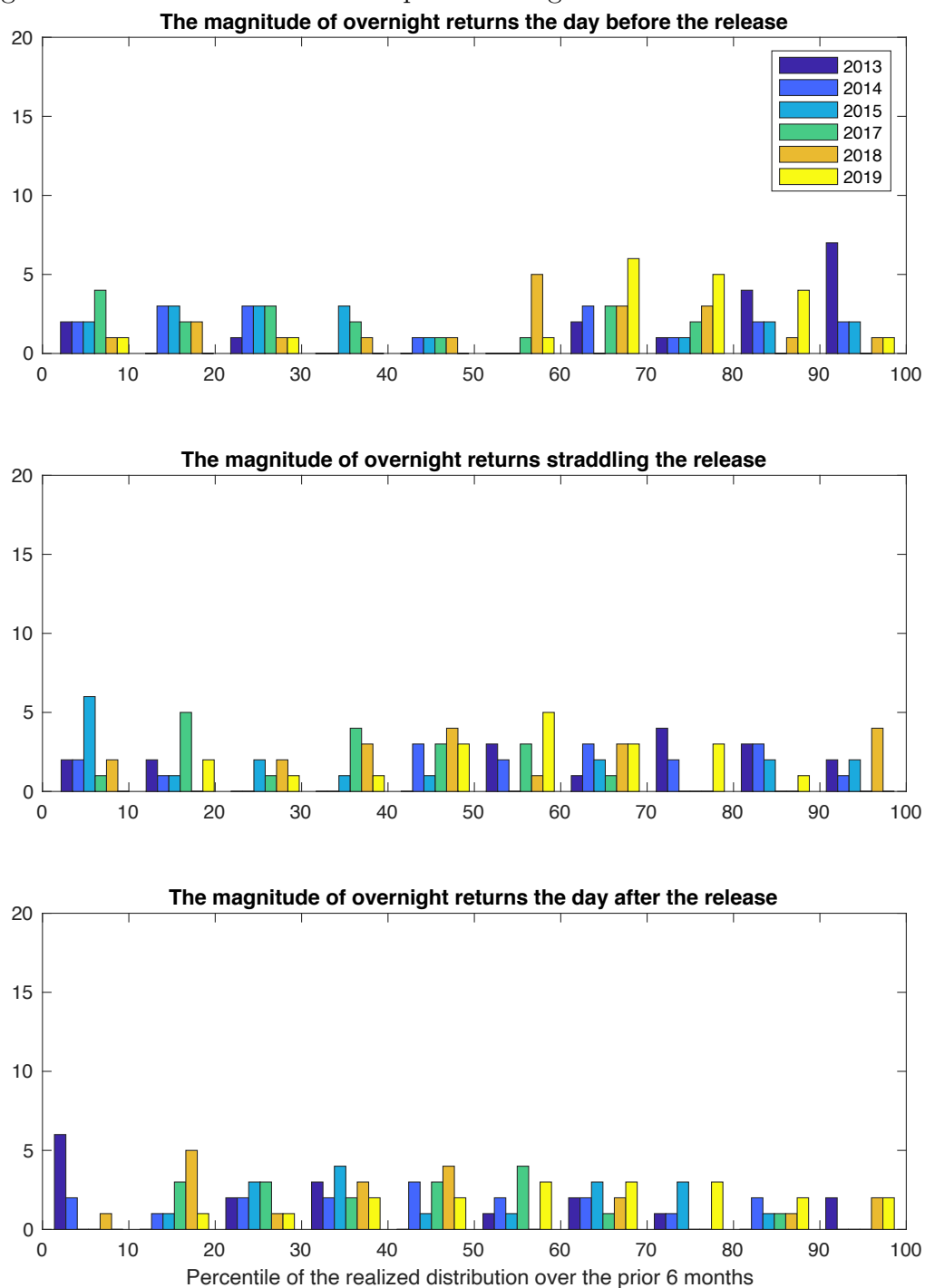

Note: The absolute value of the overnight returns shown are expressed as percentiles of their realized distribution for each bank for the six months prior to the release of the stress test results. The middle panel shows overnight returns based on stock prices at the market closing and opening straddling the announcement of CCAR results. For comparison, the top and bottom panel show analogous overnight returns for the day before and for the day after the announcement of CCAR results, respectively. The percentiles shown are based on calculations by the authors on stock price data from CRSP.

Figure A.2: Daily Changes in CDS Spreads Following DFAST Announcements (percentiles of the distribution for the preceding six months)

Bank	2013	2014	2015	2016	2017	2018	2019
Ally Financial Inc.	52	93	57	20	71	69	
American Express Company	67	82	18	12	68	72	
BB&T Corporation	54	100	44	31		17	
Bank of America Corporation	27	88	35	13	73	93	65
The Bank of New York Mellon Corporation	93	79	52	12	48	96	82
Capital One Financial Corporation	59	90	20	4	42	37	79
Citigroup Inc.	5	74	5	15	44	91	57
Discover Financial Services		57	50	16	92		
Fifth Third Bancorp	73	96	48	90	72	59	
The Goldman Sachs Group, Inc.	29	91	27	12	46	89	49
JPMorgan Chase & Co.	12	83	31	15	46	93	54
KeyCorp	54	81	35	30	72	5	
Morgan Stanley	44	89	27	8	51	90	46
The PNC Financial Services Group, Inc.	86	66	11	54	96	11	92
State Street Corporation	97	98					
SunTrust Banks, Inc.	44	90	20	35	88	9	
U.S. Bancorp	88	14	63	4	98	40	39
Wells Fargo & Company	73	77	24	12	77	95	68

Note: Daily changes in CDS spreads following the release of the DFAST results expressed as percentile of the realized distribution for each bank for the six months preceding the release of the results. The percentiles reported are based on calculations by the authors on data from Markit.

Figure A.3: Distribution of CDS Spread Changes: Reaction to DFAST Results

Note: The absolute values of the CDS spread changes shown are expressed as percentiles of the realized distribution for each bank for the six months prior to the release of the stress test results. The middle panel shows overnight returns based on stock prices at the market closing and opening straddling the announcement of CCAR results. For comparison, the top and bottom panel show analogous overnight returns for the day before and for the day after the announcement of CCAR results, respectively. The percentiles shown are based on calculations by the authors on stock price data from Markit.

Table A.1: Macroeconomic Data Releases in the Three-Day Window Surrounding the Announcement of the DFAST Results on 3/07/2013

3/6/13	MBA Mortgage Applications
3/6/13	ADP Employment Change
3/6/13	Factory Orders
3/6/13	U.S. Fed Beige Book Release
3/6/13	Revisions to the ADP National Employment Report
3/7/13	Challenger Job Cuts YoY
3/7/13	RBC Consumer Outlook Index
3/7/13	Trade Balance
3/7/13	Revisions to the Annual Productivity and Costs Report
3/7/13	Nonfarm Productivity
3/7/13	Unit Labor Costs
3/7/13	Initial Jobless Claims
3/7/13	Continuing Claims
3/7/13	Bloomberg Consumer Comfort
3/7/13	Household Change in Net Worth
3/7/13	Consumer Credit
3/8/13	Change in Nonfarm Payrolls
3/8/13	Change in Private Payrolls
3/8/13	Change in Manufact. Payrolls
3/8/13	Unemployment Rate
3/8/13	Average Hourly Earnings MoM
3/8/13	Average Hourly Earnings YoY
3/8/13	Average Weekly Hours All Employees
3/8/13	Change in Household Employment
3/8/13	Underemployment Rate
3/8/13	Wholesale Inventories MoM
3/8/13	Wholesale Trade Sales MoM

Table A.2: Macroeconomic Data Releases in the Three-Day Window Surrounding the Announcement of the CCAR Results on 3/14/2013

3/13/13	MBA Mortgage Applications
3/13/13	Import Price Index MoM
3/13/13	Import Price Index YoY
3/13/13	Retail Sales Advance MoM
3/13/13	Retail Sales Ex Auto MoM
3/13/13	Retail Sales Ex Auto and Gas
3/13/13	Retail Sales Control Group
3/13/13	Business Inventories
3/13/13	Monthly Budget Statement
3/14/13	PPI MoM
3/14/13	PPI Ex Food and Energy MoM
3/14/13	PPI YoY
3/14/13	PPI Ex Food and Energy YoY
3/14/13	Initial Jobless Claims
3/14/13	Continuing Claims
3/14/13	Current Account Balance
3/14/13	Bloomberg Consumer Comfort
3/14/13	Bloomberg March United States Economic Survey (Table)
3/15/13	Empire Manufacturing
3/15/13	CPI MoM
3/15/13	CPI Ex Food and Energy MoM
3/15/13	CPI YoY
3/15/13	CPI Ex Food and Energy YoY
3/15/13	CPI Core Index SA
3/15/13	CPI Index NSA
3/15/13	Total Net TIC Flows
3/15/13	Net Long-term TIC Flows
3/15/13	Industrial Production MoM
3/15/13	Capacity Utilization
3/15/13	Manufacturing (SIC) Production
3/15/13	U. of Mich. Sentiment

Table A.3: Macroeconomic Data Releases in the Three-Day Window Surrounding the Release of the DFAST Results on 03/05/2015

3/4/15	MBA Mortgage Applications
3/4/15	ADP Employment Change
3/4/15	Revisions: ADP National Employment Report
3/4/15	Markit US Composite PMI
3/4/15	Markit US Services PMI
3/4/15	ISM Non-Manf. Composite
3/4/15	U.S. Federal Reserve Releases Beige Book
3/5/15	Challenger Job Cuts YoY
3/5/15	Weather Closes US Govt in Wash. DC; Data releases w/delay.
3/5/15	Nonfarm Productivity
3/5/15	Unit Labor Costs
3/5/15	Initial Jobless Claims
3/5/15	Continuing Claims
3/5/15	Bloomberg Consumer Comfort
3/5/15	Factory Orders
3/6/15	U.S. Payrolls Data Face Delay as Weather Hinders DC Opening
3/6/15	Change in Nonfarm Payrolls
3/6/15	Two-Month Payroll Net Revision
3/6/15	Change in Private Payrolls
3/6/15	Change in Manufact. Payrolls
3/6/15	Unemployment Rate
3/6/15	Average Hourly Earnings MoM
3/6/15	Average Hourly Earnings YoY
3/6/15	Average Weekly Hours All Employees
3/6/15	Underemployment Rate
3/6/15	Change in Household Employment
3/6/15	Labor Force Participation Rate
3/6/15	Trade Balance
3/6/15	Consumer Credit

Table A.4: Macroeconomic Data Releases in the Three-Day Window Surrounding the Release of the CCAR Results on 03/11/2015

3/10/15	NFIB Small Business Optimism
3/10/15	Wholesale Inventories MoM
3/10/15	Wholesale Trade Sales MoM
3/10/15	JOLTS Job Openings
3/10/15	Revisions: JOLTS Job Openings
3/11/15	MBA Mortgage Applications
3/12/15	Retail Sales Advance MoM
3/12/15	Retail Sales Ex Auto MoM
3/12/15	Retail Sales Ex Auto and Gas
3/12/15	Retail Sales Control Group
3/12/15	Initial Jobless Claims
3/12/15	Continuing Claims
3/12/15	Import Price Index MoM
3/12/15	Import Price Index YoY
3/12/15	Bloomberg March United States Economic Survey (Table)
3/12/15	Bloomberg Consumer Comfort
3/12/15	Business Inventories
3/12/15	Household Change in Net Worth
3/12/15	Monthly Budget Statement

B   Robustness of the Regression Results

This section of the appendix includes additional regression results for two types of sensitivity analysis. The first type considers alternative specifications keeping the change in tier 1 minimum capital across stress test cycles as the surprise measure for the event studies. The second type of sensitivity analysis considers alternative surprise measures. In sum, the baseline results are strikingly robust.

B.1   Sensitivity Analysis: Alternative Regression Specifications

- For ease of comparison, tables A.5 and A.6 report again the baseline results included in the main paper.

- The results in tables A.7 and A.8 are for regression specification identical to the baseline, but report p-values calculated with standard errors that are clustered at the bank level. All the coefficients that were significant at standard levels in the baseline specification, based on standard errors that are robust to heteroscedasticity, remain significant with clustered standard errors at the bank level.

- Under CCAR, firms had a chance to reduce their proposed capital distributions to avoid a stressed capital minimum that fell short of the statutory ratios. The change in tier 1 capital minimum from DFAST to CCAR in our baseline specification is based on the CCAR minimum under the original plans. However, the regression includes a term for the forced decrease in payouts when firms resubmitted capital plans with lower distributions. For the results shown in Table A.9, we compute the change in tier 1 capital minimum across DFAST and CCAR with the CCAR minimum for the revised plans and exclude the term that captures the forced reduction in capital distributions. The results are little changed quantitatively and unchanged qualitatively.

- The samples for the CCAR regressions and the DFAST regressions have different number of observations, complicating the comparison of results. The CCAR regressions have more observations because we do not need to compute the change in tier-1 minimum capital across stress test cycles. Moreover, we do not need to drop 2016 for the CCAR regressions—remember that the release of the DFAST results coincided with the announcement of the results for the Brexit referendum. The results in Table A.10 are for a regression that uses only observations with counterparts across DFAST and CCAR samples. With this change, the coefficient on the objection dummy is even more statistically significant. There are no other major changes of note.

B.2 Sensitivity Analysis: Alternative Surprise Measures

- The results using the tier 1 leverage ratio in tables A.11 and A.12 and the results using the total risk-based capital ratio in tables A.13 and A.14 are even closer to the results for our baseline specification. The response to the surprise measures continues to be significant across the board for the DFAST regressions and insignificant for the CCAR regressions. Furthermore objections or non-approvals depress stock returns after the CCAR result releases in a statistically significant way but do not induce a significant response in CDS spreads.

- Switching to CET1 capital to compute the surprise measure included in our regressions compresses the number of observations as this capital measure was introduced by Basel III and became available for the banks included in our sample starting 2015. Focusing on the results for DFAST in Table A.15, despite the smaller sample, the coefficient on our surprise measure, the change in CET1 minimum across cycles in this case, remains significant for the regressions in columns (1), (3) and (4) and is almost significant for the regression in column (2).

Table A.5: DFAST: Baseline Specification

	(1) Stock returns	(2) Stock returns	(3) ΔCDS spreads	(4) ΔCDS spreads
DFAST-CCAR(-1) minimum	0.216* (0.017)	0.217* (0.017)	-0.383** (0.005)	-0.407** (0.004)
DFAST-CCAR(-1) start	0.0710 (0.393)	0.0776 (0.334)	-0.212 (0.174)	-0.162 (0.310)
Starting capital	-0.236* (0.015)	-0.236* (0.015)	0.340+ (0.059)	0.342+ (0.060)
Objection or non-approval, lagged		-0.0660 (0.749)		-0.446 (0.434)
r2	0.634	0.634	0.422	0.424
N	102	102	93	93

p-values in parentheses
$^+$ $p < 0.1$, * $p < 0.05$, ** $p < 0.01$

Note: The dependent variables in the panel regressions in columns (1) and (2) are overnight returns surrounding DFAST announcements; columns (3) and (4) are for changes in CDS spreads at the end of the day of the DFAST announcements relative to the end of the day prior. *DFAST-CCAR min.* is the difference between the current year DFAST and the previous year CCAR minimum value of the tier 1 capital ratio over the nine-quarter assessment period used in the U.S. stress tests. *DFAST-CCAR(-1) start* is the difference between the starting level of the tier 1 capital ratio across cycles. *Starting capital* is the starting level of the tier 1 capital ratio. *Objections or non-approvals, lagged* is a dummy that assumes value one if the capital plans were objected to or not approved in the previous year CCAR. All the regressions include banks and year fixed effects. In parentheses we report the p-values where $+p < 0.1$, *$p < 0.05$, **$p < 0.01$. These values are based on standard errors that are robust to heteroscedasticity.

Table A.6: CCAR: Baseline Specification

	(1) Stock returns	(2) Stock returns	(3) Δ CDS spreads	(4) Δ CDS spreads
DFAST-CCAR	0.0629	0.0401	-0.266	-0.269
minimum	(0.620)	(0.724)	(0.463)	(0.459)
Forced decrease	0.311	0.324	-0.301	-0.368
in payouts	(0.438)	(0.347)	(0.570)	(0.486)
Starting capital	0.305*	0.170+	0.114	0.144
	(0.015)	(0.083)	(0.718)	(0.659)
Objections or		-2.145**		0.532
non-approvals		(0.000)		(0.450)
r2	0.590	0.717	0.524	0.527
N	150	150	111	111

Note: The dependent variables in the panel regressions in columns (1) and (2) are overnight stock returns surrounding CCAR announcements; columns (3) and (4) are for changes in CDS spreads at the end of the day of the CCAR announcements relative to end of the day prior. *DFAST-CCAR min.* is the difference between the current year DFAST and CCAR minimum value of the tier 1 capital ratio over the nine-quarter assessment period used in the U.S. stress tests. *Forced decrease in payouts* is the difference between the tier 1 capital minimum in the final capital plan submission and the original submission. *Starting capital* is the starting level of the tier 1 capital ratio. *Objections or non-approvals* is a dummy that assumes value one if the capital plans were objected to or not approved. All the regressions include banks and year fixed effects. In parentheses, we report the p-values where $+p < 0.1$, $*p < 0.05$, $**p < 0.01$. These values are based on standard errors that are robust to heteroscedasticity.

Table A.7: DFAST: Sensitivity, Clustered Standard Errors

	(1) Stock returns	(2) Stock returns	(3) Δ CDS spreads	(4) Δ CDS spreads
DFAST-CCAR min.	0.216^+	0.217^+	-0.383^*	-0.407^*
	(0.052)	(0.057)	(0.015)	(0.014)
DFAST-CCAR(-1) start	0.0710	0.0776	-0.212	-0.162
	(0.377)	(0.325)	(0.162)	(0.278)
Starting capital	-0.236^{**}	-0.236^{**}	0.340^*	0.342^+
	(0.005)	(0.007)	(0.039)	(0.052)
Objections or non-approvals, lagged		-0.0660		-0.446
		(0.776)		(0.528)
r2	0.634	0.634	0.422	0.424
N	102	102	93	93

p-values in parentheses
$^+$ $p < 0.1$, * $p < 0.05$, ** $p < 0.01$

Note: The dependent variables in the panel regressions in columns (1) and (2) are overnight returns surrounding DFAST announcements; columns (3) and (4) are for changes in CDS spreads at the end of the day of the DFAST announcements relative to the end of the day prior. *DFAST-CCAR min.* is the difference between the current year DFAST and the previous year CCAR minimum value of the tier 1 capital ratio over the nine-quarter assessment period used in the U.S. stress tests. *DFAST-CCAR(-1) start* is the difference between the starting level of the tier 1 capital ratio across cycles. *Starting capital* is the starting level of the tier 1 capital ratio. *Objections or non-approvals, lagged* is a dummy that assumes value one if the capital plans were objected to or not approved in the previous year CCAR. All the regressions include banks and year fixed effects. In parentheses we report the p-values where $+p < 0.1$, $^*p < 0.05$, $^{**}p < 0.01$. These values are based on errors clustered by banks.

Table A.8: CCAR: Sensitivity, Clustered Standard Errors

	(1) Stock returns	(2) Stock returns	(3) Δ CDS spreads	(4) Δ CDS spreads
DFAST-CCAR min.	0.0629	0.0401	-0.266	-0.269
	(0.699)	(0.763)	(0.504)	(0.499)
Forced decrease in payouts	0.311	0.324	-0.301	-0.368
	(0.595)	(0.482)	(0.224)	(0.153)
Starting capital	0.305$^+$	0.170*	0.114	0.144
	(0.073)	(0.043)	(0.737)	(0.675)
dummy_sum		-2.145**		0.532
		(0.002)		(0.412)
r2	0.590	0.717	0.524	0.527
N	150	150	111	111

Note: The dependent variables in the panel regressions in columns (1) and (2) are overnight stock returns surrounding CCAR announcements; columns (3) and (4) are for changes in CDS spreads at the end of the day of the CCAR announcements relative to end of the day prior. *DFAST-CCAR min.* is the difference between the current year DFAST and CCAR minimum value of the tier 1 capital ratio over the nine-quarter assessment period used in the U.S. stress tests. *Forced decrease in payouts* is the difference between the tier 1 capital minimum in the final capital plan submission and the original submission. *Starting capital* is the starting level of the tier 1 capital ratio. *Objections or non-approvals* is a dummy that assumes value one if the capital plans were objected to or not approved. All the regressions include banks and year fixed effects. In parentheses, we report the *p*-values where $+p < 0.1$, $^*p < 0.05$, $^{**}p < 0.01$. These values are based on errors clustered by banks.

Table A.9: CCAR: Sensitivity, Surprise Based on Adjusted Capital

	(1) Stock returns	(2) Stock returns	(3) ΔCDS spreads	(4) ΔCDS spreads
DFAST-CCAR minimum	0.0789 (0.530)	0.0558 (0.618)	-0.164 (0.678)	-0.163 (0.680)
Starting capital	0.299* (0.018)	0.164+ (0.095)	0.0325 (0.927)	0.0357 (0.922)
Objections or non-approvals		-2.145** (0.000)		0.0849 (0.916)
r2	0.588	0.715	0.506	0.506
N	150	150	111	111

Note: The dependent variables in the panel regressions in columns (1) and (2) are overnight stock returns surrounding CCAR announcements; columns (3) and (4) are for changes in CDS spreads at the end of the day of the CCAR announcements relative to end of the day prior. *change_tier1_capital_min_adj_rat* is the difference between the current year DFAST and CCAR minimum value of the final tier 1 capital ratio (i.e., revised in reaction to the evaluation of the FED) over the nine-quarter assessment period used in the U.S. stress tests. *Starting capital* is the starting level of the tier 1 capital ratio. *Objections or non-approvals* is a dummy that assumes value one if the capital plans were objected to or not approved. All the regressions include banks and year fixed effects. In parentheses, we report the *p*-values where $+p < 0.1$, $*p < 0.05$, $**p < 0.01$. These values are based on standard errors that are robust to heteroscedasticity.

Table A.10: CCAR: Sensivity, Shorter CCAR Sample Matching the DFAST Sample

	(1) Stock returns	(2) Stock returns	(3) ΔCDS spreads	(4) ΔCDS spreads
DFAST-CCAR minimum	0.165 (0.421)	0.114 (0.522)	-0.311 (0.481)	-0.308 (0.488)
Forced decrease in payouts	-0.281 (0.642)	0.0647 (0.898)	1.771^+ (0.059)	1.731^+ (0.074)
Starting capital	0.278^+ (0.094)	0.147 (0.303)	0.0958 (0.782)	0.103 (0.771)
Objections or non-approvals		-2.610** (0.001)		0.196 (0.817)
r2	0.560	0.712	0.452	0.453
N	102	102	92	92

Note: The dependent variables in the panel regressions in columns (1) and (2) are overnight stock returns surrounding CCAR announcements; columns (3) and (4) are for changes in CDS spreads at the end of the day of the CCAR announcements relative to end of the day prior. *DFAST-CCAR min.* is the difference between the current year DFAST and CCAR minimum value of the tier 1 capital ratio over the nine-quarter assessment period used in the U.S. stress tests. *Forced decrease in payouts* is the difference between the tier 1 capital minimum in the final capital plan submission and the original submission. *Starting capital* is the starting level of the tier 1 capital ratio. *Objections or non-approvals* is a dummy that assumes value one if the capital plans were objected to or not approved. All the regressions include banks and year fixed effects. In parentheses, we report the *p*-values where $+p < 0.1$, *$p < 0.05$, **$p < 0.01$. These values are based on standard errors that are robust to heteroscedasticity.

Table A.11: DFAST: Sensitivity, Surprise Based on the Tier 1 Leverage Ratio

	(1)	(2)	(3)	(4)
	Stock returns	Stock returns	ΔCDS spreads	ΔCDS spreads
DFAST-CCAR	0.248^{+}	0.249^{+}	-0.507^{**}	-0.543^{**}
minimum	(0.091)	(0.093)	(0.005)	(0.005)
DFAST-CCAR(-1)	0.0590	0.0565	-0.291	-0.230
start	(0.546)	(0.560)	(0.380)	(0.458)
Starting leverage	-0.117	-0.115	0.821^{+}	0.802^{+}
	(0.391)	(0.413)	(0.094)	(0.094)
Objections or		0.0505		-0.424
non-approvals, (-1)		(0.844)		(0.421)
r2	0.569	0.569	0.434	0.436
N	102	102	93	93

p-values in parentheses
$^{+}$ $p < 0.1$, * $p < 0.05$, ** $p < 0.01$

Note: The dependent variables in the panel regressions in columns (1) and (2) are overnight returns surrounding DFAST announcements; columns (3) and (4) are for changes in CDS spreads at the end of the day of the DFAST announcements relative to the end of the day prior. *DFAST-CCAR min.* is the difference between the current year DFAST and the previous year CCAR minimum value of the tier 1 leverage ratio over the nine-quarter assessment period used in the U.S. stress tests. *DFAST-CCAR(-1) start* is the difference between the starting level of the tier 1 leverage ratio across cycles. *Starting leverage* is the starting level of the tier 1 leverage ratio. *Objections or non-approvals, lagged* is a dummy that assumes value one if the capital plans were objected to or not approved in the previous year CCAR. All the regressions include banks and year fixed effects. In parentheses we report the p-values where $+p < 0.1$, $*p < 0.05$, $**p < 0.01$. These values are based on standard errors that are robust to heteroscedasticity.

Table A.12: CCAR: Sensitivity, Surprise Based on the Tier 1 Leverage Ratio

	(1) Stock returns	(2) Stock returns	(3) Δ CDS spreads	(4) Δ CDS spreads
DFAST-CCAR min.	0.0877	0.0166	-0.570	-0.565
	(0.611)	(0.911)	(0.251)	(0.254)
Starting leverage	0.391^*	0.244^+	0.376	0.424
	(0.045)	(0.050)	(0.421)	(0.370)
Forced change in payouts	0.408	0.431	-0.209	-0.309
	(0.427)	(0.318)	(0.759)	(0.648)
Objections or non-approvals		-2.178^{**}		0.611
		(0.000)		(0.378)
r2	0.581	0.715	0.534	0.537
N	150	150	111	111

Note: The dependent variables in the panel regressions in columns (1) and (2) are overnight stock returns surrounding CCAR announcements; columns (3) and (4) are for changes in CDS spreads at the end of the day of the CCAR announcements relative to end of the day prior. *DFAST-CCAR min.* is the difference between the current year DFAST and CCAR minimum value of the tier 1 leverage ratio over the nine-quarter assessment period used in the U.S. stress tests. *Forced decrease in payouts* is the difference between the tier 1 leverage minimum in the final capital plan submission and the original submission. *Starting leverage* is the starting level of the tier 1 leverage ratio. *Objections or non-approvals* is a dummy that assumes value one if the capital plans were objected to or not approved. All the regressions include banks and year fixed effects. In parentheses, we report the p-values where $+p < 0.1$, $*p < 0.05$, $**p < 0.01$. These values are based on standard errors that are robust to heteroscedasticity.

Table A.13: DFAST: Sensitivity, Surprise Based on the Total Risk-Based Capital Ratio

| | (1) | (2) | (3) | (4) |
	Stock returns	Stock returns	ΔCDS spreads	ΔCDS spreads
DFAST-CCAR	0.196*	0.196*	-0.378**	-0.399**
minimum	(0.014)	(0.015)	(0.006)	(0.007)
DFAST-CCAR(-1)	0.0474	0.0483	-0.299+	-0.277+
start	(0.450)	(0.407)	(0.091)	(0.096)
Starting capital	-0.164*	-0.164*	0.208	0.225
	(0.035)	(0.039)	(0.188)	(0.174)
Objections or		-0.0130		-0.417
non-approvals, (-1)		(0.951)		(0.455)
r2	0.627	0.627	0.433	0.435
N	102	102	93	93

p-values in parentheses
$^{+}$ $p < 0.1$, * $p < 0.05$, ** $p < 0.01$

Note: The dependent variables in the panel regressions in columns (1) and (2) are overnight returns surrounding DFAST announcements; columns (3) and (4) are for changes in CDS spreads at the end of the day of the DFAST announcements relative to the end of the day prior. *DFAST-CCAR min.* is the difference between the current year DFAST and the previous year CCAR minimum value of the total risk-based capital ratio over the nine-quarter assessment period used in the U.S. stress tests. *DFAST-CCAR(-1) start* is the difference between the starting level of the total risk-based capital ratio across cycles. *Starting capital* is the starting level of the total risk-based capital ratio. *Objections or non-approvals, lagged* is a dummy that assumes value one if the capital plans were objected to or not approved in the previous year CCAR. All the regressions include banks and year fixed effects. In parentheses we report the p-values where $+p < 0.1$, *$p < 0.05$, **$p < 0.01$. These values are based on standard errors that are robust to heteroscedasticity.

Table A.14: CCAR: Sensitivity, Surprise Based on the Total Risk-Based Capital Ratio

	(1) Stock returns	(2) Stock returns	(3) Δ CDS spreads	(4) Δ CDS spreads
DFAST-CCAR min.	0.0906	0.0417	-0.337	-0.333
	(0.451)	(0.660)	(0.246)	(0.254)
Starting capital	0.169*	0.119+	0.0535	0.0579
	(0.046)	(0.083)	(0.816)	(0.803)
Forced change in payouts	0.619	0.536	-0.204	-0.255
	(0.158)	(0.139)	(0.690)	(0.626)
Objections or non-approvals		-2.198**		0.404
		(0.000)		(0.544)
r2	0.580	0.718	0.525	0.527
N	150	150	111	111

Note: The dependent variables in the panel regressions in columns (1) and (2) are overnight stock returns surrounding CCAR announcements; columns (3) and (4) are for changes in CDS spreads at the end of the day of the CCAR announcements relative to end of the day prior. *DFAST-CCAR min.* is the difference between the current year DFAST and CCAR minimum value of the total risk-based capital ratio over the nine-quarter assessment period used in the U.S. stress tests. *Forced decrease in payouts* is the difference between the total risk-based capital ratio minimum in the final capital plan submission and the original submission. *Starting capital* is the starting level of total risk-based capital ratio. *Objections or non-approvals* is a dummy that assumes value one if the capital plans were objected to or not approved. All the regressions include banks and year fixed effects. In parentheses, we report the p-values where $+p < 0.1$, $*p < 0.05$, $**p < 0.01$. These values are based on standard errors that are robust to heteroscedasticity.

Table A.15: DFAST: Sensitivity, Surprise Based on the CET1 Capital Ratio

| | (1) | (2) | (3) | (4) |
	Stock returns	Stock returns	ΔCDS spreads	ΔCDS spreads
DFAST-CCAR	0.0988^{+}	0.0585	-0.707^{**}	-0.739^{**}
minimum	(0.056)	(0.158)	(0.000)	(0.000)
DFAST-CCAR(-1)	0.123	0.0634	-0.0468	0.00777
start	(0.181)	(0.439)	(0.743)	(0.963)
Starting capital	-0.151	-0.105	0.190	0.164
	(0.153)	(0.235)	(0.237)	(0.354)
Objections or		0.437^{*}		-0.412
non-approvals, (-1)		(0.012)		(0.370)
r2	0.790	0.821	0.854	0.859
N	60	60	53	53

p-values in parentheses
$^{+}$ $p < 0.1$, * $p < 0.05$, ** $p < 0.01$

Note: The dependent variables in the panel regressions in columns (1) and (2) are overnight stock returns surrounding CCAR announcements; columns (3) and (4) are for changes in CDS spreads at the end of the day of the CCAR announcements relative to end of the day prior. *DFAST-CCAR min.* is the difference between the current year DFAST and CCAR minimum value of the CET1 capital ratio over the nine-quarter assessment period used in the U.S. stress tests. *Forced decrease in payouts* is the difference between the CET1 capital minimum in the final capital plan submission and the original submission. *Starting capital* is the starting level of the CET1 capital ratio. *Objections or non-approvals* is a dummy that assumes value one if the capital plans were objected to or not approved. All the regressions include banks and year fixed effects. In parentheses, we report the p-values where $+p < 0.1$, $^{*}p < 0.05$, $^{**}p < 0.01$. These values are based on standard errors that are robust to heteroscedasticity. N.B.: There are fewer observations than for the baseline specification with tier 1 capital because CET1 capital was introduced as a new measure by Basel III. It became available for the banks included in our sample starting in 2015.

Table A.16: CCAR: Sensitivity, Surprise Based on the CET1 Capital Ratio

	(1) Stock returns	(2) Stock returns	(3) Δ CDS spreads	(4) Δ CDS spreads
DFAST-CCAR min.	0.156	0.110	-0.0462	-0.0390
	(0.333)	(0.387)	(0.911)	(0.926)
Starting capital	0.144	0.0612	-0.125	-0.146
	(0.402)	(0.669)	(0.708)	(0.671)
Forced decrease in payouts	-0.449	-0.0121	0.590	0.711
	(0.552)	(0.983)	(0.607)	(0.566)
Objections or non-approvals		-1.812**		-0.339
		(0.000)		(0.733)
r2	0.563	0.681	0.525	0.526
N	98	98	71	71

Note: The dependent variables in the panel regressions in columns (1) and (2) are overnight stock returns surrounding CCAR announcements; columns (3) and (4) are for changes in CDS spreads at the end of the day of the CCAR announcements relative to end of the day prior. *DFAST-CCAR min.* is the difference between the current year DFAST and CCAR minimum value of the CET1 capital ratio over the nine-quarter assessment period used in the U.S. stress tests. *Forced decrease in payouts* is the difference between the CET1 capital minimum in the final capital plan submission and the original submission. *Starting capital* is the starting level of the CET1 capital ratio. *Objections or non-approvals* is a dummy that assumes value one if the capital plans were objected to or not approved. All the regressions include banks and year fixed effects. In parentheses, we report the *p*-values where $+p < 0.1$, $*p < 0.05$, $**p < 0.01$. These values are based on standard errors that are robust to heteroscedasticity. N.B.: There are fewer observations than for the baseline specification with tier 1 capital because CET1 capital was introduced as a new measure by Basel III. It became available for the banks included in our sample starting in 2015.