AGGRESSIVE CEOS AND BANK MERGERS AND ACQUISITIONS

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Aggressive CEOs and Bank Mergers and Acquisitions

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CERTIFICATE OF ORIGINALITY

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Abstract

The U.S. bank industry has seen a series of merger waves since 1980s. Despite of significant interest on determinants of these merger waves, little empirical research has examined the role of CEOs in influencing banks' mergers and acquisitions (M&As). This paper studies the effect of CEOs' aggressive attitude inherited from their countries of origin on bank M&As. CEOs play an important role in M&A deals because they have more involvement in M&As. Using the inter-state war data, I construct a new measure of bank CEOs' innate attitude of aggressiveness derived from their ancestry culture, and CEOs' countries of origin are identified from their surnames. I find that aggressive CEOs are more likely to acquire other banks during 1986 – 2015 period. Robustness tests show that the association still holds when using alternative measures for CEOs' aggressive attitude. Moreover, empirical evidence supports that long-term market perceptions are positively associated with CEOs' aggressive attitude in acquiring banks. It implies that the market values aggressive CEOs in bank M&As. In addition, this paper examines the effects of family environment and individualism culture on the association between CEO's aggressive attitude and bank M&As. The effect of CEOs' aggressive attitude cultivated in their cultural heritage is strengthened by family environment but weakened by individualism culture.

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1. Introduction

Aggressive CEOs are not rare. CEO's aggressiveness can be born in nature and can be observed in their leadership or corporate actions. For example, Dennis Kozlowski, Tyco International's CEO during the period from 1992 to 2002 was reported as the most aggressive CEO by Bloomberg in 2001 in the unexpected acquisition of CIT Group.[1] Even though CIT is the nation's largest independent commercial finance company, the acquisition of CIT is considered as a very risky action for Kozlowski to enter an unfamiliar and highly competitive industry. Obviously, Tyco, as a security systems company, has limited experience in financial industry. The acquisition of CIT turns out to be a drop in the ocean. The ambition of Kozlowski is obvious - he made over 120 acquisitions and spent $53 billion while he was serving as CEO of Tyco. In fact, aggressive CEOs can affect not only external, but also internal corporate actions. Mark Pincus, CEO of Zynga, imposes his aggressive attitudes on staff. In 2011, he was reported to track employee performance analytics and set harsh deadlines to his employees repeatedly.

Even though a large amount of news and articles reveal many aggressive CEOs, there is no exact definition of CEOs' aggressive attitude. This paper defines CEOs' aggressive attitude as the extent to which CEOs take initiative, combative, and enterprising corporate actions based on the definition of 'aggressive' in The Merriam Webster Dictionary[2]. Moreover, there is no conclusion on the consequence of having aggressive CEOs. Ray Zinn, former CEO of Micrel, in an interview discussing if it's better to have an aggressive CEO says that an aggressive CEO makes a big difference.[3] However, there is no empirical evidence on what aggressive CEOs bring to firms.

[1] The Most Aggressive CEO: https://www.bloomberg.com/news/articles/2001-05-27/the-most-aggressive-ceo

[2] The Merriam Webster Dictionary defines aggressive as: 1. tending toward or exhibiting aggression esp. marked by combative readiness. 2. marked by driving energy or initiative: enterprising. 3. more intensive or comprehensive esp. in dosage or extent.

[3] Zinn: An aggressive CEO makes a big difference: https://www.embedded-computing.com/lessons-from-a-leader/zinn-an-aggressive-ceo-makes-a-big-difference-3

Moreover, what drives CEOs' aggressiveness? This paper discusses the above questions from the aspect of CEOs' cultural beliefs and values.

I focus on CEOs' aggressive attitude inherited from their countries of origin. When individuals immigrate from their home country to another country, their cultural beliefs and values are kept, but their external economic and institutional environment is left behind (Fernández 2011). In addition, immigrants not only bring their cultural beliefs and values to the new country, they also transmit their cultural beliefs and values to their descendants (Guiso et al. 2006). Culture is defined as 'systematic differences in preferences and beliefs across either socially or geographically differentiated groups' by Fernandez and Fogli (2009). CEOs' aggressive attitude, inherited from their countries of origin, is a cultural difference because aggressiveness varies across different nations and cultures. For example, Margalit and Mauger (1985) study the cross-cultural difference in aggressive attitudes between Americans and Israelis using survey data, and find that Israelis are more aggressive than Americans. Then, CEOs' aggressive attitude could be measured by a cultural proxy developed from their countries of origin.

CEOs' aggressive attitude in our context is distinct from CEO characteristics. Prior research has studied different dimensions of CEOs' characteristics. For example, managerial overconfidence distorts corporate investments (Malmendier and Tate 2005), post-retirement concerns are important CEO incentives (Brickley et al. 1999), and CEO optimism affects corporate financial policies (Graham et al. 2013). These characteristics are documented to be associated with a series of corporate actions, including M&As. For example, over confident CEOs are more likely to make acquisitions because they overestimate their ability to profit (Malmendier and Tate 2008), and target CEOs close to retirement are more likely to receive takeover bids (Jenter and Lewellen 2015). However, CEOs' aggressive attitude I focus on is culture heritage, and it varies across

nations and cultures. Moreover, CEOs' aggressive attitude is a collective concept, but CEO characteristics is an individual concept and it varies across individuals. That is, I focus on CEOs' aggressive attitude, which is innate and intrinsically determined, rather than acquired CEO characteristics.

I focus on M&As because M&As are corporate actions that can be easily affected by an aggressive CEO. Firstly, CEOs play an important role and have more involvement in M&A deals than other corporate actions. Moreover, aggressive CEOs pursue ambition and prestige power, rather than enjoying a quiet life. Thus, more aggressive CEOs are more likely to make acquisitions. Secondly, studies on determinants of M&A document that there exist agency costs in M&As (Jensen 1986, 1993). Thus, CEOs may make acquisitions for other reasons, like empire-building, overconfidence, rather than value-maximizing. Thus, CEOs' aggressive attitude is a possible explanation for M&As.

I focus on bank industry because M&As among banks is an important topic which is understudied. Firstly, bank M&A activities have been active since 1990s in the U.S. (see Appendix D), but prior research shows mixed evidence on the determinants of bank M&As. Berger et al. (1999) and DeYoung et al. (2009) summarize the causes of bank M&As as financial and technological innovation, financial condition, deregulation, and international consolidation. Moreover, prior empirical work attributes bank M&As to value-maximizing drivers, such as cost efficiency (Berger and Humphrey 1992), profitability improvements (Knapp et al. 2006), and positive revaluations of bidders and targets (Houston et al. 2001). However, research on post-M&A performance shows mixed results. Pervasive research shows that market reactions around M&As are negative (Houston and Ryngaert 1994) and bank performances following M&As are not improved (Knapp et al. 2005). Thus, investigating the non-value maximizing motives for bank M&A is of interest.

Other work focuses on non-value maximizing drivers of bank M&As. That is, CEOs engage in M&As for maximizing their own utility at the expense of shareholders, which is consistent with agency theory. Bank M&As are documented to be associated with CEO compensation (Bliss and Rosen 2001) and managerial ownership (Hughes et al. 2003). Therefore, it's of interest to study the determinant of bank M&As. Secondly, bank M&As is important and can have effects on the whole financial system. M&As make banks larger and larger, which leads banks to be "too big to fail", and larger banks could increase the systematic risk in financial system. For example, prior study finds that the consolidation of financial institutions is positively associated with the exposure to systematic risk (Mishkin 1999; De Nicolo and Kwast 2002). Studying the determinants of bank M&As is helpful to understand the causes and consequences of the consolidation of financial institutions.

To measure CEOs' aggressive attitude, I rely on inter-state wars data of CEOs' countries of origin. I construct an aggressive attitude index for each country according to the total number of inter-state wars initiated by this country. Inter-state war database covers 95 inter-state wars occur from 1823 to 2003 among 105 territory entities. Each war is assigned a weight based on its pervasiveness, and the aggressiveness index is calculated as the weighted accumulated number of inter-state wars. Specifically, the weight is calculated as the ratio of battle death to total population in the year of the war. A country with higher values in aggressiveness index is considered as having more aggressive culture. Therefore, a CEO is considered more aggressive if his or her countries of origin are more aggressive. Even though CEOs in my sample do not all grow up in the U.S., cultural beliefs and values of their countries of origin travel with them. Moreover, these cultural beliefs and values can be passed down from ancestries to descendants (Fernandez and Fogli 2009; Guiso

et al. 2006). It's, therefore, reasonable to measure CEOs' aggressive attitude by their ancestry countries' aggressive culture.

There are a few reasons to use wars to measure CEOs' aggressive attitude. Firstly, according to Van Creveld (2009), human aggressiveness is a main cause of conflict and the key cause of wars. Thus, wars are associated with aggressiveness and a country is more related to aggressive culture if it initiates more wars. Secondly, initiating a war is a M&A-like activity because both wars and M&As intend to expand. Then, it's reasonable to use wars to proxy for CEOs' aggressive attitude in making M&As. More importantly, there is an empirical advantage in using wars to proxy for CEO's aggressive attitude. Research on CEOs (e.g. CEO characteristics) commonly suffer from endogeneity issue. However, the proxy based on historical wars is less concerned on endogeneity problem.

To identify CEOs' countries of origin, I utilize a database, *New York Passenger and Crew Lists*, that records the personal information of passengers arrive in the port of New York between 1820 and 1957. Each record in the database has a passenger's full name and nationality. I match CEOs' surname with those passengers who have the same surname and get the countries of origin of a surname. Then, I use the weighted aggressiveness index of countries of origin to capture the aggressive attitude of a surname or an individual. The technology that uses surnames to identify countries of origin and the reliability of this technology has been documented in Pan et al. (2019). Then, each CEO has the weighted measure of aggressiveness with respect to his or her surname.

Empirical evidence in this paper finds that more aggressive CEOs are more likely to acquire other banks. That is, CEOs whose countries of origin initiated more inter-state wars are more aggressive in M&As. Both OLS regression and Probit regression show consistent results on the positive association between CEOs' aggressive attitude and bank M&As. Specifically, one standard

deviation increase (1.477) in CEOs' aggressive attitude is associated with 5.33% increase in the likelihood that CEOs acquire other banks. The effect of CEOs' aggressive attitude on bank M&As is comparable to that of bank size, and the magnitude of the marginal effect of CEOs' aggressive attitude is around half that of bank size (11.83%).

I also find that the market participants capture aggressive CEOs' effect in a long run. I examine the long-term cumulative abnormal return 30, 90, and 180 days after the effective merger date. Acquiring banks with more aggressive CEOs have a higher long-term cumulative abnormal return than non-acquiring banks. There is no significant difference in long-term cumulative abnormal return between acquiring and non-acquiring banks if I don't control for CEOs' aggressive attitude. It implies that the market participants value aggressive CEOs in bank M&A deals.

I examine the mechanism behind the effect of CEOs' aggressive attitude and find that family environment is an important channel. Parents who give their children first names with the same countries of origin as surnames put more efforts on transmitting their cultural beliefs and values. If first names and surnames share the same countries of origin, CEOs are expected to inherit more cultural beliefs and values from their countries of origin. The empirical evidence supports the argument and I find that the association between CEOs' aggressive attitude and bank M&As are more positive if CEOs' first names and surnames share more countries of origin. In addition, I find that individualism culture could weaken the effect of CEOs' aggressive attitude because CEOs are less likely to impose their personal values and beliefs on corporate actions if they are more related to individualism culture.

This paper contributes to the literature on determinants of bank M&As. This paper documents that CEOs' aggressive attitude is one explanation for bank M&As. As cultural beliefs and values, CEOs' aggressiveness is positively associated with bank M&As. In addition, this paper adds to the

literature on CEOs' effects on corporate actions, as well as the literature on the economic outcome of CEOs' cultural beliefs and values. Firstly, culture has significant effects on economics outcomes. Culture explains economic growth differences across countries (Barro and McCleary 2003; Tabellini 2010), and the design of labor market institutions (Algan and Cahuc 2010). Secondly, there exists limited evidence regarding economic and financial outcomes of CEOs' cultural beliefs and values. Ellahie et al. (2017) study the effect of inherited beliefs and values on CEO pay by examining CEOs' ethnicity. They document that there exists an ethnicity effect in CEO pay and performance-firing sensitivities. Jenter and Lewellen (2015) examine CEOs' retirement preferences on takeovers and they document that the likelihood of receiving a successful takeover bid is sharply higher when target CEOs are close to age 65. Liu (2016) studies the corporate insiders' corruption culture by examining corruption index in their country of ancestry and find that insiders' corruption culture is associated with firm misconducting, like earnings management, accounting fraud, option backdating, and opportunistic insider trading. A more related research to our paper is Pan et al. (2019), which discusses the consequence of CEOs' uncertainty avoidance attitude cultivated in their cultural background. They find that more uncertainty-avoiding CEOs are less likely to make acquisitions. My paper examines the economic outcome of CEOs' cultural beliefs and values in terms of aggressiveness. I find that more aggressive CEOs are more likely to acquires other banks.

2. Data and Sample Selection

2.1. Bank M&As

My final sample of bank M&As consists of 730 unique bank-year observations, including 255 bank-year observations with M&As and a matched sample of 475 bank-year observations without M&As. I start from M&A data from Federal Reserve Bank of Chicago, which covers 5,739 bank

M&A events span from 1976 to 2015. Firstly, I keep M&As between two banks who have different parent bank holding companies only.[4] Then, I have 3,825 M&As left. Secondly, I keep M&As with public acquirers and available CEO names only. Moreover, I switch the data from M&A-event level to bank-year level. That is, I drop duplicate M&As of the same acquirer in a specific year and keep unique bank-year (acquirer-year) observation only. Then, I have 988 unique bank-year observations with M&As left. Thirdly, I construct a matched sample without M&As. The matched bank is headquartered in the same state as the bank in the treatment sample, and their difference in total assets is within ± 30%. Similarly, I keep public matched banks with available CEO names only. Finally, my final sample has 730 bank-year observations from 1989 to 2015, in which 255 observations have M&As, and 475 observations have no M&As. Each acquirer has 1.86 matched banks on average, with a minimum 1 and maximum 10. The final sample covers 394 unique banks from 23 states in the US. Table 1.1 reports the distribution of banks across states. Each state has 31 bank-year observations on average, with a minimum 5 and maximum 109.

CEO names are collected from both BoardEx and SEC's Edgar fillings. I collect in-service CEOs before the announcement of M&As. There are 447 unique CEOs with 395 unique surnames in my sample. I collect CEO age and gender as well. CEOs in the sample are aged from 34 to 81 years old with a median 56. Around 99.5% of the CEOs are male in my sample.

2.2. Measure CEOs' Aggressive Attitude

To measure CEOs' aggressive attitude, I construct a measure based on CEOs' countries of origin and inter-state wars initiated by their countries of origin. I firstly identify CEOs' countries of origin by looking at their surnames and get the countries of origin for each surname. Then, I match

[4] M&As happen between the same parent bank holding company are not applicable to our research setting. If neither the survivor nor the non-survivor bank has a parent bank holding company in a M&A, we keep this observation as well.

countries who initiated inter-state wars in history (1823 - 2003) with all countries of origin. Finally, I get the measure of aggressive attitude weighted by countries of origin.

To identify CEOs' countries of origin, I utilize CEOs' surnames and a data set records passenger lists of ships arriving from foreign ports at the port of New York from 1820 to 1957. The data set includes each passenger's name, nationality, arriving date, port of departure, and birth year (see Appendix B for an example). I search 397 unique surnames of my final sample in the data set and get all passengers information with the same surnames. Then, I exclude those records have missing or ambiguous ethnicity and nationality data, which account for 5.43% of all records. Around 20.20% of the records are returning US citizens come back from other ports and I drop these US citizens' records. Finally, I have 82 possible CEOs' countries of origin (see Appendix C for a detailed distribution of countries of origin), and each surname has 13 possible countries of origin on average, with a median of 12 countries. For example, the surname 'Adams' has 15 countries of origin, in which UK has the highest frequency (82.21%). I aggregate entities belong to the same country consistent with countries in inter-state war data set. For example, I aggregate England, Scotland and Wales together to the United Kingdom. Moreover, around 79.34% of the surnames in my final sample have a dominant country of origin (i.e. The frequency of a country is over 50%). For example, the surname 'Aichele' has three countries of origin, which are Germany, Russia and Swiss, with the frequency of 90.91%, 8.33% and 0.76% respectively. Then, the dominant country of 'Aichele' is Germany.

Then, I match CEOs' countries of origin to inter-state war data. The inter-state war data set is developed by Sarkees and Wayman (2010), which includes 95 inter-state wars from 1823 to 2003. The data set records the key information of a war, including war name, war initiator, engaged countries, start and end date, war outcome, and battle death. The classification of wars is based on

the status of territorial entities, and a war is classified as an inter-state war if it takes place between or among states.[5] Then, I measure a country's aggressive attitude based on the number of inter-state wars initiated by the country. More inter-state wars initiated by a country, more aggressive a country is. Given that the underlying aggressive culture of a country might be not equally reflected by different inter-state wars, each war is weighted by a factor related to the pervasiveness of an inter-state war. To be specific, each inter-state war is weighted by battle death in an inter-state war scaled by total population of a country. Then, my measure of aggressive culture of countries are calculated as accumulated weighted number of inter-state wars. The weight of a country who has never initiated an inter-state war is coded as zero. The calculation of the accumulated weighted number of wars can be expressed as the following equation. Subscript j denotes country, i denotes wars initiated by country i, and n denotes the total number of inter-state wars initiated by the country.

$$War_j = \sum_{i=1}^{n} weight_i$$

CEOs' aggressive attitude is the sum product of frequency of possible countries of origin and weighted number of inter-state wars, which can be expressed as the following equation. AGG_m is the proxy for aggressiveness of a surname m, and subscript j denotes the weights of wars. $Origin_l$ is the frequency of a specific country of origin l, and the total number of possible countries of origin for a surname is q.

$$AGG_m = \sum_{l=1}^{q} Origin_l * War_j$$

[5] Detailed definition and description of inter-state wars can be seen at correlatesofwar.org/data-sets/COW-war.

Apartment from CEOs' aggressive attitude measure, I manually collect CEOs' gender and age from Banks' DEF 14A fillings in SEC's Edgar. Detailed definition of variables can be seen in Appendix A.

2.3. Bank Characteristics

Bank characteristics can have effects on M&As. I control for bank size measured as the natural logarithm of total assets (SIZE), ROA measured as net income scaled by total assets, ROE measured as net income scaled by total equity, equity to asset ratio (EQUITY) measured as total equity scaled by total assets, net interest scaled by total assets (INTEREST), cost to income ratio measured as total costs scaled by total income (COST_INC), loan loss provision (LLP) measured as LLP scaled by lagged total loans. Detailed definitions of controls variables can be seen in Appendix A. A correlation matrix is reported in table 1.3.

3. Aggressive CEOs and Bank M&As

3.1. Baseline Results

Firstly, I estimate an OLS regression specified as equation (1). MA_{ij} is an indicator variable that takes the value of 1 if bank i has at least one M&A in year j, and 0 otherwise. AGG_{ij} is the proxy for CEOs' aggressive attitude for bank i in year j. X_{ij} is a set of control variables, and I control for both CEOs characteristics and bank characteristics. CEOs characteristics include CEO age and gender. Bank characteristics include ROA, ROE, equity to asset ratio, net interest income, cost to income ratio and loan loss provision.

$$MA_{ij} = \alpha_0 + \alpha_1 AGG_{ij} + \boldsymbol{\alpha X_{ij}} + \epsilon_{ij} \quad (1)$$

Table 2.1 reports the bassline results of OLS regression. Column 1 shows a univariate analysis by regressing MA on AGG. The result indicates that more aggressive CEOs are associated with more

bank M&As. Column 2 and 3 present the results that control for bank characteristics and CEO characteristics. The coefficient on AGG is positive and significant even after controlling for these characteristics. Column 4 includes state and year fixed effects to take care of the unobservable variables. The coefficient on AGG in column 4 implies that one standard deviation increase (1.477) in CEOs' aggressive attitude is associated with a 5.32% increase in the likelihood that a CEO will make an acquisition. All in all, the results show that more aggressive CEOs are more likely to acquire other banks.

Secondly, I further estimate a Probit regression as specified in equation (2), in which MA_{ij}, AGG_{ij}, and X_{ij} are the same as defined above. Generally, I find similar results as in OLS regression. Table 2.2 presents the results of probit regression. Column 1 and 2 show the univariate analysis and multivariate analysis controlling for bank characteristics respectively. Both the two columns show that CEOs' aggressive attitude is positively associated with bank M&A activities. Column 3 and column 4 includes CEO characteristics and fixed effects. CEO gender is omitted by probit regression because 99.5% of the observations have male CEOs. The coefficient on aggressive attitude is 0.113 and statistically different from zero at the 1% significance level. The average marginal effect of AGG is around 3.62. The magnitude of aggressive CEOs' effect is around half the marginal effect of one standard deviation increase in bank size.

$$Pr(MA_{ij} = 1|AGG_{ij}, X_{ij}) = \Phi(\beta_0 + \beta_1 AGG_{ij} + \boldsymbol{\beta X_{ij}}) \quad (2)$$

Aggressive CEOs could affect bank M&As in a few ways. Firstly, CEOs have much more involvement in M&A deals than other corporate actions. CEOs would be able to impose aggressive attitude on M&As much easier than other corporate activities. Secondly, aggressive CEOs prefer ambition and prestige power, and M&As is an important approach to expand business. Moreover, more aggressive CEOs are less likely to enjoy the quiet life (Bertrand and Mullainathan 2003), but more likely to be aggressive in making acquisitions.

3.2. Post-M&As Performance

I examine the market participants' perceptions to M&As, as well as the effect of CEOs' aggressive attitude after the merger effective date. Specifically, I look at the impact of CEOs' aggressive attitude on long-term post-M&A performance. I use long-term cumulative abnormal return (CAR) starts from the merger effective date to 30, 90, and 180 trading days to measure the long-term post-M&A performance. I estimate the loadings of Fama-French three factor model over the 150-day periods ending 10 days before the merger effective date. I consider the regression model in equation (3). $CARd_{ij}$ is the 30-day, 90-day, and 180-day CAR for bank i in year j. AGG, MA, and all control variables are the same as defined before.

$$CARd_{ij} = \alpha_0 + \alpha_1 AGG_{ij} * MA_{ij} + \boldsymbol{\alpha X_{ij}} + \epsilon_{ij} \quad (3)$$

Table 3.1 presents the results of regressing CAR on MA and CEOs' aggressive attitude. Column 1 to column 3 regress CAR on MA only. The coefficients on MA is insignificant across the first three columns, which tells that there is no significant difference in terms of CAR between acquiring banks and non-acquiring banks. Then, I include CEOs' aggressive attitude, and interact it with MA. The results are reported in column 4 to column 6. The coefficient on the interaction term is positive and significant. CAR30 and CAR180 are significant at the 5% confidence level, though CAR90 is weaker and significant at the 10% confidence level. One standard deviation increase (1.477) in CEOs' aggressive attitude of acquiring banks (MA = 1) is associated with 1.477%, 2.806%, and 5.465% increase in CAR30, CAR90, and CAR180, respectively. The above results indicate that market gives more positive responses to acquiring banks with more aggressive CEOs.

The market perceives acquisitions made by more aggressive CEOs as value-enhanced investments. Moreover, the market captures CEOs' aggressive attitude to some extent, and have trust in

acquisitions made by these CEOs. The reason could be aggressive CEOs' ability to learn from their past errors in bank M&As. Roll (1986) argues that it's difficult for CEOs who make fewer acquisitions in their career to learn from past errors. However, aggressive CEOs are more initiative in bank M&As, and they have more experience through their past M&A deals. Then, aggressive CEOs have advantages in bidding process of acquisitions, and improving the efficiency of mergers.

3.3. Robustness Tests

To make sure my measure of CEOs' aggressive attitude is reliable, I perform two sets of robustness tests where I use different proxies for CEOs' aggressive attitude. Firstly, I use two different weights to measure the pervasiveness of an inter-state war, which are the length of a war in number of years and the number of combatant countries in a war. Secondly, I use CEOs' dominant country of origin as the source of cultural beliefs and values, rather than weighted countries of origin.

Pervasiveness of an Inter-state War: In the main tests, the number of inter-state war is the underlying aggressive attitude measure, and each inter-state war is weighted by battle death scaled by total population in a country. As robustness tests, I use two different weights for inter-state wars, and the weights are the length of a war in number of years and the number of combatant countries in a war, respectively. Both of the two weights are measures for the pervasiveness of an inter-state war. I run the same OLS and Probit regressions as in baseline results.

Table 4.1 to table 4.4 report the robustness test results. The positive association between CEOs' aggressive attitude and bank M&As is stable across the OLS and Probit regressions in the four tables. Column 4 in table 4.1 and 4.2 show that the coefficient on CEOs' aggressive attitude is comparable with that in baseline results. Even though the magnitude of the coefficient on CEOs' aggressive attitude in table 4.3 is 0.006 which is much smaller than that of baseline results, the

effect of one standard deviation increase (10.164) in AGG is comparable. The results in Table 4.4 are similar.

Dominant Country of Origin: I use CEOs' aggressive attitude weighted by their countries of origin in baseline results. If inter-state wars measure aggressive attitude cultivated in cultural beliefs and values correctly, the same results could be found when using CEOs' aggressive attitude inherited from their dominant countries only. Given that around 80% CEOs in my sample have a dominant country of origin (i.e. The frequency of a country for a surname is over 50%.), it's feasible to examine CEOs' aggressive attitude inherited from dominant countries. I use the country of origin with the highest frequency as dominant country for the rest 20% CEOs who have no dominant country. Then, CEOs' aggressive attitude is the product of a dominant country's weight and the country's weighted number of inter-state wars. I estimate the base line regression again, and the results are presented in table 4.5 and 4.6.

As can be seen from table 4.5 and 4.6, CEOs' aggressive attitude significantly explains bank M&A. There is a consistent result with my baseline results that more aggressive CEOs are more likely to make acquisitions. Both OLS regression and Probit regression show the positive and significant association between CEOs' aggressive attitude and bank M&As. The magnitude of coefficient on AGG is comparable with baseline results. The coefficient on AGG is 0.020 (0.036 in baseline results) in OLS regression, and the marginal effect of AGG is 0.020 (0.036 in baseline results) in Probit regression.

4. Additional Tests

4.1. Family Environment

CEOs' first names could convey information on the strength of preservation of cultural heritage as well, and thus, family environment is an important channel of inheriting cultural values and beliefs. The choice of first name is considered as an indicator for culture assimilation (Alba and Nee 2009). For example, an 'American' sounding name for an immigrant would be seen as the loss of distinctiveness. Goldstein and Stecklov (2016) find that immigrant children who have 'American' sounding names tend to have more occupational success. Thus, immigrant parents face a trade-off between transmitting cultures and traditions to their offspring and maximizing offspring's opportunity of success by giving up their ethic-sounding names. Therefore, parents who give children first names commonly used in their countries of origin are more likely to transmit their cultural beliefs and values to their children. That is, a CEO whose first name and surname have the same countries of origin have a closer tier to cultural beliefs and values in their countries of origin. Thus, I expect a more positive association between CEOs' aggressive attitude and bank M&As if CEOs' first name and surname have the same countries of origin.

I collect first names' usage countries from behindthename.com, which covers 23,035 given names. To examine how much a CEO's first name and surname share the same countries of origin, I match CEOs' first names' countries of origin with their surnames' countries of origin. Then, there is a matching score defined as the summation of the degree of matching. If a first name's origin appears in the corresponding surname's origin, the degree of matching is the weight of the surname's origin. I define the variable $SAME$ as an indicator variable that takes the value of 1 if a CEO's matching score is above the sample median, and 0 otherwise.

The results are presented in table 5. Column 1 and 2 report the regression results of OLS regression and Probit regression respectively. The coefficient on the interaction term of CEOs' aggressive attitude (AGG) and $SAME$ are positive and significant. It implies that parents who give children more ethic-sounding names invest more in transmitting their cultures and traditions. Family environment plays an important role in transmitting cultural beliefs and values. That is, the association between CEOs' aggressive attitude and bank M&As are more positive if CEOs have more consistent first names and surnames.

4.2. Individualism Culture

CEOs' aggressive attitude could be affected by other cultural values and beliefs inherited from their countries of origin. I study the effect of individualism, one of the four culture dimensions defined by (Hofstede 1984). Individualism could either positively or negatively affect the association between CEOs' aggressive attitude and bank M&As. As summarized by (Hofstede 1984), people in high individualism countries are more emotionally independent from organizations, more calculative in involvement with organizations, and strengthen personal life. Then, the effect of CEOs' aggressive attitude would be weakened, because their cultural values and beliefs are partially separated from affecting corporate actions by individualism. However, individualism is associated with more confidence in individual decisions, and more desire for having autonomy. Then, individualism could positively affect the association between CEOs' aggressive attitude and bank M&As.

To examine the effect of individualism on the association between CEOs' aggressive attitude and bank M&As, I use the individualism index compiled by (Hofstede 1984) and transfer the index to deciles from 0 to 1. Then, I define a dummy variable IDV, which equals to 1 if a surname's individualism is above the sample median and 0 otherwise. The coefficient on IDV is negative and

significant at the 5% confidence level. It implies that CEOs' are less affected by their aggressive attitude in making acquisitions if they are from higher individualism countries of origin. That is, CEOs impose less personal cultural value and beliefs on corporate decisions.

4.3. Alternative Explanations

There could be alternative explanations for the empirical findings. Firstly, the effect of CEOs' aggressive attitude on bank M&As could be explained by masculinity, which is one of the culture dimensions developed by Hofstede (1984). Secondly, aggressiveness could be the opposite side of uncertainty avoidance. That is, CEOs' aggressive attitude could be the same as less uncertainty avoidance. For example, Pan et al. (2019) documents that CEOs are less likely to make acquisitions if they are more uncertainty-avoiding. Both masculinity and uncertainty avoidance are cultural factors that could affect bank M&As.

To reduce the concerns mentioned above, I control for masculinity (MAS) and uncertainty avoidance (UAI) in the main test. Masculinity and uncertainty avoidance data are collected from Hofstede (1984). I apply the same transformation as individualism on masculinity and uncertainty avoidance. That is, masculinity and uncertainty avoidance index are transferred to deciles from 0 to 1. Then, MAS and UAI are measured by accumulated masculinity and uncertainty avoidance index weighted by CEOs' countries of origin. Column 1 and 2 in table 7 report the effect of CEOs' aggressive attitude on bank M&As controlling for masculinity and uncertainty avoidance. Neither masculinity nor uncertainty avoidance could significantly explain the likelihood of making bank acquisitions. Moreover, I interact CEOs' aggressive attitude with masculinity and uncertainty avoidance, respectively. There is no evidence show that masculinity or uncertainty avoidance could affect the association between CEOs' aggressive attitude and bank M&As.

5. Conclusion

Research on CEOs are pervasive, but this paper looks at cultural heritage, a new aspect of CEOs. Prior studies show that CEO characteristics could be an explanation for bank M&As and this paper documents the effect of CEOs' aggressive attitude cultivated in cultural heritage on bank M&As. I find that more aggressive CEOs are more likely to acquire other banks.

I link CEOs' aggressive attitude with the aggressive culture of their countries of origin. CEOs' countries of origin are identified from their surname. The proxy for aggressive culture of those countries rely on an inter-state war database and countries initiate more inter-state wars are coded as more aggressive. The proxy for CEOs' aggressive attitude is weighted by the pervasiveness of inter-state wars. I find that there is a positive association between CEOs' aggressive attitude and bank M&As. That is, more aggressive CEOs are more likely to make acquisitions. Moreover, the market participants somehow capture aggressive CEOs' effects. Banks who made acquisitions have higher long-term cumulative abnormal return after the effective merger date. Finally, I investigate the mechanisms of the effect of aggressive cultural beliefs and values. On the one hand, CEOs from families strengthen the preservation of their cultural beliefs and values show a more positive association between their aggressive attitude and bank M&As. Moreover, individualism culture could weaken the effects of CEOs aggressive attitude. I perform a series of robustness tests and show that my findings are reliable across different measures of CEOs' aggressive attitude.

This paper has some implications for futures research. Firstly, CEOs' unobserved preferences, values or attitudes could be captured by their cultural heritage. Further studies could examine the effects of CEOs' unobserved preferences, values or attitudes, like aggressive attitude, on corporate internal and external activities. Secondly, aggressive CEOs could affect not only M&As but also other investment activities and financing policies. It would be interesting to study if there exist

systematic difference between aggressive and moderate CEOs. Thirdly, explanations for bank merger waves could be various and related to both bank internal and external determinants. CEOs' aggressive attitude explains bank M&As because CEOs have more involvement in M&A deals. Aggressive CEOs could be a possible explanation for bank merger waves.

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Table 1.1 Distribution of Bank M&As Across States

This table reports the detailed distribution of banks across states in the US. The sample consists of 730 bank-year observations, in which 255 observations have at least one M&A in a year and 475 observations have no M&A. The sample covers 23 states in the US, and each state has 32 observations on average.

ABBREVIATED STATE NAME	1 = at least one M&A in a year, and 0 = otherwise		
	0	1	Total
AL	5	3	8
CA	76	33	109
FL	8	6	14
GA	34	24	58
IL	21	15	36
IN	27	20	47
KY	7	5	12
MA	7	4	11
MD	6	4	10
MI	11	10	21
MO	7	6	13
MS	4	3	7
NC	39	17	56
NJ	12	9	21
NY	43	20	63
OH	23	17	40
OK	5	5	10
OR	3	2	5
PA	65	23	88
SC	11	4	15
TX	11	9	20
VA	40	10	50
WA	10	6	16
Total	475	255	730

Table 1.2 Summary Statistics

This table reports the detailed descriptive statistics of bank-year observations. All control variables are winsorized at 1% and 99% level.

	N	min	p25	Median	Mean	p75	max	St.Dev
AGG	730	0	.043	.154	.939	1.069	6.615	1.477
MA	730	0	0	0	.349	1	1	.477
GENDER	730	0	1	1	.995	1	1	.074
AGE	730	34	51	56	55.716	60	81	7.762
EQUITY	730	.046	.075	.087	.092	.101	.236	.028
SIZE	730	12.279	13.282	13.81	13.941	14.49	17.024	.932
ROA	730	-.008	.007	.01	.01	.012	.028	.005
ROE	730	-.062	.081	.116	.111	.142	.251	.053
INTEREST	730	.014	.031	.036	.036	.041	.06	.008
COST INC	730	.526	.712	.765	.762	.811	1.022	.086
LLP	730	-.58	.165	.331	.475	.596	3.176	.542

Table 1.3 Pairwise Correlation Matrix

This table reports the correlation matrix among MA, AGG, and control variables. *, **, and *** indicate significant at 10%, 5% and 1% level respectively.

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
(1) MA	1.000										
(2) AGG	0.120***	1.000									
(3) SIZE	0.174***	-0.001	1.000								
(4) ROA	0.116***	-0.027	0.124***	1.000							
(5) ROE	0.043	-0.014	0.140***	0.840***	1.000						
(6) EQUITY	0.113***	-0.039	0.003	0.244***	-0.232***	1.000					
(7) INTEREST	0.053	-0.044	-0.238***	0.320***	0.254***	0.051	1.000				
(8) COST_INC	-0.111***	0.036	-0.236***	-0.632***	-0.523***	-0.197***	-0.253***	1.000			
(9) LLP	-0.140***	-0.070*	0.005	-0.360***	-0.308***	-0.105***	0.178***	0.079**	1.000		
(10) GENDER	0.054	-0.014	-0.006	0.006	0.009	-0.001	0.038	0.052	-0.030	1.000	
(11) AGE	-0.130***	-0.064*	0.109***	-0.066*	-0.076**	0.055	-0.040	-0.085**	0.012	0.004	1.000

Table 2.1 Baseline results - OLS Regression

This table reports the effect of CEOs' aggressive attitude on bank M&As using OLS regression. MA is an indicator variable that equals 1 if a bank has at least one M&A in a specific year, and 0 otherwise. AGG is the measure for CEOs' aggressive attitude. Detailed variable definitions can be seen in Appendix A. I control for state fixed effects and year fixed effects in column 4. *, **, and *** indicate significant at 10%, 5% and 1% level respectively.

	(1) MA	(2) MA	(3) MA	(4) MA
AGG	0.039***	0.038***	0.035***	0.036***
	(3.260)	(3.279)	(3.053)	(2.941)
SIZE		0.107***	0.115***	0.134***
		(5.393)	(5.798)	(5.390)
ROA		12.067	7.241	2.775
		(1.004)	(0.608)	(0.220)
ROE		-1.756	-1.664	-1.995*
		(-1.636)	(-1.571)	(-1.780)
EQUITY		0.160	0.414	0.551
		(0.142)	(0.374)	(0.471)
INTEREST		7.896***	7.871***	5.977**
		(3.229)	(3.256)	(2.028)
COST_INC		-0.220	-0.416	-0.987***
		(-0.821)	(-1.555)	(-2.984)
LLP		-0.148***	-0.154***	-0.206***
		(-4.032)	(-4.260)	(-5.088)
GENDER			0.340	0.255
			(1.497)	(1.073)
AGE			-0.010***	-0.009***
			(-4.374)	(-4.098)
_cons	0.313***	-1.172***	-0.901*	-0.502
	(15.047)	(-2.647)	(-1.816)	(-0.861)
Obs.	730	730	730	730
R-squared	0.014	0.093	0.119	0.161
State fixed effects	No	No	No	Yes
Year fixed effects	No	No	No	Yes

Table 2.2 Baseline results - Probit Regression

This table reports the effect of CEOs' aggressive attitude on bank M&As using Probit regression. MA is an indicator variable that equals 1 if a bank has at least one M&A in a specific year, and 0 otherwise. AGG is the measure for CEOs' aggressive attitude. Detailed variable definitions can be seen in Appendix A. GENDER is omitted in Probit regression because $Pr(MA = 1|\ GENDER = 0) \equiv 0$, and the coefficient on GENDER cannot be estimated by Probit model. I control for state fixed effects and year fixed effects in column 4. *, **, and *** indicate significant at 10%, 5% and 1% level respectively.

	(1) MA	(2) MA	(3) MA	(4) MA
AGG	0.101***	0.106***	0.113***	0.113***
	(3.186)	(3.231)	(3.128)	(3.128)
SIZE		0.301***	0.398***	0.398***
		(5.197)	(5.367)	(5.367)
ROA		30.447	2.933	2.933
		(0.855)	(0.074)	(0.074)
ROE		-4.590	-5.673	-5.673
		(-1.424)	(-1.622)	(-1.622)
EQUITY		0.887	1.983	1.983
		(0.268)	(0.566)	(0.566)
INTEREST		22.813***	16.897*	16.897*
		(3.151)	(1.863)	(1.863)
COST_INC		-0.611	-3.165***	-3.165***
		(-0.783)	(-3.014)	(-3.014)
LLP		-0.476***	-0.721***	-0.721***
		(-3.954)	(-4.989)	(-4.989)
GENDER				
AGE			-0.030***	-0.030***
			(-4.119)	(-4.119)
_cons	-0.486***	-4.723***	-1.382	-1.382
	(-8.502)	(-3.657)	(-0.664)	(-0.664)
Obs.	730	730	726	726
Pseudo R^2	0.011	0.075	0.134	0.134
State fixed effects	No	No	Yes	Yes
Year fixed effects	No	No	Yes	Yes

Table 3.1 Post-M&A Performance - Market Perceptions

This table examines the effect of CEOs' aggressive attitude on post-M&A performance in terms of market perceptions. Column 1 to 3 reports the results of regressing cumulative abnormal return on MA and control variables. Column 3 to 6 reports the results interact MA and AGG. CAR is measured through 30, 90, and 180-day window of the effective merger date for both treatment sample and matched sample. I use the average CAR if a bank has multiple M&As in a year. *, **, and *** indicate significant at 10%, 5% and 1% level respectively.

	(1) car30	(2) car90	(3) car180	(4) car30	(5) car90	(6) car180
MA * AGG				0.010**	0.019*	0.037**
				(2.181)	(1.887)	(2.284)
AGG				-0.008***	-0.010	-0.019*
				(-2.605)	(-1.448)	(-1.757)
MA	-0.002	0.004	0.034	-0.011	-0.014	-0.002
	(-0.307)	(0.271)	(1.415)	(-1.309)	(-0.794)	(-0.057)
SIZE	0.002	-0.008	-0.015	0.001	-0.009	-0.017
	(0.421)	(-0.811)	(-0.950)	(0.267)	(-0.895)	(-1.053)
ROA	-2.147	-1.084	2.167	-2.261	-1.146	2.044
	(-0.940)	(-0.220)	(0.271)	(-0.993)	(-0.233)	(0.256)
ROE	0.090	-0.332	-0.875	0.092	-0.333	-0.876
	(0.445)	(-0.758)	(-1.231)	(0.456)	(-0.760)	(-1.236)
EQUITY	0.196	-0.192	-0.889	0.196	-0.186	-0.878
	(0.927)	(-0.419)	(-1.198)	(0.927)	(-0.407)	(-1.186)
INTEREST	-0.010	-0.209	2.159	-0.075	-0.344	1.894
	(-0.019)	(-0.181)	(1.155)	(-0.141)	(-0.298)	(1.013)
COST_INC	-0.011	-0.071	0.030	-0.013	-0.076	0.019
	(-0.177)	(-0.537)	(0.140)	(-0.216)	(-0.580)	(0.089)
LLP	-0.001	-0.007	-0.025	-0.003	-0.008	-0.028
	(-0.195)	(-0.406)	(-0.973)	(-0.402)	(-0.499)	(-1.085)
GENDER	0.054	0.083	0.076	0.047	0.076	0.062
	(1.096)	(0.789)	(0.445)	(0.967)	(0.718)	(0.359)
AGE	0.000	0.001	0.001	0.000	0.001	0.001
	(0.401)	(0.899)	(0.425)	(0.357)	(0.894)	(0.419)
_cons	-0.083	0.112	0.177	-0.053	0.149	0.250
	(-0.763)	(0.478)	(0.463)	(-0.490)	(0.633)	(0.653)
Obs.	724	724	724	724	724	724
R-squared	0.100	0.128	0.191	0.109	0.132	0.197
State fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Year sixed effects	Yes	Yes	Yes	Yes	Yes	Yes

Table 4.1 Robustness Test (AGG weighted by war length) - OLS Regression

This table reports the results of robustness test of CEOs' aggressive attitude on bank M&As using OLS regression. MA is an indicator variable that equals 1 if a bank has at least one M&A in a specific year, and 0 otherwise. AGG is the measure for CEOs' aggressive attitude and weighted by war length in number of years. Detailed variable definitions can be seen in Appendix A. I control for state fixed effects and year fixed effects in column 4. *, **, and *** indicate significant at 10%, 5% and 1% level respectively.

	(1) MA	(2) MA	(3) MA	(4) MA
AGG	0.039***	0.035***	0.034***	0.036***
	(3.897)	(3.619)	(3.529)	(3.474)
SIZE		0.105***	0.112***	0.131***
		(5.263)	(5.677)	(5.277)
ROA		10.050	5.228	0.517
		(0.837)	(0.439)	(0.041)
ROE		-1.549	-1.461	-1.789
		(-1.442)	(-1.379)	(-1.598)
EQUITY		0.338	0.594	0.740
		(0.301)	(0.536)	(0.633)
INTEREST		7.670***	7.649***	5.522*
		(3.142)	(3.170)	(1.876)
COST_INC		-0.212	-0.412	-1.003***
		(-0.795)	(-1.544)	(-3.042)
LLP		-0.147***	-0.154***	-0.205***
		(-4.035)	(-4.256)	(-5.087)
GENDER			0.356	0.280
			(1.571)	(1.180)
AGE			-0.010***	-0.010***
			(-4.440)	(-4.194)
_cons	0.264***	-1.193***	-0.931*	-0.506
	(9.458)	(-2.698)	(-1.880)	(-0.870)
Obs.	730	730	730	730
R-squared	0.020	0.096	0.122	0.166
State fixed effects	No	No	No	Yes
Year fixed effects	No	No	No	Yes

Table 4.2 Robustness Test (AGG weighted by war length) - Probit Regression

This table the results of robustness test of CEOs' aggressive attitude on bank M&As using Probit regression. MA is an indicator variable that equals 1 if a bank has at least one M&A in a specific year, and 0 otherwise. AGG is the measure for CEOs' aggressive attitude and weighted by war length in number of years. Detailed variable definitions can be seen in Appendix A. GENDER is omitted in Probit regression because $Pr(MA = 1|\ GENDER = 0) \equiv 0$, and the coefficient on GENDER cannot be estimated by Probit model. I control for state fixed effects and year fixed effects in column 4. *, **, and *** indicate significant at 10%, 5% and 1% level respectively.

	(1) MA	(2) MA	(3) MA	(4) MA
AGG	0.102***	0.098***	0.110***	0.110***
	(3.785)	(3.529)	(3.564)	(3.564)
SIZE		0.295***	0.390***	0.390***
		(5.081)	(5.256)	(5.256)
ROA		24.950	-3.657	-3.657
		(0.698)	(-0.092)	(-0.092)
ROE		-4.024	-5.067	-5.067
		(-1.243)	(-1.445)	(-1.445)
EQUITY		1.385	2.552	2.552
		(0.416)	(0.725)	(0.725)
INTEREST		22.138***	15.431*	15.431*
		(3.050)	(1.693)	(1.693)
COST_INC		-0.582	-3.210***	-3.210***
		(-0.746)	(-3.053)	(-3.053)
LLP		-0.474***	-0.720***	-0.720***
		(-3.941)	(-4.968)	(-4.968)
GENDER				
AGE			-0.030***	-0.030***
			(-4.176)	(-4.176)
_cons	-0.614***	-4.804***	-1.319	-1.319
	(-7.981)	(-3.707)	(-0.633)	(-0.633)
Obs.	730	730	726	726
Pseudo R^2	0.015	0.077	0.137	0.137
State fixed effects	No	No	Yes	Yes
Year fixed effects	No	No	Yes	Yes

Table 4.3 Robustness Test (AGG weighted by combatant countries) - OLS Regression

This table reports the results of robustness test of CEOs' aggressive attitude on bank M&As using OLS regression. MA is an indicator variable that equals 1 if a bank has at least one M&A in a specific year, and 0 otherwise. AGG is the measure for CEOs' aggressive attitude and weighted by the number of combatant countries. Detailed variable definitions can be seen in Appendix A. I control for state fixed effects and year fixed effects in column 4. *, **, and *** indicate significant at 10%, 5% and 1% level respectively.

	(1) MA	(2) MA	(3) MA	(4) MA
AGG	0.007***	0.006***	0.006***	0.006***
	(3.986)	(3.752)	(3.560)	(3.367)
SIZE		0.105***	0.112***	0.132***
		(5.278)	(5.686)	(5.332)
ROA		10.624	5.909	1.355
		(0.886)	(0.497)	(0.108)
ROE		-1.591	-1.510	-1.842
		(-1.484)	(-1.426)	(-1.646)
EQUITY		0.325	0.569	0.703
		(0.290)	(0.514)	(0.601)
INTEREST		7.547***	7.539***	5.618*
		(3.092)	(3.124)	(1.908)
COST_INC		-0.213	-0.410	-0.988***
		(-0.797)	(-1.534)	(-2.994)
LLP		-0.146***	-0.152***	-0.203***
		(-3.991)	(-4.216)	(-5.031)
GENDER			0.350	0.271
			(1.542)	(1.142)
AGE			-0.010***	-0.009***
			(-4.362)	(-4.128)
_cons	0.283***	-1.176***	-0.916*	-0.520
	(11.687)	(-2.662)	(-1.852)	(-0.893)
Obs.	730	730	730	730
R-squared	0.021	0.097	0.123	0.165
State fixed effects	No	No	No	Yes
Year fixed effects	No	No	No	Yes

Table 4.4 Robustness Test (AGG weighted by combatant countries) - Probit Regression

This table the results of robustness test of CEOs' aggressive attitude on bank M&As using Probit regression. MA is an indicator variable that equals 1 if a bank has at least one M&A in a specific year, and 0 otherwise. AGG is the measure for CEOs' aggressive attitude and weighted by the number of combatant countries. Detailed variable definitions can be seen in Appendix A. GENDER is omitted in Probit regression because $Pr(MA = 1|\ GENDER = 0) \equiv 0$, and the coefficient on GENDER cannot be estimated by Probit model. I control for state fixed effects and year fixed effects in column 4. *, **, and *** indicate significant at 10%, 5% and 1% level respectively.

	(1) MA	(2) MA	(3) MA	(4) MA
AGG	0.018***	0.018***	0.019***	0.019***
	(3.856)	(3.669)	(3.523)	(3.523)
SIZE		0.296***	0.395***	0.395***
		(5.095)	(5.318)	(5.318)
ROA		26.703	-0.987	-0.987
		(0.748)	(-0.025)	(-0.025)
ROE		-4.158	-5.250	-5.250
		(-1.285)	(-1.498)	(-1.498)
EQUITY		1.350	2.440	2.440
		(0.406)	(0.694)	(0.694)
INTEREST		21.969***	15.777*	15.777*
		(3.025)	(1.733)	(1.733)
COST_INC		-0.591	-3.176***	-3.176***
		(-0.757)	(-3.021)	(-3.021)
LLP		-0.473***	-0.717***	-0.717***
		(-3.919)	(-4.946)	(-4.946)
GENDER				
AGE			-0.030***	-0.030***
			(-4.139)	(-4.139)
_cons	-0.565***	-4.759***	-1.374	-1.374
	(-8.478)	(-3.676)	(-0.660)	(-0.660)
Obs.	730	730	726	726
Pseudo R^2	0.016	0.078	0.137	0.137
State fixed effects	No	No	Yes	Yes
Year fixed effects	No	No	Yes	Yes

Table 4.5 Robustness Test (AGG measured by dominant countries) - OLS Regression

This table reports the results of robustness test of CEOs' aggressive attitude on bank M&As using OLS regression. MA is an indicator variable that equals 1 if a bank has at least one M&A in a specific year, and 0 otherwise. AGG is the measure for CEOs' aggressive attitude based on dominant countries only. Detailed variable definitions can be seen in Appendix A. I control for state fixed effects and year fixed effects in column 4. *, **, and *** indicate significant at 10%, 5% and 1% level respectively.

	(1) MA	(2) MA	(3) MA	(4) MA
AGG	0.024**	0.021**	0.019**	0.020**
	(2.562)	(2.337)	(2.130)	(2.137)
SIZE		0.107***	0.114***	0.133***
		(5.342)	(5.758)	(5.332)
ROA		12.383	7.449	2.831
		(1.027)	(0.623)	(0.223)
ROE		-1.786*	-1.692	-2.000*
		(-1.659)	(-1.591)	(-1.779)
EQUITY		0.083	0.347	0.499
		(0.074)	(0.312)	(0.425)
INTEREST		7.763***	7.754***	5.979**
		(3.163)	(3.197)	(2.022)
COST_INC		-0.214	-0.413	-0.973***
		(-0.796)	(-1.539)	(-2.933)
LLP		-0.149***	-0.156***	-0.208***
		(-4.055)	(-4.289)	(-5.135)
GENDER			0.338	0.254
			(1.483)	(1.064)
AGE			-0.010***	-0.010***
			(-4.435)	(-4.169)
_cons	0.329***	-1.138**	-0.858*	-0.464
	(16.987)	(-2.562)	(-1.725)	(-0.794)
Obs.	730	730	730	730
R-squared	0.009	0.086	0.113	0.156
State fixed effects	No	No	No	Yes
Year fixed effects	No	No	No	Yes

Table 4.6 Robustness Test (AGG measured by dominant countries) - Probit Regression

This table the results of robustness test of CEOs' aggressive attitude on bank M&As using Probit regression. MA is an indicator variable that equals 1 if a bank has at least one M&A in a specific year, and 0 otherwise. AGG is the measure for CEOs' aggressive attitude based on dominant countries only. Detailed variable definitions can be seen in Appendix A. GENDER is omitted in Probit regression because $Pr(MA = 1|\ GENDER = 0) \equiv 0$, and the coefficient on GENDER cannot be estimated by Probit model. I control for state fixed effects and year fixed effects in column 4. *, **, and *** indicate significant at 10%, 5% and 1% level respectively.

	(1) MA	(2) MA	(3) MA	(4) MA
AGG	0.062**	0.059**	0.064**	0.064**
	(2.529)	(2.343)	(2.279)	(2.279)
SIZE		0.298***	0.391***	0.391***
		(5.157)	(5.302)	(5.302)
ROA		30.747	2.391	2.391
		(0.864)	(0.061)	(0.061)
ROE		-4.613	-5.559	-5.559
		(-1.434)	(-1.592)	(-1.592)
EQUITY		0.669	1.846	1.846
		(0.202)	(0.526)	(0.526)
INTEREST		22.288***	16.847*	16.847*
		(3.087)	(1.860)	(1.860)
COST_INC		-0.597	-3.088***	-3.088***
		(-0.767)	(-2.952)	(-2.952)
LLP		-0.478***	-0.722***	-0.722***
		(-3.980)	(-5.004)	(-5.004)
GENDER				
AGE			-0.030***	-0.030***
			(-4.174)	(-4.174)
_cons	-0.444***	-4.596***	-1.293	-1.293
	(-8.387)	(-3.569)	(-0.624)	(-0.624)
Obs.	730	730	726	726
Pseudo R^2	0.007	0.069	0.129	0.129
State fixed effects	No	No	Yes	Yes
Year fixed effects	No	No	Yes	Yes

Table 5 The Effect of Family Environment

This table reports the effect of family environment on the association between CEOs' aggressive attitude and bank M&As using OLS and Probit regression. $SAME$ is the proxy for family environment, and I use a dummy variable of matching score of CEOs' first names and surnames. MA is an indicator variable that equals 1 if a bank has at least one M&A in a specific year, and 0 otherwise. AGG is the measure for CEOs' aggressive attitude. Detailed variable definitions can be seen in Appendix A. GENDER is omitted in Probit regression because $Pr(MA = 1|\ GENDER = 0) \equiv 0$, and the coefficient on GENDER cannot be estimated by Probit model. I control for state fixed effects and year fixed effects in all columns. *, **, and *** indicate significant at 10%, 5% and 1% level respectively.

	(1) MA	(2) MA
AGG * SAME	.053**	.156**
	(2.019)	(1.993)
AGG	.018	.061
	(1.164)	(1.308)
SAME	-.04	-.111
	(-.943)	(-.848)
SIZE	.135***	.405***
	(5.44)	(5.435)
ROA	3.182	5.169
	(.252)	(.13)
ROE	-2.061*	-5.983*
	(-1.841)	(-1.699)
EQUITY	.515	1.777
	(.441)	(.504)
INTEREST	5.783**	16.285*
	(1.964)	(1.79)
COST_INC	-.974***	-3.11***
	(-2.951)	(-2.961)
LLP	-.207***	-.73***
	(-5.101)	(-4.989)
GENDER	.306	
	(1.279)	
AGE	-.009***	-.029***
	(-3.973)	(-3.964)
_cons	-.556	-1.513
	(-.952)	(-.727)
Obs.	730	726
R-squared/ Pseudo R^2	0.166	.138
State fixed effects	Yes	Yes
Year sixed effects	Yes	Yes

Table 6 The Effect of Individualism Culture

This table reports the effect of individualism culture on the association between CEOs' aggressive attitude and bank M&As using OLS and Probit regression. IDV is the proxy for CEOs' individualism culture inherited from their countries of origin, and I use a dummy variable of individualism index developed by (Hofstede 1984). MA is an indicator variable that equals 1 if a bank has at least one M&A in a specific year, and 0 otherwise. AGG is the measure for CEOs' aggressive attitude. Detailed variable definitions can be seen in Appendix A. GENDER is omitted in Probit regression because $Pr(MA = 1|\ GENDER = 0) \equiv 0$, and the coefficient on GENDER cannot be estimated by Probit model. I control for state fixed effects and year fixed effects in all columns. *, **, and *** indicate significant at 10%, 5% and 1% level respectively.

	(1) MA	(2) MA
AGG * IDV	-.163**	-.634**
	(-2.508)	(-2.541)
AGG	.044***	.146***
	(2.972)	(3.266)
IDV	.043	.21
	(.937)	(1.438)
SIZE	.136***	.408***
	(5.494)	(5.457)
ROA	4.968	13.693
	(.394)	(.346)
ROE	-2.062*	-6.107*
	(-1.845)	(-1.735)
EQUITY	.374	1.24
	(.319)	(.352)
INTEREST	6.251**	17.843*
	(2.126)	(1.957)
COST_INC	-.929***	-2.935***
	(-2.809)	(-2.782)
LLP	-.194***	-.675***
	(-4.771)	(-4.633)
GENDER	.282	
	(1.186)	
AGE	-.01***	-.031***
	(-4.121)	(-4.243)
_cons	-.625	-1.485
	(-1.071)	(-.717)
Obs.	730	726
R-squared/ Pseudo R^2	0.169	.142
State fixed effects	Yes	Yes
Year sixed effects	Yes	Yes

Table 7 Alternative Explanations: Masculinity and Uncertainty Avoidance

Column 1 and 2 in this table report the effect of CEOs' aggressive attitude on M&As controlling for masculinity (MAS) and uncertainty avoidance (UAI) in OLS and Probit regression. Column 3 and 4 interact CEOs' aggressive attitude with MAS and UAI. MA is an indicator variable that equals 1 if a bank has at least one M&A in a specific year, and 0 otherwise. AGG is the measure for CEOs' aggressive attitude. MAS and UAI are masculinity and uncertainty avoidance index developed by Hofstede (1984), which are continuous variables in column 1 and 2, but dummy variables in column 3 and 4. Detailed variable definitions can be seen in appendix. I control for state fixed effects and year fixed effects in all columns. *, **, and *** indicate significant at 10%, 5% and 1% level respectively.

	(1) MA	(2) MA	(3) MA	(4) MA
AGG	0.039***	0.128***		
	(2.691)	(2.897)		
AGG * MAS			0.018	0.049
			(0.672)	(0.630)
AGG * UAI			-0.256	-0.803
			(-1.117)	(-1.176)
MAS	0.112	0.375	0.105*	0.340**
	(0.765)	(0.810)	(1.960)	(2.051)
UAI	-0.025	-0.184	0.091	0.280
	(-0.176)	(-0.409)	(1.568)	(1.563)
SIZE	0.137***	0.408***	0.140***	0.429***
	(5.474)	(5.458)	(5.609)	(5.620)
ROA	1.731	-0.053	2.626	2.878
	(0.135)	(-0.001)	(0.208)	(0.073)
ROE	-1.884	-5.351	-1.925*	-5.573
	(-1.640)	(-1.502)	(-1.713)	(-1.580)
EQUITY	0.688	2.419	0.788	2.762
	(0.578)	(0.678)	(0.671)	(0.779)
INTEREST	5.896**	16.600*	6.259**	18.480**
	(1.990)	(1.827)	(2.126)	(2.015)
COST_INC	-1.001***	-3.278***	-0.984***	-3.198***
	(-3.007)	(-3.094)	(-2.968)	(-3.028)
LLP	-0.199***	-0.699***	-0.198***	-0.710***
	(-4.896)	(-4.838)	(-4.884)	(-4.839)
GENDER	0.247		0.275	
	(1.036)		(1.155)	
AGE	-0.010***	-0.030***	-0.011***	-0.034***
	(-4.081)	(-4.101)	(-4.499)	(-4.534)
_cons	-0.613	-1.717	-0.702	-1.908
	(-1.015)	(-0.802)	(-1.176)	(-0.901)
Obs.	724	720	730	726
R-squared/ Pseudo R^2	0.162	0.135	0.172	0.144
State and Year fixed effects	Yes	Yes	Yes	Yes

Appendix A. Variable Definitions

Variable	Variable Definition
MA	An indicator variable that equals 1 if a bank has at least one merge or acquisition in a year, and 0 otherwise. Data source: Federal Reserve Bank of Chicago (1986-2014)
AGG	Aggressive CEO measure, and it is measured as weighted number of inter-state wars initiated by CEOs' country of origin, where the weight is battle death scaled by population of a country. Data source: Inter-state war data from Meredith Reid Sarkees (1823-2003); World population by country data from World Economic Forum (1820 – 2019)
CARd	Cumulative abnormal return through the 30, 90, and 180-day window of the effective merger date. If a bank has multiple M&As in a year, CAR is replaced by the average CAR of multiple M&As' CAR.
SIZE	Bank size, measured as the natural logarithm of total assets at the end of the year prior to M&A date
ROA	Net income scaled by total assets, measured at the end of the year prior to M&A date
ROE	Net income scaled by total equity, measured at the end of the year prior to M&A date
EQUITY	Equity to asset ratio in percentage, measured at the end of the year prior to M&A date
INTEREST	Net interest income scaled by total assets, measured at the end of the year prior to M&A date
COST_INC	Total costs scaled by total income, measured at the end of the year prior to M&A date
LLP	Loan loss provision (LLP) scaled by lagged total loans (TL), LLP is measured at the end of the year prior to M&A date and TL is measured at the end of one-year-lagged year with respect to LLP
GENDER	An indicator variable that equals 1 if a CEO is male, and 0 otherwise
AGE	CEO age, measured at the year prior to M&A year
SAME	Same origin, measured as dummy variable based on the matching score between CEOs' first names and surnames' countries of origin. The matching score is the summation of weight of surnames where first names share the same countries of origin with surnames.
IDV	Individualism culture, measured as a dummy variable that takes the value of 1 if the individualism index (Hofstede 1984) is above the sample median, and 0 otherwise.

Appendix B. A Screenshot of Ancestry.com's New York Passenger and Crew Lists

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View Record	Name	Arrival Date	Birth Year	Port of Departure	Ethnicity/ Nationality	Ship Name	View Ship Image	View Passenger List
View Record	Alfred Aichele	14 May 1928	abt 1905	Hamburg, Germany	German	Hamburg		
View Record	Wolf Aichele	20 Jul 1923	abt 1886	Hamburg	German	Reliance		
View Record	Christl Aichele	23 Aug 1955		Rotterdam, Netherlands	German	Ryndam		
View Record	Anna Aichele	20 Aug 1939	abt 1912	New York, New York		Talamanca		
View Record	Agnes Aichele	18 Aug 1852	abt 1847	Antwerp, Belgium	German	America		
View Record	Martin Aichele	10 Apr 1905	abt 1877	Liverpool, England	German	Caronia		
View Record	Adam Aichele	17 Aug 1857	abt 1800	Liverpool, England	German	Southampton		
View Record	Barbara A Aichele	26 Jul 1954		Bremerhaven, Germany		General Maurice Rose		
View Record	Georg Aichele	16 Sep 1931	abt 1907	Hamburg, Germany	German	Milwaukee		
View Record	Eugen Aichele	2 Dec 1923	abt 1897	Hamburg	German	Hansa		
View Record	Barbara Aichele	30 Mar 1852	abt 1793	London, England	German	American Congress		
View Record	Friedrich Aichele	18 Feb 1953	1902	Puerto La Cruz	German	Queen Elizabeth		
View Record	Josef Aichele	21 May 1929	abt 1893	Bremen, Germany	German	Stuttgart		
View Record	Ludwig Aichele	29 Apr 1902	abt 1887	Bremen	Russian	Kronprinz Wilhelm		
View Record	Johanna Aichele	30 Dec 1949		Frankfurt, Germany				
View Record	Alfons Aichele	3 Dec 1927	abt 1901	Bremen, Germany	German	Munchen		
View Record	Louise Aichele	Jul 1952		Zuric H,che				
View Record	Florence A Aichele	7 Aug 1955		Brussels, Belgium				
View Record	Belle Aichele	14 Oct 1893	abt 1865	Le Havre		La Touraine		
View Record	Georg Aichele	22 Jul 1931	abt 1907	Hamburg, Germany	German	Milwaukee		

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Appendix C. Detailed Distribution of CEOs' Countries of Origin

Country	Frequency (%)	Cumulative (%)
United Kingdom	6.7300	6.73
Germany	6.4000	13.13
Ireland	5.5500	18.68
France	4.9500	23.63
Canada	4.8300	28.46
Italy	4.3100	32.77
Netherlands	4.2500	37.02
Spain	3.8700	40.89
Sweden	3.5000	44.39
Israel	3.4000	47.79
Russia	3.3600	51.15
Austria	3.3300	54.48
Poland	3.1100	57.59
Norway	3.0000	60.59
Hungary	2.8000	63.39
Australia	2.4900	65.88
Swiss	2.4900	68.37
Belgium	2.0900	70.46
Czech	2.0700	72.53
Denmark	2.0100	74.54
Greece	1.7400	76.28
Cuba	1.6600	77.94
Finland	1.5300	79.47
Brazil	1.2200	80.69
Portugal	1.1800	81.87
Romania	1.1400	83.01
Philippines	0.9700	83.98
China	0.9500	84.93
Puerto Rico	0.9500	85.88
Panama	0.7900	86.67
Argentina	0.7500	87.42
Croatia	0.7300	88.15
Chile	0.6800	88.83
Jamaica	0.6800	89.51
Lithuania	0.6800	90.19
Slovenia	0.6600	90.85
Syria	0.6400	91.49
Turkey	0.6000	92.09
Bermuda	0.5800	92.67
Honduras	0.5800	93.25

Venezuela	0.5600	93.81
India	0.5000	94.31
Latvia	0.4600	94.77
Japan	0.4300	95.2
South Africa	0.4300	95.63
Armenia	0.3500	95.98
Estonia	0.3500	96.33
New Zealand	0.2900	96.62
Serbia	0.2900	96.91
Bulgaria	0.2500	97.16
Colombia	0.2500	97.41
Malta	0.2500	97.66
Dominica	0.2100	97.87
Albania	0.1900	98.06
Egypt	0.1900	98.25
Yugoslavia	0.1700	98.42
Malaysia	0.1500	98.57
Peru	0.1500	98.72
Bosnia	0.1400	98.86
Iceland	0.1400	99
Montenegro	0.1400	99.14
Guatemala	0.0800	99.22
Mongolia	0.0800	99.3
Palestine	0.0800	99.38
Ecuador	0.0600	99.44
Korea	0.0600	99.5
Lebanon	0.0600	99.56
Nicaragua	0.0600	99.62
Ukraine	0.0600	99.68
Uruguay	0.0600	99.74
Iran	0.0400	99.78
Sudan	0.0400	99.82
Algeria	0.0200	99.84
Ethiopia	0.0200	99.86
Iraq	0.0200	99.88
Jordan	0.0200	99.9
Morocco	0.0200	99.92
Pakistan	0.0200	99.94
Salvador	0.0200	99.96
Thailand	0.0200	99.98
Tunisia	0.0200	100

Appendix D. Figures of M&As Since 1970s

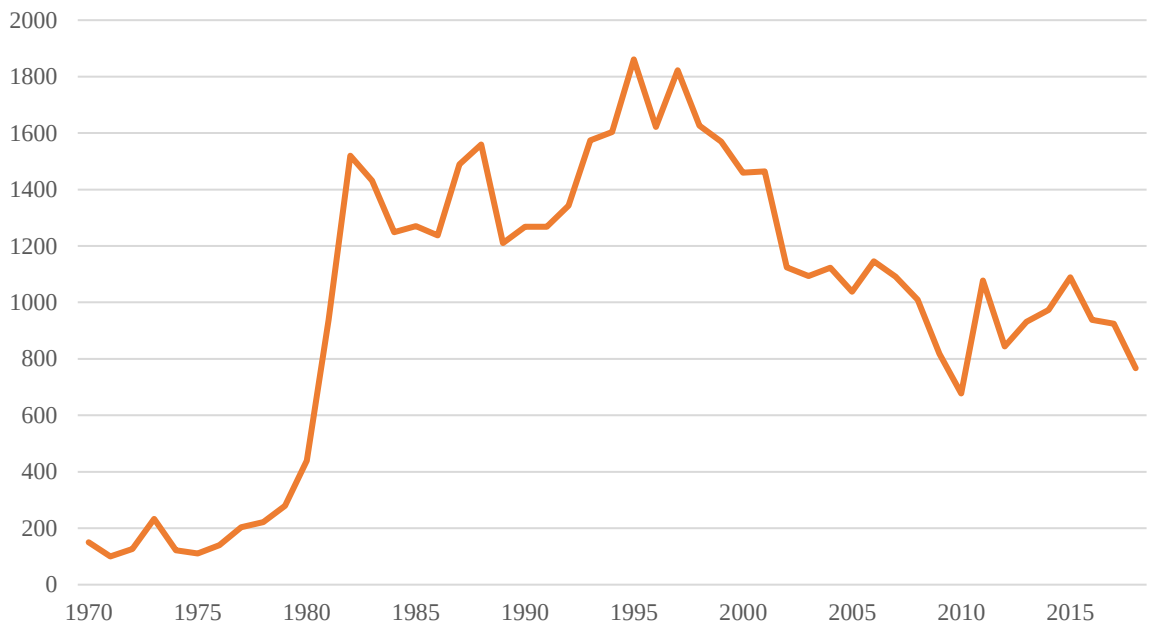

Figure 1: The U.S. Financial Institutions M&A Activities Since 1970

Data Source: National Information Center

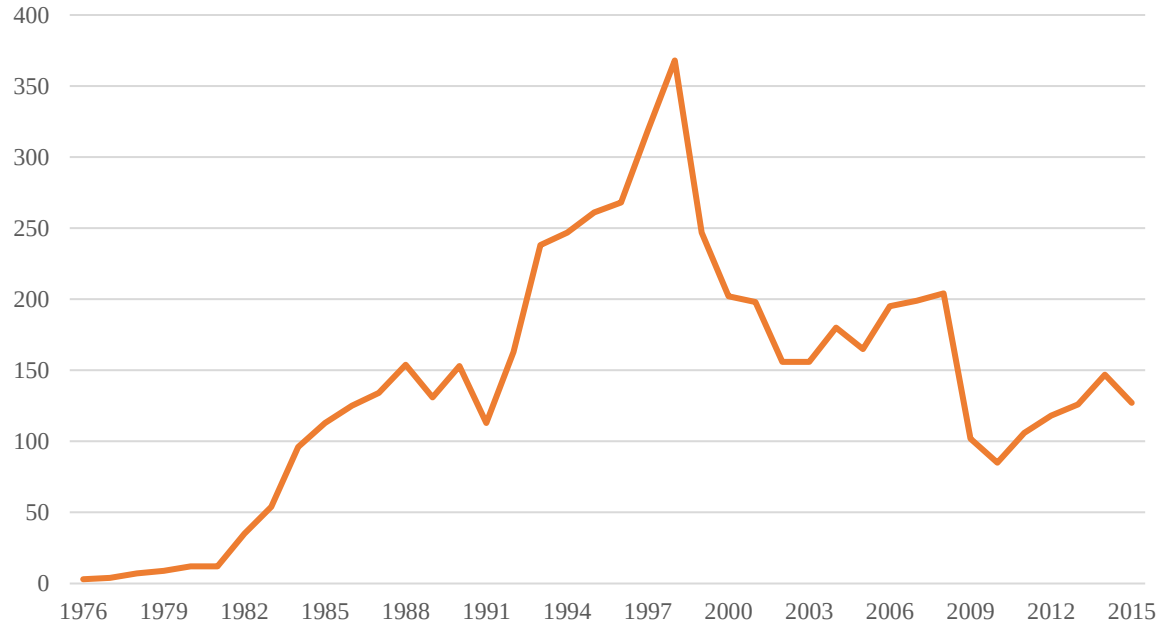

Figure 2: The U.S. Bank Holding Companies M&A Activities from 1976 to September 2015

Data Source: Federal Reserve Bank of Chicago