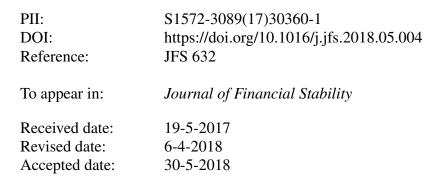
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## ACCEPTED MANUSCRIPT

#### Are Charter Value and Supervision Aligned? A Segmentation Analysis

Juan Aparicio, Miguel A. Duran, Ana Lozano-Vivas, Jesus T. Pastor

Juan Aparicio, University Miguel Hernandez (Spain) Email: j.aparicio@umh.es

Miguel A. Duran University of Malaga, (Spain) Email: maduran@uma.es

> Ana Lozano-Vivas University of Malaga (Spain), Email: avivas@uma.es

> > Jesus T. Pastor

#### University Miguel Hernandez (Spain) Email: jtpastor@umh.es

**Abstract:** Previous work suggests that the charter value hypothesis is theoretically grounded and empirically supported, but not universally. Accordingly, this paper aims to perform an analysis of the relations between charter value, risk taking, and supervision, taking into account the relations' complexity. Specifically, using the CAMELS rating system as a general framework for supervision, we study how charter value relates to risk and supervision by means of classification and regression tree analysis. The sample covers the period 2005–2016 and consists of listed banks in countries that were members of the Eurozone when it came into existence, along with Greece. To evaluate the crisis consequences, we also separately analyze four subperiods and countries that required financial aid from third parties and those that did not so, along with large and small banks. Our results reflect the complexity of the relations between charter value, supervision, and risk. Indeed, supervision and charter value seem aligned regarding only some types of risk.

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