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STOCK PRICE REACTION OF THE MERGED BANKS – AN EVENT STUDY APPROACH

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ABSTRACT

The banking industry worldwide has been consolidating at a dramatic rate over the past 30 years, and this trend is ongoing. Particularly in India, banking industry undergoes an unprecedented transformation, marked by a substantial decline in the number of commercial banks and savings institutions in the last two decades. Most of the decline in the number of organizations was due to mergers and acquisitions. There are many incentives for banks to undertake merger activities. Merged banks are in a better standing position to face the competition from other banks and financial service providers. Mergers may also result in reduced operating cost. However, mergers may also be related to higher prices for bank services. Presently, Indian banking industry is experiencing accelerated pace of consolidation, these transactions have attracted significant research effort. As majority of mergers and acquisitions do not meet expected results, it is imperative to assess the usefulness of M&A as a strategy tool. Also, mergers affect shareholders, stakeholders, and customers. It is, therefore, important to examine their effects too. Using the share price data and financial statements of eight select public and private sector banks, during the period between 1995 and 2004, this study examines M& A as a business strategy and to identify the relative importance of mergers on business performance and increased shareholders wealth.

KEYWORDS

Merger & Acquisitions, Abnormal return, Market model, Market adjusted model, Cumulative abnormal return.

INTRODUCTION

The new environment in banking demanded restructuring and reorienting the policy goals of banks. One way to adapt to the new environment was through mergers. Over the past decade, particularly during post-liberalisation period, the banking industry in India has experienced an unprecedented level of consolidation as mergers and acquisitions among large financial institutions at notable levels. It may be noted that though bank mergers were common phenomenon in many developed and developing countries, they were comparatively at remarkable level after economic liberalization in India.

To a large extent, this consolidation is based on a belief that gains can accrue through expense reduction, increased market power, reduced earnings volatility, and scale and scope economies. If consolidation does, in fact, lead to value gains, then shareholder wealth can be increased. On the other hand, if consolidating entities does not lead to the promised positive effects, then mergers may lead to a less profitable and valuable banking industry. An attempt has been made in this chapter to ascertain their effect or M&A in banking industry in shareholder wealth.

Merging two banks is a popular strategy in the prevailing in India in the post economic reform period has now-a-days become popular in India. This kind of vertical merging activity will generally benefit the acquired banks rather than the acquiring banks. Many researchers worldwide have empirically found that shareholders' wealth of the acquiring banks has decreased while it has been vice versa in the case of acquired firms. An attempt has been made in this article to ascertain the effect of Merger and Acquisition in banking industry on shareholders' wealth.

M&A IN BANKING SECTOR

The Indian banking sector is going through a process of restricting, mainly driven by pervasive trends such as deregulation, disintermediation, technological progress, innovation and severe competition. (D.S Prasad and Sandhya Goyal(2008) M&A are not new to the Indian banking sector. Between 1961- 2004, 71 mergers took place among various banks in India. .(Lakshminarayanan..P. (2005) M&A deals undertaken in banking sector during pre and post financial sector Reform periods are given in the table1.

TABLE: 1 LIST OF MERGERS IN INDIAN BANKING INDUSTRY SINCE 1969

Year	Merging Bank	Merged With
1969	Bank of Bihar	State Bank Of India
1970	National Bank of Lahore	State Bank Of India
1984	Laxmi Commercial Bank	Canara Bank
1984	Miraj State Bank	Union Bank of India
1985	Bank of Cochin	State Bank Of India
1986	Hindustan Commercial	Punjab National Bank
1988	Traders Bank	Bank of Baroda
1989	United Industrial Bank	Allahabad bank
1989	Bank of Tamil Nadu	Indian Overseas Bank
1989	Bank of Thanjavur	Indian Bank
1989	Karur Central bank	Bank of India
1990	Purvanchal Bank	Central Bank of India

BANKS GONE FOR M&A DURING POST FINANCIAL SECTORS REFORM PERIOD

Year	Merging Bank	Merged With
1993	New Bank of India	Punjab National Bank
1993	BCCI	State Bank of India
1994	Bank of Karad	Bank of India
1995	Kashinath Seth Bank	State Bank Of India
1996	Bari Daab Bank	Oriental Bank Of Commerce
1996	Punjab Co-operative Bank	Oriental Bank Of Commerce
1999	Bareilly Corporation Bank	Bank of Baroda
1999	Times Bank	HDFC Bank
2000	Bank of Madura	ICICI Bank
2002	Benaras State Bank Ltd.	Bank of Baroda
2002	Nedungadi Bank Ltd.	Punjab National Bank
2004	Global Trust Bank	Oriental Bank of Commerce

Source from: Manoj kumuar "Efficiency Gains from Mergers and Acquisitions of Indian Banks: A Data Envelopment Analysis Approach

OBJECTIVES OF THE STUDY

To identify the reaction of security prices to an announcement of Merger & Acquisition decision.
To examine the effect of M&A on shareholders' wealth-Pre and Post announcement.

METHODOLOGY OF THE STUDY

An impact of Merger and Acquisition in banking industry on Shareholders' wealth as well as on firm performance have been evaluated using share price data and financial statements of the select public and private sector banks who have involved in taking over other private banks during the period between 1995 and 2004. The present study, 8 merging and acquisition events in banking industry after economic liberalization has been taken in the event study analysis. To evaluate before and after merger firm performance, various ratios between pre and post merger period of five year time intervals are compared using parametric t-test.

DATA COLLECTION

Data of share price and market index 5years before and after the acquisition for each acquiring banks has been extracted from the prowess database of Centre for Monitoring Indian Economy (CMIE).

DATA ANALYSIS

The **shareholders' wealth creation due to takeover activities of the public and private sectors banks is analyzed using event study methodology** and compared for the entire sample banks that have gone through mergers during the period 1995-2004. Based on availability data, analysis of shareholders' wealth have been done only for 8 banks which have undergone M&A deal The effect of merger and acquisition of these M & A activities of the banks on their shareholders' wealth have been empirically analysed based on Abnormal Return (AR) and Cumulative Abnormal Returns (CAR) arrived at using Market Model (MM) and Market Adjusted Model (MAM).

Here, the model and the test statistics are specified for the event study. First, the rate of return on security 'i' for event day't' is calculated using the following formula:

$$R_{i,t} = \ln\left[\frac{P_{i,t+1}}{P_{i,t}}\right]$$

AR & CAR OF M&A BANKING SECTOR (UNDER MARKET MODEL)

To **estimate the abnormal** return for security 'i' at time't', **Market model and Market adjusted model** were used. The traditional market model to estimate abnormal returns is:

$$R_{i,t} = \alpha_i + \beta_i R_{m,t} + \varepsilon_{i,t}$$

Here one has to first estimate the coefficients (α_i and β_i) of each stock by using the ordinary least squares (OLS) regression method. The market model of each stock was estimated over a 120-day period beginning 90 days prior to and 30 days after each M&A announcement date. Once the parameters had been estimated, then the abnormal return (AR) for each sample firm was estimated for the announcement period (i.e., test period) that includes announcement date (day 0) and other days of interest (e.g., "day –15" prior to the announcement and "day +15" after the announcement).

The abnormal return for each day for each firm is then obtained as

$$AR_{i,t} = R_{i,t} - (\hat{\alpha}_i + \hat{\beta}_i R_{m,t})$$

The AR and CAR were computed under MM exclusive for Private and Public Sector Banks and collective effect on all Banks together.

PUBLIC SECTOR BANKS

Table 2 reports risk adjusted (market model based) abnormal returns and cumulative abnormal returns for 31 days event periods for Public sector banks' acquisition activities. The table shows that AR is positive and significant on day -13 (AR = 0.0168, t = 1.82, p < 0.10), whereas it negative and significant on days -6 (AR = -0.0183, t = -1.98, p < 0.05) and -5 (AR = 0.0162, t = -1.75, p < 0.10) during pre-period. This shows that there has been information leakage and the market quickly assimilates the information into share prices.

On the day of press release, market has been silent and has not shown reaction to the acquisition deals. However, after 3 day of the announcement, market reacted positively and increased the market value of shares. The similar trend can also been on day +13. Between day +3 and day +13, there has been significant negative abnormal return on day +5 in post-event period. Also, the fluctuations in AR are balanced between positive and negative values through out the event days. From the insignificant AR values as well as from positive AR values, it is apparent that the market has seen the event as favourable by incorporating its reactions into share prices.

The Cumulative abnormal returns (CARs) are positive and significant for event windows from [-15, -12] to [-15, -6] in pre-event period. This has shown that market has anticipated the upcoming acquisition deals of the public sector banks and reacted favourably. However, on the day of event, the CAR is negative and insignificant. Moreover, in post-event period, the CAR is positive and significant at marginal level only for event window [-15, 3]. For four event windows in post-period, [-15, +8], [-15, +10], [-15, +11] and [-15, +12], the CAR values are negative and significant. The scenario implies that there has been negative reaction in the market after amalgamation activities of the public sector banks.

PRIVATE SECTOR BANKS

Table 2 presents the abnormal returns and cumulative abnormal returns based on market model for 31 day event periods from -15 to +15 to ascertain the stock market reaction to acquisition activities of two private sector banks under study. It can be observed from table that the abnormal returns are negative on day -11 (AR = -0.0657, t = -2.23, $p < 0.05$) and day -5 (AR = -0.0591, t = -2.00, $p < 0.05$) while it is positive on day -6 (AR = 0.0698, t = 2.36, $p < 0.05$) during pre-event period and all are significant.

During the period after announcement, the abnormal returns are positive and significant at 1 per cent and 5 per cent levels on day +3 (AR = 0.0831, t = 2.81, $p < 0.01$) and day +10 (AR = 0.0805, t = 2.73, $p < 0.05$) respectively. The cumulative abnormal returns are, however, not significant for all event windows from day -15 to day +15. Moreover, the CAR values are negative for majority of the event windows. The cumulative abnormal return is positive and significant for event windows from [-15, -14] to [-15, -8] as well as from [-15, -4] to [-15, -2] in pre-period.

The above picture implies that the market has anticipated the acquisition events in two private sector banks and considered the acquisition activities as unfavourable, in turn destructing the shareholder wealth. On the day of event also, the CAR is negative and significant at 1 per cent level. The scenario implies that there has been negative reaction to acquisition deal in the market. Out of 15 event windows, the CAR values are negative and significant at 1 per cent level for 9 event windows in post-event period. There has been significant reduction in shareholder wealth to the extent of 7.55 per cent during 31 days event periods. This envisages that investors were panic about acquisition deal and started to sell of their shares to minimize their losses.

ALL SECTORS BANKS

To evaluate market reaction to public sector and private sector banks' activities acquiring other private limited banks, the abnormal returns and cumulative abnormal returns for 15 days surrounding the event day (31 days event period) based on market model (risk adjusted models) are given in Table 6. According to table, the risk adjusted abnormal return is negative and significant at 10 per cent level on day -11 (AR = -0.0178, t = -1.92, $p < 0.10$). On day -5 in pre-period also, the abnormal return is negative and significant at 5 per cent level (AR = -0.0232, t = -2.49, $p < 0.05$).

This scenario envisages that leakage of information about acquisition deal by banks reflected in the share prices. During post-event period, on day +3 (AR = 0.0320, t = 3.44, $p < 0.01$) and day +10 (AR = 0.0163, t = 1.75, $p < 0.10$), the AR is positive and significant, and on day + 5 (AR = -0.0252, t = -2.71, $p < 0.01$), it is negative and significant. However, on the remaining days in post-event period, the fluctuations in AR are balanced with positive and negative values and they are not significant statistically. This shows that market remained stable with acquisition activities of bank.

The fluctuations is cumulative abnormal returns are also balanced with positive and negative values in all event windows between day -15 and day +15. At the same time, CAR for event window [-15, -7] and [-15, -6] in pre-period as well as [-15, +3] and [-15, +4] in post-period is positive and significant, whereas the CAR for event window [-15, +1] is negative and significant. The level of significance of CAR, either positive or negative, in post-period has been just at marginal level. The significant CAR for event windows prior to announcement has shown that the market has quickly reacted to the information leakage regarding upcoming takeover bid of public and private sector banks. From marginally significant and insignificant CAR values in post-event windows, it is understood that the market has tried to react negatively to the most of the banks' acquisition announcement but overall there was neither destruction or creation in shareholder wealth of investors of public and private sector banks.

AR & CAR OF M&A BANKING SECTOR (UNDER M A M)

Marked adjusted model has been used to estimate abnormal returns to further check the sensitivity of our results. According to this model, the market return is simply subtracted from the correspondent security return over a given period't' as given below:

$$AR_{i,t} = R_{i,t} - R_{m,t}$$

This approach makes the assumption that the beta for all firms (securities) is 1 (and α_i = 0), thus providing an extreme test of the sensitivity of the results to beta estimation or shifts.

The **cumulative abnormal return** (CAR) for security 'i' is the sum of abnormal returns for each sample firm for the **announcement period from day -15 to day +15.**

$$CAR_i(t_{-15}, t_{+15}) = \sum_{t=-15}^{t=+15} AR_{i,t}$$

Appropriate tests can be used to determine whether such measured wealth effects differ significantly from zero. For this purpose, **t-statistics** was used **to assess the statistical significance of AR and CAR as follows:**

$$t(AR_{i,t}) = \frac{AR_{i,t} - 0}{\sigma(AR_{i,t})}$$

$$t(CAR_{i,t}) = \frac{CAR_{i,t} - 0}{\sigma(CAR_{i,t})}$$

Where σ is the estimated standard deviation of the AR and CAR.

Assuming that the mean abnormal returns are independent and identically distributed and normal, $t(AR_{i,t})$ has a t-student distribution with (N-1) degrees of freedom under the null hypothesis. The AR and CAR were computed under M A M exclusive for Private and Public Sector Banks and collective effect on all Banks together.

PUBLIC SECTOR BANKS

Table 3 portrays the market adjusted AR and CARs for takeover bidding activities of public sector banks. According to table, the AR is positive and significant only day +3 in post-period. In most of the event days, ARs, though insignificant, are positive. Further marked adjusted CAR is positive and significant at 1 per cent level for event windows from [-15, -13] to [-15, +15]. At the end of 31 days event period, the value to shareholders of public sector banks has increased by 8.17 per cent relative to return from market portfolio. The status of market model and market adjusted model based CAR is shown graphically using line chart in Figure 4. In sum, it is concluded that the market tend to show positive reaction to upcoming acquisition deals of the public sector banks and it has given return higher than return from market portfolio to the investors after amalgamation.

PRIVATE SECTOR BANKS

The market adjusted abnormal returns and cumulative abnormal returns for 15 days event periods surrounding the announcement day in order to ascertain the stock market reaction to two private sector banks (combined) acquisition bids are depicted in Table 3. An observation of the table indicates that the condition of abnormal return is almost similar to the condition of risk adjusted abnormal returns. The market adjusted abnormal return is negative and significant on day -

11 (AR = -0.0612, t = -1.89, p <0.10) while it is positive and significant on day -6 (AR = 0.0786, t = 2.43, p < 0.05) during pre-period. The significant abnormal returns in some of the days during pre-period has revealed the market's anticipation of the upcoming acquisition deals of the private sector banks.

During post-period, the abnormal return is positive on day +3 (AR = 0.0884, t = 2.73, p < 0.01) and on day +10 (AR = 0.0924, t = 2.86, p < 0.01). The significant abnormal returns on two days during post-period has indicated that market has considered the deal favourably. In post-period, the market adjusted cumulative abnormal returns are negative and significant for event windows from [-15, -11] to [-15, -9], whereas it is positive and significant for event window [-15, -6] and [-15, -1]. This shows that the market has anticipated the upcoming acquisition deal of the private sector banks. Initially, market has thought it to be unfavourable, but situated changed near to press release. The cumulative abnormal returns are positive and significant at 1 per cent level for event windows from [-15, +3] to [-15, +15]. The graphical presentation of the fluctuations in risk adjusted and market adjusted CAR is portrayed in Figure 5. The above status of CAR has provided evidence that market considered the deal positively after press release and incorporated its positive reactions by increasing market value of shares of these two banks.

ALL SECTORS BANKS

The market adjusted average abnormal returns and cumulative average abnormal returns for acquisition activities of all public sector and private sector banks are reported in Table 6. The market adjusted abnormal returns are fluctuated between negative and positive values and it is negative and marginally significant at 10 per cent level on day -5 during pre-period. The insignificant AR values in pre-period reveal that there is no information leakage or delay in market reaction to upcoming acquisition deal of the banks. The significant market adjusted abnormal return is positive on day +3, +10 and +13 and negative on day +5. It seems from the above that market tends to react positively after press release of acquisition announcement. The market adjusted cumulative abnormal returns are positive for all event windows from [-15, -14] to [-15, +15] and they are significant for windows from [-15, -10] to [-15, +15]. How, risk adjusted and markets adjusted CAR is fluctuating in 31 days event period are represented graphically in Figure 6.

From positive and significant CAR values, it is found that the investors have earned returns significantly higher than return earned by not suffered with any loss in their investment due to acquisition announcement of the bankers; instead they earned significantly higher return compared to return from market portfolio.

CONCLUSION

The banking industry has been undergoing major consolidation in recent years, with a number of global players emerging through successive mergers and acquisitions. This creates a great deal of uncertainty for all the stakeholders concerned. This research has pointed some elements that are explained and justified by the very nature of merger and acquisition of banking firms in India. The motivation for mergers and acquisitions were examined to establish the extent to which the benefits accrue as a viable factor in enhancing firms' performance and resultant increase in shareholder's wealth. Though there exist some skepticism that these efforts would make the bank lose its cost efficiencies, it is agreed that higher market prices emerges as a distinct beneficial outcome of mergers and acquisitions. This study shows that in a banking environment marked by frequent mergers, such transactions directly or indirectly effect the shareholders sentiments and increase market share (i.e.) mergers enhances performance and wealth for both the businesses and shareholders.

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TABLES

Table 2: MARKET MODEL

Day	Abnormal Return			't' Value (Ab. R)			C .Ab. R			't' Value (C. Ab. R)		
	Public	Private	All	Public	Private	All	Public	Private	All	Public	Private	All
-15	0.0067	-0.0462	-0.0077	0.72	-1.56	-0.82	0.0067	-0.0462	-0.0077	0.72	-1.56	-0.82
-14	-0.0085	-0.0013	0.0016	-0.92	-0.04	0.17	-0.0018	-0.0475	-0.006	-0.19	-1.61	-0.65
-13	0.0168*	0.0005	0.0079	1.82	0.02	0.85	0.0151	-0.0471	0.0018	1.63	-1.59	0.2
-12	0.0068	-0.0085	0.0031	0.74	-0.29	0.33	0.0219**	-0.0556*	0.0049	2.36	-1.88	0.53
-11	-0.0013	-0.0657**	-0.0178*	-0.14	-2.23	-1.92	0.0205**	-0.1213***	-0.0129	2.22	-4.11	-1.39
-10	0.0154	0.0029	0.0124	1.67	0.1	1.34	0.0359***	-0.1184***	-0.0005	3.89	-4.01	-0.05
-9	0.0025	-0.0144	-0.0003	0.27	-0.49	-0.03	0.0385***	-0.1328***	-0.0007	4.16	-4.5	-0.08
-8	-0.0021	0.0423	0.0113	-0.23	1.43	1.22	0.0364***	-0.0905***	0.0106	3.94	-3.07	1.14
-7	0.0054	0.0464	0.0136	0.58	1.57	1.46	0.0418***	-0.0442	0.0242**	4.52	-1.5	2.6
-6	-0.0183*	0.0698**	0.0065	-1.98	2.36	0.7	0.0234***	0.0256	0.0307***	2.54	0.87	3.3
-5	-0.0162*	-0.0591**	-0.0232**	-1.75	-2	-2.49	0.0073	-0.0335	0.0075	0.79	-1.13	0.81
-4	-0.0007	-0.022	-0.0025	-0.08	-0.74	-0.27	0.0065	-0.0555*	0.005	0.71	-1.88	0.54
-3	0.002	-0.0137	-0.0038	0.21	-0.46	-0.41	0.0085	-0.0691**	0.0012	0.92	-2.34	0.13
-2	-0.0029	0.0098	0.0002	-0.32	0.33	0.02	0.0056	-0.0594**	0.0014	0.6	-2.01	0.15
-1	-0.0079	0.0111	0.0007	-0.86	0.38	0.08	-0.0024	-0.0483	0.0021	-0.26	-1.63	0.23
0	-0.0009	-0.0507*	-0.0093	-0.09	-1.72	-1	-0.0032	-0.0989***	-0.0072	-0.35	-3.35	-0.78
1	-0.0009	-0.0313	-0.01	-0.1	-1.06	-1.07	-0.0041	-0.1302***	-0.0172*	-0.44	-4.41	-1.85
2	0.005	0.0343	0.0088	0.54	1.16	0.95	0.0009	-0.0959***	-0.0084	0.1	-3.25	-0.9
3	0.0157*	0.0831***	0.0320***	1.7	2.81	3.44	0.0166*	-0.0128	0.0237*	1.79	-0.43	2.54
4	-0.0098	0.0003	-0.0065	-1.06	0.01	-0.7	0.0068	-0.0126	0.0171*	0.74	-0.43	1.84
5	-0.0157*	-0.0540*	-0.0252***	-1.7	-1.83	-2.71	-0.0089	-0.0665**	-0.0081	-0.97	-2.25	-0.87
6	0.0038	-0.004	0.0036	0.41	-0.14	0.38	-0.0051	-0.0705**	-0.0045	-0.55	-2.39	-0.49
7	-0.0117	-0.0025	-0.0084	-1.26	-0.08	-0.9	-0.0168	-0.0730**	-0.0129	-1.82	-2.47	-1.39
8	-0.0042	0.0087	0.0032	-0.46	0.29	0.35	-0.0210**	-0.0643**	-0.0097	-2.27	-2.18	-1.04
9	0.006	-0.0151	0.0029	0.65	-0.51	0.31	-0.015	-0.0794***	-0.0068	-1.62	-2.69	-0.73
10	-0.002	0.0805**	0.0163*	-0.21	2.73	1.75	-0.0169*	0.0011	0.0095	-1.83	0.04	1.02
11	-0.0075	-0.0286	-0.0116	-0.81	-0.97	-1.25	-0.0244***	-0.0275	-0.0021	-2.64	-0.93	-0.23
12	0.0036	-0.0267	-0.0051	0.39	-0.9	-0.55	-0.0208**	-0.0542*	-0.0072	-2.25	-1.84	-0.78
13	0.0166*	0.0095	0.0135	1.79	0.32	1.46	-0.0042	-0.0448	0.0063	-0.46	-1.52	0.68
14	-0.0004	-0.0447	-0.0091	-0.05	-1.51	-0.98	-0.0047	-0.0895***	-0.0028	-0.51	-3.03	-0.3
15	-0.0038	0.014	0.0049	-0.41	0.47	0.52	-0.0085	-0.0755**	0.0021	-0.92	-2.56	0.22

***Significant at 1% level; **Significant at 5% level; *Significant at 10% level

TABLE 3: MARKET ADJUSTED MODEL

Day	Abnormal Return			't' Value (Ab. R)			C .Ab. R			't' Value (C. Ab. R)		
	Public	Private	All	Public	Private	All	Public	Private	All	Public	Private	All
-15	0.0065	-0.0397	-0.005	0.64	-1.29	-0.52	0.0065	-0.0397	-0.005	0.64	-1.29	-0.52
-14	0.0068	0.0006	0.0052	0.66	0.02	0.54	0.0133	-0.0392	0.0002	1.3	-1.28	0.02
-13	0.0125	0.0057	0.0108	1.21	0.19	1.11	0.0258**	-0.0335	0.011	2.51	-1.09	1.12
-12	0.0058	-0.0033	0.0036	0.57	-0.11	0.37	0.0316***	-0.0367	0.0145	3.08	-1.2	1.49
-11	0.0024	-0.0612**	-0.0135	0.24	-2	-1.38	0.0340***	-0.0979***	0.001	3.32	-3.19	0.11
-10	0.0163	0.0161	0.0163	1.59	0.52	1.67	0.0504***	-0.0819***	0.0173*	4.91	-2.67	1.78
-9	0.0037	-0.004	0.0018	0.36	-0.13	0.19	0.0541***	-0.0858***	0.0191**	5.28	-2.8	1.96
-8	0.0014	0.0532*	0.0144	0.14	1.73	1.47	0.0555***	-0.0326	0.0335***	5.41	-1.06	3.44
-7	0.0056	0.0418	0.0146	0.54	1.36	1.5	0.0611***	0.0092	0.0481***	5.96	0.3	4.94
-6	-0.0128	0.0786**	0.01	-1.25	2.56	1.03	0.0482***	0.0878***	0.0581***	4.7	2.86	5.97
-5	-0.0091	-0.0489	-0.0190*	-0.88	-1.59	-1.95	0.0392***	0.0389	0.0391***	3.82	1.27	4.01
-4	0.0049	-0.0109	0.001	0.48	-0.36	0.1	0.0441***	0.028	0.0401***	4.3	0.91	4.11
-3	0.0037	-0.0026	0.0021	0.36	-0.08	0.22	0.0478***	0.0255	0.0422***	4.66	0.83	4.33
-2	0.0005	0.0113	0.0032	0.05	0.37	0.33	0.0483***	0.0367	0.0454***	4.71	1.2	4.66
-1	-0.0007	0.0312	0.0073	-0.06	1.02	0.75	0.0476***	0.0679**	0.0527***	4.65	2.21	5.41
0	0.0087	-0.0417	-0.0039	0.85	-1.36	-0.4	0.0564***	0.0262	0.0488***	5.5	0.85	5.01
1	-0.0029	-0.0049	-0.0034	-0.28	-0.16	-0.35	0.0534***	0.0214	0.0454***	5.21	0.7	4.66
2	0.002	0.0255	0.0079	0.2	0.83	0.81	0.0555***	0.0468	0.0533***	5.41	1.53	5.47
3	0.0176*	0.0884***	0.0353***	1.72	2.88	3.63	0.0731***	0.1352***	0.0886***	7.13	4.41	9.1
4	-0.0054	0.0151	-0.0002	-0.52	0.49	-0.02	0.0678***	0.1503***	0.0884***	6.61	4.9	9.08
5	-0.0135	-0.0503	-0.0227**	-1.31	-1.64	-2.33	0.0543***	0.1000***	0.0657***	5.3	3.26	6.75
6	0.0074	0.0033	0.0064	0.72	0.11	0.65	0.0617***	0.1032***	0.0721***	6.02	3.36	7.4
7	-0.0098	0.0006	-0.0072	-0.96	0.02	-0.74	0.0519***	0.1038***	0.0649***	5.06	3.38	6.66
8	0.0057	0.0246	0.0104	0.56	0.8	1.07	0.0576***	0.1284***	0.0753***	5.62	4.18	7.73
9	0.0088	-0.0036	0.0057	0.86	-0.12	0.59	0.0664***	0.1248***	0.0810***	6.48	4.07	8.32
10	-0.002	0.0924	0.0216**	-0.19	3.01	2.22	0.0645***	0.2172***	0.1026***	6.29	7.08	10.54
11	-0.0044	-0.0263	-0.0098	-0.42	-0.86	-1.01	0.0601***	0.1909***	0.0928***	5.86	6.22	9.53
12	0.0012	-0.027	-0.0058	0.12	-0.88	-0.6	0.0613***	0.1639***	0.0870***	5.98	5.34	8.93
13	0.0158	0.0226	0.0175*	1.54	0.74	1.79	0.0771***	0.1865***	0.1045***	7.52	6.08	10.73
14	0.0017	-0.0316	-0.0066	0.17	-1.03	-0.68	0.0788***	0.1549***	0.0979***	7.69	5.05	10.05
15	0.0029	0.0206	0.0073	0.28	0.67	0.75	0.0817***	0.1755***	0.1051***	7.97	5.72	10.8

***Significant at 1% level; **Significant at 5% level; *Significant at 10% level

FIGURES

Figure 4 : CAR for Public Bank's Acquisition of Activities

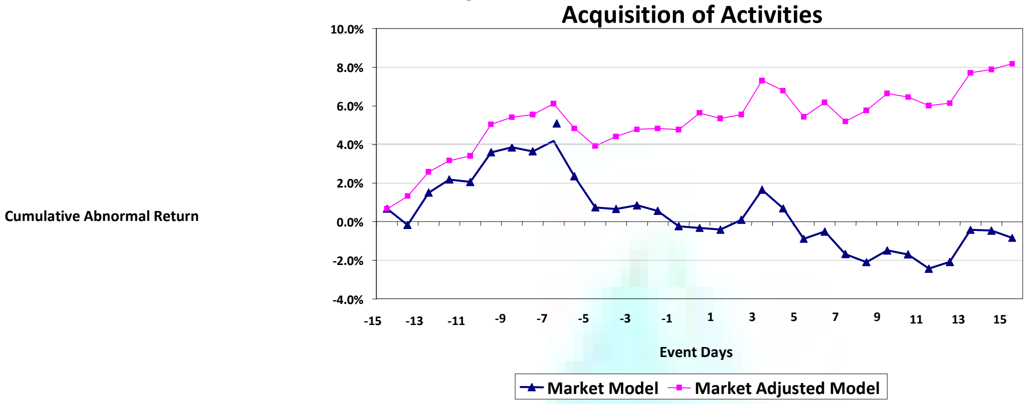


Figure 5: CAR for Private Bank's Acquisition of Activities

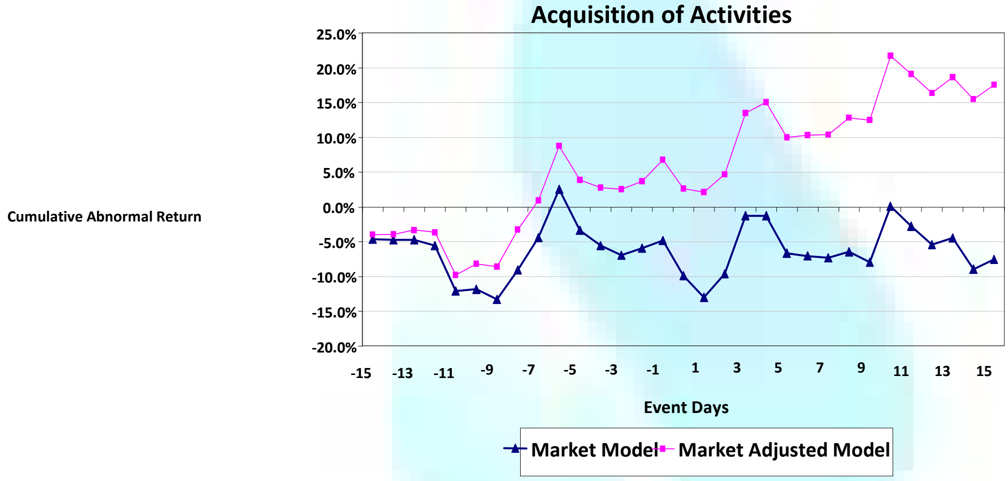
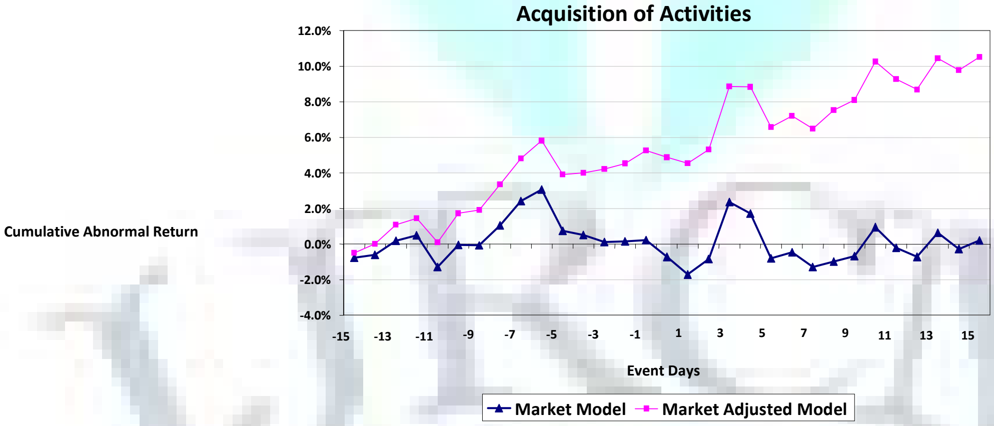


Figure 6: CAR for All Bank's Acquisition of Activities



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