

CASE STUDY

Session 3

Event: Hostile takeover announcement

Acquire: Banco Comercial Português

Target: Banco Português de Investimento

Date: 13 de Março de 2006

Estimation Period: [-136, -16]

Event Window: [-15; -5], and : [-5; +5],

Models

- Returns adjusted to average
- Market adjusted returns
- FF3 factor model
- Carhart [1997] 4 factor model
- Competitors as benchmarks

Aim:

1. Private information (before announcement)
2. market reation atound the announcement

Variables

BCP	BCP Returns
BES	BES Returns
BNF	BANIF Returns
BPI	BPI Returns
FNB	Finibanco Returns
HML	"High minus Low" (1st and 4th quartiles) Portfolio Returns
SMB	"Small minus Big" (1st and 4th quartiles) Portfolio Returns
WML	"Winners minus Losers" (1st and 4th quartiles) Portfolio Returns
Rpsi	PSI20 (Index) Returns
Euribor	1 month Euribor