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Isolating the market reaction to a governance resolution: A market-model event study of eximbank's 2026 AGM

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Abstract
This study extends a prior descriptive analysis of stock-market reactions to governance and ownership events at Vietnam Export Import Commercial Joint Stock Bank (Eximbank). Descriptive comparisons of raw share-price and trading-volume changes can show whether a market reacts, but cannot separate a firm-specific reaction from market-wide movement. Using a market-model event study with the VN-Index as the market proxy, this study isolates the abnormal return around Eximbank's 2026 Annual General Meeting (AGM). The announcement-day abnormal return is negative (-3.47%) and marginally significant, while the cumulative abnormal return over the surrounding windows is not statistically significant. The reaction was therefore sharp but transient, refining the view that the AGM produced the weakest market response and demonstrating the value of abnormal-return analysis over raw price comparison.

Keywords: Event study, abnormal returns, cumulative abnormal return, corporate governance, Eximbank, Vietnam stock market

Introduction

Corporate governance events in listed banks can act as signals to investors about control, oversight and future risk (Shleifer and Vishny, 1997) [1] (Laeven and Levine, 2009) [2]. Descriptive analyses of share-price and trading-volume movements around governance events can show whether a market reacts, but raw price change alone cannot separate a firm-specific reaction from broader market movement.

A purely descriptive approach, however, relies on raw price and volume changes over a fixed window. Its key limitation is that raw price change cannot distinguish a firm-specific reaction from a movement that merely tracks the wider market. If the market as a whole was falling during the post-event window, part of Eximbank's decline would reflect market conditions rather than any reaction to the AGM itself. This study addresses that gap by applying a market-model event study, which removes the market component and isolates the abnormal return attributable to the event. The research question is whether the decline observed around Eximbank's 2026 AGM represented a genuine, statistically significant firm-specific reaction, or whether it largely reflected broader market movement.

Methods

This study uses Eximbank (EIB) daily closing prices and the VN-Index as the market proxy, both obtained from Investing.com (2026) [3]. Daily logarithmic returns are computed as the natural logarithm of the ratio of consecutive closing prices, for both EIB and the VN-Index.

The expected (normal) return of EIB is estimated using the market model (MacKinlay, 1997) [4], which relates a security's return to the market return through an intercept and a slope (beta) estimated by ordinary least squares over an estimation window preceding the event. To avoid contamination from the February 2026 mass-resignation shock, the estimation window runs from 2 October 2025 to 6 February 2026 (90 trading days), ending before that event.

For each day in the event window, the abnormal return is the difference between EIB's actual return and the return predicted by the market model. Abnormal returns are summed over the event window to obtain the cumulative abnormal return (CAR). Three windows are examined around the AGM date (28 April 2026): a narrow [-1,+1] window, a wider [-5,+5] window, and a post-event [0,+5] window. Statistical significance is assessed using the standardised test statistic of Brown and Warner (1985) [5], in which the CAR is scaled by the standard deviation of abnormal returns estimated from the market-model residuals.

Results

The market model fits well over the estimation window, with a beta of 1.29 ($p < 0.001$) and an R-squared of 0.48, indicating that EIB amplifies market movements and that the VN-Index explains roughly half of its daily return variation. On the AGM day the VN-Index rose by 1.21% while EIB fell by 2.26%, producing an abnormal return of -3.47% (t = -1.91), significant at the 10% level. Because the market was rising that day, the raw price change understates the firm-specific reaction. The abnormal return did not, however, accumulate into a significant cumulative effect, as shown in Table 1 and Figure 1.

Table 1: Market-model event-study results for the 2026 AGM

Measure	Value	t-statistic	p-value	Significance
Abnormal return, day t = 0	-3.47%	-1.91	0.056	10% level
CAR [-1, +1]	-0.78%	-0.25	0.804	Not significant
CAR [-5, +5]	-4.10%	-0.68	0.498	Not significant
CAR [0, +5]	-3.08%	-0.69	0.491	Not significant

Note: Market model estimated over 2 October 2025 to 6 February 2026 (90 trading days); beta = 1.29, R-squared = 0.48. Source: author's calculations using data from Investing.com (2026).

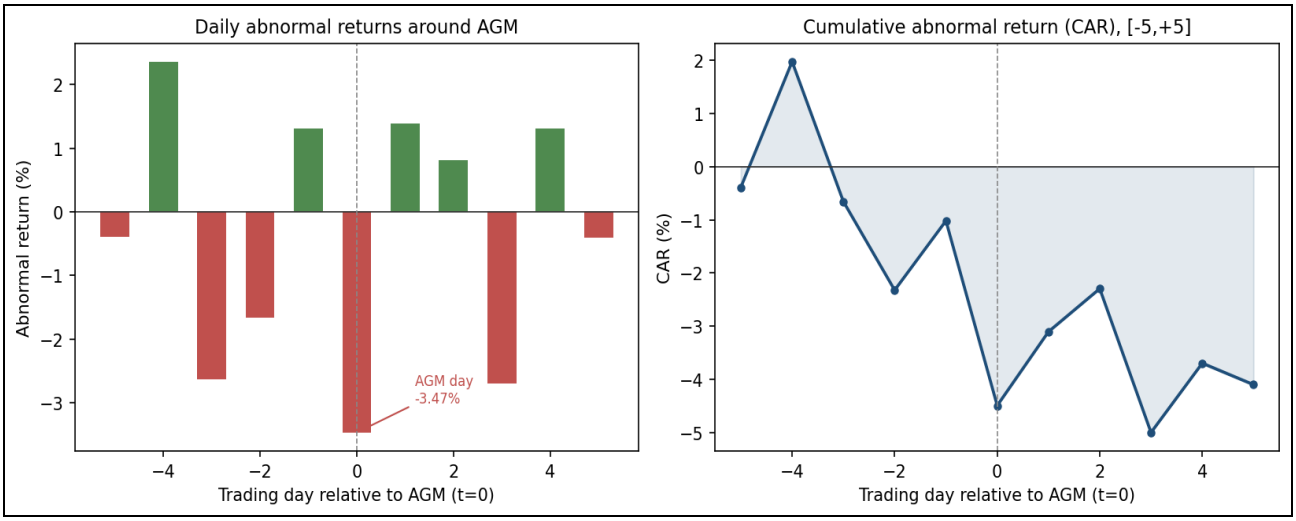

Fig 1: Daily abnormal returns and cumulative abnormal return (CAR) around the 2026 AGM.

Discussion

These results both confirm and refine the descriptive picture of the AGM. The negative reaction around the AGM was genuinely firm-specific and concentrated on the announcement day, and was in fact sharper than the raw price change implies once market movement is removed. At the same time, the absence of a significant cumulative abnormal return indicates that the market did not sustain a downward re-rating of the stock; positive abnormal returns on the following days partly offset the event-day decline.

This pattern is consistent with the interpretation that the relevant information had already been progressively absorbed through the earlier ownership and resignation events, so that the formal resolution delivered a brief, sharp disappointment without lasting valuation consequences. Methodologically, the contrast demonstrates the value of abnormal-return analysis over raw price comparison: a descriptive approach conflates a rising market with a falling stock, whereas the market model isolates the firm-specific component and reveals both its intensity and its transience.

Limitations and extensions

Two limitations should be acknowledged. First, the analysis covers a single event for a single bank, which limits statistical power; the marginally significant event-day result and the insignificant cumulative returns should be read with this in mind. Second, the estimation window of 90 days is shorter than the conventional benchmark because it was deliberately truncated to exclude the mass-resignation shock, trading some estimation precision for cleaner parameters. The natural extension is a multi-bank sample of listed Vietnamese banks, which would raise statistical power and allow a test of whether Eximbank's pattern is idiosyncratic or representative of the sector's response to governance resolutions.

Conclusion

Applying a market-model event study to Eximbank's 2026 AGM shows that the market registered a sharp, firm-specific but short-lived negative reaction to the formal governance resolution, rather than a sustained downward re-rating. This refines and strengthens the descriptive picture and illustrates why isolating abnormal returns matters when raw prices move with the market. Extending the design to a multi-bank sample is the clearest path to more powerful and generalisable evidence.

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