



BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA, JOHOR

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Hereby, declare that,

- This work has not previously been accepted in substance for any degree, locally or overseas and is not being submitted for this degree or any other degrees.
- This project paper is the result of independent work and investigation, except stated otherwise.
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LETTER OF SUBMISSION

22nd December 2016

Sir Mohamad Azwan bin Md Isa

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Dear Sir,

Attached here is the project paper titled “**PRE AND POST-MERGER IMPACT ON FINANCIAL PERFORMANCE OF MALAYSIAN BANKS**” to fulfill the requirements as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Yours sincerely,

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ACKNOWLEDGEMENT

All praises to almighty ALLAH, the most merciful and the most benevolent for giving me the opportunities in completing this research paper. It would be impossible for me to spent time to complete this study without the grace and help of ALLAH S.W.T.

I am greatly indebted to Sir Mohamad Azwan bin Md Isa whose excellence in supervision and plays a big role in inspired my work. Without his untiring encouragement, suggestions, ideas and comments throughout this study, this research could not be completed.

I also wish to express my deepest gratitude to all my friends and also Puan Mawar Noor Binti Abdullah, the librarian UiTM Segamat Johor who shared their valuable experience, time and commitment. Without their patience, this study cannot be complete. Puan Mawar Noor Binti Abdullah, the librarian UiTM Segamat Johor which is very helpful in finding the information using the UiTM Software.

Last but not least, I would like to thank to everyone that involved directly or indirectly for their contribution, invaluable support and encouragement they have place on me. Without everyone continued support, this study would not been the same as presented here.

Thank you.

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ABSTRACT

This paper endeavors to examine the pre and post-merger impact on financial performance of Malaysia's local banks. To accomplish this objective, the research methods used to compare pre-post-merger financial performance is comparison and analysis of ratios to compare the performance of Malaysian banks during the pre-merger period (1999-2002) and post-merger period (2003-2005). In addition, a comparative study will be carried out to show possible impact between the pre and post-merge of local banks from the perspective of performance and profitability. This paper will analyze the impact of merger on banks' profitability that measured by liquidity ratio, leverage and shareholder's wealth. For this analysis, a panel data regression methodology will be applied to study the performance of these commercial banks within Malaysian's local banks. Financial ratios are collected for a total of 5 (five) local banks covering a period between 1999 and 2006. Based on the result, 4 out of 6 variables are significant but 2 of it is negative relationship toward profitability during the pre-merger year. Meanwhile, the results for post-merger have only one significant result of variables toward profitability and it has a positive relation.