

Comparison the Factors Affecting the Financial Performance of Commercial Banks between Local and Foreign Banks in Malaysia

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Abstract

This study investigates the financial performance of commercial bank between domestic and foreign banks in Malaysia. The analysis is based on a panel data set of 2 domestic banks and 2 foreign banks in Malaysia over the period of 2011-2015. The chosen of the bank based upon the highest total assets reported in the Annual Report 2015. The conceptual frameworks in this research were designed on the following relationship between the return on asset with four independent variables: bank sizes, asset management, operational efficiency and credit risk management. The correlation was used to find the relationship between the variables and regression analysis was used to find how the variables affecting the financial performance of bank through return on asset. The finding of the study show the bank sizes, asset management, operational efficiency and credit risk management have a positive relationship with the return on asset for both domestic and foreign banks in Malaysia. However only the asset management will affect the return on asset for both local and foreign banks. This study suggests a set of recommendations to analyze others financial performance dimension such as equity return, profitability performance, liquidity performance, asset quality and capital adequacy in order to measure the financial health of the bank.

Key Words: financial performance; commercial bank; domestic bank; foreign bank

1.0 INTRODUCTION

The banking sector is considered to be an important source of financing for most businesses. It works as the backbone of the economy that controls the money supply. Said, R.M., and Tumin, M. H. (2011) stated that banks as the critical part of financial system play an important role in contributing to a country's economic development. Commercial banks in Malaysia need to review the way they have been doing business in the past and they have to understand the factors influence the bank performance. There are many aspects of the performance of commercial banks that can be analyzed.

The purpose of this study is to compare the financial performance between local and foreign bank with a focus on bank sizes, asset management, operational efficiency and credit risk management. Annual report for the financial periods of 2011 until 2015 is used to quantitatively identify the differences in performance among commercial banks in Malaysia.

The Banking sector is a vital part of the financial system in any country to provide them with a major source of finance. Banks largely depends on competitive marketing strategy that determines their success and growth. In this study, the researchers use four

commercial banks to make a comparison between local and foreign banks based on the highest total assets to assess the performance of a commercial bank. However, there are certain problems associated with the bank performance.

The previous study had stated that there have been little published studies to explore the factors on the financial performance, especially the commercial banks. It is found that the bank with higher total capital, deposit, credits, or total assets does not always mean that has better profitability performance. (Tarawneh, M. 2006). The financial performance of the banks was strongly and positively influenced by the banks sizes, asset management and operational efficiency (Ahmed Arif Almazari, 2011). In this research, the financial performance with a focus on bank sizes, asset management, operational efficiency and credit risk management will be analysed.

The proposed research framework for the study is stated in Figure 1.

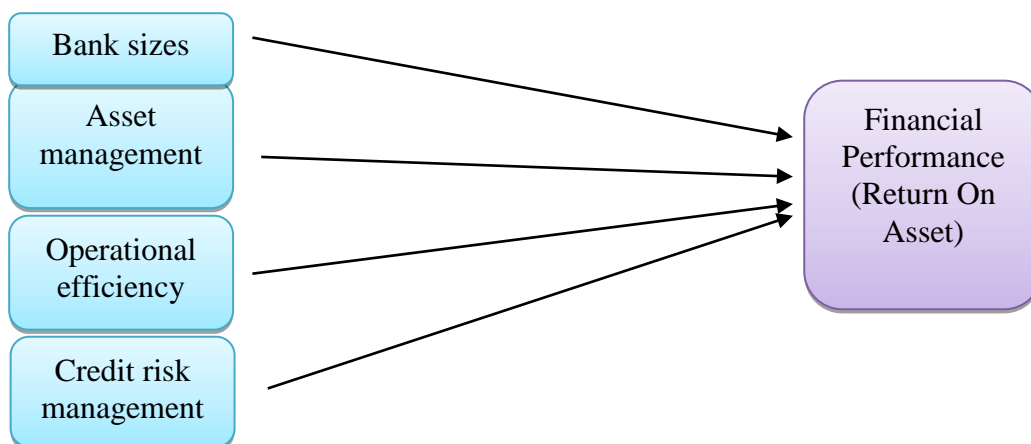


Figure 1: Research Framework of Financial Performance

2.0 LITERATURE REVIEW

This study is to focus on the factors affecting the financial performance of commercial bank. The following are detailed discussion on the aspects that are focus of this study.

2.1 Financial Performance

The banking sector is considered to be an important source of financing for most businesses. The common assumption, which underpins much of the financial performance research and discussion, is that increasing financial performance will lead to improved functions and activities of the organizations. The subject of financial performance and research into its measurement is well advanced within finance and management fields. It can be argued that there are four principal's factors to improve financial performance for financial institutions which are the bank size, asset management, operational efficiency and

credit risk management. This study proposes that there are measurable linkages among banks size, asset management, the operational efficiency and the financial performance.

It is found from previous study that the used of the return on asset (ROA) as a measure of banks performance and the bank size, asset management and operational efficiency as four independent variables affecting return on asset (Ahmad Almazari, 2011). The result of the analysis revealed a strong positive correlation between return on asset (ROA) and asset management ratio. A comprehensive study about banks profitability in Pakistan, they found significant relation between asset management ratios with return on asset (Khizer Ali, Muhammad Akhtar and Hafiz Ahmed, 2011).

According to Medhat Tarawaneh(2006), used the multiple regression analysis and correlations to test the financial performance of Omani Commercial banks. He used the return on asset (ROA) and the interest income as performance proxies (dependent variables), and the bank size, the asset management and the operational efficiency as independent variables and he found the positive strong correlation between financial performance and operational efficiency and a moderate correlation between return on asset (ROA) and bank size.

2.2 Credit Risk Management

Credit risk management is very important to banks as it is an integral part of the loan process. It maximizes bank risk, adjusted risk rate of return by maintaining credit risk exposure with view to shielding the bank from the adverse effects of credit risk. Bank is investing a lot of funds in credit risk management modelling. The commercial bank is an institution that provides financial services, including issuing money in various forms, receiving deposits of money, lending money and processing transactions and the creating of credit (Campbell, 2007). The important of credit risk management to maximizes the bank risk, adjusted risk rate of return by maintaining credit risk exposure with view to shielding the bank from the adverse effects of credit risk. Credit risk is found in all activities in which success depends on counterparty, issues or borrower performance. It is found that changes in credit risks may reflect changes in the health of a bank's loan portfolio which may in turns affect the financial performance (Cooper et al, 2003).

2.3 Bank Size

Previous study shows that size is used to capture the fact that larger banks are better placed than smaller banks in harnessing economies of scale in transactions to the plain effect that they will tend to enjoy a higher level of profits (Gul, S., Irshad, F., & Zaman, K. 2011). Consequently, a positive relationship is expected between size and profits. It also found size has a positively related to profitability (Bikker, J.A., & Hu, H, 2002) and (Devinaga Rasiah, 2010). The size of the bank is also included as an independent variable to account for size related economies and diseconomies of scale.

In most of the finance literature, the total assets of the banks are used as a proxy for bank size (Tarawneh, M (2006), Alkhatb, A and Harasheh, M (2012). The study stated that

the size of bank is also included to account for size-related economies and diseconomies of scale (Anna P. I. Vong & Hoi Si Chan, 2008). Size is a result of a bank strategy, but the variable alone does not guarantee the earning of excess returns.

2.4 Asset Management

An efficient asset-liability management requires maximizing bank's profit as well as controlling and lowering various risks and their study showed how shifts in market perceptions can create trouble during crisis (Arzu Tektas & Gunay, 2005).

Research by Paul E. Krugler (2007) stated that asset management is defined as a systematic process of maintaining, upgrading and operating assets with sound business practice and economic rationale and providing tools to facilitate a more organized and flexible approach to making the decisions necessary to achieve the public's expectation. Furthermore, it is stated that the main objective of asset management is to improve decision-making processes for allocating funds among an agency's assets so that the best return on investment is obtained. To achieve this objective, asset management embraces all of the processes, tools and data required to manage assets effectively. For this reason asset management is also defined as a process of resources allocation and utilization.

In addition, an article from newspaper The Star Online on 7 December 2016 said, the biggest challenge into 2017 would still be in managing asset quality in an environment of ongoing economic uncertainty, particularly on the overseas. Domestically, the weaker ringgit poses short-term earnings risks in the form of potential market losses on investments and borrowings

2.5 Operational Efficiency

In the literature on bank performance, operational expense efficiency is usually used to assess managerial efficiency in banks (Olweny, T., & Shipho, T. M., 2011). Mathuva (2009) observed that the cost income ratio (CIR) of local banks is high when compared to other countries and thus there is need for local banks to reduce their operational costs to be competitive globally.

Most previous studies concerning company performance evaluation focus merely on operational efficiency and operational effectiveness which might directly influence the survival of a company (Chein T, Danw S.Z., 2004). By using an innovative two-stage data envelopment analysis model in their study, the empirical result of this study is that a company with better efficiency does not always mean that it has better effectiveness.

3.0 METHODOLOGY

Research design of this study is adopting the quantitative approach that is using collection of secondary data method. This study employed a population of commercial banks in Malaysia total of 27 banks (Appendix 1). A total of four commercial banks were chosen as a sample of the study. The researchers use four commercial banks to make a comparison between local and foreign banks based on the highest total assets to assess the performance of a commercial bank. The sample of the study consists of two local commercial banks and two foreign commercial banks in Malaysia. This study involves commercial banks such as Malayan Banking Berhad(MBB), CIMB Bank Berhad, OCBC Bank (Malaysia) Berhad and United Overseas Bank (Malaysia) Bhd. The annual reports of Malaysian commercial banks for the financial periods 2011 until 2015(Appendix 2) were used to collect data from the existing instruments. Method of data analysis is using SPSS version 23.0 for reporting the descriptive financial analysis to describes, measure, compare and classify the financial situations of the commercial banks in Malaysia. The analysis will be using descriptive analysis such as mean and standard deviation, correlation analysis and regression analysis.

4.0 FINDINGS

This section is to examine the outcome and understanding whether there is a relationship between independent and dependent variable, whether the independent variables impacting on a dependent variable or not. To measure the relationship, descriptive analysis, correlation analysis and regression analysis investigation were utilized.

4.1 Descriptive Analysis

Table 4.2.1: Descriptive Statistics of Local Bank

	Mean	Std. Deviation
ROA	1.14920	0.281389
Bank Sizes	8.48380	0.141556
Asset Management	1.45590	0.310140
Operational Efficiency	72.32080	4.850517
Credit Risk Management	2.07970	1.009509

The results in Table 4.2.1 shows the descriptive statistics applied to the data of the banking industry of local bank in Malaysia for the period 2011 to 2015. As indicated in the Table 4.2.1, operational efficiency has the highest average which is 72.32 while return on asset shows the lowest average which is 1.15.

Table 4.2.2: Descriptive Statistics for Foreign Bank

	Mean	Std. Deviation
ROA	1.11300	0.129409
Bank Sizes	7.89460	0.066026
Asset Management	2.72440	0.184772
Operational Efficiency	57.24090	5.406672
Credit Risk Management	1.48930	0.276119

The results in Table 4.2.2 shows the descriptive statistics applied to the data of the banking industry of foreign bank in Malaysia for the period 2011 to 2015. As indicated in the Table 4.2.2, operational efficiency has the highest average which is 57.24 while return on asset shows the lowest average which is 1.11

4.2 Correlation Analysis

This section presents the relationship between the identified commercial banks independent variables and its relationship with bank financial performance as expressed by return on asset and also the relationship among the variables. The coefficients show the magnitude and direction of the relationships, whether it is strong, weak positive or negative. The higher the values to 1, means the stronger the relationship, and the smaller the coefficient is an indicator of a weak relationship. The sign also shows the direction of the relationship. The positive sign shows a positive relationship and the negative shows the opposite.

Table 4.3.1: Correlation Analysis for Local Bank

	ROA	Bank Sizes	Asset Management	Operational Efficiency	Credit Risk Management
ROA	1				
Bank Sizes	0.187	1			
Asset Management	0.955	0.020	1		
Operational Efficiency	0.079	0.788	0.076	1	
Credit Risk Management	0.079	0.900	0.063	0.646	1

Table 4.3.2: Variance Inflation Factor for Local Bank

Model	VIF
Bank Sizes	8.736
Asset Management	1.027
Operational Efficiency	2.841
Credit Risk Management	5.653

Dependent Variables: ROA

Tables 4.3.1 and 4.3.2 show the results of the Pearson's correlation coefficients for local commercial banks in Malaysia, respectively. The results show that the correlation coefficients between pairs of independent variables are less than 0.8, indicating that there are no serious correlations among the variables except for return on asset with asset management 0.955 and bank sizes with credit risk management 0.900. Table 4.3.2 show whether there is an exist of multicollinearity or since the result shows correlation coefficients between bank sizes and operational efficiency is 0.7888 and credit risk management is 0.900. According Gujarati (2007) as a rule of thumb, if the VIF of a variable exceeds 10, which will happen if R^2_i exceeds 0.90, that variable is said to be highly collinear. It indicates that the table variance inflation factor is less than 10. It means that there are no serious correlations among the variables.

Table 4.3.3: Correlation Analysis for Foreign Bank

Model	VIF
Bank Sizes	1.400
Asset Management	1.401
Operational Efficiency	1.655
Credit Risk Management	1.667

Table 4.3.4: Variance Inflation Factor for Foreign Bank

	ROA	Bank Sizes	Asset Management	Operational Efficiency	Credit Risk Management
ROA	1				
Bank Sizes	0.028	1			
Asset Management	0.898	0.015	1		
Operational Efficiency	0.565	0.172	0.497	1	
Credit Risk Management	0.082	0.533	0.011	0.390	1

Dependent Variables: ROA

Tables 4.3.3 and 4.3.4 show the results of the Pearson’s correlation coefficients for foreign commercial bank in Malaysia, respectively. The results show that the correlation coefficients between pairs of independent variables are less than 0.8, indicating that there are no serious correlations among the variables except for asset management with 0.899. Table 4.3.4 show whether there is an exist of multicollinearity. It shows that the table variance inflation factor is less than 10. It indicates that there are no serious correlations among the variables.

4.4 Regression Analysis

Table 4.4: Coefficient for Local Bank and Foreign Bank

Model	Local Bank	Foreign Bank
Bank Sizes	1.007 (0.471) *	0.265 (0.379)
Asset Management	0.855 (0.074) **	0.542 (0.135) ***
Operational Efficiency	0.004 (0.008)	0.006 (0.005)
Credit Risk Management	0.075 (0.053)	0.124 (0.099)

***. Correlation is significant at the 0.01 level (1-tailed).

**. Correlation is significant at the 0.05 level (1-tailed).

*. Correlation is significant at the 0.10 level (1-tailed).

The Table 4.4 shows the regression coefficient of the model for local and foreign commercial banks in Malaysia. It can be seen that bank sizes, asset management, operational efficiency and credit risk management for local and foreign commercial bank have positive relationship with return on asset.

The bank sizes for local commercial bank are seen to be significant at the 0.10 level. It means, when bank sizes increase, return on asset will be increase. Other than that, asset management for local commercial bank are seen to be significant at the 0.05 level. It means, when asset management increase, return on asset will be increase. While, operational efficiency and credit risk management only show positive relationship.

The asset management for foreign commercial bank are seen to be significant at the 0.01 level. It means, when asset management increase, return on asset will be increase. While, bank sizes, operational efficiency and credit risk management only shows positive relationship.

5.0 DISCUSSION, RECOMMENDATION AND CONCLUSION

5.1 Discussion

5.1.1 To identify how the return on asset (ROA) of financial performance influence the bank size.

The correlation analysis, the result for the local banks show that correlation coefficients between pairs of independent variables are less than 0.8, indicating that there are no serious correlations among the variables except for return on asset (ROA) with bank size which is 0.187. Next, the result for the foreign banks show that correlation coefficients between pairs of independent variables are less than 0.8, indicating that there are no serious correlation among the return on asset (ROA) between of bank sizes which is 0.028. Estimation results show that bank size doesn't matter towards bank profitability. Bank size has a positive and statistically insignificant impact on bank profitability, (Paul Kibathi Kagecha, 2014).

Then, the regression analysis, from the result of regression coefficient of the model for local commercial banks in Malaysia, that show the bank sizes for local banks are seen to be significant at the 0.10 level. It means, when bank sizes increase, return on asset (ROA) will be increase. The result for foreign banks for the bank sizes a shows positive relationship between return on asset (ROA). The result for foreign banks is seen to be significant at the 0.01 level. The relationship between return on asset with bank size only show positive relationship. It is supported by research from (Bikker, J.A., & Hu, H, 2002) and (Devinaga Rasiah, 2010) that stated the size has a positively related to profitability.

5.1.2 To identify how the return on asset (ROA) of financial performance influence the asset management

The correlation analysis, the result for the local banks show that correlation coefficients between pairs of independent variables are less than 0.8, indicating that there are no serious correlations among the variables except for return on asset (ROA) with asset management which is 0.955. It shows a strong positive correlation between ROA and asset management. The results of the correlation analysis for the foreign banks show that correlation coefficients between pairs of independent variables are less than 0.8, indicating that there is no serious correlation among the return on asset (ROA) except for asset management which is 0.898. Then, the result of regression analysis, from the result of regression coefficient of the model for local commercial banks in Malaysia. Other than that asset management for local commercial bank are seen to be significant at the 0.05 level. It means, when asset management increase, return on asset will be increase. The result for foreign banks is seen to be significant at the 0.01 level. It means, when asset management increase, return on asset (ROA) will be increase.

Again, a study showed that financial performance of the banks was strongly and positively influenced by the operational efficiency, and asset management, in addition to the bank size. This was agreed with the correlation analysis among the variables of the study which indicated the existence of positive relationships (M. Tarawneh, 2006). Therefore the asset management activities will influence the return on asset both for local banks and also for foreign banks.

5.1.3 To identify how the return on asset (ROA) of financial performance influence the operational efficiency

The correlation analysis, the result for the local banks show that correlation coefficients between pairs of independent variables are less than 0.8, indicating that there are no serious correlations among the operational efficiency which is 0.079. Next, the result for the foreign banks show that correlation coefficients between pairs of independent variables are less than 0.8, indicating that there are no serious correlation among the return on asset (ROA) between of operational efficiency which is 0.565. Then, the regression analysis, from the result of regression coefficient of the model for local commercial banks in Malaysia shows the operational efficiency only have positive relationship between return on asset (ROA). The result for foreign banks for the operational efficiency also shows positive relationship between return on asset (ROA).

Other research showed in their study that most previous studies concerning company performance evaluation focus merely on operational efficiency and operational effectiveness which might directly influence the survival of a company (M. Tarawneh, 2006). Therefore the return on asset does not being influence by the operational efficiency of the bank.

5.1.4 To identify how the return on asset (ROA) of financial performance influence the credit risk management.

The result for the local banks shows that correlation coefficients between pairs of independent variables are less than 0.8, indicating that there are no serious correlations among credit risk management which is 0.079. Next, the result for the foreign banks show that correlation coefficients between pairs of independent variables are less than 0.8, indicating that there are no serious correlation among the return on asset (ROA) between of credit risk management which is 0.082. Then, the regression analysis, from the result of regression coefficient of the model for local commercial banks in Malaysia shows the credit risk management only shows positive relationship between return on asset (ROA). The result for foreign commercial management in Malaysia shows the credit risk management also shows positive relationship.

It is interesting and quite surprising to find out that credit risk indicators have a positive association with profitability of the banks (Saeed MS & Zahid N (2016)). Thus the credit risk activities does influence for return on asset for the bank.

5.2 Recommendations

This study provides bank managers with understanding of activities that would enhance their banks financial performances. The result of this study implies that it might be necessary for a bank management to take all the required decisions to enhance the financial positions of the bank. Future researchers are recommended to identify other factors that can impact on financial performance of commercial banks, such as equity returns, profitability performance, liquidity performance, asset quality and capital adequacy. Furthermore, the future researchers are recommended to increase the sample size and number of years in gathering the data .The future researcher also can use different types of banks such as private banks and investment banks in order to understand the financial performance on the overall banking sectors in Malaysia. Besides that, the future researchers are recommended to identify the types of customers or accounts of banks such as the individual account, joint account, partnership account and company account. Then, the future researchers are recommended to identify the international trade financing such as how the banks facilitate international trade. The future researchers are recommended to identify the types of credit facilities such as overdraft, banker's acceptance and shipping guarantee. Lastly the future researchers are recommended to identify the treasury operations such as the basic foreign exchange and money market operations.

5.3 Conclusion

In conclusion, the importance of this study may be viewed as to fill an important gap in literature. The published finding will help the future researcher to analysis the comparison factors affecting the financial performance of Commercial Banks between Local and Foreign Banks in Malaysia. In practice, the finding also will assist the bank decision makers to focus on the major banking activities that may increase the return on asset and market share of the bank. Finally, the study will provide information and guidance to the bank management in creating financial strategies for attaining the required planned financial performance.

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Annual Report CIMB Bank Berhad 2011-2015

Annual Report Maybank Berhad 2011-2015

Annual Report OCBC Bank (Malaysia) Berhad 2011-2015

Annual Report United Overseas Bank (Malaysia) Bhd 2011-2015

Appendix 1

LIST COMMERCIAL BANKS WITH HIGHEST TOTAL ASSETS 2015

Foreign Commercial Banks

Table 1.1.1: List of Foreign Commercial Banks with Total Assets 2015 in Malaysia (sources Bank Negara Malaysia: BNM)

NO	NAME	TOTAL ASSETS RM'000
1.	BNP Paribas Malaysia Berhad	3,651,883
2.	Bangkok Bank Berhad	4,303,371
3.	Bank of America Malaysia Berhad	2,544,031
4.	Bank of China (Malaysia) Berhad	8,447,335
5.	Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad	28,659,344
6.	Citibank Berhad	38,963,200
7.	Deutsche Bank (Malaysia) Berhad	13,609,402
8.	HSBC Bank Malaysia Berhad	727,941
9.	India International Bank (Malaysia) Berhad	464,328
10.	Industrial and Commercial Bank of China (Malaysia) Berhad	22,209,780
11.	J.P. Morgan Chase Bank Berhad	2,351,698
12.	Mizuho Bank (Malaysia) Berhad	4,695,866
13.	National Bank of Abu Dhabi Malaysia Berhad	897,926
14.	OCBC Bank (Malaysia) Berhad	82,047,448
15.	Standard Chartered Bank Malaysia Berhad	47,132,166
16.	Sumitomo Mitsui Banking Corporation Malaysia Berhad	10,968,063
17.	The Bank of Nova Scotia Berhad	4,656,370
18.	The Royal Bank of Scotland Berhad	3,407,565
19.	United Overseas Bank (Malaysia) Bhd.	95,292,063

Local Commercial Banks

Table 1.1.2: List of Local Commercial Banks with Total Assets 2015 in Malaysia (sources Bank Negara Malaysia: BNM)

NO	NAME	TOTAL ASSETS RM'000
1.	Affin Bank Berhad	48,733,392
2.	Alliance Bank Malaysia Berhad	53,134,837
3.	AmBank (M) Berhad	9,676,441
4.	CIMB Bank Berhad	291,399,781
5.	Hong Leong Bank Berhad	160,680,587
6.	Malayan Banking Berhad	492,390,953
7.	Public Bank Berhad	292,272
8.	RHB Bank Berhad	13,923,535

Appendix 2

Table of Information on Net Income, Total Asset , Operating Income , Total Operating Expenses , Net Interest Income , Non-Performing Loans , Total Loans for the Year 2011 until 2015 of Malayan Banking Bhd, CIMB Bank Bhd , OCBS Bank Bhd and UOB Bank Bhd.

1. Return On Assets (ROA) – Net Income divided by Total Assets

Bank	2011		
	Net Income	Total Assets	Return On Assets
Malayan Banking Berhad	4 967 078	323 999 608	1.533%
CIMB Bank Berhad	2 674 531	186 545 248	1.434%
OCBC Bank (Malaysia) Berhad	728 372	59 769 823	1.219%
United Overseas Bank (Malaysia) Berhad	753 206	68 699 906	1.096%

Bank	2012		
	Net Income	Total Assets	Return On Assets
Malayan Banking Berhad	10 167 707	342 556 673	2.969%
CIMB Bank Berhad	2 489 372	206 795 324	1.204%
OCBC Bank (Malaysia) Berhad	764 728	67 900 202	1.126%
United Overseas Bank (Malaysia) Berhad	885 940	80 291 309	1.103%

Bank	2013		
	Net Income	Total Assets	Return On Assets
Malayan Banking Berhad	11 331 908	397 779 032	2.849%
CIMB Bank Berhad	2 141 950	234 603 951	0.913%
OCBC Bank (Malaysia) Berhad	838 277	74 392 728	1.127%
United Overseas Bank (Malaysia) Berhad	991 986	89 798 386	1.105%

Bank	2014		
	Net Income	Total Assets	Return On Assets
Malayan Banking Berhad	5 903 015	452 559 458	1.304%
CIMB Bank Berhad	2 477 636	264 948 946	0.935%
OCBC Bank (Malaysia) Berhad	763 307	80 469 171	0.949%
United Overseas Bank (Malaysia) Berhad	1 294 284	94 026 228	1.377%

Bank	2015		
	Net Income	Total Assets	Return On Assets
Malayan Banking Berhad	5 834 287	492 390 953	1.185%
CIMB Bank Berhad	2 747 485	291 399 781	0.943%
OCBC Bank (Malaysia) Berhad	745 308	82 047 448	0.908%
United Overseas Bank (Malaysia) Berhad	1 067 546	95 292 063	1.120%

1. Bank Saiz (Total Assets)

Bank	2011	2012	2013	2014	2015
Malayan Banking Berhad	323 999 608	342 556 673	397 779 032	452 559 458	492 390 953
CIMB Bank Berhad	186 545 248	206 795 324	234 603 951	264 948 946	291 399 781
OCBC Bank (Malaysia) Berhad	59 769 823	67 900 202	74 392 728	80 469 171	82 047 448
United Overseas Bank (Malaysia) Berhad	68 699 906	80 291 309	89 798 386	94,026,228	95,292,063

2. Asset Utilization Ratio – Operating Income divided by Total Assets

Bank	2011		
	Operating Income	Total Assets	Asset Utilization Ratio
Malayan Banking Berhad	4 967 078	323 999 608	1.533%
CIMB Bank Berhad	3 471 381	186 545 248	1.861%
OCBC Bank (Malaysia) Berhad	1 763 404	59 769 823	2.950%
United Overseas Bank (Malaysia) Berhad	1 884 845	68 699 906	2.744%

Bank	2012		
	Operating Income	Total Assets	Asset Utilization Ratio
Malayan Banking Berhad	10 167 707	342 556 673	2.968%
CIMB Bank Berhad	3 143 527	206 795 324	1.520%
OCBC Bank (Malaysia) Berhad	1 856 689	67 900 202	2.734%
United Overseas Bank (Malaysia) Berhad	2 145 726	80 291 309	2.672%

Bank	2013		
	Operating Income	Total Assets	Asset Utilization Ratio
Malayan Banking Berhad	11 331 908	397 779 032	2.849%
CIMB Bank Berhad	2 968 948	234 603 951	1.266%
OCBC Bank (Malaysia) Berhad	1 925 584	74 392 728	2.588%
United Overseas Bank (Malaysia) Berhad	2 363 561	89 798 386	2.632%

Bank	2014		
	Operating Income	Total Assets	Asset Utilization Ratio
Malayan Banking Berhad	11 916 591	452 559 458	2.633%
CIMB Bank Berhad	3 494 680	264 948 946	1.319%
OCBC Bank (Malaysia) Berhad	1 991 360	80 469 171	2.475%
United Overseas Bank (Malaysia) Berhad	2 891 303	94 026 228	3.075%

Bank	2015		
	Operating Income	Total Assets	Asset Utilization Ratio
Malayan Banking Berhad	13 252 040	492 390 953	2.691%
CIMB Bank Berhad	3 616 832	291 399 781	1.241%
OCBC Bank (Malaysia) Berhad	2 091 558	82 047 448	2.549%
United Overseas Bank (Malaysia) Berhad	2 691 893	95 292 063	2.825%

3. Operating Efficiency Ratio – Total Operating Expenses divided by Net Interest Income

Bank	2011		
	Total Operating Expenses	Net Interest Income	Operating Efficiency Ratio
Malayan Banking Berhad	2 072 888	3 105 869	66.741%
CIMB Bank Berhad	2 936 915	3 926 644	74.795%
OCBC Bank (Malaysia) Berhad	685 184	1 236 843	55.398%
United Overseas Bank (Malaysia) Berhad	704 441	1 322 750	53.256%

Bank	2012		
	Total Operating Expenses	Net Interest Income	Operating Efficiency Ratio
Malayan Banking Berhad	4 403 790	6 235 492	70.625%
CIMB Bank Berhad	3 308 025	4 168 643	79.355%
OCBC Bank (Malaysia) Berhad	787 743	1 265 494	62.248%
United Overseas Bank (Malaysia) Berhad	739 077	1 464 449	50.468%

Bank	2013		
	Total Operating Expenses	Net Interest Income	Operating Efficiency Ratio
Malayan Banking Berhad	4 591 331	6 647 791	69.066%
CIMB Bank Berhad	3 679 418	4 583 300	80.279%
OCBC Bank (Malaysia) Berhad	808 251	1 313 774	61.521%
United Overseas Bank (Malaysia) Berhad	819 871	1 570 928	52.190%

Bank	2014		
	Total Operating Expenses	Net Interest Income	Operating Efficiency Ratio
Malayan Banking Berhad	4 833 972	7 067 900	68.393%
CIMB Bank Berhad	3 611 455	5 082 718	71.054%
OCBC Bank (Malaysia) Berhad	870 947	1 412 193	61.673%
United Overseas Bank (Malaysia) Berhad	971 727	1 811 788	53.634%

Bank	2015		
	Total Operating Expenses	Net Interest Income	Operating Efficiency Ratio
Malayan Banking Berhad	5 629 901	8 328 372	67.599%
CIMB Bank Berhad	3 955 833	5 253 392	75.301%
OCBC Bank (Malaysia) Berhad	929 477	1 390 582	66.840%
United Overseas Bank (Malaysia) Berhad	1 052 416	1 907 216	55.181%

4. Default Rate – Non-Performing Loans divided by Total Loans

Bank	2011		
	Non-Performing Loans	Total Loans	Default Rate
Malayan Banking Berhad	4 143 415	194 174 085	2.134%
CIMB Bank Berhad	4 041 828	99 222 358	4.074%
OCBC Bank (Malaysia) Berhad	760 149	39 179 097	1.940%
United Overseas Bank (Malaysia) Berhad	584 081	46 894 627	1.246%

Bank	2012		
	Non-Performing Loans	Total Loans	Default Rate
Malayan Banking Berhad	2 442 846	214 852 046	1.137%
CIMB Bank Berhad	3 692 842	108 086 083	3.417%
OCBC Bank (Malaysia) Berhad	658 503	43 183 072	1.525%
United Overseas Bank (Malaysia) Berhad	676 440	55 193 389	1.226%

Bank	2013		
	Non-Performing Loans	Total Loans	Default Rate
Malayan Banking Berhad	2 885 470	237 971 279	1.213%
CIMB Bank Berhad	3 331 299	132 833 310	2.508%
OCBC Bank (Malaysia) Berhad	981 055	48 935 917	2.005%
United Overseas Bank (Malaysia) Berhad	799 118	61 479 326	1.300%

Bank	2014		
	Non-Performing Loans	Total Loans	Default Rate
Malayan Banking Berhad	2 812 614	264 524 441	1.063%
CIMB Bank Berhad	3 070 511	150 874 563	2.035%
OCBC Bank (Malaysia) Berhad	811 043	53 470 126	1.517%
United Overseas Bank (Malaysia) Berhad	865 869	67 115 580	1.290%

Bank	2015		
	Non-Performing Loans	Total Loans	Default Rate
Malayan Banking Berhad	3 976 536	287 056 974	1.385%
CIMB Bank Berhad	3 124 319	170 669 912	1.831%
OCBC Bank (Malaysia) Berhad	814 737	58 580 383	1.391%
United Overseas Bank (Malaysia) Berhad	1 032 327	71 058 275	1.453%