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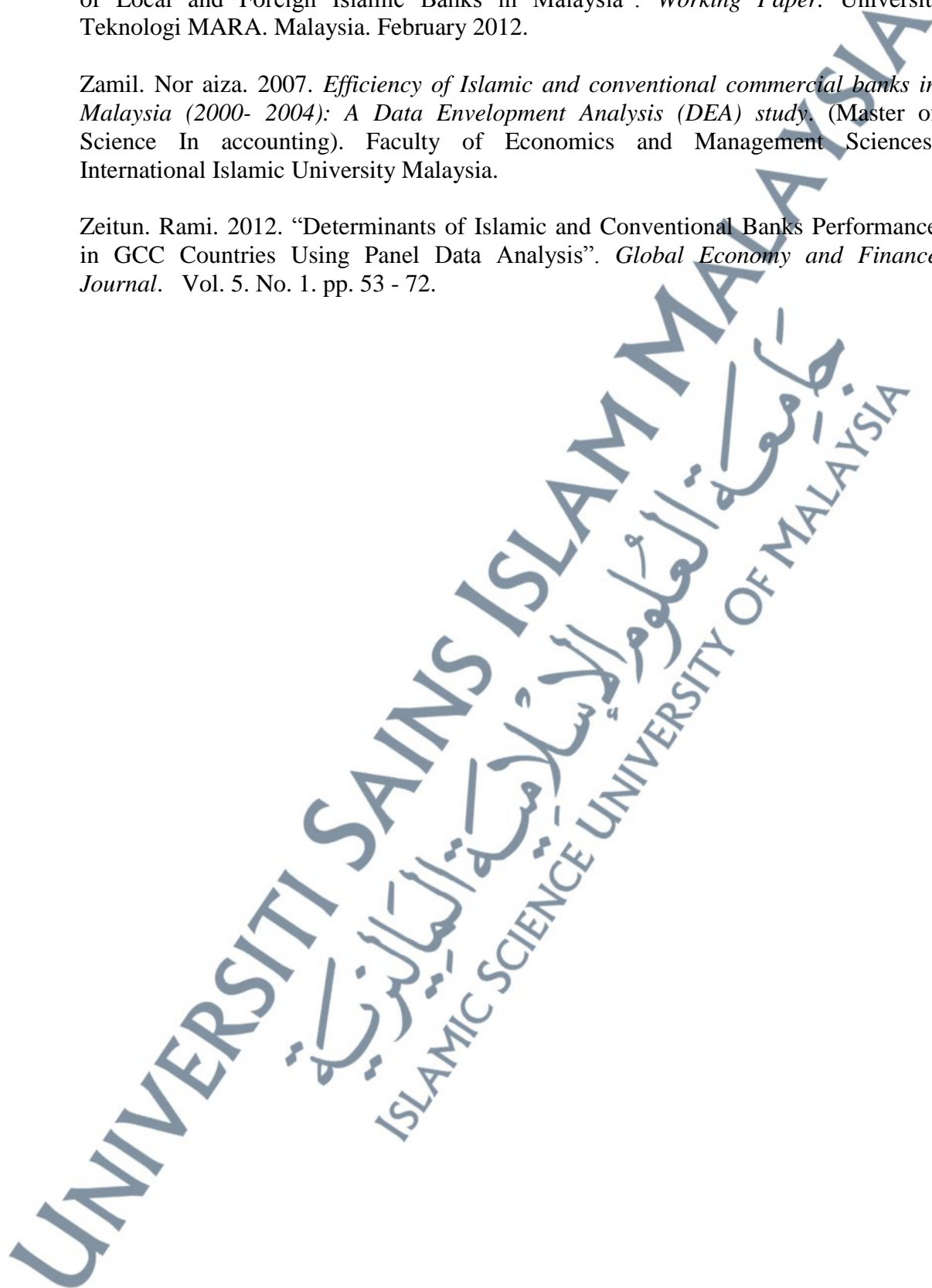
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## APPENDICES

### APPENDIX (A) Background of Malaysian Islamic banks covered in this study

#### 1. Bank Islam Malaysia Berhad

Bank Islam emerged as Malaysia's maiden Shari'a -based financial institution. Since its inception in July 1983, Bank Islam has not only become the symbol of Islamic banking in Malaysia, it has also played an integral role in setting the stage for a robust growth of the country's Islamic financial services industry. As the flag bearer of the industry, the Bank intends to pave a future of unparalleled innovation and unlimited possibilities in Islamic finance. The Bank has grown from strength to strength over the years. From the seed capital of only RM80 million initially, Bank Islam's shareholder funds swelled to RM2.5 billion as at December 2010, a testament to its successful long-run growth plan. True to its pioneering and innovative heritage, Bank Islam is committed to its role as a leading vehicle in transforming Malaysia into a global Islamic financial hub. To this end, Bank Islam continuously develops and introduces trend-setting financial solutions, some of which are the first-of-its-kind in the world or at least in the region in widening the breadth of its innovative end-to-end Shari'a -based financial products and services, comparable to that offered by its conventional counterparts. In recognition of its prominence in the industry, Bank Islam was awarded the Reader's Digest Platinum Award for being the Most Trusted Brand for Islamic Financial Services for three consecutive years, namely in 2009, 2010 and 2011– a significant milestone in its journey towards becoming “the global leader in Islamic banking”.

<http://www.bankislam.com.my/en/Pages/CorporateProfile.aspx?tabs=1>

#### 2. Bank Muamalat Malaysia Berhad

Bank Muamalat Malaysia Berhad (BMMB) was incorporated on 1 October 1999. It is the second full-fledged Islamic bank to be established in Malaysia after Bank Islam Malaysia Berhad. It is Islamic financial institution operating under the Islamic

Banking Act 1983 (IBA). The bank offers a range of financial services in compliance with Shari'a (Islamic law). It offers consumer and business lending, savings accounts, remittance, and investment services as well as trade financing, offshore banking, and foreign exchange. The bank also helps Muslims meet their zakat (charitable giving) obligations by setting up accounts and providing calculators for that purpose.

<http://www.mih.com.my/?p=3649>

### 3. RHB Islamic Bank Berhad

RHB Islamic Bank Bhd is the Islamic Banking Unit of RHB Bank. On March 1st 2005, RHB Banking Group officially received the license for RHB Islamic - making it the first commercial banking group in Malaysia to have its full-fledged Islamic Bank. RHB Islamic offers a range of consumer and business banking financial solutions that are Shari'a -based, available at RHB Islamic branches, as well as all RHB Bank branches, which include over 180 branches and more than 500 ATM's throughout the nation.

[http://wiki.islamicfinance.de/index.php/RHB\\_IsLAMic\\_Bank\\_Bhd](http://wiki.islamicfinance.de/index.php/RHB_IsLAMic_Bank_Bhd)

### 4. CIMB Islamic Bank Berhad

CIMB Islamic was established as the Islamic financial boutique of CIMB during its inception but after the merger with Commerce Tijari on 6th June 2005, it is today an Islamic universal bank providing both Islamic commercial and investment banking services (<http://www.mifmonthly.com/sponsors.php>). The Bank is a licensed Islamic Bank under the Islamic Banking Act, 1983, incorporated and domiciled in Malaysia.

CIMB Islamic is the global Islamic banking and finance arm of CIMB Group. It offers innovative and comprehensive Shari'a -compliant financial solutions in investment banking, consumer banking, asset management, Takaful, private banking and wealth management. CIMB Islamic products and operations are managed in strict compliance with Shari'a principles under the guidance of the CIMB Islamic Shari'a Committee.

[http://www.cimbislamic.com/index.php?ch=is\\_au&pg=is\\_au\\_profile&cat=profile](http://www.cimbislamic.com/index.php?ch=is_au&pg=is_au_profile&cat=profile)

#### 5. Kuwait Finance House (Malaysia) Berhad

Kuwait Finance House (Malaysia) Berhad (KFHMB) is the first foreign Islamic bank that was granted a licence under the Islamic Banking Act (Malaysia) 1983. A wholly-owned subsidiary of KFH, the move to set up an office in Malaysia was on the heels of Bank Negara Malaysia's (BNM's) decision to open up the country's Islamic banking industry to qualified foreign players as recommended under its Financial Sector Master Plan. The KFH offers a complete range of Shari'a -based financial products and services under Corporate and Investment, Commercial, and Retail and Consumer Banking as well as Treasury and International Business.

<http://www.kfh.com.my/kfhmb/ep/home.do?tabId=4>

#### 6. Hong Leong Islamic Banking Berhad

Hong Leong Islamic Bank Berhad (HLISB), which is a member of the Hong Leong Group Malaysia, is a wholly owned subsidiary of Hong Leong Bank Berhad (HLB). With its beginning as the Islamic Banking arm of HLB, the division was incorporated as a separate entity on 28th March 2005 and is today a full-fledged Islamic bank with an authorized and paid up capital of RM1 billion and RM500 million, respectively. HLISB is focusing on the provision of solutions on a holistic approach basis encapsulating the tenets and principles of the Shari'a law. Innovative solutions encompassing areas in structured finance, capital market, equity joint venture financing, leasing for home purchases and wealth management are amongst the repertoire of HLISB's offerings. With over 180 HLB branches nationwide also operating as HLISB branches, Islamic banking products and services will be easily accessible to Malaysian consumers to meet their multi-faceted needs. HLISB is building upon the Malaysian Government's thrust to transform Malaysia into a global hub for Islamic Financial Services. <http://www.hlisb.com.my/abhlib/icpo.htm>

#### 7. Al Rajhi Banking & Investment Corporation (Malaysia) Berhad

Al Rajhi Bank is the largest Islamic banking group in the world recognized for being instrumental in bridging the gap between modern financial demands and intrinsic Islamic values. It is one of the fastest growing and most progressive banks in Saudi

Arabia. Al Rajhi Bank made its maiden foray into the international banking market by setting up its first overseas operations in Malaysia in October 2006 under the name Al Rajhi Banking & Investment Corporation (Malaysia) Berhad. It opened its first and main branch at Jalan Ampang on 16th October 2006.

Al Rajhi Banking & Investment Corporation (Malaysia) Berhad is a foreign Islamic bank that was granted a license under the Islamic Banking Act (Malaysia) 1983. The bank is expanding its suite of products and services that currently offer Savings account, Current account, Personal financing, Charge card, Debit card, Fixed term investment, Automobile financing, Home financing, Structured Home Financing, Al Musafir Card and customised corporate products.

<http://unitedagainstislamicsupremacism.wordpress.com/2009/03/12/scf-journal-entry-aaofi10-al-rajhi-bank-31109>.

#### 8. Affin Islamic Bank Berhad

Affin Islamic Bank Berhad (AFFINISLAMIC) commenced operations on 1st April 2006. AFFINISLAMIC offers a complete range of Islamic Banking products and services encompassing the areas of Enterprise and Consumer banking. It offers corporate banking, contract financing, and trade finance to corporations, institutional clients, and small and medium-sized enterprises. The company also provides credit cards, personal loans, mortgages, and deposit taking services to individuals. In addition, it engages in the debt and capital market, and hire purchase activities.

<http://www.affinbank.com.my/corporate/history.htm>

#### 9. EONCAP Islamic Bank Berhad

EONCAP Islamic Bank Berhad is a wholly owned subsidiary of EON Bank Berhad, with an Authorized and Paid-up Capital of RM 1 billion and RM 398 million respectively. EONCAP Islamic Bank commenced business operation beginning April 2006, thus, becoming the full-fledged Islamic bank of a commercial banking group in Malaysia. The EONCAP Islamic Bank is not new to Islamic banking; it has been offering Islamic banking products and services through EON bank, when Bank Negara Malaysia introduced the window concept in 1993. EONCAP Islamic Bank

offers retail, commercial and corporate banking and financial products, as well as Treasury products that are Shari'a compliant.

[http://www.securities.com/Public/companyprofile/MY/EONCAP\\_Islamic\\_Bank\\_Berhad\\_en\\_2315182.html](http://www.securities.com/Public/companyprofile/MY/EONCAP_Islamic_Bank_Berhad_en_2315182.html)

#### 10. Asian Finance Bank Berhad

Asian Finance Bank Berhad (AFB) is one of the three foreign Islamic Banks that has been granted a license by Bank Negara Malaysia ( The Central Bank of Malaysia ) to undertake Islamic Banking business. Asian Finance Bank is regulated and supervised by Bank Negara Malaysia under the Islamic Banking Act, 1983. Asian Finance Bank Berhad, a full-fledged Islamic Bank that was incorporated on 28 November 2005 and backed by a consortium of shareholders of leading Middle Eastern financial institutions – Qatar Islamic Bank (66.67%), RUSD Investment Bank Inc (16.67%), Tadamon International Islamic Bank (10%) and Financial Assets Bahrain W.L.L (6.67%). AFB is offering a complete suite of Shari'a-compliant products in consumer, corporate, commercial, treasury, investment banking and asset management services.

[http://www.asianfinancebank.com/corporate\\_overview/corporate\\_organization.html](http://www.asianfinancebank.com/corporate_overview/corporate_organization.html)

#### 11. AmIslamic Bank Berhad

AmIslamic Bank is a member of the AmBank Group, Malaysia's premier financial services provider. AmIslamic Bank is established and governed by the Islamic Banking Act (IBA) 1983. The Bank commenced operations as an Islamic Bank on 1 May 2006. The bank offers a complete range of Shari'a compliant products and services, which also include investment advisory as well as treasury products. AmIslamic Bank's constant pursuit of innovation in providing its customer with customized financial products has placed it in the forefront of the country's Islamic Banking.

<http://www.ambankgroup.com/en/Islamic/AboutUs/Pages/CorporateProfile.aspx>

#### 12. Alliance Islamic Bank Berhad

Alliance Islamic Bank Berhad (AIS) is a subsidiary of Alliance Bank Malaysia Berhad (ABMB). The Bank was incorporated on 13 June 2007 and obtained an Islamic

Banking license from the Minister of Finance Malaysia pursuant of the Islamic Banking Act, 1983 (IBA) to carry out the Islamic banking business effective from 1 April 2008. Alliance Islamic Bank with its holistic banking scope focuses on consumer banking, commercial banking and SMEs to grow the business. It leverages on existing conventional banking sales and distribution channels to market and promote its products and services. This also presents a unique opportunity for Alliance Financial Group to focus and grow the Islamic investment banking segment especially in the wealth management and capital market sectors.

[http://www.allianceislamicbank.com.my/index\\_aboutus.html](http://www.allianceislamicbank.com.my/index_aboutus.html)

### 13. Maybank Islamic Berhad

Maybank Islamic Berhad was incorporated under the Islamic banking Act 1983 on 5 September 2007 and commenced its banking business with effect from 1 January 2008. A new phase for Maybank's Islamic banking operations began when a new subsidiary called Maybank Islamic Berhad (MIB) was formed. Maybank Islamic Berhad, the Islamic finance arm of Maybank Group is Malaysia's premier Islamic bank with the largest total assets and a dominating market share in almost all key segments. As an entity operating on a dual banking platform, Maybank Islamic is regarded as the most successful Islamic subsidiary bank leveraging on its parent bank's infrastructure and resources. An acknowledged industry icon, Maybank Islamic continues to lead the industry through development of new, innovative and internationally accepted propositions.

<http://maybankislamic.com.my/info.html>

### 14. Public Islamic Bank Berhad

Public Islamic Bank is a wholly owned subsidiary of Public Bank, which commenced its operations on 1 November 2008. Public Islamic Bank offers full Shari'a-compliant banking solutions. Public Islamic Bank has since 1993, offer Islamic banking products and services to the public when it started as a window via Public Bank. It contributes to the Islamic banking field as a whole, focusing on consumer and retail financing, small and medium enterprises as well as financing and deposit taking

business. As one of the key players in the Islamic banking industry, Public Islamic Bank has grown strong and steady standing on strong capital growth.

[http://www.publicislamicbank.com.my/pibb/en/en\\_content/about/index.html](http://www.publicislamicbank.com.my/pibb/en/en_content/about/index.html)

#### 15. HSBC Amanah Malaysia Berhad

HSBC has been offering Islamic financial services in Malaysia since 1994. HSBC introduced Islamic banking globally in 1998. In 2004, the HSBC Amanah brand was launched globally with the aim of making HSBC the leading provider of Islamic banking services worldwide. In November 2007, HSBC Bank Malaysia Berhad was the first locally incorporated foreign bank in Malaysia to be awarded a license by Bank Negara Malaysia to set up an Islamic banking subsidiary. HSBC Amanah Malaysia Berhad, a fully fledged Islamic bank wholly owned by HSBC Bank Malaysia and a member of the HSBC Group, was incorporated in February 2008 and commenced operations in August 2008. HSBC Amanah Malaysia complements HSBC Bank Malaysia's comprehensive banking and financing solutions, available to all its customers, by providing a full suite of innovative Islamic products and services to retail and corporate customers.

<http://www.hsbcamanah.com.my/1/2/amanah/hsbc-amanah-and-you/corporate-information/about-us>.

#### 16. Standard Chartered Saadiq Berhad

Standard Chartered was the first international bank in Malaysia to offer Islamic banking products in 1992 with a footprint in over 70 countries. Standard Chartered Saadiq Berhad was incorporated in June 2008 and commenced operations in November 2008. To ensure conformity of all products with the tenets of Shari'a the Bank has an independent Shari'a Supervisory Committee comprising a team of professional managers who are guided by respected Shari'a scholars both locally and abroad. Standard Chartered Saadiq Berhad offers a wide range of tailor-made Shari'a compliant products, available to all our individual customers regardless of their religion and race: <http://www.standardchartered.com.my/islamic-banking/en/>

### 17. OCBC Al-Amin Bank Berhad

On 21 May 2008, OCBC Al-Amin Bank Berhad was incorporated as a wholly-owned subsidiary of OCBC Bank (Malaysia) Berhad (OCBCM) to undertake the Islamic Banking Business. OCBC Al-Amin Bank Berhad was incorporated under the Islamic Banking Act, 1983 and commenced its Islamic Banking Business with effect from 1 December 2008. It is principally engaged in the Islamic banking business and offers customers a comprehensive range of products and services in accordance with the Islamic Banking Act, 1983 and Shari'a principles.

(Annual Report, 31 December 2008)

### APPENDIX (B) Estimated results of the determinants of banks' profitability

Appendix (B-1): Estimated results of the determinants of banks' profitability for Islamic Banks using the panel random effects method, after correcting for heteroskedasticity, dependent variable (ROA) using model (1):

Method: Panel GLS

Periods included: 16, Cross-sections included: 17

Total panel (unbalanced) observations: 236

White cross-section standard errors & covariance

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.012863	0.004175	-3.080875	0.0023
OHTA	0.317098	0.124910	2.538611	0.0118
LOTA	0.003658	0.000991	3.690902	0.0003
DTA	0.009641	0.003664	2.631027	0.0091
GDPGR	-0.001082	0.001951	-0.554638	0.5797
GDPPC	0.000423	0.000509	0.832287	0.4061
CONC	0.000215	0.002515	0.085356	0.9321
DDF	0.001737	0.000403	4.312643	0.0000
R-squared	0.254123	Mean dependent var		0.000879
Adjusted R-squared	0.231224	S.D. dependent var		0.001616
S.E. of regression	0.001413	Sum squared resid		0.000455
F-statistic	11.09723	Durbin-Watson stat		1.931185

Appendix (B-2): Estimated results of the determinants of banks' profitability for Islamic banks using the panel random effects method, after correcting for heteroskedasticity, dependent variable (ROA) using model (2):

Method: Panel GLS

Periods included: 16

Cross-sections included: 17

Total panel (unbalanced) observations: 236

White cross-section standard errors & covariance

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.007740	0.004225	-1.831901	0.0683
CRTA	-0.006036	0.005219	-1.156467	0.2487
LATA	0.001443	0.002116	0.681835	0.4960
TE	0.004352	0.002189	1.988043	0.0480
INF	-0.008084	0.001639	-4.932864	0.0000
LOGTA	0.000724	0.000373	1.940826	0.0535
LOGAGE	-0.000200	0.000154	-1.299670	0.1950
GFC	-0.000271	9.72E-05	-2.787019	0.0058
R-squared	0.192369	Mean dependent var		0.000740
Adjusted R-squared	0.167574	S.D. dependent var		0.001568
S.E. of regression	0.001427	Sum squared resid		0.000464
F-statistic	7.758178	Durbin-Watson stat		2.049559

Appendix (B-3): Estimated results of the determinants of banks' profitability for Islamic banks using the panel random effects method, after correcting for heteroskedasticity, dependent variable (ROE) using model (1):

Method: Panel GLS

Periods included: 16

Cross-sections included: 17

Total panel (unbalanced) observations: 236

White cross-section standard errors & covariance

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.077069	0.038532	-2.000128	0.0467
OHTA	-0.324323	1.176712	-0.275617	0.7831
LOTA	0.030021	0.010358	2.898225	0.0041
DTA	0.110089	0.045332	2.428500	0.0159
GDPGR	0.040114	0.017901	2.240883	0.0260
GDPPC	-0.000534	0.000341	-1.565116	0.1189
CONC	0.035117	0.029516	1.189745	0.2354
DDF	0.017849	0.006123	2.914971	0.0039
R-squared	0.182636	Mean dependent var		0.009469
Adjusted R-squared	0.157541	S.D. dependent var		0.015835
S.E. of regression	0.014487	Sum squared resid		0.047852
F-statistic	7.277908	Durbin-Watson stat		2.138322

Appendix (B-4): Estimated results of the determinants of banks' profitability for Islamic banks using the panel fixed-effects method, after correcting for heteroskedasticity, dependent variable (ROE) using model (2):

Method: Panel fixed

Periods included: 16

Cross-sections included: 17

Total panel (unbalanced) observations: 236

White cross-section standard errors & covariance

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.093500	0.033416	-2.798097	0.0057
CRTA	-0.104595	0.048941	-2.137191	0.0338
LATA	0.011336	0.014027	0.808163	0.4200
TE	0.008714	0.013755	0.633475	0.5272
INF	-0.073360	0.030848	-2.378122	0.0184
LOGTA	0.016429	0.004771	3.443727	0.0007
LOGAGE	-0.007144	0.003296	-2.167036	0.0315
GFC	-0.003307	0.001454	-2.274121	0.0241
R-squared	0.731687	Mean dependent var		0.031727
Adjusted R-squared	0.698493	S.D. dependent var		0.031629
S.E. of regression	0.013694	Sum squared resid		0.036379
F-statistic	22.04316	Durbin-Watson stat		2.106742

### APPENDIX (C) Estimated results of Differences in the profitability Determinants

Appendix (C-1): Estimated results for domestic Malaysian Islamic banks after correcting for heteroskedasticity, dependent variable (ROA) using model (1):

Method: Panel GLS

Periods included: 16

Cross-sections included: 11

Total panel (unbalanced) observations: 164

White cross-section standard errors & covariance

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.001899	0.000860	2.209623	0.0286
OHTA	0.095202	0.022293	4.270536	0.0000
LOTA	0.002284	0.000373	6.122252	0.0000
DTA	0.001644	0.000961	1.711280	0.0890
GDPGR	0.001572	0.000719	2.185420	0.0303
GDPPC	0.000313	0.000168	0.018610	0.9852
CONC	0.001642	0.001023	1.604392	0.1106
R-squared	0.434604	Mean dependent var		3.158215
Adjusted R-squared	0.412997	S.D. dependent var		4.228886
S.E. of regression	0.977541	Sum squared resid		150.0270
F-statistic	20.11360	Durbin-Watson stat		1.950002

Appendix (C-2): Estimated results for foreign Malaysian Islamic banks after correcting for heteroskedasticity, dependent variable (ROA) using model (1):

Method: Panel GLS

Periods included: 16

Cross-sections included: 6

Total panel (unbalanced) observations: 72

White cross-section standard errors & covariance

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.014954	0.007251	-2.062360	0.0432
OHTA	0.129015	0.130590	0.987940	0.3268
LOTA	0.005126	0.001541	3.326020	0.0015
DTA	0.019948	0.006326	3.153470	0.0024
GDPGR	-0.002234	0.004632	-0.482303	0.6312
GDPPC	-0.000952	0.000116	-0.822505	0.4138
CONC	0.004669	0.023623	0.197650	0.8439
R-squared	0.329330	Mean dependent var		0.000704
Adjusted R-squared	0.267422	S.D. dependent var		0.002592
S.E. of regression	0.002094	Sum squared resid		0.000285
F-statistic	5.319677	Durbin-Watson stat		1.842807

Appendix (C-3): Estimated results for domestic Malaysian Islamic banks after correcting for heteroskedasticity, dependent variable (ROE) using model (1):

Method: Panel GLS

Periods included: 16

Cross-sections included: 11

Total panel (unbalanced) observations: 164

White cross-section standard errors & covariance

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.058934	0.022636	-2.603607	0.0101
OHTA	-1.244043	0.506213	-2.457545	0.0151
LOTA	0.034514	0.008058	4.283023	0.0000
DTA	0.081683	0.016734	4.881131	0.0000
GDPGR	0.038208	0.012718	3.004274	0.0031
GDPPC	0.000459	0.000352	0.013053	0.9896
CONC	0.022378	0.019886	1.125328	0.2622
R-squared	0.254695	Mean dependent var		3.858587
Adjusted R-squared	0.226212	S.D. dependent var		3.526839
S.E. of regression	0.983440	Sum squared resid		151.8432
F-statistic	8.941990	Durbin-Watson stat		1.905262

Appendix (C-4): Estimated results for foreign Malaysian Islamic banks after correcting for heteroskedasticity, dependent variable (ROE) using model (1):

Method: Panel GLS

Periods included: 16

Cross-sections included: 6

Total panel (unbalanced) observations: 72

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.072597	0.038642	-1.878698	0.0648
OHTA	-1.111583	1.104529	-1.006386	0.3180
LOTA	0.008855	0.009579	0.924406	0.3587
DTA	0.133802	0.045795	2.921765	0.0048
GDPGR	0.021074	0.029176	0.722317	0.4727
GDPPC	-0.000123	0.000695	-1.774945	0.0806
CONC	0.197642	0.052908	3.735545	0.1686
R-squared	0.313116	Mean dependent var		0.410858
Adjusted R-squared	0.249712	S.D. dependent var		1.160215
S.E. of regression	0.986025	Sum squared resid		63.19591
F-statistic	4.938379	Durbin-Watson stat		1.851692

Appendix (C-5): Estimated results for domestic Malaysian Islamic banks after correcting for heteroskedasticity, dependent variable (ROA) using model (2):

Method: Panel GLS

Periods included: 16

Cross-sections included: 11

Total panel (unbalanced) observations: 164

White cross-section standard errors & covariance

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.003172	0.001366	-2.321550	0.0216
CRTA	0.017338	0.003932	4.409267	0.0000
LATA	0.000195	0.000558	0.350253	0.7266
TE	0.000951	0.000355	2.676314	0.0082
INF	-0.000917	0.000805	-1.138774	0.2565
LOGTA	0.000423	0.000139	3.037843	0.0028
LOGAGE	-0.000307	7.67E-05	-4.007575	0.0001
GFC	-0.000262	4.86E-05	-5.380299	0.0000
R-squared	0.536210	Mean dependent var		3.671430
Adjusted R-squared	0.515399	S.D. dependent var		3.958245
S.E. of regression	0.974845	Sum squared resid		148.2503
F-statistic	25.76560	Durbin-Watson stat		2.000532

Appendix (C-6): Estimated results for foreign Malaysian Islamic banks after correcting for heteroskedasticity, dependent variable (ROA) using model (2):

Method: Panel GLS

Periods included: 16

Cross-sections included: 6

Total panel (unbalanced) observations: 72

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.013757	0.004140	-3.322653	0.0015
CRTA	-0.004840	0.005575	-0.868199	0.3885
LATA	0.003815	0.003324	1.147916	0.2553
TE	0.006589	0.003516	1.873835	0.0655
INF	-0.030160	0.007323	-4.118455	0.0001
LOGTA	0.001236	0.000520	2.375204	0.0205
LOGAGE	-0.000720	0.000453	-1.588770	0.1170
GFC	-0.000870	0.000418	-2.082387	0.0413
R-squared	0.437006	Mean dependent var		0.000524
Adjusted R-squared	0.375429	S.D. dependent var		0.002667
S.E. of regression	0.002052	Sum squared resid		0.000270
F-statistic	7.096851	Durbin-Watson stat		1.843194

Appendix (C-7): Estimated results for domestic Malaysian Islamic banks after correcting for heteroskedasticity, dependent variable (ROE) using model (2):

Method: Panel GLS

Periods included: 16

Cross-sections included: 11

Total panel (unbalanced) observations: 164

White cross-section standard errors & covariance

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.035456	0.015583	-2.275295	0.0242
CRTA	-0.217888	0.047675	-4.570290	0.0000
LATA	0.002433	0.005485	0.443600	0.6579
TE	0.021603	0.003648	5.921988	0.0000
INF	-0.021872	0.010529	-2.077257	0.0394
LOGTA	0.007877	0.001524	5.170255	0.0000
LOGAGE	-0.005528	0.000905	-6.110343	0.0000
GFC	-0.004222	0.000765	-5.516035	0.0000
R-squared	0.577783	Mean dependent var		4.152098
Adjusted R-squared	0.558837	S.D. dependent var		3.542586
S.E. of regression	0.965816	Sum squared resid		145.5169
F-statistic	30.49685	Durbin-Watson stat		2.033659

Appendix (C-8): Estimated results for foreign Malaysian Islamic banks after correcting for heteroskedasticity, dependent variable (ROE) using model (2):

Method: Panel GLS

Periods included: 16

Cross-sections included: 6

Total panel (unbalanced) observations: 72

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.048222	0.069492	-0.693931	0.4902
CRTA	-0.158178	0.052922	-2.988887	0.0040
LATA	0.039475	0.039253	1.005648	0.3184
TE	0.059742	0.037912	1.575792	0.1200
INF	-0.272374	0.129793	-2.098531	0.0398
LOGTA	0.003899	0.006686	0.583110	0.5619
LOGAGE	-0.008634	0.003502	-2.465723	0.0164
GFC	-0.005630	0.005563	-1.012168	0.3153
R-squared	0.458992	Mean dependent var		0.005903
Adjusted R-squared	0.399819	S.D. dependent var		0.021313
S.E. of regression	0.016508	Sum squared resid		0.017442
F-statistic	7.756809	Durbin-Watson stat		2.123708

#### APPENDIX (D) Estimated results of the determinants of banks' Efficiency

Appendix (D-1): Estimated results of the determinants of banks' efficiency for Islamic banks using Tobit regression model, using model (1):

Dependent Variable: TE

Method: TOBIT

Included observations: 236

QML (Huber/White) standard errors & covariance

Variable	Coefficient	Std. Error	z-Statistic	Prob.
C	0.557865	0.285621	1.953164	0.0508
OHTA	-1.823509	0.627152	-2.907602	0.0036
LOTA	0.734361	0.046018	15.95798	0.0000
DTA	0.265080	0.157204	1.686219	0.0918
GDPGR	-0.045221	0.177742	-0.254419	0.7992
GDPPC	0.000193	0.000495	0.390593	0.6961
CONC	0.173593	0.255377	0.679751	0.4967
DDF	0.064206	0.021013	3.055474	0.0022
Mean dependent var	0.810603	S.D. dependent var		0.167724
S.E. of regression	0.100911	Akaike info criterion		-1.707365
Sum squared resid	2.321743	Schwarz criterion		-1.575270
Log likelihood	210.4691	Hannan-Quinn criter.		-1.654116
Avg. log likelihood	0.891818			

Appendix (D-2): Estimated results of the determinants of banks' efficiency for Islamic banks using Tobit regression model, using model (2):

Dependent Variable: TE

Method: TOBIT

Included observations: 236

QML (Huber/White) standard errors & covariance

Variable	Coefficient	Std. Error	z-Statistic	Prob.
C	0.116184	0.105888	1.097230	0.2725
CRTA	0.585862	0.168966	3.467337	0.0005
LATA	-0.638069	0.049814	-12.80891	0.0000
INF	-0.043847	0.264226	-0.165943	0.8682
LOGTA	0.100337	0.010853	9.245337	0.0000
LOGAGE	-0.055797	0.008507	-6.558842	0.0000
GFC	-0.009245	0.015101	-0.612236	0.5404
Mean dependent var	0.810603	S.D. dependent var		0.167724
S.E. of regression	0.102016	Akaike info criterion		-1.689697
Sum squared resid	2.383241	Schwarz criterion		-1.572279
Log likelihood	207.3842	Hannan-Quinn criter.		-1.642365
Avg. log likelihood	0.878747			

## APPENDIX (E) Results of Multicollinearity Tests

Appendix (E-1): Correlation matrix between the independent variables

	CRTA	OHTA	LOTA	DTA	LATA	TE	INF	GDPGR	GDPPC	LOGTA	CONC	AGE	GFC
CRTA	1												
OHTA	0.47	1											
LOTA	0.05	0.03	1										
DTA	-0.78	-0.32	-0.16	1									
LATA	-0.09	-0.11	-0.84	0.14	1								
TE	0.10	-0.18	0.79	0.03	-0.59	1							
INF	-0.10	-0.05	-0.03	-0.01	0.07	-0.03	1						
GDPGR	-0.01	0.01	0.00	0.06	-0.01	0.00	0.21	1					
GDPPC	-0.03	-0.01	0.12	0.07	-0.15	0.09	0.14	0.51	1				
LOGTA	-0.55	-0.27	0.28	0.33	-0.30	0.47	-0.01	0.01	0.14	1			
CONC	-0.00	0.05	0.18	0.05	-0.22	0.12	-0.28	-0.18	0.40	0.19	1		
AGE	-0.08	0.19	-0.24	0.26	0.04	-0.12	-0.11	0.07	0.18	0.39	0.21	1	
GFC	-0.00	0.00	0.01	-0.06	0.01	-0.02	-0.29	-0.90	-0.50	-0.01	0.23	-0.08	1
DDF	-0.62	-0.46	0.13	0.52	-0.10	0.31	0.05	0.06	-0.03	0.70	-0.13	0.26	-0.06

Appendix (E-2): Multicollinearity test, Variance Inflation Factors, model (1)

Variables	Coefficient Variance	Centered VIF
C	0.002046	NA
OHTA	0.752222	1.306748
LOTA	5.64E-05	1.181971
DTA	0.000850	1.563521
GDPGR	0.001074	1.833233
GDPPC	7.58E-09	2.113169
CONC	0.001848	1.702562
DDF	1.10E-05	1.808516

Appendix (E-3): Multicollinearity test, Variance Inflation Factors, model (2)

Variables	Coefficient Variance	Centered VIF
C	3.82E-06	NA
CRTA	1.42E-05	1.654788
LATA	1.03E-06	1.955404
TE	1.04E-06	2.649355
INF	1.79E-05	1.145437
LOGTA	4.59E-08	2.797357
LOGAGE	2.47E-08	1.547260
GFC	5.97E-08	1.121475

## APPENDIX (F) Descriptive Statistics

Table (F-1): the mean value of ROA, ROE and TE for domestic Malaysia Islamic banks during the period  $q_1$  2007 -  $q_4$  2010.

variables	Mean	Std. Dev.	Obs.
ROA	0.002335	0.001236	164
ROE	0.032767	0.017140	164
TE	0.846938	0.149191	164

Table (F-2): the mean value of ROA, ROE and TE for foreign Malaysia Islamic banks during the period q<sub>1</sub> 2007 - q<sub>4</sub> 2010.

variables	Mean	Std. Dev.	Obs.
ROA	0.000276	0.002594	72
ROE	0.005725	0.021611	72
TE	0.733728	0.180830	72

Table (F-3): The average of total of assets, capital and reserves, loans and deposits for domestic and foreign Malaysian Islamic banks during the period q<sub>1</sub> 2007 - q<sub>4</sub> 2010.

RM Million

	Domestic banks		Foreign banks	
	Average	%	Average	%
Total assets	14456.5	0.76	4674.6	0.24
Capital and reserves	999.8	0.61	640.2	0.39
Loans	8230.6	0.76	2621.1	0.24
Deposits	12653.2	0.77	3799.4	0.23

## APPENDIX (G) Testing for Linearity

Figure (G-1): shows the linearity plots for residuals against OHTA variable, ROA

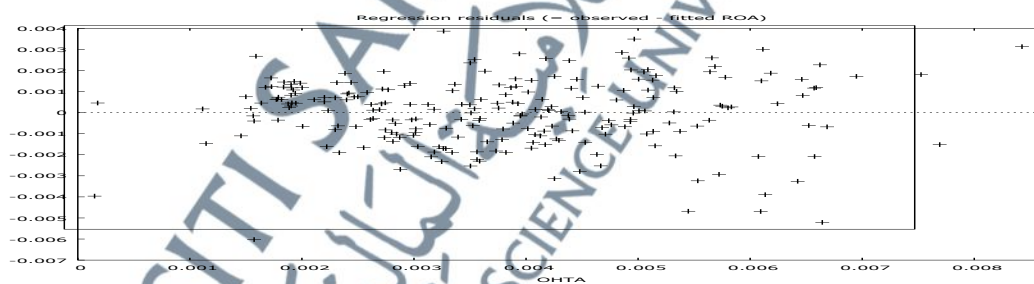


Figure (G-2): shows the linearity plots for residuals against LOTA variable, ROA

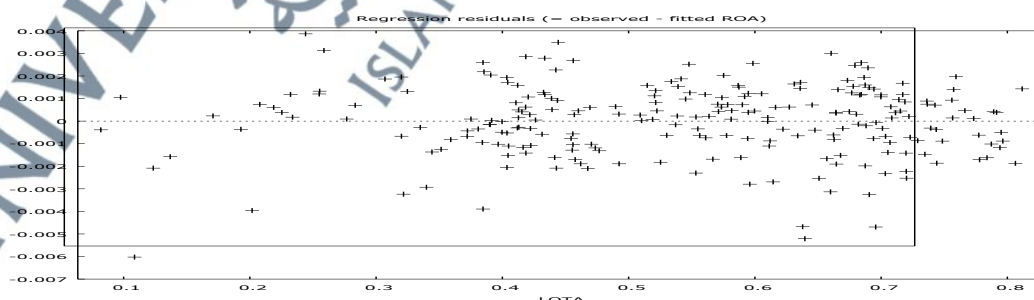


Figure (G-3): shows the linearity plots for residuals against DTA variable, ROA

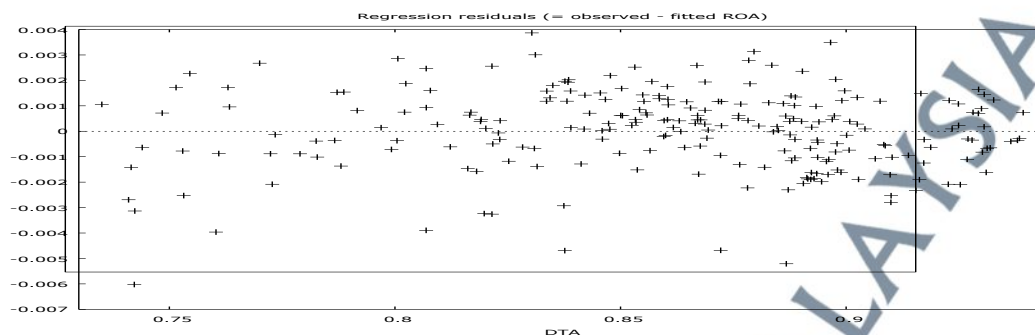


Figure (G-4): shows the linearity plots for residuals against GDPGR variable, ROA

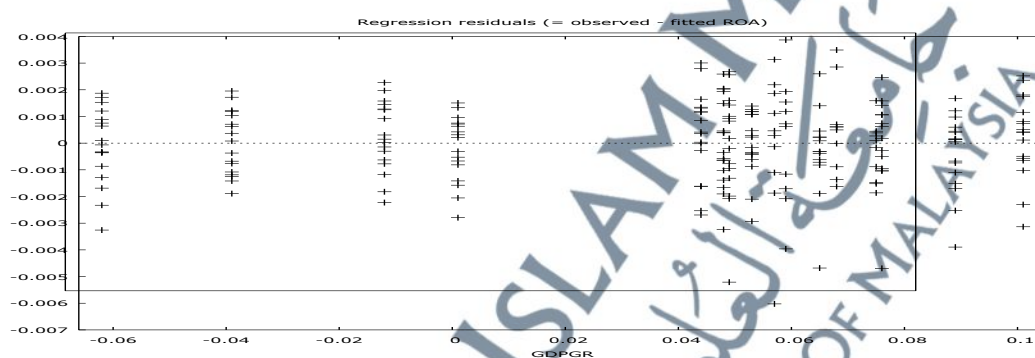


Figure (G-5): shows the linearity plots for residuals against GDPPC variable, ROA

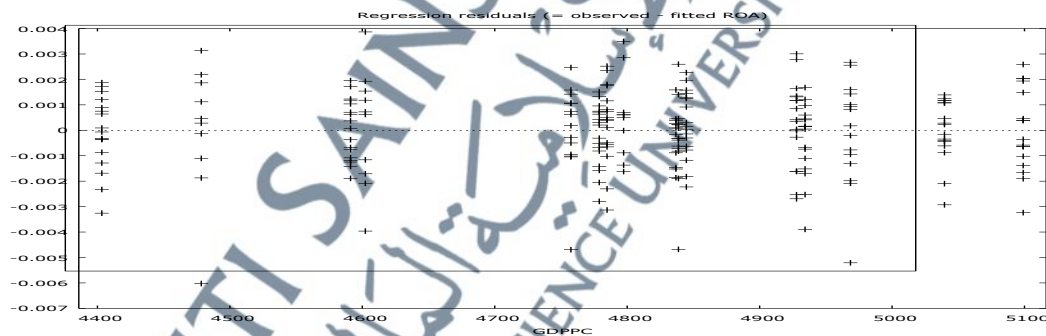


Figure (G-6): shows the linearity plots for residuals against CONC variable, ROA

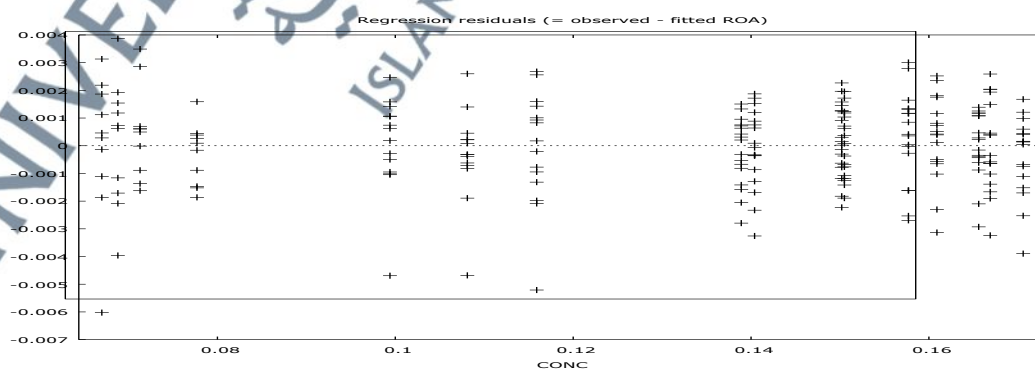


Figure (G-7): shows the linearity plots for residuals against CRTA variable, ROA

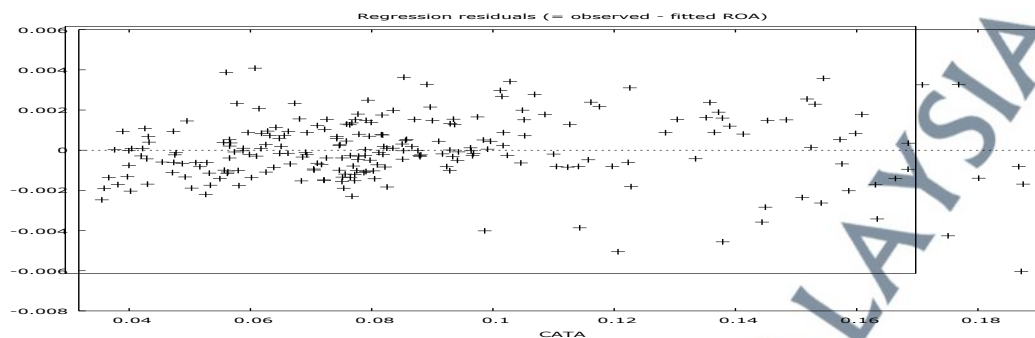


Figure (G-8): shows the linearity plots for residuals against LATA variable, ROA

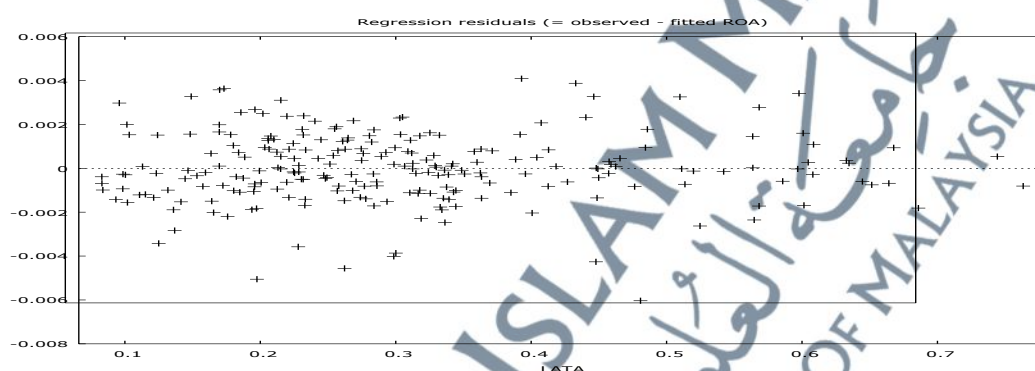


Figure (G-9): shows the linearity plots for residuals against TE variable, ROA

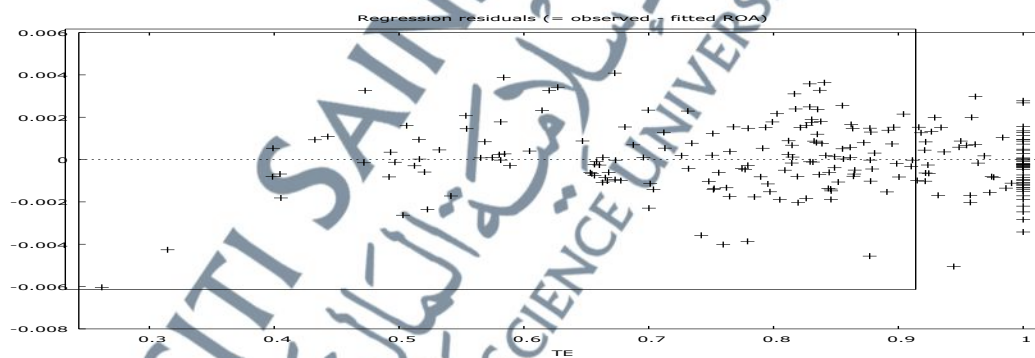


Figure (G-10): shows the linearity plots for residuals against INF variable, ROA

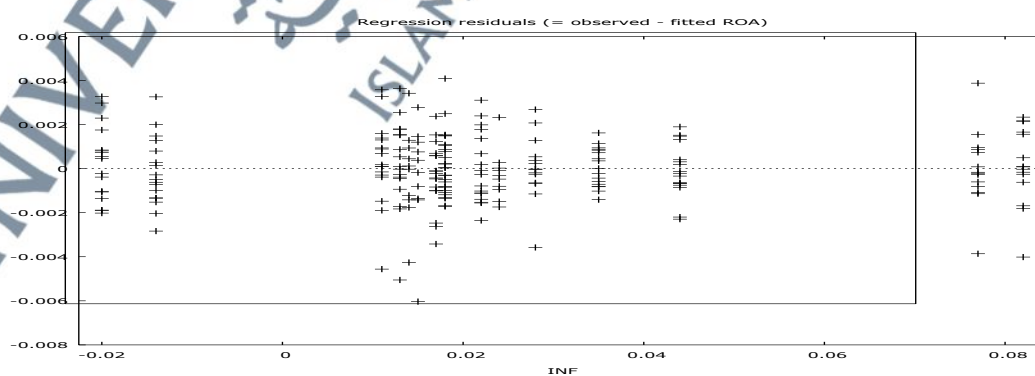


Figure (G-11): shows the linearity plots for residuals against LOGTA variable, ROA

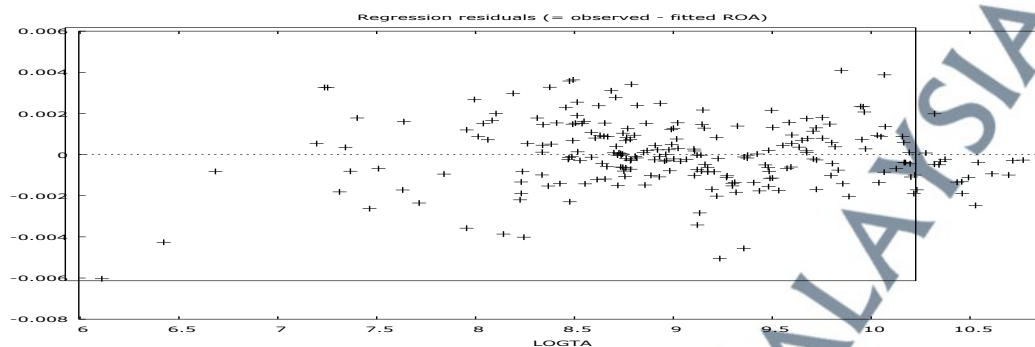


Figure (G-12): shows the linearity plots for residuals against LOGAGE variable, ROA

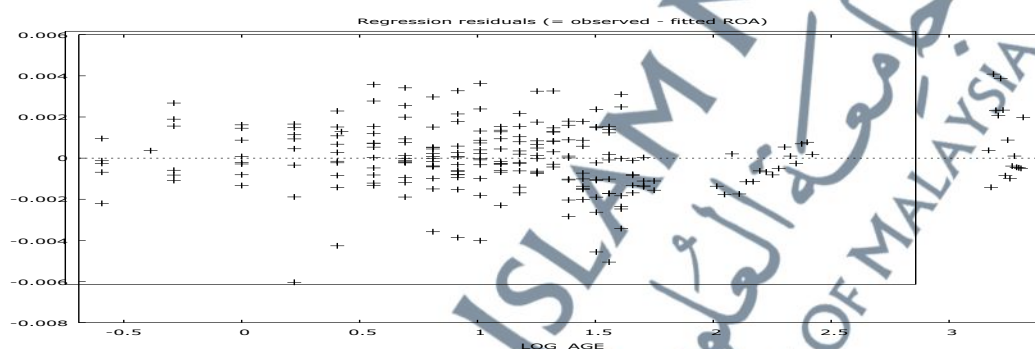


Figure (G-13): shows the linearity plots for residuals against OHTA variable, ROE

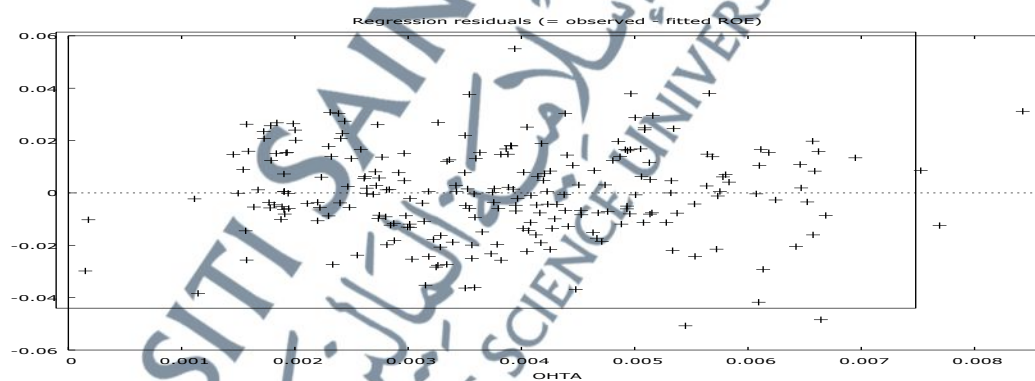


Figure (G-14): shows the linearity plots for residuals against LOTA variable, ROE

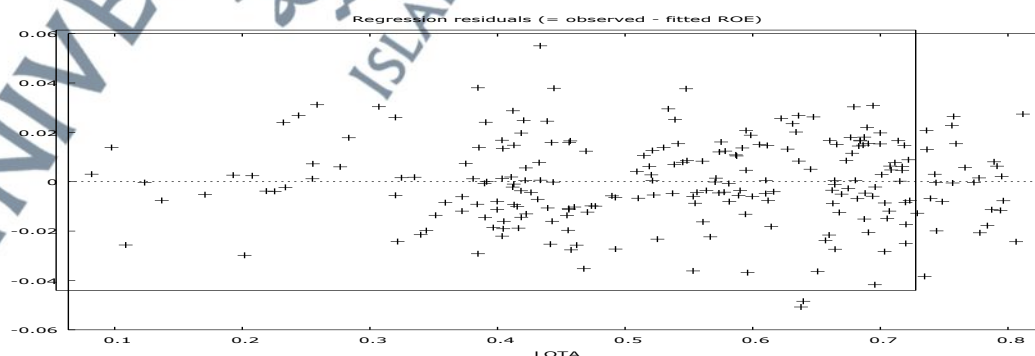


Figure (G-15): shows the linearity plots for residuals against DTA variable, ROE

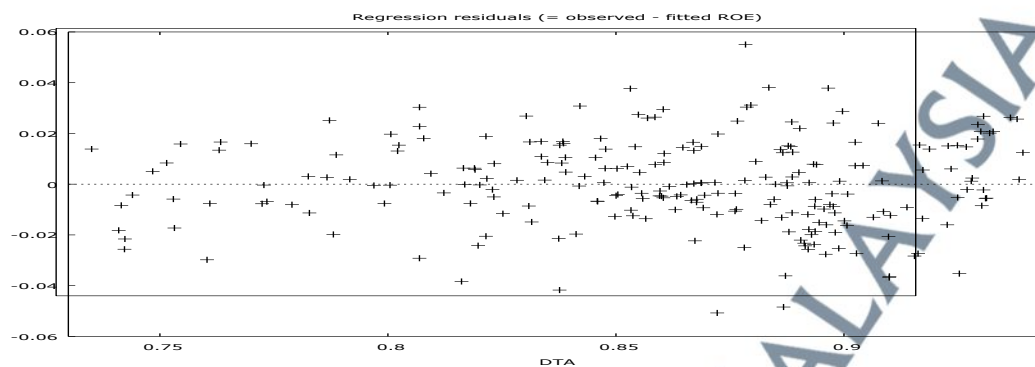


Figure (G-16): shows the linearity plots for residuals against GDPGR variable, ROE

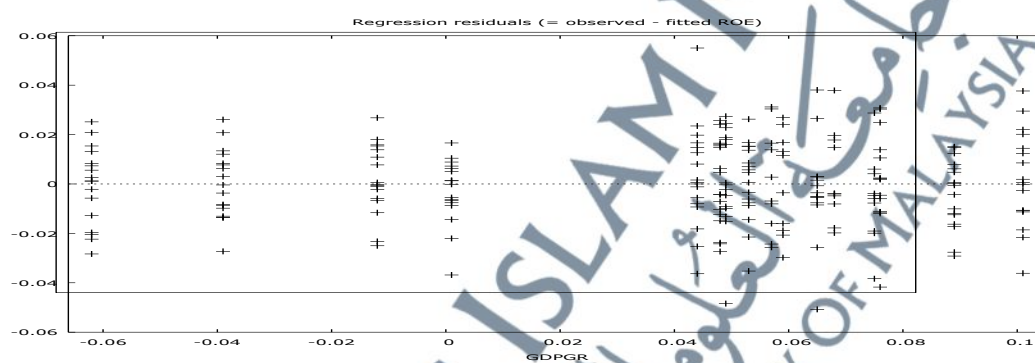


Figure (G-17): shows the linearity plots for residuals against GDPPC variable, ROE

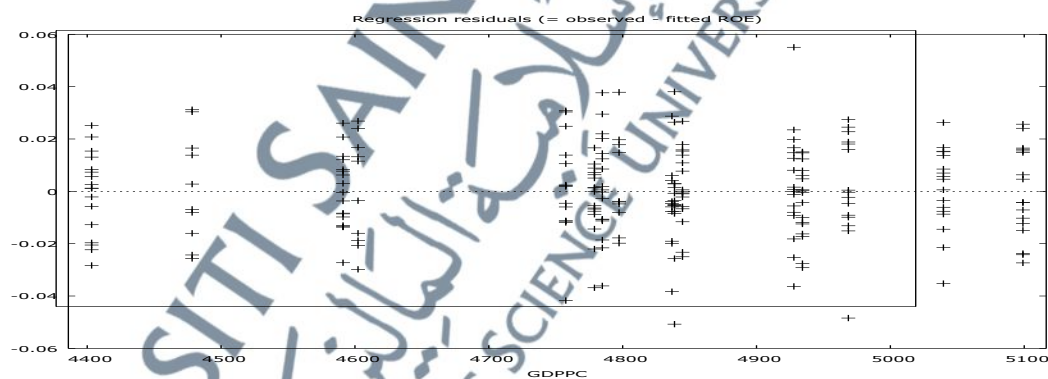


Figure (G-18): shows the linearity plots for residuals against CONC variable, ROE

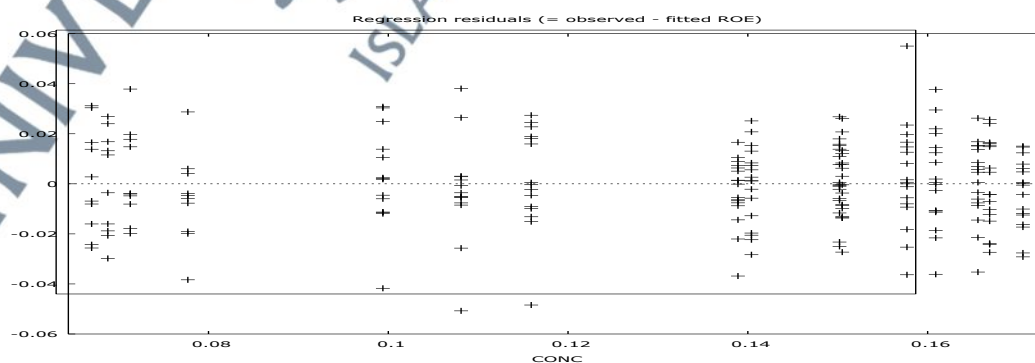


Figure (G-19): shows the linearity plots for residuals against CRTA variable, ROE

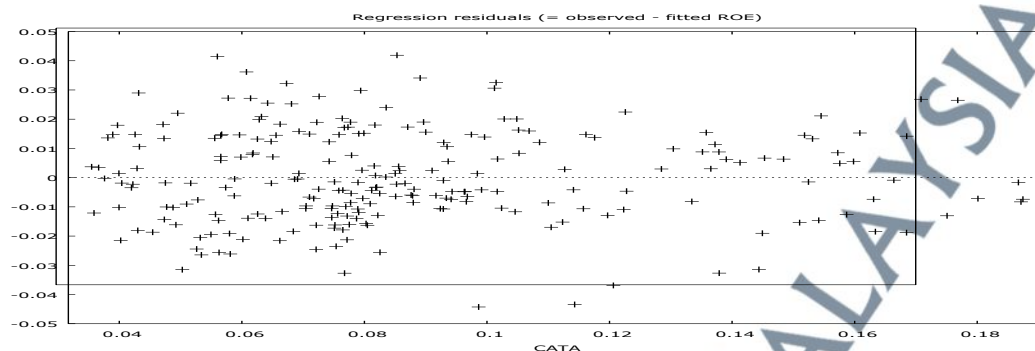


Figure (G-20): shows the linearity plots for residuals against LATA variable, ROE

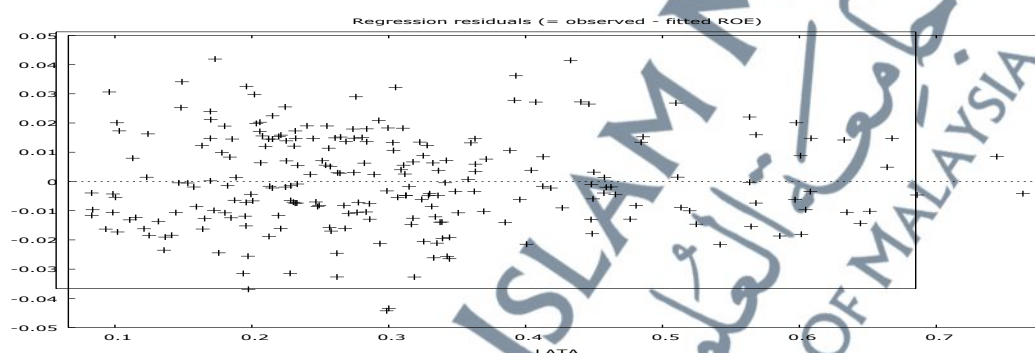


Figure (G-21): shows the linearity plots for residuals against TE variable, ROE

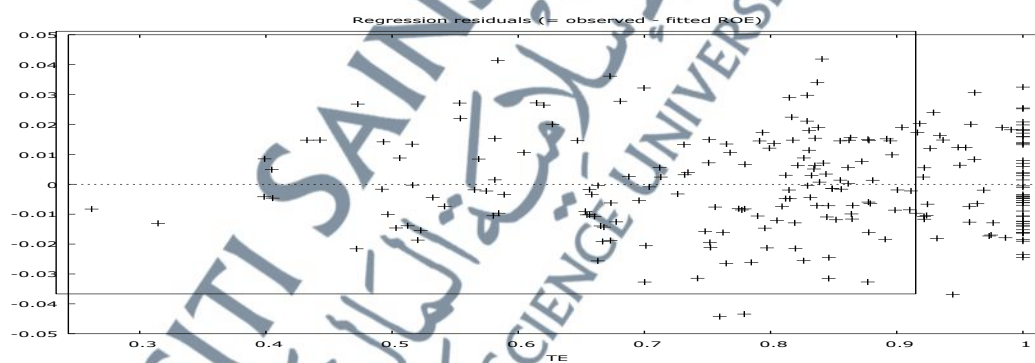


Figure (G-22): shows the linearity plots for residuals against INF variable, ROE

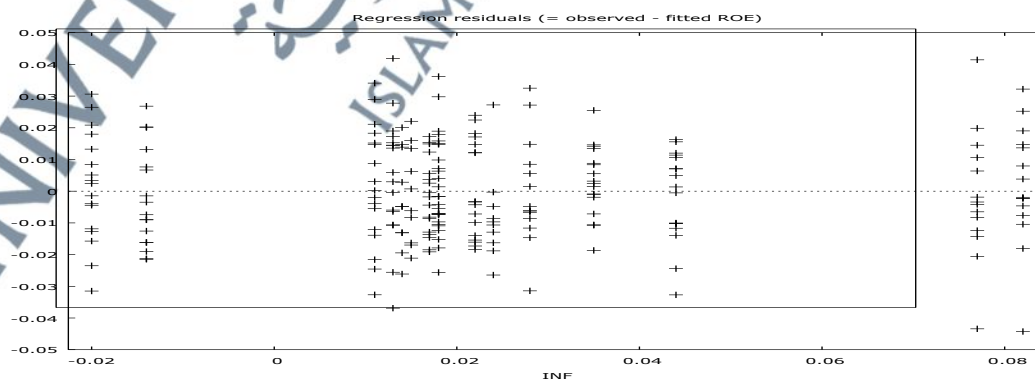


Figure (G-23): shows the linearity plots for residuals against LOGTA variable, ROE

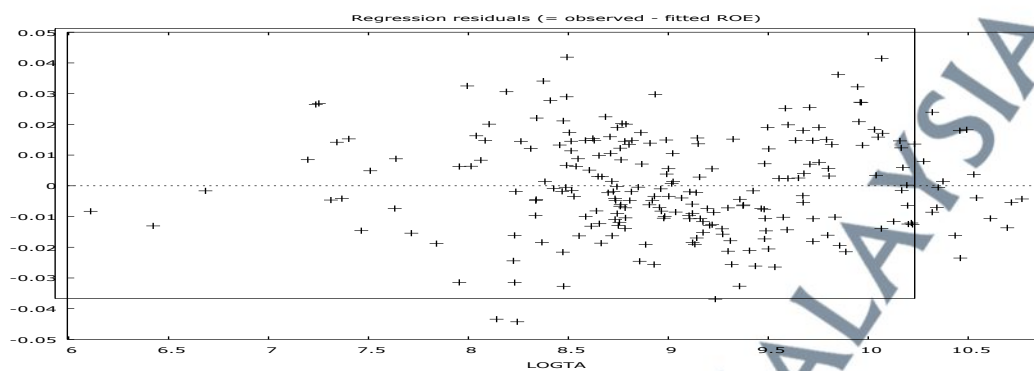
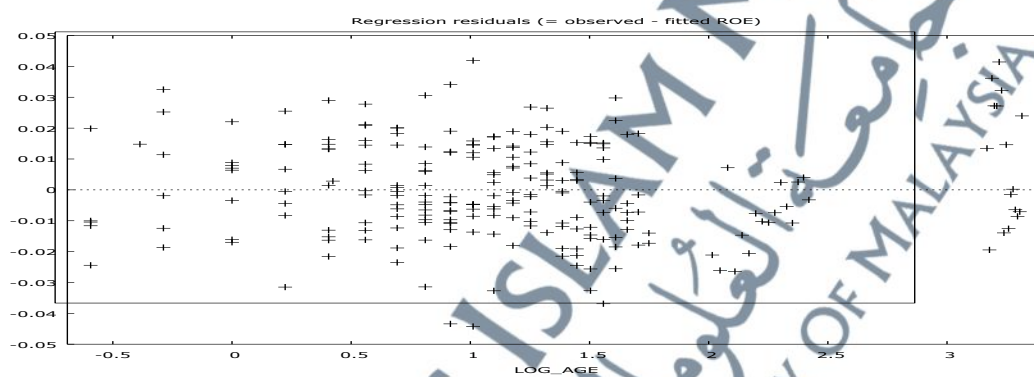


Figure (G-24): shows the linearity plots for residuals against LOGAGE variable, ROE



## APPENDIX (H) Results of the Data Envelopment Analysis (DEA)

Appendix (H-1): Results of the DEA for Malaysian Islamic banks on q<sub>1</sub> 2007

No.	Name	Input-Oriented CRS Efficiency	$\Sigma\lambda$	RTS	Benchmarks
1	Bank Islam Malaysia	0.77449	2.742	Decreasing	2.742
2	Bank Muamalat Malaysia	0.75633	1.774	Decreasing	1.774
3	RHB Islamic Bank	0.78831	1.241	Decreasing	1.241
4	CIMB Islamic bank	0.48951	0.564	Increasing	0.564
5	Kuwait finance House	0.83510	0.436	Increasing	0.436
6	Hong Leong Islamic banking	0.82826	1.020	Decreasing	1.020
7	Al Rajhi Banking	0.04189	0.002	Increasing	0.002
8	Affin Islamic bank	0.49592	0.395	Increasing	0.395
9	EONCAP Islamic bank	1.00000	1.000	Constant	1.000
10	Asian Finance Bank	0.10205	0.000	Increasing	0.000
11	AmIslamic bank	0.97479	1.524	Decreasing	1.524

Appendix (H-2): Results of the DEA for Malaysian Islamic banks on q<sub>2</sub> 2007

No.	Name	Input-Oriented CRS Efficiency	$\Sigma\lambda$	RTS	Benchmarks
1	Bank Islam Malaysia	0.77166	2.672	Decreasing	2.672
2	Bank Muamalat Malaysia	0.78373	1.549	Decreasing	0.679
3	RHB Islamic Bank	1.00000	1.000	Constant	1.000
4	CIMB Islamic bank	0.52461	0.445	Increasing	0.445
5	Kuwait finance House	0.81523	0.445	Increasing	0.445
6	Hong Leong Islamic banking	0.91117	0.810	Increasing	0.565
7	Al Rajhi Banking	0.21454	0.012	Increasing	0.012
8	Affin Islamic bank	0.33286	0.333	Increasing	0.013
9	EONCAP Islamic bank	1.00000	1.000	Constant	1.000
10	Asian Finance Bank	0.16294	0.008	Increasing	0.008
11	AmIslamic bank	1.00000	1.000	Constant	1.000

Appendix (H-3): Results of the DEA for Malaysian Islamic banks on q<sub>3</sub> 2007

No.	Name	Input-Oriented CRS Efficiency	$\Sigma\lambda$	RTS	Benchmarks
1	Bank Islam Malaysia	0.70186	2.318	Decreasing	2.318
2	Bank Muamalat Malaysia	0.76563	1.688	Decreasing	0.178
3	RHB Islamic Bank	1.00000	1.000	Constant	1.000
4	CIMB Islamic bank	0.45541	0.629	Increasing	0.629
5	Kuwait finance House	0.82346	0.464	Increasing	0.139
6	Hong Leong Islamic banking	0.91180	0.750	Increasing	0.420
7	Al Rajhi Banking	0.49202	0.038	Increasing	0.038
8	Affin Islamic bank	0.42791	0.399	Increasing	0.399
9	EONCAP Islamic bank	1.00000	1.000	Constant	1.000
10	Asian Finance Bank	0.13431	0.012	Increasing	0.012
11	AmIslamic bank	1.00000	1.000	Constant	1.000

Appendix (H-4): Results of the DEA for Malaysian Islamic banks on q<sub>4</sub> 2007

No.	Name	Input-Oriented CRS Efficiency	$\Sigma\lambda$	RTS	Benchmarks
1	Bank Islam Malaysia	0.67251	1.497	Decreasing	1.497
2	Bank Muamalat Malaysia	0.80006	1.162	Decreasing	1.162
3	RHB Islamic Bank	0.90960	0.804	Increasing	0.804
4	CIMB Islamic bank	0.47958	0.453	Increasing	0.453
5	Kuwait finance House	0.85840	0.570	Increasing	0.570
6	Hong Leong Islamic banking	0.89362	0.628	Increasing	0.628
7	Al Rajhi Banking	0.92252	0.247	Increasing	0.247
8	Affin Islamic bank	0.49579	0.327	Increasing	0.327
9	EONCAP Islamic bank	0.98287	0.633	Increasing	0.633
10	Asian Finance Bank	0.13166	0.016	Increasing	0.016
11	AmIslamic bank	1.00000	1.000	Constant	1.000

Appendix (H-5): Results of the DEA for Malaysian Islamic banks on q<sub>1</sub> 2008

No.	Name	Input-Oriented CRS Efficiency	$\Sigma\lambda$	RTS	Benchmarks
1	Bank Islam Malaysia	0.57898	4.232	Decreasing	4.062
2	Bank Muamalat Malaysia	0.62368	2.831	Decreasing	2.713
3	RHB Islamic Bank	0.74556	2.077	Decreasing	1.991
4	CIMB Islamic bank	0.28768	1.169	Decreasing	1.114
5	Kuwait finance House	0.63706	1.632	Decreasing	1.576
6	Hong Leong Islamic banking	0.65668	1.659	Decreasing	1.599
7	Al Rajhi Banking	0.77241	0.754	Increasing	0.728
8	Affin Islamic bank	0.40211	0.848	Increasing	0.805
9	EONCAP Islamic bank	0.75716	1.656	Decreasing	1.591
10	Asian Finance Bank	0.15280	0.069	Increasing	0.068
11	AmIslamic bank	0.92838	3.221	Decreasing	3.136
12	Alliance Islamic Bank	1.00000	1.000	Constant	1.000
13	Maybank Islamic	1.00000	1.000	Constant	1.000
14	Public Islamic Bank	0.76722	4.025	Decreasing	3.884

Appendix (H-6): Results of the DEA for Malaysian Islamic banks on q<sub>2</sub> 2008

No.	Name	Input-Oriented CRS Efficiency	$\Sigma\lambda$	RTS	Benchmarks
1	Bank Islam Malaysia	0.58381	0.545	Increasing	0.545
2	Bank Muamalat Malaysia	0.70119	0.375	Increasing	0.375
3	RHB Islamic Bank	0.89393	0.290	Increasing	0.290
4	CIMB Islamic bank	0.30511	0.186	Increasing	0.186
5	Kuwait finance House	0.77943	0.230	Increasing	0.230
6	Hong Leong Islamic banking	0.81880	0.257	Increasing	0.257
7	Al Rajhi Banking	0.77918	0.105	Increasing	0.105
8	Affin Islamic bank	0.50722	0.132	Increasing	0.132
9	EONCAP Islamic bank	0.84058	0.218	Increasing	0.218
10	Asian Finance Bank	0.14865	0.008	Increasing	0.008
11	AmIslamic bank	0.96392	0.407	Increasing	0.407
12	Alliance Islamic Bank	0.95002	0.106	Increasing	0.106
13	Maybank Islamic	1.00000	1.000	Constant	1.000
14	Public Islamic Bank	0.94003	0.534	Increasing	0.534

Appendix (H-7): Results of the DEA for Malaysian Islamic banks on q<sub>3</sub> 2008

No.	Name	Input-Oriented CRS Efficiency	$\Sigma\lambda$	RTS	Benchmarks
1	BANK Islam Malaysia	0.69970	0.554	Increasing	0.554
2	Bank Muamalat Malaysia	0.75610	0.370	Increasing	0.370
3	RHB Islamic Bank	0.91130	0.321	Increasing	0.321
4	CIMB Islamic bank	0.43731	0.293	Increasing	0.293
5	Kuwait finance House	0.80280	0.265	Increasing	0.265
6	Hong Leong Islamic banking	0.86848	0.259	Increasing	0.259
7	Al Rajhi Banking	0.76009	0.202	Increasing	0.004
8	Affin Islamic bank	0.57472	0.134	Increasing	0.134
9	EONCAP Islamic bank	0.81462	0.303	Increasing	0.103
10	Asian Finance Bank	0.20537	0.010	Increasing	0.010
11	AmIslamic bank	0.90416	0.537	Increasing	0.277
12	Alliance Islamic Bank	0.86220	0.102	Increasing	0.102
13	Maybank Islamic	1.00000	1.000	Constant	1.000
14	Public Islamic Bank	1.00000	1.000	Constant	1.000
15	HSBC Amanah Malaysia	0.66278	0.142	Increasing	0.142

Appendix (H-8): Results of the DEA for Malaysian Islamic banks on q<sub>4</sub> 2008

No.	Name	Input-Oriented CRS Efficiency	$\Sigma\lambda$	RTS	Benchmarks
1	Bank Islam Malaysia	0.66531	0.584	Increasing	0.584
2	Bank Muamalat Malaysia	0.65446	0.348	Increasing	0.348
3	RHB Islamic Bank	0.86342	0.298	Increasing	0.298
4	CIMB Islamic bank	0.62623	0.461	Increasing	0.461
5	Kuwait finance House	0.92181	0.279	Increasing	0.279
6	Hong Leong Islamic banking	0.81632	0.246	Increasing	0.246
7	Al Rajhi Banking	0.70020	0.128	Increasing	0.128
8	Affin Islamic bank	0.59473	0.137	Increasing	0.137
9	EONCAP Islamic bank	0.78933	0.211	Increasing	0.211
10	Asian Finance Bank	0.20463	0.013	Increasing	0.013
11	AmIslamic bank	0.92648	0.425	Increasing	0.425
12	Alliance Islamic Bank	0.93422	0.103	Increasing	0.103
13	Maybank Islamic	1.00000	1.000	Constant	1.000
14	Public Islamic Bank	0.87647	0.532	Increasing	0.532
15	HSBC Amanah Malaysia	0.83057	0.147	Increasing	0.147
16	Standard Chartered Saadiq	0.29671	0.063	Increasing	0.063
17	OCBC Al-Amin Bank	0.90427	0.116	Increasing	0.116

Appendix (H-9): Results of the DEA for Malaysian Islamic banks on q<sub>1</sub> 2009

No.	Name	Input-Oriented CRS Efficiency	$\Sigma\lambda$	RTS	Benchmarks
1	Bank Islam Malaysia	0.64694	0.588	Increasing	0.588
2	Bank Muamalat Malaysia	0.78972	0.340	Increasing	0.340
3	RHB Islamic Bank	0.92157	0.281	Increasing	0.281
4	CIMB Islamic bank	0.69265	0.448	Increasing	0.448
5	Kuwait finance House	0.92187	0.272	Increasing	0.272
6	Hong Leong Islamic banking	0.79334	0.206	Increasing	0.206
7	Al Rajhi Banking	0.91560	0.134	Increasing	0.134
8	Affin Islamic bank	0.50698	0.122	Increasing	0.122
9	EONCAP Islamic bank	0.83671	0.195	Increasing	0.195
10	Asian Finance Bank	0.29322	0.014	Increasing	0.014
11	AmIslamic bank	0.92105	0.416	Increasing	0.416
12	Alliance Islamic Bank	0.96156	0.101	Increasing	0.101
13	Maybank Islamic	1.00000	1.000	Constant	1.000
14	Public Islamic Bank	0.86212	0.513	Increasing	0.513
15	HSBC Amanah Malaysia	0.82635	0.133	Increasing	0.133
16	Standard Chartered Saadiq	0.32727	0.066	Increasing	0.066
17	OCBC Al-Amin Bank	0.90055	0.104	Increasing	0.104

Appendix (H-10): Results of the DEA for Malaysian Islamic banks on q<sub>2</sub> 2009

No.	Name	Input-Oriented CRS Efficiency	$\Sigma\lambda$	RTS	Benchmarks
1	Bank Islam Malaysia	0.65022	2.031	Decreasing	1.893
2	Bank Muamalat Malaysia	0.77443	1.118	Decreasing	1.065
3	RHB Islamic Bank	0.69777	0.863	Increasing	0.809
4	CIMB Islamic bank	0.66451	1.479	Decreasing	1.389
5	Kuwait finance House	1.00000	1.000	Constant	1.000
6	Hong Leong Islamic banking	0.70676	0.727	Increasing	0.687
7	Al Rajhi Banking	0.85718	0.476	Increasing	0.458
8	Affin Islamic bank	0.54612	0.388	Increasing	0.363
9	EONCAP Islamic bank	0.80931	0.588	Increasing	0.553
10	Asian Finance Bank	0.27570	0.044	Increasing	0.041
11	AmIslamic bank	0.67662	1.306	Decreasing	1.242
12	Alliance Islamic Bank	0.93786	0.346	Increasing	0.331
13	Maybank Islamic	1.00000	1.000	Constant	1.000
14	Public Islamic Bank	0.65020	1.588	Decreasing	1.472
15	HSBC Amanah Malaysia	0.68580	0.372	Increasing	0.357
16	Standard Chartered Saadiq	0.38433	0.217	Increasing	0.207
17	OCBC Al-Amin Bank	0.76182	0.319	Increasing	0.305

Appendix (H-11): Results of the DEA for Malaysian Islamic banks on q<sub>3</sub> 2009

No.	Name	Input-Oriented CRS Efficiency	$\Sigma\lambda$	RTS	Benchmarks
1	Bank Islam Malaysia	0.84889	0.681	Increasing	0.681
2	Bank Muamalat Malaysia	0.71298	0.314	Increasing	0.314
3	RHB Islamic Bank	0.74816	0.246	Increasing	0.246
4	CIMB Islamic bank	0.69258	0.506	Increasing	0.506
5	Kuwait finance House	0.95768	0.253	Increasing	0.253
6	Hong Leong Islamic banking	0.79586	0.207	Increasing	0.207
7	Al Rajhi Banking	0.83438	0.134	Increasing	0.134
8	Affin Islamic bank	0.54742	0.113	Increasing	0.113
9	EONCAP Islamic bank	0.85186	0.165	Increasing	0.165
10	Asian Finance Bank	0.62032	0.023	Increasing	0.023
11	AmIslamic bank	0.83056	0.388	Increasing	0.388
12	Alliance Islamic Bank	0.96178	0.101	Increasing	0.101
13	Maybank Islamic	1.00000	1.000	Constant	1.000
14	Public Islamic Bank	0.71002	0.482	Increasing	0.482
15	HSBC Amanah Malaysia	0.73136	0.100	Increasing	0.100
16	Standard Chartered Saadiq	0.52357	0.065	Increasing	0.065
17	OCBC Al-Amin Bank	0.84603	0.093	Increasing	0.093

Appendix (H-12): Results of the DEA for Malaysian Islamic banks on q<sub>4</sub> 2009

No.	Name	Input-Oriented CRS Efficiency	$\Sigma\lambda$	RTS	Benchmarks
1	Bank Islam Malaysia	0.86171	0.654	Increasing	0.654
2	Bank Muamalat Malaysia	0.70930	0.315	Increasing	0.315
3	RHB Islamic Bank	0.76637	0.245	Increasing	0.245
4	CIMB Islamic bank	0.78215	0.645	Increasing	0.645
5	Kuwait finance House	0.88337	0.240	Increasing	0.240
6	Hong Leong Islamic banking	0.76972	0.194	Increasing	0.194
7	Al Rajhi Banking	0.81205	0.127	Increasing	0.127
8	Affin Islamic bank	0.65967	0.124	Increasing	0.124
9	EONCAP Islamic bank	0.74620	0.153	Increasing	0.153
10	Asian Finance Bank	0.42619	0.024	Increasing	0.024
11	AmIslamic bank	0.87797	0.401	Increasing	0.401
12	Alliance Islamic Bank	0.86630	0.105	Increasing	0.105
13	Maybank Islamic	1.00000	1.000	Constant	1.000
14	Public Islamic Bank	0.70863	0.480	Increasing	0.480
15	HSBC Amanah Malaysia	0.83705	0.107	Increasing	0.107
16	Standard Chartered Saadiq	0.47185	0.064	Increasing	0.064
17	OCBC Al-Amin Bank	0.68924	0.095	Increasing	0.095

Appendix (H-13): Results of the DEA for Malaysian Islamic banks on q<sub>1</sub> 2010

No.	Name	Input-Oriented CRS Efficiency	$\Sigma\lambda$	RTS	Benchmarks
1	Bank Islam Malaysia	0.87906	0.636	Increasing	0.636
2	Bank Muamalat Malaysia	0.66052	0.296	Increasing	0.296
3	RHB Islamic Bank	0.82620	0.245	Increasing	0.245
4	CIMB Islamic bank	0.76713	0.603	Increasing	0.603
5	Kuwait finance House	0.94441	0.216	Increasing	0.216
6	Hong Leong Islamic banking	0.74512	0.179	Increasing	0.179
7	Al Rajhi Banking	0.83250	0.125	Increasing	0.125
8	Affin Islamic bank	0.66327	0.126	Increasing	0.126
9	EONCAP Islamic bank	0.79364	0.149	Increasing	0.149
10	Asian Finance Bank	0.58144	0.023	Increasing	0.023
11	AmIslamic bank	0.83785	0.375	Increasing	0.375
12	Alliance Islamic Bank	0.84079	0.110	Increasing	0.110
13	Maybank Islamic	1.00000	1.000	Constant	1.000
14	Public Islamic Bank	0.65312	0.483	Increasing	0.483
15	HSBC Amanah Malaysia	0.85519	0.107	Increasing	0.107
16	Standard Chartered Saadiq	0.68094	0.078	Increasing	0.078
17	OCBC Al-Amin Bank	0.79131	0.079	Increasing	0.079

Appendix (H-14): Results of the DEA for Malaysian Islamic banks on q<sub>2</sub> 2010

No.	Name	Input-Oriented CRS Efficiency	$\Sigma\lambda$	RTS	Benchmarks
1	Bank Islam Malaysia	0.76947	2.632	Decreasing	2.505
2	Bank Muamalat Malaysia	0.67057	1.170	Decreasing	1.121
3	RHB Islamic Bank	0.78493	1.027	Decreasing	0.975
4	CIMB Islamic bank	0.66585	2.826	Decreasing	2.657
5	Kuwait finance House	1.00000	1.000	Constant	1.000
6	Hong Leong Islamic banking	0.73684	0.824	Increasing	0.790
7	Al Rajhi Banking	0.84403	0.525	Increasing	0.505
8	Affin Islamic bank	0.62911	0.514	Increasing	0.488
9	EONCAP Islamic bank	0.70712	0.640	Increasing	0.609
10	Asian Finance Bank	0.50818	0.098	Increasing	0.096
11	AmIslamic bank	0.84440	1.703	Decreasing	1.644
12	Alliance Islamic Bank	0.87839	0.487	Increasing	0.467
13	Maybank Islamic	1.00000	1.000	Constant	1.000
14	Public Islamic Bank	0.69291	2.041	Decreasing	1.926
15	HSBC Amanah Malaysia	0.78300	0.496	Increasing	0.477
16	Standard Chartered Saadiq	0.80042	0.438	Increasing	0.417
17	OCBC Al-Amin Bank	0.64885	0.348	Increasing	0.332

Appendix (H-15): Results of the DEA for Malaysian Islamic banks on q<sub>3</sub> 2010

No.	Name	Input-Oriented CRS Efficiency	$\Sigma\lambda$	RTS	Benchmarks
1	Bank Islam Malaysia	0.86508	0.650	Increasing	0.650
2	Bank Muamalat Malaysia	0.73454	0.276	Increasing	0.276
3	RHB Islamic Bank	0.85436	0.256	Increasing	0.256
4	CIMB Islamic bank	0.78354	0.692	Increasing	0.692
5	Kuwait finance House	0.95763	0.187	Increasing	0.187
6	Hong Leong Islamic banking	0.78030	0.210	Increasing	0.210
7	Al Rajhi Banking	0.89624	0.119	Increasing	0.119
8	Affin Islamic bank	0.66307	0.125	Increasing	0.125
9	EONCAP Islamic bank	0.82794	0.151	Increasing	0.151
10	Asian Finance Bank	0.54159	0.025	Increasing	0.025
11	AmIslamic bank	0.87722	0.354	Increasing	0.354
12	Alliance Islamic Bank	0.95501	0.144	Increasing	0.144
13	Maybank Islamic	1.00000	1.000	Constant	1.000
14	Public Islamic Bank	0.80872	0.469	Increasing	0.469
15	HSBC Amanah Malaysia	0.84460	0.134	Increasing	0.134
16	Standard Chartered Saadiq	0.85528	0.087	Increasing	0.087
17	OCBC Al-Amin Bank	0.91509	0.092	Increasing	0.092

Appendix (H-16): Results of the DEA for Malaysian Islamic banks on q<sub>4</sub> 2010

No.	Name	Input-Oriented CRS Efficiency	$\Sigma\lambda$	RTS	Benchmarks
1	Bank Islam Malaysia	0.92914	0.651	Increasing	0.651
2	Bank Muamalat Malaysia	0.72637	0.257	Increasing	0.257
3	RHB Islamic Bank	0.90626	0.280	Increasing	0.280
4	CIMB Islamic bank	0.72048	0.626	Increasing	0.626
5	Kuwait finance House	0.84580	0.174	Increasing	0.174
6	Hong Leong Islamic banking	0.90719	0.211	Increasing	0.211
7	Al Rajhi Banking	0.81679	0.108	Increasing	0.108
8	Affin Islamic bank	0.65440	0.116	Increasing	0.116
9	EONCAP Islamic bank	0.83232	0.152	Increasing	0.152
10	Asian Finance Bank	0.52275	0.025	Increasing	0.025
11	AmIslamic bank	0.87779	0.337	Increasing	0.337
12	Alliance Islamic Bank	0.95466	0.139	Increasing	0.139
13	Maybank Islamic	1.00000	1.000	Constant	1.000
14	Public Islamic Bank	0.79675	0.444	Increasing	0.444
15	HSBC Amanah Malaysia	0.81770	0.123	Increasing	0.123
16	Standard Chartered Saadiq	0.79911	0.070	Increasing	0.070
17	OCBC Al-Amin Bank	0.89085	0.085	Increasing	0.085