



EXAMINING THE INFLUENCES OF RISKS TOWARDS PROFITABILITY  
PERFORMANCE OF LOCAL-OWNED ISLAMIC BANK IN MALAYSIA - A  
STUDY OF HONG LEONG ISLAMIC BANK BERHAD

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## ABSTRACT

Malaysia is one of the developing Islamic banking system that has been contributed towards national income. It is also have been undergoing major challenges in the risks for the past few years. This study aims to examine the influences of selected risks that will significantly affect towards profitability performance of local-owned Islamic bank (Hong Leong Islamic Bank Berhad) in Malaysia. This study utilizes the secondary data collected from the quarterly financial reports from March 2010 until June 2017, a period of 7 years and 30 observations. The explanatory variable are categorized into internal factors which include risk from liquidity risk, credit risk and operational risk. The profitability performance proxies by Return on Asset. This study conducted using OLS regression method. Unit root test and diagnostic test were being used to test whether it is stationary or non-stationary. The analyses are conducted using single linear regression and multiple linear regressions. This study choose multiple linear regression compare to single linear regression because of the higher of adjusted  $R^2$  to interpreted the result. From the result, it is found that liquidity risk, credit risk and operational risk have significant impact on the profitability performance of banks. Findings of the study contribute towards enriching the literature on the risks of the Islamic bank by providing Hong Leong Islamic Bank Berhad as mainstream bank that offered Islamic banking product.

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