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ABSTRACT

This is an empirical study which compares the performance of Bank Islam Malaysia Berhad (BIMB) with seven commercial banks for the period 1989-1999 in terms of growth, profitability, liquidity, solvency, credit risk, earnings risk and sectoral contribution to the economy. BIMB's performance during the period of the financial crisis 1997-1999 is also compared with fifteen commercial banks. Ratio analysis is used in these comparisons. This report is divided into five chapters. Chapter 1 discusses the fundamental principles and mode of operations of both conventional and Islamic banks. Chapter 2 reviews the literature pertaining to the performance of Islamic banks in other countries as well as Malaysia. Chapter 3 discusses the methodology of ratio analysis. Chapter 4 deals with the results of the analysis. Finally, Chapter 5 presents a summary and conclusion reached in this analysis with recommendations.