



**THE INTERNAL BANK-SPECIFIC FACTORS  
AFFECTING THE PROFITABILITY OF A  
PAKISTANI COMMERCIAL BANK:  
ALLIED BANK LTD.**

A Thesis submitted to Department of Management Sciences in part fulfilment  
of the requirement for the MBA degree

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Candidate Signature: Rabeea Date: 10 July, 2014

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I M. AKBAR SAIED being the Supervisor of the above student, certify that the research work of the student has been completed to my satisfaction and that the thesis is in a format recognized by the department and is in accordance with the rules of the University. The thesis is appropriate for examination.

Signature: Asad Date: 10 JULY, 2014

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### **Abstract:**

**Purpose-** The aim of this study was to determine and analyze the internal bank-specific factors that affect the profitability of the banks. The relationship of the independent variables with profitability and its study was the reason to conduct this research.

**Methodology/sample-** . The bank selected to carry on with the research is Allied Bank Ltd. The quarterly financial statements (from 2008 till 3rd quarter of 2013) were selected. The variables chosen from the quarterly reports were T-Bills, Non Markup Interest Income and Taxation, which were the independent variables while Profit after Tax (PAT) is the dependent variable. The software used for this study was MINITAB. In order to study the impact of variables, multiple regression was run against the dependent variable and independent variables.

**Findings-** This study concluded that the T-bills have a positive and significant relationship with profitability. The Non Markup Interest Income had a positive and significant relationship with the profitability. Moreover, the empirical results indicated that the taxation affects profitability positively.

**Practical Implications-** This research might help the decision makers of Allied Bank Ltd., other Pakistani commercial banks to and others related quarters to have a significant knowledge about the impact of the internal variables on PAT and predict their profitability.

**Keywords:** Banking sector, Profitability