

# **RE-EXAMINING THE DETERMINANTS OF ISLAMIC BANK PROFITABILITY OF PAKISTAN**

**BY**

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## MBA Thesis 2nd Half-Semester Progress Report & Thesis Approval Statement

### Supervisor – Student Meeting Record

S#	Date	Place of Meeting	Topic Discussed	Signature of Student
1.	04-10-2019	University	Discussion Hypothesis, Recommendation	
2.	01-12-2019	University	Conclusions, Formatting, Overall Review	
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### APPROVAL FOR EXAMINATION

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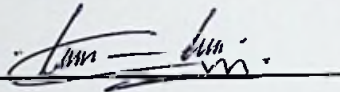
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**Declaration of Authentication**

I, hereby, declare that no portion of the work referred to in this thesis has been submitted in support of any application for another degree or qualification of this university or any other institution of learning.

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### Abstract

**Purpose:** The study has examined the determinants of profitability in the Islamic banks of Pakistan during the period from 2013 to 2017.

**Methodology:** For the sample population, the study has selected full-fledge Islamic banks of Pakistan including Meezan Bank Limited (MBL), Dubai Islamic Bank (DIB), Bank Al-Islami, and Al-Baraka bank during the period from 2013 to 2017 consecutively and in annual format.

**Findings:** The study found that the leverage was not affecting the profitability of the banks. The banks that try to increase their market share are more likely to be investing rather than focusing on their income, therefore, it results in their profitability decreasing rather than increasing. Moreover, the LLP (loan loss provision) to asset ratio was negatively but significantly affecting the profitability. Furthermore, the solvency ratio and cost-to-income ratio were positively but insignificantly affecting the profitability.

**Limitations:** One was the study was conducted only in reference to the banking sector which means that the outcome of this research is limited to the banking sector only and cannot be used for any other sector or industry, thus, restricting the overall scope of the study to banks only.

**Implications:** The result of leverage and profitability is positive and insignificant. So, it is recommended that managers should develop some accurate strategies that can gain specific amount of profits or returns. Also, try to maneuver in the abilities so that the competitive position could change in a market in the presence of fluctuations in the market share.

**Keywords:** *Solvency ratio, cost-to-income ratio, debt-to-asset ratio, LLP-to-asset ratio, bank size and Profitability of Islamic Bank.*

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