

## **Abstract**

This research is conducted to study the risk and return of investment in stock of Pakistani Banks. This study have eight banks which are taken as sample size and this research is based on historical data of last five years of these banks. This research measured the Average returns, variances, standard deviations, coefficient of variation, unsystematic risk and systematic risk (beta) to analyze the volatility in stocks. In this research is was found that all the selected banks have positive returns but some have high and some have low. Faysal bank is one of the risky banks in all the samples and on the same way Muslim commercial Bank is on second number according to riskiness. Meezan Bank is the bank which is less risky and have high return as compared to the others. Meezan bank have least standard deviation and have less beta as compared to other and also have reasonable average return.

## **Acknowledgment**

All the praise is for ALLAH (S.W.T) the most merciful and generous, who blessed me with the knowledge, gave me the courage and allowed me to achieve the task.

I am especially obligated to Mr. Shahzad Butt for imparting in me enough knowledge to be able to carry myself efficiently during my dissertation. The inspiring guidance, remarkable suggestions, constant encouragement, keen interest, constructive criticism and friendly discussion helped me to learn and enabled me to complete this report efficiently.

## **DEDICATION**

To whom who helped me provide your guide lines to me and I  
dedicate my life to my parents and to my teachers who brought me  
at this stage of life.

## Table of Contents

Introduction:.....	6
Background of studies and problem area:.....	6
Introduction of Banking Sector of Pakistan:.....	8
Askari Bank of Pakistan:.....	9
Meezan Bank:.....	10
Allied Bank:.....	11
Muslim Commercial Bank:.....	11
Habib Bank Limited:.....	12
United Bank Limited:.....	13
Faysal Bank Limited:.....	14
Bank Alfalah Limited:.....	15
Problem Statement:.....	16
Theoretical Frame work:.....	16
Component of Return:.....	17
Yield:.....	17
Capital Gain:.....	17
Risk:.....	18
Components of Risk:.....	18
Market Risk:.....	19
Price Risk:.....	19
Operational Risk:.....	20
Interest rate Risk:.....	20
Political and Social:.....	21
Foreign Exchange Risk:.....	22
Systemic Risk:.....	22
Systematic risk and Unsystematic Risk:.....	23
Asset Liquidity Risk:.....	23
Investment Method:.....	24
Research Question?.....	25
Objectives of the Study:.....	25
Significance of the study:.....	26

Scope of the studies: .....	26
Literature Review: .....	27
Return / Dividend yield:.....	28
Risk and investment:.....	38
Research Methodology: .....	46
Research Type: .....	46
Source of data and methodology: .....	47
Statistical Procedures:.....	48
Average return:.....	49
Standard Deviation:.....	50
Coefficient of variation: .....	50
Downside Risk: .....	51
Systematic risk and Unsystematic Risk: .....	51
Data Analysis and Interpretation of results:.....	52
Askari Bank:.....	53
Muslim Commercial Bank:.....	55
Meezan Bank Limited:.....	56
Allied Bank Limited:.....	58
Habib Bank Limited:.....	59
United Bank Limited:.....	61
Faysal Bank Limited:.....	63
Bank Alfalah Limited: .....	64
Overall Analysis:.....	66
CONCLUSION AND RECOMMENDATION:.....	70
Summary and Findings: .....	70
Conclusion: .....	71
Recommendation: .....	72
Future Research:.....	73
Bibliography:.....	75