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Abstract:

The main purpose of this study is to observe the effects of Corporate Governance practices on the financial performance of commercial banks in Pakistan. The theme of this study is to examine governance variables which includes board size, board composition, and audit committees that how they affect the financial performance of commercial banks in Pakistan. This research used both quantitative and qualitative techniques for the purpose of data collection. The population of this study consist the staff members of five selected commercial banks. The primary data collected through the help of questionnaire survey in different branches of banks which are located in Islamabad. The secondary data collected from the annual reports of banks for the period of 2005 to 2014. The performance of banks are measured on the basis of return on equity (ROE) and earning per share (EPS) for that purpose panel data is used. For the purpose of analysis this research used a descriptive approach and multiple linear regression model. The results of study indicate that the board size, board composition and audit committees have strong positive relationship with the performance of banks, whereas board composition find no relationship with the performance when measured with return on equity.

Keywords: board size, board composition, audit committee and financial performance.