LIQUIDITY, CREDIT RISKS & BANKS' SIZE ON PROFITABILITY:
PRE-ANALYSIS OF MALAYSIAN COMMERCIAL BANK

NORLIANA BINTI ZAINI
2012463224

ROSSHAMIRA ARNA BINTI ISMAIL
2011770626

BACHELOR OF BUSINESS ADMINISTRATION
(HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
UNIVERITI TEKNOLOGI MARA
KAMPUS BANDARAYA MELAKA

JUNE 2014
DECLARATION OF ORIGINAL WORK

BACHELOR OF BUSINESS ADMINISTRATION
WITH HONOURS (FINANCE)
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA

“DECLARATION OF ORIGINAL WORK”

We, Norliana Binti Zaini, (I/C Number: 910124-14-6128)

Rosshamira Arna Binti Ismail, (I/C Number: 900116-06-5732)

Hereby, declare that,

- This work has not previously been accepted in substance for any degree, locally or overseas and is not being concurrently submitted for this degree or any other degrees.

- This project paper is the result of my independent work and investigation, except where otherwise stated.

- All victim extracts have been distinguish by quotation marks and sources of my information have been specifically acknowledged.

Signature: _________________________________

Signature: _________________________________ Date: 27 June 2014
LETTER OF SUBMISSION

June 2014

The Head of Program
Bachelor of Business Administration with Honours (Finance)
Faculty of Business Management
Universiti Teknologi MARA
Kampus Bandaraya Melaka

Dear Madam,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled “LIQUIDITY, CREDIT RISKS & BANKS' SIZE ON PROFITABILITY: PRE-ANALYSIS OF MALAYSIAN COMMERCIAL BANK” to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank You
Yours sincerely,

ROSSHAMIRA ARNA BINTI ISMAIL 2011770626
NORLIANA BINTI ZAINI 2012463224
Bachelor of Business Administration with Honours (Finance)
TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title Page</td>
<td>i</td>
</tr>
<tr>
<td>Declaration of Original Work</td>
<td>ii</td>
</tr>
<tr>
<td>Letter of Submission</td>
<td>iii</td>
</tr>
<tr>
<td>Acknowledgement</td>
<td>iv</td>
</tr>
<tr>
<td>Table of Contents</td>
<td>v</td>
</tr>
<tr>
<td>List of Figures</td>
<td>viii</td>
</tr>
<tr>
<td>List of Tables</td>
<td>ix</td>
</tr>
<tr>
<td>Abstract</td>
<td>x</td>
</tr>
</tbody>
</table>

Chapter 1  Introduction  

1.1 Background of Study  
1.2 Problem Statement  
1.3 Research Objective  
1.4 Research Question  
1.5 Significant of Study  
1.6 Limitation of Study  
1.7 Scope of Study  
1.8 Research Structure  
1.9 Definition of terms  

Chapter 2  Literature Review  

2.1 Bank Profitability  
2.2 Liquidity  
2.3 Credit Risk  
2.4 Bank Size
These researches focus on the relationship between profitability with liquidity, credit risk and bank size of six local commercial banks in Malaysia consist of RHB Bank, Malayan Banking Berhad (Maybank), Alliance Bank Berhad, Public Bank, Affin Bank and Hong Leong Bank. The purpose of the research is to know the determinant of commercial bank’s profitability, whether liquidity, risk or size were influence in profitability or not. In addition, by doing this research the researchers will know whether there are any significant relationships between variables. This relationship can be test by descriptive analysis result from E-views application. These research been conducted by using secondary data from annual report consist of financial statement and financial ratio of these commercial banks from year 2004 until 2013. The researchers finding show that liquidity and bank size with profitability have positive relationship which is the increasing in liquidity and bank size will make profitability also increasing. On the other hand, the credit risk show negative relationships with profitability prove that the decreasing in credit risk will make increasing in profitability.