



**DETERMINANTS LEVEL OF PROFITABILITY FOR  
BANKING COMPANIES LISTED IN KLSE**

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**NOVEMBER 2010**

**UNIVERSITI TEKNOLOGI MARA**

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BANKING COMPANIES LISTED IN KLSE**

**SHARIZAIDA OTHMAN**

Thesis submitted in fulfillment of the requirements for the degree of  
**BUSINESS ADMINISTRATION (HONS) FINANCE**

**FACULTY OF BUSINESS MANAGEMENT**

**NOVEMBER 2010**

## **LETTER OF SUBMISSION**

NOV 2010

The Head of Program  
Bachelor of Business Administration (Hons) Finance  
Faculty of Business Management  
Universiti Teknologi Mara  
75200 Melaka

Dear Madam,

### **SUBMISSION OF PROJECT PAPER**

Attached is the project paper titled “The Determinants Level of Profitability of Banking Sector That Listed in Bursa Malaysia” to fulfill the requirement as needed by the Faculty of Business Administration, Universiti Teknologi MARA.

Thank you.

Yours sincerely,

SHARIZAIDA BT OTHMAN  
2007145049  
Bachelor of Business Administration (Hons) Finance

# DECLARATION OF ORIGINAL WORK



**BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE  
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**“DECLARATION OF ORIGINAL WORK”**

I, Sharizaida Bt Othman, 860818-56-5869

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 verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: \_\_\_\_\_

Date: Nov 2010

## **ABSTRACT**

This project paper examines the level of profitability of banking sectors in relation to the bank characteristics, financial performance and macroeconomic indicators. Generally, this study is conducted on banking companies listed in Main Market Kuala Lumpur Stock Exchange. The sample period is from the year 2005 to 2009. The objectives are to identify the strength and direction of the relationship of the determinants of level of profit in banking sector and to identify which of the independent variables that most influencing the level of profit in banking sector.

A sample of twelve companies has been tested and analyzed to represent a population of 30 companies in the sector. The method used is Simple Linear Regression and Multiple Linear Regression Analysis to identify association between profit, bank characteristics, financial performance and macroeconomic indicators. As for the overall result, it shows that all the independent variables affect the profit (dependent variable) and also positively related to the profit.