



**DETERMINANTS OF PROFITABILITY OF  
HABIB BANK LIMITED A RESEARCH PAPER**

A Thesis submitted to Department of Management Sciences  
in part fulfillment of the requirement for the MBA degree

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a research paper in the management science department as part of fulfillment of the  
MBA degree requirement.

Candidate Signature: 

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## ABSTRACT

This study aims to develop a profitability model for a commercial bank, i.e. Habib Bank Limited, by considering a set of firm-specific variables for their impact on the profitability of the bank to find out which variables serve best as determinants of profit for HBL, also to find out a relevant trend (if any), which could help in future forecast & improved performance.

The variables from within HBL's financial statements include deposits, advances, and non markup interest income. The external variables such as GDP, inflation rate & interest rates to study the impact of economic conditions & regulatory conditions on HBL's profitability were not tested but considered. This analysis was done using Minitab, through a regression model. The distinction to be noted in this study is that it uses higher number of observations as in 8 years' quarterly data, for better predictability.

It was found that HBL's profit is majorly composed of the function of deposits, investments & non markup interest income. Where increasing deposits are increasing the turnover, higher investments result in higher income to a certain extent & non markup income is directly increasing profits. This implies that HBL focus on improving service quality & better investment management.