



## **Certification of Authorship**

I certify that the work in this thesis has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree except as fully acknowledged within the text. I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the reference section of the thesis.

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Date : 18.11.2021





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I hope this research will be helpful those who want to take knowledge related to impact of credit risk on profitability of commercial bank in banking sector, academic students, researchers and other interested person.

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## ABBREVIATIONS

AQ	:Asset Quality
BCBS	: Basel Committee on Bank Supervision
BS	:Bank Size
C.V.	:Coefficient of variation
CAMEL	Capital adequacy, Asset quality, Management, Earning and Liquidity
CAR	:Capital Adequacy Ratio
CBIL	:Citizens Bank International Limited
CBs	:Commercials Banks
CCR	: Core Capital Ratio
CPG	: Credit policies Guidelines
CPK	:Commercial Banks in Kenya
CPLA	:Cost per Loan Assets
CR	:Coverage Ratio
CR	:Credit Risk
CRAR	:Capital to Risk Weighted Asset Ratio
CRM	:Credit Risk Management
CRR	:Cash Reserve Ratio
D.F.	Degree of Freedom
DR	:Default Rate
ECB	: European Central Bank
FBM	: Female Board Member
FEM	: Fixed Effect Model
FIs	: Financial Institutions
GDP	:Gross Domestic Product
GFC	:Global Financial Crisis
GLS	Generalized Least Square
GSE	: Ghana Stock Exchange
LA	:Loan and Advance
LER	: Leverage Ratio
LP	: Liquidity Provision
LR	: Liquidity Ratio
NPL	: Non-Performing Loan

NPLR	: Non-Performing Loan Ratio
NRB	:Nepal Rastra Bank
OECD	:Organization For Economic Co-operation and Development
OLS	:Ordinary Least Square
RBZ	: Reserve Bank of Zimbabwe
ROA	: Return on Asset
ROE	:Return on Equity
ROS	:Return on Sales
RWA	:Risk Weighted Asset
SG	:Sales Return Growth
S. D.	:Standard Deviation
Sig.	:Sales Return Growth
TA	:Total Asset
TD	:Total Debt
TL	: Total Loan
TLA	:Total Loan and Advances
UK	:United Kingdom
US	:United States

## **ABSTRACTS**

Credit risk occurs as a result of the refusal of one party to deliver his or her duties. This study impact of credit risk on profitability of Nepalese commercial banks is based on the impact of the credit risk and default risk on profit of an commercial bank in Nepalese economy.

The main objectives of the study is to examine the impact of credit risks on profitability of Nepalese commercial banks, and to examine the relationship between non-performing loan ratio, cash reserve ratio, dividend payout ratio, capital adequacy ratio and profitability of BOK and NIBL, To examine the relationship between GDP growth rate, inflation and profitability of BOK and NIBL.

In this study I have used 2 banks as sample population among the 27 banks of Nepal and I used descriptive and analytical research design for fact finding and comparative analysis of data.

On the basis of the findings of this particular study mainly it helps in proper managerial implications, policies implications, quality decision making by financial managers, show better way of investment to shareholders and academic researchers.