

EFFECT OF CREDIT RISK MANAGEMENT ON PROFITABILITY OF COMMERCIAL BANKS OF NEPAL

A Thesis

**Submitted to the Central Department of Economics
Faculty of Humanities and Social Sciences, Tribhuvan University
In Partial Fulfillment of the Requirements for the
Degree of Masters of Arts
In
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By

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LETTER OF RECOMMENDATION

This thesis on *Effect of Credit Risk Management on Profitability of Commercial Banks of Nepal* has been prepared by **Mr. Rabin Dahal** under my guidance and supervision. I hereby recommend this thesis for examination by Thesis Committee as a partial fulfillment of the requirements for the degree of Master's Degree in Economics.

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APPROVAL SHEET

We certify that this thesis entitled *Effect of Credit Risk Management on Profitability of Commercial Banks of Nepal* submitted by **Mr. Rabin Dahal** to the Central Department of Economics, Faculty of Humanities and Social Sciences, Tribhuvan University, in partial fulfillment of the requirements for the degree of Master's Degree in Economics have found satisfactory in scope and quality. Therefore we accept this thesis as a part of the said degree.

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ABBREVIATIONS AND ACRONYMS

BCBS	Basel Committee on Banking Supervision
CAMEL	Capital Adequacy, Asset Quality, Management Quality, Earning Quality and Liquidity Sensitivity to Market Risk
CAR	Capital Adequacy Ratio
GDP	Gross Domestic Product
GLS	Generalized Least Square
GMM	Generalized Method of Moment
IRB	Internal Rating Based
LLRGL	Loan Loss Reserve to Gross Loans
LNTA	Natural Logarithm of Total Assets
NIM	Net Interest Margin
NPLGL	Non-Performing Loan to Gross Loan
NPLR	Non Performing Loan Ratio
NRB	Nepal Rastra Bank
OLS	Ordinary Least Square
ROA	Return on Assets
ROE	Return on Equity
RWA	Risk Weighted Assets
SPSS	Statistical Package for Social Science
US	United States