

**THE ASSOCIATION OF CREDIT RISK,
LIQUIDITY RISK AND
MACROECONOMIC FACTORS WITH
THE FINANCIAL PERFORMANCE OF
COMMERCIAL BANKS IN PAKISTAN**

BY

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ANNEXURE III: 1st Half Semester Progress Report

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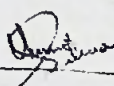
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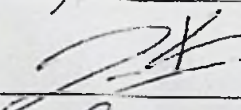
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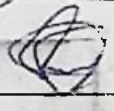
Note: Students must attach 1st & 2nd half progress report at the end of FYP spiral copies.

Declaration of Authentication

I, hereby, declare that no portion of the work referred to in this project has been submitted in support of any application for another degree or qualification of this university or any other institution of learning.

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ABSTRACT

This study investigates the relationship between credit risk, liquidity risk, macroeconomic factors and the financial performance of commercial banks in Pakistan. Since the banking sector plays a vital role in the country's economic development, understanding the dynamics of these risks is essential to ensure stability and profitability. The study uses quantitative analysis to assess how fluctuations in credit risk, liquidity risk and key macroeconomic indicators such as GDP growth, inflation and interest rates affect banks' financial performance. The results show that higher credit risk and liquidity problems have a negative relation on profitability and operational efficiency. Furthermore, macroeconomic factors significantly shape the banking environment, influencing both risk profile and financial performance. The study concludes with recommendations for improving credit and liquidity risk management policies and strategic planning practices in commercial banks to mitigate the negative factors and promote sustainable growth in an unstable economic environment.