Credit Risk Management:
A comparative Study of UBL and HBL

Area of Research:Impact of Credit Risk Management on Profitability of UBL and HBL

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Final Year Thesis - MBA (Finance)

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Abstract

Credit risk management playsfundamental roleand is helpful for the profitability in banking sector. The main function of banks is to accept money from individuals who have excess of it and grant loan to individuals as well as corporations who are in need of it. Additionally, the main source of commercial banks' income depends on credit granting activity so the management of credit risk is of utmost importance to enhance the profitability.

Purpose of this research is to find out the impact of credit risk management on the profitability of the two commercial banks named United Bank Limited (UBL) and Habib Bank Limited (HBL) with comparative analysis between them. Results and findings in this report are limited to the banks under discussion and are not generalized to overall commercial banks in Pakistan. To complete the study effectively, quantitative method is used and results are described accordingly. Non-performing Loan Ratio (NPLR) and Capital Adequacy Ratio (CAR) are taken as credit risk management indicators whereas Return on Equity (ROE) as profitability indicator. Thesis provides conclusions/recommendations based on findings in the comparative analysis.

Muhammad Zeeshan Awan, MBA student at Bahria University Islamabad, Pakistan, completed the report as final year thesis of the degree.

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