

**PROFITABILITY AND
LIQUIDITY ANALYSIS OF COMMERCIAL BANKS
(Nepal Investment and Machhapuchhre Bank Limited)**

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RECOMMENDATION

This is to certify that the thesis

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(Nepal Investment and Machhapuchhre Bank Limited)**

*has been prepared and approved by this Department in the prescribe
format of Faculty of Management. This thesis is forwarded
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VIVA-VOCE SHEET

We have conducted the viva-voce examination of the thesis presented
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*and found the thesis to be the original work of the student and written
according to the prescribed format. We recommend the thesis to be
accepted as partial fulfillment of the requirement for the
Master's Degree in Business Studies (M.B.S.)*

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This is an attempt to present thesis entitled “Profitability and Liquidity Analysis of Commercial Banks (Nepal Investment Bank and Machhapuchre Bank Limited)”. This study will be beneficial to the student of finance as they can relate their classroom studies and theories on finance to the practical result derived from the study. The study is related with financial performance and financial analysis of commercial banks.

I would like to express my warm appreciation to my respected Associate Professor Dr. Puspa Raj Sharma Head of research of Department of Management for his continuous inspiration and encouragement in bringing out this dissertation despite of his busy schedule. He has shown his dedication and devotion in this topic especially in liquidity management of commercial banks. His advice and support on providing all sorts of guidelines on literature review, data collection, critical and analytical support in commencement to completing this dissertation.

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Finally due to time limitations, resources constrains and others the study may have many short comings. Therefore, I do not heart to declare that the study is comprehensive. I hereby, take responsibility of any defects of analysis or error in this thesis.

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Manju Basnet

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LIST OF ABBREVIATINS

BAFIA	:	Banking and Financial Institution Act
BD	:	Board of Directors
BDD	:	Bad and doubtful debts
BIA	:	Basic Indicator Approach
BS	:	Bikram Sambat
CA	:	Current Assets
CL	:	Current Liabilities
CR	:	Current Ratio
CRR	:	Cash Reserve Ratio
CAR	:	Capital Adequacy Ratio
CRAR	:	Capital Riskweighted Assets Ratio
CPG	:	Credit Policy Guidelines
DER	:	Debt to Equity Ratio
DPS	:	Dividend Per Share
EPS	:	Earning Per Share
FY	:	Fiscal Year
GDP	:	Gross Domestic Product
GLS	:	Generalized Least Squares
IOR	:	Income to overhead ratio
IRR	:	Interest Rate Risk
IRB	:	Internal Rating Based
2SLS	:	Two Stage Least Squares
SEE	:	South Eastern European
SCP	:	Structure conduct performance
LLP	:	Loan Loss Provision
RRB	:	Rastriya Banijya Bank
MBL	:	Machhapuchhre Bank Limited
MBA	:	Masters of Business Administration.
MBS	:	Masters of Business Studies.
MDA	:	Multi discriminant analysis
MoF	:	Ministry of Finance

MPPS	:	Market price per share
NPA	:	Non-performing Assets
NBA	:	Non Banking Assets
NPAT	:	Net Profit After Tax
NRB	:	Nepal Rastra Bank.
NIBL	:	Nepal Investment Bank Limited Bank Limited
PLRS	:	Probability of its long run survival
ROA	:	Return on Assets
ROE	:	Return on Equity
ROSF	:	Return on Shareholders Fund
SD	:	Standard Deviation.
SRQ	:	Strategic Response Quotient
SSA	:	Sub Saharan Africa