

**NON-PERFORMING LOAN OF EVEREST BANK LIMITED AND  
NABIL BANK LIMITED**

**A Thesis**

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### **Certificate of Authorship**

I certify that the work in the thesis has not previously been submitted for a degree nor has it been submitted as part of requirement for a degree except as fully acknowledge 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 source and literature used are indicated in the reference section of the thesis.

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Prakash Acharya

4 May, 2018

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## ABSTRACT

*The study was conducted with the aim of studying Non-performing loan of commercial bank in Nepal. The study was conducted with reference to Nabil Bank.ltd and Everest Bank .ltd. The main focus of study was to analyze the NPL ratio, trend of NPL ratio, and to investigate the impact of NPL on profitability of commercial bank. NPL is major concern for the commercial bank because the default of loan and interest has resulted major threat to the income of the bank. If the NPL is not managed soon, the commercial cannot escape from the vicious circle of NPL.*

*Non-performing loan are those loan that has been default in the payment of interest and principle. Loan, which payment of interest and principle is not made for more than 3 months is called non-performing loan. In specific contract the term may differ. The rate of NPL in Nepalese banking sector is alarming.*

*Descriptive and Comparative research design has been used for the study. Everest Bank ltd. and Nabil Bank ltd. was used as a sample. The secondary data has been used from the annual report of the both bank. The data analysis tool includes ratio analysis, trend analysis, correlation, regression model, and P-value.*

*The study showed that the NPL ratio was in fluctuating trend. There was increase and downfall of the NPL ratio in this ten year period. There was positive correlation between loan and NPL amount. Both are moving in the same direction. The study showed that there was minimal influence of the NPL on the return on assets. The NPL ratio was insignificant in studying the impact on profitability.*

## TABLE OF CONTENTS

	<b>Page No.</b>
<i>Title page</i>	<i>i</i>
<i>Certificate of Authorship</i>	<i>ii</i>
<i>Recommendation</i>	<i>iii</i>
<i>Approval sheet</i>	<i>iv</i>
<i>Acknowledgements</i>	<i>v</i>
<i>Table of contents</i>	<i>vi</i>
<i>List of Tables</i>	<i>vii</i>
<i>List of Figures</i>	<i>ix</i>
<i>Abbreviations</i>	<i>x</i>
<i>Abstracts</i>	<i>xi</i>
 <b>CHAPTER-I</b> <b>INTRODUCTION</b>	
1.1 Background	1
1.2 Statement of the Problem	4
1.3 Objective of the Study	5
1.4 Significance of the study	5
1.5 Limitation of the Study	6
1.6 Chapter Plan	6
 <b>CHAPTER -II</b> <b>LITERATURE REVIEW</b>	
2.1 Conceptual Review	7
2.1.1 Non- performing loan	7
2.1.2 Performing loan	7
2.1.3 Loan loss Provision	7
2.1.4 Causes of NPA	8
2.1.5 NPA Management	8
2.1.6 General principle of Landing	9
2.2 Review of Studies	12
2.3 Review of Previous Work	15
2.4 Conceptual framework	21

2.5 Research Gap of the study	22
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### **CHAPTER –III**

#### **RESEARCH METHODOLOGY**

3.1 Research Design	23
3.2 Population of Sample	23
3.3 Sources of Data	23
3.4 Data Processing Procedure	23
3.5 Data Analysis Tools and Techniques	25

### **CHAPTER - IV**

#### **RESULTS**

4.1 Brief Profile of Selected Bank	26
4.2 Data Presentation	28
4.2.1 Non-performing loan ratio	28
4.2.2 Classification of Non-performing loan	30
4.2.3 Correlation Analysis	32
4.2.4 Impact of NPL on Profitability	33
4.2.5 Regression Analysis	35
4.3 Data Analysis	38
4.4 Findings	41

### **CHAPTER - V**

#### **CONCLUSION**

5.1 Discussion	45
5.2 Conclusion	46
5.2 Implementations	49

#### **REFERENCES**

#### **APPENDIX**

**LIST OF TABLE**

<b>Table no.</b>	<b>Title</b>	<b>Page No.</b>
2.1	Loan Classification	14
4.1	NPL ratio and Statistical Measure	29
4.2	Correlation analysis of loan and NPL	32
4.3	Regression analysis of NPL and ROA	36
4.4	Pool cross Regression analysis	36
4.5	Regression analysis of NPL and ROA	37
4.6	Pool cross Regression of NPL ROE	37
4.7	Summary of findings	41

**LIST OF FIGURE**

<b>Fig. no.</b>	<b>Title</b>	<b>Page no.</b>
2.1	Conceptual framework	21
4.1	Ownership Structures of Nabil Bank Ltd.	27
4.2	Ownership Structures of Everest Bank Ltd.	28
4.3	Past Ten Years Trend of NPL ratio	29
4.4	Classification of NPL of Nabil Bank Ltd.	30
4.5	Classification of NPL of Everest Bank Ltd.	31
4.6	Past trend of NPL and ROA of Nabil Bank Ltd	33
4.7	Past trend of NPL and ROA of Everest Bank Ltd	34
4.8	Past trend of NPL and ROA of Everest Bank Ltd	34
4.9	Past trend of NPL and ROA of Nabil Bank Ltd	35



**ABBERRIATIONS**

ABBS	Anywhere Branch Banking System
AM	Arithmetic Mean
CV	Coefficient of Variation
EBL	Everest Bank Limited
i.e	That is
LC	Latter of credit
LLP	Loan Loss Provision
Ltd.	Limited
NBL	Nabil Bank Limited
NIBL	Nepal Investment Bank Limited
No.	Number
NPA	Non-Performing Asset
NPL	Non Performing Loan
NRB	Nepal Rastra Bank
PE	Probable Error
r	Correlation Coefficient
ROA	Return of Assets
ROE	Return on Equity
Rs.	Rupees
S.N	Serial Number
SD	Standard Deviation
T.U.	Tribhuvan University