

**A COMPARATIVE STUDY ON CREDIT RISK AND
LIQUIDITY RISK POSITION OF
NIBL BANK AND NABIL BANK**

Submitted By

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In partial fulfillment of the requirement for the degree of

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RECOMMENDATION

This is to certify that the thesis

Submitted by

Anjan Raj Panta

Entitled

**A comparative study on credit risk and liquidity risk position of NIBL bank and
NABIL bank**

has been prepared as approved by this department in the prescribed format of the Faculty
of Management. This thesis is forwarded for examination.

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VIVA-VOCE SHEET

We have conducted the viva-voce examination of the
thesis presented by

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**A comparative study on credit risk and liquidity risk position of NIBL bank and
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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 requirements for Master's Degree in Business Studies (M.B.S.).

Viva-voce Committee

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DECLARATION

I hereby declare that the work reported in this thesis entitled “A comparative study of credit risk and liquidity risk position of NIBL bank and NABIL bank.” submitted to Office of Dean, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement for the Master of Business Studies under the supervision of Mr. Bikash Shrestha.

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LIST OF ABBREVIATIONS

ABBREVIATION STANDS FOR

ADSs	:	American Depository Shares
AIRB	:	Advanced Internal Rating Based Approach
ALM	:	Asset-Liability Management
ALCO	:	The Asset-Liability Management Committee
AMA	:	Advanced Measurement Approach
ATM	:	All Time Money
BIS	:	The Bank for International Settlement
BCBS	:	The Basel Committee on Banking Supervision
BIA	:	Basic Indicator Approach
CRAR	:	Capital to Risk-Weighted Asset Ratio
CAGR	:	Compounded Annual Growth Rate
CAR	:	Capital Adequacy Ratio
D-SIBs	:	Domestic Systemically Important Banks
df	:	Degrees of Freedom
EAD	:	Exposure at Default
ECRA	:	External Credit Rating Agencies
FIRB	:	Foundation Internal Rating Based Approach
GOI	:	Government of India
GDP	:	Gross Domestic Product
IRB	:	Internal Rating Based Approach (IRB)
LAB	:	Local Area Banks
LGD	:	Loss Given Default
LPG	:	Liberalisation, Privatisation and Globalisation
LCR	:	Liquidity Coverage Ratio
M	:	Maturity
NII	:	Net Interest Income
NRB	:	Nepal Rastra Bank
NIBL	:	Nepal Investment Bank Limited
NABIL	:	Nabil Bank Limited

NPA	:	Non-Performing Assets
NSFR	:	Net Funding Stability Ratio
PD	:	Probability of Default
PSB	:	Public Sector Banks
RAM	:	Risk Adjusted Margin
RWA	:	Risk Weighted Assets
STA	:	Standardized Approach
SLR	:	Statutory Liquidity Ratio
VAR	:	Value at Risk
UL	:	Unexpected Loss
NPA/TL	:	Ratio of Non- Performing Assets to Total Loans
RAM	:	Ratio of Risk Adjusted Margin
TLLP/TL	:	Ratio of Total Loan Loss Provisions to Total Loans
TL/TA	:	Ratio of Total Loans to Total Assets
TL/TD	:	Ratio of Total Loans to Total Deposits
TE/TA	:	Ratio of Total Equity to Total Assets
TL/TE	:	Ratio of Total Loans to Total Equity
TA/GDP	:	Ratio of Total Assets to Total Gross Domestic Product
PFLN/NPA	:	Ratio of Provisions for loan loss to Non-performing assets
NPA/NPA&TE	:	Ratio of Non-performing assets to NPA and total equity
CD/TA	:	Ratio of Core Deposit to Total Assets
TL/TD	:	Ratio of Total Loans to Total Deposits
TMD/TD	:	Ratio of Time Deposit to Total Deposits
LA / TA	:	Ratio of Liquid Assets to Total Assets
PA / TA	:	Ratio of Prime Asset to Total Assets
STL / LA	:	Ratio of Short-Term Liabilities to Liquid assets
MKTL / TA	:	Ratio of Market Liabilities to Total assets
STL / TA	:	Ratio of Short-Term Liabilities to Total assets