FINANCIAL PERFORMANCE ANALYSIS OF NEPALESE COMMERCIAL BANKS

(A Comparative study on Sunrise Bank Ltd, Siddhartha Bank Ltd, Global IME Bank Ltd, Everest Bank Ltd and Nepal Bank Ltd)

A Dissertation submitted to the office of Dean, Faculty of Management in Partial fulfilment of the requirement for the master's Degree

Submitted by:

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CERTIFICATE OF AUTHORSHIP

I hereby declare that I have researched and submitted the final draft of the dissertation entitled **FINANCIAL PERFORMANCE ANALYSIS OF NEPALESE COMMERCIAL BANKS,** the work of this dissertation has not been submitted preliminary for conferral of any degrees nor has it been proposed and presented as part of the requirement for any other academic purposes. The assistance and cooperation I received during this research work have been acknowledged. Furthermore, I certify that all information sources and literature used are properly referenced in the dissertation's reference section.

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REPORT OF RESEARCH COMMITTEE

Mr. Komal Khatiwada has defended a research proposal entitled "**Financial Performance Analysis of Nepalese Commercial Banks"** successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per the suggestion and guidelines of supervisor Asso. Prof. Dr. Kapil Khanal and submit the thesis for evaluation and vice-voce examination.

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APPROVAL SHEET

We, the undersigned, have examined the thesis entitled **"Financial Performance Analysis of Nepalese Commercial Banks"** presented by Komal Khatiwada candidate for the degree of Master of Business Studies (MBS Semester) and conducted the Viva-Voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

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This thesis project entitled "**FINANCIAL PERFORMANCE ANALYSIS OF NEPALESE COMMERCIAL BANKS",** A comparative study on Sunrise Bank Ltd, Siddhartha Bank Ltd, Global IME Bank Ltd, Everest Bank Ltd and Nepal Bank Limited has been prepared as partial fulfillment of the requirement for Master's degree in Business Studies (MBS) of Tribhuvan University, Nepal. I would like to extend my special gratitude to all those who contributed directly and indirectly to complete this study.

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TABLE OF CONTENTS

List of Tables:

ABBREVIATIONS

TU	:	Tribhuvan University
A.D	:	Anno Domini
NRB	:	Nepal Rastra Bank
ATM	:	Automated Teller Machine
ABBS	:	Any Branch Banking System
SBL	:	Siddhartha Bank Limited
GIBL	:	Global IME Bank Limited
EBL	:	Everest Bank Limited
NBL	:	Nepal Bank Limited
SRBL	:	Sunrise Bank Limited
&	:	And
ROE	:	Return On Equity
ROA	:	Return On Assets
ROI	:	Return On Investment
EPS	:	Earning Per Share
PER	:	Price Earnings Ratio
NPL	:	Non-Performing Loan
NPA	:	Non Performing Assets
CAR	:	Capital Adequacy Ratio
FY	:	Fiscal Year
GDP	:	Gross Domestic Product

ABSTRACT

Financial performance is a complete assessment of a company's entire situation in a variety of categories, including assets, liabilities, equity, expenses, income, and profitability. It is determined utilizing a variety of business-related algorithms that allow consumers to calculate exact information about a company's future efficacy. The study is based on Five Nepalese Bank secondary data from FY 2011/12 to FY 2020/21. The primary goals of the research are to determine the current situation and assess the factors that influence banks' financial performance. Descriptive and casual research designs serve as the foundation for this study.

The independent factors in this study are loan and advance to total deposit, interest coverage ratio, earnings per share, and price earnings ratio and the dependent variables are ROA and ROE. The average return on ROA of NBL is higher than other sample banks which shows that the better performance and profitability of the banks. The average return of ROE of EBL is higher which shows higher profitability of bank. The variables LATD, EPS, and PER show a negative insignificance association with ROA according to Pearson correlation. ICR and Return on Assets have a big link. In a similar way, return on equity and LATD, ICR, and EPS are significantly correlated. On the other hand, there is a negative insignificant connection between ROE and the PER variable. Regression analysis using SPSS 25 reveals that LATD, ICR, EPS, and PER taken together account for 73.6% of the variation in ROA, with other variables not included in this study accounting for the remaining 26.4%. Similarly, the combined effects of LATD, ICR, EPS, and PER can account for 69.4% of the variation in ROE, with other factors not covered in this study accounting for the remaining 30.6%.

Keywords: Financial Performance, ROA, ROE.

CHAPTER-I

INTRODUCTION

1.1 Background of the study

Financial performance is a qualitative metric that evaluates how effectively a company utilizes its resources to generate earnings from its core operations. It also serves as a tool for gauging a company's overall financial health over a certain timeframe. This performance is a thorough evaluation of the firm's overall success and profitability, made possible through various business algorithms that provide consumers with accurate projections of a company's potential effectiveness. Financial analysts and investors utilize financial performance metrics to compare businesses within the same industry or across different sectors. From these metrics, investors can gather insights into a company's overall health. The process of identifying a company's strengths and weaknesses through a proper analysis of the interrelations between balance sheet items and income statements is referred to as financial performance analysis. This analysis is beneficial for both short- and long-term forecasting and can be pivotal in identifying growth opportunities.

The term "analysis" refers to the breakdown of a subject into its constituent parts to uncover their relationships to the whole and to each other. Financial statement analysis involves reviewing how various components of a statement connect to enhance understanding of a company’s performance and status. This can be conducted by the firm's management or external parties such as owners, creditors, or other stakeholders. Financial performance analysis is a wide concept encompassing aspects like economic growth, returns, and productivity. It is a general indicator of a firm’s financial state over a specific period. Key economic features define a company’s competitive edge. Competent performance assessment is crucial for companies to grasp their financial conditions and future prospects (Rahman, 2016).

Quantitative financial measurement methods are predominantly used to evaluate the performance of financial entities. Choosing an apt system to perform ratio analyses can be advantageous and effective for comparative purposes and in selecting an effective benchmarking model (Nimalathasm, 2008). Financial analysis focuses on the critical figures within a financial statement and their meaningful relationships. Our management team pays comprehensive attention to all facets of financial analysis to ensure efficient and effective resource utilization and to maintain the company's financial stability. To assess a firm's financial performance, an analyst requires specific company parameters, from which quantitative relationships and positioning are derived. Ratio analysis is the most commonly and effectively used method of financial analysis. It measures the numerical relationship between two accounting figures, presented as a percentage, fraction, or proportional numbers. Ratio analysis methodically uses financial data to ascertain the firm's strengths and weaknesses, as well as its historical performance and current financial standing, by comparing with certain standards and drawing conclusions after calculating various ratios.

The fields of finance and management have advanced significantly in studying and measuring financial performance. Financial performance can also reflect the consequences of particular management decisions. Profit is often seen as a primary indicator of a business's performance. Profitability, a vital element in a company's success, measures an entity's earnings over a specific duration relative to resources used. Various factors, including company-specific attributes, industry, economic, and regulatory factors, can impact profitability. An entity's consistently superior profitability compared to peers indicates a better competitive position due to factors such as enhanced brand recognition, improved distribution, superior product offerings, technological advantages, or increased cost efficiency (capital or operational). A robust financial system is essential not only for depositors but also for all parties influenced by bank operations, including shareholders, employees, investors, and broader economic stakeholders (Zawadi, 2013). depositors, governments, and the economy as a whole (Zawadi, 2013).

The banking sector is crucial for a country's economic development, as it channels idle funds into productive uses. This sector, often described as the economy's lifeblood, significantly influences a nation's economic growth through its successes and failures. Commercial banks, key players in the banking industry, are also central to the financial framework of Nepal's economy. Although the banking sector in Nepal does not have a long history, it began with Nepal Bank Limited in 1937. The establishment of Nepal Rastra Bank in 1956, acting as the central bank, marked a pivotal moment, as it supervises and regulates Nepal's banking activities. Thus, evaluating a bank's financial performance is crucial to its success or failure. Beyond individual performance metrics, a profitable banking system is essential for national financial stability. Therefore, banks and regulatory bodies must pinpoint factors impacting their financial outcomes, which result from both internal and external influences. Internal factors are specific to the bank, tied to its operations, and visible in financial statements, while external factors stem from the broader economic environment impacting the banking sector's financial health. Hence, a bank's performance is influenced by its own operations and the overall economy.

Broadly, financial performance measures the achievement of financial goals and is a vital aspect of financial risk management. It involves assessing the financial consequences of a company's policies and operations, determining its financial status over a specific timeframe, and comparing it with similar entities in the industry.

Present Scenario of Nepalese Commercial Banks

Commercial banks classified as 'A' grade financial institutions in Nepal currently total 27, with all being entirely under the ownership of Nepal Rastra Bank. These banks offer a vast array of corporate and personal banking services, including online and mobile banking, credit and debit cards, ATMs, and loans, among others.

With the ongoing trend of mergers, the number of financial institutions is expected to decrease, increasing competition and efficiency within the financial market. This trend is anticipated to enhance financial inclusion across the country by improving service quality and public access to financial services.

However, the Nepalese commercial banking sector faces several challenges, such as fraud, cybersecurity issues, digital transformation, and competition from fintech companies. These issues, along with others, will shape the future of the industry. The emergence of finance companies has increased competition, compelling traditional banks to upgrade their services and digital platforms. Moreover, as digital services advance, they present opportunities for banks to enhance their offerings and extend their reach, with mobile apps and online banking being particularly popular. Technologies like artificial intelligence and machine learning are also enriching online services, enabling a variety of advanced offerings.

To tackle these challenges, banks need to modernize their operations and invest in technology, which will improve client service and operational efficiency. Such upgrades are beneficial not just for the banking sector but also for Nepal’s economic growth. Additionally, the government should implement stringent regulations to enhance transparency, lower operational costs, and improve public trust, thereby increasing the volume and quality of deposits.

1.1.1 Brief Profile of Sample Banks

As we know there are several commercial banks established, the research has taken into consideration Sunrise Bank Limited (SRBL), Siddhartha Bank Limited (SBL), Global IME Bank (GIBL), Everest Bank Limited (EBL), and Nepal Bank Limited (NBL). A brief explanation of these commercial banks is given below:

Sunrise Bank Limited

Sunrise Bank Limited is "Rising to Serve" in an economy where a desire for success drives the economy by defining new standards for services and goods. As a bank established by reputed entrepreneurs, we understand the needs of a growing economy and are well-equipped to serve them. Sunrise Bank Limited commenced its operation on October 12, 2007. Its Headquarters is at Gairidhara, Kathmandu. In order to ease commerce, remittances, and other cross-border services, the bank has been keeping such partnerships with numerous international banks from other nations. These correspondents allow the bank to provide services in every major currency around the world. The bank operates 139 branches, 71 branchless banking units, 12 extension counters, and 156 automated teller machines.

The Overall objectives of the bank are to contribute to nation-building and meet the expectations of its shareholders, depositors, customers, and other stakeholders. Sunrise Bank Limited is aware that banking is no longer a numbers game.“Success” is not just a profit margin. The products of the Bank are Credit Cards, Consumer Banking, Corporate banking, financial services, Investment banking, mortgage loans, private banking, private equity, and wealth management.

Siddhartha Bank Limited

Siddhartha Bank Limited (SBL) is also one of the largest Private commercial banks in Nepal. Siddhartha Bank Limited – Relationship Forever, founded in the year 2002. A Core Philosophy of the bank lies in good relationships with customers and clients.

SBL integrates digital banking into the majority of its operations to provide simple access to services. Customer can receive SBL services from anywhere in the world via online banking or the Siddhartha Bank Smart App. The technology used is frequently improved for enhanced customer experience. Earning the confidence of customers through these facilities and prompt services, SBL is one of the most trusted commercial banks in Nepal. The bank has 180 branches Spread around the Country, with its headquarter in Hattisar, Kathmandu.

SBL observes all rules, protocols, and legislation to ensure due diligence in its activities, as managed by the governing body.
In addition to assisting its clients, customers, and stakeholders, SBL makes contributions in developing countries. As a responsible corporate, SBL conduct different CSR activities throughout the country.

Global IME Bank

In 2012, Global Bank Ltd, IME Financial Institution and Lord Buddha Finance Ltd. successfully merged to form Global IME Bank Ltd. (GIBL). 2013 saw the merger of Social Development Bank and Gulmi Bikas Bank, two more "B" class development banks, with Global IME Bank Ltd. Global IME Bank made another merger with Commerce and Trust Bank Nepal Ltd in the year 2014. During 2015-2016, Global IME Bank Limited grab Pacific Development Bank Limited and Reliable Development Bank Limited. During 2019-2020, Global IME Bank Limited grab Hathway Finance Limited and merged with Janata Bank Nepal Limited.

Global IME Bank Ltd previously known as Global Bank was established in Nepal in January 2007. It was registered as private sector promoted public company. The bank was founded with a motto 'The Bank for All' which is also considered its tagline. The bank is now operating 287 branches, 50 extension counters, and 274 Branchless Banking facilities spread throughout Nepal. All of the bank's branches was established with full-service outlets that offer a large range of banking services to its customers. The bank also operates 252 ATM terminals throughout the country strategically placed for the convenience of customers.

Everest Bank Limited

The Commercial Bank of Nepal, Everest Bank Limited, is a joint venture of Punjab National Bank, India. Twenty percent of the bank's stock is owned by Punjab National Bank. The first bank from Nepal to open a representative office in India is this one. When it was founded in 1994, EBL was one of the top banks in the nation, serving a wide range of social groups with its services. Customers come from all walks of life, and the bank has helped to grow the country’s entrepreneurship, agricultural and industrial sectors.

Everest Bank Limited (EBL) provides customer-friendly services through a vast network that is linked to the ABBS System, allowing customers to execute business activities from any location. With 115 Branches,143ATMs, 31 Revenue Collection Counters, and 3 Extension Counters spread around the nation, the bank is incredibly effective and easily accessible to its client from anywhere at any time.

Nepal Bank Limited

The first bank in Nepal, Nepal Bank Limited (NBL), is proud to have been the institution that officially launched the country's banking industry. On April 30, 1994, Nepal Bank Limited was founded as the country's first bank in accordance with the Nepal Bank Act 1937. The bank was founded with Rs. 0.842 million in paid-up capital, Rs. 2.5 million in issued capital, and Rs. 10 million in permitted capital. The private sector owns 40% of the stake, while the government owns 60%.

Nepal Bank was established by King Tribhuvan with the supportive vision of Prime Minister to institutionalize a formal banking system in Nepal. Prior to the formation of the NBL, all monetary transactions were conducted by private dealers and trading centers. It was a time when no one trusted such a formal banking institution. This is reflected in the under-subscription of shares (only Rs. 0.842 million could be raised from Rs. 2.5 million in floated capital). Raising deposits and mobilizing collected deposits proved considerably more challenging.

1.2 Problem Statement

In today's globalized world economy, business is impossible without commercial banks. Banks are the core of commercial activities. Liquidity and Profitability management are important functions of every company as they determine whether the company can operate in the near future. Liquidity management is even more important because the lifeblood of banking is money.

Nepal, as an economically backed country, remains largely unused resources due to a lack of funds. This inadequate funding can be addressed to some extend foreign investors participating in commercial banks. This view has been welcomed by Nepal's commercial banks. Although commercial banks have been operating in Nepal since the government adopted the open liberal and market-oriented economic policies, the financial sector has not been sufficient to meet the growing resources required by the economy. Why is this so and what are the problems? How well are Nepal's commercial banks performance? What will their situation in the future? To answer this question, an analysis of their current financial performance is necessary. Good performance is a good combination of all factors. Therefore, policy effectiveness, management ability, mobilization of funds and assets etc. are reflected in performance. In this context, this study aims to provide answers of the following questions by analyzing the current activities of banks. Due to continuous lending and borrowing, large commercial banks have almost forgotten the need to maintain adequate liquid assets and cash reserves. As a result, banks need to understand and identify, measure, monitor and control credit and secure capital to cover it. It is necessary to analyze the banks' liquidity management practices and determine loan issuance, loan monitoring, provisions for possible losses and loan write-offs.

Banks' financial performance has been analyzed based on profitability, liquidity, credit risk, and efficiency. Bank performance is highly dependent on management's capacity to develop strategic goals and effectively implement them (Haque, 2013).

The management of the banks have to more attempt to manage over their expenses and disbursement cost so as to extend the profit. The banks have to offer the products to the clients consistent with their and expectations (Jha, 2018).

At present, we have twenty-seven commercial banks. Even when there is growth, some financial indicators show that performance is not satisfactory. In such a situation the study tries to analyze the present performance of banks, which would give the answers to the following queries.

- What is the present Scenario of financial performance in Sample Banks?
- Is there any relationship between the liquidity and profitability position of sample banks?
- What are the determinants of financial performance in Commercial Banks?

1.3 Objective of the study

The main objective of the study is to examine the financial performance of the selected banks of Nepal. The other study objectives are:

- To identify the present scenario of financial performance in sample banks.
- To measure the relationship between liquidity and profitability of the firm.
- To evaluate the determinant of financial performance of commercial Banks.

1.4 Rationale of the study

This Study focuses on the comparative financial performance of Sunrise Bank Limited, Siddhartha Bank Limited, and Global IME Bank Limited. Banking institution contributes and plays an important role in domestic resource mobilization, economic development and maintains the economic certainty of various segments, and extends credit to people. Financial analysis gives knowledge about the relative financial position, and condition of these banks and gives insights about how well these banks are performing. The study of financial performance helps to identify strengths and weaknesses regarding financial matters. Financial analysis helps in providing information about the cash position the company is holding and how much debt the company has about equity.

Financial analysis attempts to examine the profitability of these institutions and
sources and use of funds. Financial ratios are calculated using accounting data and financial documents such as balance sheets and profit and loss accounts. Through these methods, liquidity, leverage, activities and profitability can be meaningfully measured. Financial ratio analysis is the process of evaluating the fundamental operating and financial characteristics

of a company using accounting data and financial statements. It provides recommendations to improve performance in order to achieve the overall goals and objectives of the bank.

The ratio analysis allows the analyst to conduct a qualitative assessment of the bank's financial status and performance. Ratios allow the organization to compare its performance over different reporting periods. The study assists and validates findings on the financial performance of Nepal's selected commercial banks in making plans and policies.

1.5 Limitations of the Study

The limitation of the study is shortcomings which could be the result of unavailability of resources, sample size, etc. No study is absolutely flawless or inclusive of all possible aspects. Therefore, listing the limitations of the study reflects honesty and transparency and also shows that you have a complete understanding of the topic. The limitations of the study are:

- The study is mainly based on secondary data, which is derived from the website.
- The study compares only Five commercial banks.
- This study employs certain financial and statistical tools and approaches.
- This research has been conducted on the requirement of partial fulfillment of a master’s degree in business studies.
- Time and resources put constraints on the study.

CHAPTER II

LITERATURE REVIEW

2.1 Introduction

A literature review is a combination of two words Literature and review in which literature covers all sorts of established knowledge or facts as secondary data. Review means systematic, careful, and critical investigation or revision. Thus, the literature review is the systematic, careful, and critical investigation of previous studies on the related field of research.

A summary of the previously published works on a certain topic is known as literature review. Commercial banking is undergoing fast change. Understanding the current research and discussions pertinent to a specific topic or field of study is the aim of a literature review, which is then presented in the form of a written report. Conducting a literature review helps us to build our knowledge in the study field. We can learn about important concepts, research methods, and experimental techniques that are used in the study field. We can also understand how researchers apply the topics we're studying in our unit to real-world challenges.

Because of the increasing level of competition, banks must increase both their efficiency and competitiveness by enhancing performance. Commercial banks and other financial institutions' financial performance are often monitored by a combination of financial ratio analysis, benchmarking, and performance measurement.

A literature review may be as simple as summarizing the most important sources, but in the social sciences, it typically follows an organizational structure and include both synthesis and summary, frequently under defined conceptual categories. A synthesis is a rearranging or rearranging of the material in a source to better guide your research problem-solving strategy. A summary is a synopsis of the key points from the source. The analysis features of the literature review are:

- Provide innovative interpretation of old material or combine new with old explanations.

- Trace the knowledgeable progression of the field, including major arguments.
- Recommend the most suitable research source based on the situation.
- Usually in the decision of a literature review, find where gaps exist in how a problem has been researched to date.

The term literature review refers to a style of academic writing that provides and overview of existing knowledge in a specific topic of research. A competent literature review summarizes, analyzes and assesses the relevant literature in a certain area of inquiry. It describes hpw knowledge in this discipline has evolved, emphasizing what has already been done, what is widely recognized, what is emerging and current thinking on the subject. A literature review serves as a tool for categorizing research and demonstrating how research in a specific area has changed over time by indicating historical context (early research findings in an area) and explaining recent developments in an area. Literature Review is classified into two types. They are;

2.2 Theoretical Review

A theoretical review gives the study a well-defined and proven basis of argument. It offers a clarification of the study's significance and validity. It shows where the researchers intend to fill in gaps of knowledge and practice. It provides broader guidelines and set of ideas within which a research study can be fit in.

2.2.1 Commercial loan theory

According to the real bills doctrine, or commercial loan philosophy, business organizations should only receive short-term, self-liquidating loans from commercial banks. According to this idea, whenever banks make short-term self-liquidating productive loans, the central bank should lend to them on the basis of the security of such loans. This principle assumes that the appropriate degree of liquidity for each bank appropriate money supply for the whole economy.

By rediscounting authorized loans, the central bank was supposed to raise or decrease bank reserves. When business started growing and the requirements of trade increased, banks were able to captured additional reserves by rediscounting bills with the central banks. As business declines and trade demand declines, the amount of rediscounting of bills decreases, and so does the supply of bank reserves and the amount of bank credit and funds.

2.2.2 Shift Ability Theory

This theory posits that a bank can sustain its liquidity if it possesses assets that can be swiftly transferred or sold to other lenders or investors. According to the shift ability theory, banks should extend loans with prior notification before securing them with commercial paper pawns. In the banking sector, shift ability acts as a strategy to ensure liquidity by enabling asset transfers. This approach, which involves investing in long-term assets or holding fewer reserves, enhances the efficiency of the banking system. The theory of shift ability fosters confidence, as banks now acquire assets that can be easily transferred to other banks. Marketable securities such as stocks and bonds of large corporations are accepted as liquid assets, alongside Treasury and short-term bills.

2.2.3 Anticipated Income theory

This concept, introduced by H.V. Prochanow in 1944, stemmed from the practices of U.S. commercial banks in extending term loans. Under this theory, a bank plans the repayment of a term loan based on the borrower's expected income, irrespective of the borrower's business type and characteristics. A term loan spans more than one year but less than five. The anticipation of revenue theory arose in response to low demand for loans, leading to excess liquidity and reduced bank profits, particularly during economic downturns. It advocates for banks to more assertively provide long-term credit. This theory asserts that banks should be able to offer long-term credit with principal and interest repayments following a scheduled timetable.

By aligning liquidity, safety, and profitability goals, this theory arguably surpasses both the shift ability theory and the actual bill's doctrine. It adheres to the safety principle by granting loans not merely on solid security grounds but also on the borrower's repayment capability. By leveraging excess reserves for term loans, banks ensure a steady income.

2.3 Empirical Review

Empirical research relies on observation and measurement, gathering insights through experience rather than conjecture or belief. The empirical review discusses various studies by other researchers on similar research topics. It includes a survey of recent research articles, reports, journals, and magazines related to the research subject.

2.2.1 Review of some international Articles:

SN	Date of publication	Articles	Writers	Objectives	Methodology	Findings
1	2010	A Financial Ratio Analysis of Commercial Bank in South Africa	Mabwe Kumbirai and Robert Webb	To analyze the performance of South Africa's commercial banking sector for the period 2005-2009	Financial Ratio analysis and t-test analysis to test the Hypothesis	Overall bank performance increased considerably in the first two years. Due to global financial crises from the year 2007- 2009, there resulted in falling profitability, low liquidity, and deteriorating credit quality.
2	2021	Financial Performance of Converted Commercial Banks from Non-banking Financial Institutions: Evidence from Bangladesh	Md. Abu Issa Gazi, Md. Atikur Rahaman, Shaikh Sabbir Ahmed Waliulah, Md. Julfikar Ali and Zahidur Rahman Mamoon	To Analyze the financial performance of commercial banks that were converted from non-banking financial institutions.	Financial ratios are used for the analysis of data and Statistical tools are used to present the data	The bank can achieve a stable growth rate in total deposits, total loans and advances, and net income after tax during the period of Study. Bank has opportunities to make their

						financial positions Stronger by utilizing Management efficiencies and strong financial positions.
3	2018	Determinant of financial performance of commercial banks in Ethiopia: Special emphasis on private commercial banks	Elshaday Teshome, Kenenisa Debela, and Mohammed Sultan.	To examine the determinants of the financial performance of private commercial banks in Ethiopia based on non-performing loans, loan loss Provision, leverage ratio, etc.	Theoretical Model (Dependent and independent variables), Correlation and Regression analysis are used.	size of banks is the determining factor that boosts financial performance Loan loss provision and non-performing loans are some factors that negatively affect the performance
4	2015	Financial performance analysis of selected public sector Banks: A Camel model Approach	Jaspreet Kaur, Manpreet Kaur and Dr. Simranjit Singh	To measure and compare the Financial Performance of the leading five public sector banks based on total assets and consolidated basis	Financial Ratios Analysis	Bank of Baroda has occupied first position in liquidity, Management efficiency, earning capacity, and capital adequacy than other Bank.

5	2013	Determinants of Financial Performance of Commercial Banks in Kenya	Vincent Okoth Ongore and Gemechu Berhanu Kusa	To examine the effects of bank-specific factors and macroeconomic factors on the performance of commercial banks in Kenya.	CAMEL Ratios Analysis	Bank-specific factors significantly affect the performance of commercial banks in Kenya, except for liquidity variable.
6	2012	Financial Performance of Palestinian Commercial Banks	Akram Alkhatib	To examine the financial performance of five Palestine commercial banks	Correlation and Multiple regression analysis are used	Operational efficiency and asset management individually have a significant impact on ROA. R-square is the third model with the EVA as the dependent variable, which can explain 78% of the variation of the dependent variable by the independent variables.

7	2014	Measuring Financial Performance Based on CAMEL: A Study on Selected Islamic Banks in Bangladesh	Mohammad Kamrul Ahsan	To analyze the financial performance of selected Islamic Banks in Bangladesh based on CAMEL Rating Analysis.	CAMEL Rating Analysis approach method	All banks are sound in all aspects, including capital adequacy, asset quality, managerial quality, earning capability, and liquidity conditions.
8	2021	Financial performance evaluation of the commercial banks in Kosovo.	Fitim Race, Skender Ahmet, Hysen Ismaili and Muhamet Aliu	To measure the impact of capital adequacy (CAR), costs/revenues (CIR), and non-performing loans (NPL), on the performance of Banks in Kosovo.	Based on Multifactorial Regression and Correlation Analysis	It helps shareholders, investors, and third parties to identify the factors that affect the Bank's performance.
9	2015	Application of CSR measuring model in commercial banks to their financial performance	Jiri paulik, monika sobekova kajkova, Tomas Tykva and Michal Cervinka	To create the own CRM measuring model for commercial banking and apply it to a sample of the four largest Czech banks by the number of customers.	Content analysis of publicly available data, descriptive statistics, and correlation analysis	The application of CSR activities in the Czech commercial banking sector is reaching the average level. Correlation research also found that CSR adoption levels are not significantly related to bank financial performance

10	2022	Intellectual capital and good corporate governance structure on financial performance at Islamic commercial banks in Indonesia.	Muhibuddin and M. Arief Mufraini	To determine the significance provided by Intellectual Capital (IC) and Good corporate Governance (GCG) on the financial performance.	Component-based SEM with PLS as a data processing and analysis tool is used	There was a positive influence of Intellectual capital and Good Corporate Governance Structure on the Financial Performance of Islamic Commercial Banks in Indonesia.
11	2024	Quantitative analysis of the impact of electronic banking on the financial performance of rural banks in Indonesia.	Lissintha Oppusunggu, Suwarno, Purwatiningsih Lisdiono and Moermahadi Soerja Djanegara.	To analyze how consumer electronic trust and financial performance are affected by the use of e-banking.	Quantitative involving data collection through questionnaires.	E-banking greatly improves both financial performance and customer trust. Innovation of internet banking, mobile payments, and SMS banking can significantly contribute to revenue generation and cost management.

Ahsan (2014) research on Measuring Financial Performance Based on CAMEL: A Study on Selected Islamic Banks in Bangladesh. The main objective of the study is to analyze the financial performance of three selected Islamic Banks (Islamic Bank Bangladesh Limited, Export Import Bank of Bangladesh Limited, and Shahjalal Islamic Bank Limited) over a period of eight years (2007-2014) in the Bangladeshi banking sector. As most of the people in Bangladesh are Muslims, they prefer to deposit and take loans from Islamic banks in the sense of Islam. For this purpose, the researcher investigates the performance of Islamic banks in Bangladesh. In this research, mainly CAMEL model is used to analyze the financial performance of selected three Banks.

In CAMEL approach / Model, consists of Capital Adequacy, Asset Quality, Management Quality, Earning Quality, and Liquidity Performance. Capital Adequacy helps to understand the shock attractive capability during risk. It can be computed by using the equity to total assets ratio. It helps to meet unexpected financial conditions due to interest rate risk, credit risk, market risk, etc. Likewise, an Asset's quality helps in understanding the risk of the exposure of debtors. It is calculated by the provision for loan loss reserve to total asset ratio. This factor helps to understand the amount of funds that have been reserved by the banks in the event of bad investments. Similarly, management quality plays an important role in safeguarding the bank smoothly and decently. Earning quality mainly focuses on the growth and sustainability of future earning capacity and also measures the firm's financial performance. Liquidity performance measures the firm's ability to pay its current obligations. Adequate liquidity means a situation where a firm can obtain sufficient funds, either by raising liabilities or by converting its assets at a reasonable cost. The rapid growth in Islamic banking in these recent years, calls for opportunities for academics to conduct the study to analyze its financial performance using the CAMEL rating system. Islamic banks in business development, liquidity, profitability, and solvency are higher than that of interest-based conventional banks.

The banking sector must be given importance to achieve sustainability in the financial sector. So, the smooth and well-organized operation of the banking sector helps to decrease the risk of failure of an economy. Therefore, the performance of the banking sector has always been a source of interest for researchers to judge the economic condition of a country. The help of the CAMEL Approach shows that all the selected three Islamic banks' financial performance is strong in every aspect.

Alkhatib (2021) studied on performance of Palestinian Commercial Banks. Through the use of Return on Assets, Tobin's Q model (price/book value of equity), economic value add, and market-based performance measured by Tobin's Q model, the study seeks to capture the effects of bank size, credit risk, operational efficiency, and asset management on financial performance. The study's foundation is a three-model multiple regression and correlation analysis of annual time series data from 2005 to 2010. With the help of the first model, it is concluded that there exists a strong positive correlation between the dependent variable ROA and the independent variable bank size and asset management. Similarly, ROA and credit risk have a negative correlation as well and ROA has a negatively weak correlation with Operational efficiency. Here adjusted R-square value is positive so it concludes that it has somehow strong explanatory power for whole regression. F-stat value is less than α=5%. So, the null hypothesis is rejected. With the help of the correlation of the independent variable's performance of banks measured by Tobin's Q, there is a strong positive correlation with bank size and a weak positive correlation with asset management ratio. Study shows that credit risk and operational efficiency has a negative correlation. Similarly, with the help of correlation and regression measured by economic value add, there exist strong positive and weak positive correlations with bank size, credit risk, and assets management Ratio. Similarly, the study concludes that operational efficiency has a negative correlation. As per regression analysis, the f-stat value is less than 5% which is significant. So, the null hypothesis is rejected.

The study concludes that operational efficiency and asset management individually have a significant impact on ROA. The study disproved the notion that bank size, credit risk, operational efficiency and assets management have a statistically insignificant impact on Palestinian commercial bank's financial performance.

Bhattarai (2017) studied the effect of corporate governance on the financial performance of banks in Nepal. The main aims of the study is to investigate the relationship between financial performance and corporate governance of commercial banks in Nepal. Specifically, it examines the effects of board size, audit committee, and portion of independent directors on return on equity and nonperforming loans. This study is based on secondary data collected from the annual reports of 13 commercial banks in Nepal. Sample for this study were taken from 65 observations in the review period from 2010 to 2015. According to the study, board size has a negative impact on the financial performance of Nepalese commercial banks, although audit committee size and a percentage of independent directors have a good impact.

Gautam (2020) analyzed the financial performance of Nepalese financial institutions using the CAMEL framework. This article thus seeks to evaluate the financial performance and factors impacting the financial performance of Nepalese financial depositary institutions within the framework of CAMEL. Financial performance is measured using criteria such as capital adequacy, asset quality, managerial efficiency, earnings, and liquidity. Finance businesses rank first in terms of capital adequacy and earnings, followed by development banks in terms of asset quality, and commercial banks in terms of management efficiency. Finance companies always store high liquidity as compared to other class financial institutions. The regression analysis shows that recturn on assets, ROA has a significant positive relationship with capital adequacy and ROE but ROA has a significant negative relationship with asset quality. However, return on equity, ROE has a significant positive relationship with asset quality and ROA but ROE has.

Gazi et al. (2021) analyzed the financial Performance of Converted Commercial Banks from Non-Banking Financial Institutions: Evidence from Bangladesh. The objective of the study is to analyze the financial performance of converted commercial banks from non-banking financial institutions through a case study of Bangladesh Commerce Bank Limited as a sample organization. A commercial bank is capable of attaining a steady growth of branches, employees, deposits, loans and advances, net income, and earnings per share. A competitive banking system improves efficiency and is thus vital for growth, yet market strength is required for banking system stability.

The present study analyzed the financial performance of the Bangladesh Commerce Bank. The study is based on secondary sources of data gathered from the last five years i.e., 2015 to 2019. Financial ratio is also used for statistical analysis of bank performance like ROE, ROA, ROI, EPS, and PER. Besides this, mean, standard deviation, coefficient of variation, and t-test are used as statistical tools. Study shows that loan and advance growth has been found satisfactory during the time of study but the growth rate of net income after tax was satisfactory only in the last two year of study. During the year 2016, ROE was negative due to net loss but after that, ROE continuously turned into a positive figure. Study Shows that the bank has a high share value against its EPS. Similarly, there is a high provision with its non-performing loan. There is a significant relationship between a dependent variable and individual independent variables.

The results reveal that Bangladesh Commerce Bank has adequate operational and asset management efficiency, as well as the ability to provide loans to consumers. With reference to total assets, total loans, total deposits, and interest revenue, the current study has evaluated a few assumptions about net income after tax, ROA, and ROE. Since the independent variable has no discernible effect on the dependent variable, these hypotheses have been accepted. The study suggests that Bangladesh Commerce Bank Limited had the opportunity to make its financial position stronger by utilizing its good financial position and management efficiencies.

Kaur, Kaur and Singh (2015) researched on financial performance analysis of selected public sector banks: A Camel model approach. The research focuses on evaluating the financial performance of selected public sector banks i.e., Bank of Baroda, State Bank of India, Punjab National Bank, Bank of India, and Canara Bank. The research aims to compare the bank and its performance over five years. The current study is descriptive research. It may be very difficult to compare the performance and ranks but this study will help to find out which bank is better among the leading banks and where the investors and customers should invest money.

The study is based on regression analysis and the CAMEL model which helps to measure and compare financial performance. The data is collected from the annual report of the sample bank. As per capital Adequacy Ratios, the Bank of Baroda and Punjab National Bank has good risk management system and has a greater capacity to meet their additional capital needs. Here, the Bank of Baroda and Bank of India have managed their Assets and NPAs in a better way and have invested their assets in the right place. Besides this, the Bank of Baroda and Punjab National Bank have greater productivity and good working management and take corrective action if any conflict occurs. To sustain itself in the market, the Bank of Baroda and Punjab National Bank can earn regular cash inflow and earn better profits. Similarly, the Bank of India and Bank of Baroda have invested their cash in return securities and have a good amount of working capital.

According to the research findings, the Bank of Baroda leads in all elements of CAMEL, followed by Punjab National Bank in Capital Adequacy, Management Efficiency, and Earning Capacity, and Bank of India in Asset Quality.

Kumbirai and Webb (2010) research on financial Ratio Analysis of Commercial Bank Performance in South Africa. The main aim of the study is to investigate the performance of South Africa's Commercial banking sector for the period 2005-2009. Commercial banks in Since the establishment of constitutional democracy in 1994, South Africa has seen enormous regulatory and technical changes. Due to financial and technological innovation and, the entry of foreign banks, African banks are facing increased competition as well as costs are also raised. The global financial crisis of late 2077 sharply changed the outlook of the economy. Due to financial issues, negative growth occurred in the fourth quarter of 2008, and the South African economy officially entered a recession in the first quarter of 2009. This result has decreased the growth rate from 5.3% to 3.1% in the years 2006 to 2008. The socio-political changes led to structural changes in the banking sectors as well as the delivery of financial services during the period of time.

To examine whether the difference in performance of the banks is statistically different from 2005-2006 to 2008-2009, a student's t-test is employed to test the hypothesis. This research uses a descriptive financial ratio analysis to measure, describe, and analyze the performance of commercial banks in South Africa during the period 2005-2008. The use of financial ratio analysis in this study was driven by a review of previous studies on African banks. Financial ratio analysis distinguishes high-performing banks from others and can also help identify a bank's individual strengths and shortcomings, as well as providing information on banks' profitability, liquidity, and credit quality policies.

Since 2005, the total bank performance in terms of profitability, liquidity and credit quality has improved using the aforementioned technique, culminating in 2007. The investigation also revealed that illiquidity levels in south African commercial banks have reached tremendous level. South African banks' low leverage, high profitability, and limited exposure to foreign assets and finance enabled them to remain liquid without requiring extreme liquidity or state assistance. Increasing bank operating costs and reduced incomes amid the global financial crisis are one of the reasons for the significant deterioration in profitability.

There are no Significant Changes in bank performance during the two periods in terms of liquidity and credit quality. Despite the confusion practiced in international financial markets and the domestic cyclical economic developments during 2008-2009, the South African banking system remained constant; banks were sufficiently capitalized and profitable. South African banks remained in a sound position weathering the global financial storm, as they benefited from limited coverage to foreign currency debt and the fact that assets at the epicenter of the crisis were least in South Africa.

Lis et al. (2024) conducted a quantitative analysis of the impact of electronic banking on the financial performance of rural banks in Indonesia. The primary goal of this study is to determine how e-banking adoption effects customer electronic trust and financial performance. In this research, research method is quantitative, involving data collection through questionnaire. The creation pf consumer e-trust is not only a critical element in building long-term relationship with consumers but also has a direct impact on financial performance. The climate that e-trust fosters is favorable to the financial institution's expansion, customer retention, and availability of vital financial resources. In this research four hypothesis are proposes such as e-banking has positive effect on consumer e-trust, e-banking has positive effect on financial performance, Consumer e-trust has a positive effect on financial performance and consumer e-trust is able to mediate the relationship between financial performance and e-banking. The focus of this study is on rural bank managers in Indonesia, who are thought to have valuable insights and expertise with e-banking implementation in financial institutions. The random sampling techniques is employed to selected respondents, aiming to reflect diversity and ensure a good representation of rural bank managers in Indonesia. The questionnaire was distributed to 200 respondents but total number of questionnaires used in this sample is 166. The analysis conducted in initial stage of this research involves the standard loading factor test to assess how well the questionnaire questions can effectively represent the items or indicators used. The three main variables in this study are e-banking, electronic trust and financial performance. Each variable is measured through different indicators. The e-banking variable is measured using indicators consisting of internet banking, mobile payment and SMS banking. Indicators for the e-trust variable include responsiveness, service reliability, and transaction security.

The study provides a crucial contribution to understanding the impact of finance technology adoption, particularly e-banking on rural banks. Rural banks should examine ways that increase consumer e-trust through openness, data security and effective communication. By understanding the dynamics of the relationship between these variables, rural banks can design more adaptive and innovative strategies to address challenges and opportunities in digital era. Consumer e- trust become a key factor in financial decision-making and by prioritizing transaction security and service quality, rural banks can strengthen their position in market. The findings of this study indicate that e-banking has a significant positive impact on both financial performance and consumer e- trust. Furthermore, the positive relationship between e-banking and financial performance highlights the crucial role of electronic transactions in supporting the financial performance of rural banks.

Muhibddin and Mufraini (2022) studied Intellectual Capital and Good Corporate Governance in Islamic Commercial Banks in Indonesia. The main objective of the article is to determine the significance of the influence provided by factors on the finances of Islamic Commercial banks which include Intellectual Capital (IC) and Good Corporate Governance (GCG). Islamic banks are capable of mobilizing public funds that are used to finance investment activities and provide services facilities in payment traffic under Islamic principles. Managers view profit as the primary metric for assessing how well their company is performing. The purposive sampling strategy used in this study, which was founded on the criteria established for this investigation, is what determines the samples.

In this research, the researcher intends to explain the relationship between two variables i.e., dependent variable and independent variable. The dependent variable is financial performance and the independent variable is intellectual capital and the structure of Good Corporate Governance. Samples were gathered by using the purposive sampling method. Data analysis was carried out with the help of descriptive analysis and Partial Least Square analysis. In descriptive analysis, data were collected by descriptions and explanations of an object according to the criteria and matters needed in data collection and presentation. Likewise, Partial Least Square (PLS) analysis is a structural model that aims to specify the relationship between hidden variables. In this research, the researcher also uses financial tools such as Return on Equity (ROE), Return on Assets (ROA), and Assets Turnover

(ATO). With the help of t-Statistics the profitability value of Intellectual Capital < then Value of α = 5%. There is a positive effect of Intellectual Capital on the Financial Performance Structure of Good Corporate Governance has a positive but not significant effect on financial performance. With the help of t- statistics the profitability value of Good Corporate Governance > then the value of α = 5%.GCG can be driven by a Good GCG structure that will simultaneously improve the company's financial performance. The Influence of Intellectual Capital and Good Corporate Governance Structure on Financial Performance was determined by calculation on the statistical value of the F test showed that the F count value was greater than the F table value Therefore, H0 was rejected and H3 was accepted. Having regard to this result, it may be conditional that Intellectual Capital and Good Corporate Governance Structure contributed to a positive effect on Financial Performance.

Hence, financial performance can be significantly improved if the resources that drive the main functions in the company are capable of working optimally. With the help of the above-discussed methodology, there was a positive influence of intellectual Capital and good corporate governance on the financial performance of Islamic commercial banks in Indonesia.

Ongore and Kusa (2013) research on determinants of Financial Performance of Commercial Banks in Kenya. The overall objective of the study was to examine the effects of bank-specific factors and macroeconomic factors on the performance of commercial banks in Kenya. Academic study on commercial banks' financial performance analysis has been quite interested. The performance of the bank is influenced by the internal elements, which are distinct features of the bank. The external factors that impact the profitability of banks are those that are national or sector-wide and are out of the company's control.

To achieve these objectives, a linear multiple regression model, bank panel data, and ROA, ROE, and NIM were evaluated. Some bank-specific factors significantly affect the financial performance of commercial banks in Kenya. The relationship between bank performance and capital adequacy and management efficiency was found to be positive and same for asset quality the relationship was negative. Similarly, bank-specific factors i.e., liquidity management had no significant effect on the performance of commercial banks in Kenya.

The study shows that GDP had a negative correlation with ROA and NIM and a positive with ROE. With compared to GDP, macroeconomic variables and inflation had a strong negative correlation with financial performance. It was found that there is no significant effect of ownership identity on the overall performance of commercial banks.

The research concludes that bank-specific factors are the most significant determinants of the financial performance of commercial banks in Kenya. It is also found that the financial success of commercial banks in Kenya is mostly determined by board and management choices, while macroeconomic factors have in significant contribution.

Paulik et al. (2015) research on the application of the CSR measuring model in the commercial bank with their financial performance. The study's goals are to investigate the use of the Corporate Social Responsibility concept (CSR) in commercial banking in the Czech Republic. CSR has become a global phenomenon across all sectors of business. CSR concept recommends changing the current approach to business, which is frequently labeled by term profitability. CSR significantly contribute to the improvement of relation with stakeholders and as a result the financial performance. The key elements of CSR help in understanding the complexity of financial services, risk management, strengthening ethics in banking, protection of the rights of customers, etc. For the formation of socially responsible profit, socially responsible practices should be more focused. CSR contributes to better financial performance by reducing costs directly and indirectly, raising productivity, and increasing customer satisfaction.

The research is based on the satisfactory examination of the publicly accessible data and takes into consideration three main pillars of CSR – Economic, Social, and Environmental with the help of the CSR model. Variables that parallel support the bank's growth in the economic area determined and also bring positive effects on social and environmental levels. The economic pillar of CSR emphasizes the economic aspect of the economy. The model focuses on a narrower approach that addresses multiple economic impacts of the company's activities on its surroundings. The success of this high degree of bank customer satisfaction represents an important field for their management. Considering the importance of customer satisfaction and its relationship to financial performance we can conclude that an important aspect of CSR is customer satisfaction. Environmental factor carries the lowest, but not negligible weight in this CSR evaluation model just because of the indirect impact of the bank on the environment. ROA and ROE are two of the most well-known and extensively utilized financial measures for assessing a company's profitability. Analysis of the relationship between CSR and financial performance is attended by complications in terms of static indicators of the CSR index and moving financial indicators in different years. The financial indicators change every year and therefore it is very complex to address the degree of execution of CSR and the financial performance in each year. It is assumed that there is a positive relationship between the CSR index and the financial indicator determining the financial performance of the bank.

Based on CSR measurement, it indicates that the execution of CSR efforts in the Czech commercial banking sector are the average level. Correlation analysis also evaluates that the level of application of CSR is not significantly related to the financial performance of the bank.

Raci et al. (2021) examined on financial performance evaluation of the commercial banks in Kosovo. The study assists in measuring the influence of capital adequacy ratio (CAR), costs/revenues ratio (CIR), and non-performing loans (NPL) on the performance of banks in Kosovo, as assessed by the average return on equity (ROE) over a nine-year period from 2011 to 2020. The calculation of the financial performance of banks has been easy with the help of financial performance analysis: Return on assets (ROA) and return on equity (ROE).

The study gathered secondary from the annual reports of banks, financial statements of commercial banks, and reports from the Central Bank of Kosovo. Besides this, the researcher uses correlation and multiple regression analysis. With the help of descriptive statistics, it is found that the standard deviation of each variable is at an acceptable level. The study shows there is a significant correlation between the dependent variable and the independent variable. CAR has no effect on the dependent variable of ROE, so the basic hypothesis is rejected and the alternative hypothesis is approved; however, CIR and non-performing loans have an impact on the dependent variable ROE, so the basic hypothesis is accepted and the alternative variable is rejected. The correlation coefficient between the ROE and CAR shows a strong positive relationship. Similarly, the correlation coefficient between ROE and NPL is negative which indicates that these two variables have a negative correlation.

According to the multiple regression model, the independent variables CIR and NPL have a substantial impact on the dependent variable ROE, while the independent variable CAR does not. The results of this study can be used by shareholders, investors, and third-interest parties to identify factors that affect bank performance.

Teshome, Debela, and Sultan (2018) examine determinants of financial performance of commercial banks in Ethiopia: With special emphasis on private commercial banks. The study aims to examine the determinants of the financial performance of private commercial banks in Ethiopia. The financial institution plays a significant role in the economic development of nations in general and of developing countries like Ethiopia in particular where the financial system as a whole is bank-dependent due to poor development or even the absence of the stock market. The study is expected to examine the effect of non-performing loans, loan loss provisions, Capital adequacy ratio, leverage ratio, credit interest Income, Bank size, and Operational cost efficiency on financial performance. The study of the above factors helps the banks to identify the specific determinants of bank performance and direct their operation accordingly.

The national bank report, minutes, and annual reports of the banks are the sources of the data used in this analysis. Correlation and multiple linear regressions of panel data for the eight banks for the years 2007 to 2016 are analyzed using a random effect model. Return on Asset and Return on Equity are the selected dependent variables while non-performing loans, capital adequacy ratio, bank size, leverage ratio, credit interest income ratio, loan loss provision ratio, and operation cost efficiency were the independent variables of the study. An explanatory design with a quantitative approach was used to accomplish the purpose of the study. As per the study, S.D of ROA is less than others which indicates that profitability variation between the selected banks was very Small. During the period of study, Private commercial banks in Ethiopia were able to generate an average positive return on their equity for the last 10 years. Similarly, there was a higher variation in the operational cost efficiency over the sample period for this study. The study also shows the existence of variation in equity to asset ratio between the private commercial banks in Ethiopia. There exists less difference among the banks in terms of setting their loan loss provision amount. The capital adequacy ratio and size of the banks had a positive relation with ROA which affected their performance to increase their paid-up capital to gain strength and a leading role in the industry. As per the Return on Assets model, loan loss provision has a statistically significant negative effect on the return on assets of the private commercial banks in Ethiopia. The result also shows that there is a positive of Bank size on return on equity. Similarly, bank size, leverage ratio, and credit interest income have a significant impact on financial performance. Return on equity and non-performing loans have a positive relationship.

The research analysis the factors of the financial performance of private commercial banks in Ethiopia. From the regression output, it can be determined that the size of banks is the defining factor that boosts financial performance because it can help them accomplish economies of scale. Results show that Capital Adequacy Ratio (CAR), Credit Interest Income (CIR), and Size of the bank (SIZE) have positive effects on financial performance. Non-performing Loans (NPLs), Loan Loss Provision (LLP), Leverage Ratio (LR), and Operational Cost Efficiency (OCE) have negative effects on banks' financial performance. The study advises that Ethiopian commercial banks are recommended to manage their loan loss, be cost-efficient, and fix their leverage ratio at Optimum level to enhance their profitability. It can also be concluded that capitalized banks could provide more loans and advances to their customers and could generate more income than poorly capitalized banks.

2.3 Research Gap

A research gap is defined as unknown or underexplored areas that have potential for future research. Researchers, specialists, and students have undertaken some studies on financial performance. Those studies may provide limited findings on the various issues related to the financial performance of commercial banks in Nepal but this study tries to go inner part of the issues to find the core problem and to provide the appropriate variables that help to solve the issues related with financial performance. This study is about the financial performance of five Commercial Banks of Nepal. This study includes tools like Ratio analysis, Standard deviation, Median, Athematic Mean, Coefficient of variance, Variance, etc. This is the comparative study of five Banks that provide a clear concept of financial performance to those who want to gain ideas and knowledge about it.

CHAPTER III

RESEARCH METHODOLOGY

Research is characterized as the process of generating new ideas, methods, and insights by either creating new knowledge or employing existing knowledge in creative and innovative ways. It is crucial for discovering new treatments and optimizing the use of existing ones. Research helps address unknown factors, fills gaps in knowledge, and alters the way healthcare professionals operate. It is a significant aspect of the knowledge economy, influencing every business decision. In today's globalized world, research insights impact all actions, decisions, and strategies.

Research methodology involves a systematic approach to resolve research issues systematically and achieve research goals. It includes specific procedures, techniques, or ideas to identify, select, process, and analyze information or data about a subject.

This study outlines several methodological components:

3.1 Research design

Research design is a strategic action plan developed by researchers to address specific research questions. It involves logical and systematic planning, establishing critical rules and guidelines for conducting research. It provides instructions on what, when, how, and where to conduct research activities. Also referred to as an action plan, it offers a clear framework with chosen scientific tools and techniques for reliable and valid outcomes, therefore strengthening the research's foundation. Good research design is essential for efficient research operations, maximizing knowledge gained with minimal effort, money, and time. This study aims to assess and analyze the financial performance of Siddhartha Bank Limited, Sunrise Bank Limited, Global IME Bank Limited, Everest Bank, and Nepal Bank Limited. It seeks to explore the relationship between variables that influence the financial decisions of these banks, employing both descriptive and causal research designs.

a) Descriptive research design

Descriptive research aims to accurately and systematically depict a population, situation, or phenomenon. It addresses questions of what, where, when, and how, but not why. It can employ various research methods to examine one or more variables and is beneficial when little is known about an issue.

b) Casual research design

Causal research examines the cause-and-effect relationships between two or more variables. It allows researchers to anticipate hypothetical events and outcomes while refining current strategies, thereby enabling businesses to develop advantageous plans.

3.2 Population and sample, and Sampling design

A research population is usually a large group of individuals that are the primary subjects of a scientific study. Sampling involves selecting a subset of individuals that represent the larger group. There are 27 banks in Nepal; this study focuses on five commercial banks -Sunrise Bank Limited, Siddhartha Bank Limited, Global IME Bank, Everest Bank, and Nepal Bank Limited.

3.3 Nature and source of data collection and the instrument of data collection

Data are empirical evidence gathered meticulously using specific rules and procedures. Data may be quantitative, expressed numerically, or qualitative, expressed symbolically, textually, or pictorially. This study's data are secondary, collected from financial statements, annual reports, and unpublished records of the banks involved. Collected data were properly structured, synthesized, tabulated, and calculated for thorough analysis.

3.4 Method of Analysis

Analysis involves systematically studying or examining something to gain a deeper understanding. It is crucial in research as it simplifies data examination, enhancing accuracy and ease of study. Analysis assists researchers in evaluating data comprehensibly and ensures no information valuable for insights is overlooked. The raw data from annual reports, journals, and websites were simplified and formatted to suit the research's purpose, as shown in the appendices. This study primarily employs financial and statistical methods.

3.4.1 Financial Tools

Financial tools are those factors that analyze the performance of the business entity. With the help of this, management can achieve growth which in turn helps to make profitable business. In this study, we mainly studied the following financial tools.

3.4.1.1 Liquidity Ratios

A liquidity ratio is a financial indicator which measures or regulates a company's ability to meet short-term borrowing obligations. The ratio determines whether a company's current or liquid assets can pay its current liabilities.

a) Liquid Assets to Total Assets

A liquid asset is one that can be quickly converted into cash in a short period of time without losing value. It measures the proportion of total liquid assets in total assets. Furthermore, it also shows the overall short-term liquidity position. The higher ratio implies a better liquidity position and the lower ratio shows the normal liquidity position of the company. It is calculated using the formula:

$$\text{Ratio} = \frac{\text{Liquid Assets}}{\text{Total Assets}}$$

b) Cash and Bank to Total Deposit

It indicates the proportion of total deposits held as most liquid assets. Higher cash and bank balance to total deposit indicates a higher liquidity position and ability to cover the deposit and vice versa.

$$\text{Ratio} = \frac{\text{Cash and Bank balance}}{\text{Total Deposit}}$$

3.4.1.2 Leverage Ratio

Leverage ratios evaluates the optimum level of debt load that a corporation has incurred. These ratios compare a company's overall debt obligation with its assets or equity.

a) Interest Coverage Ratio

The Interest Coverage statistic is a financial measure that helps a company's capacity to pay interest on current obligations. ICR calculates how many times a business can cover its present interest payments with its available earnings. This helps to know the margin of safety for paying interest on debt over a given period.

$$\text{Ratio} = \frac{\text{Net Profit befor Interest and Tax}}{\text{Interest Expense}}$$

3.4.1.3 Capital Adequacy Ratio

The capital adequacy position of the banks is measured by establishing the ratios among the banks' capital funds available with total risk-weighted assets. Generally, the higher the values of the capital adequacy ratio (CAR), the better its internal resources are and vice versa. However, holding too much capital puts the banks into low profitability. Under this following ratio are calculated:

a) Net worth to Total deposit Ratio

This ratio measures the percentage of net worth with the total deposits collected in the bank. It is calculated by

$$\text{Ratio} = \frac{\text{Net worth}}{\text{Total deposit}}$$

b) Net worth to Total Assets

The ratio measure what is the percentage of shareholders' fund to the total assets owned by the bank. A high ratio means a greater contribution of investors' funds and a strong capital adequacy position. It is calculated by;

$$\text{Ratio} = \frac{\text{Net worth}}{\text{Total Assets}}$$

3.4.1.4 Turnover Ratios

The turnover ratio measures the extent to which the banks are successful in mobilizing them for profit generation. The turnover ratios are used to check the efficiency of the company and how it uses its assets to earn revenue.

a) Loan and advances to total deposit

The ratio represents the proportion of total deposits invested in loans and advances. A high ratio means the greater use of deposits for investing in loans and advances.

$$\text{Ratio} = \frac{\text{Loans and Advances}}{\text{Total deposits}}$$

b) Investment to total deposit

The ratio indicates how efficiently the bank's major resources have been mobilized. A high ratio indicates managerial efficiency regarding the utilization of deposits. A low ratio is the result of less efficiency in the use of funds.

$$\text{Ratio} = \frac{\text{Investment}}{\text{Total Deposit}}$$

3.4.1.5 Profitability Ratio

Profit is the clear financial gain that results from a company activity's revenue exceeding its expenditures and expenses. The profitability ratio measures the management's overall efficiency as shown by the return generated from sales and investment. A business entity should earn profit to exist in the market over a long period. The profitability ratio is a metric used in finance to assess how costs and revenues relate to one another.

a) Return on Assets (ROA)

Return on Assets shows the relationships between net profit and total assets and determines how efficiently the total assets have been used by the management. This ratio analyzes the firm's overall return on investment.

$$\text{Ratio} = \frac{\text{Net Profit after Tax}}{\text{Total Assets}}$$

b) Return on Equity (ROE)

Return on Equity is a tool that measures the profitability with equity of a business. This ratio helps investors to know how efficiently a company is handling the money that shareholders have contributed to it.

$$\text{Ratio} = \frac{\text{Net Profit after Tax}}{\text{Shareholder's Equity}}$$

3.4.1.6 Others Indicators

a) Earnings per Share (EPS)

Earnings per share is the ratio that measures the earnings available to an equity shareholder on a per-share basis.

$$\text{Ratio} = \frac{\text{Earning available to shareholders}}{\text{No.of shares outstanding}}$$

b) Price Earnings Ratio (P/E Ratio)

The P/E Ratio measures how the market is responding to the earning performance of the concerned institution. A high ratio indicates higher expectations of the market towards the achievement of the firm.

$$\text{Ratio} = \frac{\text{Market value per share}}{\text{Earning per share}}$$

3.4.2 Statistical tools

Statistical tools are those used in the execution of a study, such as planning, designing, collecting data, and evaluating relevant interpretations and reporting of the research findings. A researcher needs to know what statistics they want to use before they collect their data. Here we study the following statistical tools.

a) Arithmetic Mean

The total value of several observations in the sample is known as the arithmetic mean. Assume if X1, X2, X3...............Xn are sample observations then, arithmetic mean is denoted by $\bar{\mathbf{X}}$ is given by;

$$\bar{X} = \frac{X1+X2+X3\ldots\ldots+Xn}{N}$$

b) Standard deviation

The standard deviation is a statistic that represents a data set's dispersion relative to its mean. It is calculated by calculating the square root of the variance. By calculating the deviation of each data point from the mean, the standard deviation may be computed as the square root of variance.

Mathematically,

$$\text{Standard Deviation (S.D)} = \sqrt{\frac{\sum(X-\bar{X})^2}{N}}$$

c) Variance

Variance is used to measure the total risk. It is the statistical tool to measure the variability of a set of observations.

Mathematically,

$$\text{Variance } (S.D)^2 = \frac{\sum(X-\overline{X})^2}{N}$$

d) Coefficient of variance

The ratio of standard deviation to mean is known as coefficient of variance. It is one of the relative measures of dispersion that is useful in comparing the amount of variation in data groups with different means. It is calculated as;

$$\text{CV} = \frac{\text{Standard Deviation}}{\text{Arithmetic mean}}$$

3.4.3 Correlational analysis

Correlation Analysis is a statistical tool that is used to indicate if there is a relationship between two variables or datasets, and how strong that relationship may be. Out of various mathematical approaches for evaluating correlation, Karl Pearson, often known as Pearson's coefficient of correlation, is extensively used in practice to determine the degree of association between two variables. When one variable's value changes, so does the others. Similarly, correlation analysis is used to analyze quantitative data gathered from research methods such as surveys and polls, to identify whether there are any significant connections, patterns, or trends between the two. Mathematically,

$$\text{correlation of coefficient } (r) = \frac{n\sum XY - \sum X \times \sum Y}{\sqrt{n\sum X2-(\sum X)\ 2}.\sqrt{n\sum Y2-(\sum Y)\ 2}}$$

Where,

r = coefficient of correlation

ΣXY = Sum of Product of two series

ΣX^2 = Sum of square in X series

ΣY^2 = Sum of square in Y series

In this study, we use SPSS 25 to find the correlation between the variables.

3.4.4 Multiple Regression Analysis

Regression analysis is a form of statistical analysis that can be used to find the best-fitting line or curve that best represents a relationship between two or more variables of interest. In regression analysis, we use a set of variables to predict a single outcome variable. This outcome variable is typically the y-axis in a graph or the value of a numerical variable. The set of variables used to predict the outcome is called the independent variables. Regression analysis is the use of mathematical equations to determine how a single independent variable relates to a set of dependent variables. Here, the dependent variables are ROA and ROE and the independent variables are Loan & and advance to total deposit, Interest coverage ratio, Earnings Per Share, and Price Earnings Ratio.

Model 1

$ROA = \alpha+\beta_1 LATD+ \beta_2 ICR + \beta_3 EPS + \beta_4 PER$

Model 2

$ROE= \alpha+\beta_1 LATD+ \beta_2 ICR + \beta_3 EPS + \beta_4 PER$

where,

α= constant value

β= regression coefficient

ROA= Return on assets

ROE= Return on equity

LATD= Loan & Advance to Total Deposit

ICR= Interest coverage ratio

EPS= Earnings per share

PER= Price earnings ratio

3.5 Research framework and definition of variables

A research framework is a foundational structure that support our joint research endeavors. A research framework clearly demonstrates the structure of the study plan and helps the researcher generate suitable research questions. A variable in research framework simply refers to a person, place, thing, or phenomenon that you are trying to measure in some way. The best way to understand the difference between a dependent and independent variable is that the meaning of each is suggest by what the words tell us about the variable you are using. In this study, we mainly use-dependent and independent variables. A dependent variable is a variable that is measured or tested in an experiment. An independent variable is one that stands alone and is unaffected by the other variables being measured.

Independent Variables

- Loan & Advance to total deposit
- Interest Coverage Ratio
- Earnings Per Share
- Price Earnings Ratio

Dependent Variable

Financial Performance

(ROA, ROE)

CHAPTER IV

RESULTS AND DISCUSSION

The main goal of this chapter is to provide a comprehensive assessment of several banks including Sunrise Bank Limited, Everest Bank Limited, Siddhartha Bank Limited, Global IME Bank Limited, and Nepal Bank Limited. This involves gathering data from various sources, organizing, analyzing, and interpreting it to facilitate accurate financial forecasting. The chapter aims to highlight the strengths and weaknesses of these financial institutions through the evaluation of financial data and clarification. Utilizing financial and statistical methodologies, the analysis incorporates conventional standards such as ratio analysis, guidelines from the Nepal Rastra Bank (NRB), and other relevant factors. The results, derived from descriptive statistics, correlation, and multiple regression analysis, offer solutions or insights into specific financial questions or issues.

4.1 Descriptive Analysis

The descriptive data analysis is conducted for the different variables that are included in the research model. Descriptive data analysis can help in identifying the strengths and weaknesses of firms or organizations. The main objective of descriptive analysis is to supply a clear and brief diagram of the most characteristics, patterns and designs inside the information. The observation period for this analysis is 10 years.

The calculation and the results are presented below.

Table 1

Descriptive Analysis

Descriptive Statistics					
	Minimum	Maximum	Mean	Std. Deviation	CV
LATD	49.37	96.21	80.16	9.99	0.12
ICR	107.19	357.12	166.09	50.12	0.3

EPS	5.52	198.53	32.92	30.79	0.94
P/E RATIO	0.86	83.93	21.33	13.1	0.61
ROA	0.30	2.79	1.46	0.50	0.34
ROE	5.17	42.94	16.06	6.78	0.42

Table 1 includes the descriptive analysis of statistics including the Minimum, Maximum, mean, standard deviation, and coefficient of Variance. In the sample, the mean for LATD is 80.16% which indicates that banks can mobilize their 80.16% of deposits on loans and advances with a deviation of 9.99% & coefficient of variance of 0.12. The minimum LATD in the sample is 49.37% and the Maximum is 96.21%. Similarly, the average ICR in the sample is 166.09% with a standard deviation of 50.12% and a coefficient of variance of 0.3 which indicates banks have made a margin of safety for paying interest on debt over a time period. The minimum and maximum ICR are 107.19% and 357.12% respectively. Likewise, EPS has an average value of 32.92 % with standard deviation and coefficient of variation of 30.79% and 0.94 respectively. This means banks had more profit to distribute to shareholders. The minimum EPS is 5.52% and the maximum is 198.53%. The average of P/E ratio is 21.33% with the standard deviation and coefficient of variation 13.1% and 0.61 respectively. The minimum and maximum value is 0.86% and 83.93% respectively. Similarly, the average ROA is 1.46% with standard deviation and coefficient of variance are 0.5% and 0.34 respectively with minimum and maximum values are 0.30% and 2.79% respectively. The average value of ROE is 16.06 with a standard deviation of 6.78% and a coefficient of variance of 0.42. The minimum and maximum value is 5.17 and 42.94 respectively.

4.2 Correlational analysis

Correlation Analysis is a statistical approach for determining whether or not there is a relationship between two variables/datasets, and how strong that relationship may be.

4.2.1 Correlation coefficient between ROA and independent variables

Table:2

Relationship between ROA and Independent Variables

Correlations						
		ROA	LATD	ICR	EPS	PER
ROA	Pearson Correlation	1				
	Sig. (2-tailed)					
LATD	Pearson Correlation	0.173	1			
	Sig. (2-tailed)	0.231				
ICR	Pearson Correlation	.757**	-0.173	1		
	Sig. (2-tailed)	0	0.229			
EPS	Pearson Correlation	0.249	-.451**	0.181	1	
	Sig. (2-tailed)	0.081	0.001	0.208		
PER	Pearson Correlation	-0 .244	-0.181	0.043	-0.2	1
	Sig. (2-tailed)	0.091	0.214	0.768	0.168	

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Source: SPSS 25

Table 2 shows that loan and advance to total assets, interest coverage ratio, and earnings per share have positively correlated variables with return on assets. Price price-earnings ratio has negatively correlated with the return on assets. It means when above mentioned variables increase, ROA also increases and when the variable decreases ROA also decreases. Since the sig value of the variables that are equal and less than the significance value 0.05 is significant and more than 0.05 is an insignificant relationship. As shown in the table, ICR has a significant value of 0.000 which is less the level of significance. LATD, EPS, and PER variables have the sig. value greater than 0.05 which means these variables have a negative significance relationship with ROA.

4.2.2 Correlation coefficient between ROE and independent variables

Table: 3

Relationship between ROE and Independent Variables

Correlations						
		ROE	LATD	ICR	EPS	PER
ROE	Pearson Correlation	1				
	Sig. (2-tailed)					
LATD	Pearson Correlation	-.423**	1			
	Sig. (2-tailed)	0.003				
ICR	Pearson Correlation	.648**	-0.173	1		
	Sig. (2-tailed)	0	0.229			
EPS	Pearson Correlation	.720**	-.451**	0.181	1	
	Sig. (2-tailed)	0	0.001	0.208		
PER	Pearson Correlation	-0.057	-0.181	0.043	-0.2	1
	Sig. (2-tailed)	0.703	0.214	0.768	0.168	

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Source: SPSS 25

Table 3 demonstrates the positive association between return on equity and the interest coverage ratio and earnings per share. Loan and advance to total deposit and price-earnings ratio have negatively correlated with return on equity. It means when above mentioned variables increase, ROE also increases. In the same way, when the variable decreases ROE also decreases. Since the sig value of the variables that are equal and less than the significance value 0.05 is significant and more than 0.05 is an insignificant relationship. As shown in the table, LATD, ICR, and EPS have significant values of 0.003, 0.000, and 0.000 respectively, which is less than the level of significance. PER variable has the sig. value greater than 0.05 which means these variables have a negative significance relationship with ROE.

4.3 Multiple Regression Analysis

The regression analysis has been carried out to examine the impact of one variable on the other variables. Multiple regression is a statistical technique that can be used to determine the relationship between a single dependent variable and several independent variables. Multiple regression analysis predicts the value of a single dependent variable based on previously known independent variables.

Table: 4

Model Summary-1

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.858[a]	0.736	0.712	0.2561

a. Predictors: (Constant), PER, ICR, EPS, LATD

b. Dependent Variable: ROA

Source: SPSS 25

Table 14 shows the coefficient indicates that the correlation coefficient (r) between the independent variables and ROA is 0.858 which is a positive strong relationship. The coefficient of determination (R- Square) of 0.736 indicates that the model can explain 73.6% of the variables or change in the dependent variables of ROA. In other words, LATD, ICR, EPS, and PER taken together can explain 73.6% of the change in ROA and the remaining 26.4% by other variables that are not included in this study.

4.3.1 Regression analysis result of ROA and independent variables

Table: 5

Coefficients					
	Model	B	St. Error	t	sig.
1	(Constant)	-1.307	0.495	-2.641	0.011
	LATD	0.019	0.005	3.702	0.001
	ICR	0.008	0.001	9.992	0.000
	EPS	0.004	0.001	2.818	0.007
	PER	-0.006	0.003	-1.954	0.057

a. Dependent Variable: ROA
Source: SPSS 25

In Table 5, ROA is used as a dependent variable, and LATD, ICR, EPS, and PER an independent variable. After the calculation under study, the impact of LATD, ICR, and EPS is found to be positive. The coefficient with 0.019, 0.008, and 0.004 of LATD, ICR, and EPS respectively shows that an increase in these independent variable causes an increase in ROA. The data also state that the sig. level of LATD, ICR, and EPS are 0.001, 0.000, and 0.007 which is less than 0.05 shows that there is a significant difference in the mean of selected sample bank internal variables with ROA. The impact of PER was found to be negative and insignificant with a coefficient of -0.006.

Table: 6

Model Summary-2

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate

1	.833[a]	0.694	0.665	3.92046

a. Predictors: (Constant), PER, ICR, EPS, LATD

b. Dependent Variable: ROE

Source: SPSS 25

Table 6 shows that the coefficient indicates that the correlation coefficient (r) between the independent variables and ROE is 0.833 which is a positive strong relationship. The coefficient of determination (R- Square) of 0.694 indicates that the model can explain 69.4% of the variables or change in the dependent variables of ROE. In other words, LATD, ICR, EPS, and PER taken together can explain 69.4% of the change in ROE and the remaining 30.6% by other variables that are not included in this study.

4.3.2 Regression Analysis Result of ROE and Independent Variables

Table: 7

Coefficients

	Model	B	St. Error	T	sig.
1	(Constant)	14.861	7.713	1.927	0.061
	LATD	-0.141	0.078	-1.809	0.077
	ICR	0.052	0.013	4.008	0.000
	EPS	0.175	0.033	5.374	0.000
	PER	-0.053	0.047	-1.123	0.268

a. Dependent Variable: ROE

Source: SPSS 25

In Table 7, ROE is used as a dependent variable, and LATD, ICR, EPS, and PER an independent variable. After the calculation under study, the impact of ICR and EPS is found to be positive. The coefficient with 0.052 and 0.175 of ICR and EPS respectively shows that an increase in these independent variables causes an increase in ROE. The data also state that the sig. level of ICR and EPS are 0.000 and 0.000 which is less than 0.05 shows that there is a significant difference in the mean of selected sample bank internal variables with ROE. The impact of LATD was found to be negative and insignificant with a coefficient of -0.141 Similarly, the impact of PER is also negative and insignificant with a coefficient of -0.053.

4.4 Discussion

A detailed evaluation of a business's whole state, including its assets, liabilities, equity, costs, revenue, and overall profitability, is known as financial performance. It is calculated utilizing a range of business-related algorithms, which provide consumers with exact information about a company's potential effectiveness. Different financial tools are used to evaluate the financial performance of commercial banks. The study was carried out for the period of 2011/12 to 2020/21. The main objectives of the study are to identify the present scenario of financial performance in sample banks and to evaluate the determinants of financial performance of commercial Banks. Several hypotheses were developed during the study to investigate the determinants of the financial performance of Nepalese commercial banks, with loan and advance to total deposit, interest coverage ratio, earning per share, and price earnings ratio as independent variables and return on assets and return on equity as dependent variables.

Numerous theoretical and empirical studies have investigated the financial performance of banks. Research indicates that strong financial performance in the banking sector contributes to national economic growth. For example, Kumbirai and Webb (2010) found that overall bank performance in terms of profitability, liquidity, and credit quality improved between 2005 and 2007. However, they also noted that rising operational costs and decreased income, particularly during the global financial crisis, severely impacted profitability. Ahsan (2014) emphasized that the banking sector's performance is crucial for assessing a country's economic health and its systematic functioning is vital to minimizing economic failure risks. Muhibuddin and Mufraini (2022) suggested that optimal utilization of resources significantly enhances financial performance. Teshome, Debela, and Sultan (2018) identified that factors such as Capital Adequacy Ratio and Credit Interest Income positively influence financial performance, while Non-performing Loans, Loan Loss Provision, Leverage Ratio, and Operational Cost Efficiency have negative impacts. Additionally, Gazi et al. (2021) observed satisfactory loan and advance growth, although net income growth post-tax was notable only in the last two studied years. Their research also showed that high share values contrasted with EPS and significant provisions for non-performing loans. Alkhatib (2021) found a strong positive correlation between ROA and variables like bank size and asset management, while credit risk and operational efficiency showed negative correlations with ROA. Kaur, Kaur, and Singh (2015) highlighted those key factors impacting commercial banks' financial performance are often unique to each bank, with GDP negatively affecting ROA and NIM but positively influencing ROE.

Bhattarai (2017) has found that the board size negatively impacts the financial performance of commercial banks whereas audit committee size and a portion of independent directors positively impact the financial performance of commercial banks. According to Gautam (2020), the regression analysis shows that there is a strong negative correlation between asset quality and return on assets (ROA), but a substantial positive correlation between ROA and capital sufficiency and ROE. However, ROE has a significant positive relationship with asset quality.

Compared to other research there are no significant differences between other research and this study. The average return of sampled banks is different from each other. The main goal of this study is to assess the financial performance of commercial banks. While calculating different ratios, EBL is the most profitable among the five commercial banks. Pearson correlation shows that LATD, EPS, and PER variables have the sig. value greater than 0.05 which means these variables have a negative insignificance relationship with ROA. Similarly, LATD, ICR, and EPS have a significant value of less than 0.05 which means they have a significant relationship with return on equity. On the other hand, the PER variable has the sig. value greater than 0.05 which means these variables have a negative insignificance relationship with ROE. As per regression analysis, LATD, ICR, and EPS independent variables with coefficients of 0.019, 0.008, and 0.004 have a statistically significant impact on ROA, and independent variable PER with a coefficient of -0.006 has an insignificant impact on ROA. Similarly, the coefficients with 0.052 and 0.175 of ICR and EPS have a significant impact on ROE. On the other hand, LATD and PER with coefficients of -0.141 and -0.053 have insignificant impacts on ROE.

Overall, a study has found mixed results. Some indicate a negative impact on financial performance while others conclude that there is a positive effect. The results have tried to find out the most important financial tools for evaluating the financial performance of the banks.

UNIT V

SUMMARY AND CONCLUSION

This chapter concludes the study by summarizing previous chapters and deriving significant conclusions from the findings, offering recommendations to enhance banks' financial positions.

5.1 Summary

Banking is a crucial component of the financial system, influencing national economies through investment, financing, and infrastructure support; it forms the backbone of global economic activity. The study aims to assess the financial performance of SRBL, EBL, SBL, GBIME, and NBL, recognizing banking as a vital sector for modern economic development.

To achieve the objectives, mainly descriptive and casual research design is used. A descriptive research design collects data in order to systematically describe a phenomena, situation, or population. To analyze financial performance, ten-year data is considered. Only secondary data is utilized, which is derived from the annual reports of the respective banks and published on their websites. Various financial ratios are employed to attain the stated goals.

In the sample, the mean for LATD is 80.16% which indicates that banks can mobilize their 80.16% of deposits on loans and advances with a deviation of 9.99% & coefficient of variance of 0.12. The minimum LATD in the sample is 49.37% and the Maximum is 96.21%. Similarly, the average ICR in the sample is 166.09% with a standard deviation of 50.12% and a coefficient of variance of 0.3 which indicates banks have made a margin of safety for paying interest on debt over a time period. The minimum and maximum ICR are 107.19% and 357.12% respectively. Likewise, EPS has an average value of 3.79 % with standard deviation and coefficient of variation of 3.79% and 0.94 respectively. This indicates that banks had more profit to distribute to shareholders. The minimum EPS is 5.52% and the maximum is 198.53%. The average of P/E ratio is 20.9% with the standard deviation and coefficient of variation 13.1% and 0.63 respectively. The minimum and maximum value is 0.86% and 83.93% respectively. Similarly, the average ROA is 1.46% with standard deviation and coefficient of variance are 0.5% and 0.34 respectively with minimum and maximum values are 0.30% and 2.79% respectively. The average value of ROE is 8.07 with a standard deviation of 53.81% and a coefficient of variance of 6.67. The minimum and maximum value is -361.36 and 42.94 respectively. As per Pearson correlation, LATD, EPS, and PER variables have a negative insignificance relationship with ROA. ICR has a significant relationship with the Return on assets. Similarly, LATD, ICR, and EPS have a significant relationship with return on equity. On the other hand, the PER variable has a negative insignificance relationship with ROE. With the help of regression analysis using SPSS 25, LATD, ICR, EPS, and PER together can explain 73.6% of the change in ROA and the remaining 26.4% by other variables that are not included in this study. Similarly, LATD, ICR, EPS, and PER together can explain 69.4% of the change in ROE and the remaining 30.6% by other variables that are not included in this study.

5.2 Conclusion

The study's objectives were to assess the current financial performance among chosen banks and determine the factors influencing it, focusing on a ten-year span from FY 2011/12 to 2020/21, which could be a limitation. Addressing research problems defined in the initial chapter, the analysis employs financial and statistical tools, examining ratios such as liquidity, leverage, capital adequacy, turnover, and profitability. Performance metrics include earnings per share and price-earnings ratio, analyzed through correlation and regression techniques to identify variable relationships.

The findings offer substantial conclusions about financial performance differences among banks, indicating variations in averages, standard deviations, and coefficients of variation across financial ratios. Banks with lower averages may need performance improvements, while differing standard deviations inform the reliability of data patterns. Particularly, a lower standard deviation to mean return ratio indicates a favorable risk-return balance, essential for investor decisions regarding potential risks against expected returns.

The average return on ROA of NBL is higher than other sample banks which shows that the better performance and profitability of the banks. The average return of ROE of EBL is higher which shows higher profitability of bank. As per Pearson correlation, Pearson correlation shows that LATD, EPS, and PER variables have the sig. value greater than 0.05 which means these variables have a negative significance relationship with ROA. ICR has a sig value of less than 0.05 which means it has a significant relationship with Return on assets. Similarly, LATD, ICR, and EPS have a significant value of less than 0.05 which means they have a significant relationship with return on equity. On the other hand, the PER variable has the sig. value greater than 0.05 which means these variables have a negative insignificance relationship with ROE. As per regression analysis, LATD, ICR, and EPS independent variables have a statistically significant impact on ROA, and independent variable PER with a coefficient of -0.006 has an insignificant impact on ROA. Similarly, the ICR and EPS have a significant impact on ROE. On the other hand, LATD and PER with coefficients of -0.141 and -0.053 have insignificant impacts on ROE.

5.3 Implications

To achieve the objectives of the study, data, and ideas have been collected from secondary sources. The data are presented, analyzed, and interpreted in the conclusion section. The key implications of study are as follows:

- The Average Cash and bank balance to total deposit ratio of NBL is less than the other four banks. So, it is suggested that NBL also needs to increase the cash and bank balance to total deposit to repay the deposit to their customer.
- The turnover ratio of the banks was not satisfied. Hence, it is recommended that banks should invest their deposits in the profit-generating sector.
- From a profitability ratio point of view, Everest Bank Limited is in a better profitability position as indicated by higher return on assets, and return on equity than the other four banks. Hence Banks are recommended to utilize the resources more efficiently for-profit generating sector so that their profitability increases.
- The average Investment to total deposit ratio of SBL is low which indicates investment of deposit in low productive sector. Hence, SBL is recommended to allocate its deposits in the productive sector for better profitability.
- Banking has become more and more competitive in the present day. Banks need to find sources of income to stay in competitive modern banking facilities, prompt service in each branch, and provide new products and schemes to the customers to attract more deposits.
- The banks should not only focus on increasing the loan amount but also provide the loan to quality customers as this helps the banks to earn high and sustainable profits.

- Banks are recommended to establish their banking branches in remote and rural areas which attract customers and help them in the habit of depositing money and also helps in the economic development of the country.
- Banks should conduct an awareness program regularly in terms of seminars, and workshops from well-experienced personnel such as top executives from the banks and concerned authorities and departments. This will encourage the participants to exchange ideas and knowledge. Based on this feedback and information, regular changes and implementation of the new provisions, rules, and regulations can be carried out.
- Banks should also focus on corporate social responsibility activities which helps them to attract more customers.
- The bank should focus on security concerns to make the customers feel that they are more secure in investing in the bank.

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APPENDIX I

LOAN AND ADVANCE TO TOTAL DEPOSIT

Year	SRBL	EBL	SBL	GBIME	NBL
2011/12	76.27	71.81	77.91	75.41	49.37
2012/13	76.19	75.18	81.34	76.84	56.54
2013/14	74.91	76.6	76.78	79.89	56.3
2014/15	78.78	65.57	81.26	81.32	65.35
2015/16	83.00	72.5	85.28	79.29	68.5
2016/17	83.22	81.27	86.44	77.48	76.37
2017/18	89.38	81.53	91.01	88.08	78.66
2018/19	92.82	86.45	94.11	94.12	81.68
2019/20	92.45	82.95	91.38	93.26	75.48
2020/21	96.21	84.37	90.98	89.04	87.19

(*Source: Annual Report of Respective Banks)*

APPENDIX II

INTEREST COVERAGE RATIO

Year	SRBL	EBL	SBL	GBIME	NBL
2011/12	111.17	154.6	122.98	108.97	107.19
2012/13	136.59	196.41	139.43	135.71	140.82
2013/14	126.97	198.11	158.77	162.73	149.2
2014/15	151.44	206.16	160.05	159.08	171.59
2015/16	186.22	238.61	189.57	193.48	349.67
2016/17	153.51	195.14	149.16	176.07	357.12
2017/18	140.85	172.4	141.23	138.29	273.51
2018/19	144.58	159.52	139.73	147.46	210.16
2019/20	131.6	141.75	131.74	133.98	160.51
2020/21	141.53	134.05	144.15	147.54	183.64

(*Source: Annual Report of Respective Banks)*

APPENDIX III

EARNING PER SHARE

Year	SRBL	EBL	SBL	GBIME	NBL
2011/12	5.52	88.55	20.41	11.79	46.36
2012/13	15.46	91.88	29.8	16.15	198.53
2013/14	11.03	86.04	38.63	19.57	18.08
2014/15	19.27	78.04	37.77	15.58	7.48
2015/16	23.93	40.33	41.53	19.33	44.59
2016/17	16.76	32.48	26.6	25.51	38.77
2017/18	18.13	32.78	26.45	23.64	39.98
2018/19	20.94	38.05	23.07	23.47	26.99
2019/20	15.16	29.71	19.55	17.99	20.68
2020/21	15.25	19.91	26.04	19.25	23.43

(*Source: Annual Report of Respective Banks)*

APPENDIX IV

RETURN ON EQUITY

Year	SRBL	EBL	SBL	GBIME	NBL
2011/12	5.17	26.11	15.11	10.46	-6.07
2012/13	12.71	30.47	19.24	13.9	-361.36
2013/14	9.15	28.4	23.41	15.9	21.42
2014/15	14.06	22.85	20.68	13.12	12.63
2015/16	15.04	20.32	20.1	15.88	42.94
2016/17	12.52	17.38	14.03	17.75	27.23
2017/18	12.78	16	13.9	15.48	14.03
2018/19	13.9	17.33	15.02	16.91	8.87
2019/20	10.15	13.5	13.39	10.09	7.77
2020/21	9.79	8.56	13.99	12.73	8.92

(*Source: Annual Report of Respective Bank)*

APPEXDIX V

PRICE EARNING RATIO

Year	SRBL	EBL	SBL	GBIME	NBL
2011/12	26.27	11.67	16.9	13.57	-
2012/13	15.01	17.32	10.07	26.75	0.86
2013/14	46.24	30.58	20.97	32.7	25.39
2014/15	20.5	27.17	17.95	30.74	40.78
2015/16	31.26	83.93	20.92	26.64	10.54
2016/17	23.63	41.66	18.23	15.21	9.39
2017/18	12.69	20.23	11.34	12.27	7.03
2018/19	11.84	17.5	13.78	12.48	12.45
2019/20	15.44	22.72	15.14	13.29	12.04
2020/21	23.8	37.07	19.35	22.91	18.91

(*Source: Annual Report of Respective Banks)*

APPENDIX VI

RETURN ON ASSETS

Year	SRBL	EBL	SBL	GBIME	NBL
2011/12	0.52	1.95	1.11	0.87	0.3
2012/13	1.19	2.24	1.43	1.15	1.07
2013/14	0.83	2.2	1.74	1.62	0.92
2014/15	1.26	1.59	1.53	1.39	0.55
2015/16	1.62	1.52	1.69	1.58	2.79
2016/17	1.66	1.72	1.54	1.72	2.78
2017/18	1.78	1.78	1.47	1.63	2.35
2018/19	1.8	1.8	1.47	1.82	1.51
2019/20	1.17	1.36	1.26	1.06	1.22
2020/21	1.05	0.84	1.25	1.21	1.33

(*Source: Annual Report of Respective Banks)*

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