

**MOBILIZATION OF DEPOSIT & PROFITABILITY  
ANALYSIS OF HIMALAYAN BANK LIMITED AND  
NEPAL INVESTMENT BANK LIMITED**

**Submitted By:  
MALATI PANTHI  
Shanker Dev Campus  
Campus Roll No.: 3064/063  
T.U. Regd. No.: 7-2-311-7-2001  
2<sup>nd</sup> Year Exam Symbol No.: 3133**

**A Thesis Submitted To:  
Office of the Dean  
Faculty of Management  
Tribhuvan University**

*In partial fulfillment of the requirement for the degree of  
Master of Business Studies (MBS)*

**Kathmandu, Nepal  
March, 2013**

## **RECOMMENDATION**

This is to certify that the thesis

Submitted by:

**MALATI PANTHI**

**Entitled:**

**MOBILIZATION OF DEPOSIT & PROFITABILITY  
ANALYSIS OF HIMALAYAN BANK LIMITED AND  
NEPAL INVESTMENT BANK LIMITED**

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

.....  
**Asso. Prof. Achyut Raj Bhattarai**  
**(Thesis Supervisor)**

.....  
**Prof. Dr. Kamal Deep Dhakal**  
**(Head, Research Department)**

.....  
**Asso. Prof. Prakash Singh Pradhan**  
**(Campus Chief)**

.....  
**Lecturer Mikha Shrestha**  
**(Thesis Supervisor)**

## **VIVA-VOCE SHEET**

We have conducted the viva –voce of the thesis presented

**by:**

**MALATI PANTHI**

Entitled:

**MOBILIZATION OF DEPOSIT & PROFITABILITY  
ANALYSIS OF HIMALAYAN BANK LIMITED AND  
NEPAL INVESTMENT BANK LIMITED**

*And found the thesis to be the original work of the student and written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirement for the degree of*

**Master of Business Studies (MBS)**

### **Viva-Voce Committee**

Head, Research Department .....

Member (Thesis Supervisor) .....

Member (Thesis Supervisor) .....

Member (External Expert) .....

## **DECLARATION**

I hereby declare that the work reported in this thesis entitled "**Mobilization of Deposit & Profitability Analysis of Himalayan Bank Limited and Nepal Investment Bank Limited**" submitted to Office of the Dean, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement for the degree of Master of Business Studies (MBS) under the supervision of **Asso. Prof. Achyut Raj Bhattarai** and **Lecturer Mikha Shrestha** of Shanker Dev Campus.

.....  
**Malati Panthi**

**Shanker Dev Campus**

**Campus Roll No.: 3064/063**

**T.U. Regd. No.: 7-2-311-7-2001**

**2<sup>nd</sup> Year Exam Symbol No.: 3133**

## **ACKNOWLEDGEMENT**

I am pleased to present this thesis for the partial fulfillment of the requirement for the Master of Business Studies (MBS), which could enhance the capabilities of Students in the field of research work.

Firstly, I would like to express my warm gratitude to my thesis supervisors Asso. Prof. Achyut Raj Bhattarai and Lecturer Mikha Shrestha of Shanker Dev Campus, for their valuable guidance as well as co-operation in completing this thesis. Likely, I would like to thanks Research Department of Shanker Dev Campus.

I am also grateful to the campus administration and staffs of Shanker Dev Campus library for their co-operation.

I am thankful to the managers, department chief, respective authorities and staffs of Himalayan bank Ltd. and Nepal Investment Bank Ltd. which are taken as sample for this thesis work for providing me all the necessary data and information for my study.

I am equally grateful to all the authors, whose books, reports and thesis have been consulted during my thesis preparation period.

Lastly, I am thankful to my family members and all my friends who provided regular inspiration and valuable help which are the secrets of my success.

**Malati Panthi**

# TABLE OF CONTENTS

Recommendation	
Viva Voce Sheet	
Declaration	
Acknowledgement	
Table of Contents	
List of Tables	
List of Figures	
Abbreviations	
	<b>Page No.</b>
<b>CHAPTER – I</b>	<b>INTRODUCTION</b>
1.1 Background	1
1.1.1 A Brief Introduction of Selected Commercial Banks	3
1.1.1.1 Himalayan Bank Ltd. (HBL)	3
1.1.1.2 Nepal Investment Bank Ltd. (NIBL)	5
1.2 Focus of the Study	6
1.3 Statement of the Problem	6
1.4 Significance of the Study	7
1.5 Objectives of the Study	8
1.6 Limitation of the Study	8
1.7 Organization of the Study	9
<b>CHAPTER – II</b>	<b>REVIEW OF LITERATURE</b>
2.1 Conceptual Review	10
2.1.1 Concept of Bank	10
2.1.2 Concepts of Commercial Bank	11
2.1.3 Types of Banks	13
2.1.3.1 Central Bank	13
2.1.3.2 Commercial Bank	13
2.1.3.3 Agriculture Bank	13
2.1.3.4 Industrial Bank/ Development Bank	13
2.1.3.5 Savings Bank	14
2.1.3.6 Merchant Bank	14
2.1.3.7 Postal Savings Bank	14

2.1.3.8 Retail Bank	14
2.1.3.9 Land Development Bank	14
2.1.3.10 Universal Bank	14
2.1.4 Functions of the Commercial Banks	15
2.1.5 Concept of Deposit and Deposit Mobilization	17
2.1.6 Types of Deposit	17
2.1.7 Deposit Mobilization	21
2.1.8 Need for Deposit Mobilization	23
2.1.9 Advantage of Deposit Mobilization	24
2.1.10 Loans and Advances	26
2.1.11 Investment	27
2.1.12 Investment Policy	28
2.1.12.1 Characteristics of Sound Investment Policy	28
2.1.13 Deposit Mobilization Institution in Nepal	29
2.2 Review of Journal and Articles	30
2.3 Review of Related Studies	32
2.3 Research Gap	38
<b>CHAPTER – III</b>	<b>RESEARCH METHODOLOGY</b>
3.1 Research Design	40
3.2 Population and Sample	40
3.3 Nature and Sources	40
3.4 Data Collecting Procedures	41
3.5 Tools of Analysis	41
3.5.1 Financial Tools	41
3.5.2 Statistical Tools	41

## **CHAPTER – IV DATA PRESENTATION AND ANALYSIS**

4.1 Financial Analysis	48
4.1.1 Collection of Deposit	48
4.1.1.1 Deposit Collection Growth	48
4.1.1.2 Sources of Deposit Collection	50
4.1.2 Deposit Mobilization	53
4.1.2.1 Cash and Bank Balance to Total Deposit Ratio	53
4.1.2.2 Cash Reserve Ratio	54
4.1.2.3 Loan and Advances to Total Deposit Ratio	56
4.1.2.4 Investment to Total Deposit Ratio	58
4.1.2.5 Current Deposit to Total Deposit Ratio	59
4.1.2.6 Fixed Deposit to Total Deposit Ratio	61
4.1.2.7 Saving Deposit to Total Deposit Ratio	63
4.1.2.8 Interest Expenses on Total Deposit Ratio	64
4.1.3 Profitability Ratio	66
4.1.3.1 Net Profit Margin	66
4.1.3.2 Net Profit after Tax to Total Deposit Ratio	68
4.1.3.3 Return on Net Worth	69
4.1.3.4 Return on Total Assets Ratio (ROA)	71
4.1.3.5 Earnings per Share (EPS)	73
4.2 Statistical Analysis	74
4.2.1 Correlation Analysis	75
4.2.1.1 Correlation Analysis between Loan & Advances and Total Deposit	75
4.2.1.2 Correlation Analysis between Investment and Total Deposit	76
4.2.1.3 Correlation Analysis between Net Profit and Total Deposit	77
4.2.1.4 Correlation Analysis between Total Assets and Total Deposit	78
4.3 Major Findings of the Study	79



**CHAPTER – V      SUMMARY,                      CONCLUSION                      AND  
RECOMMENDATIONS**

5.1 Summary	82
5.2 Conclusion	83
5.3 Recommendations	84

**Bibliography**

**Appendices**

## **LIST OF TABLES**

<b>Table No.</b>	<b>Title</b>	<b>Page</b>
<b>No.</b>		
4.1	Deposit Collection Growth	49
4.2	Sources of Deposit Collection of HBL and NIBL	51
4.3	Cash and Bank Balance to Total Deposit Ratio	53
4.4	NRB Balance to Total Local Deposit Ratio (CRR)	55
4.5	Loan and Advances to Total Deposit Ratio	56
4.6	Investment to Total Deposit Ratio	58
4.7	Current Deposit to Total Deposit Ratio	60
4.8	Fixed Deposit to Total Deposit Ratio	62
4.9	Saving Deposit to Total Deposit Ratio	63
4.10	Interest Expenses on Deposit Ratio	65
4.11	Net Profit Margin	67
4.12	Net Profit after Tax to Total Deposit Ratio	68
4.13	Return on Net Worth	70
4.14	Return on Total Assets	72
4.15	Earnings per Share	73
4.16	Correlation Analysis between Loan and Advances and Total Deposit	75
4.17	Correlation Analysis between Investment and Deposit	76
4.18	Correlation and Regression Analysis between Net Profit and Deposit	78
4.19	Correlation Analysis between Total Assets and Total Deposit	79

## LIST OF FIGURES

<b>Figure No.</b>	<b>Title</b>	<b>Page</b>
<b>No.</b>		
4.1	Deposit Collection Growth	50
4.2	Cash and Bank Balance to Total Deposit Ratio	54
4.3	Cash Reserve Ratio	56
4.4	Loan and Advances to Total Deposit Ratio	57
4.5	Investment to Total Deposit Ratio	59
4.6	Current Deposit to Total Deposit Ratio	61
4.7	Fixed Deposit to Total Deposit Ratio	63
4.8	Saving Deposit to Total Deposit Ratio	64
4.9	Interest Expenses on Deposit Ratio	66
4.10	Net Profit Margin	68
4.11	Net Profit after Tax to Total Deposit Ratio	69
4.12	Return on Net Worth	71
4.13	Return on Total Assets	72
4.14	Earnings per Share	74

## **ABBREVIATIONS**

A.D.	:	Anno Domini
ATM	:	Automatic Teller Machine
C.B.B	:	Cash and Bank Balance
C.C	:	Correlation of Coefficient
C.D	:	Current Deposit
C.R.R.	:	Cash Reserve Ratio
C.V.	:	Coefficient of Variation
EAC	:	Earning Available to Common Share Holder
EBL	:	Everest Bank Limited
EPS	:	Earning per Share
GDP	:	Gross Domestic Product
HBL	:	Himalayan Bank Limited
IED	:	Interest Expenses on Total Deposit Ratio
IELTS	:	International English Language Test of Skill
KBL	:	Kumari Bank Limited
L.A.	:	Loan and Advance
Ltd.	:	Limited
NEPSE	:	Nepal Stock Exchange
NIBL	:	Nepal Investment Bank Limited
NPAT	:	Net Profit After Tax
NRB	:	Nepal Rastra Bank
P.E.	:	Probable Error
RBB	:	Rastriya Banijya Bank
S.D.	:	Standard Deviation
S.E.	:	Standard Error
SAT	:	Scholastic Attitude Test
SCBNL	:	Standard Chartered Bank of Nepal Limited

SEBON	:	Security Board of Nepal
SMS	:	Short Message Sending
SWIFT	:	Society for World Wide Inter Bank Tele Communication
T.D.	:	Total Deposit
TM	:	Treasury Management
TOEFL	:	Test of English as a Foreign Language