PERFORMANCE ANALYSIS OF NEPALESE COMMERCIAL BANKS THROUGH CAMEL APPROACH

Submitted By:

SABINA MAHARJAN

Roll No.:34/070

T.U.Registration No.: 7-2-366-17-2010

Exam Roll No.: 2710038

People's Campus

A Thesis Submitted to: Office of the Dean

Faculty of Management

Tribhuvan University

In partial fulfillment of the requirement for the Degree of

Master in Business Studies (M.B.S)

November 2019

RECOMMENDATION

This is to certify that the thesis:

Submitted by

Sabina Maharjan

Entitled:

PERFORMANCE ANALYSIS OF NEPALESE COMMERCIAL BANKS THROUGH CAMEL APPROACH

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

•••••

•••••

Bikash Shrestha

(Thesis Supervisor)

Dr. Gopal Krishna Shrestha (Head, Research Department) •••••

Chhatra Mangal Bajracharya (Campus Chief)

VIVA – VOCE SHEET

We have conducted the viva-voce examination of the thesis

Submitted By

Sabina Maharjan

Entitled

Performance Analysis of Nepalese Commercial Banks through CAMEL Approach

Has been found 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 Master's Degree in Business Studies (M.B.S.)

VIVA-VOCE COMMITTEE

Head, Research Department:	
Member (Thesis Supervisor):	
Member (External Expert):	

DECLARATION

I hereby declare that the work reported in the thesis entitle "**PERFORMANCE ANALYSIS OF NEPALESE COMMERCIAL BANKS THROUGH CAMEL APPROACH** "submitted to People's Campus, Faculty of Management, Tribhuvan University is my original work done in the form of partial fulfillment of the requirement of the Degree of Master of Business Studies (M.B.S) under the guidance and supervision of Bikash Shrestha of People's Campus, Tribhuvan University.

Sabina Maharjan People's Campus T.U.Regd. No.:7-2-366-17-2010 Exam Roll No.: 2710038

ACKNOWLEDGEMENT

I gratefully acknowledge the co-operation and assistance that I received from my worthy teachers. I am much indebted to my respected supervisor Mr. Bikash Shrestha, Peoples Campus . Who guided me all the way throughout the cram, their undying enthusiasm and vision culminated in amazing experience of this research, without this kind of support, guidance and super vision this work would not have come in present form.

My heartiest thanks also go to my husband Raj Prajapati for his valuable suggestions and Support for collecting various data's from different places.

I extend my special thanks to Mr. Sabin Maharjan Senior Supervisor Figaro Finances of for his kind support to provide valuable information for to complete this thesis work.

I am equally indebted to my parents for inspiring and encouraging me to study the MBS program.

Finally, I would like to thank my friends, relatives and family for their perpetual support.

Sabina Maharjan Date: November, 2019

TABLE OF CONTENTS

RECOMMENDATION	i
VIVA – VOCE SHEET	ii
DECLARATION	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENTS	v
LIST OF TABLES	vi
LIST OF FIGURES	vii
ABBREVIATIONS	viii
CHAPTER I	1
INTRODUCTION	1
1.1 Background of the study	1
1.2 Statement of the problem	5
1.3 Objective of the study	7
1.4 Organization of the study	7
CHAPTER II	8
REVIEW OF LITERATURE AND THEORETICAL SUB	RVEY 8
2.1. Review of literature	
2.2 Theoretical framework	
2.3 Research hypothesis	
CHAPTER III	29
RESEARCH METHODOLOGY	29
3.1. Research design	
3.2 Population and sample size	
3.3 Nature and source of data	

3.5.1 Mean	
3.5.2 Median	34
3.5.3 Mode	34
3.5.4 Standard deviation	35
3.5.5 Variance	35
3.5.6 Correlation	35
3.5.7 Regression	
3.6 Limitation of the study	

CHAPTER IV

DATA PRESENTATION & ANALYSIS OF	
4.1 Descriptive Statistics	47
4.2 Correlation analysisamong the variables under study	50
4.3 Regression analysis	58

CHAPTER V

SUMMARY & CONCLUSION	61
5.1 Summary of major findings	61
5.2 Conclusions	64
REFERENCES	

LIST OF TABLES

1.1 Summary of theoretical and empirical review	8
1.2 List of selected commercial banks	30
4.1 Structure and pattern of capital adequate ratio in selected banks	39
4.2 Structure and pattern of asset quality ratio in selected banks	40
4.3 Structure and pattern of management efficiency ratio in selected banks	42
4.4 Structure and pattern of earning quality ratio in selected banks	43
4.5 Structure and pattern of liquidity ratio in selected banks	44
4.6 Structure and pattern of ROA ratio in selected banks	45
4.7 Structure and pattern of ROE ratio in selected banks	46
4.8 Table summary of descriptive statistics	47
4.9 Summary of descriptive statistics of joint venture, private and	
government commercial bank.	48
4.10 Pearson's correlation coefficients for all the sample banks	50
4.11 Pearson's correlation coefficients for the joint venture commercial bank	51
4.12 Pearson's correlation coefficients for the private commercial bank	52
4.13 Pearson's correlation coefficients for the government commercial bank	53
4.14 Pearson's correlation coefficients for all the sample banks	54
4.15 Pearson's correlation coefficients for the joint venture commercial bank	55
4.16 Pearson's correlation coefficients for the private commercial bank	56
4.17 Pearson's correlation coefficients for the government commercial bank	57
4.18 Regression analysis ^a	58
4.19 Regression analysis ^b	59

LIST OF FIGURES

Figure 1.1: Conceptual Framework

22

LIST OF ABBREVIATIONS

AQR	Assets Quality Ratio
BIS	Bank of International Settlements
CAEL	Capital, Assets, Earning, Liquidity
CAMEL	Capital, Assets, Management, Earning, Liquidity
CAMELS	Capital, Assets, Management, Earning, Liquidity, Sensitivity
CAR	Capital Adequacy Ratio
EBL	Everest Bank Limited
EQR	Earning Quality Ratio
FIS	Financial Instituions
HBL	Himalayan Bank Limited
LBL	Laxmi Bank Limited
LR	Liquidity Ratio
MER	Management Efficiency Ratio
NBL	Nepal Bank Limited
NIBL	Nepal Invetment Bank Limited
NRB	Nepal Rastra Bank
NSBI	Nepal SBI Bank Limited
PCA	Prompt Corrective Action
RBB	Rastriya Banijya Bank Limited
ROA	Return on Assets
ROE	Return on Equity