

**FINANCIAL RATIO ANALYSIS OF JOINT VENTURE  
COMMERCIAL BANKS**

**(With Reference to Nepal SBI Bank Ltd. and Everest Bank Ltd.)**

**A THESIS**

*Submitted by:*

**Sunita Khanal**

**Patan Multiple Campus**

**Campus Roll No. 93/061**

**T.U. registration No-23466-87**

**Exam Roll No.1403**

*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 ( M,B.S.)**

**Patan, Lalitpur**

**April, 2012**

**RECOMMENDATION**

This is to certify that the thesis

*Submitted by:*

**Sunita Khanal**

*Entitled:*

**FINANCIAL RATIO ANALYSIS OF JOINT VENTURE**

**COMMERCIAL BANKS**

**(With Reference to Nepal SBI Bank Ltd. and Everest Bank Ltd)**

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

.....

.....

.....

(Rakesh Chandra Mishra)  
Thapa)

(Bishnu Gopal Khimbaja)

(Baburam Singh

Thesis Supervisor

Coordinator – MBS Program

Asst. Campus Chief

Date:.....

## VIVA-VOCE SHEET

We have conducted the viva-voce examination of the thesis

*Submitted by:*

**Sunita Khanal**

*Entitled:*

**FINANCIAL RATIO ANALYSIS OF JOINT VENTURE  
COMMERCIAL BANKS**

**(With Reference to Nepal SBI Bank Ltd. and Everest Bank Ltd)**

*And found the thesis is to be the original work of the student and written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirements for Master's Degree of Business Studies (M.B.S.)*

### VIVA-VOCE COMMITTEE

Head, (Research Department)

.....

Member, (Thesis Supervisor)

.....

Member, (External Expert)

.....

Date:.....

## **DECLARATION**

I hereby declare that the work reported in this thesis entitled "**A Study on Ratio Analysis of Joint Venture Commercial Banks**"(With Reference to **Nepal SBI Bank Limited and Everest Bank Limited**) submitted to Office of the Dean, faculty of management, T.U, is my original work in the form of partial fulfillment of the requirements for the Master's Degree in Business Studies (MBS) under the supervision of Rakesh Chandra Mishra, Patan Multiple Campus.

**Date: 2068 /12 /24**

**Sunita Khanal**  
**Researcher**  
**Patan Multiple Campus**

## **ACKNOWLEDGEMENTS**

This thesis work could not have been completed without the support and co-operation of many individuals and organizations.

First and foremost, I wish to express my sincere and deep sense of gratitude to thesis supervisor **Rakesh Chandra Mishra**, Patan Multiple Campus, for his valuable suggestions, encouragement and guidance while supervising my thesis work. He has provided me much of his precious time till the completion of this work. His suggestions and guidance will help me to progress in my working life.

I am also grateful to all the professors, lecturers, as well as all the administrative staff of the Patan Multiple Campus who supported me to finalize this thesis.

I express my gratitude to the staff of Everest bank Ltd. and Nepal SBI Bank Ltd. for providing me necessary information.

I would like to express sincere gratitude to my parents, Shree Ram Sharma Pyakurel / Mandakini Pyakurel, my husband, Arun Khanal and my daughters, Anupama Khanal and Shabnam Khanal who encouraged and supported me for every walk of life, without their support I could not have completed my Master's Degree. I am also grateful to my friend Ms. Sarina Vaidya who helped me to gather information and to complete this thesis.

Needless to say, to error is human being. I am not exception from it. So I am responsible for some deficiencies that may have remained in this work.

**Sunita Khanal**

Researcher

Patan Multiple Campus

## TABLE OF CONTENTS

<u>Particulars</u>	<u>Page No.</u>
Viva-Voce Sheet	
Recommendation	
Declaration	
Acknowledgement	
Table of contents	
List of Tables	
List of Figure	
Abbreviations	
<b>CHAPTER- I</b>	
<b>INTRODUCTION</b>	<b>1-8</b>
1.1 Background of the Study	1
1.2 Statement of Problem	5
1.3 Objectives of the Study	7
1.4 Significance of the Study	7
1.5 Limitations of the Study	7
1.6 Organization of the Study	8
<b>CHAPTER- II</b>	
<b>REVIEW FO LITERATURE</b>	<b>9-36</b>
2.1 Theoretical Review	9
2.2 Review of Articles and Journals	30
2.3 Review of Related Dissertation	33
<b>CHAPTER- III</b>	

**RESEARCH METHODOLOGY 37-43**

3.1 Research design	37
3.2 Sample and Population	38
3.3 Nature and Sources of Data	38
3.4 Methods of Data Analysis	38

**CHAPTER- IV**

**PRESENTATION AND ANALYSIS OF DATA 44-78**

4.1 Analysis of Ratios	44
4.2 Statistical Analysis	71
4.3 Major Findings	77

**CHAPTER- V**

**SUMMARY, CONCLUSION AND RECOMMENDATIONS 79-84**

5.1 Summary	79
5.2 Conclusions	81
5.3 Recommendations	83

**BIBLIOGRAPHY**

**APPENDIX**

## **LIST OF TABLE**

<b>Table. No.</b>	<b>Title of Tables</b>	<b>Page No.</b>
Table No. 4.1	Current Ratio Analysis	45
Table No. 4.2	Cash and Bank Balance to Total Deposit	48
Table No. 4.3	Total Credit to Total Deposit	51
Table No. 4.4	Total Investment to Total Deposit	54
Table No. 4.5	Performing Assets to Total Assets	56
Table No. 4.6	Return on Total Assets	58
Table No. 4.7	Return on Total Deposit Ratio	60
Table No. 4.8	Return on Risky Assets	63
Table No. 4.9	Interest on Total Assets	65
Table No. 4.10	Shareholder's Fund to Total Deposit	68
Table No. 4.11	Shareholder's Fund to Total Assets	70
Table No. 4.12	Total Deposit and Total Investment	72
Table No. 4.13	Total deposit and Total Performing Assets	73
Table No. 4.14	Trend Value of Net Profit	74
Table No. 4.15	Trend Value of Total Deposit	75
Table No. 4.16	Trend Value of Total Credit	76



## **LIST OF FIGURE**

<b>S. No.</b>	<b>Title of Figure</b>	<b>Page No.</b>
Figure No. 4.1	Current ratio analysis	46
Figure No. 4.2	Cash and bank balance to total deposit	49
Figure No. 4.3	Loan and advance to total deposit	52
Figure No. 4.4	Total investment to total deposit	55
Figure No. 4.5	Performing assets to total assets	57
Figure No. 4.6	Return of total assets	59
Figure No. 4.7	Return of total deposit	61
Figure No. 4.8	Return of risk assets	64
Figure No. 4.9	Interest earned to total assets	66
Figure No. 4.10	Shareholder's fund to total deposit	69
Figure No. 4.11	Shareholder's fund to total assets	71

## Abbreviation

A/R	- Account Receivable
ACP	- Average Collection Period
AD	- Anno Domini
AR	- Average of Ratio
BS	- Bikram Sambat
CR	- Current Ratio
EBL	- Everest Bank Limited
F/Y	- Fiscal Year
IETA	- Interest Earning to Total Assets
ITDR	- Investment to Total Deposit Ratio
LADTR	- Loan and Advance to Total Deposit Ratio
Ltd.	- Limited
NG	- Nepal Government
NSBL	- Nepal SBI Bank Limited
PATDR	- Performing Assets to Total Deposit Ratio
PE	- Probable Error
PEr	- Probable Error
r	- Correlation Coefficient
ROA	- Return on Total Assets
ROI	- Return on Investment
ROTD	- Return on Total Deposit
RRAR	- Return on Risky Assets Ratio
SFTAR	- Shareholder's Fund to Total Assets Ratio
TCTDR	- Total Credit to Total Deposit Ratio
TU	- Tribhuvan University