

**FINANCIAL PERFORMANCE STATUS  
OF  
NEPAL SBI BANK AND EVEREST BANK LIMITED**

**A THESIS**

**Submitted By:**

Puspa Manandhar

T.U. Regd. No: 7-1-38-1169-97

Campus Roll No:

**Submitted To:**

Office of the Dean

Faculty of Management

Tribhuvan University

In Partial Fulfillment of the Requirement for the Degree

**Master's of Business Studies (M.B.S.)**

Kathmandu, Nepal

February, 2012

## **RECOMMENDATION**

This is to certify that the thesis

*Submitted By:*

**Puspa Manandhar**

*Entitled:*

**FINANCIAL PERFORMANCE STATUS**

**OF**

**NEPAL SBI BANK AND EVEREST BANK LIMITED**

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

.....	.....	.....
Dr. Shilu M. Bajracharya	Prof. Bisheshwor Man Shrestha	Asso. Prof.Ruchila Pandey
(Thesis Supervisor)	(Head Research Department)	(Active Campus Chief)

## **VIVA-VOCE SHEET**

We have conducted the Viva-Voce examination of the thesis presented

*Submitted By*

Puspa Manandhar

*Entitled:*

**FINANCIAL PERFORMANCE STATUS**

**OF**

**NEPAL SBI BANK AND EVEREST BANK LIMITED**

And found the thesis to be original work of the student and written in accordance to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirements for **Master Degree of 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 this thesis entitled “Financial Performance Status Of Nepal SBI Bank And Everest Bank Limited” submitted to Shanker Dev Campus, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of requirement for the Master’s Degree in Business Studies (M.B.S) under the supervision of Dr. Shilu M. Bajracharya of Shanker Dev Campus.

**Puspa Manandhar**

**Researcher**

T.U. Regd. No: 7-1-38-1169-97

Campus Roll No:

## **ACKNOWLEDGEMENT**

I express my sincere gratitude to all the authors and learned personalities, whose writings have been cited in this study. I also express my sincere gratitude to those authors whose writings though are not cited but helped and inspired me in making my vision clear and reaching on conclusion.

I extend my deep sense of indebtedness to my respected supervisor **Dr. Shilu M. Bajracharya** for his precious guidelines, inspiration and suggestion thoroughly during the period of this research. Without his valuable insight, I would not think of accomplishment of this thesis. I acknowledge my profound gratitude to the personnel of Nepal SBI Bank & Everest Bank Limited for the cooperation shown and providing necessary data.

I want to give thanks for the staff members of T.U. Central Library, Shanker Dev Campus Library who provided the reference and reading materials during the period of research.

Finally, I would like to express my sincere gratitude to all my family members, all my friends for their assistance, timely encouragement in every step.

Thank you.

**Puspa Manandhar**

# TABLE OF CONTENTS

	<b>PAGE NO.</b>
Recommendation	
Viva-Sheet	
Declaration	
Acknowledgement	
Table of Contents	
List of Table	
List of Figure	
Abbreviations	
<b>CHAPTER-I INTRODUCTION</b>	<b>1-10</b>
1.1 Background of Study	1
1.2 Statement of the problem	3
1.3 Objective of the study	4
1.4 Significance of the study	5
1.5 Limitations of the study	5
1.6 An Introduction of the sampled Banks	6
1.6.1 Nepal SBI Bank	6
1.6.2 Everest Bank	7
1.7 Organizing the study	9
<b>CHAPTER-II REVIEW OF LITERATURE</b>	<b>10-32</b>
2.1 Conceptual framework	12
2.1.1 Concept of Bank	12
2.1.2 Concept of Commercial Bank	13
2.1.3 Function of Commercial Bank	14
2.1.4 Concepts of Joint Venture Banks	16

2.1.5	Role of JVBs in Nepal	16
2.1.6	A Profile of Joint Venture Banks in Nepal	18
2.1.7	Financial Analysis	18
2.2	Review of related studies	20
2.3	Review of Previous Thesis	26
<b>CHAPTER-III RESEARCH METHODOLOGY</b>		<b>37-58</b>
3.1	Research Design	33
3.2	Population and Sample	34
3.3	Sources of Data	34
3.3.1	Data Collection Procedure	34
3.4	Data Processing	35
3.5	Method of Data analysis	36
3.5.1	Financial tools	36
3.5.1.1	Ratio analysis	36
3.5.1.1.1	Liquidity Ratios	37
3.5.1.1.2	Leverage Ratio	40
3.5.1.1.3	Capital Adequacy Ratio	42
3.5.1.1.4	Turnover Ratio	44
3.5.1.1.5	Asset Quality Ratio	46
3.5.1.1.6	Profitability Ratio	48
3.6.1	Other indicators	51
3.5.1.1	Income and Expenditure Analysis	54
3.5.2.2	Variance	55
3.5.2.3	Standard deviation	55
3.5.2.4	Coefficient of variation	55
3.5.2.5	Karl Person's coefficient of correlation	56
3.5.2.6	Probable error of correlation coefficient	57
3.5.2.7	Least square linear trend	57

<b>CHAPTER-IV ANALYSIS AND INTERPRETATION OF DATA</b>	<b>59-118</b>
4.1 Ratio Analysis	59
4.1.1 Liquidity Ratios	60
4.1.2 Leverage ratios	64
4.1.3 Capital Adequacy ratio	67
4.1.4 Turnover ratios	70
4.1.5 Asset quality ratios	74
4.1.6 Profitability ratios	77
4.1.7 Others indicators	83
4.1.7.1 Earning per share (EPS)	83
4.1.7.2 Dividend per share (DPS)	84
4.1.7.3 Tax per share (TPS)	85
4.1.7.4 Dividend payout ratio (DPR)	85
4.1.7.5 Price-earnings ratio	86
4.1.7.6 Market value per share to book value per share (MVPS/BVPS)	87
4.2 Income and Expenditure Analysis	87
4.2.1 Income analysis	88
4.2.2 Expenses analysis	91
4.3 Correlation Analysis	94
4.4 Least Square liner Trend Analyses	100
4.5 Major Findings	113
<b>CHAPTER – V SUMMARY, CONCLUSION AND RECOMMENDATION</b>	<b>119-128</b>
5.1 Summary	119
5.2 Conclusion	119
5.3 Recommendation	120
<b>BIBLIOGRAPHY</b>	
<b>APPENDIX</b>	



## **LIST OF TABLE**

<b>TABLE</b>	<b>TITLE</b>	<b>PAGE NO.</b>
Table2.1	Brief profile of joint venture banks in Nepal	18
Table 4.1	Deposit Forecasting of NSBIBL & Everest Bank	101
Table 4.2	Forecasting of Loan and advance	104
Table 4.3	Trend value of Net worth	106
Table 4.4	Forecasting of Investment	104
Table 4.5	Forecasting of Net Profit	109
Table 4.6	Forecasting of EPS	110
Table 4.7	Forecasting of MVPS	112

## **LIST OF FIGURES**

<b>FIGURE</b>	<b>TITLE</b>	<b>PAGE NO.</b>
Figure 4.1	Deposits Forecasting of NSBIBL & Everest Bank	102
Figure 4.2	Forecasting of Loan and advance	104
Figure 4.3	Trend Value of Net Worth	105
Figure 4.4	Forecasting of Investment	108
Figure 4.5	Forecasting of Net Profit	109
Figure 4.6	Forecasting of EPS	117
Figure 4.7	Forecasting of MVPS	112

## ABBREVIATIONS

%	:	Percentage
&	:	And
A.D	:	Anno Domini
A/C	:	Account
ADBL	:	Agriculture Development Bank
B.S	:	Bikram Sambat
BIS	:	Bank for International Settlement
BVPS	:	Book Value per Share
C.V	:	Correlation of Variation
DPR	:	Dividend Payout Ratio
DPS	:	Dividend per Share
EAC	:	Earning Available to Common Shareholder
EBL	:	Everest Bank Limited
EPS	:	Earning Per Share
FY	:	Fiscal Year
GON	:	Government of Nepal
HBL	:	Himalayan Bank Limited
i.e.	:	That is
JVBs	:	Joint Venture Banks
Ltd.	:	Limited
MBS	:	Master of Business Studies
MVPS	:	Market Value per Share
NGO	:	Non Government Organization
NO.	:	Number
NPAT	:	Net Profit after Tax
NRB	:	Nepal Rastra Bank

NSBIBL	:	Nepal State Bank of India Bank Limited
P/ER	:	Price-Earning Ratio
Pvt.	:	Private
S.D	:	Standard Deviation
T.U	:	Tribhuvan University
TPS	:	Tax per Share
USA	:	United States of America
Vol.	:	Volume
Yrs.	:	Years