

CHAPTER – 1

Introduction

1.1 Background of the Study

Bank means an institution, which transact with money and money's worth. In today's world everyone is aware of bank and using banking services. In other world bank is an institution which deals with money by accepting various types of deposits, disbursing loan and rendering various types of financial services. The basic function of bank is to collect deposits as much as possible from customers and mobilize it into the most preferable and profitable sector like industry, commerce, agriculture, entertainment etc. Many people have defined bank in various way. Some of which are as follows:

The definition derived from Wikipedia, the free encyclopedia “ A **bank** is a financial institution and a financial intermediary that accepts deposits and channels those deposits into lending activities, either directly or through capital markets. A bank connects customers with capital deficits to customers with capital surpluses.”

The definition of a bank varies from country to country, however it also defines below examples of statutory definitions, which reflects the function of bank and it's transactions.

"Banking business" means the business of receiving money on current or deposit account, paying and collecting cheques drawn by or paid in by customers, the making of advances to customers, and includes such other business as the Authority may prescribe for the purposes of this Act; (Banking Act (Singapore), Section 2, Interpretation).

"Banking business" means the business of either or both of the following:

1. receiving from the general public money on current, deposit, savings or other similar account repayable on demand or within less than [3 months] ... or with a period of call or notice of less than that period;
2. paying or collecting checks drawn by or paid in by customers

According to Kent “A bank is an organization whose principle operations are concerned with the accumulation of temporarily idle money of the general public for the purpose of advancing to the other for expenditure”.

According to Crowther, The bank collects money from those who have it to spare or who are saving it out of their incomes, and it lends this money to those who require it.”

Chamber’s twentieth century dictionary defines a bank as an “institution for keeping, lending and exchanging, etc. of money”.

There are various concepts among economist about origin off the word “Banking”. The term “Bank” derived from Latin word “Bancus” which refers to the bench on which the bankers would keep its money and records. Some persons trace its origin to the French word “banque” and Italian word “Banco” which means a bench for keeping, lending and exchanging of money in the market.

The basic finance functions must be performed in all types of organizations and in all types of economic system. The key finance functions are the investment, financing and dividend decisions of an organization. Financial analysis is the process of identifying the financial strength and weakness of the organization. It is the process of findings details accounting information given in the financial statement. It is performed to determine the liquidity, solvency, efficiency and profitability position of an organization.

Financial plans may take many forms, but any good plan must be related to firm’s existing strengths and weakness. The strength must be understood if they are to be

used to proper advantage, and the weakness must be recognized if corrective action is to be taken.

While visiting history of Bank, some part of banking was traced during the civilization of Greek, Rome and Mesopotamia. Merchant goldsmith and moneylender is the ancestor of modern banking. Marshall said that ancient Greece temple act as storehouses for the precious metals where the banking activities were carried on. The bank called the “Bank of Venice” was established in Venice, Italy in 1157 A.D. The Bank of Barcelona and bank of Genoa were established in 1401 and 1407 A.D. respectively. In England the banking began with English goldsmith only after 1640 A.D. The bank of Amsterdam was the great bank in 17th century. In the context of Nepal the history of banking in Nepal is believed to be started from the time of Prime Minister Ranoddip Singh in 1877 A.D. He introduced many financial and economic reforms. The Tejaratha Adda was established at that time and its basic purpose was to provide credit facilities to the general public at a very concessional interest rate. The Tejarath Adda disbursed credit to the people on the basis of collateral of gold and silver. All employees of government were also eligible for this type of loan, which was settled by deducting from their salary. Tejaratha Adda extended credit only; it did not accept deposits from the public.

But the real banking started with the establishment of Nepal bank limited in 1994 B.S which was founded by Judda Samsher. It was the first bank of Nepal. Its main function was to provide loans and accept deposits. Later Nepal Rastra Bank was established as a central bank in 2013 B.S. The bank was completely government ownership bank and it also started to issues notes since 2016 B.S. Then after, several commercial banks have been established in the recent years

Standard Chartered Bank Nepal Limited (SCBNL) which was formerly known as Nepal Grindlays Bank was established in 1987 A.D. as a second foreign joint venture bank under Company Act. It’s ownership is 75% of the share held by Standard Chartered bank, 25% of shares by local ownership. The bank is in a position to

service customer through large domestic network. In addition to which the global network of Standard Chartered gives the bank the unique opportunity to provide truly international banking in Nepal. SCBNL focuses mainly on corporate and consumer banking, catering to a wide range of customers. The bank is pioneer in introducing customers focused product and services in the country.

Himalayan Bank Limited (HBL) was established in 1991 A.D. with joint venture of Habib Bank Limited Pakistan. It is the first commercial bank of Nepal with maximum share holding by the Nepalese private sector. Besides commercial activities, the bank also offers industrial and merchant banking. Himalayan Bank's policy is to extent quality and personalized service of its customers as promptly as possible. Himalayan Bank is committed to be a "Banking with a difference"

Everest Bank Limited (EBL) was established in 1994 A.D. with a view to extend professional and efficient banking service to various segment of the society. EBL joined hands with Punjab National Bank (PNB), India as its joint venture partner in 1997. PNB is the largest public bank of India having 133 years of banking history. PNB is technology driver banking serving over 35 billion customer through a network of over 4500 branches spread all over the country with a total business of around INR 2178.74 billion. EBL bank has been conferred with "Bank of the Year 2006, Nepal" by the banker, a publication of financial items, London. The bank was bestowed with the "NICCCI Excellence Award" by Nepal India chamber of commerce for its fabulous performance under finance sector. The local Nepalese promoters held 50% stake in the bank's equity, while joint venture partner PNB contributes 20% of equity and public holds 30%.

The focus of the study is financial performance of Nepalese Commercial Bank. Financial performance covers the financial analysis and other portfolios of the Nepalese selected commercial banks, Standard Chartered Bank Nepal Limited, Himalayan Bank Limited and Everest Bank Limited are taken for the study. The selected banks stood on the top by it's performance among commercial banks in

Nepal. Financial performance covers the financial analysis and other portfolio of SCBNL, HBL and EBL. Financial analysis is the process of determining the significant operating and financial characters of firm from accounting data and financial statements.

1.2 Statement of the Problem

Financial performance analysis is the main indicator of the success or failure of any financial institution and commercial banks. Financial condition of the business firm should be sound from the viewpoint of shareholders, debenture holders, financial institution and nation as a whole. The survival of the existing commercial bank and other financial institution depend upon how they manage their assets and liabilities to maximize their profits with the maximum exposure of assets to risk and are guided by three important conflicting criteria if solvency, liquidity and profitability.

As we know that the objective of commercial bank is profit maximization by mobilization of resources they have. But if the bank fails to collect adequate deposit then it loses profitable opportunities and hence fails to generate profit. If the bank is not able to collect sufficient deposits it must make some permanent change in its policies otherwise it will raise the question of its survival in this highly competitive environment on commercial sector.

In order to attract sufficient number of depositors, i.e. from the view point of quantity and quality, the bank should analyze their position in cash collection and trend of deposit in their bank. The above quantity and quality means that the depositors should be attracted to deposit more volume of cash not just more number of depositors with small amount of cash balance. The quantity and quality of depositors with small amount of cash balance. The quantity and quality of depositors should be taken in consideration with implementing cash collection policy.

Thus the present study seeks to explore the efficiency and weakness of proposed bank.

-) How much the bank successful to convert available resources into investment?
-) To what extent proposed bank has been able to raise their profitability?
-) What are the major components that affect the operating income of the bank?
-) Is the bank efficient for managing its financial activities likes liquidity, assets and activity?

1.3 Objective of the Study

The main objective of the study is to analyze, examine and compute financial performance of SCBNL, HBL and EBL. In this study we will judge the financial health of firm. We also analyze the profitability of the organization undertaking. To measure liquidity, profitability and solvency position is our other target. To examine and evaluate return on investment is other objective.

The specific objectives of the study are

-) To analyze and compare the financial strength and weakness of sample financial institutions i.e. SCBNL, HBL and EBL.
-) To measure liquidity, leverage, profitability and ownership of the banks.
-) To provide suggestion for the improvement of sample banks, SCBNL, HBL and EBL.

1.4 Significance and Focus of the Study

The importance and contribution of finance and financial institution are essential for the growth of any economy and country. Finance serve as fuel for providing energy to more tempo economic development. This study not only fulfils the TU's course of MBS but also provide the knowledge about financial performance of SCBNL, HBL and EBL. This study is also significant to those who are excited to know about

SCBNL, HBL & EBL. The study enlightens the shareholders about the financial performance of their respective banks. This helps them to know whether their investment was better utilized or not. This study helps the management of respective banks for self assessment of what they have done in the past and guides them in their future plans and program. Policy makers at the macro level that is government and Nepal Rastra Bank will also benefit for the formulation of further policies in regards to economic development through banking institution.

1.5 Limitation of the Study

This study will be made for the partial requirement of MBS. This research will be mainly concerned with the financial performance of the selected commercial banks. However, the study may have the following limitations.

-) The study covers only a five years period
-) The whole study is focus on only three commercial banks
-) Because of times constraints, constraints of financial resources and lack of research materials, the study may not cover all the requirement of subject matter.
-) The study will be partially based on secondary data. Therefore the accuracy of the calculation is fully dependent on the accuracy of data provided and published by the organizations.

1.6 Organization of the Study

This study will be divided into five broad chapters that are as follows. The titles of each chapter are summarized and the contents of each of these chapters of this study are briefly mentioned here:

The first chapter of introduction chapter which consists of the introduction framework of the study that includes background and history of bank, profile of the sample

banks, focus of study, statement of problem, objectives, significance, and limitation of the study. The second chapter is mainly focused with literature review that includes a discussion on the conceptual framework and major relevant studies. Review of literature refers to review research studies or other relevant propositions in the related area of the study so that all past studies, their inclusions and deficiencies may be familiar and further research can be conducted. Chapter three explains the research methodology used in the study which includes research design, sources of data, population and sampling size, data processing procedure and statistical tools used for the analysis of data. The research methodology considers the logic behind the methods that used in the context of research study and explain why particular method or technique is used. The fourth chapter focused of the study which deals with presentation analysis of data. Data presentation and analysis refers to data processing comprise of editing, coding, categorization and tabulation of the data collected. The fifth chapter contains findings in aggregate, conclusion drawn through the findings and the recommendations. Besides this Bibliography and Appendices will be attached at the end of study.

CHAPTER – 2

Review of Literature

Review of literature is the study of previous research or articles or books in related field for findings the past studies conclusion and deficiencies that may be known for further research. In other words we can say that the review of literature is basically a stock taking of available literature in the field of research. It supports the researcher to explore the relevant and true facts for the reporting purpose in the field of study. Review of exiting literature would help the researcher to find out what studies have been conducted and what remaining to go with.

According to Wikipedia, the free encyclopedia a literature review is a body of text that aims to review the critical points of current knowledge including substantive findings as well as theoretical and methodological contributions to a particular topic. Literature reviews are secondary sources, and as such, do not report any new or original experimental work.

Most often associated with academic-oriented literature, such as a thesis, a literature review usually precedes a research proposal and results section. Its ultimate goal is to bring the reader up to date with current literature on a topic and forms the basis for another goal, such as future research that may be needed in the area.

A well-structured literature review is characterized by a logical flow of ideas; current and relevant references with consistent, appropriate referencing style; proper use of terminology; and an unbiased and comprehensive view of the previous research on the topic.

According to Wolf & Pant “The purpose of the reviewing the literature is to develop some expertise in one’s area to see what new contribution can be made to review some idea for developing research design. Several books, journals and articles and thesis have been reviewed while preparing the review of literature. This portion has been divided into two parts.

2.1 Conceptual frame work

2.2 Review of related studies

2.1 Conceptual Frame work

This heading is also categorized under different headings which are discussed as below:

a) Concept of Financial Performance Analysis

The basic finance functions must be performed in all types of organizations and in all types of economic system. The key finance functions are the investment, financing and dividend decisions of an organization. Financial analysis is the process of identifying the financial strength and weakness of the organization. It is the process of finding details accounting information given in the financial statement. It is performed to determine the liquidity, solvency, efficiency and profitability position of an organization.

Financial plans may take many forms, but any good plan must be related to firm’s existing strengths and weakness. The strength must be understood if they are to be used to proper advantage, and the weakness must be recognized if corrective action is to be taken.

Metcalf and Tittard say’s Analyzing financial performance is a process of evaluating financial statement to obtained better understand of a firm’s position and performance” .

Analysis of financial statement is preferred to take managerial and financial decision. So we can say that financial analysis means a general term referring to the process of

extracting and studying information is financial statements for use in management decision making. The growth and development of an enterprise is fully affected by financial performance and financial performance of an enterprise is correct when true facts and figure is sort out.

b) Concept of Commercial Bank

Specially, commercial bank deals with the activities of trade, commerce industry and agriculture. The main objective of commercial bank is to mobilize ideal resources in productive area after collecting them from scattered sources for profit maximization. Banking is an institution, which deals with money credit. It accepts deposits from public, make fund available to those who need them and helps in remittance of fund from one place to another. They perform several financial monetary and economic activities

The role of commercial banks:

Commercial banks engaged in the following activities:

-) Processing of payments by way of telegraphic transfer, EFTPOS, interest banking or other means.
-) Issuing bank drafts and bank cheque.
-) Accepting money on term deposit.
-) Lending money by way of overdraft, installment loan or otherwise
-) Providing documentary and standby letter of credit, guarantees, performance bonds, securities underwriting commitments and other forms of off balance sheet exposures.
-) Safekeeping of documents and other items in safe deposit boxes
-) Currency exchange

c) Functions of Commercial bank

Basically, Commercial Bank's function can be categorized into two types:

- a) Primary function
 - b) Secondary function
- a) Primary function

The following functions are recognized under Primary function.

a.1 Acceptance of deposit

An important function of commercial bank is to attract deposit from the public. Those people who want to keep their money safe deposit in the bank, Commercial bank accepts deposits from every class and takes responsibility to repay the deposit in the same currency whenever they are demanded by the depositors. Hence one of the primary functions of commercial bank is acceptance of deposits.

a.2 Lending

Another function of commercial bank is to make loans an advance of deposit received in various forms. Bank apply the accumulated public deposits to productive use by way of loans and advance, overdraft and cash credit against approved security.

a.3 Investment

Now a days commercial banks are also involved in the investment activities. Generally investment means long term and mid-term investments.

b) Secondary function

Secondary functions are two types:-

b.1 Agency Service:

-) Collection and payments of cheque
-) Standing Instruction

-) Acting as correspondence
-) Collecting and payment of utility bills – electricity, gas, telephone, mobile etc.
-) Purchase & sales of stocks/share – act as a banker to issue

b.2 Miscellaneous or General Services:

-) Safe custody
-) Lockers – Trustee
-) Remittance facilities - DD, TT, MT and PO
-) Advisory Services
-) Providing Credit Reports
-) Opening L/C
-) Demand ForEx/ Travelers Cheque
-) Compete service in Foreign Trade
-) Other Services: Debit card, Credit card, on-Line Banking, SMS Banking
-) Creation of Credit: a multiplier effect, deposit creates credit and credit creates deposits - derivative deposit.

Beside these activities, commercial bank may perform further tasks, all its activities are guided by its authority for the betterment of the company or for society.

d. Concept of Joint Venture Bank

A joint venture is an association of two or more persons or enterprises to make the operation highly effective with their collective effort. Joint Venture Banks are the commercial banks formed the two or more enterprises for the purpose of carrying out specific operation such as investment in trade, business and industry as well as in the

form of negotiation between various groups of industries or traders to achieve mutual exchange of goods and services.

Joint venture banks (JVB) is an innovation in finance and it is growing stage, mostly in developing country, foreign investment plays a significant role for economic development by flowing capital, technology, skills, managerial efficiency and others.

When two or more than two independent firms mutually decide to participate in a business venture, contribute to the total equity more or less capital and establish a new organization, it is known as Joint Venture. Joint venture banks have been contributing a lot towards the promotion and expansion of both export and import trade. They provide both pre-shipment and post-shipment finance to exporters. In this way, JVBs are successful to bring healthy competition among banks, increase in foreign investment, promote and expand import export trade, introduce new techniques and technologies. A joint venture is an association of two or more persons or parties having exceptional advantages in specific operation is undertaken to make the operation highly remunerative with their collective efforts. In 1980's government introduced "Financial Sector Reforms" which facilitated the establishment of Joint Venture Banks, which gave a new horizon to the Nepalese Banking Sector. Joint Venture Bank, especially with foreign banks, was expected to bring technology; modern management as well as foreign capital in banking industry besides export and import trades. Since these banks being new, urban based and run by foreign management, they started their operations with the accumulated system which could attract the elite group of business community due to their prompt service, modern management.

2.2 Reviews of Related Studies

a) Review of Books

Baye and Jansen through their book Money, Banking and Financial Markets have tried to analyze a bank's profitability under an economic approach. They state to maximize profits; bank should attract the interest rate paid on deposits.

Banks earn interest on loans and investments, they pay interest to depositors, when interest rate sensitive assets and liabilities. If, for example, a bank holds more rate sensitive assets and liabilities when interest rates rise, profits will be improved because the bank will receive more in increased interest revenue than it will pay out in rising costs. The reverse would be true during a period of falling interest rates.

Crosby puts it this way, Lending is the essence of commercial banking and consequently the formulation and implementation of sound policies are among the most important responsibilities of bank directors and management. Well conceived lending policies and careful lending practices are essential if a bank is to perform its credit creating function effectively and minimize risk inherent in any extension of credit.

In other works of S. P. Singh & Singh, the investment (credit) policies of banks are conditioned, to a great extent, by the national policy framework, every banker has to apply his own judgment for arriving at a credit decision, keeping of course his banker's credit policy also in mind.

b) Review of Master's Degree Thesis

Adhikari (2000), in the thesis "A Comparative Study of Financial Performance of Nepal SBI Bank Limited (NSBIBL) and Everest Bank Limited (EBL)" concludes that EBL is found superior regarding the liquidity, quality assets they possessed and capital adequacy overall capital structure of NSBIBL appears more levered than that of EBL. But NSBIBL is found superior in terms of profitability and turnover comparatively interest remained more dominant in the total income and expenses of NSBIBL than that of EBL.

Regarding the test of hypothesis is (at 5% level of significance) the performance of the sampled banks significantly different with respect to the ratios, loan and advances to saving deposit interest earned to total assets and tax per share correlation analysis signifies that EBL is successful to utilize its resources more efficiently than NSBIBL.

Subedi (2002), in his thesis “A Comparative Study of Financial Performance between Himalayan Bank Limited (HBL) and Everest Bank Limited (EBL)” has concluded that the current ratio of EBL is greater than that of HBL. The variability of the ratios of HBL is more uniform than that of EBL.

The liquidity of bank may be affected by external and internal factors such as interest rates, supply and demand position of loans and saving to investment situation, HBL has maintained the ratio of cash and bank balance to total deposit considerably lower than that EBL comparatively HBL. Comparatively HBL profitability position is better than that of EBL. Profitability ratios like return on total assets, return on total deposits are not satisfactory in the both banks. HBL has lower capital adequacy ratio in comparison to directive issued by NRB. HBL loan and advances to total deposit ratio are significantly lower than that of EBL.

Basnet (2005), has conducted a research on a topic “A Comparative Study on financial performance between the commercial banks”. The study had covered only two banks i.e. NB Bank and Nepal SBI Bank. He had mainly focused on this study in examining the financial performance of these two banks. Time period covered by the research was five years from fiscal year 1998/99 to 2002/03. Necessary data was based on secondary sources of data.

In this research, Mr. Basnet had pointed out some remarkable findings. Liquidity analysis indicates the banks did not maintain sufficient liquidity. The efficiency analysis showed that the ratio is in fluctuating trend of Nepal SBI Bank and decreasing trend of NB Bank. The profitability position of NB Bank was comparatively better than the same of Nepal SBI Bank. Capital structure ratio of both banks was highly levered.

Bartaula (2008), in her thesis work entitled “Investment Policy of Everest Bank in comparison with Bank of Kathmandu” has tried to examine and evaluate the investment policy and strategies of EBL and BOK. The specific objectives of the study were to find out relationship between total investment, deposit, loan and advances, net profit and outside asset and compare.

The study also focused on to analyze the trends of deposit utilization towards investment and loan and advances and its projective for next five years. Ms. Bartaula concluded with her sayings that EBL is comparatively in better position than BOK in terms of liquidity and investing on secure portfolios but is less successful in its on balance sheet operation in comparison to BOK.

Maharjan (2009), submitted a thesis on “Investment Policy of Joint Venture Banks” a comparative study of Everest Bank Limited and Nepal Investment Bank Limited. The objective undertaken for the study were to examine the empirical relationship between current assets, total deposit, loan and advances, investment, net profit & outside assets and compare them using various financial and statistical tools. The other subsidiary objectives of the study were to examine the relationship of total interest (earned and paid) and working fund of the selected banks.

The study concluded that the overall performance of both EBL and NIBL are good. Both the banks have been able to mobilize their funds efficiently in different sectors and have been growing in a good pace. The recommendation were highlighted as investment on government securities, liberal lending policy, enhance profits through cost control, sound credit policy, formulate customer oriented new strategies etc. etc.

Dangol (2009), has done thesis entitled “Impact of Interest Rate on Financial performance of commercial banks” concludes with saying most of the commercial banks contradict the general financial theories. The relation between amount of deposits and interest rate on deposit, in general concept, must be positive. But deposits are increasing despite the decrease in the general level of interest. The result of such phenomenon is that there are fewer investment opportunities for the banking sectors as well as general

investors. The relation between total amount of loan and the lending rate is negative and significant. However, the change in the total amount of loan flow is not proportionate with the change in the lending rate. Correlation between interest rate and inflation is not significant. Not only is interest rate responsible to shape the profitability of banks but also the operation efficiency also has major influence on it.

Bhatta (2009), submitted the thesis on “Interest rate and its effect on Deposit and Lending”. The study was made by Bhatta, the disseminator tries to portrait the relation of interest rate with deposit and lending amount. The finding of the study was deposit rates of all sample banks under study are in decreasing trend, meaning that every year deposit rates of sample banks under study have decreased. Lending rates of all sample banks under study are also in decreasing trend, means that every year lending rates of sample banks under study have decreased. Analysis shows that interest rates on lending are far higher than deposit rates of sample banks.

Manandhar (2010), has conducted a research on Interest Rates and Deposit Mobilization in Nepalese Commercial Banks”. The sample banks referred are Rastriya Banijya Bank, Nepal Bank Limited, Himalayan Bank Limited and Nepal Bangladesh Bank Limited. The study focused on analysis of lending and interest rate together with analysis of inflation and interest rate (Deposit and Lending Rate).

The major findings were the interest rates on both deposit and lending of all sample banks are in decreasing trend. The interesting part is deposit amount and lending amount is increasing every year except of fixed deposit of RBB and NBL. The government run bank’s fixed deposit is found to be decreasing every year.

Shrestha (2011), submitted thesis on “Loan management of Everest Bank Limited and Himalayan Bank Limited”. The major recommendation is the liquidity position of sample banks should be able to meet the daily cash transaction. Bank should not invest all the deposit as loan. According to the policy of NRB some percentage should be kept in the banks for fulfilling the required demand the customers. The standard liquidity ratio is 2:1. In this research none of the sample banks are able to maintain the standard ratio.

They may fail to maintain the daily cash transaction if they do not increase the liquidity ratio. The ratio of loans and advances and investment to total deposit of HBL is the lowest and this has result in the highest ratio of interest expenses to total deposit. At the same time total deposit to total fund utilized is below the average and there is high chance of growth in deposit as compare to loans and advances. Banking also has competition, for the survival attractive programs, facilities, easy services, security, new technology etc. should be exercised even the sample banks have these all facilities, they are recommended to bring enhancement in banking sector.

2.3 Research Gap

There are number of studies conducted in order to analyze the financial performance of different institutions likewise commercial banks, financial institutions and trading companies. This study on financial performance of SCBML, HBL and EBL covers the data of five years and for the research this commercial banks are very new one because till to date no one has conducted study on this banks in detail.

Various studies have been conducted in different aspects of financial analysis and performance in particular case of any country. This research has tried to analysis most relevant financial analysis and performance of SCBNL, HBL and EBL. Recent data and information has been used as secondary data in this study. The sample banks entitled of “The Banker: Bank of the Year” in banker history. Currently the situation of commercial bank is questioned from different angle of it’s performance. There are different types of banks including commercial banks are emerging very rapidly. And also few of banks are closed down due to it’s performance and not been able to meet the compliance of Nepal Rastra Bank. This study is also different from previous studies in terms of time period when Nepal Rastra Bank more visible in taking action against bank with poor performance. And I hope that this study fulfils the prevailing research gap about in depth of the financial policy of SCBNL, HBL and EBL which is major concern of public shareholders and other stakeholders.

CHAPTER – 3

Research Methodology

The prime objective of this study is to evaluate the financial performance of three commercial banks i.e. Standard Chartered Bank Nepal Ltd., Himalayan Bank Ltd. and Everest Bank Ltd. In order to realize the objectives an appropriate research methodology has to be designed to carry research. Research methodology refers to the various sequential steps to be adopted by a reporter in studying a problem with certain objective in view.

Research methodology basically describes the methods, process, tools and techniques applied in the entire process of a scientific research. To achieve the basic objective then, the following methodology has been adopted.

1. Research design
2. Population and sample
3. Source of data (Methods of data collection)
4. Method of data analysis

3.1 Research Design

Research design is the plan structure and strategy of investigation conceived to obtain answer to research question. A research design is purely and simply the frame work or plan for a study that guide the collection and analysis of data. A true research design is basically concerned with various steps to collect the data for analysis and draw a relevant conclusion. It is the arrangement of condition for collection and analysis of data aims to combine relevance to the research purpose with economy in procedure. To achieve the objective of this study, descriptive and analytical research design has been used.

According to P.V. Young, “Research design is the logical planning and directing of a piece of research. A research design is the arrangement of condition for collection and analysis of data in a manner that aims to combine relevant to the research purpose with economy in the procedure. The research design of this study is analytical as well as descriptive approaches to evaluate and financial performance of three banks.

Basically this study is based on secondary data and past five years data will be used for the findings of objective.

3.2 Population and Sampling

Population is the universe about which the study has aimed to enquire and the sample is the representative of the population. Now a day, a number of commercial banks have been emerging rapidly. Some have established and other is in the process of establishment. The study of all these banks within this research was almost impossible. Hence, considering these numbers of banks as total population, three banks within from these total population has been taken as sample and tried to achieve the objective set out by analyzing the data.

Table: 1

List of Commercial Bank operating in Nepal with their contact address


Image	Year of Establishment	Contact Address
 <p>Nepal Bank Limited नेपाल बैंक लिमिटेड "WE STARTED BANKING IN NEPAL ... STILL WE ARE LEADING WAY"</p>	1937	<p>Nepal Bank Limited Dharmapath Kathmandu (Head Office) P.O.Box: 36, Kathmandu SWIFT Code: NEBLNPKA Tel.: +977 1 422 2397 , +977 1 422 2397 Fax: +977 1 422 0414 Email: info@nepalbank.com.np</p>







Image	Year of Establishment	Contact Address
	1966	Rastriya Bannijya Bank Central Office Singhadurbar Plaza, Kathmandu Tel: (977-1) 425-2595 , (977-1) 425-2595 Fax: (977-1) 425-2931 E-mail: rbb.info@rbb.com.np
	1984	Head Office Nabil House, Kamaladi, Kathmandu P.O. Box: 3729, Kathmandu Phone: 4430425, 4429546-47, 4435380-85 Telex: 2385 NABIL NP, 2431 NABILH NP Fax: 4429548 SWIFT: NARBNPKA
	1986	KATHMANDU HEAD OFFICE Durbar Marg, P.O. Box 3412 Tel: 4228229, 4242530 (DISA) Fax: 977-1-4226349, 4228927 Swift: NIBL NP KT
	1987	New Baneshwor Branch P.O.Box 3990, New Baneshwar, Kathmandu, Nepal Tel:977-1-4782333 , 977-1-4783753 Fax No:977-1- 4780762
	1991	Head Office Karmachari Sanchaya Kosh Building Tridevi Marg, Thamel P.O. Box 20590, Kathmandu, Nepal. Telephones : 4227749, 4250201 Telefax : 977-1-4222800 Telex : 2789 HIBA NP, Swift HIMANPKA Email : himal@himalayanbank.com
	1993	NEPAL SBI BANK LIMITED, HATTISAR, KATHMANDU, NEPAL TEL: 00-977-1-4435516 , 00-977-1-4435516, FAX: 00977-1-435612 TELEX: 2796 NSBL NP WEBSITE:www.nepalsbi.com.np,www.nsbl.com.np E-MAIL:nsblco@nsbl.com.np SWIFT: NSBINPKA








Image	Year of Establishment	Contact Address
 <p>Nepal Bangladesh Bank Ltd.</p>	1994	<p>Head Office: P.O.Box: 9062, New Baneshwor, Kathmandu Tel: 4783972,4783975,4783976 Fax: 977-1-4780826 Email : nbbkho@nbbank.com.np</p>
 <p>EVEREST BANK LIMITED (A joint-Venture with punjab national bank India)</p>	1994	<p>Baneshwor Main Branch Kathmandu, Nepal Phone: 977-1-4780018 , 977-1-4780018 Fax: 977-1-4781025 Email: ebkban@ebk.com.np</p>
 <p>BANK OF KATHMANDU LTD. We make your life easier</p>	1995	<p>Head Office Bank of Kathmandu Limited P.O. Box 9044, Kamal Pokhari, Kathmandu, Nepal SWIFT: BOKLNPKA Telex: 2820 BOK NP Tel: (977 1) 4414541 , (977 1) 4414541 Fax: (977 1) 4418990 Email: info@bok.com.np</p>
 <p>NCC BANK</p>	1996	<p>Corporate Office / Kathmandu Main Branch NB Building, Bagbazar, Kathmandu, Nepal SWIFT : NBOCNPKA, Telex : 2843, 2812 Website : www.nccbank.com.np Phone : (01) 4246991; Fax : (01) 4244610 email : corporate@nccbank.com.np ncc@infocom.com.np</p>
 <p>लुम्बिनी बैंक लिमिटेड Lumbini Bank Limited</p>	1998	<p>Corporate Office: Durbar Marg, Kathmandu, Nepal. Tel: +977 1 4243158, 1 4243165 Fax: +977 1 4227590 SWIFT: LUBLNPKA email: info@lumbinibank.com.np</p>

Image	Year of Establishment	Contact Address
	1998	Corporate Office 279 Kamaladi Sadak, Kathmandu, Nepal P. O. Box: 7367 Tel: 977 01 4262277 Fax: 977 01 4241865 Email: kamaladi@nicbank.com.np
	2000	Head Office Corporate Office Kathmandu Branch P.O. Box: 41 Naya Bazar , Pokhara, Nepal Tel: +977-61-530900 Fax: +977-61-530500 Email: mblbnk@mbi.com.np SWIFT Code: MBLNNPKA
	2001	Kumari Bank Limited Putali Sadak, Kathmandu Nepal Phone : 977-01-4-232112, 977-01-4-232113 Fax : 977-01-4-231960 Telex : 2853 KUMARI NP Swift : KMBLNPKA Email : info@kbl.com.np
	2002	Hattisar Branch & Corporate Office Hattisar, Kathmandu, Nepal Tel. 01-4444684/4444685 Fax 01-4444640/4444743 SWIFT: LXBLNPKA Email: info@laxmibank.com
	2002	CORPORATE OFFICE 130/23, HATTISAR, KAMALADI PO BOX 13806 TEL. : 01-4442919, 01-4442920 FAX : 977-1- 4442921, Telex. 2757 SBL Swift-SIDDNPKA EMAIL : sbl@siddharthabank.com
	1986	Head Office, Ramshah Path Kathmandu, Nepal Tel : 977-1-4262885/4262596 Fax : 977-1-4262616/4262929 Email : info@adbn.gov.np

Image	Year of Establishment	Contact Address
	2007	Corporate Office Panipokhari, Kathmandu P.O. Box: 19327, Nepal Phone No: 4002507 / 4002508 Fax: 4441502
	2007	CITIZENS BANK INTERNATIONAL LIMITED P.O.BOX: 19681 , SHARDA SADAN KAMALADI, KATHMANDU, NEPAL TEL: 977-1- 4262699 , 977-1- 4262699 FAX: 977-1-4265030 EMAIL: info@ctznbank.com URL: www.ctznbank.com
	2007	Prime Commercial Bank Ltd. Bira Complex, New Road, Kathmandu , Nepal Phone No : 4233388 Fax : 4233390 Swift : PCBLNPKA Email : info@pcbl.com.np
	2007	Head Office Tripureswore Kathmandu Metropolitan City - 11 P.O. Box: 11021 Nepal Tel No: + 977 1 4263212/4263218 Fax No: + 977 1 4258326 Email: boan@bankofasia.com.np
	2007	Sunrise Bank Limited P.O. Box: 15203 Gairidhara Crossing, Kathmandu, Nepal Tel: 4004560, 4004561, 4004562 Fax: 977-1-4422475, SWIFT: SRBLNPKA
	2001	DCBL Bank Limited Kathmandu Plaza, First Floor, Kamaladi GPO Box: 7716, Kathmandu, Nepal Tel no: 4231120, 4231490, 4221420, 4241156 Fax: 977-1-4231469 Swift : DCBNNPKA E-mail: info@dcbl.com.np

Image	Year of Establishment	Contact Address
	2008	NMB Bank Limited Babarmahal. GPO Box - 11543 Kathmandu, Nepal Phone: 977-1-4246160 977-1-4246160 Fax: 977-1-4246156 Email: info@nmb.com.np
	2003	Main Branch KIST Building ,Anamnagar, Kathmandu Phone : +977-1-4232500 +977-1-4232500 Fax No.:+977-1-4228588 E-Mail : info@kistbank.com Post Box No.:8975, EPC. : 5157
	2009	Janata Bank Nepal Ltd. Shankhamul Marg, 10 New Baneshwor, Kathmandu POBox:23600 Tel. 4786100/4785900 Fax. 4786300 Email. info@janatabank.com.np
	2010	MEGA Bank Nepal Limited Corporate Office Mega Mahal, Kantipath, Nepal. Ph:977-1-4257711 977-1-4257711 Fax: 977-1-4266599
	2010	Commerz and Trust Bank Nepal Ltd. Tindhara Road, Kamaladi, Kathmandu. House No: 130/23 P. O. Box: 23399 Phone: 4446150, 4446151 Fax : 4444770 Email: info@ctbn.com.np
	2010	Head Office: Civil Bank Ltd. Classic Complex, Tindhara Road, Kamaladi, Kathmandu-31 P.O. Box: 9799 Tel No: 4255551, 4255523 Fax No: 4255500

Image	Year of Establishment	Contact Address
	2010	Century Commercial Bank Limited. Putalisadak, Kathmandu, Nepal. Swift Code : CCBNNPKA Phone: 977-1-4445062 (Hunting No.) 977-1-4412579 , 977-1-4412579 Fax: 977-1-4441422 Post Box No: 26100 Email: welcome@centurybank.com.np
	2011	Sanima Bikas Bank Limited Alakapuri, Narayanchaur, Naxal, Kathmandu G.P.O. Box: 20394 Phone: +977-1- 4439948 , +977-1- 4439948, 4439949, 4439952 Fax: +977-1-4439950 Email: sanima@sanimabank.com

Source: www.ktm2day.com/2010/05/04/list-of-banking-institutions-in-nepal

3.3 Method of Data Collection/ Source of Data

Data are collected from two sources. They are primary and secondary sources. The main sources of data for this study are secondary data. Besides, necessary suggestions are taken from various experts both inside and outside of the banks whenever required. The major sources of data are.

- a. Financial statement of SCBNL, HBL and EBL
- b. Annual reports of the banks
- c. Different previous studies
- d. Different web sites
- e. Related bulletins, newspaper, reports, periodically published by various government bodies.

For the purpose of the study, as secondary data, various related books, magazine, journals, newspapers, websites and the dissertation made in this field have been referred.

The secondary data has been collected from published materials of different organizations such as Nepal Rastra Bank, Securities Exchange Board of Nepal, Annual Reports etc. likewise various data and information are collected from the economic journals, periodicals, bulletins, magazines, other published and unpublished reports and documents from various sources.

3.4 Methods of Data Analysis

Presentation and analysis of the collected data is one of the important part of the research work. The collected raw data are first presented in systematic manner in tabular forms and them analyzed by applying different financial and statistical tools to achieve the research objectives. Besides these, some graph charts and tables have been presented to analyze and interpret the findings of the study. The tools applied are:

3.4.1 Financial Tools:

As the study is related to financial performance analysis, analysis financial tools are more useful they help to indentify the financial strength and weakness of the firm in spite of various financial tools available the research has primarily stressed on ratio analysis assuming in the most suitable tools.

Lawrence J, (P-199), “A ratio is simply a number expressed in terms of other number and it expressed the quantitative relation between two sets of financial data taken from either profit and loss account or balance sheet. It provides information relations to strength and weakness of financial data in relation to others. However, the researcher has employed his utmost effort use as many ratios as possible to reach the point of true positions of the banks. These ratios include the following:

1. Liquidity Ratio
2. Activity Ratio
3. Capital Adequacy Ratio

4. Profitability Ratio

) **Liquidity Ratio**

We can define the liquidity ratio as tool, which helps in measuring the firm's current obligation. The liquidity ratio of a firm should not be less as well as not more in order to run successfully. Idle assets earn nothing so very high degree of liquidity is also bad. Therefore, there must be balance between high degree and low degree of liquidity. Important liquidity ratios have been used in the study is listed below.

a) Current Ratio

The current ratio is the ratio of Total current assets Total current liabilities. Current ratio measure the short-term solvency, i.e. its ability is to meet short term obligation or as a measure of creditor versus assets. The current ratio is calculated by dividing current assets by current liabilities.

$$\text{Current ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

b) Cash and bank balance to Total Deposits Ratio

Cash and bank balance to Total Deposits Ratio measure the capacity of bank to meet unexpected demand made by depositors, i.e. current account holders, saving depositors, and other depositor. The ratio is calculated by using the following formula.

$$\text{Cash and bank balance to Total Deposits} = \frac{\text{Total Cash and Bank Balance}}{\text{Total Deposit}}$$

c) Fixed Deposit to Total Deposit Ratio

Fixed deposit is a long term and high interest bearing deposit. More fixed deposit may be an advantage if it can be invested in long term credit. This ratio is

calculated in order to find out the proportion of fixed deposit in total deposit. Fixed deposits are long term deposit and bank can mobilize them on investment, loans and advances. It is calculated by dividing total fixed deposit by total deposit.

$$\text{Fixed deposit to Total deposit} = \frac{\text{Total Fixed Deposit}}{\text{Total Deposit}}$$

d) Saving Deposit to Total Deposit Ratio

Saving deposit is short term interest bearing deposit and it has medium rate of interest. It can be withdraw without prior notice or with short notice. This ratio shows the proportion of saving deposit on total deposits.

It is calculated by dividing total saving by total deposit.

$$\text{Saving deposit to Total Deposit Ratio} = \frac{\text{Total Saving Deposit}}{\text{Total Deposit}}$$

e) Balance with NRB to Total Deposit Ratio

Commercial Banks are required to hold certain portion of total deposit in NRB's account. It is to ensure the smooth functioning and sound liquidity position of the bank. As per the directive of Nepal Rastra Bank, the required ratio of 8% must keep as NRB balance. This means the ratio measures whether the bank is following the direction of NRB or not.

) **Activity Ratio**

Activity ratio is concerned with measuring the efficiency in its assets management. The ratio measures the degree of effective use of resources of a firm. The ratios used under activity ratio are as follows.

a) Loan and Advance to total Deposit Ratio

This ratio measure the bank's ability to mobilize the depositors fund to earn profit by providing loans and advances. The ratio is calculated by dividing loans and advances by total deposits.

$$\text{Loan and Advances to Total Deposit} = \frac{\text{Loan and Advances}}{\text{Total Deposit}}$$

b) Loan and Advance to total Assets Ratio

Loan and Advances to total assets ratio reflects the extent to which the bank is successful in mobilizing its total assets on loan and advances for the purpose of income generating. It is calculated by dividing loans and advances by Total assets.

$$\text{Loan and Advances to Total Assets Deposit} = \frac{\text{Loan and Advances}}{\text{Total Deposit}}$$

c) Investment to Total Deposit Ratio

This ratio presents how efficiently the resources the banks have been utilized. High ratio shows managerial efficiency regarding the utilization of deposits and vice versa. The numerator includes government's treasury bills, developing bonds, company shares and other investments. This ratio is computed by dividing investment by total deposits. This can be stated as:

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

) Capital Adequacy Ratio

This ratio is important to every business firm. Similarly commercial banks must evaluate this ratio. Capital is important for an organization to maintain every facility. Holding excess capital that required have higher holding cost and low return from

investment, similarly holding too little capital may have inefficient in paying liabilities of a firm.

So, a firm should maintain an optimum level of cash. For maintaining optimum cash by the NRB directs the commercial banks to increase or decrease or fix a certain percentage of capital funds out of total deposits.

a) Net Worth to Total Assets Ratio

Net worth to total assets ratio reflects the sufficiency of shareholder's fund against the total assets. This ratio is calculated by dividing net worth by total assets.

$$\text{Net Worth to Total Assets Ratio} = \frac{\text{Net Worth}}{\text{Total Assets}}$$

b) Net Worth to Total Deposit Ratio

It indicates the percentage of net worth in relations to the total deposits collected in the bank. The direction of the central bank has maintained or not by the bank, is the yardstick to measure the position.

$$\text{Net Worth to Total Deposit Ratio} = \frac{\text{Net Worth}}{\text{Total Deposit}}$$

) Profitability Ratio

Profit is the main goal of all organization. Its existence is not justified if it fails to make sufficient profit. Therefore the company should continuously evaluate the efficiency of the company in terms of profit. The profitability ratios are calculated to measure the operating efficiency of the company.

a) Return on Assets (ROA)

The effectiveness in using the total fund supplied by the owners and creditors is judged by this ratio. Higher ratio shows the higher return on assets used in business thereby indicating effective use of the resources available and vice-versa.

$$\text{Return on Assets} = \frac{\text{NPAT}}{\text{Total Assts}}$$

b) Return on Total Deposits Ratio (RTDR)

This ratio measures the level of NPAT by using total deposits. It measures the relationship between NPAT and total deposits with an ability of a firm to utilize maximum of deposits to earn much profit. This ratio is computed by dividing NPAT by total deposits.

$$\text{RDTR} = \frac{\text{NPAT}}{\text{Total Deposit}}$$

c) Interest Income to Total Assets Ratio

Interest earned to total assets ratio shows how much interest has been generated by mobilizing the assets in the bank. Higher ratio indicates higher efficiency in the mobilization of resources and ability of interest earning and vice-versa. The following formula is used to calculate this ratio.

$$\text{Interest Earned to Total Assets Ratio} = \frac{\text{Interest Income}}{\text{Total Assets}}$$

d) Interest Expenses to Interest Income Ratio

Interest expenses to interest income ratio reveals the proportionate relationship between interests paid on different liabilities and interest income from different source. Higher ratio indicates that the bank has paid higher amount of interest on liabilities in relation to interest income and vice-versa.

$$\text{Interest Paid to Interest Income} = \frac{\text{Total Interest Expense}}{\text{Total Interest Income}}$$

e) Earnings Per Share (EPS)

The profitability of the common shareholders' investment can also be measured in term of earning per share. The earnings per share are calculated by dividing the profit after tax by total number of common share outstanding. High ratio shows the sound profitability position of the bank. It is favorable for the investor too.

$$\text{Earnings Per Share} = \frac{\text{NPAT}}{\text{No.of Common Shares}}$$

f) Dividend Per Share (DPS)

This ratio shows per rupee earning actually distributed to common stock holders per share held by them. High ratio is favorable for the shareholders. This ratio can be obtained by using following formula.

$$\text{Dividend Per Share} = \frac{\text{Total Dividend Paid}}{\text{No.of Common Shares}}$$

g) Dividend Payout Ratio

Dividend payout ratio indicates the percentage amount of dividend paid to shareholders out of earning per share, i.e. this ratio reflects at what percentage of net profit is to be retained in company as retained earnings. This ratio is calculated by dividing the dividend per share by earning per share.

$$\text{Dividend Payout Ratio} = \frac{\text{DPS}}{\text{EPS}}$$

3.5.2 Statistical Tools

After collecting the numeric data, it has to be classified and tabulated for statistical inquiry. For this, different types of statistical tools are used. Some of the statistical tools that are used are as follows:

a. Arithmetic Mean

Arithmetic Mean is a given set of observations is the sum of the observations divided by the number of observations. In such a case all the items are equally important. Simple Arithmetic Mean is used in this study as per necessary for analysis.

We have,

$$\text{Mean } (\bar{X}) = \frac{\sum X}{n}$$

Where $\sum X$ = sum of all values of the observations

n = Number of observations

X = Value of variables

b. Least Square Linear Trend

The straight line trend implies that irrespective of the seasonal and cyclical swings and irregular functions, the values increase or decrease by absolute amount per unit of time. The linear trend values from a series in arithmetic progression.

The future trend is forecasted by using the following formula,

$$Y = a + b x$$

$$a = \frac{\sum Y}{n}$$

$$b = \frac{\sum xY}{\sum x^2}$$

Where,

Y = the dependent variable

a = the origin i.e. arithmetic mean

b = the slope coefficient i.e. rate of change

x = value of the independent variable i.e. time

c. Karl Person's Co-efficient of Correlation

Out of several mathematical method of measuring correlation, the Karl Person's coefficient of Correlation is mostly used in practice to measure the degree of relationship between two variables. So, is measured by following formula using two variables of series X and Y.

$$r = \frac{\sum xy}{\sqrt{\sum x^2} \sqrt{\sum y^2}}$$

Where,

x and y = variables

r = correlation coefficient between variables X and Y

xy = summation of multiple of mean deviation of variables X and Y

x^2 = summation of mean deviation squared of variable X

y^2 = summation of mean deviation squared of variable y

The value of this coefficient (r) can never be more than 1 or less than -1. Thus +1 and -1 are limits of the coefficient. Here, r= +1 implies that there is perfect positive correlation between the two variables. But r=-1 implies that there is perfect negative correlation between the two variables. But r= 0 implies that there is no correlation between the variables. If it has a Zero value (r=0), it denotes no correlation between the variables. If it obtained value lies outside the limit, this implies that there is mistake in calculation.

d. Probable Error of Correlation

Probable error of correlation is an old testing the reliability of an observation value of correlation coefficient. It is calculated to find the extent to which correlation coefficient is dependable as it depends upon the condition of random sampling probable error of correlation coefficient denoted by P.E. (r) is obtained as

$$\text{P.E. (r)} = \frac{0.6745 X (1-r^2)}{\sqrt{n}}$$

Where,

r = the value of correlation coefficient

n = number of pairs of observation

P.E. (r) is less than its P.E. , it is insignificant, and i.e. there is no evidence of correlation.

If (r) is more than its 6 P. E. (r > 6 P.E.), it is significant or there is correlation.

CHAPTER – 4

Presentation and Data Analysis

The basic objective of analyzing the financial performance and interpretation is to highlight the strength and weakness of the business. All data are obtained from secondary source that is annual report of SCBNL, HBL and EBL. They are analyzing to measure the performance of the selected banks, Raw Data were properly processes, tabulated and analyzed in this chapter to appraise the performance of selected commercial banks. For better understanding and presentation; financial cum statistical tools were used.

4.1 Financial Ratio and Analysis

Various ratios are compared from the balance sheet and profit and loss account. The Important tools of the ratio analysis are as below:

Liquidity Ratio

The purpose of this ratio is to test the solvency position for the repayment of short term liabilities. Solvency position or liquidity denotes ability for payment of short term liabilities liquidity ratios are used to indicate the ability of the subject firm to pay its bills on time. It measures the speed with which banks assets can be converted into cash to meet deposit withdrawal and other current obligations. Liquidity of a firm's cash and other current assets to its current liabilities depending upon special nature of assets and service sale made by the bank following ratios are tested.

) Current Ratio

The current ratio is a measure of the firm's short-term solvency. Current ratio of 2:1 or more is generally considered satisfactory.

Table: 2
Current Ratio of SCBNL

(in Rs. 10000)

Year	Current Assets	Current Liabilities	Ratio (in times)
2005/06	2503647	2499626	1.00
2006/07	2783804	2713363	1.03
2007/08	3186920	3221158	0.99
2008/09	3910859	3784853	1.03
2009/10	3940323	3780256	1.04
Mean			1.02

Source: Annual Report of SCBNL

The current ratio of SCBNL is 1:1 in fiscal year 2005/06. Then it increases to 1.03:1 in fiscal year 2006/07. In fiscal year 2009/10 it decreases to 1.04:1. The current ratio of the bank is below the standard of 2:1. The average ratio in fiscal year is 1.02:1. However, the acceptability of the ratio depends on nature of its business. The ratio maintained by commercial banks at the level of around 1:1 can be regarded as good and sufficient to meet the normal contingencies. Therefore the above current ratio analysis of the bank over the five years period shows the bank has satisfactory liquidity position.

Table: 3
Current Ratio of HBL

(in Rs. 10000)

Year	Current Assets	Current Liabilities	Ratio (in times)
2005/06	2827596	2830144	1.00
2006/07	3230111	3221423	1.00
2007/08	3481468	3467032	1.00
2008/09	3774586	3729008	1.01

2009/10	4060087	3995604	1.02
Mean			1.01

Source: Annual report of HBL

The current ratio of HBL in fiscal years 2005/06, 2006/07 and 2007/08 are respectively 1:1. Then in fiscal year 2008/09 and 2009/10 it increases to 1.01:1 and 1.02:1. The average ratio of HBL in fiscal five year is 1.01:1. However, the acceptability of the ratio depends on nature of its business. The ratio maintained by commercial banks at the level of around 1:1 can be regarded as good and sufficient to meet the normal contingencies. Therefore the above current ratio analysis of the bank over the five years period shows the bank has satisfactory liquidity position.

Table: 4
Current Ratio of EBL

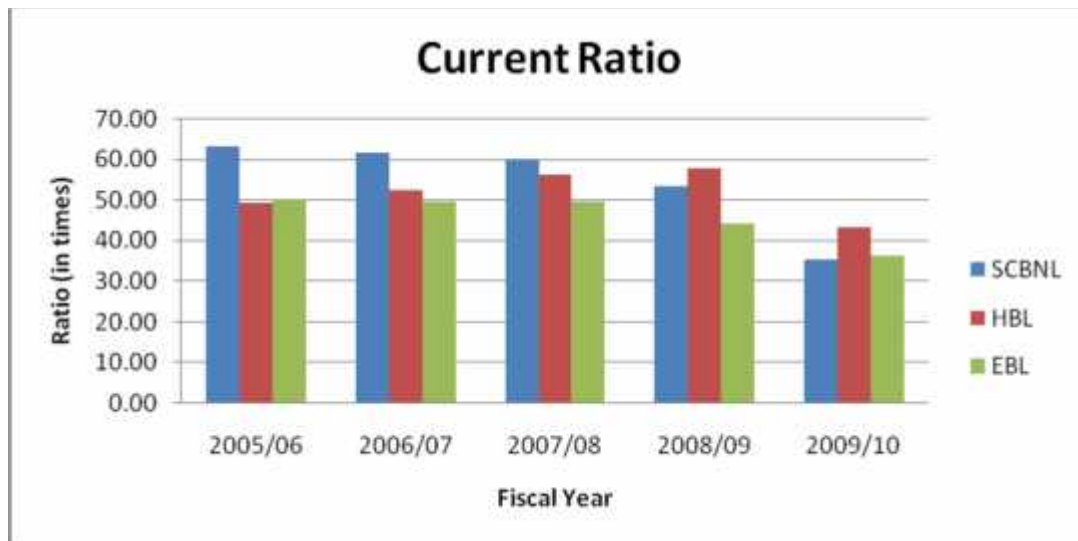
(in Rs. 10000)

Year	Current Assets	Current Liabilities	Ratio (in times)
2005/06	1562919	1467773	1.06
2006/07	2103982	1988073	1.06
2007/08	2641262	2559750	1.03
2008/09	3599753	3549536	1.01
2009/10	4038348	3953707	1.02
Mean			1.04

Source: Annual report of EBL

The current ratios of EBL in fiscal years 2005/06 and 2006/07 are 1.06:1 and 1.06:1. In fiscal years 2007/08, 2008/09 and 2009/10, the ratios are 1.03:1, 1.01:1 and 1.02:1. The average ratio of EBL is 1.04:1. However, the acceptability of the ratio depends on nature of its business. The ratio maintained by commercial banks at the level of around 1:1 can be regarded as good and sufficient to meet the normal contingencies. Therefore the above current ratio analysis of the bank over the five years period shows the bank has satisfactory liquidity position.

Figure: 1
Comparative Bar Diagram of Current Ratio



The average current ratio of EBL (i.e. 1.04:1) is greater than SCBNL (i.e. 1.02:1) and HBL (i.e. 1.01:1). Therefore the current ratio of EBL is best in comparison to three banks. But, the above current ratio analysis of the bank over the five years period shows the bank has satisfactory liquidity position.

) Cash & Bank Balance to Total Deposit

Adequate liquidity is also must in the banking sector in order to protect its solvency and to honor its short-term obligations and liabilities. Failing to do so, banks might have gone for liquidation and hence to protect the creditor's interest.

Table: 5
Cash & Bank Balance to Total Deposit of SCBNL

(in Rs. 10000)

Year	Cash & Bank Balance	Total Deposit	Ratio %
2005/06	127624	2306103	5.53
2006/07	202102	2464702	8.20
2007/08	205024	2974400	6.89
2008/09	313716	3587172	8.75
2009/10	192931	3518272	5.48
Mean			6.97

Source: Annual Report of SCBNL

The cash and bank balance to total deposit ration of SCBNL is 5.53% in the fiscal year 2005/06, 8.20% in the fiscal year 2006/07, 6.89% in the fiscal year 2007/08, 8.75% in the fiscal year 2008/09 and 5.48% in the fiscal year 2009/10. The mean cash and bank balance to total deposit ratio of SCBNL in five years is 6.97%.

Table: 6
Cash & Bank Balance to Total Deposit of HBL

(in Rs. 10000)

Year	Cash & Bank Balance	Total Deposit	Ratio %
2005/06	155297	1380245	11.25
2006/07	175734	3004842	5.85
2007/08	144814	3184279	4.55
2008/09	304853	3468135	8.79
2009/10	386649	3761120	10.28
Mean			8.14

Source: Annual Report of HBL

The cash and bank balance to total deposit ratio of HBL is 11.25% in the fiscal year 2005/06, 5.85% in the fiscal year 2006/07, 4.55% in the fiscal year 2007/08, 8.79% in the

fiscal year 2008/09 and 10.28% in the fiscal year 2009/10. The average cash and bank balance to total deposit ratio in five years is 8.14%.

Table: 7
Cash & Bank Balance to Total Deposit of EBL

(in Rs. 10000)

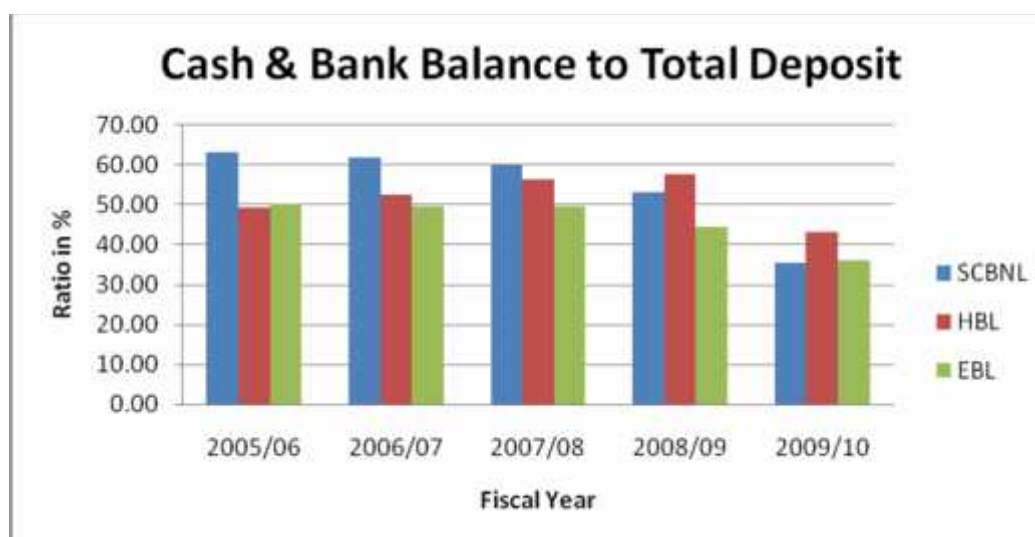
Year	Cash & Bank Balance	Total Deposit	Ratio %
2005/06	155297	1380245	11.25
2006/07	239142	1818625	13.15
2007/08	266797	2397630	11.13
2008/09	616437	3332295	18.5
2009/10	781882	3693231	21.17
Mean			15.04

Source: Annual Report of EBL

The cash and bank balance to total deposit ratio of EBL is 11.25%, 13.15% 11.13% , 18.50% and 21.17% in the fiscal years 2005/06, 2006/07, 2007/08, 2008/09 and 2009/10 respectively. The average cash and bank balance to total deposit in five years is 15.04%.

Figure: 2

Comparative Chart of Cash & Bank Balance to Total Deposit



Comparing three banks on the basis of cash and bank balance to total deposit ratio, it can be considered that SCBNL has the policy of keeping lowest cash reserve, whereas EBL has the policy of keeping highest cash reserve. Therefore EBL has good liquidity position than SCBNL and HBL.

c. Fixed Deposit to Total Deposit

In this study fixed deposits includes only the amount of fixed deposit account. It has fixed time period to mature. Total deposits includes saving deposit, current deposits, fixed deposit, call deposits and other deposits.

Table: 8
Fixed Deposit to Total Deposits of SCBNL

(in Rs. 10000)

Year	Fixed Deposit	Total Deposit	Ratio %
2005/06	213631	2306103	9.26
2006/07	319649	2464702	12.97
2007/08	330101	2974400	11.10
2008/09	710170	3587172	19.80
2009/10	917507	3518272	26.08
Mean			15.84

Source: Annual Report of SCBNL

The table showed the ratio of fixed deposit to total deposit of SCBNL is 9.26%, 12.97%, 11.10%, 19.80% and 26.08% in the fiscal years 2005/06, 2006/07, 2007/08, 2008/09 and 2009/10 respectively. The average ratio of fixed deposit to total deposit is 15.84% in fiscal five years.

Table: 9
Fixed Deposit to Total Deposits of HBL

(in Rs. 10000)

Year	Fixed Deposit	Total Deposit	Ratio %
2005/06	424235	1380245	30.74
2006/07	820111	3004842	27.29
2007/08	642387	3184279	20.17
2008/09	637713	3468135	18.39
2009/10	1132864	3761120	30.12
Mean			25.34

Source: Annual Report of HBL

Above table showed, the fixed deposit to total deposit ratio in fiscal year 2005/06 is 30.74%, in the fiscal year 2006/07 is 27.29%, in the fiscal year 2007/08 is 20.17%, in the fiscal year 2008/09 is 18.39% and in the fiscal year 2009/10 is 30.12%. The average ratio of fixed deposit to total deposit ratio in fiscal year is 25.34%.

Table: 10
Fixed Deposit to Total Deposits of EBL

(in Rs. 10000)

Year	Fixed Deposit	Total Deposit	Ratio %
2005/06	424235	1380245	30.74
2006/07	562666	1818625	30.94
2007/08	644618	2397630	26.89
2008/09	704998	3332295	21.16
2009/10	1044028	3693231	28.27
Mean			27.60

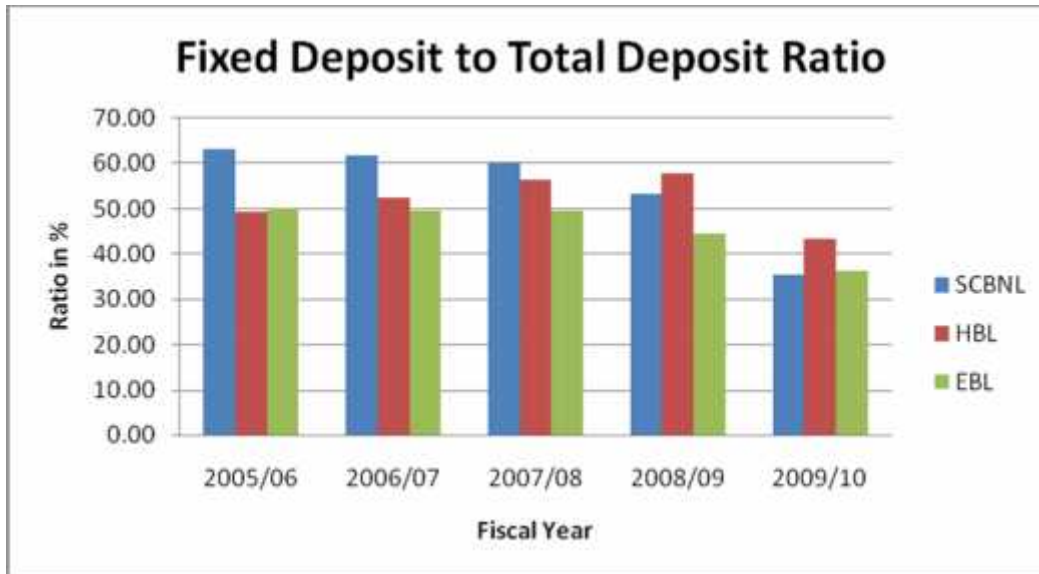
Source: Annual Report of EBL

The fixed deposit to total deposit ratio of EBL in the fiscal year 2005/06 is 30.74%, in the fiscal year 2006/07 is 30.94%, in the fiscal year 2007/08 is 26.89%, in the fiscal year

2008/09 is 21.16% and in the fiscal year 2009/10 is 28.27%. The average is 27.60% for five years.

Figure: 3

Comparative Chart of Fixed Deposit to Total Deposit Ratio



The EBL has highest fixed deposit to total deposit ratio (i.e. 27.60%) in comparison to SCBNL (i.e. 15.84%) and HBL (i.e. 25.34%). Therefore EBL remained more successful than SCBNL and HBL in maintaining higher proportion of fixed deposit to total deposit and hence mobilized higher portion of total deposit in investment.

d. Saving Deposit to Total Deposit Ratio

Saving deposit includes only the amount of saving deposit account. It has lower interest rate than fixed deposit. Generally, short-term deposit is not beneficial to the bank, as it cannot be invested on long-term basis. Therefore lower ratio shows higher short-term liquidity position of the bank.

Table: 11

Saving Deposit to Total Deposit Ratio of SCBNL

(in Rs. 10000)

Year	Saving Deposit	Total Deposit	Ratio %
2005/06	1459767	2306103	63.30
2006/07	1524438	2464702	61.85
2007/08	1785613	2974400	60.03
2008/09	1914600	3587172	53.37
2009/10	1243001	3518272	35.33
Mean			54.78

Source: Annual Report of SCBNL

In the fiscal years 2005/06, 2006/07, 2007/08, 2008/09 and 2009/10 the saving deposit to total deposit ratios are 63.30%, 61.85%, 60.03%, 53.37% and 35.33% respectively. The average saving to total deposit ratio in fiscal five years is 54.78%.

Table: 12

Saving Deposit to Total Deposit Ratio of HBL

(in Rs. 10000)

Year	Saving Deposit	Total Deposit	Ratio %
2005/06	681505	1380245	49.38%
2006/07	1578477	3004842	52.53%
2007/08	1797244	3184279	56.44%
2008/09	2006105	3468135	57.84%
2009/10	1629468	3761120	43.32%
Mean			51.90%

Source: Annual Report of HBL

The ratio of saving tot total deposit in fiscal years 2005/06, 2006/07, 2007/08, 2008/09 and 2009/10 are 49.38%, 52.53%, 56.44%, 57.84% and 43.32% respectively. 51.90% is the average saving to total deposit ratio in fiscal five years of HBL.

Table: 13

Fixed Deposit to Total Deposits of EBL

(in Rs. 10000)

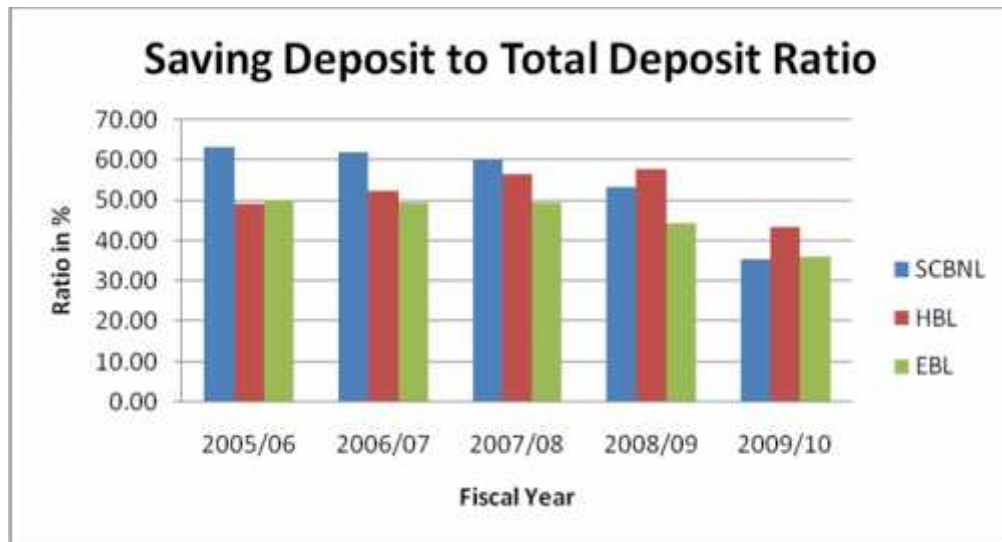
Year	Fixed Deposit	Total Deposit	Ratio %
2005/06	692922	1380245	50.20%
2006/07	902926	1818625	49.65%
2007/08	1188386	2397630	49.57%
2008/09	1478233	3332295	44.36%
2009/10	1336004	3693231	36.17%
Mean			45.99%

Source: Annual Report of EBL

The saving deposit to total deposit ratio of EBL in the fiscal year 2005/06 is 50.20%, in the fiscal year 2006/07 is 49.65%, in the fiscal year 2007/08 is 49.57%, in the fiscal year 2008/09 is 44.36% and in the fiscal year 2009/10 is 36.17%. The average is 45.99% for five years.

Figure: 4

Comparative Bar Diagram of Saving Deposit to Total Deposit Ratio



Comparing three banks, it can be concluded that the liquidity position of SCBNL is best

and EBL has worst scenario, as the ratio of saving deposit to total deposit of EBL is lowest (45.99%) and that of SCBNL is highest (54.78%).

) **Balance with NRB to Total Deposit Ratio**

Commercial Banks are required to hold certain proportion of deposits in NRB's account. It is to ensure the smooth functioning and sound liquidity position of the Bank. As per the directive of Nepal Rastra Bank, the required ratio of 8% must be kept as NRB balance. This means the ratio measures whether the bank is following the direction of NRB or not.

Table: 14
Balance with NRB to Total Deposit Ratio of SCBNL

(in Rs. 10000)

Year	Balance with NRB	Total Deposit	Ratio %
2005/06	74974	2306103	3.25
2006/07	161376	2464702	6.55
2007/08	126627	2974400	4.26
2008/09	185113	3587172	5.16
2009/10	81951	3518272	2.33
Mean			4.31

Source: Annual Report of SCBNL

The above calculated table shows that the cash and bank balance to deposit is in a fluctuating trend. In fiscal year 2005/06, the balance with NRB to Total Deposit Ratio is 3.25%. It increases to 6.55% in fiscal year 2006/07. Then it decreases to 4.26% in fiscal year 2007/08. In fiscal year 2008/09, the ratio is 5.16%. Again it decreased to 2.33% in fiscal year 2009/10. The maximum balance with NRB to total deposit ratio is 6.55% in fiscal year 2006/07 and minimum ratio is 2.33% in fiscal year 2009/10. The average ratio in fiscal year is 4.31%. The analysis specifies that the bank is unable to maintain cash reserve ratio as per NRB directives.

Table: 15

Balance with NRB to total Deposit Ratio of HBL

(in Rs. 10000)

Year	Balance with NRB	Total Deposit	Ratio (%)
2005/06	109625	1380245	7.94
2006/07	127254	3004842	4.23
2007/08	93584	3184279	2.94
2008/09	232841	3468135	6.71
2009/10	260479	3761120	6.93
Mean			5.75

Source: Annual report of HBL

The above calculated table shows that the cash and bank balance to deposit is in a fluctuating trend. In fiscal year 2005/06, the balance with NRB to Total Deposit Ratio is 7.94%. It decreases to 4.23% in fiscal year 2006/07 and 2.94% in fiscal year 2007/08. Then it increases to 6.71% in fiscal year 2008/09 and 6.93% in fiscal year 2009/10. The maximum ratio is 7.94% in fiscal year 2005/06 and minimum ratio is 2.94% in fiscal year 2007/08. The average ratio in fiscal year is 5.75%. The analysis specifies that the bank is unable to maintain cash reserve ratio as per NRB directives.

Table: 16

Balance with NRB to Total Deposit Ratio of EBL

(in Rs. 10000)

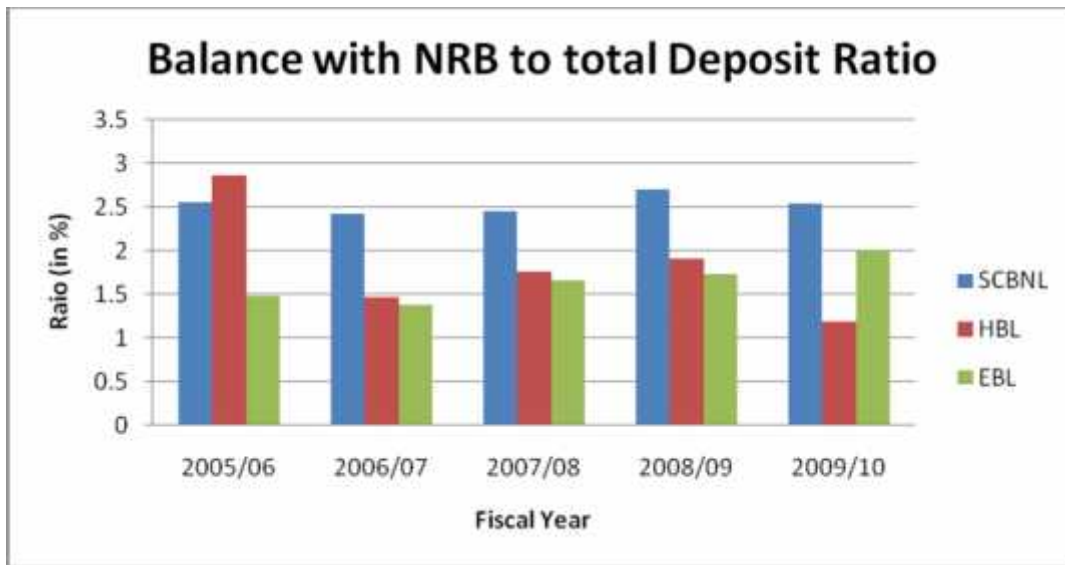
Year	Balance with NRB	Total Deposit	Ratio (%)
2005/06	113952	1380245	8.26
2006/07	117820	1818625	6.48
2007/08	108092	2397630	4.51
2008/09	478716	3332295	14.37
2009/10	562511	3693231	15.23
Mean			9.77

Source: Annual report of EBL

In fiscal year 2005/06, the balance with NRB to total deposit ratio of EBL is 8.26%. Then it decreases to 6.48% in fiscal year 2006/07 and 4.51% in fiscal year 2007/08. Again it increases to 14.37% in fiscal year 2008/09 and 15.23% in fiscal year 2009/10. The maximum ratio is 15.23% in fiscal year 2009/10 and minimum ratio is 4.51% in fiscal year 2007/08. The average ratio in fiscal five year is 9.77%. The analysis specifies that the bank is trying to maintain cash reserve ratio as per NRB directives.

Figure: 5

Comparative Chart of Balance with NRB to Total Deposit Ratio



Comparative three banks on the basis of average balance with NRB to total deposit ratio, it can be concluded that EBL remained more successful than HBL and SCBNL in maintaining cash reserve ratio as per NRB directives.

Activity Ratio

Activity ratios are employed to evaluate the efficiency with which the firm managers and utilizes its asses. These rations are also called turnover/asset management ratio because they indicate the speed with which assets are being converted or turned over into sales.

Activity ratios, thus, involve a relationship between sales and assets. We can say that activity ratios show the working efficiency of the assets to measure sales. Higher the ratio is an indicator of improved efficiency of resources and lower the ratio is an indicator of inefficiency of resources for sales activities. The following are the different ratios which are calculated under activity ratio.

) **Loan and Advances to Total Deposit Ratio**

This ratio measures the banks' ability to mobilize the depositor's fund to earn profit by providing loans and advances. A high ratio indicates higher efficiency to utilize depositor's fund and low ratio indicates bank's inability to efficiency utilize the depositor's fund.

Table: 17

Loan and Advances to Total Deposit Ratio of SCBNL

(in Rs. 10000)

Year	Loan & Advance	Total Deposit	Ratio %
2005/06	893542	2306103	38.75
2006/07	1050264	2464702	42.61
2007/08	1371860	2974400	46.12
2008/09	1367976	3587172	38.14
2009/10	1595696	3518272	45.35
Mean			42.19

Source: Annual Report of SCBNL

Loan and advances to total deposit ratios of SCBNL are 38.75%, 42.61%, 46.12%, 38.14%, 45.35% in the fiscal years 2005/06, 2006/07, 2007/08, 2008/09 and 2009/10 respectively. The average loan and advances to total deposit ratio of SCBNL is 42.19 in fiscal five years.

Table: 18**Loan and Advances to Total Deposit Ratio of HBL**

(in Rs. 10000)

Year	Loan & Advances	Total Deposit	Ratio (%)
2005/06	980130	1380245	71.01
2006/07	1699800	3004842	56.57
2007/08	1949752	3184279	61.23
2008/09	2479316	3468135	71.49
2009/10	2798063	3761120	74.39
Mean			66.94

Source: Annual report of HBL

In the fiscal years 2005/06, 2006/07, 2007/08, 2008/09 and 2009/10, the loan and advances to total deposit ratios are 71.01%, 56.57%, 61.23%, 71.49% and 74.39% respectively. In five fiscal years, the average loan and advances to total deposit ratio of HBL is 66.94%.

Table: 19**Loan and Advances to Total Deposit Ratio of EBL**

(in Rs. 10000)

Year	Loan & Advances	Total Deposit	Ratio (%)
2005/06	980131	1380245	71.01
2006/07	1366408	1818625	75.13
2007/08	1833909	2397630	76.49
2008/09	2388467	3332295	71.68
2009/10	2755636	3693231	74.61
Mean			73.78

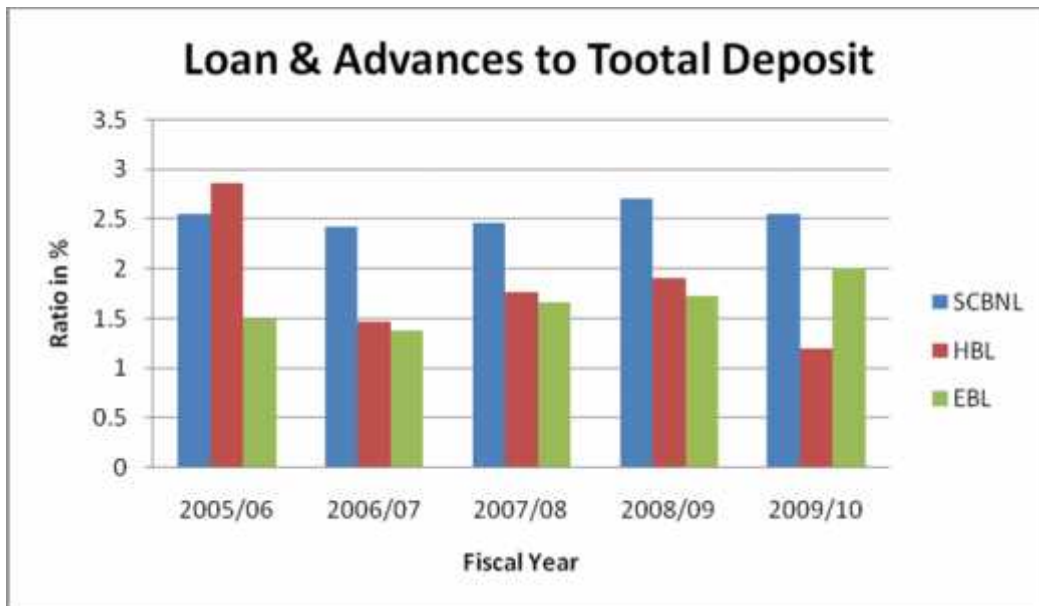
Source: Annual report of EBL

Loan and advances to total deposit ratio of EBL in fiscal year 2005/06 is 71.01%, in fiscal year 2006/07 is 75.13%, in fiscal year 2007/08 is 76.49%, in fiscal year 2008/09 is

71.68% and in fiscal year 2009/10 is 74.61%. The average loan and advances to total deposit ratio of EBL is 73.78%.

Figure No: 6

Comparative Chart of Loan and Advances to Total Deposit Ratio



Comparing three banks on the basis of loan and advances to total deposit ratio, EBL has higher efficiency to utilize depositor's fund while SCBNL has low efficiency to utilize depositor's fund.

) **Loan and Advances to Total Assets Ratio**

Loan and advances to total assets ratio reflects the extent to which the bank is successful in mobilizing its total assets on loan and advance for the purpose of income generating. A high ratio is more desirable to the bank and indicates more successful to mobilize the total assets.

Table: 20

Loan and Advances to Total Assets Ratio of SCBNL

(in Rs. 10000)

Year	Loan & Advance	Total Assets	Ratio %
2005/06	893542	2576735	34.68
2006/07	1050264	2859669	36.73
2007/08	1371860	3333579	41.15
2008/09	1367976	4006657	34.14
2009/10	1595696	4021332	39.68
Mean			37.28

Source: Annual Report of SCBNL

From above calculation the loan and advances to total deposit ratio of SCBNL are 34.68%, 36.73%, 41.14% and 39.68% in fiscal years 2005/06, 2006/07, 2007/08, 2008/09 and 2009/10 respectively. The average ratio of loan and advances to total deposit in five fiscal years is 37.28%.

Table: 21

Loan and Advances to Total Assets Ratio of HBL

(in Rs. 10000)

Year	Loan & Advances	Total Assets	Ratio (%)
2005/06	980130	1595929	61.41
2006/07	1699800	3351914	50.71
2007/08	1949752	3617553	53.90
2008/09	2479316	3932032	63.05
2009/10	2798063	4271713	65.50
Mean			58.92

Source: Annual report of HBL

Loan and advances to total assets ratio in fiscal year 2005/06 is 61.41%, in fiscal year 2006/07 is 50.71%, in fiscal year 2007/08 is 53.90%, in fiscal year 2008/09 is 3.05% and

in fiscal year 2009/10 is 65.50%. The average loan and advances to total assets ratio in five fiscal years is 58.92%.

Table: 22

Loan and Advances to Total Assets Ratio of EBL

(in Rs. 10000)

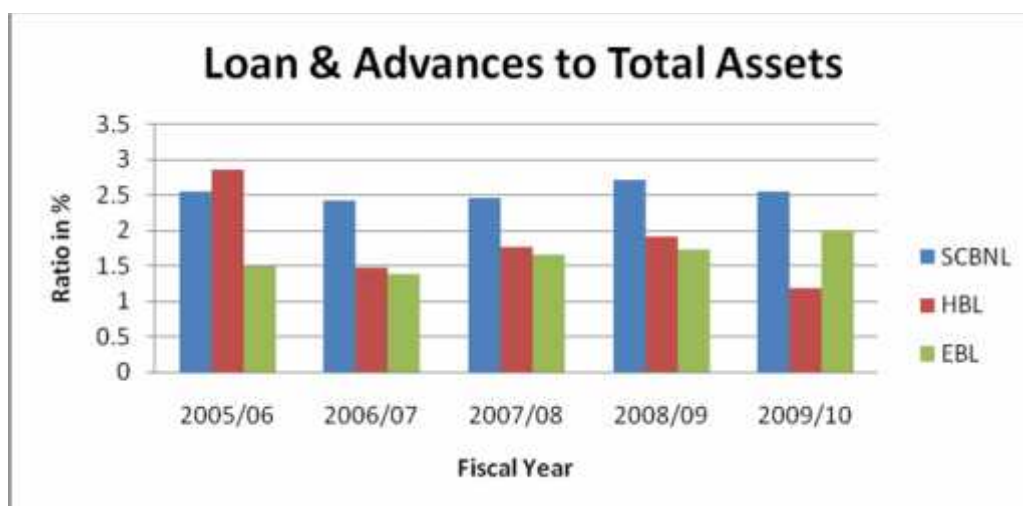
Year	Loan & Advances	Total Assets	Ratio (%)
2005/06	980131	1595929	61.41
2006/07	1366408	2143257	63.75
2007/08	1833909	2714934	67.55
2008/09	2388467	3691685	64.70
2009/10	2755636	4138276	66.59
Mean			64.80

Source: Annual report of EBL

The above table shows that the loan and advances to total assets ratios of EBL are 61.41%, 63.75%, 67.55%, 64.70% and 66.59% in the fiscal years 2005/06, 2006/07, 2007/08, 2008/09 and 2009/10 respectively. The average ratio of loan and advances to total assets of EBL is 64.80% in fiscal five years.

Figure: 7

Comparative Chart of Loan and Advances to Total Assets Ratio



Comparing three banks, it can be concluded that EBL remained more successful than SCBNL and HBL in mobilizing total assets in loans and advances. However, the higher ratio also indicated that the total asset of EBL is more risky than that of SCBNL and HBL.

J Investment to Total Deposit Ratio

This ratio presents how efficiently the resources the banks have been utilized. High ratio shows managerial efficiency regarding the utilization of deposits and vice versa.

Table: 23

Investment to Total Deposit Ratio of SCBNL

(in Rs. 10000)

Year	Investment	Total Deposit	Ratio %
2005/06	1284754	2306103	55.71
2006/07	1355323	2464702	54.99
2007/08	1390282	2974400	46.74
2008/09	2023612	3587172	56.41
2009/10	1984751	3518272	56.41
Mean			54.05

Source: Annual Report of SCBNL

The investment to total deposit ratios of SCBNL are 55.71%, 53.99%, 46.74%, 56.41% and 56.41% in fiscal years 2005/06, 2006/07, 2007/08, 2008/09 and 2009/10 respectively. The average ratio of investment to total deposit is 54.05% in fiscal five years. It shows that more than 50% of total deposit is success to utilize in investment.

Table: 24
Investment to Total Deposit Ratio of HBL

(in Rs. 10000)

Year	Investment	Total Deposit	Ratio (%)
2005/06	1088903	1380245	78.89
2006/07	1182299	3004842	39.35
2007/08	1334018	3184279	41.89
2008/09	871069	3468135	25.12
2009/10	844491	3761120	22.45
Mean			41.54

Source: Annual report of HBL

The investment to total deposit ratios of HBL are 78.89%, 39.35%, 41.89%, 25.12% and 22.45% in fiscal years 2005/06, 2006/07, 2007/08, 2008/09 and 2009/10 respectively. The average ratio of investment to total deposit is 41.54% in fiscal five years. It shows that less than 50% of total deposit is success to utilize in investment.

Table: 25
Investment to Total Deposit Ratio of EBL

(in Rs. 10000)

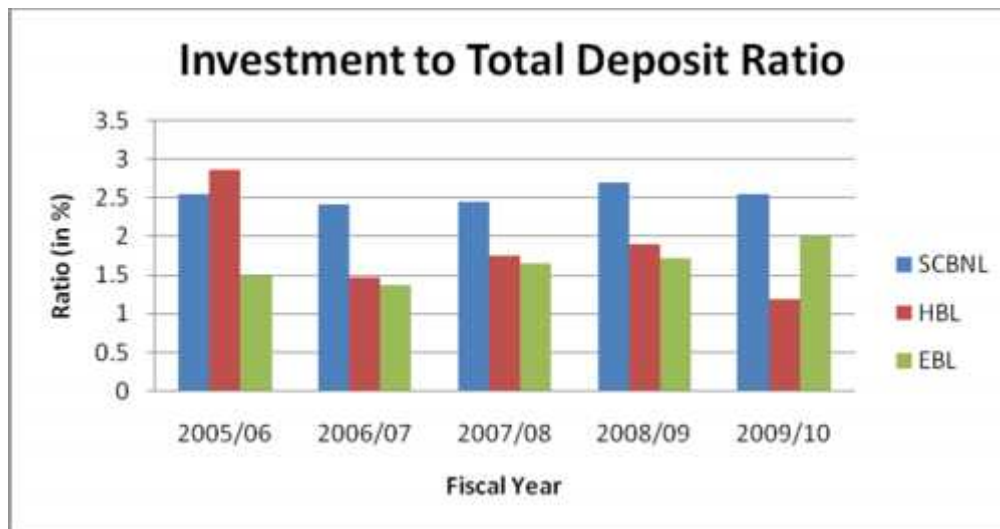
Year	Investment	Total Deposit	Ratio (%)
2005/06	420052	1380245	30.43
2006/07	498432	1818625	27.41
2007/08	505956	2397630	21.10
2008/09	594848	3332295	17.85
2009/10	500831	3693231	13.56
Mean			22.07

Source: Annual report of EBL

The investment to total deposit ratios of EBL are 30.43%, 27.41%, 21.10%, 17.85% and 13.56% in fiscal years 2005/06, 2006/07, 2007/08, 2008/09 and 2009/10 respectively. The average ratio of investment to total deposit is 22.07% in fiscal five years. It shows that average only of 22.07% of total deposit is utilizing in investment.

Figure: 8

Comparative Bar Diagram of Investment to Total Deposit Ratio



Comparing three banks on the basis of average investment to total deposit ratio, it can be concluded that SCBNL remained more successful than HBL and EBL in mobilizing total deposit in investment.

Capital Adequacy Ratio

This ratio is important to every business firm. Similarly commercial banks must evaluate this ratio. Capital is important for an organization to maintain every facility. Holding excess capital that required have higher holding cost and low return from investment, similarly holding too little capital may have inefficient in paying liabilities of a firm.

So a firm should maintain an optimum level of cash. For maintain optimum cash by the CBS NRB directs the commercial banks to increase or decrease or fix a certain percentage of capital funds out of total deposits.

-) Net worth to total assets ratio
-) Net worth to total deposit ratio

a. Net Worth to Total Assets Ratio

Net worth to total assets ratio reflects the sufficiency of shareholders' fund against the total assets. Net worth refers to ordinary share capital, bonus share capital, preference share capital and all kinds of shareholders' reserve. And total assets include current assets, fixed assets, investment in share and investment in debentures and miscellaneous assets.

Table: 26
Net Worth to Total Assets Ratio of SCBNL

(in Rs. 10000)

Year	Net Worth	Total Assets	Ratio %
2005/06	175414	2576735	6.81
2006/07	211635	2859669	7.40
2007/08	249255	3333579	7.48
2008/09	305247	4006657	7.62
2009/10	336971	4021332	8.38
Mean			7.54

Source: Annual Report of SCBNL

In above table shows that net worth to total assets ratio of SCBNL is in increasing trend. In fiscal year 2005/06, net worth to total assets ratio is 6.81%. In fiscal year 2006/07 it increases to 7.40%. Again it is increasing to 7.48%, 7.62% and 8.38% in fiscal year

2007/08, 2008/09 and 2009/10 respectively. The average net worth to total assets ratio of SCBNL is 7.54% in fiscal five years.

Table: 27
Net Worth to Total Assets Ratio of HBL

(in Rs. 10000)

Year	Net Worth	Total Assets	Ratio (%)
2005/06	17662	1595929	1.11
2006/07	214654	3351914	6.40
2007/08	251300	3617553	6.95
2008/09	311983	3932032	7.93
2009/10	362864	4271713	8.49
Mean			6.18

Source: Annual report of HBL

In fiscal year 2005/06 the net worth to total assets ratio of HBL is 1.11%. In fiscal year 2006/07 the ratio increases to 6.40%. Again it reaches to 6.95% in fiscal year 2007/08. Likewise it increases to 7.93% and 8.49% in fiscal years 2008/09 and 2009/10. In five years the average net worth to total assets ratio is 6.18%.

Table: 28
Net Worth to Total Assets Ratio of EBL

(in Rs. 10000)

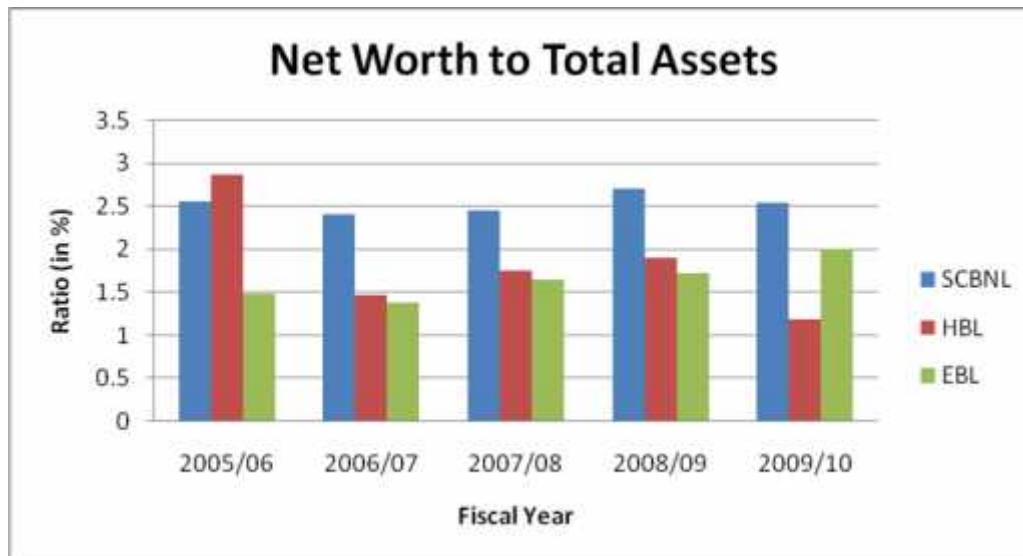
Year	Net Worth	Total Assets	Ratio (%)
2005/06	82280	1595929	5.16
2006/07	106150	2143257	4.95
2007/08	158120	2714934	5.82
2008/09	220540	3691685	5.97
2009/10	275710	4138276	6.66

Mean	5.71
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Source: Annual report of EBL

In fiscal year 2005/06 the net worth to total assets ratio of EBL is 5.16%. It decreases to 4.95% in fiscal year 2006/07. Then it increases to 5.82% in fiscal year 2007/08. Likewise it increases to 5.97% and 6.66% in 2008/09 and 2009/10. The five years mean net worth to total assets ratio is 5.71%.

Figure: 9
Comparative Chart of Net Worth to Total Assets Ratio



On the basis of net worth to total assets, it can be considered that all the three banks have the policy of financing higher portion of total assets through outside financing. However, comparing three banks, it can be concluded that the assets of SCBNL bank is much more safe than that of other banks, as the highest percentage, 7.54% of total assets of SCBNL was financed through internal fund.

b. Net worth to Total Deposit Ratio

It indicates the percentage of net worth in relations to the total deposits collected in the bank. The direction of the central bank has maintained or not by the bank, is the yardstick to measure the position.

Table: 29
Net Worth to Total Deposit Ratio of SCBNL

(in Rs. 10000)

Year	Net Worth	Total Deposit	Ratio %
2005/06	175414	2306103	7.61
2006/07	211635	2464702	8.59
2007/08	249255	2974400	8.38
2008/09	305247	3587172	8.51
2009/10	336971	3518272	9.58
Mean			8.53

Source: Annual Report of SCBNL

The net worth to total deposit ratio is 7.61% in fiscal year 2005/06, 8.59% in the fiscal year 2006/07, 8.83% in the fiscal year 2007/08, 8.51% in the fiscal year 2008/09 and 9.58% in the fiscal year 2009/10. The average net worth to total deposit ratio of SCBNL is 8.53%.

Table: 30
Net Worth to Total Deposit Ratio of HBL

(in Rs. 10000)

Year	Net Worth	Total Deposit	Ratio (%)
2005/06	17662	1380245	1.28
2006/07	214654	3004842	7.14
2007/08	251300	3184279	7.89
2008/09	311983	3468135	9.00
2009/10	362864	3761120	9.65
Mean			6.99

Source: Annual report of HBL

From above calculation the net worth to total deposit ratios of HBL are 1.28%, 7.14%, 7.89%, 9.00% and 9.65% in the fiscal years 2005/06, 2006/07, 2007/08, 2008/09 and 2009/10.

2009/10 respectively. The average net worth to total deposit ratio is 6.99% in five fiscal years.

Table: 31
Net Worth to Total Deposit Ratio of EBL

(in Rs. 10000)

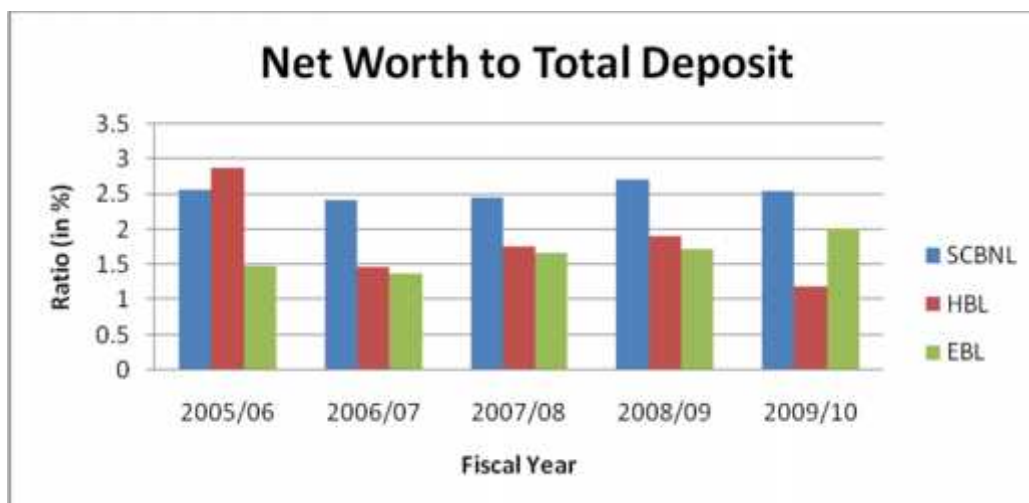
Year	Net Worth	Total Deposit	Ratio (%)
2005/06	82280	1380245	5.96
2006/07	106150	1818625	5.84
2007/08	158120	2397630	6.59
2008/09	220540	3332295	6.62
2009/10	275710	3693231	7.47
Mean			6.50

Source: Annual report of EBL

The net worth to total deposit ratio of EBL is 5.96% in fiscal year 2005/06, 5.84% in fiscal year 2006/07, 6.59% in fiscal year 2007/08, 6.62% in fiscal year 2008/09 and 7.47% in fiscal year 2009/10. In five fiscal years, the average net worth to total deposit ratio of EBL is 6.5%.

Figure: 10

Comparative Chart of Net Worth to Total Deposit Ratio



Comparing three banks, it can be concluded that the average net worth to total deposit ratio of SCBNL bank is greater than HBL and EBL (i.e. 8.53% > 6.99% and 6.50%).

Profitability Ratio

Profitability ratio is one of the main indicators to analyzing the financial performance of a firm. It calculates to measure the earning performance and operational efficiency of the bank. A bank should be able to produce adequate profit on each rupee of investment, if investments do not generate sufficient profits, it would be very difficult for the bank to cover operating expenses and interest charges. The profitability of the bank should also be evaluated in term of its investment in assets and in term of capital contributed by creditors. If the bank is unable to earn satisfactory return of investment, its survival is threatened.

a. Return on Assets Ratio (Net Income to Total Assets Ratio)

Return on Total Assets explains the contribution of assets to generating net profit. Higher return on total assets indicates the higher efficiency in the utilization of total assets and vice-versa.

Table: 32
Return on Assets of SCBNL

(in Rs. 10000)

Year	Net Income	Total Assets	Ratio %
2005/06	65876	2576735	2.56
2006/07	69167	2859669	2.42
2007/08	81892	3333579	2.46
2008/09	108587	4006657	2.71
2009/10	102512	4021332	2.55
Mean			2.54

Source: Annual Report of SCBNL

In fiscal year 2005/06, return on assets ratio is 2.56%. Then next fiscal year 2006/07 it decreases to 7.40%. Likewise in fiscal years 2007/08, 2008/09 and 2009/10, the ROA is 2.46%, 2.71% and 2/55% respectively. The five years' average ROA of SCBNL is 2.54%. The maximum ratio is 2.71% in fiscal year 2008/09 and minimum ratio is 2.42% in fiscal year 2006/07.

Table: 33
Return on Assets of HBL

Year	Net Income	Total Assets	Ratio (%)
2005/06	45746	1595929	2.87
2006/07	49182	3351914	1.47
2007/08	63587	3617553	1.76
2008/09	75284	3932032	1.91
2009/10	50880	4271713	1.19
Mean			1.84

Source: Annual report of HBL

In fiscal year 2005/06, return on assets is 2.87%. In fiscal year 2006/07 it decreases to 1.47%. Then it increases to 1.76% in fiscal year 2007/08 and 1.91% in fiscal year 2008/09. Again it decreases to 1.19% in fiscal year 2009/10. The average return on assets in fiscal five years is 1.19%. The maximum ratio is 2.87% in fiscal year 2005/06 and minimum ratio is 1.19% in fiscal year 2009/10.

Table: 34
Return on Assets of EBL

(in Rs. 10000)

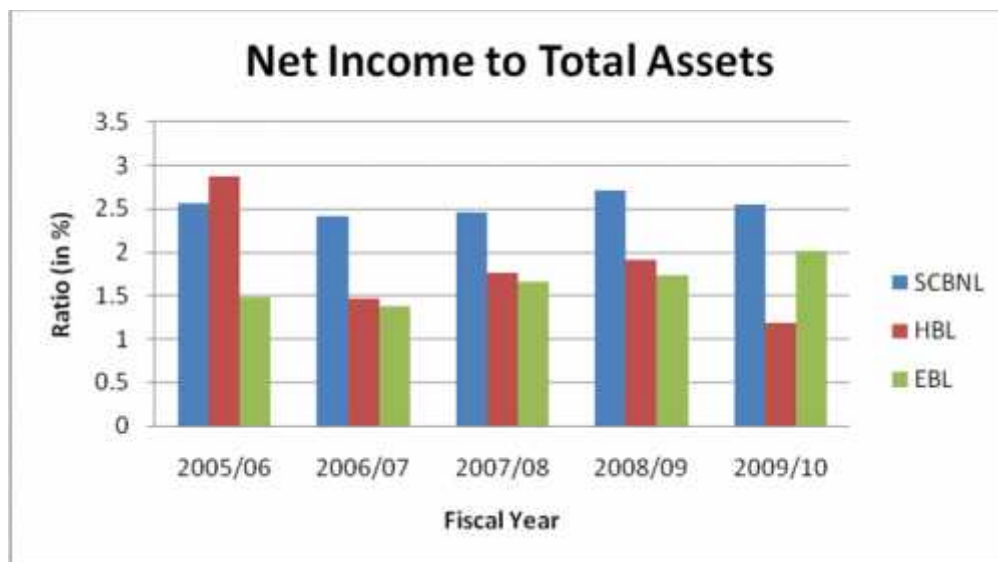
Year	Net Income	Total Assets	Ratio (%)
2005/06	23729	1595929	1.49
2006/07	29641	2143257	1.38
2007/08	45122	2714934	1.66
2008/09	63873	3691685	1.73
2009/10	83177	4138276	2.01
Mean			1.65

Source: Annual report of EBL

In fiscal year 2005/06, the return on asset ratio is 1.49% and in fiscal year 2006/07 it decreases to 1.38%. Then after, it has increasing trend. In fiscal year 2007/08 the ratio is 1.66%, in fiscal year 2008/09 the ratio is 1.73% and in fiscal year 2009/10 the ratio 2.01%. The average return on assets ratio of EBL is 1.65%. The maximum ratio is 2.01% in fiscal year 2009/10 and minimum ratio is 1.38% in fiscal year 2006/07.

Figure: 11

Comparative Chart of Return on Assets



Comparing three banks, it can be concluded that SCBNL utilized its assets more effectively to generate highest profit than HBL and EBL.

b. Net Income to Total Deposit

Return on total deposit ratio measures how efficiently the deposit has been mobilized. This ratio is a mirror of bank's overall financing performance. Shareholders, depositors and management are concerned with this ratio.

Table: 35
Net Income to Total Deposit SCBNL

(in Rs. 10000)

Year	Net Income	Total Deposit	Ratio %
2005/06	65876	2306103	2.86
2006/07	69167	2464702	8.59
2007/08	81892	2974400	8.38
2008/09	108587	3587172	8.51
2009/10	102512	3518272	9.58
Mean			7.58

Source: Annual Report of SCBNL

The net income to total deposit ratio of SCBNL is 2.86% in fiscal year 2005/06 and 8.59% in fiscal year 2006/07. Then it decreases to 8.38% in fiscal year 2007/08. Then after, it reaches to 8.51% and 9.58% in fiscal years 2008/09 and 2009/10. The five years average net income to total deposit ratio of SCBNL is 7.58%. The maximum ratio is 9.58% in fiscal year 2009/10 and minimum ratio is 2.86% in fiscal year 2005/06.

Table: 36
Net Income to Total Deposit HBL

(in Rs. 10000)

Year	Net Income	Total Deposit	Ratio (%)
2005/06	45746	1380245	3.31
2006/07	49182	3004842	1.64
2007/08	63587	3184279	2.00
2008/09	75284	3468135	2.17
2009/10	50880	3761120	1.35
Mean			2.09

Source: Annual report of HBL

The above table shows that the ratio of HBL is in fluctuating trend. The net income to total deposit ratios are 3.31%, 1.64%, 2.00%, 2.17% and 1.35% in fiscal years 2005/06, 2006/07, 2007/08, 2008/09 and 2009/10 respectively. The average ratio in fiscal five years is 2.09%. The maximum ratio is 3.31% in fiscal year 2005/06 and minimum ratio is 1.35% in fiscal year 2009/10.

Table: 37
Net Income to Total Deposit EBL

(in Rs. 10000)

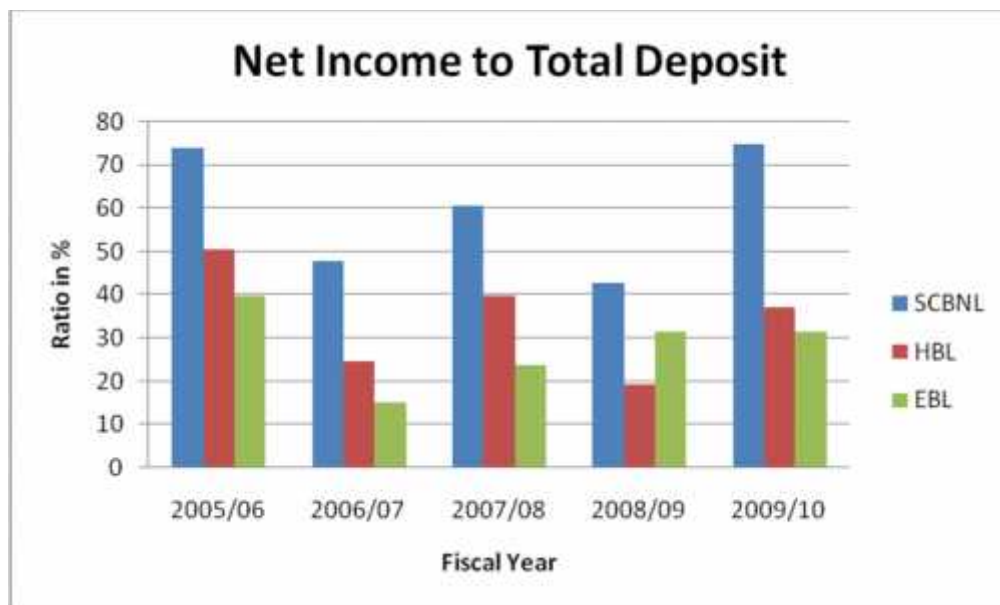
Year	Net Income	Total Deposit	Ratio (%)
2005/06	23729	1380245	1.72
2006/07	29641	1818625	1.63
2007/08	45122	2397630	1.88
2008/09	63873	3332295	1.92
2009/10	83177	3693231	2.25
Mean			1.88

Source: Annual report of EBL

The average net income to total deposit ratio is EBL is 1.88% in five fiscal years. The above table shows that 1.72% in fiscal year 2005/06, 1.63% in fiscal year 2006/07, 1.88% in fiscal year 2007/08, 1.92% in fiscal year 2008/09 and 2.25% in fiscal year 2009/10. The maximum ratio is 2.25% in fiscal year 2009/10 and minimum ratio is 1.63% in fiscal year 2006/07.

Figure: 12

Comparative Chart of Net Income to Total Deposit Ratio



Comparing to three sampled banks on the basis of return on total deposit, it can be concluded that the capacity of turning total deposit into net profit of SCBNL much better than that of HBL and EBL. Hence, it can also be considered that the investment sector of the total deposit amount of SCBNL is most fruitful than that of HBL and EBL.

c. Interest Income to Total Assets Ratio

Interest earned to total assets ratio shows how much interest has been generated by mobilizing the assets in the bank. Higher ratio indicates higher efficiency in the mobilization of resources and ability of interest earning and vice-versa.

Table: 38
Interest Income to Total Assets Ratio of SCBNL

(in Rs. 10000)

Year	Interest Income	Total Assets	Ratio %
2005/06	118960	2576735	4.62
2006/07	141198	2859669	4.94
2007/08	159120	3333579	4.77
2008/09	188722	4006657	4.71
2009/10	204211	4021332	5.08
Mean			4.82

Source: Annual Report of SCBNL

Above table shows that the interest earning capacity of SCBNL from total assets ranged from 4.62% in the fiscal year 2005/06 to 4.94% in the fiscal year 2006/07. In average, the interest earned to total assets ratio was 4.82%, which indicated that SCBNL generated 4.82% as interest income from Rs. 100 investment in total assets. Similarly, the ratio in fiscal years 2007/08, 2008/09 and 2009/10 are 4.77%, 4.71% and 5.08% respectively.

Table: 39
Interest Income to Total Assets Ratio of HBL

(in Rs. 10000)

Year	Interest Income	Total Assets	Ratio (%)
2005/06	162647	1595929	10.19
2006/07	177558	3351914	5.30
2007/08	196365	3617553	5.43
2008/09	234220	3932032	5.96
2009/10	314861	4271713	7.37
Mean			6.85

Source: Annual report of HBL

In fiscal year 2005/06, the interest income of HBL is 10.19% and in fiscal year 2006/07 it decreases to 5.30%. Then after it started to increase and shows the ratios 5.43%, 5.96% and 7.37% in fiscal years 2007/08, 2008/09 and 2009/10. It shows that the ratio is in fluctuating trend. The average ratio of HBL is 6.85%.

Table: 40
Interest Income to Total Assets Ratio of EBL

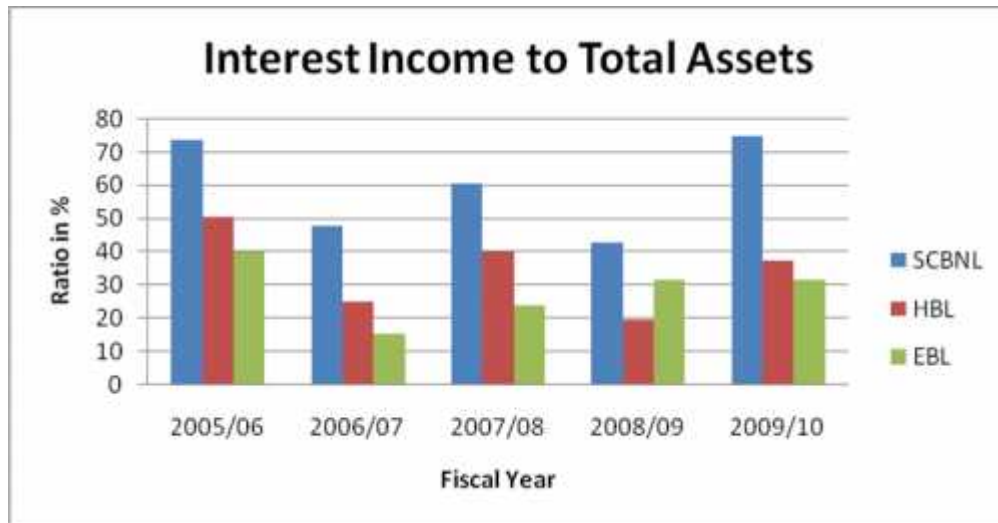
(in Rs. 10000)

Year	Interest Income	Total Assets	Ratio (%)
2005/06	90341	1595929	5.66
2006/07	114441	2143257	5.34
2007/08	154866	2714934	5.70
2008/09	218682	3691685	5.92
2009/10	310245	4138276	7.50
Mean			6.03

Source: Annual report of EBL

In fiscal year 2005/06, the interest income EBL is 5.66% and in fiscal year in 2006/07 it decreases to 5.34%. Then after it started to increase and shows the ratios 5.70%, 5.92%, 7.50% in fiscal years 2007/08, 2008/09 and 2009/10. It shows that the ratio is in fluctuating trend. The average ratio of EBL is 6.03%.

Figure: 13
Comparative Chart of Interest Income to Total Assets Ratio



Comparing three banks on the basis of interest earned to total assets, it can be concluded that the capacity of utilizing total assets to generate interest income is highest in HBL compared to SCBNL and EBL.

d. Interest Expenses to Interest Income

Interest paid to interest income ratio reveals the proportionate relationship between interest paid on different liabilities and interest income from different source.

Table: 41

Interest Expenses to Interest Income of SCBNL

(in Rs. 10000)

Year	Interest Expenses	Interest Income	Ratio %
2005/06	30320	118960	25.49
2006/07	41306	141198	29.25
2007/08	47173	159120	29.65
2008/09	54379	188722	28.81
2009/10	57574	204211	28.19
Mean			28.28

Source: Annual Report of SCBNL

In fiscal year 2005/06 the interest expenses to interest income is 25.49% and increase to 29.25% in fiscal year 2006/07. Again another year 2007/08, it is increasing and reaches

to 29.65%. Then after it started to decrease to 28.81% in fiscal year 2008/09 and 28.19% in fiscal year 2009/10. The average interest expenses to interest income ratio is 28.28% in fiscal five years.

Table: 42
Interest Expenses to Interest Income of HBL

(in Rs. 10000)

Year	Interest Expenses	Interest Income	Ratio (%)
2005/06	64884	162647	39.89
2006/07	76741	177558	43.22
2007/08	82374	196365	41.95
2008/09	93478	234220	39.91
2009/10	155353	314861	49.34
Mean			42.86

Source: Annual report of HBL

In fiscal year 2005/06, the interest expenses to interest income is 39.89% and increases to 43.22% in fiscal year 2006/07. Another year 2007/08, it is decreasing and reaches to 41.95%. In fiscal year 2008/09, the ratio is 39.91% and in fiscal year 2009/10 the ratio is 49.34%. In average, HBL pays 42.86% of the total interest income as interest expenses. The maximum ratio is 49.34% in fiscal year 2009/10 and minimum ratio is 39.89% in fiscal year 2005/06.

Table: 43
Interest Expenses to Interest Income of EBL

(in Rs. 10000)

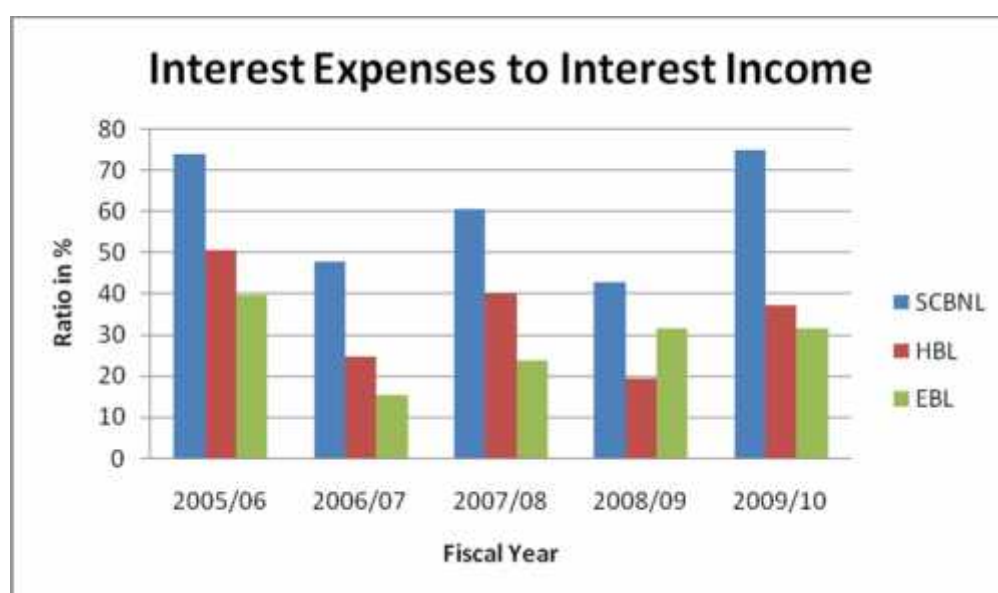
Year	Interest Income	Interest Income	Ratio (%)
2005/06	40140	90341	44.43
2006/07	51717	114441	45.19
2007/08	63261	154866	40.85
2008/09	101287	218682	46.32
2009/10	157279	310245	50.70
Mean			45.50

Source: Annual report of EBL

In fiscal year 2005/06, the ratio is 44.43% and in fiscal year 2006/07, the ratio is 45.19%. Then in fiscal year 2007/08 it decreases to 40.85%. Again it started to increase and have ratio of 46.32% in fiscal year 2008/09 and ratio of 50.70% in fiscal year 2009/10. In average, EBL pays 45.50% of the total interest income as interest expenses. The maximum ratio is 50.70% in fiscal year 2009/10 and 40.85% in fiscal year 2007/08.

Figure: 14

Comparative Chart of Interest Expenses to Interest Income



Comparing between sampled banks, it can be concluded that SCBNL has the highest control on interest expenses than other banks as the interest paid to interest income of SCBNL is lowest than that of HBL and EBL.

e. Earnings Per Share

The earnings per share show the profitability of the bank on per share basis. It shows the earning available to each shareholder out of the total earning.

Table: 44
Earnings per Share of SCBNL

Year	Net Income (in Rs. 10000)	No. of Common Shares (in 10000)	EPS (in Rs.)
2005/06	65876	374.6404	175.84
2006/07	69167	413.2548	167.37
2007/08	81892	620.784	131.92
2008/09	108587	931.9664	116.51
2009/10	102512	1398.4836	73.30
Mean			132.99

Source: Annual Report of SCBNL

Above table shows the EPS of SCBNL is decreasing year by year. The EPS of SCBNL is Rs. 175.84 in fiscal year 2005/06, Rs. 167.37 in fiscal year 2006/07, Rs. 131.92 in fiscal year 2007/08 and Rs. 116.51 in fiscal year 2008/09. In average, SCBNL's EPS is Rs. 132.99 per share. The maximum EPS is Rs. 175.84 in fiscal year 2005/06 and minimum EPS Rs. 73 in fiscal year 2009/10.

Table: 45
Earnings per Share of HBL

Year	Net Income (in Rs. 10000)	No. of Common Shares (in 10000)	EPS (in Rs.)
2005/06	45746	772.2	59.24
2006/07	49182	810.81	60.66
2007/08	63587	1013.5125	62.74
2008/09	75284	1216.215	61.90
2009/10	50880	1600	31.80

Mean	55.27
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Source: Annual report of HBL

The EPS of HBL is found to be in fluctuating trend, i.e. Rs. 59.24, Rs. 60.66, Rs. 62.74, Rs. 61.90 and Rs. 31.80 in the fiscal year 2005/06, 2006/07, 2007/08, 2008/09 and 2009/10 respectively. In average, HBL's EPS is Rs. 55.27 per share. The maximum EPS is Rs. 62.74 in fiscal year 2007/08 and minimum EPS is RS. 31.80 in fiscal year 2009/10.

Table: 46
Earnings per Share of EBL

Year	Net Income (in Rs. 10000)	No. of Common Shares (in 10000)	EPS (in Rs.)
2005/06	23729	378	62.78
2006/07	29641	378	78.42
2007/08	45122	491.4	91.82
2008/09	63873	638.821	99.99
2009/10	83177	830.4673	100.16
Mean			86.63

Source: Annual report of EBL

Above table shows the EPS of EBL is increasing year by year. The EPS of EBL is Rs. 62.78 in fiscal year 2005/06, Rs. 78.42 in fiscal year 2006/07, Rs. 91.82 in fiscal year 2007/08, Rs. 99.99 in fiscal year 2008/09 and 100.16 in fiscal year 2009/10. In average, EBL's EPS is Rs. 86.63 per share. The maximum EPS is Rs. 100.16 in fiscal year 2009/10 and minimum EPS is Rs. 62.78 in fiscal year 2005/06.

Figure: 15

Comparative Chart of Earnings per Share



Comparing three banks on the basis of EPS, it can be concluded that SCBNL (i.e. Rs. 132.99) is the highest profit earning bank than HBL (i.e. Rs. 55.27) and EBL (i.e. Rs. 86.63).

f. Dividend Per Share (DPS)

The net profit after taxes belongs to shareholders. But the income, which they really receive, is the amount of earnings distributed as dividends.

Table: 47

Dividend Per Share of SCBNL

Year	Dividend paid (in Rs. 10000)	No. of Common Shares (in 10000)	DPS (in Rs.)
2005/06	48703	374.6404	130.00
2006/07	33060	413.2548	80.00
2007/08	49663	620.784	80.00
2008/09	46598	931.9664	50.00
2009/10	76917	1398.4836	55.00
Mean			79.00

Source: Annual Report of SCBNL

The DPS of SCBNL is Rs. 130 in fiscal year 2005/06, Rs. 80 in fiscal year 2006/07, Rs. 80 in fiscal year 2007/08, Rs. 50 in fiscal year 2008/09 and Rs. 55 in fiscal year 2009/10. In average, SCBNL's DPS is Rs. 79 per share. The maximum DPS of SCBNL is Rs. 130 in fiscal year 2005/06 and minimum DPS is Rs. 50 in fiscal year 2008/09. It shows vast difference in maximum and minimum DPS of SCBNL.

Table: 48

Dividend per Share of HBL

Year	Dividend Paid (in Rs. 10000)	No. of Common Shares (in 10000)	DPS (in Rs.)
2005/06	23166	772.2	30.00
2006/07	12162	810.81	15.00
2007/08	25338	1013.5125	25.00
2008/09	14595	1216.215	12.00
2009/10	18947	1600	11.84

Mean	18.77
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Source: Annual report of HBL

The DPS of HBL is Rs. 30 in fiscal year 2005/06, Rs. 15 in fiscal year 2006/07, Rs. 25 in fiscal year 2007/08, Rs. 12 in fiscal year 2008/09 and Rs. 11.84 in fiscal year 2009/10. In average, HBL's DPS is Rs. 18.77 per share. The maximum DPS of HBL is Rs. 30 in fiscal year 2005/06 and minimum DPS is Rs. 11.84 in fiscal year 2009/10.

Table: 49
Dividend per Share of EBL

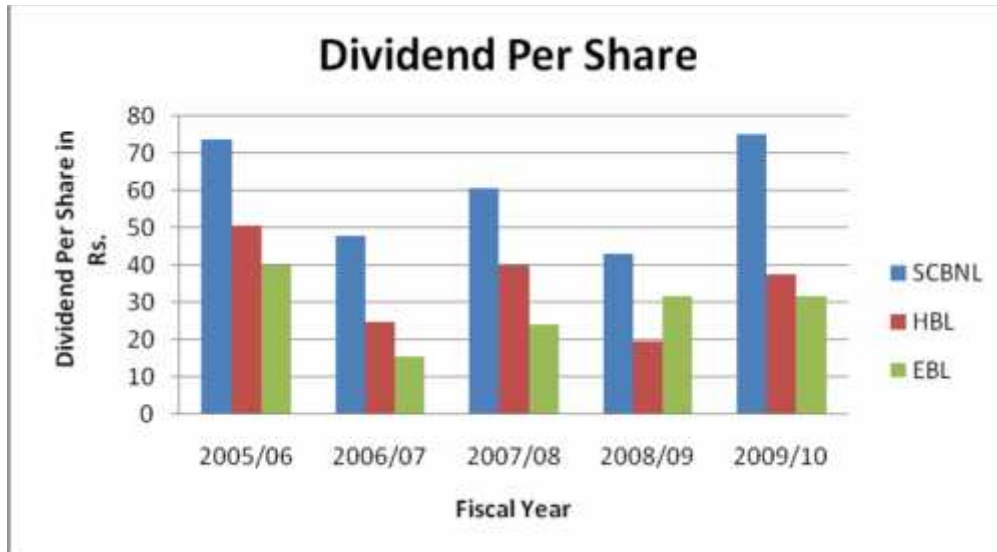
Year	Dividend Paid (in Rs. 10000)	No. of Common Shares (in 10000)	DPS (in Rs.)
2005/06	9450	378	25.00
2006/07	4510	378	11.93
2007/08	10777	491.4	21.93
2008/09	20173	638.821	31.58
2009/10	26225	830.4673	31.58
Mean			24.40

Source: Annual report of EBL

The DPS of EBL is Rs. 25 in fiscal year 2005/06, Rs. 11.93 in fiscal year 2006/07, Rs. 21.93 in fiscal year 2007/08, Rs. 31.58 in fiscal year 2008/09 and Rs. 31.58 in fiscal year 2008/09. In average, EBL's DPS is Rs. 24.40 per share. The maximum DPS of EBL is Rs. 31.58 in fiscal year 2008/09 as well as in fiscal year 2009/10 but minimum DPS is Rs. 11.93 in fiscal year 2006/07.

Figure: 16

Comparative Chart of Dividend per Share (DPS)



Comparing three banks on the basis of DPS, it can be concluded that SCBNL (i.e. Rs. 79) is the highest dividend providing bank than HBL (i.e. Rs. 18.77) and EBL (i.e. Rs. 24.40).

g. Dividend Payout Ratio (DPR)

Dividend payout ratio indicates the percentage amount of dividend paid shareholders out of earning per share.

Table: 50

Dividend Payout Ratio of SCBNL

Year	DPS	EPS	DPR
2005/06	130.00	175.84	73.93
2006/07	80.00	167.37	47.80
2007/08	80.00	131.92	60.64
2008/09	50.00	116.51	42.91
2009/10	55.00	73.30	75.03

Mean	60.06
------	-------

Source: Annual report of SCBNL

The dividend payout ratio of SCBNL is 73.93% in fiscal year 2005/06, 47.80% in fiscal year 2006/07, 60.64% in fiscal year 2007/08, 42.91% in fiscal year 2008/09 and 75.03% in fiscal year 2009/10. The average dividend payout ratio of SCBNL in fiscal five year is 60.06%.

Table: 51

Dividend Payout Ratio of HBL

Year	DPS	EPS	DPR
2005/06	30	59.24	50.64
2006/07	15	60.66	24.73
2007/08	25	62.74	39.85
2008/09	12	61.90	19.39
2009/10	11.84	31.80	37.23
Mean			34.37

Source: Annual report of HBL

The dividend payout ratio of HBL is 50.64% in fiscal year 2005/06 and 24.73%, 39.85%, and 19.39% in fiscal year 2008/09 and 37.23% in fiscal year 2009/10. The average dividend payout ratio of HBL in fiscal five year is 34.37%.

Table: 52

Dividend Payout Ratio of EBL

Year	DPS	EPS	DPR
2005/06	25	62.78	39.82
2006/07	11.93	78.42	15.21
2007/08	21.93	91.82	23.88
2008/09	31.58	99.99	31.58

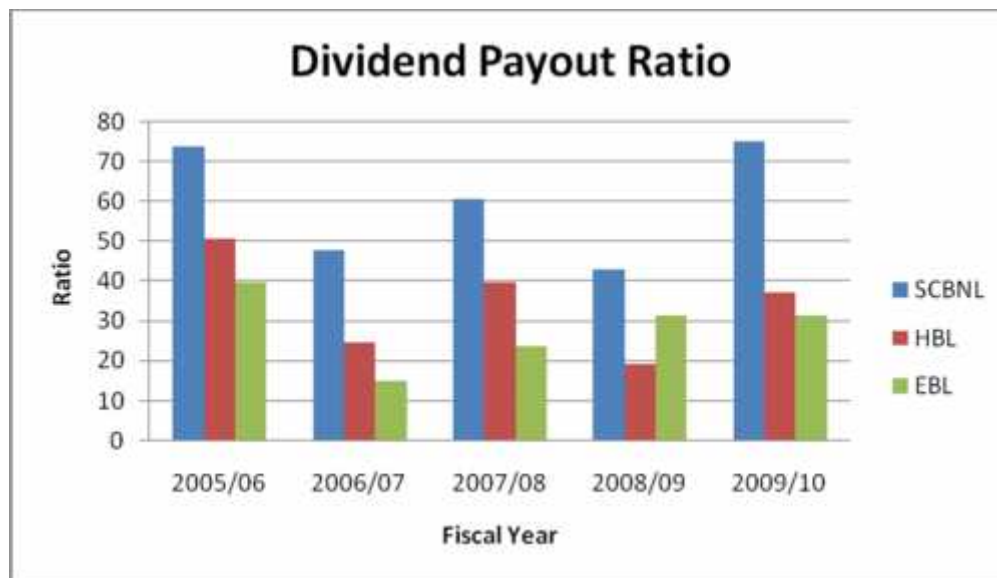
2009/10	31.58	100.16	31.53
Mean			28.41

Source: Annual report of EBL

The dividend payout ratio of EBL is 39.82% in fiscal year 2005/06, 15.21% in fiscal year 2006/07, 23.88% in fiscal year 2007/08, 31.58% in fiscal year 2008/09 and 31.53% in fiscal year 2009/10. The average dividend payout ratio of EBL in fiscal five year is 28.41%.

Figure: 17

Comparative Chart of Dividend Payout Ratio (DPR)



Comparing three banks on the basis of average DPR, it can be concluded that SCBNL (i.e. 60.06%) has highest dividend payout ratio than HBL (i.e. 34.37%) and EBL (i.e. 28.41%).

4.2 Trend Analysis by Least Square Linear

Trend analysis has been a very useful and commonly applied statistical tool forecast the future events in quantitative items. On the basis of tendencies in the dependent variables

in the past periods, the future trend is predicted. This analysis takes the historical data as the basis of forecasting. This method of forecasting the future trend is based on the assumptions that the past tendencies of the variables are repeated in the future or past events the future events significantly.

The future trend is forecasted by using the following formula,

$$Y = a + bx$$

$$a = \frac{\Sigma Y}{n}$$

$$b = \frac{\Sigma xY}{\Sigma x^2}$$

Where,

Y_c = the dependent Variable

a = the origin i.e. arithmetic mean

b = the slope coefficient i.e. rate of change

Table: 53

Trend Analysis of Total Deposit with Passes of time of SCBNL

Year (X)	Total Deposit (Y)	$x = X - 2007/08$	x^2	xY	Y_c
2005/06	2306103	-2	4	-4612206	2260768
2006/07	2464702	-1	1	-2464702	2615449
2007/08	2974400	0	0	0	2970130
2008/09	3587172	1	1	3587172	3324811
2009/10	3518272	2	4	7036544	3679491
	$Y = 14,850,649$	$x = 0$	$x^2 = 10$	$xY = 3546808$	

$$a = \frac{\Sigma Y}{n} = 2970129.8$$

$$b = \frac{\sum xy}{\sum x^2} = 354680.8$$

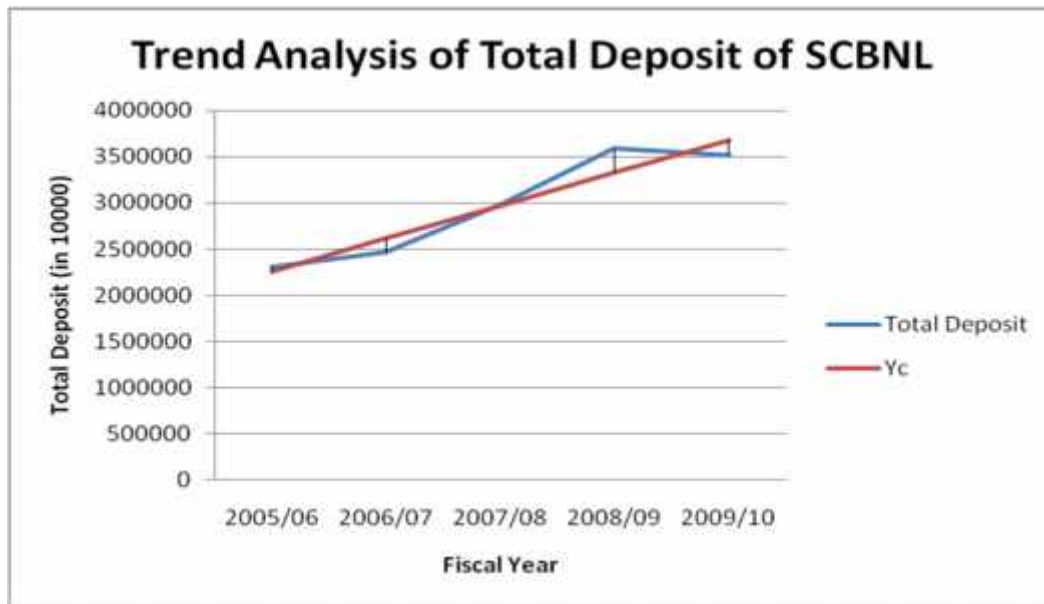
So, the trend equation is

$$Y = a + bx$$

$$= 2970129.8 + 354680.8 X x$$

Putting the value of $x = -2, -1, 0, 1, 2$ in the trend equation the trend values obtained for the year 2005/06 to 2009/10 are shown in the last column of the above table.

Figure: 18



The above figure shows a rising trend because of positive growth rate “b”. Estimated Total Deposit of SCBNL for the year 2010/11 will be Rs. 2970129.8 + Rs. 354680.8 X 3 = Rs. 4034172.2 (in 10000).

Table: 54

Trend Analysis of Total Deposit with Passes of time of HBL

Year (X)	Total Deposit (Y)	x = X-2007/08	x ²	xY	Y _c
2005/06	1380245	-2	4	-2760490	1914715.6
2006/07	3004842	-1	1	-3004842	2437219.9
2007/08	3184279	0	0	0	2959724.2
2008/09	3468135	1	1	3468135	3482228.5
2009/10	3761120	2	4	7522240	4004732.8
	Y = 14798621	x = 0	x ² = 10	xY = 5225043	

$$a = \frac{\Sigma Y}{n} = 2959724.2$$

$$b = \frac{\Sigma xY}{\Sigma x^2} = 522504.3$$

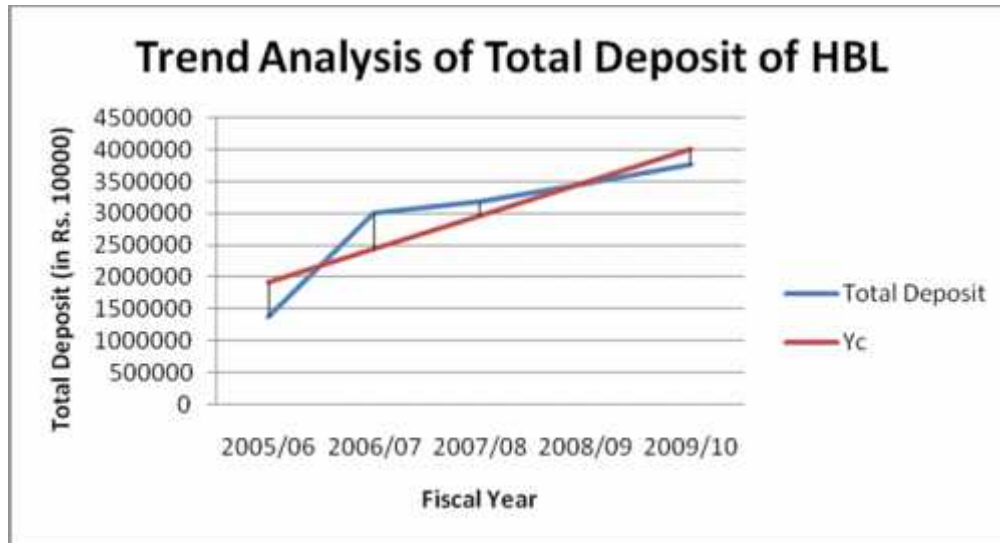
So, the trend quotation is

$$Y = a + bx$$

$$= 2959724.2 + 522504.3 X x$$

Putting the value of x = -2, -1, 0, 1, 2 in the trend equation in the trend values obtained for the year 2005/06 to 2009/10 are shown in the last column of the above table.

Figure: 19



The above figure shows a rising trend because of positive growth rate “b”.

Estimated Total Deposit of HBL for the year 2010/11 will be Rs. 2959724.2 + 522504.3 X 3 = Rs. 4527237.1 (in 10000).

Table: 55

Trend Analysis of Total Deposit with Passes of time of EBL

Year (X)	Total Deposit (Y)	x = X-2007/08	x ²	xY	Y _c
2005/06	1380245	-2	4	-2760490	1296477
2006/07	1818625	-1	1	-1818625	1910441
2007/08	2397630	0	0	0	2524405
2008/09	3332295	1	1	3332295	3138369
2009/10	3693231	2	4	7386462	3752334
	Y = 12622026	x = 0	x ² = 10	xY = 6139642	

$$a = \frac{\sum Y}{n} = 2524405.2$$

$$b = \frac{\sum xy}{\sum x^2} = 613964.2$$

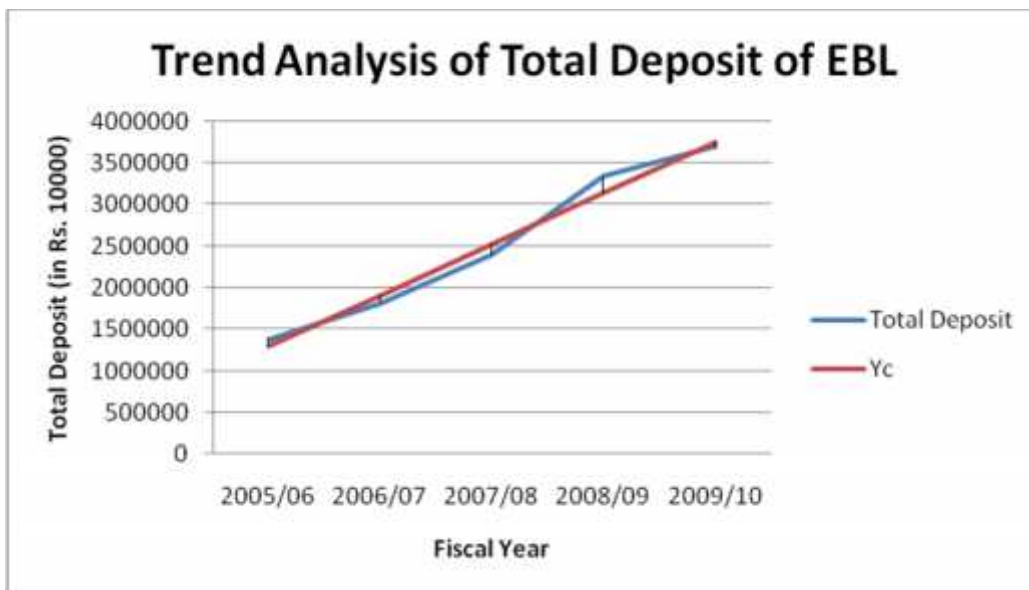
So, the trend quotation is

$$Y = a + bx$$

$$= 2524405.2 + 613964.2 X x$$

Putting the value of $x = -2, -1, 0, 1, 2$ in the trend equation the trend values obtained for the year 2005/06 to 2009/10 are shown in the last column of the above table.

Figure: 20



The above figure shows a rising trend because of positive growth rate “b”.

Estimated Total Deposit EBL for the year 2010/11 will be $\text{Rs. } 2524405.2 + 613964.2 \times 3$
 $= \text{Rs. } 4366297.8$ (in Rs. 10000).

Table: 56

Trend Analysis of Net Income with Passes of time of SCBNL

Year (X)	Net Income (Y)	x = X-2007/08	x ²	xY	Y _c
2005/06	65876	-2	4	131752	106636
2006/07	211635	-1	1	211635	170217
2007/08	249255	0	0	0	233797
2008/09	305247	1	1	305247	297377
2009/10	336971	2	4	673942	360957
	Y = 1168984	x = 0	x ² = 10	xY = 635802	

$$a = \frac{\sum Y}{n} = 233796.8$$

$$b = \frac{\sum xY}{\sum x^2} = 63580.2$$

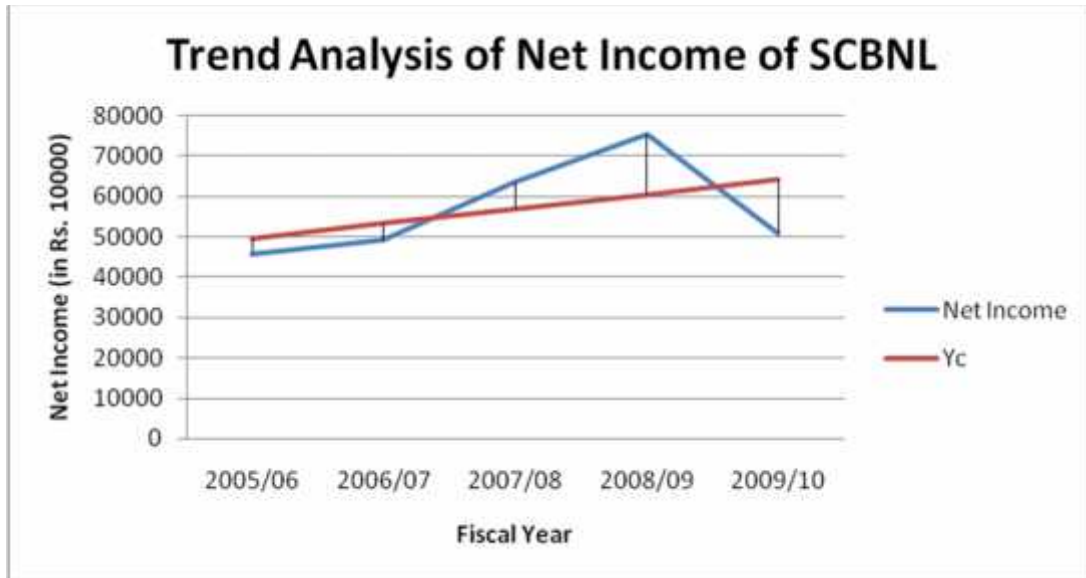
So, the trend equation is

$$Y = a + bx$$

$$= 233796.8 + 63580.2 X x$$

Putting the value of x = -2, -1, 0, 1, 2 in the trend equation the trend values obtained for the year 2005/06 to 2009/10 are shown in the last column of the above table.

Figure: 21



The above figure shows a rising trend because of positive growth rate “b”.

Estimated Net Income of SCBNL for the year 2010/11 will be $Rs. 233796.8 + 63580.2 \times 3 = Rs. 424537.4$ (in 10000).

Table: 57

Trend Analysis of Net Income with Passes of time of HBL

Year (X)	Net Income (Y)	$x = X - 2007/08$	x^2	xY	Y_c
2005/06	45746	-2	4	-91492	49661.8
2006/07	49182	-1	1	-49182	53298.8
2007/08	63587	0	0	0	56935.8
2008/09	75284	1	1	75284	60572.8
2009/10	50880	2	4	101760	64209.8
	$Y = 284679$	$x = 0$	$x^2 = 10$	$xY = 36370$	

$$a = \frac{\sum Y}{n} = 56935.8$$

$$b = \frac{\sum xy}{\sum x^2} = 3637$$

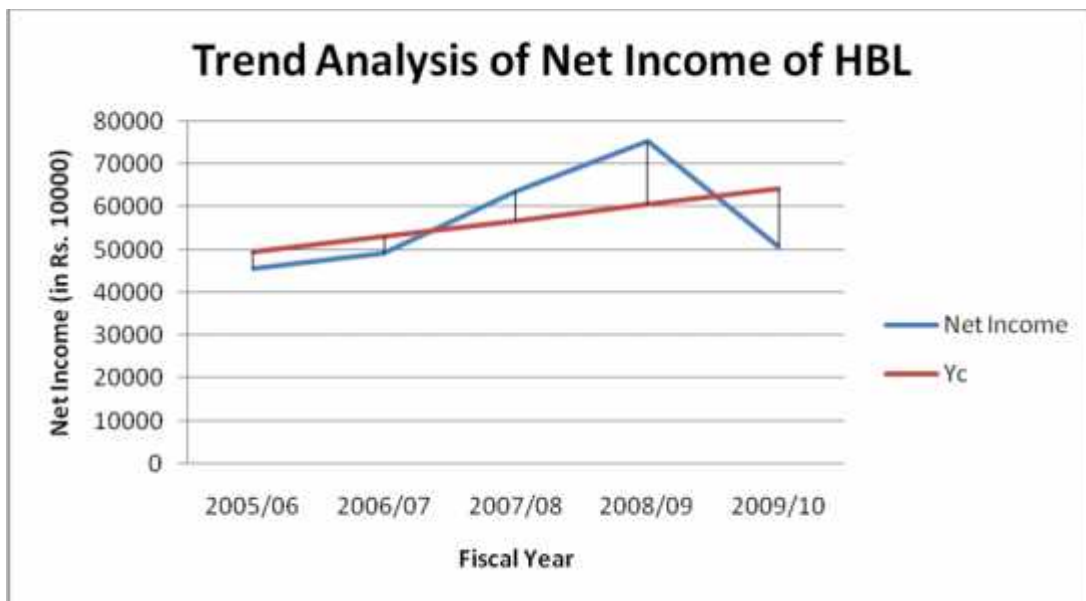
So, the trend equation is

$$Y = a + bx$$

$$= 56935.8 + 3637 X x$$

Putting the value of $x = -2, -1, 0, 1, 2$ in the trend equation the trend values obtained for the year 2005/06 to 2009/10 are show in the last column of the above table.

Figure: 22



The above figure shows a fluctuating trend in net income of HBL.

Estimated Net Income of HBL for the year 2010/11 will be Rs. = $56935.8 + 3637 X 3 =$
Rs. 67846.8 (in 10000).

Table: 58

Trend Analysis of Net Income with Passes of time of EBL

Year (X)	Net Income (Y)	x = X-2007/08	x ²	xY	Y _c
2005/06	23729	-2	4	-47458	18482.8
2006/07	29641	-1	1	-29641	33795.6
2007/08	45122	0	0	0	49108.4
2008/09	63873	1	1	63873	64421.2
2009/10	83177	2	4	166354	79734
	Y = 245542	x = 0	x ² = 10	xY = 153128	

$$a = \frac{\Sigma Y}{n} = 49108.4$$

$$b = \frac{\Sigma xY}{\Sigma x^2} = 15312.8$$

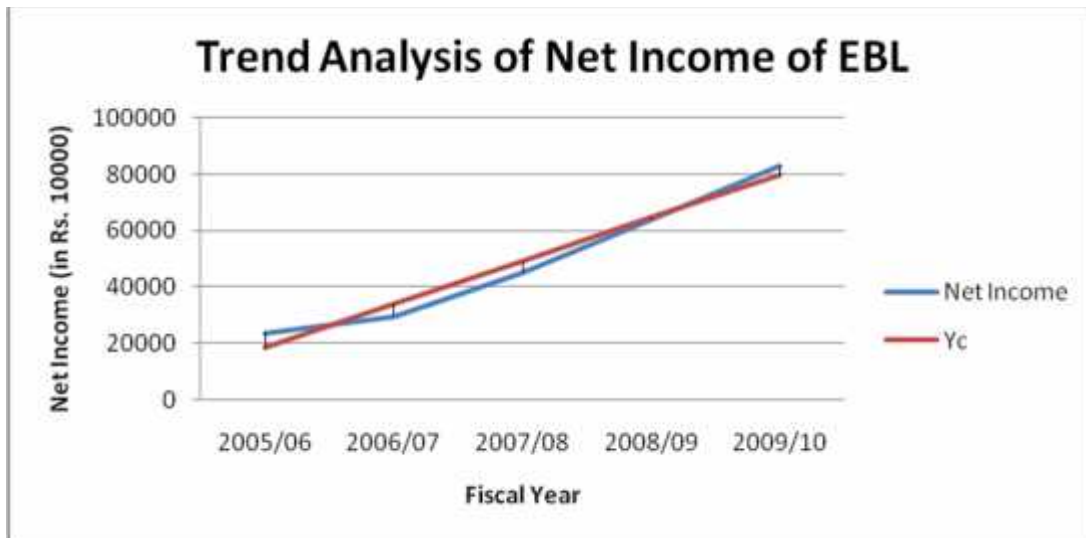
So, the trend equation is

$$Y = a + bx$$

$$= 49108.4 + 15312.8 X x$$

Putting the value of x = -2, -1, 0, 1,2 in the trend equation the trend values obtained for the year 2005/06 to 2009/10 are shown in the last column of the above table.

Figure: 23



The above figure shows a rising trend in net income of EBL because of positive growth rate “b”.

Estimated Net Income of EBL for the year 2010/11 will be Rs. $49108.4 + 15312.8 \times 3 =$ Rs. 95046.8 (in 10000).

Table: 59

Trend Analysis of Balance with NRB with Passes of time of SCBNL

Year (X)	Balance with NRB (Y)	$x = X - 2007/08$	x^2	xY	Y_c
2005/06	74974	-2	4	-149948	118470
2006/07	161376	-1	1	-161376	122239
2007/08	126627	0	0	0	126008
2008/09	185113	1	1	185113	129777
2009/10	81951	2	4	163902	133546
	$Y = 630041$	$x = 0$	$x^2 = 10$	$xY = 37691$	

$$a = \frac{\sum Y}{n} = 126008.2$$

$$b = \frac{\sum xY}{\sum x^2} = 3769.1$$

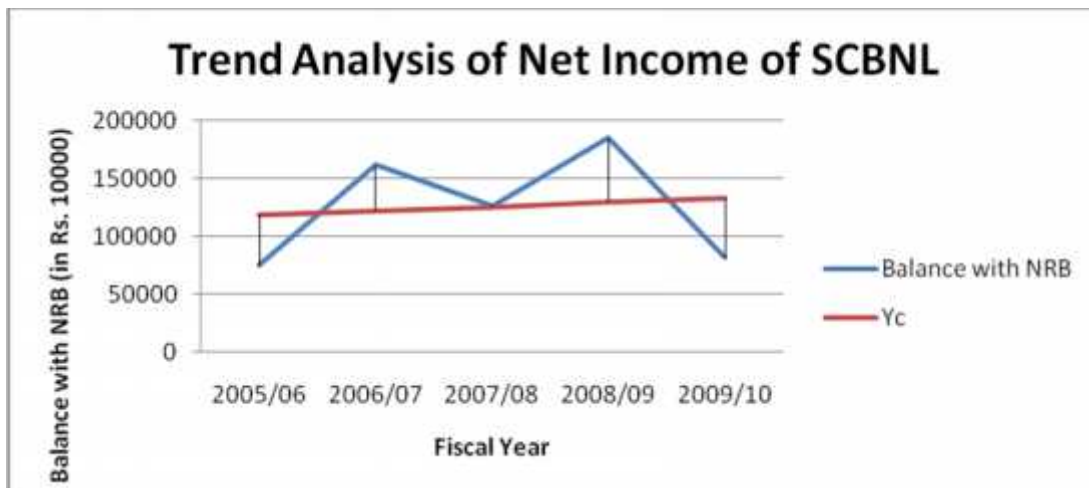
So, the trend equation is

$$Y = a + bx$$

$$= 126008.2 + 3769.1 X x$$

Putting the value of $x = -2, -1, 0, 1, 2$ in the trend equation the trend values obtained for the year 2005/06 to 2009/10 are shown in the last column of the above table.

Figure: 24



The above figure shows a fluctuating trend in balance with NRB of SCBNL. Estimated Balance with NRB of SCBNL for the year 2010/11 will be $\text{Rs. } 126008.2 + 3769.1 \times 3 = \text{Rs. } 137315.5$ (in 10000).

Table: 60

Trend Analysis of Balance with NRB with Passes of time of HBL

Year (X)	Balance with NRB (Y)	x = X-2007/08	x ²	xY	Y _c
2005/06	109625	-2	4	-219250	83297.6
2006/07	127254	-1	1	-127254	124027
2007/08	93584	0	0	0	164757
2008/09	232841	1	1	232841	205486
2009/10	260479	2	4	520958	246216
	Y = 823783	x = 0	x ² = 10	xY = 407295	

$$a = \frac{\sum Y}{n} = 164756.6$$

$$b = \frac{\sum xY}{\sum x^2} = 40729.5$$

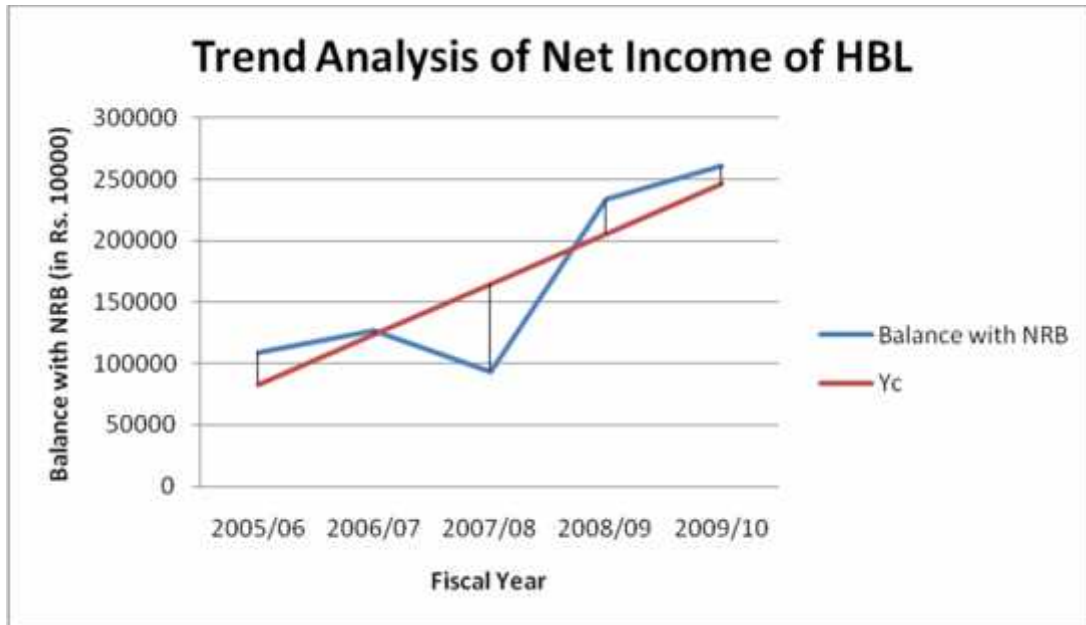
So, the trend equation is

$$Y = a + bx$$

$$= 164756.6 + 40729.5 X x$$

Putting the value of x = -2, -1, 0, 1, 2 in the trend equation the trend values obtained for the year 2005/06 to 2009/10 are shown in the last column of the above table.

Figure: 25



The above figure shows a fluctuating trend in balance with NRB of HBL.

Estimated Balance with NRB of HBL for the year 2010/11 will be Rs. 164756.6 + 40729.5 X 3= Rs. 286945...1 (in 10000).

Table: 61

Trend Analysis of Balance with NRB with Passes of time of EBL

Year (X)	Balance with NRB (Y)	$x = X - 2007/08$	x^2	xY	Y_c
2005/06	113952	-2	4	-227904	24615.4
2006/07	117820	-1	1	-117820	150417
2007/08	108092	0	0	0	276218
2008/09	478716	1	1	478716	402020
2009/10	562511	2	4	1125022	527821
	$Y = 1381091$	$x = 0$	$x^2 = 10$	$xY = 1258014$	

$$a = \frac{\Sigma Y}{n} = 276218.2$$

$$b = \frac{\Sigma xY}{\Sigma x^2} = 125801.4$$

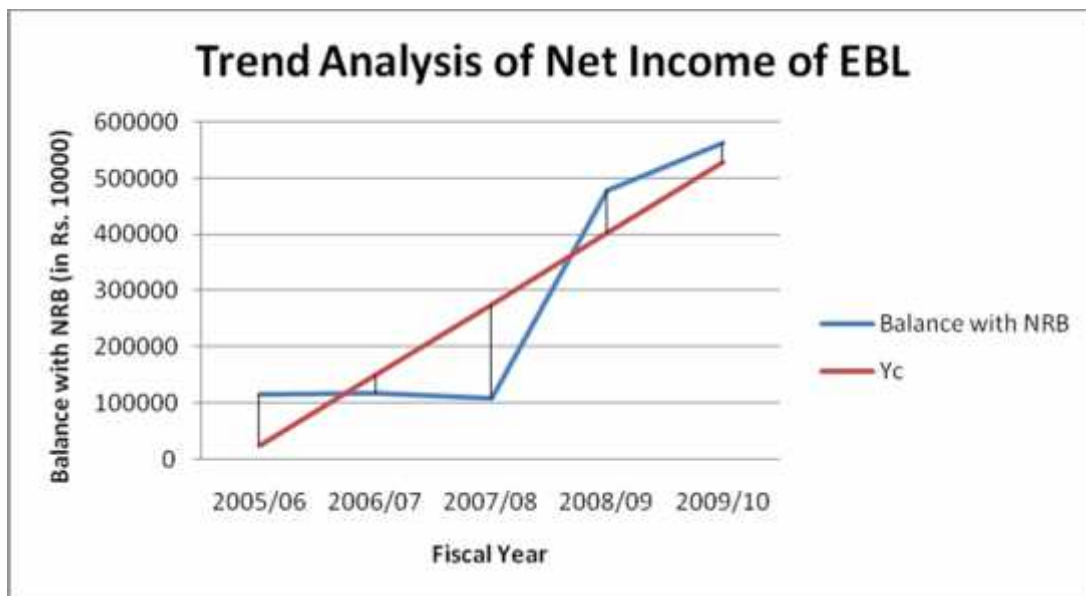
So, the trend equation is

$$Y = a + bx$$

$$= 276218.2 + 125801.4 X x$$

Putting the value of $x = -2, -1, 0, 1, 2$ in the trend equation the trend values obtained for the year 2005/06 to 2009/10 are shown in the last column of the above table.

Figure: 26



The above figure shows a declining trend in balance with NRB of EBL.

Estimated Balance with NRB of EBL for the year 2010/11 will be $\text{Rs. } 276218.2 + 125801.4 \times 3 = \text{Rs. } 653622.4$ (in 10000).

Table: 62

Trend Analysis of Investment with Passes of time of SCBNL

Year (X)	Investment (Y)	$x = X - 2007/08$	x^2	xY	Y_c
2005/06	1284754	-2	4	-2569508	1194088
2006/07	1355323	-1	1	-1355323	1400916
2007/08	1390282	0	0	0	1607744
2008/09	2023612	1	1	2023612	1814573
2009/10	1984751	2	4	3969502	2021401
	$Y = 8038722$	$x = 0$	$x^2 = 10$	$xY = 2068283$	

$$a = \frac{\sum Y}{n} = 1607744.4$$

$$b = \frac{\sum xY}{\sum x^2} = 206828.3$$

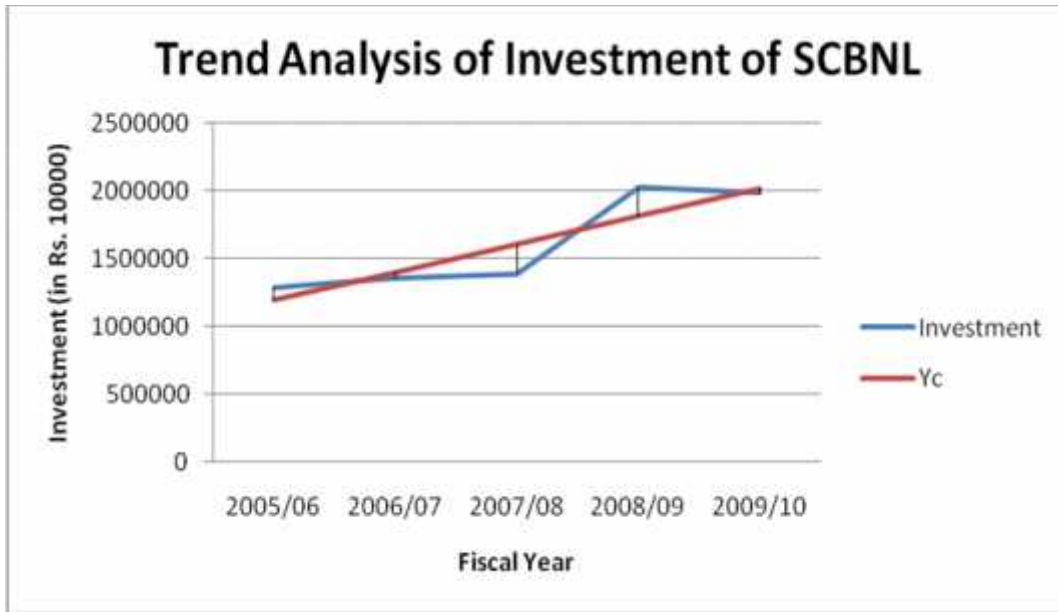
So, the trend equation is

$$Y = a + bx$$

$$= 1607744.4 + 206828.3 X x$$

Putting the value of $x = -2, -1, 0, 1, 2$ in the trend equation the trend values obtained for the year 2005/06 to 2009/10 are shown in the last column of the above table.

Figure: 27



The above figure shows a fluctuating trend in investment of SCBNL.

Estimated investment of SCBNL for the year 2010/11 will be Rs. 1607744.4 + 206828.3 X 3 = Rs. 2228229.3 (in 10000).

Table: 63

Trend Analysis of Investment with Passes of time HBL

Year (X)	Investment (Y)	x = X-2007/08	x ²	xY	Y _c
2005/06	1088903	-2	4	-2177806	1224167
2006/07	1182299	-1	1	-1182299	1144161
2007/08	1334018	0	0	0	1064156
2008/09	871069	1	1	871069	984151
2009/10	844491	2	4	1688982	904145
	Y = 5320780	x = 0	x ² = 10	xY = -800054	

$$a = \frac{\sum Y}{n} = 1064156$$

$$b = \frac{\sum xy}{\sum x^2} = -80005.4$$

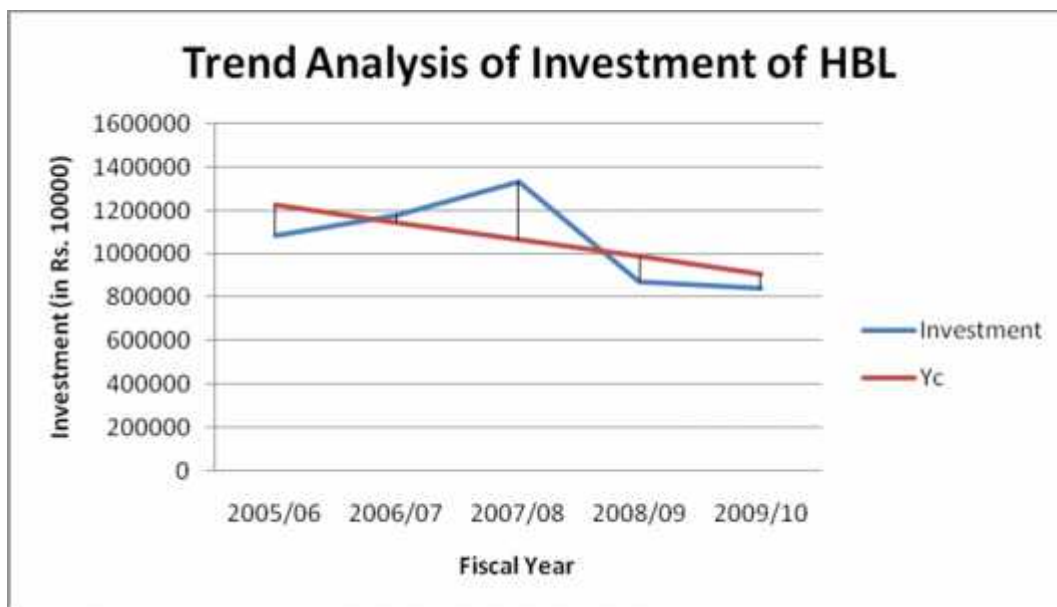
So, the trend equation is

$$Y = a + bx$$

$$= 1064156 + (-80005.4) X x$$

Putting the value of $x = -2, -1, 0, 1, 2$ in the trend equation the trend values obtained for the year 2005/06 to 2009/10 are shown in the last column of the above table.

Figure: 28



The above figure shows a declining trend in investment of HBL because of negative growth rate “b”.

Estimated Net Income of HBL for the year 2010/11 will be Rs. $1064156 - 80005.4 \times 2 =$ Rs. 824139.8 (in 10000).

Table: 64

Trend Analysis of Investment with Passes of time EBL

Year (X)	Investment (Y)	x = X-2007/08	x ²	xY	Y _c
2005/06	420052	-2	4	-840104	452429
2006/07	498432	-1	1	-498432	478226
2007/08	505956	0	0	0	504024
2008/09	594848	1	1	594848	529821
2009/10	500831	2	4	1001662	555619
	Y = 2520119	x = 0	x ² = 10	xY = 257974	

$$a = \frac{\Sigma Y}{n} = 504023.8$$

$$b = \frac{\Sigma xY}{\Sigma x^2} = 25797.4$$

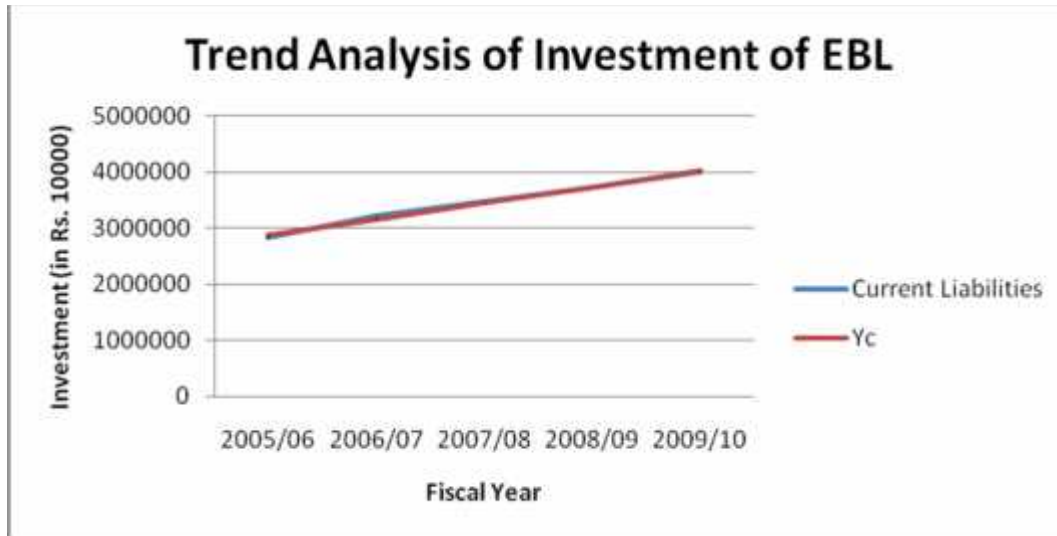
So, the trend equation is

$$Y = a + bx$$

$$= 504023.8 + 25797.4 X x$$

Putting the value of x = -2, -1, 0, 1, 2 in the trend equation the trend values obtained for the year 2005/06 to 2009/10 are shown in the last column of the above table.

Figure: 29



The above figure shows a fluctuating trend in investment of SCBNL.

Estimated investment of SCBNL for the year 2010/11 will be Rs. $504023.8 + 25797.4 \times 3 =$ Rs. 581416 (in 10000).

Table: 65

Trend Analysis of Current Assets with Passes of time SCBNL

Year (X)	Current Assets (Y)	$x = X - 2007/08$	x^2	xY	Y_c
2005/06	2503647	-2	4	-5007294	2465029.2
2006/07	2783804	-1	1	-2783804	2865069.9
2007/08	3186920	0	0	0	3265110.6
2008/09	3910859	1	1	3910859	3665151.3
2009/10	3940323	2	4	7880646	4065192
	$Y = 16325553$	$x = 0$	$x^2 = 10$	$xY = 4000407$	

$$a = \frac{\sum Y}{n} = 3265110.6$$

$$b = \frac{\sum xy}{\sum x^2} = 400040.7$$

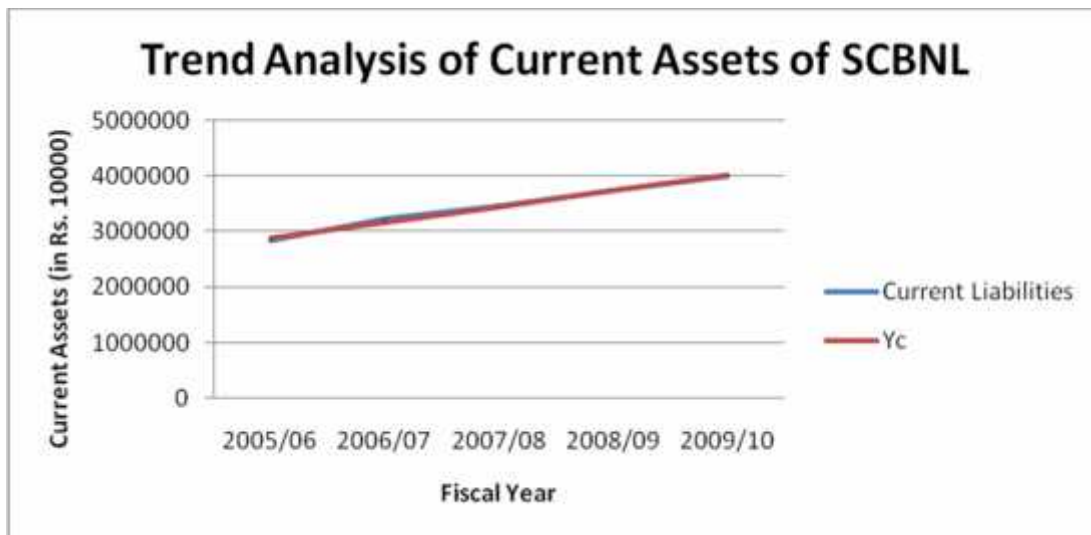
So, the trend equation is

$$Y = a + bx$$

$$= 3265110.6 + 400040.7 X x$$

Putting the value of $x = -2, -1, 0, 1, 2$ in the trend equation the trend values obtained for the year 2005/06 to 2009/10 are shown in the last column of the above table.

Figure: 30



The above figure shows a little bit fluctuating trend in current assets of SCBNL.

Estimated current assets of SCBNL for the year 2010/11 will be $\text{Rs. } 3265110.6 + 400040.7 \times 3 = \text{Rs. } 4465232.7$ (in 10000).

Table: 66

Trend Analysis of Current Assets with Passes of time HBL

Year (X)	Current Assets (Y)	x = X-2007/08	x ²	xY	Y _c
2005/06	2827596	-2	4	-5655192	2872878.2
2006/07	3230111	-1	1	-3230111	3173823.9
2007/08	3481468	0	0	0	3474769.6
2008/09	3774586	1	1	3774586	3775715.3
2009/10	4060087	2	4	8120174	4076661
	Y = 17373848	x = 0	x ² = 10	xY = 3009457	

$$a = \frac{\sum Y}{n} = 3474769.6$$

$$b = \frac{\sum xY}{\sum x^2} = 300945.7$$

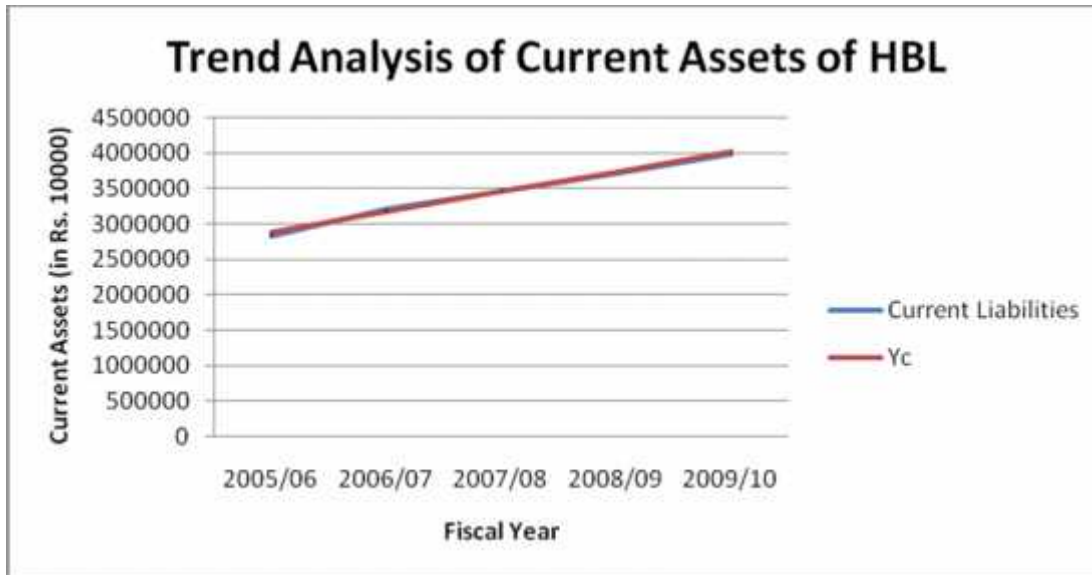
So, the trend equation is

$$Y = a + bx$$

$$= 3474769.6 + 300945.7 X x$$

Putting the value of x = -2, -1, 0, 1, 2 in the trend equation the trend values obtained for the year 2005/06 to 2009/10 are shown in the last column of the above table.

Figure: 31



The above figure shows a smooth increasing trend in current assets HBL.

Estimated current assets of HBL for the year 2010/11 will be Rs. 3474769.6 + 300945.7 X 3 = Rs. 4377606.7 (in 10000).

Table: 67

Analysis of Current Assets with Passes of time EBL

Year (X)	Current Assets (Y)	$x = X - 2007/08$	x^2	xY	Y_c
2005/06	1562919	-2	4	-3125838	1499927
2006/07	2103982	-1	1	-2103982	2144589.9
2007/08	2641262	0	0	0	2789252.8
2008/09	3599753	1	1	3599753	3433915.7
2009/10	4038348	2	4	8076696	4078578.6
	$Y = 13946264$	$x = 0$	$x^2 = 10$	$xY = 6446629$	

$$a = \frac{\sum Y}{n} = 2789252.8$$

$$b = \frac{\sum xy}{\sum x^2} = 644662.9$$

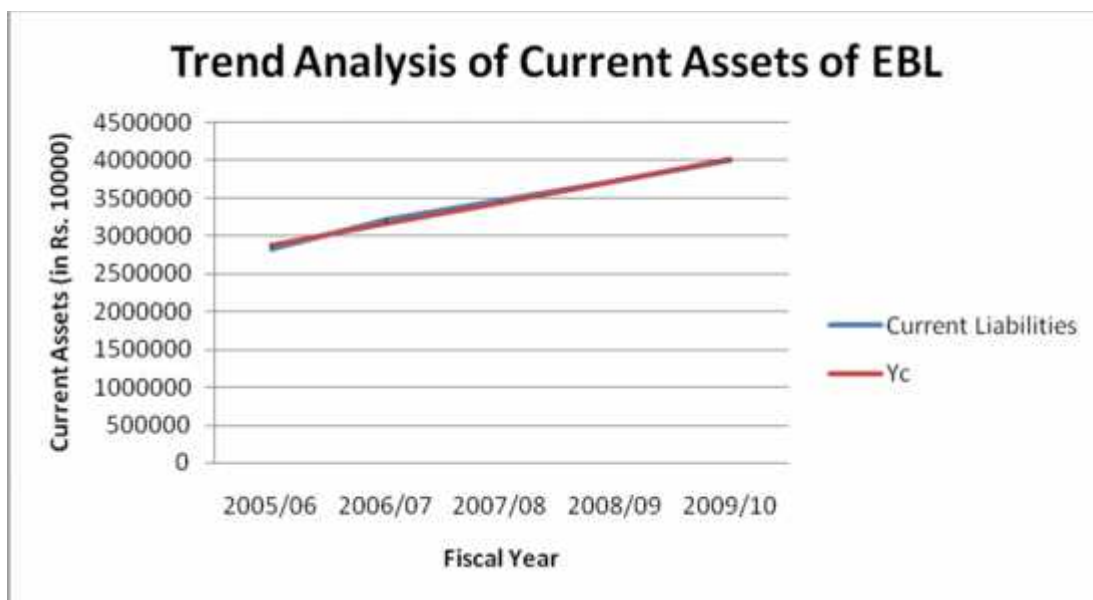
So, the trend equation is

$$Y = a + bx$$

$$= 2789252.8 + 644662.9 X x$$

Putting the value of $x = -2, -1, 0, 1, 2$ in the trend equation the trend values obtained for the year 2005/06 to 2009/10 are shown in the last column of the above table.

Figure: 32



The above figure shows a little bit fluctuating trend in current assets of EBL.

Estimated current assets of EBL for the year 2010/11 will be $\text{Rs. } 2789252.8 + 644662.9 \times 3 = \text{Rs. } 4723241.5$ (in 10000).

Table: 68

Trend Analysis of Current Liabilities with Passes of time SCBNL

Year (X)	Current Liabilities (Y)	x = X-2007/08	x ²	xY	Y _c
2005/06	2499626	-2	4	-4999252	2473301.2
2006/07	2713363	-1	1	-2713363	2836576.2
2007/08	3221158	0	0	0	3199851.2
2008/09	3784853	1	1	3784853	3563126.2
2009/10	3780256	2	4	7560512	3926401.2
	Y = 15999256	x = 0	x ² = 10	xY = 3632750	

$$a = \frac{\sum Y}{n} = 3199851.2$$

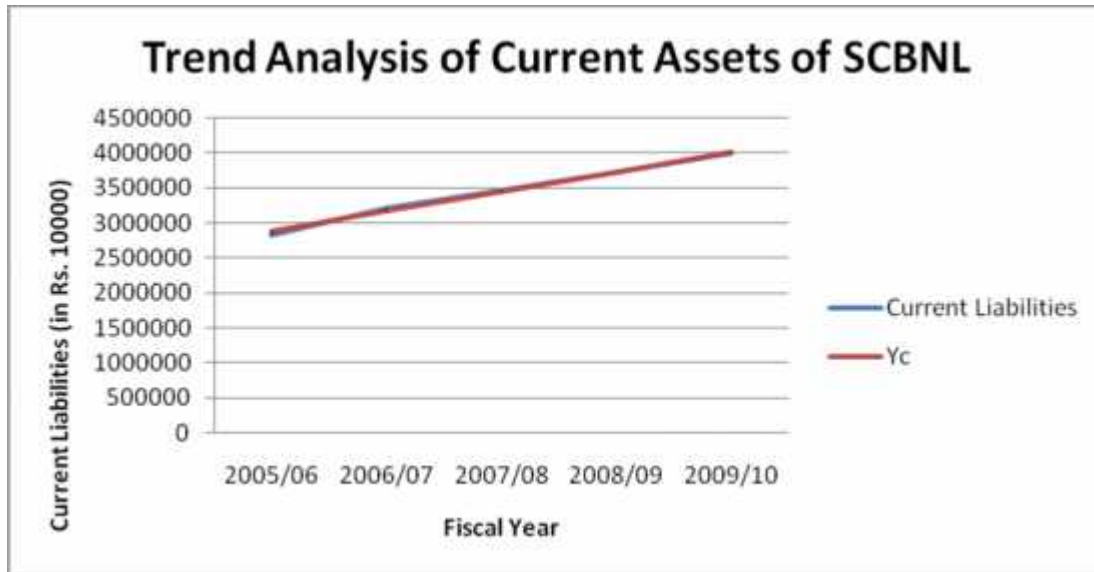
$$b = \frac{\sum xY}{\sum x^2} = 363275$$

So, the trend equation is

$$\begin{aligned} Y &= a + bx \\ &= 3199851.2 + 363275 X x \end{aligned}$$

Putting the value of x = -2, -1, 0, 1, 2 in the trend equation the trend values obtained for the year 2005/06 to 2009/10 are shown in the last column of the above table.

Figure: 33



The above figure shows a little bit fluctuating trend in current liabilities of SCBNL.

Estimated current liabilities of SCBNL for the year 2010/11 will be Rs. 3199851.2 + 363275 X 3 = Rs. 4289676.2 (in 10000).

Table: 69

Trend Analysis of Current Liabilities with Passes of time HBL

Year (X)	Current Liabilities (Y)	x = X-2007/08	x ²	xY	Y _c
2005/06	2830144	-2	4	-5660288	2880941.2
2006/07	3221423	-1	1	-3221423	3164791.7
2007/08	3467032	0	0	0	3448642.2
2008/09	3729008	1	1	3729008	3732492.7
2009/10	3995604	2	4	7991208	4016343.2
	Y = 17243211	x = 0	x ² = 10	xY = 2838505	

$$a = \frac{\sum Y}{n} = 3448642.2$$

$$b = \frac{\sum xy}{\sum x^2} = 283850.5$$

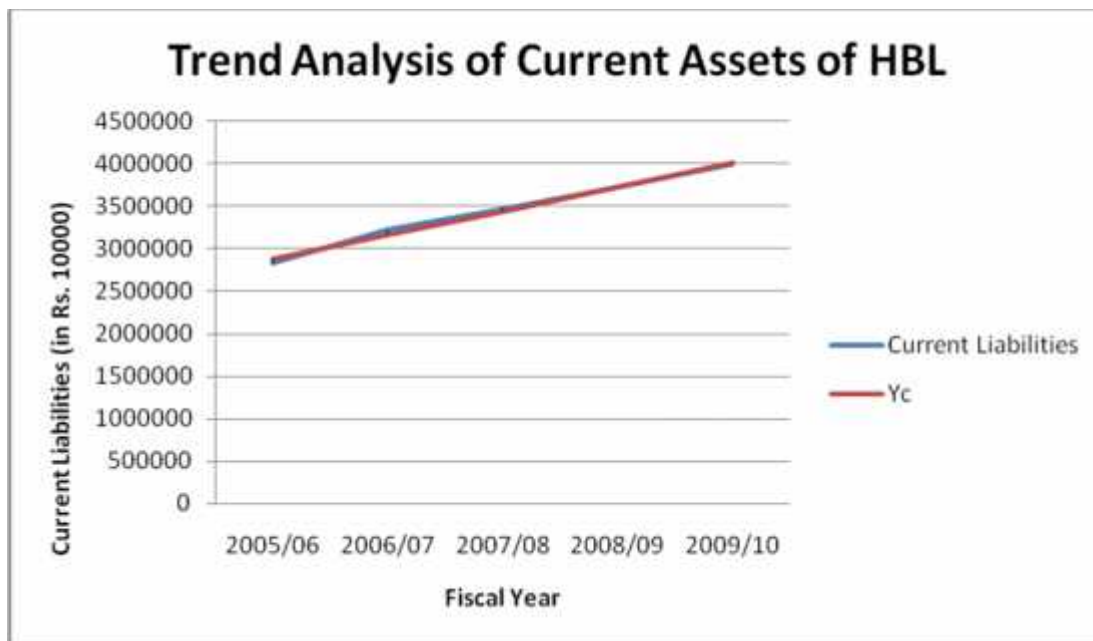
So, the trend equation is

$$Y = a + bx$$

$$= 3448642.2 + 283850.5 X x$$

Putting the value of $x = -2, -1, 0, 1, 2$ in the trend equation the trend values obtained for the year 2005/06 to 2009/10 are shown in the last column of the above table.

Figure: 34



The above figure shows an increasing trend in current liabilities of HBL.

Estimated current liabilities of HBL for the year 2010/11 will be $\text{Rs. } 3448642.2 + 283850.5 \times 3 = \text{Rs. } 4300193.7$ (in 10000).

4.3 Correlation between Net Income and Total Deposit

Table: 70
Correlation between Net Income and Total Deposit of SCBNL

Year	Net Income (X)	Total Deposit (Y)	$x = X - \bar{X}$	x^2	$y = Y - \bar{y}$	y^2	xy
2005/06	65876	2306103	167920.8	28197395073	-664026.8	440931591118.24	111503911477.44
2006/07	211635	2464702	-22161.8	491145379.2	-505427.8	255457261012.84	11201189818.04
2007/08	249255	2974400	15458.2	238955947.2	4270.2	18234608.04	66009605.64
2008/09	305247	3587172	71450.2	5105131080	617042.2	380741076580.84	44087788598.44
2009/10	336971	3518272	103174.2	10644915546	548142.2	300459871420.84	56554132971.24
X = 1168984		Y = 1485069		$x^2 = 44677543025$		$y^2 = 1377608034740.80$	xy = 223413032470.80
$\bar{X} = 233796.8$		$\bar{y} = 2970129.8$					

Now,

$$r = \frac{\sum xy}{\sqrt{\sum x^2} \sqrt{\sum y^2}}$$

$$= \frac{223413032470.80}{\sqrt{44677543025} \times \sqrt{1377608034740.80}}$$

$$= .90$$

∴ $r = .90$

We get + .90 correlation coefficient which is near to 1 from above calculation. It shows

positive correlation between net income and total deposit.

Calculation of Probable Error,

$$\begin{aligned} \text{P.E.} &= 0.6745 \times \frac{1-r^2}{\sqrt{n}} \\ &= 0.6745 \times \frac{1-0.90^2}{\sqrt{5}} \\ &= 0.07 \end{aligned}$$

$$\text{Significant of } r = \text{P. E.} \times 6 = 0.057 \times 6 = 0.342$$

Since r is much greater than 6 P. E., the value of r is highly significant. The value of r (0.90) shows highly positive correlation between total deposit and net income of SCBNL.

Table: 71

Correlation between Net Income and Total Deposit of HBL

Year	Net Income (X)	Total Deposit (Y)	x = X - \bar{X}	x^2	y = Y - \bar{Y}	y^2	Xy
2005/06	45746	1380245	-11189.8	125211624	-1579479.2	2494754543232.64	17674056352
2006/07	49182	3004842	-7753.8	60121414.4	45117.8	2035615876.84	-349834397.6
2007/08	63587	3184279	6651.2	44238461.4	224554.8	50424858203.04	1493558886
2008/09	75284	3468135	18348.2	336656443	508410.8	258481541556.64	9328423041
2009/10	50880	3761120	-6055.8	36672713.6	801395.8	642235228257.64	-485309286
X = 284679		Y = 14798621		$x^2 = 602900656.8$		$y^2 = 3447931787126.80$	xy = 23293111195
$\bar{X} = 56935.8$		$\bar{Y} = 2959724.2$					

Now,

$$r = \frac{\Sigma xy}{\sqrt{\Sigma x^2} \sqrt{\Sigma y^2}}$$
$$= \frac{23293111195}{\sqrt{602900656.8} \times \sqrt{3447931787126.80}}$$
$$= 0.51$$

$$\therefore r = 0.51$$

Calculation of Probable Error,

$$\text{P.E.} = 0.6745 \times \frac{1-r^2}{\sqrt{n}}$$
$$= 0.6745 \times \frac{1-0.51^2}{\sqrt{5}}$$

$$= 0.223$$

$$\text{Significant of } r = \text{P. E.} \times 6 = 0.223 \times 6 = 1.33$$

Here, correlation coefficient appeared to be less than six times the probable error i.e. $0.51 < 1.33$ which means the value of “r” is insignificant.

Table: 72

Correlation between Net Income and Total Deposit of EBL

Year	Net Income (X)	Total Deposit (Y)	x = X - \bar{X}	x^2	y = Y - \bar{y}	y^2	xy
2005/06	23729	1380245	-25379.4	644113944.4	-1144160.2	1309102563264.04	29038099380
2006/07	29641	1818625	-19467.4	378979662.8	-705780.2	498125690712.04	13739705465
2007/08	45122	2397630	-3986.4	15891384.96	-126775.2	16071951335.04	505376657.3
2008/09	63873	3332295	14764.6	217993413.2	807889.8	652685928944.04	11928169741
2009/10	83177	3693231	34068.6	1160669506	1168825.8	1366153750745.64	39820258650
X = 245542		Y = 12622026		x^2 = 2417647911		y^2 = 3842139885000.80	xy = 95031609894
\bar{X} = 49108.4		\bar{y} = 2524405.2					

Now,

$$r = \frac{\sum xy}{\sqrt{\sum x^2} \sqrt{\sum y^2}}$$

$$= \frac{95031609894}{\sqrt{2417647911} \times \sqrt{3842139885000.80}}$$

$$= 0.99$$

∴ $r = 0.99$

Calculation of Probable Error,

$$\begin{aligned} \text{P.E.} &= 0.6745 \times \frac{1-r^2}{\sqrt{n}} \\ &= 0.6745 \times \frac{1-0.99^2}{\sqrt{5}} \end{aligned}$$

$$= 0.004$$

$$\text{Significant of } r = \text{P. E.} \times 6 = 0.004 \times 6 = 0.024$$

Since r is much greater than 6 P.E., the value of r is highly significant. On the basis of above calculation, the value of r (0.99) shows the highly positive correlation between total deposit and net income of EBL.

4.4 Major Findings of the study

The following findings have been derived from the analysis and interpretation of the data, during the study period.

Findings from the Ratio Analysis

The average current ratios of SCBNL, HBL and EBL are 1.02%, 1.01% and 1.04% respectively during the 5 years of the study period. This analysis clears that the bank is not sufficient for maintaining 2:1 reliable ratio.

The average cash and bank balance to total deposit ratios of SCBNL, HBL and EBL are 6.97%, 8.14% and 15.04% respectively in fiscal five years. This analysis shows that SCBNL, HBL are unable to maintain the minimum requirement of cash and bank balance directed by NRB (i.e. 12% of total deposit).

In average, the fixed deposit to total deposit ratio of SCBNL is 15.84%, ratio of HBL is 25.34% and ratio of EBL is 27.60% in fiscal five years. The EBL has highest fixed deposit to total deposit ratio in comparison to SCBNL and HBL. Therefore EBL remained more successful in maintaining higher portion of fixed deposit to total deposit.

The average saving to total deposit ratio of SCBNL is 54.78% in fiscal five years. The saving to total deposit ratio of HBL is 51.90% and ratio of EBL is 45.99% in fiscal five years. The study shows that the liquidity position of SCBNL is best in comparison to EBL and HBL.

In fiscal five years, the average balance with NRB to total deposit ratios of SCBNL, HBL and EBL are 4.31%, 5.75% and 9.77% respectively. Therefore it shows that EBL is success to maintain cash reserve ratio as NRB directives (i.e. 8%) and SCBNL and HBL are unsuccessful to maintain cash reserve ratio as NRB directives.

The average loan and advances to total deposit ratios of SCBNL, HBL and EBL are 42.19%, 66.94% and 73.78% respectively in fiscal five years. The analysis shows that the bank is mobilizing its total deposits in loan and advances adequately and it has efficiently utilized its total deposit for loan and advances. The higher ratio reveals that it is efficient to utilize the financial resources in productive sectors. HBL and EBL are success to invest more than 50% of total deposit in loan and advances.

The average loan and advances to total assets ratios of SCBNL, HBL and EBL are 37.28%, 58.92% and 64.80% respectively during the 5 years of the study period. The analysis shows that HBL and EBL are success to utilize more than 50% of total assets on loan and advances for the purpose of income generating.

The average investment to total deposit ratios of SCBNL, HBL and EBL are 54.05%, 41.54% and 22.07% respectively during the 5 years of the study period. The lower average shows that EBL is not much successful in managerial efficiency regarding the utilization of deposits. In normally, the old reputed bank has average of 35% utilization

of deposit in investment. Therefore the average investment to total deposit ratios of SCBNL and HBL are satisfactory.

The average net worth to total assets ratios of SCBNL, HBL and EBL are 7.54%, 6.18% and 5.71% respectively during the 5 years of the study period. The greater ratio indicates that firm has greater contribution to investors fund and strong capital adequacy position. The ratio measures the percentage of shareholders fund in relation to total asset owned by bank. The study or result shows that all banks are not at satisfactory point.

The average net worth to total deposit ratios of SCBNL, HBL and EBL are 8.53%, 6.99% and 6.50% respectively during the 5 years of study period. All three banks have low ratio. Therefore the study shows that all three banks are not at satisfactory point.

In fiscal five year, the return on assets of SCBNL, HBL and EBL are 2.54%, 1.84% and 1.65% respectively. The study shows that SCBNL is more success to utilize its assets effectively to generate high profit than HBL and EBL.

In fiscal five years, net income to total deposit ratios of SCBNL, HBL and EBL are 7.58%, 2.09% and 1.88% respectively. The analysis shows that the capacity of turning total deposit into net profit of SCBNL is much better than that of HBL and EBL.

The average interest income to total assets ratio of SCBNL is 4.82% in fiscal five years. In fiscal five years, the average interest income to total assets ratio of HBL is 6.85% and EBL is 6.03%. The analysis shows that the capacity of utilizing total assets to generate interest income of HBL in comparison of SCBNL and EBL.

In fiscal five years, the average interest expenses to interest income ratios of SCBNL, HBL and EBL are 28.28%, 42.86% and 45.50%. The analysis shows that SCBNL has the highest control on interest expenses than other banks, as interest paid to interest income of SCBNL is lowest than that of HBL and EBL.

The average DPS of SCBNL is Rs. 79, average DPS of HBL is Rs. 18.77 and average DPS of EBL is RS. 24.40 during the five years of study period. The analysis shows that SCBNL is the highest dividend providing bank than HBL and EBL.

The average DPR of SDBNL is 60.06%, average DPR of HBL is 34.37% and average DPR of EBL is 28.41% in fiscal five years. The study shows that SCBNL has highest dividend payout ratio than HBL and EBL.

Findings from Correlation Analysis

The correlation between total deposit and net income of SCBNL is highly positive because the value of r is .98 which is nearer to 1. Since the value of r is greater than 6 P.E. (i.e. $0.98 > 0.342$), the value of r is significant.

The correlation between total deposit and net income of HBL is positive but the value of r is insignificant because the value of r is smaller than 6 P.E. (i.e. $0.52 < 1.33$).

The correlation between total deposit and net income of EBL is highly positive because the value of r is 0.99 which is nearer to 1. Since the value of r is greater than 6 P.E.

CHAPTER – 5

Summary, Conclusion and Recommendations

5.1 Summary

Commercial banks are the real intermediaries who transfer savings to the borrowers so that the money can be used in the productive sector. As a financial intermediary, commercial banks are giving greater contribution to GDP for economic development.

Financial analysis shows the relationship between the various components from Balance Sheet and Profit & Loss statement. The analyzed statements contain such information which is useful for management, shareholders, creditors, investors, depositors etc. As in other industries, banking industries also need financial analysis for evaluating a bank's performance as compare to the other and also with own past performance.

The primary objectives of the study is to analyze the overall performance of SCBNL, HBL and EBL, however other objectives are to examine the overall performance of EBL in terms of liquidity, activity, capital adequacy and profitability ratio, to study the achievement of SCBNL, HBL and EBL, to evaluate the effectiveness of collection of deposit and their utilization to examine the causes of gap existing between deposits and loan investment etc. to provide suggestion and recommendation for the improvement of future performance and maximum utilization of deposit.

Related literatures are reviewed on the bases of the purposive study. Then the data have been collected from the different available sources, i.e. primary and secondary sources. The analysis of data has been done according to the available sources, i.e. primary and secondary sources. The analysis of data has been done according to the available data

and the objectives of this study. The five years financial statements, covering from the fiscal year 2005/06 to 2009/10, have been examined for the purpose of the study. The analysis and interpretation of data has been done by applying the wide varieties of methodology as stated in earlier chapter.

The objective of the study also identified as to come up with conclusion of the financial performance of Standard Chartered Bank Nepal Limited, Himalayan Bank Limited and Everest Bank Limited with regard to key financial variables based on the findings of analysis. This will provide possible suggestions that will be beneficial for selected banks, SCBNL, HBL and EBL. Financial analysis is done to determine the bank's financial position in order to identify its current strengths and weaknesses and to suggest action that might enable the firm to take advantage of its strengths and correct its weaknesses. By using financial and statistical tools, the overall financial performance of the bank has tried to analyze. Various ratios, statistical tools have exposed the financial condition of the bank over the last five years.

5.2 Conclusion

The liquidity ratio measures the ability of a firm to meet its short-term obligations and select the short-term financial solvency of a firm. The liquidity position of the banks in term of current ratios shows that the ratios of SCBNL, HBL and EBL are always below the normal standard (i.e. 2:1). The average current ratio of EBL (i.e. 1.04:1) is greater than SCBNL (i.e. 1.02:1) and HBL (i.e. 1.01:1) in fiscal five year. It shows that the liquidity position in terms of current assets to current liabilities of EBL is better than SCBNL and HBL. So, it is concluded that EBL is better short-term solvency position as compared with SCBNL and HBL.

The Liquidity position in term of cash and cash and bank balance to total deposit ratio of EBL is higher than that of SCBNL and HBL (i.e. 15.04% > 6.97% and 8.14% on and

average). So, it is concluded that EBL has sufficient cash and bank balance to total deposit.

Fixed deposit is the high interest bearing deposit which can be withdrawn only after its maturity. The average fixed deposit to total deposit ratio of the SCBNL is lowest than EBL and HBL (i.e. $15.84\% < 27.60\%$ and 25.34%) during the study period of five years. The analysis indicates that the portion of fixed deposit to the total deposit is best in SCBNL because fixed deposit is high interest bearing deposit.

Saving deposit is short term interest bearing deposit and it has medium rate of interest. The average saving to total deposit ratio of SCBNL is greater than HBL and EBL (i.e. $54.78\% > 51.90\%$ and 45.99%) in fiscal five years. Therefore, SCBNL has best liquidity ratio on the basis of saving to total deposit ratio.

As per the directive of Nepal Rastra Bank, the required ratio of 8% must keep as NRB balance. The balance with NRB to total deposit ratio of EBL is greater than SCBNL and HBL (i.e. $9.77\% > 4.31\%$ and 5.75%) in average of fiscal five years. EBL's ratio is best as well as above the direction of NRB.

Loan and advances to total deposit ratio measures the extent to which the bank is successful to utilize the total deposits in profit generating purpose. The result of the analysis of loan and advances to total deposit indicates that the bank is mobilizing its total deposit in loans and advances satisfactory. EBL is more successful to invest its total deposit in loan and advances in comparison to SCBNL and HBL because the average ratio of loan and advances of EBL (i.e. 73.78%) is greater than SCBNL (i.e. 42.19%) and HBL (i.e. 66.94%) in fiscal five years.

Loan and advances to total assets ratio reflects the extent to which the bank is successful in mobilizing its total assets on loan and advances for the purpose of income generating. EBL is more successful to utilize its total assets in loan and advances in total comparison to SCBNL and HBL because the average ratio of loan and advances to total assets of

EBL is greater than SCBNL and HBL (i.e. 64.80% > 37.28 and 8.92%) in fiscal five years.

The investment to total deposit ratio of SCBNL is best in comparison to HBL and EBL because average investment to total deposit ratio of SCBNL is greater than HBL and EBL (i.e. 54.05% > 41.54 % and 22.07%) in fiscal five years. This shows that SCBNL is more successful to utilize high percentage of total deposit in investment.

Net worth to total assets ratio reflects the sufficiency of shareholder's fund against the total assets. The greater ration indicates that firm has greater contribution to investors fund and strong capital adequacy position. This ratio measures the percentage of shareholders fund in relation to total asset owned by bank. The net worth to total assets ratio of SCBNL is best in comparison to HBL and EBL because the average net worth to total assets ratio of SCBNL (i.e. 7.54 is greater than HBL (i.e. 6.18%) and EBL (i.e. 5.71%)

The return on assets (ROA) or net profit to assets ratio is a useful measurement of the profitability of all financial resources invested in all assets. The return on assets ratio of SCBNL is best in comparison to HBL and EBL because the return on assets of SCBNL is greater than HBL and EBL (i.e. 2.54% > 1.84% and 1.65%).

Net profit to total deposit ratio measures the relationship between NPAT and total deposits with an ability of a firm to utilize maximum of deposits to earn much profit. SCBNL is more successful to utilize total deposit to earn profit in comparison to HBL and EBL because net income to total deposit ratio of SCBNL (i.e. 7.58%) is greater than HBL (i.e. 2.09%) and EBL (i.e. 1.88%).

Interest Income to total assets ratio shows how much interest has been generated by mobilizing the assets in the bank. HBL is more successful to generate high interest income by mobilizing the assets in comparison to SCBNL and EBL because HBL has interest income to total assets ratio of 6.85% while SCBNL and EBL have ratios of 4.82% and 6.03%.

Interest Income to interest income ration reveals the proportionate relationship between interests paid on different liabilities and interest income from different sources. SCBNL has lowest interest expenses to interest expenses to interest income ratio in comparison to HBL and EBL (28.28% < 42.86 % and 45.50%). This shows that SCBNL is more successful to decrease its interest expenses than HBL and EBL.

EPS shows the earning available to each shareholder out of total earning. SCBNL has comparatively highly EBS than HBL and EBL (i.e. Rs. 132.99 > Rs. 55.27 and Rs. 86.63%).

The net profit after taxes belongs to shareholders. But the income, which they really receive, is the amount of earnings distributed as dividends. The DPS of SCBNL is comparatively higher than HBL and EBL (i.e. Rs. 79 > Rs. 18.77 and Rs. 24.40). This shows that SCBNL is able to provide high dividend to its shareholders than HBL and EBL.

Dividend payout ratio indicates the percentage amount of dividend paid to shareholders out of earning per share. SCBNL has DPS of 60% which is greater than DPS of HBL (i.e. 34.37%) and DPS of EBL (i.e. 28.42%). This shows that profitability ratio of SCBNL is better in comparison to HBL and EBL.

Correlation coefficient between net income and total deposit of SCBNL is highly positive correlation and the value is greater than 6 P.E., therefore the value of “r” is highly significant. The correlation of net income and total deposit of HBL is found to be positively correlation coefficient but it is found less than six times the probable error, which means the value of “r” is insignificant. The correlation coefficient between net income and total deposit of EBL is highly positive correlation and value is greater than six times the probable error, which means the value is highly significant.

From above analysis the liquidity ratio and activity ratio of EBL is best in comparison to SCBNL and HBL. But, Capital ratio and profitability ratio of SCBNL is best in

comparison to EBL and HBL. In average, the SCBNL is more successful bank in comparison to HBL and EBL.

5.3 Recommendations

Based on the summary and conclusion, the following suggestions and recommendations are forwarded.

The liquidity position in terms of current ratio of three banks is below than normal standard of 2:1. So the banks are recommended to maintain their liquidity position in normal standard. However the ratio 1:0 or above would be considered acceptable.

Liquidity ratio in term of cash and bank balance to total deposit ratio of SCBNL and HBL is less than the NRB's minimum requirement (i.e. 8% of deposit). It can create liquidity risk of SCBNL and HBL. So, the SCBNL and HBL are suggested that the banks should maintain the minimum requirement of cash and bank balance.

Fixed deposit is high interest bearing deposit, saving is moderate interest bearing deposit and current deposit is non interest bearing deposit. The bank should try to increase non-interest bearing deposits.

Liquidity ratio in term of balance with NRB to total deposit is less than NRB requirement (i.e. 8% of deposit) of SCBNL and HBL. It can create liquidity risk of SCBNL and HBL. So, the SCBNL and HBL are suggested that the banks should maintain the minimum requirement of balance with NRB.

The bank should try to maximum utilize the total deposits and total assets in profit generating purpose. Specially, SCBNL and HBL are recommended to maximum utilize the total deposit and total assets in profit generating purpose like loan and advances. HBL & EBL are suggested to utilize total deposit and total assets in investment.

The net profits of the banks are not satisfactory as it is increasing by very little percentage in the recent years. The banks should take the matter seriously. Profit is essential for the survival and growth of the bank. The overall profitability of the banks is in increasing trends. The interest income and net profit of the banks are increasing trend. However,

the bank should try to increase its interest income and net profit by increasing the volume of its loan and advances, investment.

Dividend per share of HBL and EBL are very low and unsatisfactory in comparison to SCBNL. Proper and high dividend should be provided to the shareholder by increasing the earning of the bank and attention should be needed in this regard because shareholders are the owners of the bank.

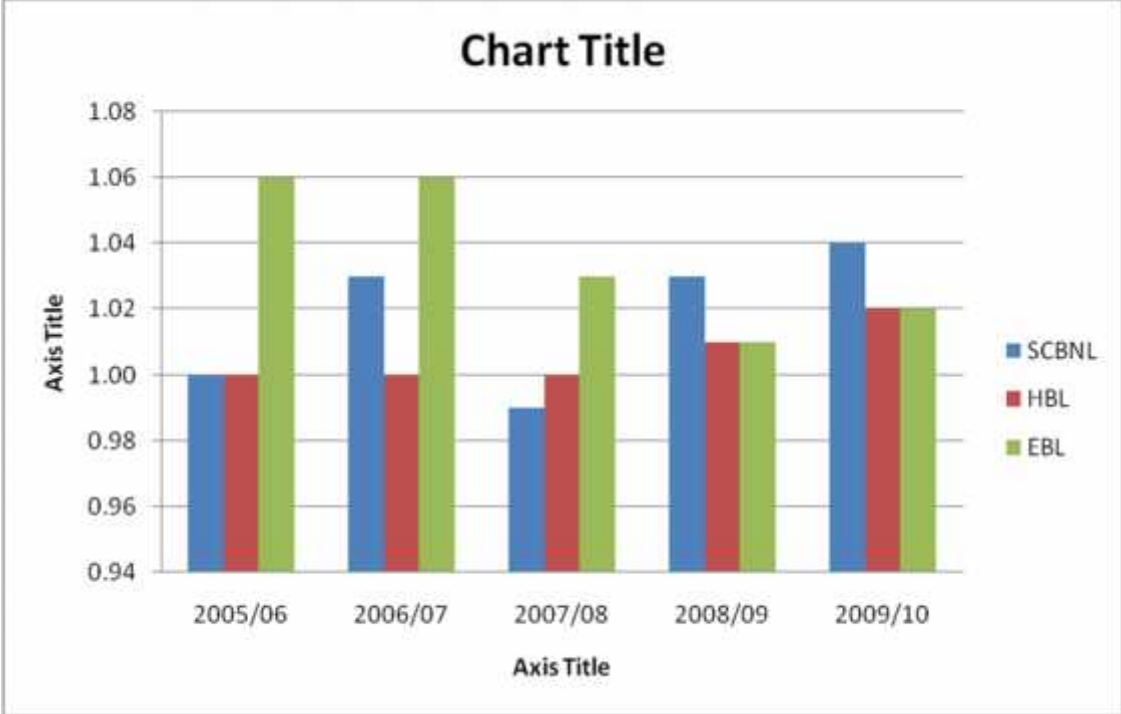


Figure I

Table no.

Year	Table no.		
	2	3	4
	SCBNL	HBL	EBL
2005/06	1.00	1.00	1.06
2006/07	1.03	1.00	1.06
2007/08	0.99	1.00	1.03
2008/09	1.03	1.01	1.01
2009/10	1.04	1.02	1.02

Table no.

Figure I

	8	9	10
Year	SCBNL	HBL	EBL
2005/06	9.26	30.74	30.74
2006/07	12.97	27.29	30.94
2007/08	11.10	20.17	26.89
2008/09	19.80	18.39	21.16
2009/10	26.08	30.12	28.27

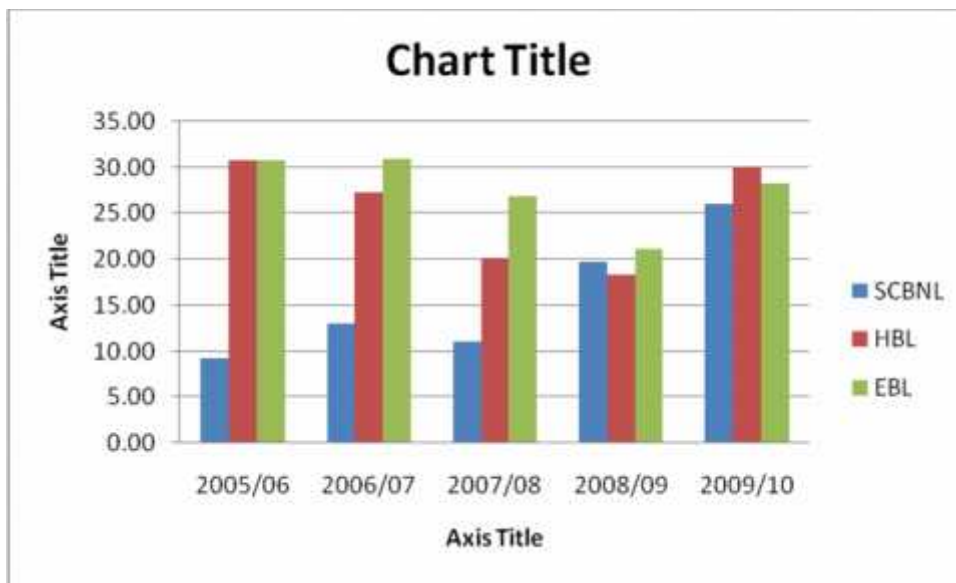


Figure I

Table no.

Year	11	12	13
	SCBNL	HBL	EBL
2005/06	63.30	49.38	50.20
2006/07	61.85	52.53	49.65
2007/08	60.03	56.44	49.57
2008/09	53.37	57.84	44.36
2009/10	35.33	43.32	36.17

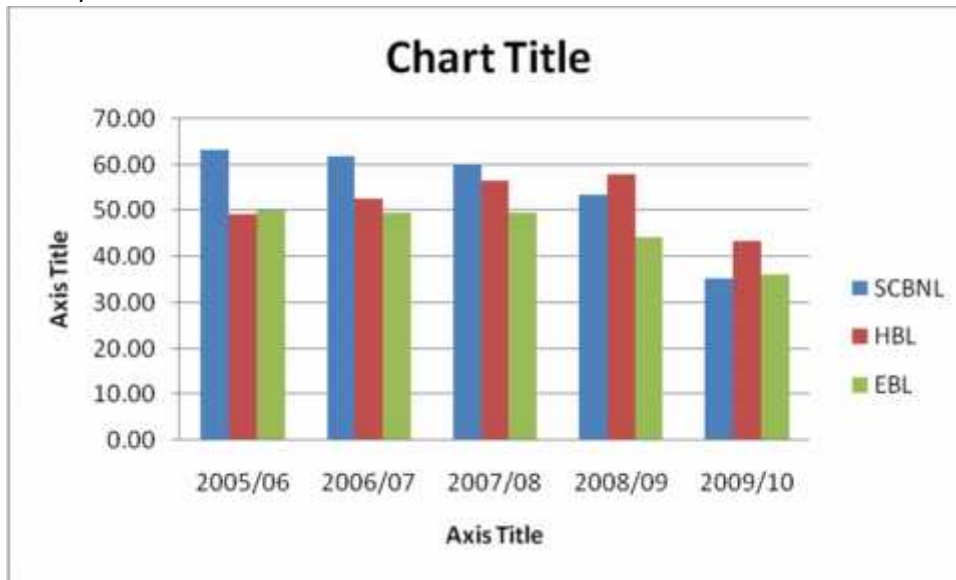


Figure I

Table no.

Year	14	15	16
	SCBNL	HBL	EBL
2005/06	3.25	7.94	8.26
2006/07	6.55	4.23	6.48
2007/08	4.26	2.94	4.51
2008/09	5.16	6.71	14.37
2009/10	2.33	6.93	15.23

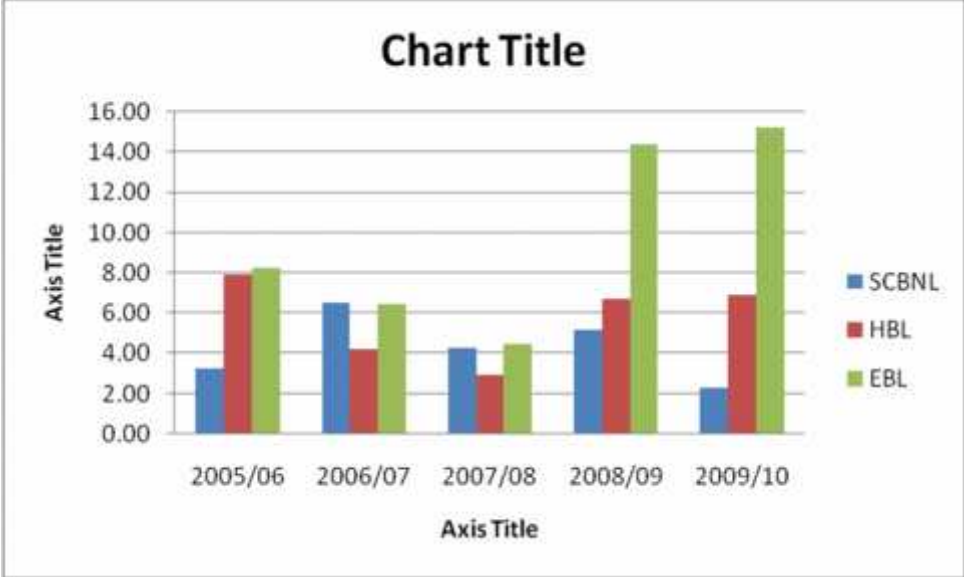


Figure I

Table no.

	20	21	22
Year	SCBNL	HBL	EBL
2005/06	34.68	61.41	61.41
2006/07	36.73	50.71	63.75
2007/08	41.15	53.90	67.55
2008/09	34.14	63.05	64.70
2009/10	39.68	65.50	66.59

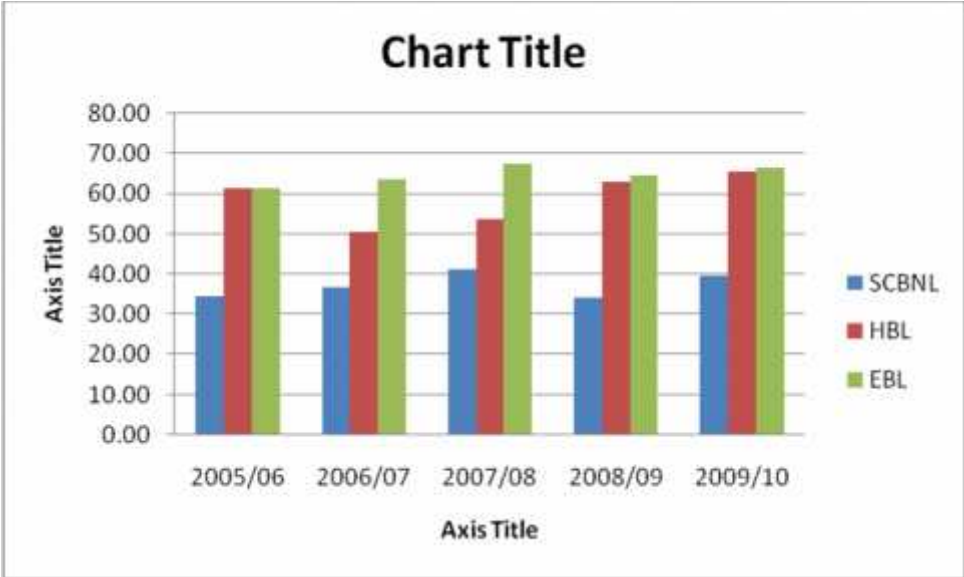


Figure I

Table no.

	23	24	25
Year	SCBNL	HBL	EBL
2005/06	55.71	78.89	30.43
2006/07	54.99	39.35	27.41
2007/08	46.74	41.89	21.10
2008/09	56.41	25.12	17.85
2009/10	56.41	22.45	13.56

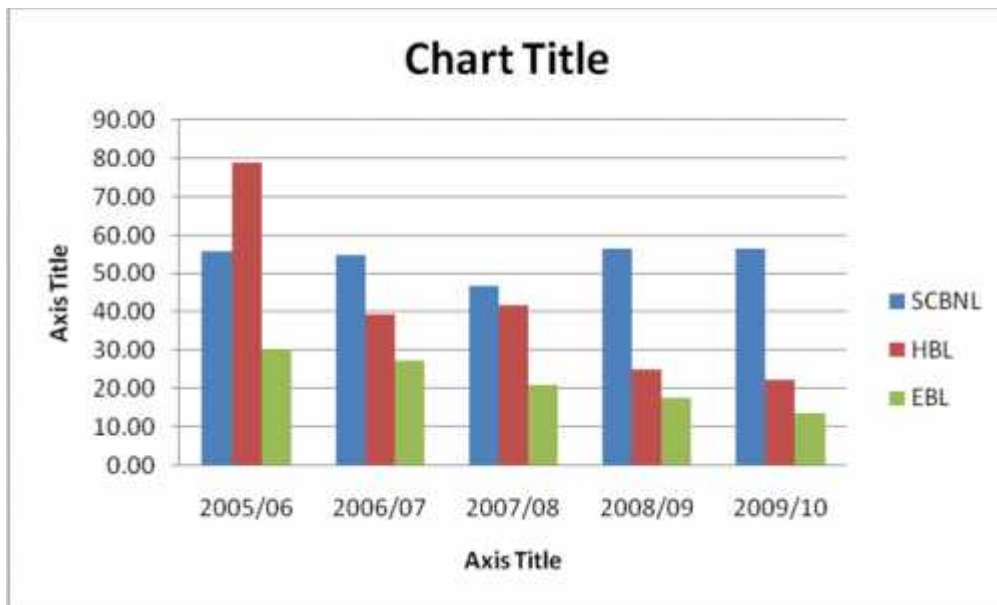
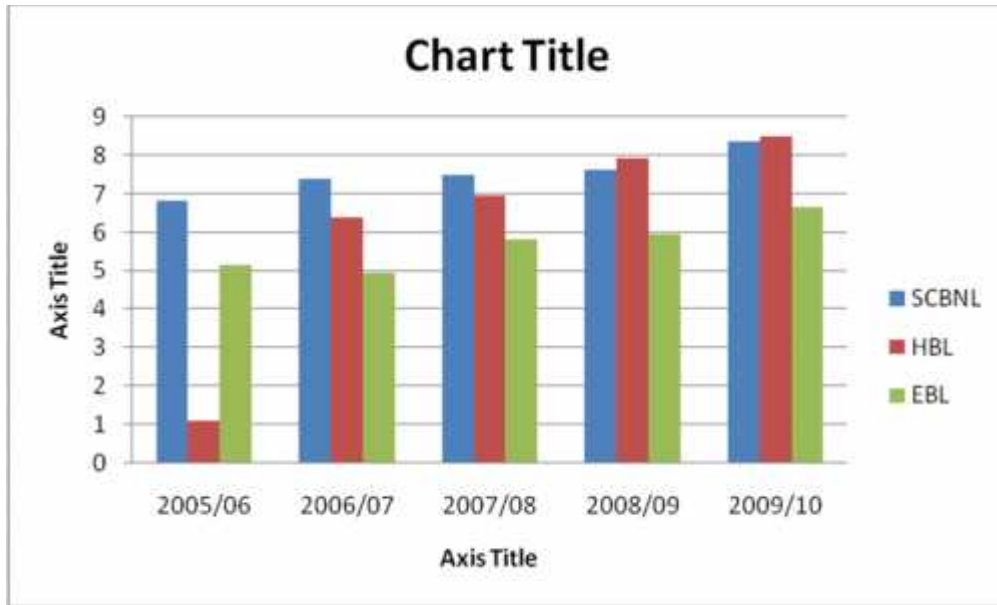


Figure I

Table no.

	26	27	28
Year	SCBNL	HBL	EBL
2005/06	6.81	1.11	5.16
2006/07	7.4	6.4	4.95
2007/08	7.48	6.95	5.82
2008/09	7.62	7.93	5.97
2009/10	8.38	8.49	6.66



Figure

10

Table no.

29

30

31

Year

SCBNL

HBL

EBL

2005/06

7.61

1.28

5.96

2006/07

8.59

7.14

5.84

2007/08

8.38

7.89

6.59

2008/09

8.51

9

6.62

2009/10

9.58

9.65

7.47

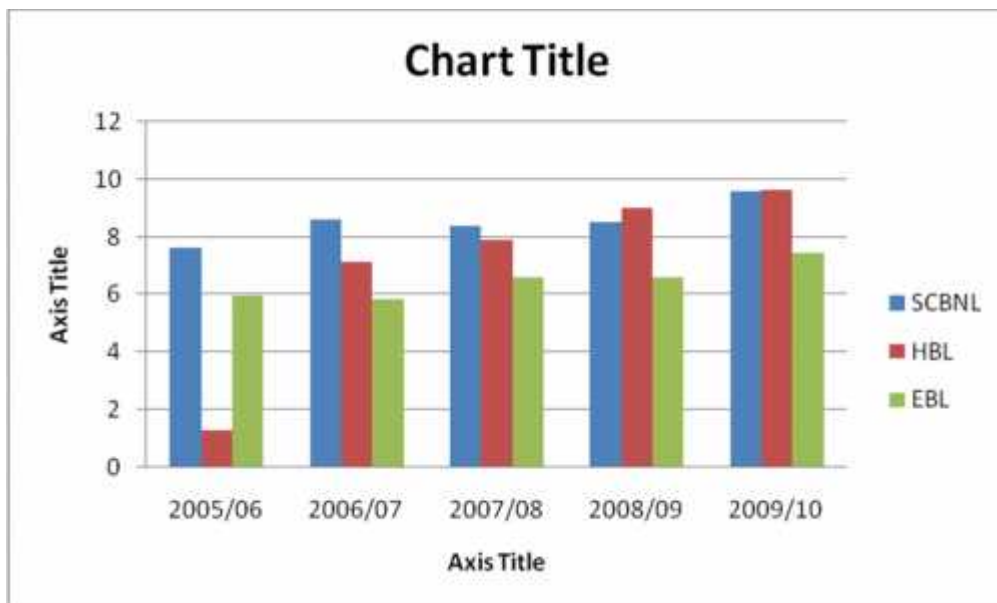


Figure 11

Table no.

Year	32	33	34
	SCBNL	HBL	EBL
2005/06	2.56	2.87	1.49
2006/07	2.42	1.47	1.38
2007/08	2.46	1.76	1.66
2008/09	2.71	1.91	1.73
2009/10	2.55	1.19	2.01

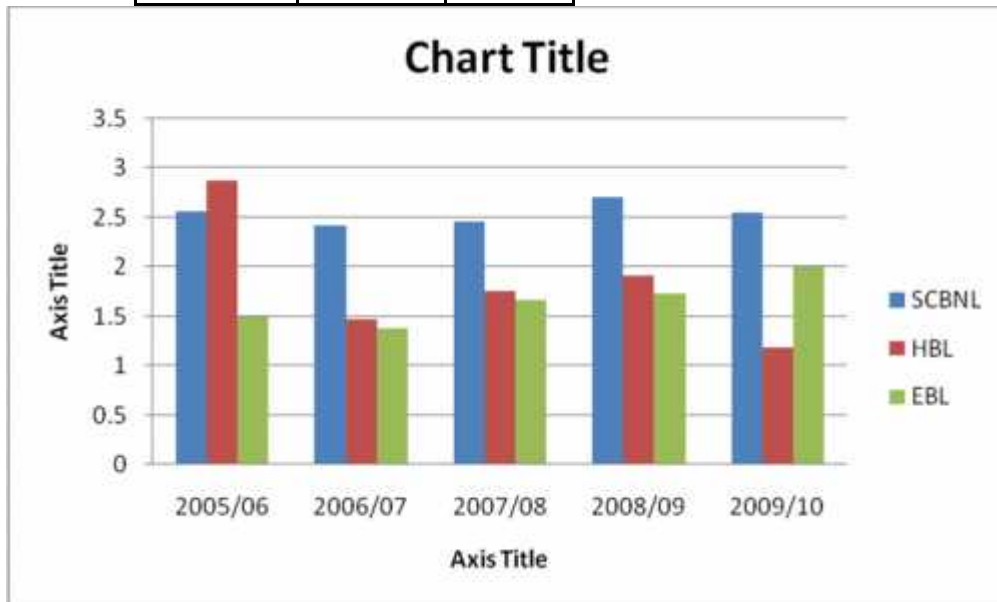


Figure 12

Table no.

Year	35	36	37
	SCBNL	HBL	EBL
2005/06	2.86	3.31	1.72
2006/07	8.59	1.64	1.63
2007/08	8.38	2	1.88
2008/09	8.51	2.17	1.92
2009/10	9.58	1.35	2.25

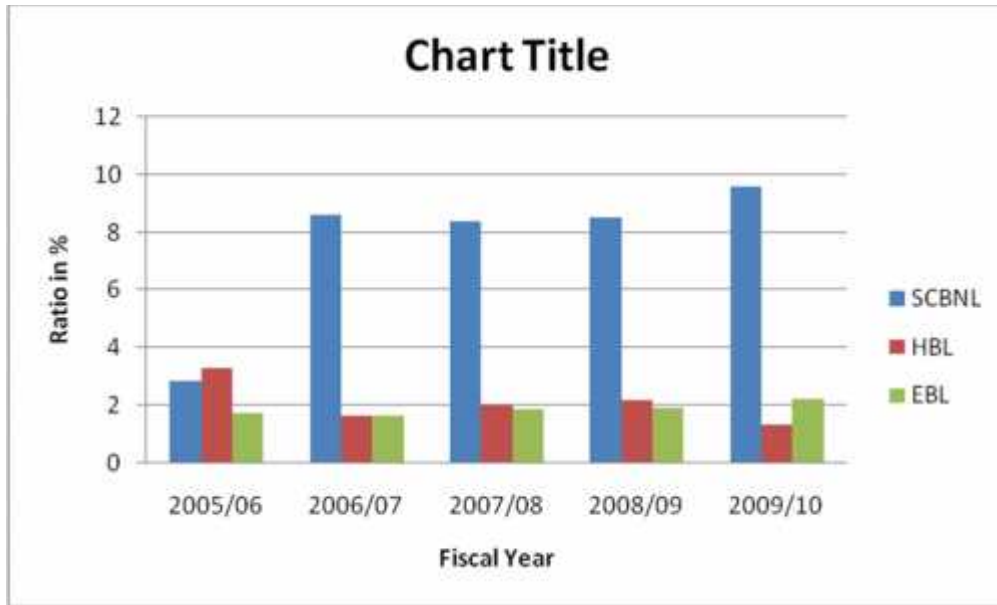
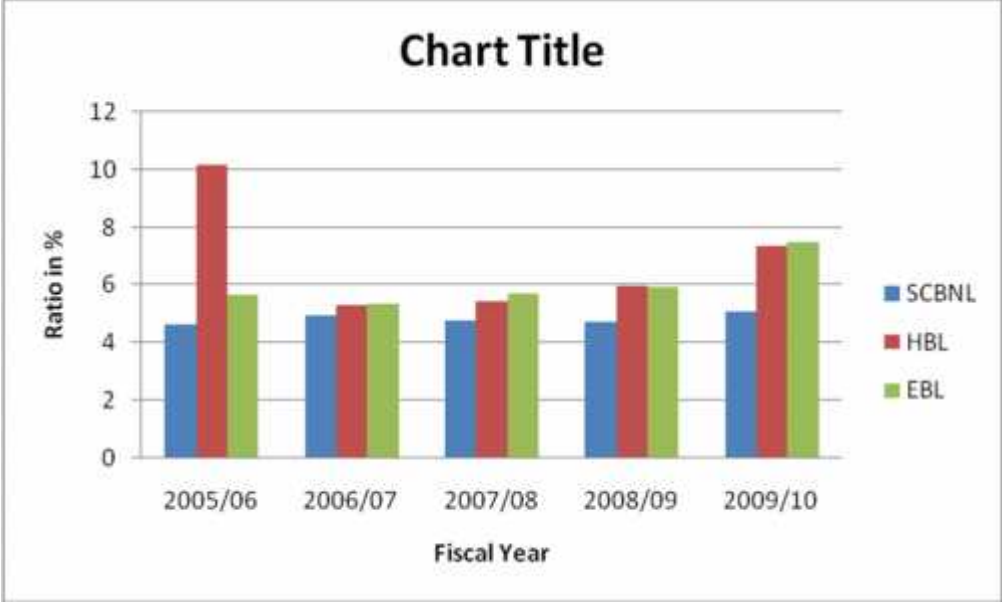


Figure 13

Table no.

Year	38	39	40
	SCBNL	HBL	EBL
2005/06	4.62	10.19	5.66
2006/07	4.94	5.3	5.34
2007/08	4.77	5.43	5.7
2008/09	4.71	5.96	5.92
2009/10	5.08	7.37	7.5



Figure

14

Table no.

41

42

43

Year

SCBNL

HBL

EBL

2005/06

25.49

39.89

44.43

2006/07

29.25

43.22

45.19

2007/08

29.65

41.95

40.85

2008/09

28.81

39.91

46.32

2009/10

28.19

49.34

50.7

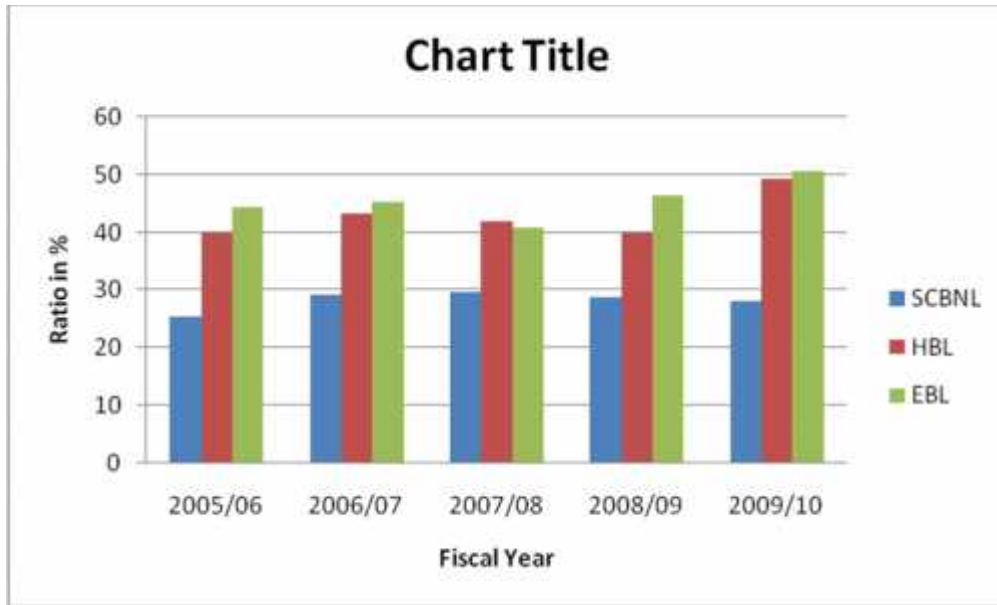


Figure 16

Table no.

Year	47	48	49
	SCBNL	HBL	EBL
2005/06	130	30	25
2006/07	80	15	11.93
2007/08	80	25	21.93
2008/09	50	12	31.58
2009/10	55	11.84	31.58

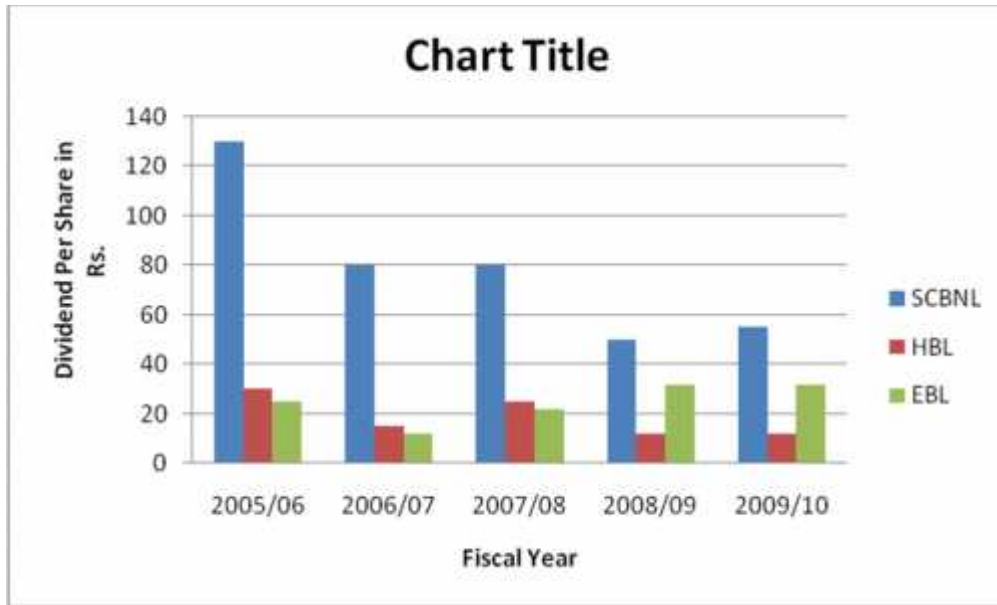


Figure 17

Table no.

	50	51	52
Year	SCBNL	HBL	EBL
2005/06	73.93	50.64	39.82
2006/07	47.8	24.73	15.21
2007/08	60.64	39.85	23.88
2008/09	42.91	19.39	31.58
2009/10	75.03	37.23	31.53

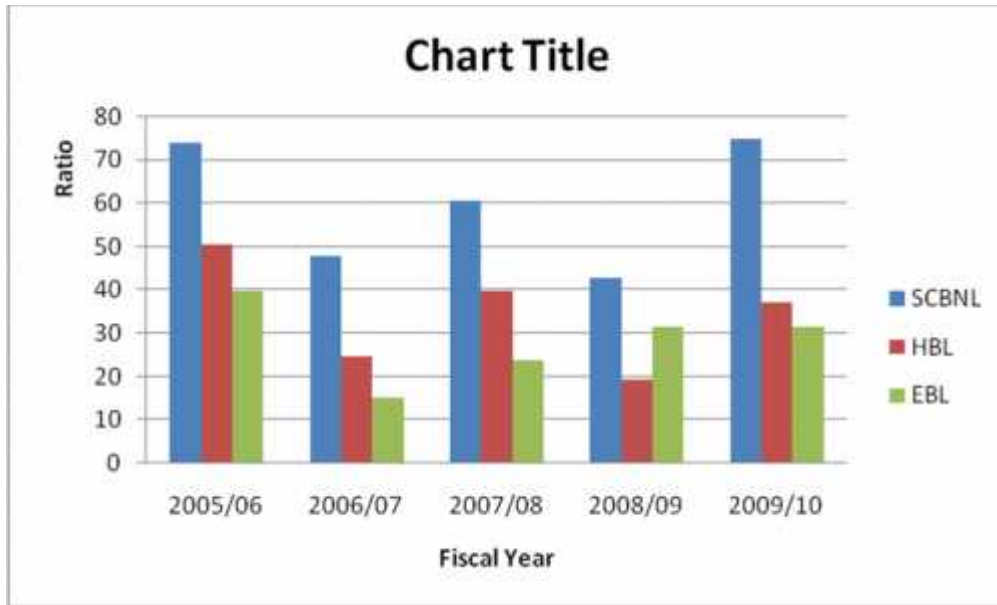
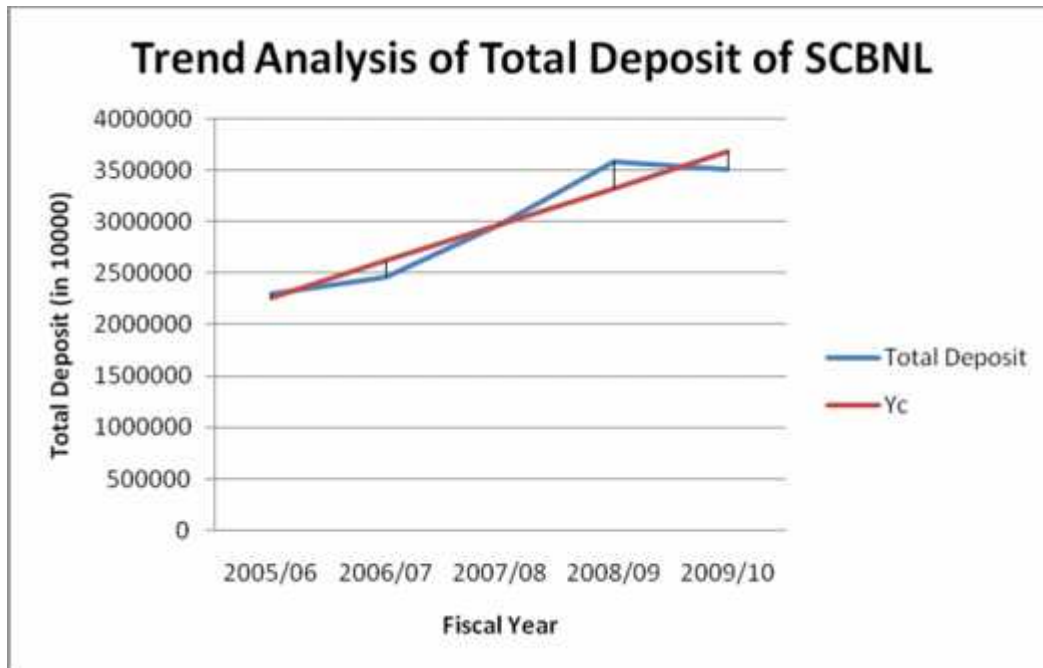


Figure
18

Table no.

53

Year	Total Deposit	Yc	
2005/06	2306103	2260768	
2006/07	2464702	2615449	
2007/08	2974400	2970130	
2008/09	3587172	3324811	
2009/10	3518272	3679491	



Figure

19

Table no.

54

Year	Total Deposit	Yc
2005/06	1380245	1914715.6
2006/07	3004842	2437219.9
2007/08	3184279	2959724.2
2008/09	3468135	3482228.5
2009/10	3761120	4004732.8

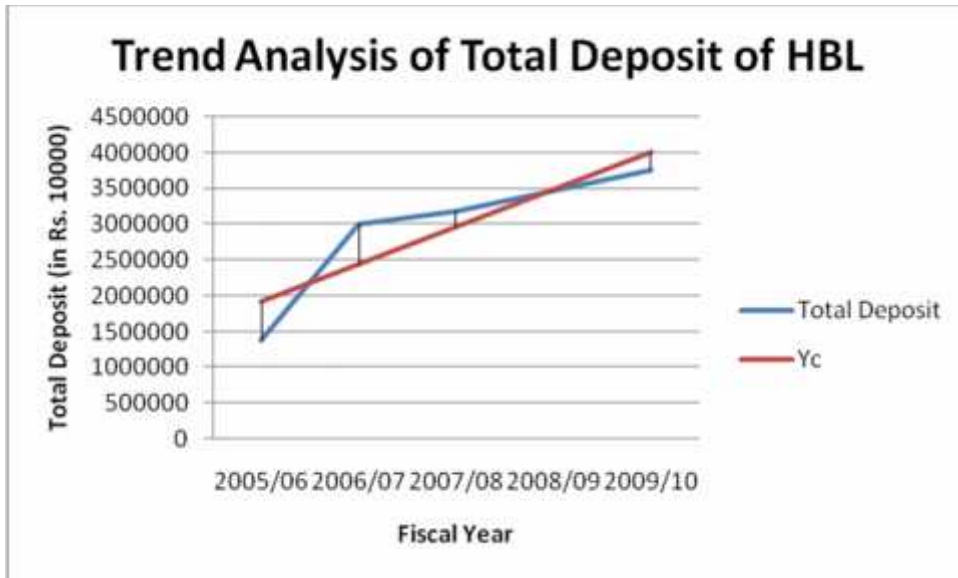
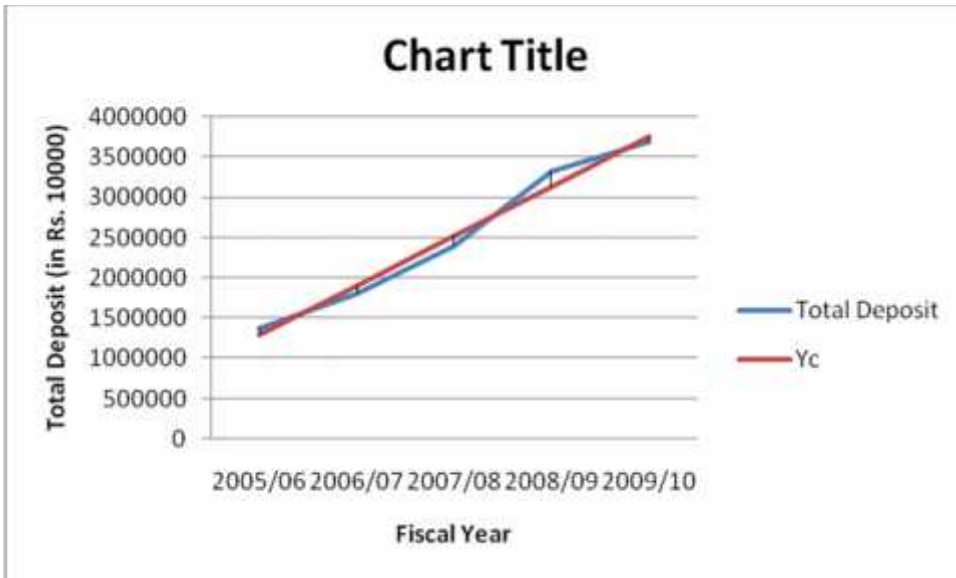


Figure
20

Table no.

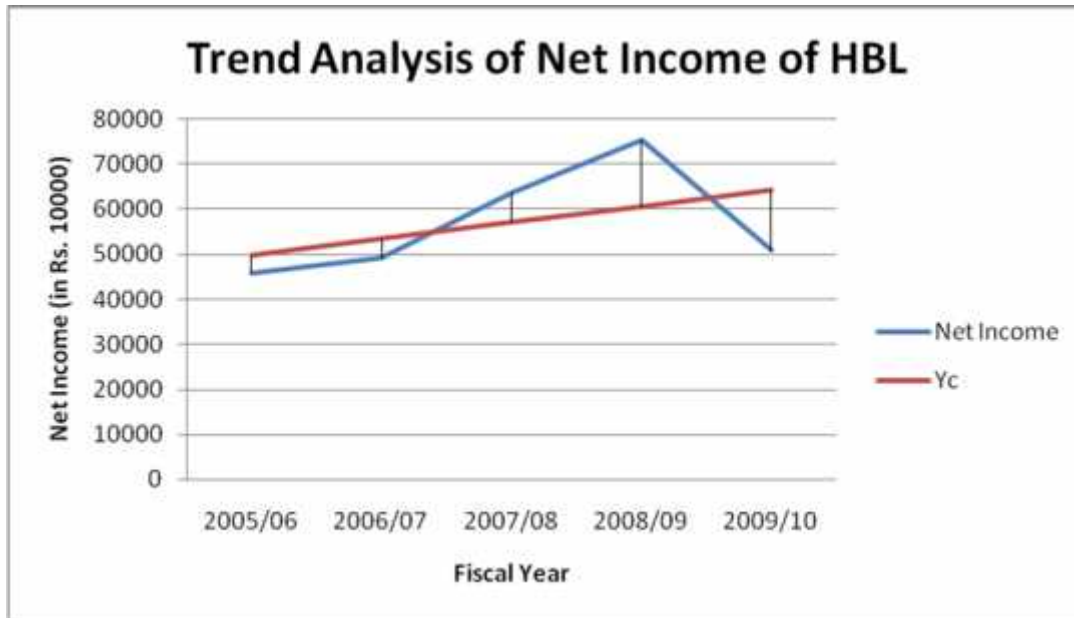
55

Year	Total Deposit	Yc
2005/06	1380245	1296477
2006/07	1818625	1910441
2007/08	2397630	2524405
2008/09	3332295	3138369
2009/10	3693231	3752334



57

Year	Net Income	Yc	
2005/06	45746	49661.8	
2006/07	49182	53298.8	
2007/08	63587	56935.8	
2008/09	75284	60572.8	
2009/10	50880	64209.8	



Figure

22

Table no.

57

Year	Net Income	Yc	
2005/06	45746	49661.8	
2006/07	49182	53298.8	
2007/08	63587	56935.8	
2008/09	75284	60572.8	
2009/10	50880	64209.8	

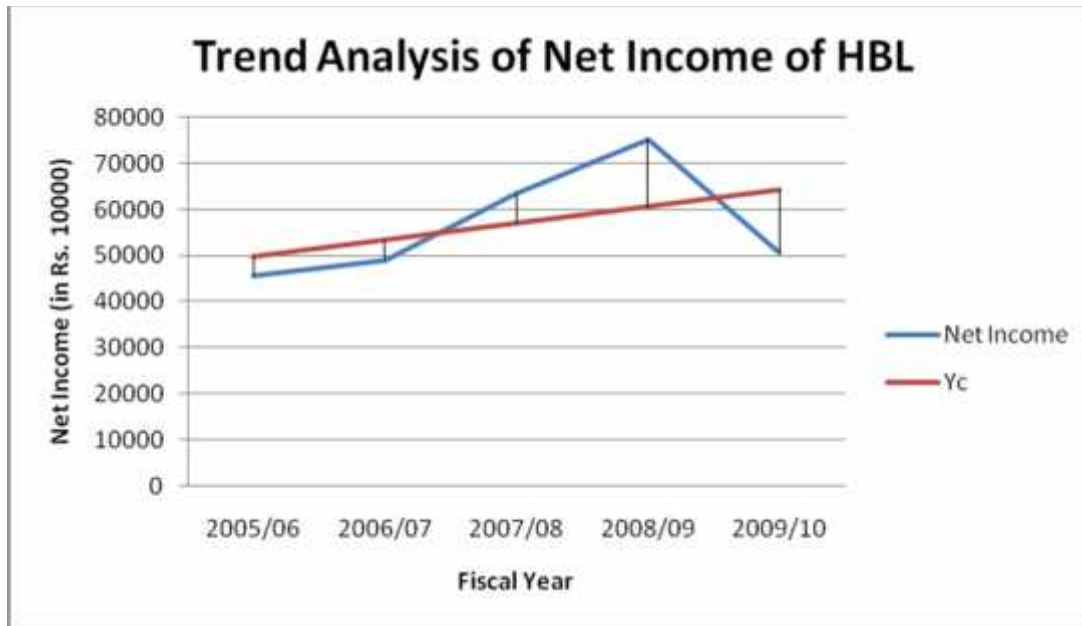


Figure
23

Table no.

58

Year	Net Income	Yc
2005/06	23729	18482.8
2006/07	29641	33795.6
2007/08	45122	49108.4
2008/09	63873	64421.2
2009/10	83177	79734

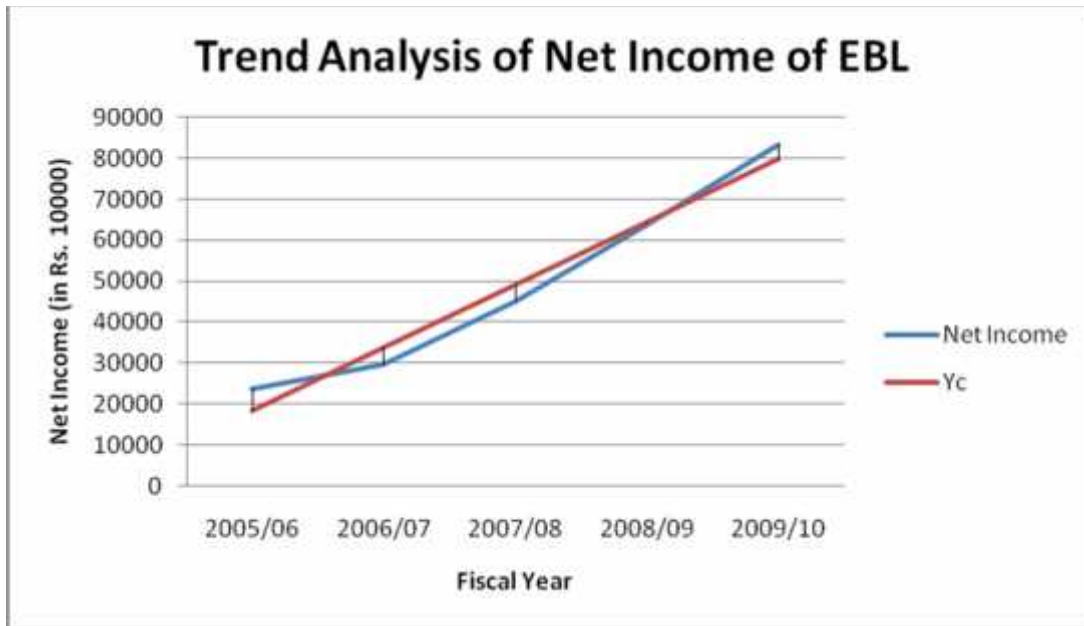
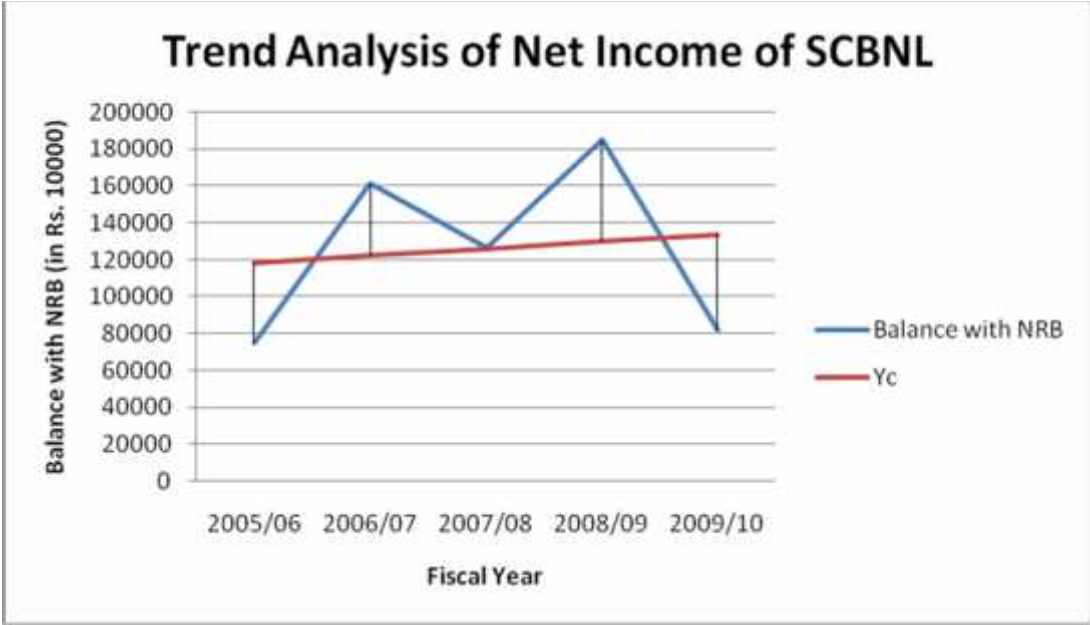


Figure
24

Table no.

59

Year	Balance with NRB	Yc
2005/06	74974	118470
2006/07	161376	122239
2007/08	126627	126008
2008/09	185113	129777
2009/10	81951	133546



Figure

25

Table no.

60

Year	Balance with NRB	Yc
2005/06	109625	83297.6
2006/07	127254	124027
2007/08	93584	164757
2008/09	232841	205486
2009/10	260479	246216

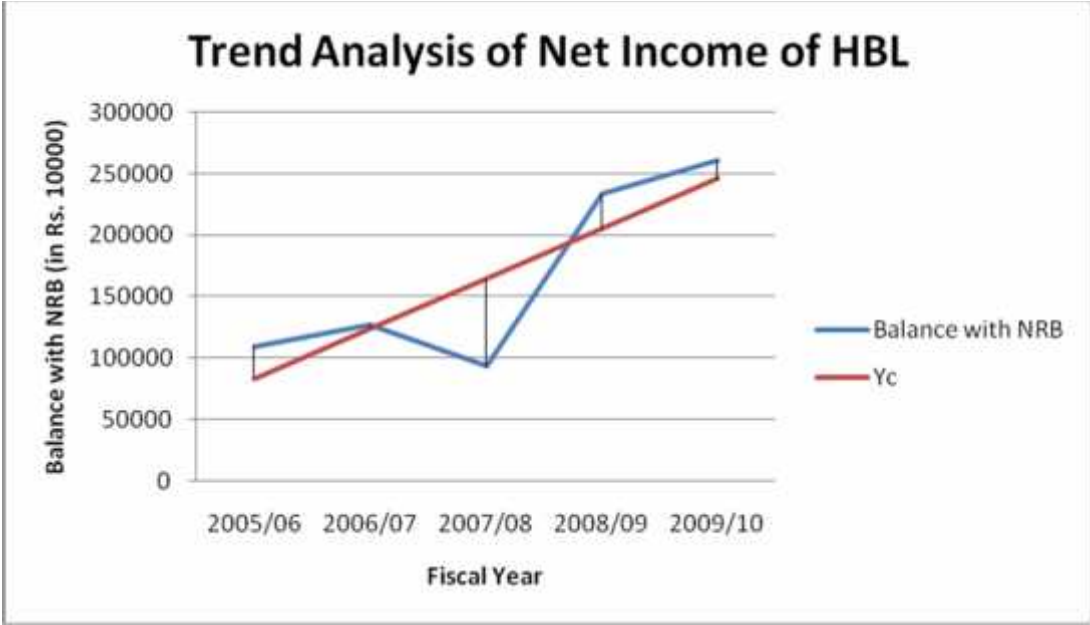


Figure 26

Table no.

61

Year	Balance with NRB	Yc
2005/06	113952	24615.4
2006/07	117820	150417
2007/08	108092	276218
2008/09	478716	402020
2009/10	562511	527821

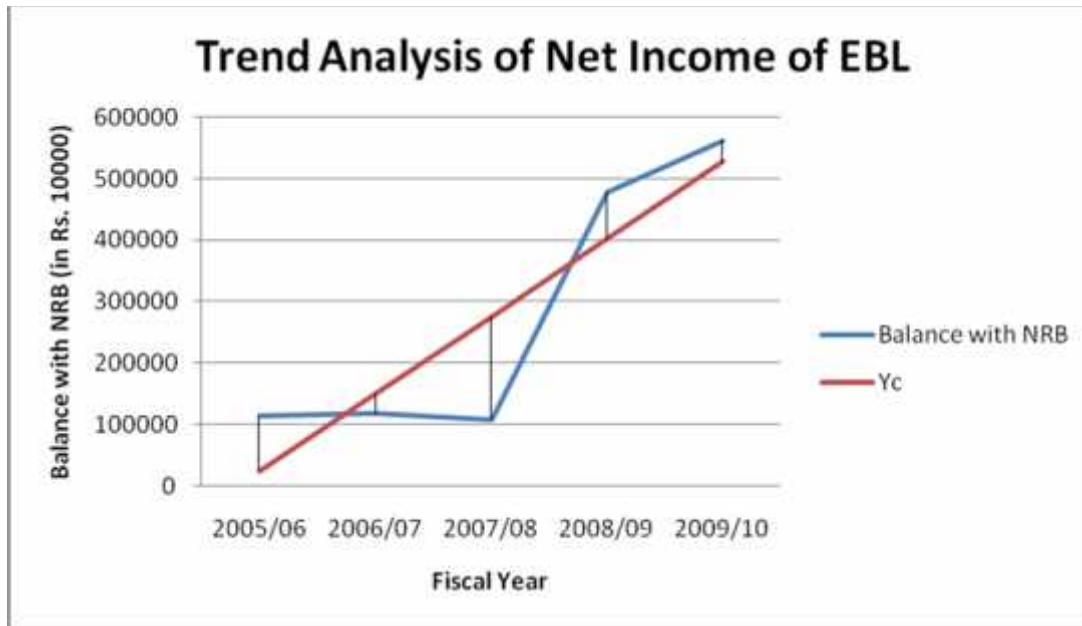


Figure
27

Table no.

62

Year	Investment	Yc
2005/06	1284754	1194088
2006/07	1355323	1400916
2007/08	1390282	1607744
2008/09	2023612	1814573
2009/10	1984751	2021401

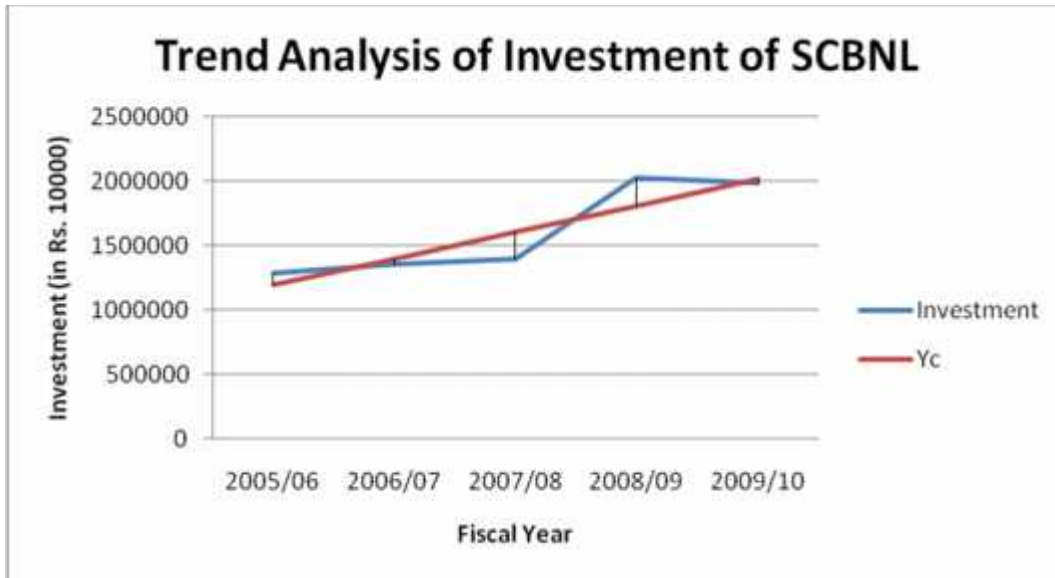
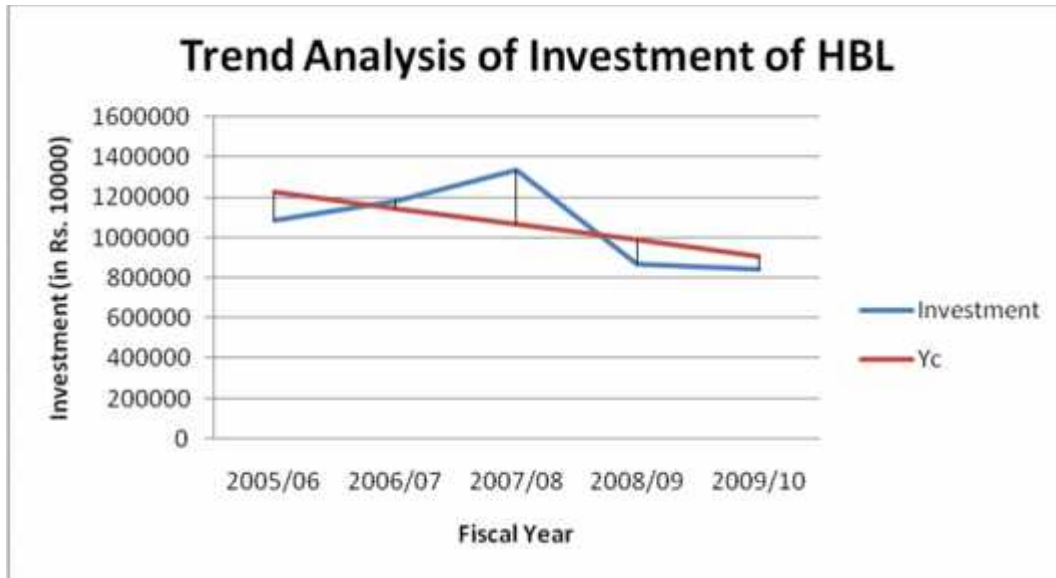


Figure
28

Table no.

63

Year	Investment	Yc
2005/06	1088903	1224167
2006/07	1182299	1144161
2007/08	1334018	1064156
2008/09	871069	984151
2009/10	844491	904145



Figure

29

Table no.

64

Year	Investment	Yc
2005/06	420052	452429
2006/07	498432	478226
2007/08	505956	504024
2008/09	594848	529821
2009/10	500831	555619

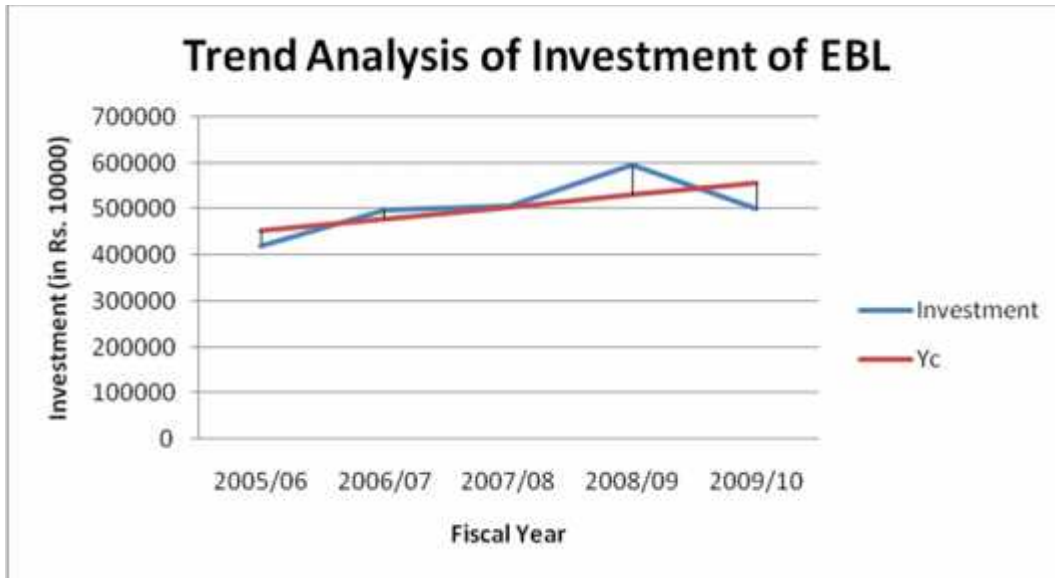
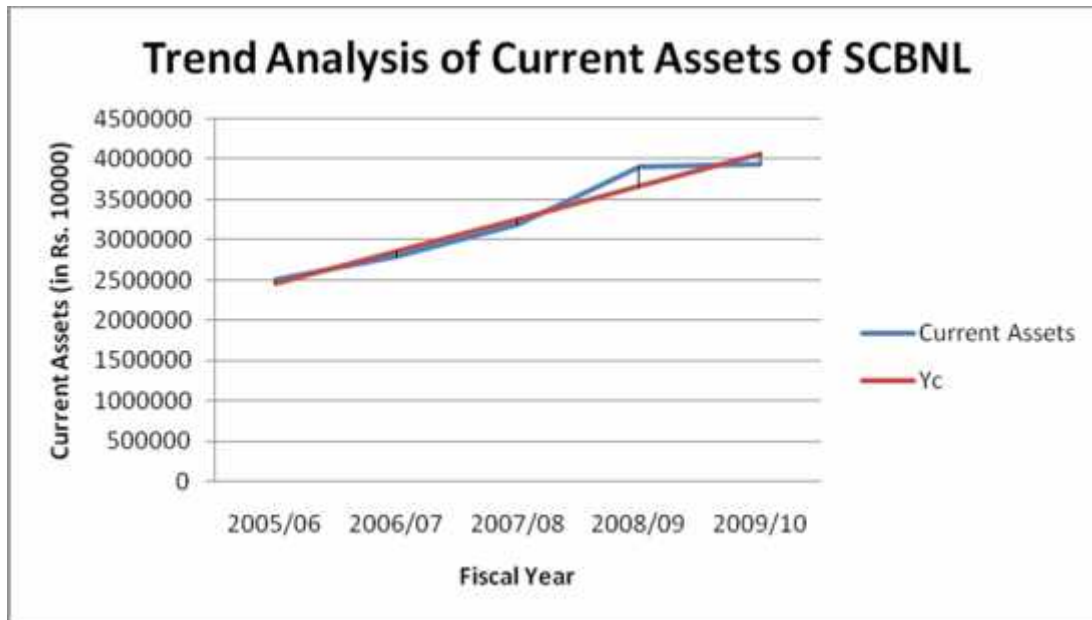


Figure
30

Table no.

65

Year	Current Assets	Yc
2005/06	2503647	2465029.2
2006/07	2783804	2865069.9
2007/08	3186920	3265110.6
2008/09	3910859	3665151.3
2009/10	3940323	4065192



Figure

31

Table no.

66

Year	Current Assets	Yc
2005/06	2827596	2872878.2
2006/07	3230111	3173823.9
2007/08	3481468	3474769.6
2008/09	3774586	3775715.3
2009/10	4060087	4076661

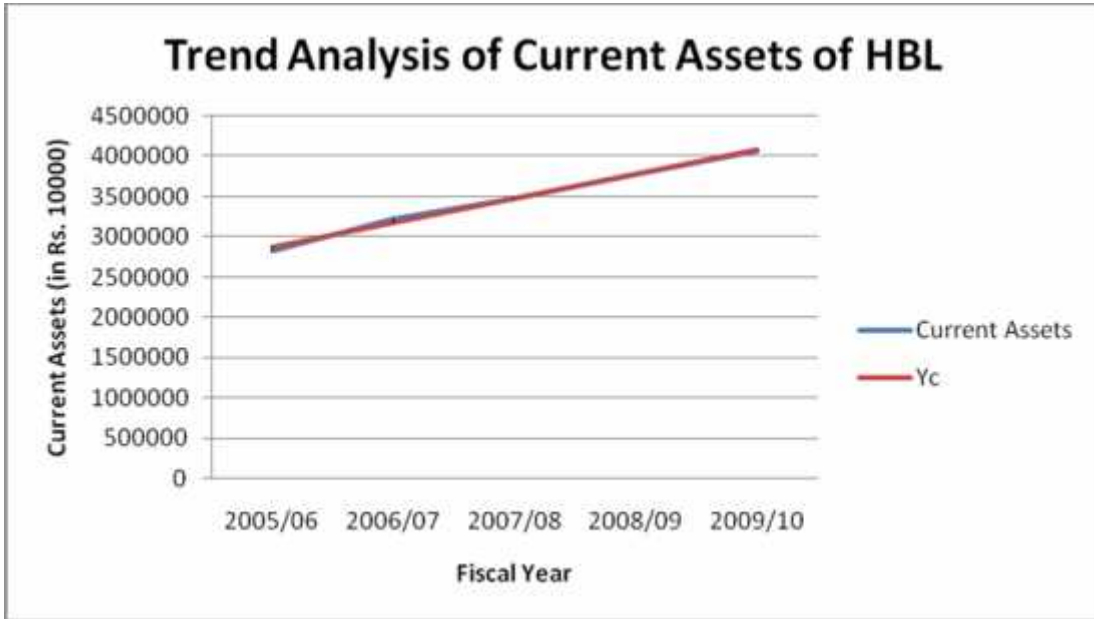


Figure
32

Table no.

67

Year	Current Assets	Yc
2005/06	1562919	1499927
2006/07	2103982	2144589.9
2007/08	2641262	2789252.8
2008/09	3599753	3433915.7
2009/10	4038348	4078578.6

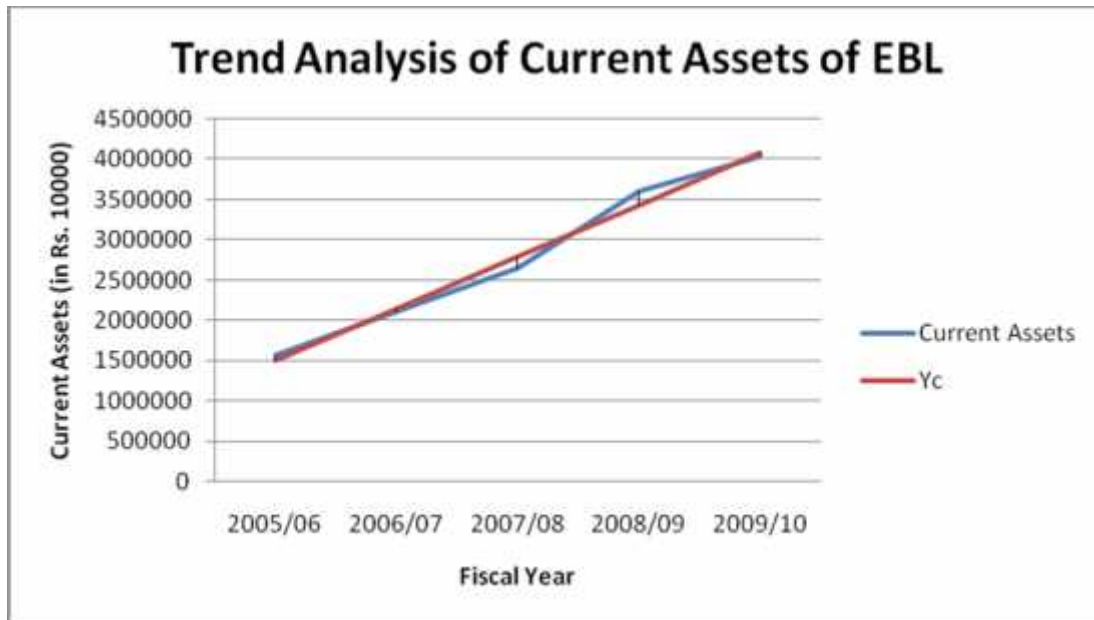
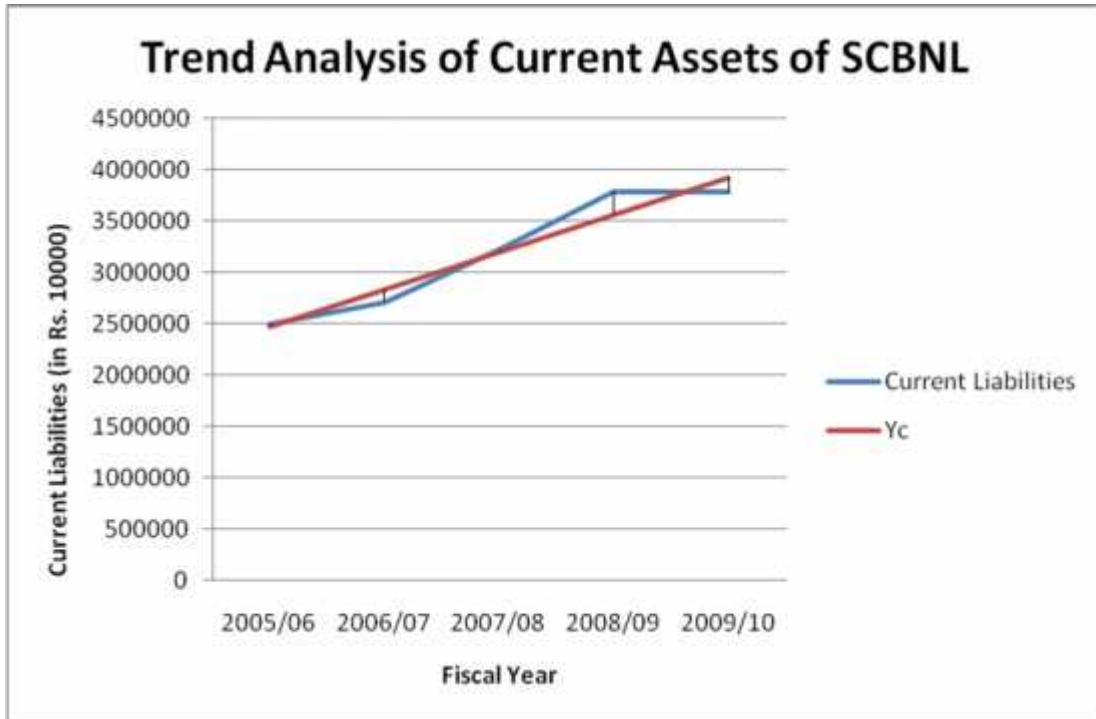


Figure
33

Table no.

68

Year	Current Liabilities	Yc
2005/06	2499626	2473301.2
2006/07	2713363	2836576.2
2007/08	3221158	3199851.2
2008/09	3784853	3563126.2
2009/10	3780256	3926401.2



Figure

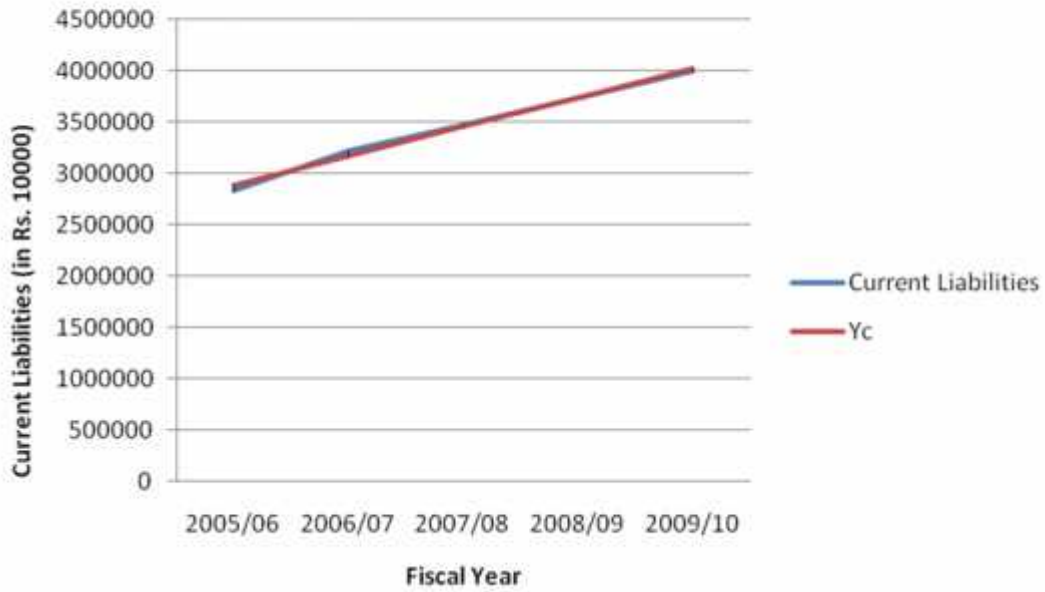
34

Table no.

69

Year	Current Liabilities	Yc
2005/06	2830144	2880941.2
2006/07	3221423	3164791.7
2007/08	3467032	3448642.2
2008/09	3729008	3732492.7
2009/10	3995604	4016343.2

Trend Analysis of Current Assets of HBL



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