FINANCIAL PERFORMANCE ANALYSIS OF NEPAL SBI BANK LTD. & STANDARED CHARTERED BANK NEPAL LTD.

Submitted by:

Chandra Bahadur Gurung Golden Gate International College T.U.Regd.No.: 7-3-453-230-2010

Exam Roll No.: 4530003

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

In the partial fulfillment of the requirements for the degree of Master's in Business Studies (MBS)

Sinamangal, Kathmandu December, 2014

RECOMMENDATION

This is to certify that the thesis

Submitted by

Chandra Bahadur Gurung

Entitled

FINANCIAL PERFORMANCE ANALYSIS OF NEPAL SBI BANK LIMITED AND STANDARED CHARTERED BANK NEPAL LIMITED

has been prepared as approved by	this department in the prescribed format
of faculty of management. Th	is thesis is forwarded for evaluation.
(Mr. Bibav Neupane)	(Prof. Dr. Puspa Raj Kandel)
Thesis Supervisor	Head of Research Department
(Mr. G	obinda Kadel)
Progr	ram Director
Date:	

VIVA-VOCE SHEET

We have conducted the Viva-Voce examination of the Thesis presented by

Chandra Bahadur Gurung

Entitled

FINANCIAL PERFORMANCE ANALYSIS OF NEPAL SBI BANK LIMITED AND STANDARED CHARTERED BANK NEPAL LIMITED

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

Master Degree in Business Studies (MBS)

VIVA-VOCE COMMITTEE

Chairperson, Research Committee:
Member (Thesis Advisor):
Member (External Expert):
Date:

DECLARATION

I hereby declare that the work done in this thesis entitled "Financial Performance Analysis of Nepal SBI Bank Limited and Standard Chartered Bank Nepal Limited" submitted to Golden Gate International College, Faculty of Management, Tribhuvan University is my original work. It is done in the form of partial fulfillments of the requirement of the degree of Master of BusinessStudies (M.B.S.) under the supervision and guidance of Mr. Bibav Neupane, lecturer of Golden Gate International College.

Date:

Chandra Bahadur Gurung

Golden Gate International Collage

ACKNOWLEDGEMENT

This thesis entitled "Financial Performance Analysis of Nepal SBI Bank Limited and Standard Chartered Bank Nepal Limited "to the Tribhuvan University faculty of management for the partial fulfillment of the requirement of the Master in Business Studies degree at Golden Gate International College.

I would like to express my gratitude to my supervisor Mr. Bibav Neupane respected lecturer of Golden Gate International College, for his valuable suggestion and guidance. His continuous cooperation and coordination has been instrumental in the process of preparing this research work.

My special thanks go to Prof. Dr. Puspa Raj Kandel, head of research department, Mr. Gobinda Kadel, program director of GoldenGate International College for their proper encouragement & cooperation.

Various helps were received from different persons and institutions in due course of study. I would like to express my family members for their help to make easy access and availability of materials.

Chandra Bahadur Gurung GoldenGate International College

TABLE OF CONTENTS

RECOMMENDATION	I
VIVA-VOCE	II
DECLARATION	III
ACKNOWLEDGMENT	IV
TABLE OF CONTENTS	V-VI
LIST OF TABLES LIST OF FIGURES	VII VIII
LIST OF ABBREVIATIONS	IX
CHAPTER ONE	
	Page No
INTRODUCTION 1.1 Packground of the Study	1-6
1.1 Background of the Study 1.2 Statement of Problem	2
	3
1.3 Objectives of the Study1.4 Significance of the Study	4
1.5 Limitations of the Study	4
•	5
1.6 Organization of the Study CHAPTER TWO	3
REVIEW OF LITERATURE	7.22
	7-23
2.1 Conceptual Review	7
2.1.1 Financial Performance	7
2.1.2 Financial Statement Analysis	8
2.2 Concept of Commercial Bank	10
2.2.1 Functions of Commercial Banks	12
2.2.2 Commercial Banks in Nepal	13
2.3 Review of Books	15
2.4 Review of Related Article	16
2.5 Review of Unpublished Thesis	18
2.6 Research Gap	23
CHAPTER THREE	
RESEARCH METHODOLOGY	24-39
3.1 Research Design	24
3.2 Population and Sample	25
3.2.1 Nepal SBI Bank Limited	25

3.2.2 Standard Chartered Bank Nepal Limited	25
3.3 Sources of Data	26
3.4 Data Collection Procedure	26
3.5 Data Processing and Analysis	26
3.6 Tools Used	27
3.6.1 Financial Tools	27
3.6.2 Statistical Tools	36
CHAPTER FOUR	
DATA PRESENTATION AND ANALYSIS	40-70
4.1 Financial Analysis	40
4.1.1 Ratio Analysis	40
4.1.1.1 Liquidity Ratio	41
4.1.1.2 Assets Management Ratio	46
4.1.1.3 Profitability Ratio	51
4.2 Statistical Analysis	56
4.2.1 Coefficient of Correlation Analysis	56
4.2.2 Trend Analysis	60
4.3 Major Findings	67
CHAPTER FIVE	
SUMMARY, CONCLUSIONAND RECOMMENDATIONS	71-74
5.1 Summary	71
5.2 Conclusions	72
5.3 Recommendations	73
Bibliography	75
Annendices	77-80

LIST OF TABLES

Table	No. Titles	Page No.
4.1	Current Ratio	41
4.2	Cash & Bank Balance to Total Deposit Ratio	42
4.3	Cash & Bank Balance to Current Asset Ratio	44
4.4	Investment on Government Securities to Current Assets Ratio	45
4.5	Loan and Advance to Total Deposit Ratio	47
4.6	Investment to Total Deposit Ratio	48
4.7	Loan & Advances to Total Assets Ratio	49
4.8	Investment on Government Securities to Total Assets ratio	51
4.9	Return on Loan and Advance	52
4.10	Return on Total Assets Ratio	53
4.11	Return on Equity Ratio	54
4.12	Total Interest Earned to Total Assets Ratio	55
4.13	Correlation between Deposit and Loan & Advances	57
4.14	Correlation between Deposit and Total Investment	58
4.15	Correlation between Loan and advance and Net profit	59
4.16	Correlation between Total Investment and Net Profit	60
4.17	Trend Line of Total Deposit	61
4.18	Trend Line of Total Loan and Advance	63
4.19	Trend Line of Investment	64
4.20	Trend Analysis of Net Profit	66

LIST OF FIGURES

Figur	e No. Titles	Page No.
4.1	Trend Line of Total Deposit	62
4.2	Trend Line of Total Loan and Advance	63
4.3	Trend Line of Investment	65
4.4	Trend Analysis of Net Profit	67

LIST OF ABBREVIATIONS

ATM : Automatic Teller Machine

CL : Current Liabilities

CR : Current Ratio

CV : Coefficient of Variation

DPS : Dividend Per Share

EPF : Employee Provident Fund

EPS : Earning Per Share

FY : Fiscal Year

HBL : Himalayan Bank Limited

i.e. : That is

JVBs : Joint Venture Banks

LC : Letter of Credit

MVPS : Market Value Per Share

NBL : Nabil Bank Limited

NIBL : Nepal Investment Bank Limited

NRB : Nepal Rastra Bank

NSBL : Nepal SBI Bank Limited

PE : Probable Error

Pvt. Ltd. : Private Limited

SBI : State Bank of India

SCBNL : Standard Chartered Bank Nepal Limited

SD : Standard Deviation