

**ANALYSIS OF FINANCIAL PERFORMANCE OF NEPALESE  
COMMERCIAL BANKS IN NEPAL  
(With reference to NABIL Bank Limited and Himalayan Bank Limited)**

**A Thesis**

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Second Year Exam Symbol No: 310048**

Submitted To :

**The Office of the Dean  
Faculty Of Management  
Tribhuvan University**

**In Partial Fulfillment of the Requirements for the degree of  
Masters Of Business Studies (M.B.S)**

**Dhobichaur, Kathmandu, Nepal**

**2022**

**RECOMMENDATION**

**This is to certify that the Thesis Submitted By:**

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**Entitled:**

**ANALYSIS OF FINANCIAL PERFORMANCE OF NEPALESE COMMERCIAL  
BANKS IN NEPAL**

**(With reference to Nabil bank Limited and Himalayan bank Limited)**

**Has been prepared as approval by this Department in the prescribed format of the  
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**Campus Chief : Mr. Bala Ram Thapa**

**Signature : .....**

## **DECLARATION**

I hereby, declare that the work reported in this Thesis entitled "**ANALYSIS OF FINANCIAL PERFORMANCE OF NEPALESE COMMERCIAL BANKS IN NEPAL (WITH REFERENCE TO NABIL BANK LIMITED AND HIMALAYAN BANK LIMITED)**" submitted to the office of the Dean faculty of Management, Tribhuvan University is my original work done in the form of partial fulfillment of the requirements for the Master of Business Studies (MBS), under the supervision of Dr. Jeetendra Dangol.

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## ACKNOWLEDGEMENT

This entitled Thesis **ANALYSIS OF FINANCIAL PERFORMANCE OF NEPALESE COMMERCIAL BANKS IN NEPAL (With Reference to NABIL Bank Limited and Himalayan Bank Limited)** has been prepared in partial fulfillment for the Degree of Master of Business Studies (M.B.S) under the Faculty of Management, Tribhuvan University, in based on research models involving the use of qualitative aspect of Analysis of financial performance of Nabil bank limited and Himalayan bank limited.

First of all, I would like to express my sincere gratitude and special thanks to my respected research advisor as well as Head of Research Department **Dr. Jeetendra Dangol** for his valuable guidance, supervision and suggestion to carry out this research. I am highly indebted and very thankful for their continuous support and constructive suggestions that have enabled this research project to achieve its present form.

I would also like to express my special thanks to **Mr. Bala Ram Thapa**, Campus Chief of Public Youth Campus for approval my Project work.

Finally, I would like to appreciate all my family members and friends for their affection and emotional support that has inspired me to achieve every success including this study. I can honestly say I could not have successfully completed this work without their help and direct

**NAGMA MAHARJAN**

## **Executive Summary**

This study aims to find out the Analysis of Financial Performance of Commercial Banks in Nepal (With reference to Nabil bank Ltd and Himalayan Bank Ltd). For this purpose, two banks are selected as sample size of the study during the fiscal year 2073/74 to 2077/78 BS. The secondary data are used to examine the analysis of financial performance of selected banks. The data used in this study are obtained from the annual reports and websites of the Nepalese Commercial banks. For analysed the data, financial tools like ratio analysis as well as statistical tools like Mean, Standard Deviation, Correlation are used.

The findings of the study shows that the Liquidity positions of the banks is beneficial to invest on government securities than to keep cash and bank balance idle. It measures the cash and bank balance to current assets has found that mean of Himalayan bank is higher than that of Nabil bank i.e. 4.93% but the coefficient of variation CV of Himalayan bank is 26.43% less than the CV of Nabil bank 37.27%. This shows that the Himalayan bank is more consistence than Nabil bank as CV of Nabil bank is high so risk is also high. While investing on government securities to current assets also, the mean of Nabil bank and Himalayan bank is 14.57% and 17.26%. As the ratio of Nabil bank is high, so it has invested its large portion of its idle cash on government securities. But the CV of Nabil bank is more 33.62% than that of Himalayan bank 13.92% which shows more consistency so its risk is high.

According to Leverage ratio of the banks, the average debt equity ratio of Nabil bank and Himalayan Bank is 11.40 times and 15.64 times which shows that the Himalayan bank has maintained higher debt equity ratio than Nabil bank. Whereas the total debt ratio of Nabil bank and Himalayan bank is 91.79% and 93.94% which shows that both banks relied heavily on debt for financing their total assets.

While studying the Profitability ratio of the banks, ROSE of Nabil bank 32.30% which is higher than that of Himalayan bank 22.80% but the CV is less than that of Himalayan bank. ROA of Nabil Bank is 2.66% and Himalayan bank is 1.39%.

As regards with analysis and interpretation of data of Nabil bank and Himalayan bank are successful to some extent to meet their operating as well as financial goals.

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## ABBREVIATIONS

Avg.	: Average
AM	: Arithmetic Mean
B.S	: Bikram Sambat
BVPS	: Book Value per Share
CA	: Current Assets
CL	: Current Liability
CR	: Current Ratio
C&R	: Capital & Reserve
CRR	: Cash Reserve Ratio
CV	: Coefficient of Variation
DPS	: Dividend per Share
D/P Ratio	: Dividend pays out Ratio
EBIT	: Earnings before Interest & Tax
EPS	: Earnings per share
FA	: Fixed Assets
HBL	: Himalayan Bank Limited
LIT	: Long Term Investment
MPS	: Market Price per Share
NBL	: Nabil Bank Limited
NPM	: Net Profit Margin
NPAT	: Net Profit After Tax
NRB	: Nepal Rastriya Bank
NP	: Net Profit
NW	: Net Worth
P/E Ratio	: Price Earning Ratio
ROA	: Return on Assets
ROE	: Return on Equity
ROSE	: Return on Share Holders Equity
SD	: Standard Deviation
TA	: Total Assets
TCA	: Total Current Assets
TL	: Total Liabilities