CHAPTER I
INTRODUCTION

1.1 Background of the study

In general , Bank means an institution which deals with money . Commercial bank plays a vital role in an economic development of any nation .Commercial banks are mainly concerned with exchanging money, maximum utilization of resources and increase in non-cash reserve transaction to reduce the spread between interest rates on deposits and credit. The deposits of funds raised from different sources into different assets with a primary objective of profit generation. Commercial bank is a profit making company, which pays interest at low rate to the depositors and charger higher rate of interest to the burrowers and in this way, the bank earns profit.Commercial bank plays an important role for the economic development and poverty alleviation of the country through providing credit facilities by granting loans , quality banking services to all the people in business community as well as common people. Concerted efforts of all type of banks and financial institution support by a dynamic policy of central bank are needed to achieve the desired economic growth (Biju, 2013).

Commercial banks needs a high degree of stability in the investment portfolio. Because of their less equity cushion, they cannot afford any loss or shrinkage in the value of securities. As stated earlier, security investment is subject to money rate risk, besides the credit risk (Shrestha, 2010).

Banks, as the critical part of financial system, play an important role in contributing to a country's economic development. If the banking industry does not perform well, the effect to the economy could be huge and broad (Said and Tumin, 2007).

The money rate risk involves the movement in market values and change in interest rate. The amplitude of fluctuations in the prices of shares is much higher than those of bonds, particularly because shares do not carry a fix dividend rate and there prices are depend on myriad of factors. The fluctuation in the value of securities is of great significance to a banker. Each investor accepts the current yield of market at the time he buys. If there is a change in the interest rate, the yield which the investor received when he bought the securities above the current rate (Almazari, 2011).

Banking sector plays an important role in sustaining financial markets and has a significant impact on the success of the economy. Sound financial health of a bank is the guarantee not only to its depositors but is equally significant for the shareholders, employees and whole economy as well. As a published to this maxim, efforts have been made from time to time, to measure the financial position of each bank and manage it efficiently and effectively (Sangmi, 2010).

A well-structured financial sector is of special importance for the economic growth in both developed and developing countries. The commercial banking sector should be well organized and efficient for the growth of an emerging economy. Commercial Banks which forms one of the backbones of the financial sector are the intermediary link in facilitating the flow of funds from the savers to investors. By providing a means of mobilizing domestic savings and proficiently channeling them into productive investments, they lower the cost of capital to investors and accelerate the economic growth of a nation. No underdeveloped country can well progress without setting up a sound system of commercial banking system.

Our Nepalese banking industry has considerable changes over past decades because of liberalization, deregulation, improving information technology and globalization. The financial sector liberalization resulted in the entry of new firms in the market, which also added more pressure on competitiveness of individual banks; deregulation widened the scope of activities and expanded the banking activities; advancement in technology resulted into new methods to perform banking activities. Furthermore, the banks, these days, are entering into non-banking markets while other financial institutions are entering into the banking markets that have conventionally been served by the banks. These changes have altered the structure and market behavior of Nepalese banking industry. Currently there are 26 commercial banks out of which 6 are joint venture banks, 63 development banks and 77 financial institutions in Nepal.

At present there is only one international bank operating in Nepal which is Standard Chartered Bank Limited. It has started its operation in Nepal since 1987 as a joint-venture operation and today it is a part of Standard Chartered Group having an ownership of 75% in the company and 25% shares owned by the Nepalese public. Nepal after its commitment to the World Trade Organization (WTO) during its accession in 2004, has allowed foreign banks to make their foray in Nepal to do only wholesale banking from Jan. 1, 2010. Initially before the agreement with WTO (GATS), the Central Bank regulation allowed foreign shareholders to acquire maximum of 51% shares. Later the regulation changed which allowed foreign ownership of 75% and the recent regulation of 2010 allows 100% foreign ownership (i.e. allows a local entity to be a branch of a foreign company) in the banking industry.

Commercial bank is an institution that accepts deposit, makes business loans and offers related services. Bank also allows for a variety of deposit accounts, such as checking, saving and time deposit. These institutions are run to make a profit and owned by a group of individuals. Commercial bank also offers services to individuals, they are primarily concerned with receiving and deposits and lending to business. Commercial bank is also known as the financial department store because it satisfies the broadest range of financial services needed in the economy. The dominant privately owned financial institution in Nepal and in the economies of most major countries is the commercial bank. The institution offers the public both deposit and credit services, as well as a growing list of newer and more innovative services, such as investment advice, such as investment advice, security underwriting, selling insurance policy and financial planning (Thapa, 2013).

Nepalese financial system has a fast flowing growth after the liberalization policies adopted by the nation since 1980. This growth was not only in the number of entities, but also in terms of the varieties of products and services and adoption of the newer technologies. This growth even crossed the national boundaries and integrated with the global financial system. Additionally, increasing flow of remittances from formal channels, cards and banking services with worldwide usability, representative offices across the national boundaries are few more indicators of growing banking industry. The rapid growth that was seen in last decade slowed down in recent five years and a gradual process of consolidation has started. Mergers and acquisitions are being encouraged by NRB to foster the consolidation process. In the recent years we have seen significant reduction in the numbers of institutions in the financial system. (Nepal Rastra Bank, 1960).

Commercial banks play an important role in removing problems such as inflation & deflation of monetary trade, trade deficit, budget deficit (created by economic problem) by capital formulation for deficits spending units. They also finance in small cottage industries and agricultural sector under priority sector investment scheme to serve the marginal people (James and Van, 2000).

1.2 Problem statement

There are so many problems to collect distracted funds and to invest onto productive area. Government and private sectors are unable to give employment to all educated people. Because of the globalization and liberalization, people's needs are growing. But Nepalese industries are unable to provide Nepalese products. Then our capital is going out of the country. So, how investment is possible in our country? There are so many prospects of saving and investment. It should find out the issue of saving and investment to gain prospects of saving and investment. Banks are growing faster and faster and they are utilizing their best facilities and techniques. The most of remote areas are out of research of Banks. Now a day there is lack of liquidity in the market. Strikes are being done by industrial labors and polities parties. These activities affecting economics sectors. The government has been unable to use 100% of development fund each year. Large numbers of banks existing in the economy. Government has been unable to provide security in each place like School College and other. It feels lack of stable government and its policies towards the investment in our country. Thus our government and concerned sector should concentrate their mind to remove the issues of investment for stable investment policies.

The main focus of this study will be towards the financial performance of the banks this study basically deals with the following released question selected commercial banks.

i. What is the relationship between determining factors and profitability ratio financial performance of commercial banks?
ii. Is return provided by Nabil bank & Himalayanbank bearing ratios level satisfied?
iii. Whose financial performance analysis is better ? Whether Himalayan Bank ltd and Nabil Bank ltd. ?
iv. What are the problems and prospect associated to Nabil bank ?
v. Which bank is more successful ?
vi. What is the Liquidity, Profitability, Leverageratio of the two banks ?

1.3 Objectives of the study

The general objectives of this study to figure out the major determinants of financial performance and its impact on financial performance of commercial banks in Nepal. To achieve the general purpose, the researcher also includes the following specific objectives.

- To analyse different financial ratio analysis to assess and evaluate the soundness of these two banks. In term of their.
  a) Liquidity position Analysis
  b) Activity ratio Analysis
  c) Leverage Analysis
  d) Profitability Analysis
  e) Market value and other indicators.
- To examine the degree of correlation between the various relevant variables.

1.4 Rationale of the study

The study shows the degree of bank specific factors and its impact on financial performance of commercial banks in Nepal. The study shows the profitability of commercial banks and effect of determining factors on financial performance of commercial banks. To the scholars, the study will be value added to the existing body of knowledge as it recommends ways for improvement of financial sector. The study will identify the factors affecting on the financial performance of commercial banks significantly. Thus, it will give signal to the management of the banks and policy makers to consider the main factors that influence financial performance of banks ; as a result it will help them to improve their intermediary efficiency and achieving effective financial performance. The need of the study is to analyze. The trend and suggest promotional measures in the area of financial management. It is well known that no company can expect growth with a weak financial position. So, the study of financial aspect of these companies is necessary to analyze the financial performance and to give the suggestion improving the efficiency to earn maximum return. The need of this study is felt in the view of the management of the company that this study makes the management conscious to find out the major problem area of finance.

The study bears much usefulness to various parties such as management shareholders, policy makers and other outsiders.

1.5 Limitation of the study

The main limitations of the study are as follows:

a) The study is based on the secondary data and limitation of using secondary datamay affect the results.

b) The secondary data are taken from the annual reports of the sample banks. Itmay be possible that the idea shown in the annual reports may be window dressed which does not show the actual position of the banks.

c) Researcher used various methods for evaluation financial performance of commercial banks.

d) It only focuses on Himalayan Bank Ltd and Nabil Bank ltd. so it may notprovide accurate information.

e) This analysis is based on only the annual financial report of the banks for thelast five years.

f) This analysis is mainly based on published secondary data by two banks.

g) The overall financial performance has been on the basis of limited tools andtechniques.

h) This analysis is undertaken to suggest and recommends to thebanks than to direct.

1.6 Literature review

1.6.1 Introduction

Jha and Hui, (2012)Managed a study on A comparison of financial performance ofcommercial banks .The main objectives of this study was to compare the financial performance of different ownership structured commercial banks in Nepal based on their financial characteristics and identify the determinants of performance exposed by the financial ratios, which were based on camel model. It was used to estimate the impact of capital adequacy ratio, interest expenses to total loan, net interest margin ratio and credit to deposit ratio on the financial profitability namely return on assets and return on equity of these banks. The results show that public sector banks are significantly less efficient than their counterpart are; however domestic private banks are equally efficient to foreign-owned banks. Furthermore, the estimation results reveal that return on assets was significantly influenced by capital adequacy ratio, interest expenses to total loan and net interest margin, while capital adequacy ratio had considerable effect on return on equity.

Rahmanl, Adhikary, and Yousuf, (2014) Studied, the leading financial institutions, are the major contributors in the economic and financial development of Bangladesh. Performance of banking sector in Bangladesh has invited a lot of comments in recent years. It is no doubt an important problem. Profitability, productivity and associated risks to these two components are the major criteria for evaluating the performance of banks. There are four nationalized commercialized banks in Bangladesh. For the convenient of this research study three banks have been taken. The study relies on secondary sources of data. The tables in the study highlights movements of banking as reflected in the branch expansion, deposit mobilization, deployment of credit, operational efficiency and relative risk measures. This study used comparative and descriptive research design. The results so far achieved through ratio analysis are not very encouraging. In the light of this finding, it can be realized that the confidence of the general public, who wants to rely on these NCBs, in the soundness of the banking system, remains unimpaired and the financial strength of the banks gets increased. Also some recommendation s are put forward to move in an effective pace with regard to time covering the whole banking system, emphasize more on achieving core objectives.

Daoud, and Kammoun (2017) Investigated the financial performance of Islamic Banking Sector in Tunisia. The Islamic banking in Tunisia is new as compared to the conventional banking. The literature review shows that no such analysis has been dedicated to Islamic banking in Tunisia before this study. Therefore, to give a clear picture of Islamic banks to the stake holders, the financial position of the two Islamic banks in Tunisia has been analyzed. The performance estimate of Individual banks in profitability, liquidity, risk and solvency are evaluated using the most significant financial ratios, analysis. The study assesses also the overall stability of each bank. The descriptive statistical measurement (mean, standard deviation and coefficient of variation) were used to classify the performance, measuring the dispersion and the variability of these ratios. The result indicates that both banks are holding a robuts financial performance position in banking industry during the period studied. Whereas al Baraka bank has slightly better levels of profitability and risk management as Compared to Zitouna bank. Overall, two Islamic banks are financially stable, however al Baraka bank in a greatest position than the Zitounal bank in term of stability.

1.6.2 CONCEPT OF FINANCIAL PERFORMANCE:

Before earlier there used to less no. of transactions so, it was much easier to keep record and check business transactions for every businessman. In the beginning of civilization, as population started to increase the no of transactions related to business activities also started to increase rapidly which had created a bit problem in the record and to check the transactions.

Financial performance is the managerial activity that is mainly concerned with the planning, organizing, controlling and administrating the financial resources of an enterprise. It is basically concerned with analysis of financial statement of an enterprise by using different tools and techniques. Financial performance is not only concerned with the evaluation of past and present financial condition, but also helps the improvement of financial condition in future. "Financial management is concerned with the purchase, financing and management of assets with some overall goal mind"[1]

Financial management involves the solutions of three major interrelated decisions of a firm namely investment decisions, Financial decisions and dividend decisions. The profit earning capacity and the strong financial position of an enterprise is the main financial performance indicator of an organization.

1.6.3 Research Gap

Most of the studies has been considered many more objectives which made their study more complicated but in this research report some objectives are taken into study. Secondary data are considered in this research. Both financial as well as statistical tools are used in this research and also used the latest data of Himalayan bank and Nabil bank. Almost all the ratios have been applied to cover the analytical part and fulfill the objective of this study. From this research what we can conclude is that though both the banks are competent players in the Nepalese banking industry.

1.7 RESEARCH METHODOLOGY

Research methodology is the research method or techniques through the entire study. The research methodology may be defined as a science of studying how research is done scientifically. It tells about various steps, which are generally adopted by a researcher in studying his research problem along with the logic behind him.

1.7.1 Research design

This study entitled 'Analysis of financial performance of commercial banks in Nepal' has been conducted on Nepalese Commercial banks. This study adopted descriptive research designs of the two banks i.e Nabil Bank Ltd and Himalayan Bank Ltd.Five years audited financial reports from 2073/2074 to 2077/78 BS of the private commercial banks are taken for analysis purpose. To select the banks which are used for financial performance analysis purpose, purposive sampling method was used. The profitability ratios, activity ratios, liquidity ratios, leverage ratio and correlation coefficient analysis which are appropriate to evaluate bank performance were used in the study.

1.7.2 Population and sample

From the total of twenty seven commercial banks registered in Nepal Rastra Bank (NRB) and under operation in the country currently both public and private that are engaged in the commercial banking activities, the sample of two commercial banks are selected. Nabil Bank Limited and Himalayan bank Limited are selected based on purposive sampling method.

1.7.3 Nature and Sources of data

The study are based on secondary data. The required secondary data were obtained from the website of annual reports of the sample banks.

1.7.4 Financial Statement analysis tools and techniques

A. Financial tools

B. Statistical tools

A. FINANCIAL TOOLS :

Financial statement must be simple for any reader to understand the operating result and financial performance statement analysis. Some financial tools are capital adequacy ratio, Liquidity ratio, Credit ratio, Operating expenses, Return on assets and Net Profit Margins.

$$\text{Cash and bank balance to total current assets} = \frac{\text{Cash and Bank Balance}}{\text{Total Current assets}}$$

Investmenton government securities to current assets ratio

$$= \frac{\text{Investment on Government Securities}}{\text{Total Current assets}}$$

Loan and advances to total deposits = $\frac{\text{Total loan and advances}}{\text{Total Deposits}}$

Loan and advance to Fixed deposit ratio = $\frac{\text{Loan and advance}}{\text{Fixed Deposits}}$

Loan and advance to Saving Deposits = $\frac{\text{Loan and advances}}{\text{Saving Deposits}}$

Operating profit to Net Profit worth ratio=$\frac{\text{Total operating profit}}{\text{Net worth}}$

Liquidity (CRR) =$\frac{\text{Cash and Bank Balance}}{\text{Total Deposit}}$

Debt - Equity ratio = $\frac{\text{Total debt}}{\text{Share holders Equity or Net worth}}$

Total Debt ratio = $\frac{\text{Total debt}}{\text{Total Assets}}$

Return on shareholder's equity = $\frac{\text{Net profit after tax}}{\text{Shareholder's equity}}$

Return on total assets (ROA) = $\frac{\text{Net profit after tax}}{\text{Total assets}}$

Earning per share (EPS) = $\frac{\text{Net profit after tax}}{\text{No.of equity share}}$

Dividend per share (DPS) = $\frac{\text{Total Dividend amount}}{\text{No.of Equity share}}$

Dividend payout Ratio = $\frac{\text{DPS}}{\text{EPS}}$ * 100 %

PE ratio = $\frac{\text{MPS}}{\text{EPS}}$

Market price to Book valueRatio = Market price per share Book Value per share

Closing MPS

B. STATISTICAL TOOLS:

The statistical tools are used in this study arithmetic mean (average). Standard deviation, coefficient of variation (C.V) correlation analysis and hypothesis testing. While analyzing financial performance with the help of statistical tools, such analysis helps to draw conclusion regarding which of the organization is better managed. It statistical tools indicate that there is some lost aspects and then it helps management to take corrective action .

A brief explanation of such tools ispresented below:

(i) ARITHMETIC MEAN :

This statistical tool is applied to calculate the average of data. It is the most popular and widely used measure of representing the entire data by one value. Its value is obtained by adding together all items and by dividing this total by the number of items. It can be computed follows:-

Mean , $\bar{x} = \frac{\sum x}{n}$

Where,
X = bar/mean
—Σ= sigma /sum of the value
N = No. of the observation

The purpose for computing the mean for set of observations is to obtain a single value which is representative of all the items and which the mind can grasp simply and quickly. The single value is the point of location around which the individual items cluster.

(ii) STANDARD DEVIATION (S.D):

It is denoted by the Greek letter sigma (σ) . The standard deviation is used to examine risk of the return distribution. The value of the standard distribution. The value of the standard deviation depends upon whether the other return data are offered from the central value. It the other values are scattered from the central values. It is regarded more volatile or risky; there the standard deviation will be higher. Similarly 7 the value are clustered, around the mean. The return distribution is regarded less volatile or, less risky; there the standard deviation will be lower.

Standard deviation is defined as the position square root of the arithmetic man of the square of the given observation from their arithmetic mean. It can be computed as follows:

Standard Deviation = $\sigma^2 = \frac{\sum (X_i - X)^2}{N}$

The standard deviation measures the absolute dispersion or variability of a distribution. A small value of standard deviation means a high degree of uniformity of the observation as well as homogeneity of a series.Similarly a large standard deviation means just opposite. Hence standard deviation is extremely useful in judging the representative of the mean.

(iii) COEFFICIENT OF THE VARIATION (C.V):

The standard deviation discussed above is an absolute measure of dispersion. The relative's measure of risk ness of return based on the standard deviation is known as coefficient of variation (C.V) Karl Pearson developed the measure and it is the most commonly used to measure of relative variations. It is commonly used in such problem to compare the variability of two or more series. It can be computed as follows:

$$\text{Coefficient of Variation (C.V)} = \frac{\text{Standard Deviation}}{\text{Mean}}$$

The series (or group) for which has the greater C.V is said to be more variable or conversely less homogeneous. One the other hand the series for less C.V is said to be less/ variable or more consistent more uniform, more stable or more homogeneous.

CHAPTER II

ANALYSIS OF DATA

2.1 INTRODUCTION

The main objectives of this research study are to evaluate the financial strength and weakness of Nabil Bank Ltd. and Himalayan bank Ltd. The analysis and interpretation of calculated Numerical figures have been done with the help of financial tools and techniques. The tools and techniques have been used to know the stability, profitability and liquidity position of the banks. For this purpose the researcher aims to draw conclusion regarding financial performance of the concern commercial banks from fiscal year 2073/74 to 2077/78.

2.2 RATIO ANALYSIS

Financial ratio analysis is an important tool with the help of which researcher can find the past, present and estimated future financial position of the company. Financial ratio analysis is the most powerful tool of financial analysis. It is a technique of analyzing and interpreting various ratios & for helping in making certain decision. Ratio provides clues to the financial position of a concern. These are the pointers or indicators of financial strength soundness or weakness of an enterprise. One can draw conclusion about the exact financial position of a concern with the help of ratios.

2.2.1 LIQUIDITY RATIO

Regarding the liquidity position of the company in terms of current ratio it has been calculated by dividing current assets by the current liabilities of the relevant year. Current ratios show the ability of the company to meet its current and short term obligations. To know the liquidity position of the selected banks various ratios are calculated, they are mentioned below:

i. Cash and bank balance to current assets ratio

ii. Investment on government securities to current assets ratio

iii. Liquidity (CRR)

i. Cash and bank balance to current assets ratio:

Cash and bank balance is the most liquid form that a firm can have cash and bank balance to current assets ratio shows that what percentage of cash and bank balance is with the firm out of its current assets. It is calculated by using formula:

Cash and bank balance to total current assets $= \frac{\text{Cash and Bank Balance}}{\text{Total Current assets}}$

Table 1

Calculation of Cash and bank balance to current assets

	Nabil bank Ltd			Himalayan bank ltd		
	Cash &bank balance	Current assets	Ratio %	Cash &bank balance	Current assets	Ratio %
2073/74	970.49	16407.36	5.91	2001.19	24462.38	8.18
2075/76	630.24	22010.88	2.86	1717.35	28897.83	5.94
2076/77	1399.82	26966.49	5.19	1757.33	32932.29	5.34
2077/78	2671.13	36534.70	7.31	1448.14	35439.16	4.09
Mean (X)			4.93	Mean (X)		6.20
Standard Deviation (σ)			1.84	Standard Deviation (σ)		1.64
Coefficient of Variation (C.V.)			37.27	Coefficient of Variation (C.V.)		26.43

Table 1 shows the cash and bank balance to current assets ratio of Nabil bank Ltd. and Himalayan bank Ltd., for last 5 years i.e. from 2073/74 to 2077/78 BS; separately along with the mean, standard deviation and coefficient of variation of ratio. It is obtained by dividing cash and bank balance by current assets.

The average cash and bank balance to current assets ratio of Nabil bank and Himalayan bank Ltd. is 4.93% and 6.20%respectively. It indicates that Himalayan bank has maintained higher cash and bank balance to current assets ratio than Nabil bank. Therefore, liquidity position maintained by Himalayan is better than Nabil bank. The C.V of Nabil bank and Himalayan bank is 37.27% and 26.43% respectively.This indicates that Himalayan bank is more consistence than Nabil bank because the C.V of the Himalayan bank is less than Nabil bank . As Nabil bank has more C.V so its risk is also more.

ii. Investment on government securities to current assets ratio:

Investment made on government securities by bank is at risk free return earning assets. Whereas cash and bank balance kept in the bank are non earning assets. Therefore, commercial banks are always eager to invest their idle cash and bank balance on government securities to earn some return or profit. Moreover the investment made on the government securities is at risk free and is the current asset for the banks. For profitability point of view it is beneficial to investment on government securities than to keep cash and bank balance idle. This ratio can be calculated by using formula.

Investment on government securities to current assets ratio

$$= \frac{\text{Investment on Government Securities}}{\text{Total Current assets}}$$

Table 2

Calculation of Investment On Government Securities To Current Assetsof Nabil bank and Himalayan Bank

	Nabil bank Ltd			Himalayan bank ltd		
Year	Government Securities	Current Assets	Ratio %	Government Securities	Current Assets	Ratio %
2073/74	3672.63	16407.36	22.38	3431.73	24462.38	14.03
2074/75	2418.43	16702.84	14.48	4819.70	27090.40	17.79
2075/76	2301.46	22010.88	10.46	4565.32	28897.83	15.80
2076/77	4085.84	26966.49	15.15	6079.38	32932.29	18.46
2077/78	3788.39	36534.70	10.37	7166.53	35439.16	20.22
Mean (X)			14.57	Mean (X)		17.26
Standard Deviation (σ)			4.90	Standard Deviation (σ)		2.40
Coefficient of Variation (C.V.)			33.62	Coefficient of Variation(C.V.)		13.92

Table 2 shows the investment on government securities to current assets ratio of Nabil bank and Himalayan bank Ltd. for last 5 years i.e. from 2073/74 to 2077/78 BS; along with their standard deviation and coefficient of variation.

The average investment on government securities to current assets ratio of Nabil bank and Himalayan bank Ltd. is 14.57% and 17.26% respectively. As the ratio of Nabil bank is high, so it has invested its large portion of its idle cash on government securities. Therefore it has utilized its current assets in better way than Himalayan bank . The C.V of Nabil bank and Himalayan bank is 33.62% and 3.92% respectively. This indicates that Himalayan bank is more consistence than Nabil bank because the C.V of the Himalayan bank is less than Nabil bank, so that Nabil bank has more C.V so its risk is also more.

iii. Liquidity (CRR):

Cash, cash deposited in NRB and balance with other banks is the most liquid form of assets. Liquidity (CRR) is calculated by dividing total cash balance with total deposit. It measures the liquidity position of the bank. If it is better then its customers have strong belief on the bank which in turn increases its stock price in the stock market. It is calculated by:

$$\text{Liquidity CRR} = \frac{\text{Cash and Bank Balance}}{\text{Total Deposits}}$$

Table 3

Calculation of Liquidity position of Nabil bank and Himalayan bank

	Nabil bank Ltd	Himalayan bank ltd
Year	CRR %	CRR %
2073/74	6.87	8.28
2074/75	3.83	7.86
2075/76	3.26	5.92
2076/77	6.00	5.92
2077/78	8.37	5.13
Mean (X)	5.67	6.62
Standard Deviation (σ)	2.12	1.37
Coefficient of Variation (C.V.)	37.47	20.67

Table 3 shows the Liquidity (CRR) of Nabil bank and Himalayan bank Ltd. for last 5 years i.e. from 2073/74 to 2077/78 BS; along with their standard deviation and coefficient of variation.

The average Liquidity (CRR) of Nabil bank and Himalayan bank Ltd. is 5.67% & 6.62% respectively. As the ratio of Himalayan Bank is high, so it has maintained higher average Liquidity (CRR) than Nabil bank.The C.V of Nabil bank and Himalayan bank is 37.47%& 20.67% respectively. This shows that Himalayan bank is more consistence than Nabil bank because the C.V of the Himalayan bank is less than Nabil bank, so that's why Nabil bank has more C.V so its risk is also more.

2.2.2 ACTIVITY RATIO

Activity ratio measures how efficiently and effectively the firm utilizes its resources at its command to generate in come. Through This ratio it attempts to know whether the funds employed have been used efficiently or not. This ratio helps to know the collection of funds and its utilization of those funds to increase revenue by providing loan and utilization of those funds to increase revenue by providing loan and advances investment and other services rendered by banks.

The following ratios are calculated to analyze the activities of Nabil and Himalayan Bank limited.

i) Loans and advance to total deposit

ii) Total investment to total deposit ratio.

iii) Loan and advances to fixed deposit.

iv) Loan and advances to fixed deposit.

v) Operating profit to net worth ratio.

i. **Loan and advances to total deposit ratio:**

Depositors invest their saving into the bank for the bank for the purpose of interest. The bank utilizes collected deposits amount to generate in come through providing loans and advances, so that it will be able to pay interest to their depositors.

The ratio examines whether the bank is able to utilize its deposited fund at appropriate place in order to get good amount of revenue so that it can pay interest to its customers. This ratio is calculated by:

Table 4

Calculation of Loan and advances to total deposit of nabil bank and Himalayan bank

Years	Nabil bank ltd.			Himalayan bank ltd.		
	Loan & Advance	Total Deposit	Ratio (%)	Loan & Advance	Total Deposit	Ratio (%)
2073/74	10586.17	14119.03	58.01	11951.86	22.10.33	54.30
2074/75	12922.54	14586.61	72.79	12424.52	24814.01	50.07
2075/76	12922.54	19347.40	66.79	14642.55	26490.85	55.27
2076/77	15545.78	23342.29	66.60	16997.99	30048.41	56.57
2077/78	21365.05	31915.05	66.94	19497.52	31842.78	61.23
Mean (*X*)			66.18	Mean (*X*)		55.49
Standard Deviation (σ)			5.22	Standard Deviation (σ)		4.03
Coefficient of Variation (C.V.)			7.86	Coefficient of Variation (C.V.)		7.26

Table 4 shows loan and advances to total deposit ratio of Nabil Bank Ltd. and Himalayan Bank Ltd. separately along with their mean, standard deviation and coefficient of variation of ratio for fiscal year 2073/74 to 2077/78 for last five years.
The average loans and advances to total deposit ratio of Nabil Bank and Himalayan Bank are 66.18% and 54.49% respectively. It indicates that Nabil has maintained higher loan and advances to total deposit than Himalayan Bank.

As far as consistency is concerned Himalayan Bank is more consistence than Nabil because the CV of HBL 7.26% is less than CV of Nabil Bank (12.47) In other words there is more fluctuation in loan and advances to total deposit ratio of Nabil Bank than Himalayan bank .

ii. Total investment to total deposit:

There are various functions that bank perform, one of the most important functions on productive and income generated sectors so as to generate attractive and maximum profit.

The major sectors in which the bank invests its total deposits are investment on money at call and short notice, Loan and advances for commercial banks, investment on government securities, securities of other companies and Banks to earn profit. This ultimately increases the price of the share of the Bank and increases the wealth of share holders.

Table 5

Calculation of Total investment to Total Deposit Ratio of Nabil bank and Himalayan bank

Years	Nabil Bank Ltd.			Himalayan Bank Ltd.		
	Loan& Advance	Total Deposit	Ratio (%)	Loan& Advance	Total Deposit	Ratio (%)
2073/74	5835.95	14119.03	41.33	9292.10	22.10.33	42.22
2074/75	4275.53	14586.61	29.31	11692.34	24814.01	47.12
2075/76	6178.53	19347.40	31.93	10883.03	26490.85	41.08
2076/77	8945.31	23342.29	38.32	11822.98	30048.41	39.35
2077/78	9939.77	31915.05	31.14	13340.17	31842.78	41.89
Mean (X)			34.41	Mean (X)		42.33
Standard Deviation (σ)			5.15	Standard Deviation (σ)		2.90
Coefficient of Variation (C.V.)			16.53	Coefficient of Variation (C.V.)		6.85

Table 5 shows total investment to total deposit ratio of Nabil bank Ltd and Himalayan Bank Ltd separately along with their mean, standard deviation and coefficient of variation for the fiscal year 2073/74 to 2077/78.

The average total investment to total deposit ratio of Himalayan Bank Ltd 42.33% and Nabil bank Ltd is 34.41%. This indicates that Himalayan Bank Ltd has maintained high total investment to total deposit ratio than Nabil bank Ltd. Himalayan bank standard deviation is far less than Nabil bank ltd so there is no such big fluctuation.

As the CV of Himalayan bank is 6.85% than the CV of Nabil bank Ltd 16.53%.So, HBL is more consistence than Nabil bank Ltd.

iii) Loan and Advances to Fixed deposit:

In the Bank there people deposit their savings in various types such as saving, current and fixed. Bank knows the period up to which it can invest the fixed deposited amount where as saving and current deposits can be with drawn at any time by the people. Actually Bank uses its fixed deposit for long term investment and can gain good amount of profit. This ratio shows that how effectively the bank is able to utilize its fixed deposit for loan and advance purpose and for long term investment to get good interest.

Table 6

Calculation of Loan and advances to Fixed Deposit of Nabil bank and Himalayan bank

Years	Nabil bank ltd.			Himalayan bank ltd.		
	Loan& Advance	Fixed Deposit	Ratio (%)	Loan& Advance	Fixed Deposit	Ratio (%)
2073/74	8189.99	2310.57	3.45	11951.86	4710.17	2.54
2074/75	10579.76	2078.54	5.09	12424.52	6107.43	2.03
2075/76	12922.54	3449.09	3.75	14.642.55	6350.20	2.31
2076/77	15545.78	5435.13	2.86	16997.99	8201.13	2.07
2077/78	21365.05	8464.09	2.52	19497.52	6423.87	3.04
Mean (X)			3.78	Mean (X)		2.40
Standard Deviation (σ)			1.45	Standard Deviation (σ)		0.41
Coefficient of Variation (C.V.)			27.95	Coefficient of Variation (C.V.)		17.10

Table 6 shows loans and advances to Fixed Deposit ratio of Nabil Bank and Himalayan Bank separately along with their mean, standard deviation and coefficient of variation.

The average of loan and advances to fixed deposits of Nabil Bank Ltd and Himalayan Bank Ltd is 3.78 and 2.40 respectively. This indicates thatNabil bank has invested more of its fixed deposits than the Himalayanbank but the CV ofHimalayan bank is less than the CV of Nabil bank. So, this indicates that the risk factor of Himalayan bank is far less than Nabil Bank. The standard deviation of Nabil Bank (i.e. 1.45) is more than the standard deviation of Himalayan bank (i.e. 0.4) this indicates that the scatteredness of investment of its fixed deposits in loan and advances is more than Himalayan bank.

iv. Loan Advances to saving deposit:

Loan and Advances to saving deposit ratio shows the relationship between loans and advances and saving deposit to determining how quickly bank converted it's saving deposit into loans and advances.

Table 7

Calculation of Loan and advances to Saving Deposit of Nabil bank and Himalayan bank

Years	Nabil bank ltd.			Himalayan bank ltd.		
	Loan& Advance	Saving Deposit	Ratio (%)	Loan& Advance	Saving Deposit	Ratio (%)
2073/74	8189.99	5994.12	1.37	11951.86	11759.60	1.02
2074/75	12922.54	7026.33	1.84	12424.52	12852.41	0.97
2075/76	12922.54	8770.76	1.47	14642.55	14582.85	1.00
2076/77	15545.78	10187.35	1.53	16997.99	15784.76	1.08
2077/78	21365.05	12159.97	1.76	19497.52	17972.44	1.08
Mean (X)			1.59	Mean (X)		1.03
Standard Deviation (σ)			0.20	Standard Deviation (σ)		0.05
Coefficient of Variation (C.V.)			12.47	Coefficient of Variation (C.V.)		4.87

Table 7 Shows loans and advances to saving Deposits ratio of Nabil bank ltd and Himalayan bank ltd separately along with their mean, standard deviation and coefficient of variation for the period 2073/74 to 2077/78.

The average Loan and advances to saving Deposit ratios of Nabil Bank Ltd and Himalayan Bank Ltd are 1.59 and 1.03 times respectively. It reveals that Nabil Bank has maintained slightly higher loans and advances to saving Deposits.

As regards, the consistency maintaining in this ratio Himalayan bank is more consistence or uniform than Nabil bank ltd because the CV of Himalayan bank (i.e. 4.87%) is lower than Nabil Bank (i.e. 12.47%)

v. Operating profit to net worth ratio:

This ratio measures the operating efficiency of the firm and examines the extent to which whether the firm is able or unable to earn operating profit to net worth. This ratio provides a view in generating profit to net worth.

Table 8

Calculation of Operating profit to net worth ratio of Nabil bank and Himalayan bank

Years	Nabil bank ltd.			Himalayan bank ltd.		
	Operating Profit	Net Worth	Ratio (%)	Operating Profit	Net Worth	Ratio (%)
2073/74	364.00	1481.67	24.57	664.52	1324.17	50.18
2074/75	796.42	1657.64	48.05	666.06	1541.75	43.20
2075/76	953.27	1874.99	50.84	684.09	1766.18	38.73
2076/77	1037.61	2057.05	50.44	688.89	2146.50	32.09
2077/78	1122.71	2437.20	46.07	902.53	2512.99	35.91
Mean (X)			43.99	Mean (X)		40.03
Standard Deviation (σ)			11.03	Standard Deviation (σ)		6.98
Coefficient of Variation (C.V.)			25.07	Coefficient of Variation (C.V.)		17.43

Table 8 Shows Operating profit to net worth ratio of Nabil bank and Himalayan bank ltd separately, along with mean, standard deviation and coefficient of variation for the study period from 2073/74 to 2077/78 for last 5 years.

The mean operating profit to net worth ratio of Nabil bank and Himalayan Bank is 43.99% and 40.03% respectively. It indicates that Nabil bank has maintained slightly higher operating profit to net worth ratio than Himalayan bank.

The CV of Nabil bank and Himalayan bank is 25.07%and 17.43% respectively. It indicates thatHimalayan bank is more consistence than Nabil bank because of low CV.

2.2.3 LEVERAGE RATIO:

This ratio is also termed as long-term solvency or capital structure ratio. The term solvency refers the ability of a firm to pay its long-term debt. Thus leverage ratio indicates a firm's ability to meet its long term obligations. This ratio is used to test long-term solvency of the banks or other firms. Out of many ratios for the study purpose two ratios have been discussed. They are mentioned below.

i. Debt-equity ratio.

ii. Total Debt ratio.

i) **Debt Equity ratio.**

The relationship between borrowed fund and owner's fund is show with the help of debt-equity ratio. So, debt-equity ratio predicts firms relative claims of outsider and owner's against firm's total resources. This ratio is determined, dividing total debt by share holder's equity.

$$\text{Debt - Equity ratio} = \frac{\text{Total debt}}{\text{Share holders Equity or Net worth}}$$

Table 9

Calculation of Debt Equity Ratio of Nabil bank and Himalayan bank

	Nabil Bank ltd			Himalayan Bank ltd		
Year	Total Debt	Net Worth	Ratio (times)	Total Debt	Net Worth	Ratio (times)
2073/74	15263.81	1481.67	10.30	23437.86	1324.17	17.70
2074/75	15406.44	1657.64	9.29	25939.41	1541.75	16.82
2075/76	20454.98	1874.99	10.91	27694.21	1766.18	15.68
2076/77	25196.34	2057.05	12.25	31372.64	2146.50	14.62
2077/78	34695.56	2437.20	14.24	33662.54	2512.99	13.40
Mean (*X*)			11.40	Mean (*X*)		15.64
Standard Deviation (σ)			1.91	StandardDeviation (σ)		1.71
Coefficient of Variation (C.V.)			16.79	Coefficient of Variation (C.V.)		10.95

Table 9 shows, debt-equity ratio of Nabil bank and Himalayan bank separately along with their Mean, standard deviation and coefficient of variance during the study period, starting from fiscal year 2073/74 to 2077/78 for 5 years.

The average debt-Equity ratio of Nabil bank and Himalayan bank is 11.40 times & 15.64 times respectively. It seems that Himalayan bank has maintained higher debt equity ratio than Nabil bank . Therefore from shareholders point of view Investment on in share of Himalayan bank is considered to be satisfactory than Nabil bank because of low cost of outsider's funds are used to acquire assets to outsider's funds are used to acquire assets to generate higher return. So, from creditor and depositor's point of view, lower debt equity is generally viewed as favorable.

As, regards the consistency maintaining in this ratio. Himalayan bank is more consistence than Nabil bank because the CV of Himalayan bank is 10.95% which is less than the CV of Nabil bank i.e. 16.79%.

ii. Total debt ratio:

The relationship between total debt and total assets is shown with the help of total debt ratio. In other words, this ratio shows what proportion of total assets have been financed with borrowed fund. This ratio is calculated as.

$$\text{Total Debt ratio} = \frac{\text{Total debt}}{\text{Total Assets}}$$

Table 10

Calculation of Total Debt Ratio of Nabil Bank and Himalayan Bank

	Nabil Bank ltd			Himalayan Bank ltd		
Year	Total Debt	Total Assets	Ratio %	Total Debt	Total Assets	Ratio %
2073/74	15263.81	16745.49	91.15	23437.86	24762.02	94.65
2074/75	15406.44	17064.08	90.29	25939.41	27481.16	94.39
2075/76	20454.98	22329.97	91.60	27694.21	29460.39	94.00
2076/77	25196.34	27253.39	92.45	31372.64	33519.14	93.60
2077/78	34695.56	37132.76	93.44	33662.54	36175.53	93.05
Mean (X)			91.79	Mean (X)		93.94
Standard Deviation (σ)			1.21	Standard Deviation (σ)		0.64
Coefficient of Variation (C.V.)			1.32	Coefficient of Variation (C.V.)		0.68

Table 10 shows total debt ratio of Nabil bank and Himalayan bank separately along with their mean, standard deviation and coefficient of variation.

The mean debt ratio of Nabil bank is 91.79 % Himalayan bank is 93.94%. The debt ratio of both the banks is very high. This indicates that both the banks relied heavily on debt for financing their total assets. The debt ratio of Himalayan bank is slightly more than that of Nabil bank .

This shows that Himalayan bank is more consistent than that of Nabil bank because the CV of Himalayan bank is (0.68%) which is less than the CV of Nabil bank (1.32%)

2.2.4 PROFITABILITY RATIO:

A company has to earn profit to survive and grow over a long period of time. The profitability ratio measures the efficiency of the firm profitability ratio indicates the degree of success in achieving desired profit. The profitability ratio gives answer to how effectively the firm is being managed. The measurement of profit of banking institutions operating in Nepal can be given the greatest weight because it is the best indicator of overall efficiency. The profitability ratio mainly focuses on the earning power of the commercial banks.

To determine and judge the profitability ratio of NABIL and Himalayan banks have following ratios to be calculated.

i. Return on shareholder's equity (ROSE)
ii. Return on total assets (ROA)

i. Return on shareholder's equity (ROSE):

This ratio is to measure the productivity of shareholder's equity. In other words, this ratio measures the capacity of management to understand whether the business organization use its share holder's equity in income generating purpose or not. Higher this ratio indicates to the shareholders the funds are being efficiently utilized in profit generating purpose. The ROSE ratio can be obtained by dividing net profit after taxes by total fund available to shareholders. The ROSE ratio of NBL and HBL is given below.

Return on share holdersEquity (ROSE) = $\frac{\text{Net profit after tax}}{\text{Share holders Equity}}$

Table 11

Calculation of Return on Shareholders Equityof Nabil bank and Himalayan Bank

	Nabil bank ltd			Himalayan bank ltd		
Year	Net Profit After Tax	Share Holders Equity	Ratio (%)	Net Profit After Tax	Share Holders Equity	Ratio (%)
2073/74	487.07	1481.67	32.87	263.05	1324.17	19.87
2074/75	520.11	1657.64	31.38	308.27	1541.75	19.99
2075/76	635.26	1874.99	33.88	457.45	1766.18	25.90
2076/77	673.96	2057.05	32.76	491.82	2146.50	22.91
2077/78	746.47	2437.20	30.63	635.86	2512.99	25.30
Mean (X)			32.30	Mean (X)		22.80
Standard Deviation (σ)			1.29	StandardDeviation (σ)		2.84

		Coefficient of variation
Coefficient of Variation	4.00	12.48

Table 11, shows the return on shareholder's equity (ROSE) ratio of Nabil bank and Himalayan bank separately along with their mean, standard deviation and coefficient of variation of ratio, during the study period, starting from fiscal year 2073/74 to 2077/78 for last five years.

This mean ROSE of Nabil bank and Himalayan bank is 32.30 & 22.80 respectively. It is observed that the mean of Nabil bank is higher than that of Himalayan bank. The C.V of Nabil bank is 4 where as the CV of Himalayan bank is 12.48 is the CV of Nabil bank is less than that of Himalayan bank. Here Nabil bank is more consistent. The S.D. of Nabil bank is 1.29 which is less than the S.D of Himalayan bank 2.84.

ii. Return on Total Assets (ROA):

The profitability ratio is measured in terms of the relationship between net profit and total assets. It is called ROA. This ratio helps to identify how efficiently all the invested financial resources has been used by the management. This ratio judges the effectiveness in using the total assets supplied by the owners and creditors. Higher the ratio shows the higher return of the assets used in the firm there by indicating effective used of the resources available. It is calculated by:

$$\text{Return on Total Assets (ROA)} = \frac{\text{Net profit after tax}}{\text{Total assets}}$$

Table 12

Calculation of Return on Total Assets Ratio of Nabil bank and Himalayan bank

	Nabil bank ltd			Himalayan bank ltd		
Year	Net profit after tax	Total Asset	Ratio (%)	Net profit after tax	Total Asset	Ratio (%)
2073/74	487.07	16745.49	2.91	263.05	24762.02	1.06
2074/75	520.11	17064.08	3.05	308.27	27481.16	1.12
2075/76	635.26	22329.97	2.84	457.45	29460.39	1.55
2076/77	673.96	27253.39	2.47	491.82	33519.14	1.47
2077/78	746.47	37132.76	2.01	635.86	36175.53	1.76
Mean (X)			2.66	Mean (X)		1.39
Standard Deviation (σ)			0.42	Standard Deviation (σ)		0.29

Coefficient of Variation (C.V.)	15.79	Coefficient of Variation (C.V.)	21.15

Table 12 Shows, return on total Assets ratio of Nabil bank and Himalayan bank separately along with their mean, standard deviation and coefficient of variation for the study period starting from 2073/74 to 2077/78 .

This mean ROA ratio of Nabil bank is 2.66 and that of Himalayan bank is 1.39. It reveals that Nabil bank provides greater rate of return to its total assets than Himalayan bank.

The C.V of Nabil bank is 15.79% and that of Himalayan bank is 21.15%. This indicates that Nabil bank is more uniform or consistent because the CV of Nabil bank which is less than that of Himalayan bank.

2.2.4 OTHER RATIOS AND INDICATORS:

Some other ratios and indicators, which are useful to measure the financial performance of Nabil bank and Himalayan bank, are presented below.

1. Earning per share (EPS).
2. Dividend per share (DPS)
3. Dividend pays out ratio.
4. Price earning (PLE) ratio.
5. Market price to Book value ratio.

i. **Earning per share (EPS)**

Earning per share is calculated by dividing Net Profit after tax by no. of outstanding shares. It measures profit available to equity shareholders on per share basis. Higher EPS implies the strength in general case.

$$\text{Earning per share (EPS)} = \frac{\text{Net profit after tax}}{\text{No.of equity share}}$$

Table 13

Calculation of Earning Per Share of Nabil bank and Himalayan bank

Year	Nabil bank ltd EPS (Rs)	Himalayan bank Ltd EPS (Rs)
2073/74	59.86	35.15
2074/75	51.84	23.11
2075/76	50.57	32.44
2076/77	36.16	27.60
2077/78	33.57	28.07
Mean (*X*)	46.4	29.27
S.D. (σ)	18.89	4.83
(C.V.)	40.71	16.50

Source:Annual Report

Table 13 Shows earning per share of Nabil bank and Himalayan bank separately along with their mean, standard deviation and coefficient of variation of ratio during the study period starting from fiscal year 2073/74 to 2077/078.

The mean EPS of Nabil bank is 46.4 and that of Himalayan bank is 29.27. The EPS of Nabil bank is more than Himalayan bank. This indicates that Nabil bank is more efficient to earn income from the owner's point of view.

The CV of Himalayan bank is 16.50 % which is less than the CV of Nabil bank i.e. 40.71 %. This indicates that Himalayan bank is more consistent because of its low CV.

ii. **Dividend per share (DPS):**

DPS is obtained by dividing total dividend amount by the no of outstanding share. Dividend per share implies that what the owners actually receive from the company. DPS is that portion of earning after tax, which is distributed among shareholders in cash.

$$\text{Dividend per share (DPS)} = \frac{\text{Total Dividend amount}}{\text{No.of Equity share}}$$

Table 14

Calculation of Dividend Per Share of Nabil bank and Himalayan bank

	Nabilbank Ltd	Himalayan bank ltd
Year	DPS	DPS
2073/74	66.00	27.64
2074/75	56.00	54.22
2075/76	34.00	34.00
2076/77	37.02	26.00
2077/78	42.40	30.62
Mean (X)	47.08	34.49
Standard Deviation (σ)	6.861	5.873
Coefficientof Variation (C.V.)	14.57	17.02

Source:Annual Report

Table 14 shows the dividend per share of Nabil bank and Himalayan bank separately along with their mean standard deviation and coefficient of variation for the study period of 2073/74 to 2077/78.

The mean DPS of Nabil bank is 47.08 and Himalayan bankis 34.49 so, investor wants to invest its fund in Nabil bank . The share holder's point of view higher DPS is preferable.

The consistency of Himalayan bank is better than that of Nabil bank because the CV of Nabil bank is 14.57 % which is less than the CV of Himalayan bank i.e. 14.57 %.

iii. Dividend payout Ratio:

Dividend payout ratio is the ratio of DPS to EPS dividend payout ratio indicates to what proportion of EPS has been used for paying dividend and what percentage has been retained for investment for the growth of the company. This ratio is important from shareholder's point of view, it tells whether a company has used whole or substantially the whole of its earnings for paying dividend. If the company retains nothing for future growth and expansion purpose, there will be very low chances of appreciation of assets of such company.

$$\text{Dividend payout Ratio} = \frac{\text{DPS}}{\text{EPS}} * 100\ \%$$

Table 15

Calculation of Dividend Payout Ratio of Nabil bank and Himalayan bank

	Nabil bank ltd			Himalayan bank ltd		
Year	DPS	EPS	Ratio (%)	DPS	EPS	Ratio (%)
2073/74	66.00	59.86	110.25	27.64	35.15	78.63
2074/75	56.00	51.84	108.02	54.22	23.11	234.61
2075/76	34.00	50.57	67.23	34.00	32.44	104.80
2076/77	37.02	36.16	102.37	26.00	27.60	94.20
2077/78	42.40	33.57	126.30	30.62	28.07	109.08
Mean (X)			103.23	Mean (X)		124.26
Standard Deviation (σ)			9.087	Standard Deviation (σ)		9.97
Coefficient of Variation (C.V.)			8.80	Coefficient of Variation (C.V.)		8.02

Table 15 shows the dividend payout ratio of Nabil bank and Himalayan bank separately along with their mean, standard deviation and coefficient of variation during the study period starting from 2073/74 to 2077/78.

The mean dividend pay out ratio of Nabil bank and Himalayan bank is 103.23 % and 124.26 % respectively. It is observed that dividend payout ratio of Himalayan bank is more than that of Nabil bank . It indicates that Himalayan bank is paying more dividends and retains less of its profit. The retained earnings are the sources or internal financing which is used to fulfill the capital requirement of the firm.

As regards consistency maintaining in this ratio Himalayan bank is more consistent or uniform than that of Nabil bank because the CV of Himalayan bank is 8.02 % which is less than the CV of Nabil bank i.e. 8.80 %. There is more fluctuation in dividend pay out ratio of Nabil bank than that of Himalayan bank.

iv. **Price Earning (PE) Ratio**:

This ratio is computed, dividing the closing MPS by EPS. In other words, the PLE ratio measures investor's and the market appraisal of the performance of firm. As a general rule higher the PE ratio, the better for its shareholders.

$$\text{PE ratio} = \frac{\text{MPS}}{\text{EPS}}$$

Table 16

Calculation of Price Earning Ratio of Nabil bank and Himalayan bank

	Nabil bank ltd			Himalayan bank ltd		
Year	MPS	EPS	Ratio(Times)	MPS	EPS	Ratio (Times)
2073/74	1523	59.86	25.44	886	35.15	25.20
2074/75	921	51.84	17.76	551	23.11	23.84
2075/76	800	50.57	15.81	552	32.44	17.01
2076/77	765	36.16	21.15	540	27.60	19.56
2077/78	1359	33.57	40.48	484	28.07	17.24
Mean (X)			24.12	Mean (X)		20.57
Standard Deviation (σ)			4.39	Standard Deviation (σ)		4.05
Coefficient of Variation (C.V.)			18.20	Coefficient of Variation (C.V.)		19.68

Table 16 shows the PE ratio of Nabil bank and Himalayan bank separately along withmean, S.D and C.V. for the study period.

The mean PE ratio of Nabil bank is 24.12 times and that of Himalayan bank is 20.57 times. It can be observed that P/E ratio of Nabil is slightly more than that ofHimalayan bank .

The C.V. of Nabil bank is 18.20 % which is less than the CV of Himalayan bank i.e. 19.68%. This indicates that Nabil bank is more consistent than Himalayan bank. In other words, there is extremely more fluctuation on PE ratio of Nabil bank than Himalayan bank .

v. **Market price to Book value Ratio:**

This ratio reflects the price currently being paid by the market for each rupee of currency reported book value. Market price to book value ratio is calculated dividing closing MPS by book value per share.

Market price to Book valueRatio = <u>Market price per share Book Value per share</u>
Closing MPS

Table No. 17

Calculation of Market Price to Book value Ratio of Nabil bank and Himalayan bank

	Nabil bank ltd			Himalayan bank ltd		
Year	MPS	BVPS	Ratio (Times)	MPS	BVPS	Ratio (Times)
2073/74	1523	270	5.64	840	189.91	4.42
2074/75	921	256	3.59	920	174.24	5.28
2075/76	800	257	3.11	1100	187.73	5.85
2076/77	765	256	2.98	1740	187.67	9.27
2077/78	1359	251	5.41	1980	188.43	10.50
Mean (X)			4.146	Mean (X)		7.06
Standard Deviation (σ)			1.82	Standard Deviation (σ)		2.37
Coefficient of Variation (C.V.)			43.89	Coefficient of Variation (C.V.)		33.56

Table 17 shows the Market price to Book value Ratio of Nabil bank and Himalayan bank separately along with their mean, S.D. and CV for the study period.

The mean market price to book value ratio of Nabil bank is 4.146 times and that of Himalayan bank is 7.06 times. It is observed that mean market price to book value ratio of Himalayan bank is slightly more than that of Nabil bank. It indicates that Himalayan bank has maintained higher market price to book value ratio than Nabil bank .

The CV of market price to book value ratio of Nabil bank is 43.89 % and that of Himalayan bank is 33.56 %. AS the CV of Himalayan bank is less than that of Nabil bank so it is more consistent.

2.3 CORRELATION COEFFICIENT ANALYSIS:

Correlation means the relationship between two variables, where the changes in the value of one variable brings the change in the value of other variable. The inter relationship between two variables is called correlation. The value of correlation always lies between -1 to +1.consideration change to the opposite direction. Here it aims to measure the degree of correlation between some important variables coefficient of determination is also calculated. It is one of the most widely used and also one of the most widely abused statistical measures, it measured the degree of relationship between two variables. In other words the term correlation indicates the relationship between two such variable in which changes in the valueo one variable, the values of the other variables also changes.

$$r = \frac{n\Sigma xy - \Sigma x \Sigma y}{\sqrt{\left[n\Sigma x^2 - (\Sigma x)^2\right]\left[n\Sigma y^2 - (\Sigma y)^2\right]}}$$

Correlation Coefficient

2.3.1 CORRELATIONBETWEEN TOTAL DEPOSITS AND TOTAL INVESTMENT:

Deposit of bank includes fixed, saving, current and call and other deposit whereas investment of bank includes short term investment such as money at call and short notice, loans and advances for commercial banks, investment in government securities and other long term investment such as investment in share, debentures of well established company. Generally higher the amount of total deposit size of investment will also be larger and vice-versa. Investment policy of bank is highly influenced by the total collected deposit of the banks.

Table 18

	Nabil bank ltd		Himalayan bank ltd	
Year	Total Deposit	Total Investment	Total Deposit	Total Investment
2073/74	14119.03	5835.94	22010.33	9292.1
2074/75	14586.61	4275.53	24814.01	11692.34
2075/76	19347.40	6178.53	26490.85	10889.03

2076/77	23342.29	8945.31	30048.41	11822.98
2077/78	31915.05	9939.77	31842.78	13340.18
Correlation coefficient (r)		0.926	Correlation coefficient (r)	0.890
Coefficient of determination (r^2)		0.86	Coefficient of determination (r^2)	0.79

Calculation of Total Investment to Total Deposits of Nabil bank and Himalayan Bank

Table 18 shows correlation coefficient and coefficient of determination between total deposit and total investment of Nabil bank and Himalayan bank. The correlation coefficient between total deposit and total investment of Nabil bank and Himalayan bank is 0.926 and 0.890 respectively. From this it can be concluded that there is high degree of positive correlation between total deposit and total investment in both banks.

Similarly, in order to measure the degree of change in dependent variable (total investment) due to change in independent variable (Total deposit) coefficient of determination is calculated. From the coefficient of determination point of view, it is known that when there is change in total deposit it brings 86% change in investment incase of Nabil bank and 79% change in investment incase of Himalayan bank. Nabil bank is more dependent in deposit for investment than Himalayan bank .

2.3.2 CORRELATION BETWEEN INTERESTS RECEIVED AND NET PROFIT:

The major sources for the banks to earn interest are its short and long term investments. Interest income is the major source of earnings for the banks. Here interest income affects the profit heavily. Profit is the difference between income and expenditure. Here an attempt is made to measure the closeness of relationship between these two variables.

Table 19

Calculation of Correlation between Interests Received and Net Profit of Nabil Bank and Himalayan Bank

Nabil bank ltd			Himalayan bank ltd	
Year	Interest Received	Net profit	Interest Received	Net profit
2073/74	1001.62	487.07	1245.90	263.05
2074/75	1068.75	520.11	1446.47	308.27
2075/76	1092.64	635.26	1419.90	457.45
2076/77	1517.96	673.96	1617.04	491.82

2077/78	1943.96	746.47	1444.25	635.86
Correlation coefficient (r)		0.888	Correlation coefficient (r)	0.544
Coefficient of determination (r^2)		0.79	Coefficient of determination (r^2)	0.30

Table 19 shows the correlation coefficient between interests earned and net profit of Nabil bank and Himalayan bank . Here the correlation coefficient between interest earned and net profit of Nabil bank and Himalayan bank is 0.888 and 0.544 respectively. So there is positive correlation between two variables interest and net profit of the selected two banks.

Again, to measure the degree of change independent variable (profit) due to change in independent variable (interest earned), coefficient of determination is calculated. From the view point of coefficient of determination, it is concluded that when there is change in interest income it brings 79% change in profit incase of Nabil bank and 30% incase of Himalayan bank. So, it can be concluded that the both banks profit mainly dependent on interest received but the degree of dependent on interest income for the profit of Himalayan bank is higher.

2.3.3. CORRELATION BETWEEN INTEREST EARNED AND INTEREST PAID:

Bank earns interest on its investment. The investment can be short term as well as long term. Interest earned for the bank is its income. Bank receives interest from loan and advances, cash credit, investment in government securities, treasury bills and money at call, bank overdraft.On the other hand, bank pays interest to its depositors. Bank has to pay interest on saving and fixed deposits. If the volume of fixed and saving deposits is more than bank has to ay more interest. However the interest paid rate is less than interest earned rate. The bank can invest the deposited amount at the higher rate and can earn profit. Interest earned and interest paid is related variables. To know the degree of closeness or relationship between interest paid and interest earned, correlation between them is calculated.

Table 20

Calculation of Correlation between Interest Earned and Interest Paid of Nabil bank and Himalayan Bank

Nabil bank ltd			Himalayan bank ltd	
	Interest Earned	Interest Paid	Interest Earned	Interest Paid
2073/74	1001.62	282.95	1245.90	491.54
2074/75	1068.75	243.54	1446.47	561.96
2075/76	1092.64	357.09	1419.90	648.84
2076/77	1517.96	555.21	1617.04	767.41
2077/78	1943.96	747.40	1444.25	823.74
Correlation coefficient (r)		0.983	Correlation coefficient (r)	0.714
Coefficient of determination (r^2)		0.97	Coefficient of determination (r^2)	0.51

Table 20 shows the correlation and interest paid of Nabil bank and Himalayan bank . The correlation coefficient between interest earned and interest paid in care of Nabil bank is 0.983 and that of Himalayan bank is 0.714. There is high degree of positive correlation between these two variables in both banks.

Again, in order to measure the degree of change in dependent variable (Interest paid) due to change in independent variable (interest earned) coefficient of determination is calculated. On the basis of coefficient of determination when there is change in interest earned then it brings 97% change in interest paid in the case of Nabil bank and 51% in the case of Himalayan bank.

2.3.4 CORRELATION BETWEEN INTEREST EARNED AND OPERATING INCOME:

The operating profit is referred to profit before deducting taxes, bank earns interest from its investment on different earning assets i.e. loans and advances, money at call and short notice, investment in government securities etc earning from interest holds the largest proportion in total operating income of the bank.

In this study, correlation analysis between operating profit is calculated to measure the closeness relationship between them. Then after to measure the degree of relationship between them coefficient of determination is calculated.

Table 21

Calculation of Correlation between Interest Earned and Operating Income of NABIL Bank and Himalayan Bank Ltd.

Nabilbank ltd.	Himalayan bank ltd

Year	Interest Earned	Operating Income	Interest Earned	Operating Income
2073/74	1001.62	364.00	1245.90	664.52
2074/75	1068.75	796.42	1446.47	666.06
2075/76	1092.64	953.27	1419.90	684.09
2076/77	1517.96	1037.61	1617.04	688.89
2077/78	1943.96	1122.71	1444.25	902.53
Correlation coefficient (r)		0.731	Correlation coefficient (r)	0.120
Coefficient of determination (r^2)		0.53	Coefficient of determination (r^2)	0.01

Table 21 shows the correlation between interest and operating profit of Nabil bank and Himalayan bank. Correlation coefficient between interest earned and operating profit of Nabil bank is 0.731 and that of Himalayan bank is 0.120. There is high positive correlation between the selected variables for the Nabil bank where as there is low positive correlation between interest earned and operating profit in the case of Himalayan bank.

Again in order to measure the degree of change in dependent variables i.e. operating profit due to change in independent variable i.e. interest earned value of coefficient of determination is calculated on the basis of value of coefficient of determination it can be said that when there is change in interest earned it brings 53% change in operating profit in case of Nabil bank and 1% Change in Himalayan bank is very low or almost negligible change in the operating profit in the case of Himalayan bank .

2.4 FINDINGS :

Having completed this research up to the analytical frame work and summary of the results, the researcher would like to make some highlights about the findings of the study which covers the period of five years from 2073/2074 to 2077/78 of Nabil bank and Himalayan bank in following points.

2.4.1 RATIO ANALYSIS:

(i) Liquidity ratio Analysis :

- After the study of cash and bank balance to current assets ratio of Nabil bank and Himalayan bank, it has been found that the mean cash bank balance to current assets ratio of Himalayan bank is higher than Nabil bank during the study period on the basis of CV of the ratio of study period, there is higher fluctuation of the ratio of Nabil bank (i.e. 37.27%) than that of Himalayan bank(i.e.26.43%)

- After the study of the investment of government securities to current assets ratio of Nabil bank and Himalayan bank, it has been found that the mean investment on government securities to current assets ratio of Himalayan bank is higher than Nabil bank during the study period. Again on the basis of CV of the ratio, during the study period, there is higher fluctuation in the ratio of Nabil bank (33.62%) than that of Himalayan bank (13.92%)
- The CRR of Nabil bank and Himalayan bank for the study period,it has been found that average CRR of Himalayan bank is higher than that of Nabil bank and is more consistence because its CV is less.
- It has been found that average CRR of Himalayan bank is higher than m the above findings we can concluded that Himalayan bank's cash and bank balance to current asset, Government securities to current asset and CRR is more than that of Nabil bank. But the current ratio of Nabil bank is more than that of Himalayan Bank.

(ii) Activity Ratio Analysis:

- To understand whether the funds employed to Nabil bank and Himalayan bank hasbeen used efficiently in the business activities or not, to analyze the activity ratio of these two selected banks as well as to compare which of these two banks has better utilities available funds during the study period for this regard, some selected ratios such as loans and advances to total deposit, total investment to total deposit, loans and advances to fixed deposit, loan and advances to saving deposit and operating profit to net worth have been assessed.
- After the study of loan and advances to total deposit ratio of Nabil bank and Himalayan bank during the study period review, it is revealed that the average loan and advances to total. Deposit ratio of Nabil bank is higher than that of Himalayan bank. On the basis of CV, it can be concluded that Himalayan bank is more consistence than NBL because the CV of Himalayan bank(7.26%) is less than the CV of (7.88%).

- After the study of total investment to total deposit ratio of Nabil bank and Himalayan bank, during the study period. It is revealed that the average total investment to total deposit of Himalayan bank is higher than that of Nabil bank. On the basis of CV, Himalayan bank is more consistence than that of Nabil bank. It is because the CV of Himalayan bank (6.85%) is less than the CV of Nabil bank (16.58%).
- After the study of loan and advances to saving deposit ratio for the study period Nabil bank and Himalayan bank it can be concluded that the average of NBL is more than that of Himalayan bank on the basis of CV, Himalayan bank is more (4.87%) is less than that of the CV of Nabil bank (9.38%).
- After the study of operating profit to net worth ratio of Nabil and Himalayan for the study period, the mean of operating profit to bet worth ratio of Nabil bank is slightly higher than Himalayan bank. On the basis of CV, Himalayan is more consistence than Nabil bank because the CV of Himalayan bank 917.43%) is less than the CV of Nabil bank (25.07%).
- From the above findings, it can be concluded that Nabil bank has been able to invest more on loan and advances out of its total deposit and saving deposit. Total investment on total deposit of Himalayan bank is better than Nabil bank. Moreover Nabil bank is more capable of generating higher operating profit to net worth ratio.

(iii) Leverage Ratio Analysis :

- Leverage ratio is calculated whether the firm is able to pay its long term solvency or not. Here it is tried to find out which of the selected bank has better solvency position some selected ratio such as debt equity ratio and total debt ratio have been calculated.
- After the study of debt equity ratio of these two banks during the study period, it has been found that Himalayan bank has used more outside fund than Nabil bank. So Himalayan bank is operating at a higher financial risk than Nabil bank.
- After the study of total debt ratio of Nabil bank and Himalayan bank for the study period it can be concluded that the average total debt ratio of Himalayan bank is higher than that of Nabil bank. It shows that higher proportion of total assets has been financed with borrowed fund. Both banks depend on borrowed fund heavily but Himalayan bank is slightly more dependent on loan than

Nabil bank. As far as consistency is concerned, Himalayan bank is more consistence than that of Nabil bank because of its low CV.

- From the above findings it can be concluded that Himalayan bank has more debt burden than Nabil bank as it has used more outsider funds.

(iv) Profitability Ratio Analysis :

- Profitability ratio has been calculated to understand the profitability position of Nabil bank and Himalayan bank. Compare their financial performance through the use of some profitability ratios such as return on shareholder's equity, net profit to total deposit ratio, interest paid tointerest earned and interest earned to total assets ratio.
- After the study of return on shareholders equity of Nabil bank and Himalayan bank, it can be known that the average return on share holder's equity ratio ofNabil bank (32.30%) is higher than that of Himalayan bank (22.80%). It indicates that Nabil bank is more able to provide greater rate of return to their shareholder's equity Nabil bank is more consistence than Himalayan bank because itsCV is less than Himalayan bank.
- After the study of return on total asset ratio of Nabil bank and Himalayan bank during the study period it has been found that average return on total assets ratio of Nabil bank (2.60%) is higher than that of Himalayan bank (1.39%). It indicates that's Nabil bank is more able to provide greater return on its total financial resources. On the basis of CV Himalayan bank is more consistence than NBL because the CV of Himalayan bank is less than Nabil bank.
- After the study of net profit to total deposit ratio of Himalayan bank and Nabil bank during the study period, it has been found that average return on net profit to total deposit ratio of Nabil bank (3.11%) is higher than that of Himalayan bank (1.56%) .Nabil bank is more consistence than Himalayan bank because the CV of Net profit to total deposit is less than that of Himalayan bank.
- After the study, interest paid to interest earned ratio of Nabil bank and Himalayan bank during the study period, it is found that the average ratio of interest paid to interest earned of Himalayan bank is higher than that of Nabil bank. This indicates that the profitability of Nabil bank is higher because the inflow Nabil bank is more than its out flow during the study period.

- After the study of interest earned to total assets ratio of Nabil bank and Himalayan bank during the study period, it is revealed that the average ratio of Nabil bank is higher than that of Himalayan bank. It indicates that Nabil bank is more efficient in mobilizing its total assets on interest generating sector. As the CV of Nabil bank is low so it is more consistences.

- From the above findings, it can be concluded that ROSE, ROA, net profit to total deposit and interest earned to total assets of Nabil bank is better than that of Himalayan bank where as interest paid to earned ratio of Himalayan bank is better than Nabil bank and more consistence.

(v).Other Ratio and Indicators :

- After the study of liquidity, activity, leverage and profitability ratios there are still some ratios, which can be useful in measuring the financial performance of Nabil bank and Himalayan bank. Findings of such ratios which are not included in the above headings are explained below.
- After the study of EPS of Nabil bank and Himalayan bank for the study period, it is seen that the average EPS of Nabil bank is much higher than that of Himalayan bank.Where as Himalayan bank is more consistence than that of Nabil bank because of its low CV and standard deviation.
- After the study of DPS of Nabil bank and Himalayan bank for the study period, it can be observed that very clearly that the average DPS of Nabil bank is much higher than Himalayan bank. As the CV of Himalayan bank is more than Nabil bank so Himalayan bank is slightly more consistence than Nabil bank.

- After the study of D/P ratio of Nabil bank and Himalayan bank for the study period, it can be concluded that the average D/P ratio of Himalayan is slightly more than that of Nabil bank. Himalayan bank is more consistence than Nabil bank because of its lower CV. More D/P ratio of Himalayan bank shows that it has paid more dividends from its earnings.

- After the study of PE ratio of Nabil bank and Himalayan bank for the study period, it is observed that the average PE ratio of Nabil bank is slightly higher than that of Himalayan bank . It indicates that Nabil bank has higher MPS over EPS. Again on the basis of CV ratio, during the study period, there is more fluctuation in P/E ratio of Nabil bank than Himalayan bank because of low CV.

- After the study of market price to book value per share ratio of Nabil bank and Himalayan bank for the study period, it has been revealed that the average market price to book value ratio of Himalayan bank is higher than Nabil bank. As far as consistency is concerned Himalayan bank is more consistence than Nabil bank because its CV is less than that of Nabil bank.
- From the above findings it can be concluded than Nabil bank has earned more on per share than Himalayan bank. Due to higher dividend Nabil's share price in the stock market has been increased. Therefore the P/E ratio of Nabil bank is higher than that of Himalayan bank.

2.4.2 CORRELATION COEFFICIENT ANALYSIS:

(i) Correlation Between Total Deposit and Total Investments:

- Between total deposit and total investment of Nabil bank and Himalayan bank during the study period, it has been found that the correlation coefficient between total deposit and total investment of Nabil bank and Himalayan bank are 0.926 and 0.890 respectively. So there almost positively perfect correlation between total deposit and total investment of the selected banks.
- In order to measure the degree of change on dependent variable (total investment) due to change in independent variable (total deposit), value of coefficient is calculated. It seems that when there is change in total deposit, it leads 89% change in total investment in Nabil bank and 79% change in total investment in Himalayan Bank.

(ii) Correlation between Interest Earned and Operating Income :

- The correlation between interest earned and operating income of Nabil bank and Himalayan bank is 0.731 and 0.120 respectively. There is a positive correlation between interest earned and operating income on the basis of coefficient of determination, when there is change in interest earned it leads 53% change in operating income in case of Nabil bank and 1% operating income in Himalayan bank.

(iii) Correlation between Interests Received and Net Profit :

- The correlation between interest received and Net profit of Nabil bank and Himalayan bank for the study period is 0.888 and 0.544 respectively. So there is positive correlation between interests received and Net profit of both the banks.
- On the basis of coefficient of determination, if there is change in interest received then it leads 79% change in net profit in Nabil bank and 30 % in Himalayan bank.

(iv) Correlation between Interest Earned and Interest Paid:

The correlation between interest earned and interest paid of Nabil bank and Himalayan bank during the study period is 0.983 and 0.714 respectively. Thisindicates that there is positive correlation between interest earned and interest paid. in the case of Nabil bank and there is almost perfect positive correlation between interest earned and interest paid on the basis of coefficient of determination. If there is change in interest earned it brings change in interest paid by 97% in Nabil bank and 51% in the case of Himalayan bank.

CHAPTER -III

SUMMARY AND CONCLUSION

3.1 SUMMARY :

This study has been under taken to analyze as well as compare the financial performance of Nabil bank and Himalayan bank, in relation to the financial tools such as ratio analysis, trend such as mean, standard deviation, coefficient of variation, correlation analysis have been used. The financial statement of last five years i.e. from fiscal year 2073/74 to 2077/78 has been taken for the subject matter of financial performance analysis. The study is based on historical data, so the research design is historical and explanatory.

3.2 CONCLUSIONS:

After the study of analysis of the data in the fourth chapter for the study period from 2073/74 to 2077/78 of Nabil bank and Himalayan bank, the conclusions drawn are listed below:

- Liquidity position of the banks is in fluctuating trend. The Himalayan bank’s cash & bank balance to current assets, government securities to current assets and CRR is more than Nabil bank but current ratio of Nabil bank is more than that of Himalayan bank.
- Nabil bank has been able to invest more on loan and advances out of its total deposit and saving deposit. Total investment on total deposit of Himalayan bank is better than Nabil bank. Moreover Nabil bank is more capable of generating higher operating profit to net worth ratio.

5.3 IMPLICATIONS

After the study of analysis of financial performance of Nepalese Commercial banks, following implication were forwarded:

Liquidity position:

- Liquidity position of the banks where we found that Himalayan bank's cash & bank balance to current assets, government securities to current assets & CRR is more than Nabilbank.

Leverage analysis:

- Himalayan bank has more debt burden than Nabil bank as it has used more outsider funds.

Profitability position Analysis:

- ROSE, ROA, net profit to total deposit and interest earned to total assets of Nabil bank is better than that of Himalayan bank where as interest paid to earned ratio of Himalayan bank is better than Nabil bank and more consistence.
- The profit earned of Nabil bank is more than Himalayan bank through out the study period.

Other indicators:

- Market value per share, Earning price per share, Dividend per share & Price earnings ratio of Nabil bank is more than Himalayan bank through out the study period.

REFERENCES

Almazari, A. A. (2011). Financial performance evaluation of some selected Jordanian commercial banks. *International Research Journal of Finance and Economics,68*(8), 50-63.

Bank, N. R. (2016). *Bank supervision report 2015.* Kathmandu: Nepal Rastra Bank.

Biju, B. (2013). *Role of commercial banks in agricultural development in Nepal.* Kathmandu: Asmita Books Publication.

Daoud, Y., & Kammoun, A. (2017). Financial performance analysis of Islamic banks in Tunisia. *Asian Economic and Financial Review, 7*(8), 780-789.

Francis, M. E. (2012). Determinants of commercial banks performance in sub-saharan Africa. *International Journal of Economics and Management, 3*(2), 60-71.

Jha, S., & Hui, X. (2012). A comparison of financial performance of commercial banks: A case study of Nepal. *African Journal of Business Management, 6*(25), 7601-7611.

Rahman, M. I., Adhikary, D., & Yousuf , S. (2014). Productivity and profitability analysis of nationalized commercial banks in Bangladesh. *International Journal of Economics, Finance and Management Science,2*(2), 197-205.

Said, R. M., & Tumin, M. H. (2007). Performance and financial ratios of commercial banks in Malaysia and China. *International Review of Business Research Papers,7*(2), 157-169. Retrieved from http://ssrn.com/abstract=1663612

Sangmi, M.-u.-D., & Nazir, T. (2010). Analyzing financial performance of commercial banks in India: Application of Camel Model. *Pakistan Journal of Commerce and Social Science, 4*(1), 40-55.

Shrestha, B. (2010). A comparative analysis of financial performance of banks. *An Unpublished Master Degree Thesis,*Central Department of Management, T.U. Kathmandu.

Thapa, K. (2013). *Financial institution and markets.* Kathmandu: Asmita Books Publication.

Van Horn, J.C.&Wachowich, J.M (2000).*Fundamentals of financial management*, Prentice Hall of India Pvt. Ltd.

Zergaw, L. N. (2010). Financial performance analysis: The case of bank of abyssinia versus other private commercial banks in Ethiopia. *An Unpublished Master Degree Thesis,* Submitted to:Department of Management College of Business and Economics, M.U. Ethiopia.