

**CAMEL ANALYSIS OF COMMERCIAL BANKS IN NEPAL: A
COMPARATIVE STUDY OF HIMALAYAN BANK LIMITED AND
NEPAL SBI BANK LIMITED**

A Dissertation submitted to the Office of the Dean, Faculty of Management in partial
fulfillments for the Master's Degree

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March, 2023

CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled **“CAMEL ANALYSIS OF COMMERCIAL BANKS IN NEPAL: A COMPARATIVE STUDY OF HIMALAYAN BANK LIMITED AND NEPAL SBI BANK LIMITED”** The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor has it been proposed and presented as part of requirements for any other academic purposes.

The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

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REPORT OF RESEARCH COMMITTEE

Ms. Jolly Basnet has defended research proposal entitled “**CAMEL ANALYSIS OF COMMERCIAL BANKS IN NEPAL: A COMPARATIVE STUDY OF HIMALAYAN BANK LIMITED AND NEPAL SBI BANK LIMITED**” successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Rajendra Raya and submit the thesis for evaluation and viva voce examination.

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APPROVAL SHEET

We the undersigned, have examined the dissertation entitled “**CAMEL ANALYSIS OF COMMERCIAL BANKS IN NEPAL: A COMPARATIVE STUDY OF HIMALAYAN BANK LIMITED AND NEPAL SBI BANK LIMITED**” prepared by Ms. Jolly Basnet, a candidate for the Degree of Master of Business Studies and conducted the viva voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

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ACKNOWLEDGEMENTS

The dissertation has been prepared to fulfill the partial requirement for the Masters of Business Studies (MBS) degree of Tribhuvan University. I would like to express my sincere gratitude towards many individuals who have supported me, directly or indirectly throughout. This research would not have been possible without their help. I would like to express my sincere gratitude to my supervisor Mr. Rajendra Raya for sharing his research knowledge and for his guidance in completing this research. He has been very supportive throughout the tenure. Without his suggestions and support, this research would not have been complete.

My thanks also go to all well-wishers for their valuable comments, understandings and encouragement when it was required. I greatly thank to my big brother for his support to run SPSS program and analysis. With his help and support, I have been able to complete this research. I would like to take the responsibility of any possible mistake that may have occurred in the report.

Lastly, I would like to thank my supervisor, Rajendra Raya, for his guidance, support and valuable suggestions. I would be delighted to welcome readers for their suggestion and recommendation to improve the report.

Jolly Basnet

March, 2023

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ABBREVIATIONS

ATM	Automate Teller Machine
CAR	Capital Adequacy Ratio
CAMEL	Capital, Assets Management Earning Liquidity
CBR	Cash and Bank Balance
CCR	Cash Reserve Ratio
EPS	Earnings per Share
HBL	Himalayan Bank Limited
IGSR	Investment in Government and Security Ratio
NAV	Net Assets Value
NRB	Nepal Rastra Bank
PAT	Profit After Taxes
ROA	Return on Assets
ROE	Return on Equity
SBI	Nepal SBI Bank Limited
SCT	Smart Choice Technology

ABSTRACT

Banks are the important players in economy of any country. The aim of this dissertation is to analyze the financial performance of two selected Banks (Nepal SBI Bank Limited and Himalayan Bank Limited) over the period of five years (2011/12-2019/20) in Nepalese Banking Sector. Although a complete turnaround in banking sector performance is not expected until the completion of reforms, signs of improvement are visible in some indicators under the CAMEL framework. Under this bank is required to enhance capital adequacy, strengthen asset quality, improve management, increase earnings and reduce sensitivity to various financial risks. Amongst these reforms and restructuring, the CAMELS Framework has its own contribution to the way modern banking is looked up on now. The attempt here is to see how various ratios have been used and interpreted to reveal a bank's performance and how this particular model encompasses a wide range of parameters making it a widely used and accepted model in today's scenario. In today's scenario, the banking sector is one of the fastest growing sector and a lot of funds are invested in Banks. There are so many models of evaluating the performance of the banks, one of the model is the CAMEL Model to evaluate the performance of the banks; i.e. Capital, Assets, Management, Earnings and Liquidity. Using the data sets published by the banks in their annual report and NRB supervision annual report. The analysis of financial performance conducted on the basis of publicly available financial data concluded that the sampled banks are strong on their composite rating system. This research is a comparative study of two commercial banks in Nepal, Himalayan Bank Limited and Nepal SBI Bank Limited. The study covers the areas of ownership, management, financial performance, and customer satisfaction. The findings of the study show that Himalayan Bank Limited is more successful than Nepal SBI Bank Limited. They are basically sound in every aspect i.e. Sound in capital adequacy, assets quality, management, earning capacity and liquidity position.

Key words: *Capital Adequacy, Assets Quality, Management Quality, Earnings, Liquidity, Return on Assets, Return on Equity, Net profit.*