IMPACT OF MERGER AND ACQUISITION IN NEPALI BANKING SECTOR: A CASE STUDY OF PRABHU BANK

Submitted To:

Central Department of Economics

Faculty of Humanities and Social Science, Tribhuvan University, Kathmandu

In Partial Fulfilment of the Master's Degree in Economics

Submitted By:

SUNITA BHATTARAI

TU-REGD. No. 6-2-40-191-2010

Exam Symbol Number: 310

2023

Letter of Recommendation

This is to certify that Mrs. Sunita Bhattarai has prepared this thesis entitled "**Impact of Merger and Acquisition in Nepali Banking Sector: A Case Study of Prabhu Bank"** under my supervision in the partial fulfillment of requirement for the course Econ (570) of thesis writing for Master of Arts in Economics. I therefore forward this thesis to research committee.

…………………………………

Asst. Prof Khagendra Katuwal

Supervisor

LETTER OF APPROVAL

A dissertation entitled "**Impact of Merger and Acquisition in Nepali Banking Sector: A Case Study of Prabhu Bank"** Prepared and submitted to the Central Department of Economics, Tribhuvan University, by **Mrs. Sunita Bhattarai** has been approved by the evaluation committee, comprising of:

....

Asst. Prof Khagendra Katuwal

Supervisor

....

Professor Arjun Kumar Baral, Phd

External Examiner

....

Professor Shiva Raj Adhikari, Phd

Head of the Department

DECLARATION

I confirm that the thesis titled "The Impact of Mergers and Acquisitions in the Nepali Banking Sector: A Case Study of Prabhu Bank," which I have submitted to the Department of Economics, Faculty of Humanities and Social Sciences, is entirely my own work.

I want to emphasize that I have conducted this research independently, without assistance. I have given proper credit to all the sources, references, and contributions of others that have aided in completing this thesis. Whenever I used ideas, data, or materials from external sources, I have cited and referenced them correctly, following academic standards and ethical guidelines.

………………………………..

Sunita Bhattarai

ACKNOWLEDGEMENT

I would like to express my deep and sincere gratitude to my respected supervisor, Asst. Prof Khagendra Katuwal, who has been a constant source of inspiration throughout the completion of this research. This research would not have been possible without his scholarly guidance, valuable suggestions, and unwavering support.

Special thanks go to the respected Head of the Department, Prof. Shiva Raj Adhikari. Without his invaluable inputs and guidance, this research couldn't have been conducted successfully.

Likewise, I extend my heartfelt thanks to the Central Department of Economics, Tribhuvan University, for the opportunity to write a report on this subject. I am also grateful to all the teachers and lecturers at the Central Department of Economics for their assistance.

Finally, I express my warm appreciation to my Husband, Chiranjibi Poudel, my family members, and friends for their unwavering cooperation, motivation, and support throughout this work.

Sunita Bhattarai

ABSTRACT

This study investigates the impact of mergers in the Nepalese banking sector by conducting a comprehensive financial performance analysis of Prabhu Bank Limited before and after its merger. The research objectives are twofold: firstly, to assess the influence of the merger on Prabhu Bank's financial performance; and secondly, to evaluate the broader significance of mergers within the Nepalese banking landscape. The analysis encompasses key profitability ratios, including Return on Loan and Advance Ratio, Return on Total Assets Ratio, and Return on Equity Ratio. Pre-merger and post-merger data are presented and examined, shedding light on the bank's ability to generate earnings from loans and advances, its overall asset efficiency, and its capacity to provide returns to shareholders. The findings reveal fluctuations in these ratios across the two periods, reflecting the complex interplay of economic conditions, interest rate dynamics, and borrower creditworthiness. Through a meticulous examination of the financial metrics, the study concluded that while the merger introduced volatility in the bank's performance, its overall efficiency and profitability remained steady. The study recommends a focus on seamless integration strategies, proactive risk management, diversified loan portfolios, and transparent communication with shareholders to optimize the positive impact of mergers and ensure sustained financial performance in the Nepalese banking sector.

TABLE OF CONTENT

LIST OF TABLES

Figures

Abbreviation

CEO	Chief Executive Officers
DEA	Data Envelopment Analysis
IT	Information Technology
Ltd	Limited
M&A	Merger and Acquisition
NPA	Non Performing Assets
NIM	Net Interest Margin
NRB	Nepal Rastra Bank
ROA	Return On Assets
ROE	Return On Equity
S.D	Standard Deviation
UK	United Kingdom
%	Percent
&	And

CHAPTER 1

INTRODUCTION

1.1 Background

Mergers and acquisitions are a common occurrence in the global economy. Merger and acquisition activity may be found in numerous industries around the world, including the banking sector. The most compelling rationale for M&A is the synergy that can be established by combining corporate activities, resulting in better, faster, and lower-cost performance (Baniya & Shah, 2016). Mergers and acquisitions have been a prominent method of corporate reorganization around the world, and the financial services industry has also seen merger waves, resulting in the formation of very large banks and financial institutions. M&A are also corporate strategies that companies adopt to boost future growth and produce long-term value (Wang &Xie, 2007).

There are several methods for banking industry consolidation; the most prevalent one used by banks is merger. Merger of two weaker banks or merger of one healthy bank with one weak bank is a faster and less expensive strategy to boost profitability than encouraging internal growth. The main reason for banking mergers in Nepal is to fulfill required capital. The government has implemented a number of programs to enhance the financial sector. Nepal Rastra Bank, among other things, has used mergers to reform the banking system. Many tiny and weak banks have merged with larger banks in order to meet capital requirements. Mergers also aid in product variety, which reduces risk (Tamragundi & Devarajappa, 2016).

Banks in Nepal have been combining in order to improve their financial performance. This research basically explored the influence of mergers and acquisitions on financial performance in the Nepalese banking system, using a case study of Prabhu Bank Limited as an example. The study will specifically examine the bank's financial statements and ratios before and after the merger and acquisition to assess the influence on key financial performance indicators such as profitability, liquidity, and solvency. The research will also look into the elements that influence the success or failure of merger and acquisition activities in the Nepalese banking sector.

Prabhu Bank Ltd. is a well-known Nepalese commercial bank that has recently experienced a large merger and acquisition transaction. Prabhu Bank Ltd. amalgamated with

Grand Bank Nepal Ltd. in 2019 to strengthen its market share and presence in the Nepalese banking sector.

1.2 Statement of the Problem

The Nepalese banking sector has been undergoing significant changes in recent years due to increasing competition, technological advancements, and regulatory developments. One of the key trends Merger and acquisition in banking sector has been the increasing number of mergers and acquisitions transactions between banks. While M&A transactions can have potential benefits such as increased efficiency, economies of scale and improved risk management, they can also be disruptive and costly, and may result in reduced financial performance for the acquiring bank.

The banking sector in many countries has experienced significant growth in recent times (Baniya & Shah). In emerging markets, government policies have driven bank mergers and acquisitions, especially after financial crises, with the aim of stabilizing both the banking system and the overall economy (Hawkins and Mihaljek, 2001). Nepal Rastra Bank recognized the need for M&A activities and created an environment to facilitate them. Despite the increase in the number of banking and financial institutions due to deregulation, a healthy competitive environment was not established. Some institutions sought stability, while others looked for an easy exit. To address this, Nepal Rastra Bank introduced the merger act in 2068 B.S. as part of the financial consolidation during the second phase of liberalization (Baniya& Shah). Shareholders and bank managers are motivated to pursue mergers and acquisitions in the hope of enhancing their banks' financial performance.

The key challenges in Nepalese banking sectors are unnecessary competitions in banking sectors, inadequate levels of paid capital, unequal distributions of banking and financial institutions, and access to financial institutions.

Despite the growing popularity of mergers and acquisitions (M&A) in the Nepalese banking sector, there has been little research on the impact of these transactions on the financial performance of the acquiring banks. It is uncertain whether M&A transactions are a realistic approach for Nepalese banks to improve their financial performance or whether they may have negative consequences such as greater financial risk, lower profitability, and decreased customer satisfaction.

As a result, the problem statement for this research is: What effect do mergers and acquisitions have on the financial performance of Nepalese banks? This study tries to solve this issue by investigating the financial performance of Nepalese banks prior to and after M&A transactions, as well as the factors that contribute to the success or failure of these transactions. So yet, no case studies of specific merging financial institutions have been explored. As a result, this study attempts to describe the impact of chosen merging banks' mergers and acquisitions. The study's findings can help policymakers, regulators, investors, and industry practitioners in Nepal, as well as add to the theoretical knowledge of M&A and corporate finance more widely.

1.3 Research Question

Research questions are as follows:

1. Is there any importance of merger and acquisition activities?
2. What is the impact of merger on financial performance of Prahu Bank Limited?

1.4 Research Objectives

The specific objective of this research is as follow:

1. To examine the impact of merger on financial performance of Prabhu Bank Limited.
2. To evaluate the importance of merger in Nepalese banking sector.

1.5 Hypothesis of the Study

To substantiate the objectives of the study mentioned above, the following hypotheses were formulated and tested by applying relevant test. :

H0: There is no significant difference in liquidity position of the merged banks before and after merger.

H1: There is a significant difference in liquidity position of the merged banks before and after merger.

H0: There is no significant difference activity performance of the merged banks before and after merger.

H2: There is a significant difference activity performance of the merged banks before and after merger.

H0: There is no significant difference in profitability position of the merged banks before and after merger.

H3: There is a significant difference in profitability position of the merged banks before and after merger.

H0: There is no significant difference in leverage performance of the merged banks before and after merger.

H4: There is a significant difference in leverage performance of the merged banks before and after merger.

1.6 Significance of the Study

Studying the impact of mergers and acquisitions (M&A) in the Nepalese banking sector can have significant practical and theoretical implications. Here are few example:

Practical Implications: Understanding the impact of M&A in the Nepalese banking sector can provide important insights for policymakers, regulators, investors, and industry practitioners. Policymakers and regulators can use the findings of the study to develop appropriate policies and regulations that promote policies and regulations that promote a healthy and competitive banking sector. Investors and industry practitioners can use the findings of the study to make informed decisions about investment opportunities and strategic initiatives.

Theoretical Implications: It can contribute to the theoretical understanding of M&A and corporate finance more broadly. The findings of the study can help to test and refine existing theories of M&A such as agency theory, efficiency theory, and synergy theory, and can also generate new theoretical insights into the factors that drive the success or failure of M&A transactions.

Global Implications: The findings of the study can also have global implications, Nepal is a developing country with unique economic and regulatory environments, and the findings of the study can help to inform the debate on the impact of M&A in other developing counties and emerging markets.

Contribution to the literature: It can also contribute to the academic literature on corporate finance and M&A. The findings of the study can be published in academic journals, which can help to advance the theoretical understanding of M&A and corporate finance, as well as provide a useful resource for future researchers.

In summary, studying the impact of M&A in the Nepalese banking sector can have significant practical and theoretical implications, as well as contribute to the academic literature on corporate finance and M&A.

1.7 Limitation of the Study

The impact of mergers and acquisitions (M&A) in the Nepalese banking sector is a complex and multifaceted topic, and there are several limitations that researchers may face in studying this topic.

The study is mainly based on secondary data and is bound by the limitations associated with it. The main study is with financial performance and so many other aspects are limited. Another limitation of studying the impact of M&A in the Nepalese banking sector is the sample size. There have been relatively few M&A transactions in the Nepalese banking sector, which can make it difficult to draw broad conclusions about the effects of M&A on the sector as a whole. And the financial data of the bank used in the study may not cover the actual figure of the industry. Selected bank is privately owned and may not disclose their information publicly, which can make it difficult to analyze the effects of M&A on financial performance.

Similarly, there may be various methodological issues the accuracy and that can limit the reliability and accuracy of the study's findings, such as the validity of the data sources, the appropriateness of the statistical methods used, and the potential for confounding variables. And generalizability is another limitation of this study, the findings of the study on the impact of M&A in the Nepalese banking sector may not be generalizable to other countries or regions. The Nepalese banking sector may have unique characteristics and regulatory environments that may limit the applicability of the study's findings to other contexts.

Overall, the impact of M&A in the Nepalese banking sector is a complex topic that presents several challenges for researchers. While these limitations may constrain the scope and generalizability the study's findings, researchers can address these limitations by adopting appropriate research methods and acknowledging the potential limitations in their analyses.

The remaining part of the research is structured as follows:

Chapter 1: This section presents the background of the study, problem of statement, research question, research objective and limitation of the study.

Chapter 2: This section presents literatures which are relevant to this research such as neo-classical theory, behavioral theory, agency theory and resource theory as well as past studies which help to generate the hypothesis.

Chapter 3: This section discuses about research methodology and include detail discussion about research procedure, design and data collection methods which we select for this research.

Chapter 4: This section reflects the analysis and presentation of obtained data.

Chapter 5: This section converses the findings, conclusions and recommendations.

CHAPTER 2

LITERATURE REVIEW

2.1 Theoretical Review

2.1.1Efficiency Theory

M & A can help you gain efficiency. Taking advantage of specialized skills or target management, eliminating unused resources, sharing expensive technologies between the acquirer and target, promoting products that are complementary to both companies, lowering transaction costs, and reallocating existing expenses all contribute to increased efficiency. The efficiency theory proposes that mergers occur because two organizations have different strengths and weaknesses, as well as differing levels of efficiency. This is referred to as differential efficiency theory. The efficiency of one company's management is transferred to an inefficient management firm through merger, resulting in both social and private gain because it not only improves the performance of the poorly performing company but also saves the economy's resources (Leepsa & Mishra, 2016).

2.1.2 Agency Theory

Even if managers operate rationally, a merger can wind up harming value rather than creating synergies. The agency theory literature sheds light on how managers' interests in maximizing their own utility can lead to fully conscious decisions that are the result of opportunism rather than irrational behavior.When there is a conflict of interest between the firm's managers and the firm's shareholders, and the managers own a tiny amount of the firm's stock, agency problems arise. According to agency theory, mergers occur to bridge the gap between what manager's desire and what owners want.

Low stock prices put pressure on managers to take actions to raise the share price or become the target of theacquires, who perceive the stock to be undervalued (Fama & Jensen, 1998). Mehran & Peristiani (2009) have stated that agency problems are an important factor contributing to management initiated buyouts, particularly when managers and shareholders disagree over how excess cash flow should be used (Mehran & Peristiani 2009).

Masulis, Wang &Xie,(2007) stated that managers sometimes are motivated to make acquisitions to build their spheres of influence and augment their compensation to the extent that such compensation to the extent that such compensation depends on the size of firms they manage (Masulis, Wang &Xie, 2007)

Agency theory is made up of several elements that lead to mergers and acquisitions and the decision to pursue them. This theory highlights factors such as agents' actions on capturing the market, branding the company, and the like that are related to merger and acquisition in order to obtain private benefit as well as some sort of company benefit, under the assumption that the agent will always work in personal interest and will take advantage of superior information to own benefit.

2.1.3 Behavioral Theory

The behavioral theory or hypothesis is more concerned with the relationship between merger activity and stock market valuation. According to behavioral theory, mergers and acquisitions occur as a result of overpriced marketplaces and managerial time. The behavioral hypothesis holds that merger waves are caused by overpriced markets and poor managerial timing (Eckbo, 2010). Shleifer & Vishny(2003) contend that overpriced bidder stocks have a shorter time horizon and are hence accepted by target managements (Shleifer & Vishny 2003). Similarly, Rhodes-Kropf & Viswanthan(2004) said that such expensive bidder stocks are accepted by target management in a short time frame under the assumption of synergies. Overvaluation and timing like this lead to merger activity (Rhodes- Kropf & Viswanthan 2004)

There have been research on the decision-making bodies' behavioral patterns in relation to merger operations. According to Malmendier & Tate, (2005)'s empirical analysis, which used a sample of Forbes 500 forms from 1980 to 1994, "we find that overconfident Chief Executive Officers (CEOs) are more likely to conduct mergers than rational CEOs at any point in time." Even on average, the higher acquisitiveness of overconfident CEOs implies that overconfidence is a key predictor of merger activity (Malmendier & Tate, 2005). Furthermore, the effect of overconfidence is mostly due to an increased possibility of engaging in diversification acquisitions (Baniya & Shah 2016).

In practice, a merger behavioral can be used in a variety of ways, each depending on the specifics of the specific case. In general, managers are urged to focus more attention on the structure of task and work teams, rather than highlighting the organization's cultural differences and associated cultural challenges, for a more speedy post-merger integration result. Managers should direct more of their attention to task-related aspects of organizations; in other words, structure the work effectively and focus subordinates' attention on the work to be done and performing well, rather than directing their attention to cultural integration. This allows actors to concentrate their attention and communications energy on the job at hand, rather than discussing how one group differs or conflicts with the other with communicative counterparts. Furthermore, any work-performance success may result in speedier cultural integration because the actors will likely socially bond faster as a result of the good performance feedback. Managers should encourage subordinates to focus on completing the work job, regardless of the culture group of the participants, and managers should focus on designing the organization in a way that is directly geared to task-performance. This study discovered that the structure of the organization--the way the group is formed to perform--is crucial.

2.2 Merger under NRB 2011 laws

Introduction (2.2.1)

By 2010, the banking and financial industries in Nepal were going through a highly important time. In its research paper, the International Monetary Fund (2008) notes that about one-third of Nepal's BFIs exhibit excessive liquidity, high operating costs, a lack of working capital, unhealthy competition, and poor management. With the exception of a small number of banks, all of the banks' third-quarter balance sheets show declining earnings and an increase in the percentage of bad loans. In addition to reducing bank profits, the continued political unrest and lack of certainty about the future have made it less likely for investors to put money into any initiatives. Low demand for loans for large projects is the result of it. Banks are therefore under increasing pressure to either invest in the highly risky real estate and housing markets or refrain from using their money effectively to increase their cash flow (2011's New Spotlight News Magazine)

The Nepal Rastra Bank, which serves as the umbrella organization for all BFIs, started to worry about the BFIs' precarious situation. By implementing the Merger Bylaw 2011, which is based on the Company Act of 2063 article 177 and the BAFIA of 2063 articles 68 and 69, the Central Bank intended to enhance the condition of the financial sector. These provisions pressure all BFIs to combine as soon as possible in order to consolidate. The Nepal Rastra Bank was forced to merge in order to raise capital and improve their ability to compete in the market; it was not a decision they made. If not, many BFIs might have to perish. Gautam (2012)

2.2.2 Rules and requirements for choosing merger bylaws 2011

The Nepal Rastra Bank has determined three criteria upon which it can compel the BFIs to combine right away. The BFIs run and owned by the same corporate family, friends, and groups shall be taken into consideration for consolidation under the first requirement. If two or more BFIs are owned by the same family, group of people, or other entity, the central bank will mandate their merger. The central bank's Merger Bylaws policy further stipulates that it has the power to convince BFIs to combine if they are run by a single family group. Similar to the second criterion, if there is a capital deficiency, the central bank will compel such BFIs to combine.Commercial banks and development banks are required to maintain a minimum capital adequacy ratio (CAR) in accordance with NRB banking and financial institution laws. To ascertain the bank's ability to satisfy time liabilities and other risks like the credit risk and the operational risk, a CAR is necessary. The NRB will force the BFIs to combine if they don't comply with a CAR, which will bolster their capital and improve their competitive performance (Subedi, 2012).

2.3Review of Previous Studies

2.3.1 International Studies

By 2010, the banking and financial industries in Nepal were going through a highly important time. In its research paper, the International Monetary Fund (2008) notes that about one-third of Nepal's BFIs exhibit excessive liquidity, high operating costs, a lack of working capital, unhealthy competition, and poor management. With the exception of a small number of banks, all of the banks' third-quarter balance sheets show declining earnings and an increase in the percentage of bad loans. In addition to reducing bank profits, the continued political unrest and lack of certainty about the future have made it less likely for investors to put money into any initiatives. Low demand for loans for large projects is the result of it.Banks are therefore under increasing pressure to either invest in the highly risky real estate and housing markets or refrain from using their money effectively to increase their cash flow. (2011 New Spotlight News Magazine)

'An Analysis of the Impact of Merger and Acquisitions on Commercial Banks Performance in Nigeria' was the topic of research by Adebayo & Olalekan, (2012). The goal of the study is to ascertain the effects of commercial bank merger and acquisition in Nigeria on their profitability and other related performance indicators. The research investigation utilized data from the Central Banks of Nigeria, which includes both primary data, and published audited accounts of ten (10) out of twenty-four (24) banks that emerged from the consolidation procedure. The analysis's findings showed a strong correlation between commercial banks' pre- and post-merger and acquisition capital bases and levels of profitability. After comparing pre- and post-merger performance data, it was determined that the merger and acquisition program had greatly enhanced banks' overall performance. It had also made a significant contribution to the expansion of the genuine sustainable development sector (Adebayo & Olalekan, 2012).

The influence of merger and acquisitions on financial performance: A study of selected TATA group companies in India was the topic of research by Kanahalli & Jayaram, (2014). The study's primary goal was to assess the Indian acquirer businesses' post-merger financial performance. The financial information was gathered for six years, from 2004 to 2010. The analysis's findings show that there is no discernible difference between the companies' financial performance before and after the merger. Additionally, it has been discovered that the company type does appear to have an impact on the acquiring companies' operating results following mergers (Kanahalli & Jayaram, 2014).

Research was done by Joash & Njanjiru, (2015) with the title "A Survey of Commercial Banks in Kenya: Effects of Mergers and Acquisitions on Financial Performance of Banks." The study's objectives were to ascertain how mergers and acquisitions affected shareholder value and to investigate how they might have an impact on profitability. The research was based on a census in which all 14 banks that have merged or bought one another between 2000 and the present were looked into. Data was gathered using questionnaires that included both open-ended and closed-ended questions. After reviewing the data, it was determined that the merger and acquisition of the banks in Kenya increased their shareholder value.The analysis also showed that increasing profitability was the primary driver of bank mergers and acquisitions (Joash & Njanjiru, 2015)

Research on the title of the merger and acquisitions in the Indian banking sector: A study of chosen banks was done by Gupta, (2015). The goal of the study was to determine how merger and acquisition activity affected the financial performance of the chosen institutions. Selected financial ratios that gauge the financial performance of banks served as the study's foundation. The researcher came to the conclusion that there was a beneficial influence of merger and acquisition on the financial performance of the chosen banks after analyzing the pre- and post-merger financial performance. The study makes the case that market destabilization brought on by national market reregulation, which also includes new approaches to dealing with employee satisfaction, motivation, and job security, is the primary cause of mergers in the finance regions. It can be difficult to separate merger and acquisition activity among the various financial services sectors from actual effects on staff. M&A activity ought to be viewed as a response to and a result of the escalating rivalry in the retail financial services sector. Wider regulatory changes and lower entry barriers for retail financial services are results of increased competition. This has required a shift away from relying on gathering and using in-person expertise. Individual and corporate enterprise is rapidly and successfully altering and reshaping on a national and international scale. In this atmosphere, one of the main concerns is how to effectively overcome the financial crisis. This study illustrates how employee behavior can be changed and scrutinized using merger and acquisition knowledge. Examine and discover that the effects of mergers and acquisitions on employees' job security, contentment with their work, and motivation during times of adversity are highly variable (Gupta, 2015).

Sugiarto, (2000)concentrated on estimating abnormal returns of the acquiring firms' shareholders 10 days before and 10 days after the announcement of mergers, as well as abnormal returns of the acquired firms' shareholders 10 days before and 10 days after the announcement of mergers. He also estimated abnormal returns of the acquiring firms' shareholders 10 days after the outcome was known. This study was based on weekly summary reports that included offers for mergers and acquisitions, all ordinaries index for daily market return dividend announcements, and reports from specific companies. Two models, the market adjusted model and the market model, were used on a sample of 326 enterprises. Regression analysis, a statistical tool, was utilized.

The study discovered the shareholders wealth effect, which states that shareholders of acquiring firms are in a stable or worse position after merger and acquisition announcements, but they improve their situation after the transaction's conclusion is known. The shareholders of acquired companies, on the other hand, are more likely to be winners on the day a merger proposal is announced, but they change to be losers once the merger's outcome is known. Mergers and acquisitions are not a risky investment for shareholders of bidding corporations, according to the research. The acquisition of less than 59% of the target company, or really an excellent investment strategy for buying enterprises. A decent investment strategy is to acquire more than 50% of a company, although this is not as effective as acquiring less than 59% because the acquiring corporations only break even (Sugiarto, 2000).

A study on the effects of the Indian State Bank's merger with its associate bank and bankers' perceptions of merger was undertaken by Geete Vishal (2013). Data was gathered for the state bank of India's pre-merger and post-merger periods, as well as those of other associated banks that were merged with it. The researcher looked at the merger of two nationalized banks—state bank of India and state bank of Indore—on various parameters for the purpose of the study. Additionally, the study tried to learn how the staff of the bank that will merge with SBI felt. 100 employees of the informed city provided their responses in the form of a standardized questionnaire. The researcher explored from this investigation that the bank's profitability, network, revenue, and global ranking had all increased. Even the majority of the employees weren't pleased with the merger because they were content with the expanded network and services they had access to (Geete Vishal 2013).

Gohlich (2012) conducted a study titled " The performance effects of mergers within the German Cooperative Banking Sector ." The study aimed to analyze the impact of M&A transaction on the financial performance of Indian banks by comparing their financial performance before and after the merger and acquisition. The author used data from 9 merged banks over the period of 2006-2011 , The years 2007 and 2008 are the most current years where annual statement can be considered, and analyzed the financial performance using financial ratios such as ROA, ROE, NIM, and NPA.

The author also identified some challenges faced by Indian banks during the merger and acquisition process, such as cultural differences, integration of IT system and human resource management.

The also study found that the post-merger performance decreased in compassion to the pre-merger values. The industry adjusted change values are slightly better than unadjusted values but still negative. That performance decreases, which is contrast to the expected effect of mergers is statistically not significant (Gohlich, 2012).

2.4Research Gap

Based on a preliminary search, it appears that there is limited research on the impact of mergers and acquisitions in the Nepalese banking sector, particularly in the context of Prabhu Bank Ltd. While there are some Studies on M&A in the Nepalese financial industry, most of them are focused on the overall impact on the sector and do not provide a detailed analysis of specific banks.

Therefore, a potential research gap could be the lack of empirical studies that examine the impact of M&A on Prabhu Bank Ltd. Specifically, there could be a need for research that investigates the impact of M&A on Prabhu bank's financial performance, including changes in profitability, liquidity, and solvency ratios.

The existing research has been mostly across industries and for selected industries, like finance, pharmaceutical, and luxury sector. For the Nepalese context there has been work done for areas, like finance, telecommunication. The major work had been on the trend on M&A’s and on the macro economic effects on M&A’s across industries. For the banking and financial sector of Nepal, a thorough micro economic analytical work need to be done. If the fact that banking and financial sector is one of the crucial economic sector of the nation is considered then the study involving consolidation and development of the industry gains significance. From the literature review the country’s present context in M&A activities and the need for the micro aspects study has been seen.

2.5Nepalese Banking Sector Overview

2.5.1 Evolution and Growth of the Nepalese Banking Sector

The evolution and growth of the Nepalese banking sector have been marked by significant milestones and reforms, reflecting the country's economic development and changing financial landscape. Here is an overview of the key stages in the evolution and growth of the Nepalese banking sector:

Early Beginnings (1937-1950):

The formal banking system in Nepal started with the establishment of Nepal Bank Limited in 1937 as the country's first commercial bank. It was followed by the establishment of Rastriya Banijya Bank in 1950, primarily to cater to trade and business activities.

Monetary and Fiscal Reforms (1951-1960):

After the establishment of a democratic government in Nepal in 1951, the country initiated various monetary and fiscal reforms. The central bank, Nepal Rastra Bank, was established in 1956 as the country's central monetary authority to regulate and supervise the banking sector.

Nationalization and Expansion (1960-1990):

In 1960, the government of Nepal nationalized the two existing commercial banks - Nepal Bank Limited and Rastriya Banijya Bank. This period saw the nationalization of other major banks, such as Agriculture Development Bank, Rastriya Banijya Bank (RBB), and Nepal Industrial Development Corporation, leading to an expansion of the banking sector's reach and services.

Liberalization and Diversification (1990s):

In the early 1990s, Nepal adopted economic liberalization policies and opened up its economy. This period witnessed the entry of new private and joint venture banks, introducing competition and diversification in the banking sector. Nepalese banks began offering modern banking services, including ATMs, credit cards, and internet banking.

Technology and Digitalization (2000s):

The 21st century brought a significant shift towards technological advancements in the Nepalese banking sector. Banks embraced digitalization, offering online banking, mobile banking, and electronic fund transfers. This era also saw the rise of microfinance institutions, catering to the financial needs of rural and marginalized communities.

Consolidation and Mergers (2010s):

The 2010s witnessed consolidation and mergers in the banking sector to strengthen the financial system and enhance competitiveness. Several banks merged to form larger entities, leading to a more stable and robust banking sector.

Inclusive Financial Growth (Recent Years):

In recent years, the Nepalese banking sector has focused on inclusive financial growth, aiming to expand access to financial services to underserved populations. This includes promoting financial inclusion through branch expansion, microfinance institutions, and mobile banking services.

Adoption of Basel Framework and Regulatory Reforms:

The Nepal Rastra Bank has been actively implementing the Basel framework for banking supervision to ensure stability and soundness in the banking system. The central bank regularly introduces regulatory reforms to enhance risk management practices and improve the overall efficiency of banks.

Overall, the evolution and growth of the Nepalese banking sector have been shaped by various economic, political, and regulatory factors. The sector has made considerable progress in recent decades, becoming more sophisticated and responsive to the evolving needs of the Nepalese economy and population. Continued reforms and prudent management will play a crucial role in sustaining the growth and stability of the banking sector in Nepal.

Regulatory Framework for M&A in Nepalese Banks

As of my last knowledge update in September 2021, the regulatory framework for mergers and acquisitions (M&A) in Nepalese banks was governed primarily by the Nepal Rastra Bank (NRB), the central bank of Nepal. The NRB has issued various guidelines and directives to regulate M&A activities in the banking sector and ensure the stability and efficiency of the financial system. Some key aspects of the regulatory framework for M&A in Nepalese banks include:

Approval Process: Any proposed M&A transaction involving banks must receive prior approval from the Nepal Rastra Bank. Banks seeking to merge or acquire other banks are required to submit a formal application, along with the necessary documents and information related to the proposed transaction.

Due Diligence: The NRB mandates conducting thorough due diligence on both the acquiring and target banks. This process involves evaluating the financial health, assets, liabilities, and overall risk profile of the entities involved in the M&A deal.

Fit and Proper Criteria: The NRB assesses the "fit and proper" criteria of the acquiring entity and its management team to ensure that they meet the necessary standards of integrity, competence, and financial soundness.

Shareholder Approval: The proposed M&A transaction must also receive approval from the shareholders of the banks involved. Transparency and disclosure of relevant information to shareholders are essential during this process.

Capital Adequacy and Asset Quality: The NRB evaluates the capital adequacy and asset quality of the merged entity to ensure compliance with prudential norms and safeguard against potential risks.

Employee Protection: The regulatory framework also addresses issues related to employee protection and welfare during the M&A process.

Post-Merger Integration Plan: The acquiring entity is required to present a detailed post-merger integration plan to the NRB, outlining how it intends to merge the operations, systems, and personnel of the two banks effectively.

Impact on Financial Inclusion: The NRB considers the potential impact of the M&A transaction on financial inclusion and ensures that the interests of customers, particularly those in rural and underserved areas, are protected.

It is essential to note that regulatory frameworks may evolve over time, and new guidelines and directives may be issued by the NRB to address changing market dynamics and to strengthen the banking sector's stability. Therefore, it is crucial for stakeholders involved in M&A transactions to keep abreast of any updates or changes in the regulatory framework.

2.5.2 Major M&A Activities in the Nepalese Banking Sector

As of my last knowledge update in September 2021, the Nepalese banking sector has witnessed several major M&A activities over the years. These mergers and acquisitions have played a significant role in shaping the landscape of the banking industry in Nepal. Some of the notable M&A activities in the Nepalese banking sector include:

2.5.2.1Merger of Nabil Bank and Bank of Asia Nepal (2002):

Nabil Bank, one of the leading private commercial banks in Nepal, merged with Bank of Asia Nepal to strengthen its position in the market and enhance its service offerings.

2.5.2.2 Merger of Nepal Grindlays Bank and Standard Chartered Bank Nepal (2002):

Nepal Grindlays Bank merged with Standard Chartered Bank Nepal, a subsidiary of Standard Chartered Bank, to consolidate their operations and expand their presence in the country.

2.5.2.3 Merger of Machhapuchchhre Bank and Standard Finance Limited (2011):

Machhapuchchhre Bank merged with Standard Finance Limited to create a more substantial financial institution with an increased customer base and expanded branch network.

2.5.2.4Merger of Nepal Investment Bank and Nepal Bangladesh Bank (2015):

Nepal Investment Bank, a prominent commercial bank, merged with Nepal Bangladesh Bank to form NIBL Ace Capital Limited, which has now become one of the leading banks in Nepal.

2.5.2.5 Merger of Global IME Bank and Janata Bank Nepal (2021):

Global IME Bank, one of the largest commercial banks in Nepal, merged with Janata Bank Nepal, resulting in a more extensive banking network and enhanced service offerings.

These M&A activities have been instrumental in strengthening the banking sector in Nepal by creating larger and more robust financial institutions. They have allowed banks to improve operational efficiency, enhance financial stability, and offer a broader range of products and services to customers. Additionally, M&A activities have facilitated better risk management practices and capital utilization in the banking sector.

It is important to note that the banking sector is dynamic, and there may have been additional M&A activities that have taken place after my last update. Stakeholders in the industry should regularly monitor developments to stay informed about the latest M&A activities in the Nepalese banking sector.

Chapter 3

Research Methodology

This chapter deals with the methodologies, used for research purpose as well as the detailed discussion about the procedures was followed, methods and designs for the data collection for this research.

This chapter includes the various steps that are generally adoptedby a researcher studying his/ her research problem along with the logic behind them. This study aims at analyzing and interpreting the purpose of pre and post-merger financial performance analysis of selected bank. This chapter focuses with the following methodology.

-Research design

-Population and sample

-Source of data

-Data processing

-Method of data analysis

3.1 Research Design

Research design is the framework of research methods and techniques chosen by a researcher. The design allows researchers to work on research methods that are suitable for the subject matter and set up their studies up for success. In general, research design is the conceptual structure within which research is conduct. The population for this study comprises twenty merged banks currently operating in the country. Main objective of this research is to evaluate the pre and post-merger financial analysis of Prabhu Bank Ltd. That unit represents 5 % of the total population. To get the objective, descriptive and analytical research design has been followed.

3.2 Population and Sample

In simple terms, a sample in research refers to a smaller group of people, objects, or items that are selected from a larger group, known as the population, to be studied and measured. It's essential for the sample to be representative of the whole population so that the research findings can be applied to the entire group.

In this particular study, the population consists of twenty merged banks that are currently operating in the country. However, the researcher has chosen only one bank, Prabhu

Bank, as the sample. This selection was done based on judgment, and Prabhu Bank represents 5% of the total population. The researcher will conduct their analysis on this selected sample to draw conclusions that can be generalized to all twenty merged banks in the country.

3.3 Sources of Data

This study is based on secondary data. Required data is taken from the website and head office of the selected bank, such as published balance sheet, profit and loss account and other related statement of accounts as well as annual reports. Similarly, other related and necessary information are also obtained from publication of Nepal Rastra Bank.

3.4 Data Processing

Before being efficiently used in their raw form, data received from diverse sources must first go through a lengthy process of validation, verification, editing, and categorization. In order to ease analysis and maintain data accuracy, this step is crucial. The data has been arranged into structured tables based on the type of data. To analyze and evaluate the gathered data, sophisticated financial and statistical methods have been used.

3.5 Method of Data Analysis

3.5.1 Financial Tools

3.5.1.1Ratio Analysis

Ratio analysis is a quantitative method used to understand a company's financial health by examining its financial statements like the balance sheet and income statement. It helps to assess aspects such as liquidity, profitability, operational efficiency, and solvency. By comparing different line-item data, ratio analysis provides valuable insights into how a company is performing over time and how it fares compared to other companies in the same industry.

Investors and analysts use ratio analysis to evaluate companies' financial health by analyzing past and current financial statements. This comparison can help predict future performance and also benchmark a company's financial position against industry averages and peers in the same sector.

In this study, we will use specific important and relevant ratios to assess the pre and post-merger financial health of a selected merged bank in Nepal. These ratios will give us valuable information about the bank's overall performance and financial stability.

i) Liquidity Ratio

Liquidity ratios measure a company's ability to meet its short-term financial obligations. For a commercial bank, preserving a favorable liquidity position is essential to meeting the community's credit requests. An organization benefits from liquidity in the form of stability, wellbeing, and prosperity. It is crucial to make sure a company can fulfill its commitments when they occur. A corporation should make an effort to find a balance between having enough liquidity and not being overly cash-flush.

ii) Leverage Ratios

The long-term solvency of an organization is correlated with its capital structure/leverage ratio. Long-term creditors would assess a company's soundness based on its long-term financial stability, which is determined by its capacity to make timely interest payments as well as principle repayments that are due on specific dates or in a single lump amount at maturity. Leverage ratios display the proportion of an enterprise's funding that is provided by debt and equity. These Ratios also display the likelihood of obtaining further funding.

The capital structure ratio reveals if a company's capital structure is sound. It can be computed in two different methods.The first step is to compute the debt to total capital ratio to see what percentage of borrowed capital makes up the capital structure. The second strategy involves calculating the fixed charges covered by earnings and counting how many times the interest generated is covered by earnings.

iii) Activity Ratio

A test of the relationship between sales and different sorts of activity ratios is how an activity ratio is defined. Activity Ratios are used to assess how well a company manages and makes use of its resources. Because they show how quickly the assets are being used up or converted into sales, these ratios are also known as turnover ratios. Activity ratios therefore assume that sales and various assets have the proper relationship. The Inventory Turnover Ratio, Total Assets Turnover Ratio, Fixed Assets Turnover Ratio, Capital Employed Turnover Ratio, etc. are some of the more significant Activity Ratios for general-purpose analysis.

iv) Profitability Ratio

A crucial component of any business' management is profitability. It demonstrates how important profitability is to corporate management. It displays the general effectiveness of an organization. In order to evaluate an enterprise's operational effectiveness, profitability ratios are created. The company's profitability ratios are of interest to the owners and creditors in addition to the management. You can compute profitability ratios using investment or sales data. Net profit margin, gross profit margin, and operating expense ratio are a few examples of profitability ratios that are essential in connection to sales. The return on shareholders' equity, return on capital employed, return on fixed assets, and other key profitability ratios are also evaluated in relation to investments. The operational efficiency of the company is represented by these Ratios when combined together (Panday; 1998: 133).

Chapter 4

Presentation and Analysis

This chapter deals with the analysis, presentation and interpretation of the data of the related bank in order to fulfill the objectives of the study. The data have been analyzed according to the research methodology as mentioned chapter third. For analysis different types analytical tools and methods have been applied, such as, financial ratio analysis as well as statistical analysis. This chapter concerns with the various aspects of financial performance tools such as financial ratios, impact as deposit in liquidity, asset management ratios and other various ratio as well as, trend analysis.

4.1 Ratio analysis

Ratio analysis is a kind of financial analysis that involves assessing the health and performance of a company's finances by comparing various ratios or financial data. In order to evaluate a company's liquidity, profitability, solvency, and efficiency, these ratios are calculated from its financial documents, such as the balance sheet and income statement. Ratio analysis is a critical tool for investors, creditors, and management to make educated decisions and assess a company's financial health and performance in comparison to industry standards or competitors since it offers insightful information about a company's strengths and shortcomings.

4.1.1 Liquidity Ratio

The phrase "liquidity ratio" often refers to financial measurements that evaluate a company's capacity to pay short-term debts and quickly convert assets into cash without suffering considerable value loss. These statistics are crucial for assessing the liquidity and immediate financial stability of a corporation. The "Current Ratio," which gauges a company's capacity to meet its short-term commitments with its short-term assets, is one popular liquidity indicator. The Quick Ratio (also known as the Acid-Test Ratio) and the Cash Ratio are two additional liquidity ratios that offer various perspectives on a company's liquidity condition. These statistics are essential for determining a company's financial health and capacity to overcome immediate difficulties.

1.Current Ratio (pre-merger)

The current ratio acts as a general indicator of a company's liquidity condition and measures its capacity to meet short-term financial obligations. It essentially measures the current assets' ability to pay current liabilities. Working capital is another name for this ratio.

The following table shows the data relating to Current Ratio of pre-merger of Prabhu Bank Ltd.

Table No. 1

Current Ratio (pre-merger)

Year	Current Assets	Current Liabilities	Ratio(times)
2012/13	22007221650	21976395549	1.001
2013/14	19837716560	20056879722	0.989
2014/15	44781491514	42869280608	1.044
2015/16	66202155150	61904337490	1.069
Mean			1.026
S.D.			0.032

Source: Annual Report of Prabhu Bank Ltd. (Year 2012/13-2015/16)

The table presents data regarding the Current Ratio of Prabhu Bank Ltd. for the years 2012/13 to 2015/16, which is a measure used to assess the company's ability to cover its short-term obligations with its short-term assets.

The Current Ratio is calculated by dividing the company's Current Assets (assets that are expected to be converted into cash within a year) by its Current Liabilities (obligations that are due within a year). This ratio helps evaluate the bank's ability to meet its short-term financial obligations using its short-term assets.

In the year 2012/13, the bank's Current Assets slightly exceeded its Current Liabilities, resulting in a Current Ratio of approximately 1.001, indicating a fairly balanced position.

In 2013/14, the Current Ratio dropped slightly to 0.989, suggesting a potential difficulty in meeting short-term obligations with the available short-term assets.

The year 2014/15 saw an increase in the Current Ratio to 1.044, indicating an improvement in the bank's ability to cover short-term obligations.

The trend continued in 2015/16, with a Current Ratio of 1.069, reflecting a further enhancement in the bank's short-term financial position.

The calculated mean (average) Current Ratio across these years is approximately 1.026, indicating a general tendency towards maintaining a balanced position between short-term assets and liabilities.

The standard deviation (S.D.) of approximately 0.032 reflects the degree of variability in the current ratio values around the mean. A lower S.D. indicates less variation and greater consistency in the ratios.

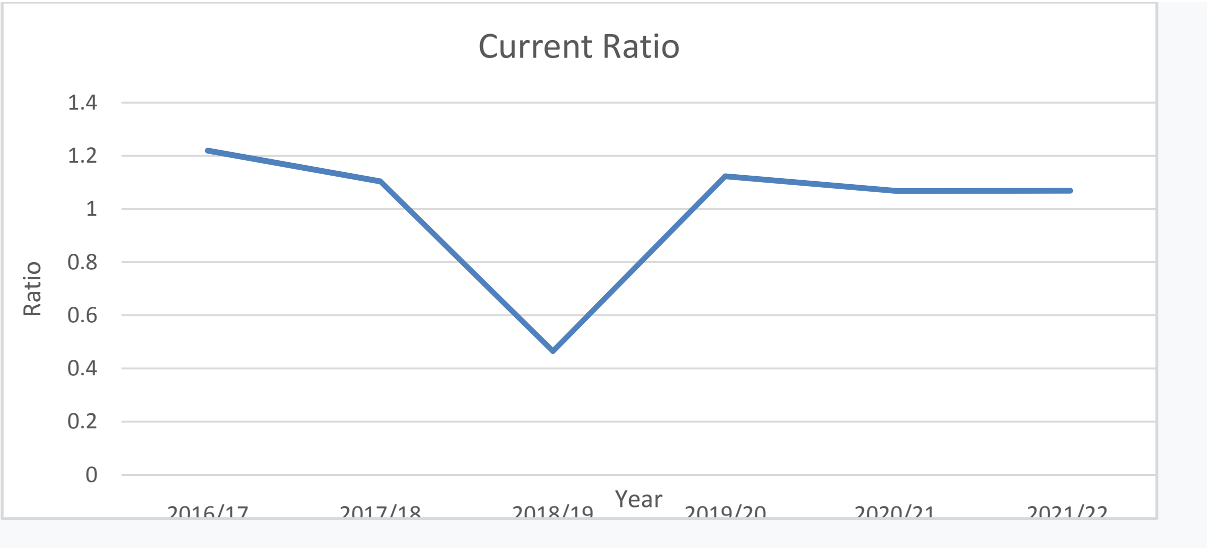
The data suggests that the bank's Current Ratio has generally been slightly above 1, which implies that the bank has typically had sufficient short-term assets to cover its short-term obligations. The decrease in the ratio during 2013/14 might raise concerns about the bank's ability to meet its obligations during that period. However, the subsequent increase in the ratio indicates an improvement in the bank's financial position.

Overall, the analysis of the Current Ratio data shows that Prabhu Bank Ltd. has maintained a reasonably healthy position in terms of covering its short-term obligations with its available short-term assets. The trend of the ratio increasing over the years indicates an improving financial situation, with the bank becoming more capable of handling its short-term financial responsibilities.

Following figure shows the pre-merger current ratio situation of Prabhu Bank Ltd.

Figure No. 1

Current Ratio (pre-merger)



The following table shows the data relating to Current Ratio of post-merger of Prabhu Bank Ltd.

Table No. 2

Current Ratio (post-merger)

Year	Current Asset	Current Liabilities	Ratio(times)
2016/17	100832205844	82697413661	1.219
2017/18	109879436546	99628745708	1.103
2018/19	57509562744	123565669266	0.465
2019/20	164162825387	146106203049	1.123
2020/21	211763851580	198402257232	1.067
2021/22	228174712886	213605242272	1.068
Mean			1.059
S.D.			0.253

Source: Annual Reports of Prabhu Bank Ltd (Year 2016/17-2021/22)

The given table presents data concerning the Current Ratio of Prabhu Bank Ltd. for the years following a merger. The Current Ratio is a measure used to assess a company's ability to meet its short-term obligations using its short-term assets.

The Current Ratio is calculated by dividing the Current Assets (assets expected to be converted into cash within a year) by the Current Liabilities (obligations due within a year). It helps determine if a company can easily cover its short-term financial commitments with available resources.

In the year 2016/17, after the merger, the bank had a Current Ratio of approximately 1.219, indicating a strong position in terms of short-term liquidity.

The ratio remained favorable in 2017/18, with a ratio of 1.103, showing that the bank continued to maintain a strong short-term financial standing.

However, in 2018/19, there was a significant drop in the ratio to 0.465, possibly indicating a challenging period where the bank's short-term assets were insufficient to cover its short-term liabilities.

The following year, 2019/20, saw an improvement with a ratio of 1.123, suggesting a recovery or an enhanced ability to meet obligations.

In 2020/21 and 2021/22, the ratios were 1.067 and 1.068, respectively, indicating stability in the bank's short-term financial position.

The calculated mean (average) Current Ratio across these post-merger years is approximately 1.059, demonstrating a tendency to maintain a balanced or slightly favorable position between short-term assets and liabilities.

The standard deviation (S.D.) of approximately 0.253 reflects the variability in the Current Ratio values around the mean. A higher S.D. suggests more fluctuation in ratios over the years.

The initial post-merger years showed a favorable Current Ratio, suggesting a strong liquidity position.

The significant drop in the ratio during 2018/19 could signify challenges in meeting short-term obligations, possibly due to adjustments or operational changes post-merger.

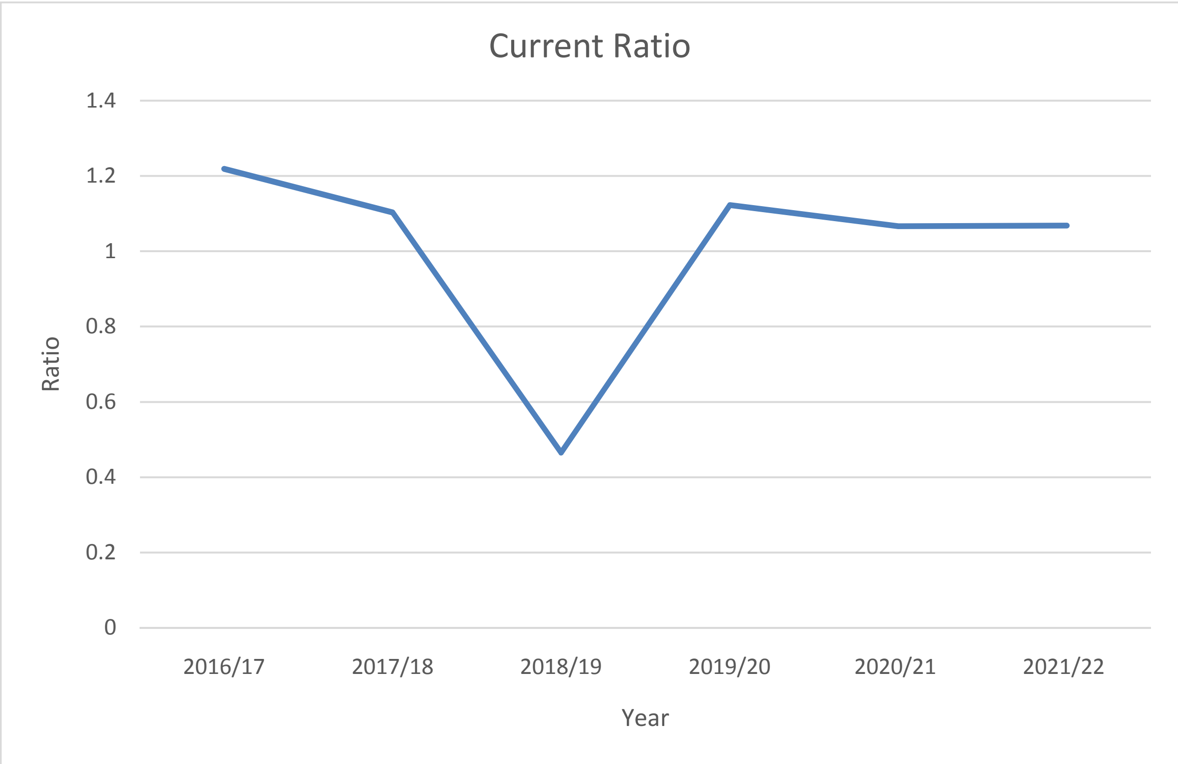
The subsequent recovery in the ratio during 2019/20 and the following years indicates improved financial stability and capacity to meet short-term liabilities.

In the post-merger period, the analysis indicates that Prabhu Bank Ltd. went through phases of strong liquidity as well as challenges in maintaining a favorable Current Ratio. However, the overall trend, including recoveries in subsequent years, points toward a positive financial trajectory, with the bank enhancing its ability to handle short-term obligations effectively.

Following figure shows the post-merger current ratio situation of Prabhu Bank Ltd.

Figure No. 2

Current Ratio (Post-Merger)



ii) Cash and Bank balance to Current Assets Ratio

Cash and bank balance to current assets ratio reveals the position of cash and bank into cash and bank balance in total of current assets. Cash and bank balance are highly liquid assets than other current assets. So this ratio effectively scans higher liquidity position than current ratio. Following table shows the cash and bank balance to current assets.

Following table presents Cash and Bank balance to Current Assets Ratio of pre-merger of Prabhu Bank ltd.

Table No.3

Cash and Bank balance to Current Assets Ratio (Pre-Merger)

Year	Cash and Bank balance	Current Asset	Ratio(times)
2012/13	742821648	22007221650	0.033
2013/14	788033479	19837716560	0.039
2014/15	10316770443	44781491514	0.230
2015/16	14127708940	66202155150	0.213
Mean			0.129
S.D.			0.123

Source: Annual Report of Prabhu bank Ltd. (Year 2012/13-2021/22)

The Cash and Bank Balance to Current Assets Ratio for each fiscal year from 2012/13 to 2015/16 is shown in the table. By dividing the Cash and Bank balance by the Current Assets, this ratio is calculated. Indicating a minor improvement in the bank's liquidity condition, the ratio increased from 0.033 in 2012–13 to 0.039 in 2013–14. The ratio increased considerably to 0.230 in 2014–15, indicating a large rise in cash and bank holdings relative to current assets. However, the ratio fell to 0.211 in 2015–16, which is still greater than the starting years but lower than the peak in 2014–15.

Mean: For these four years, the mean ratio is 0.129. This gives an indication of the average level of the Cash and Bank Balance to Current Assets Ratio over this time period or its central tendency.

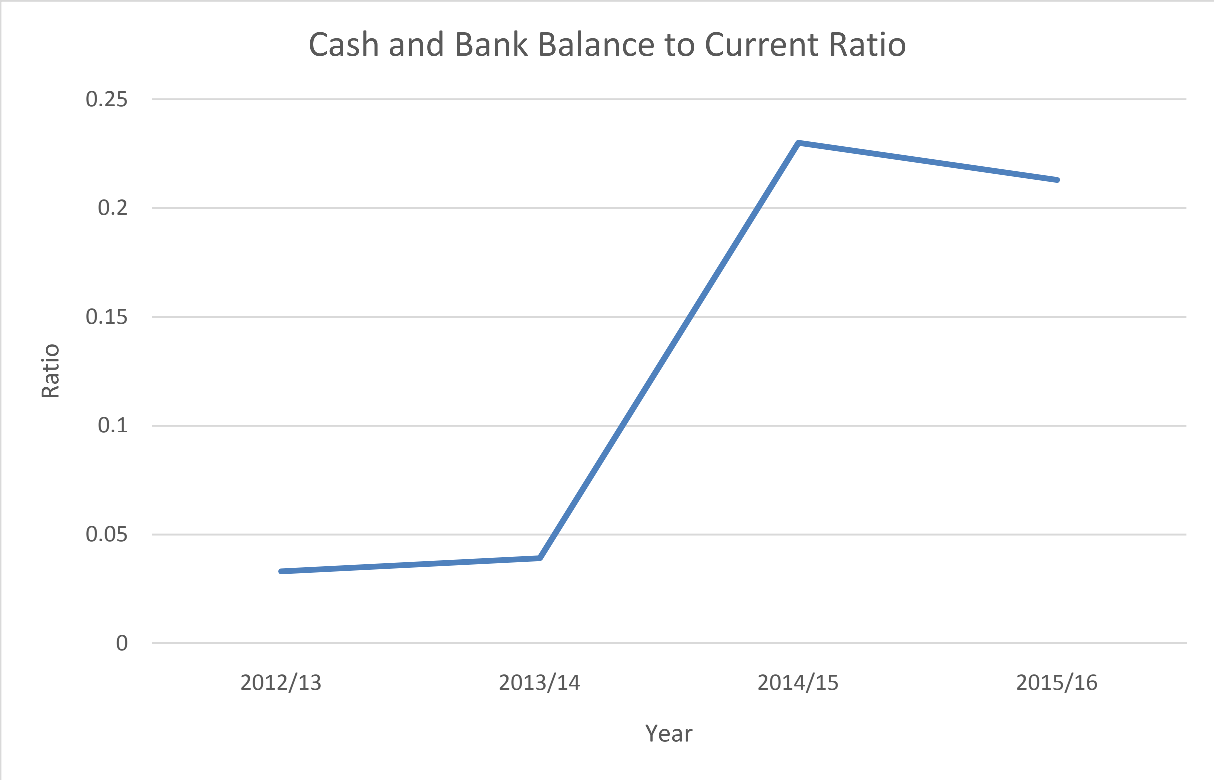
Typical Deviation: 0.123 is the standard deviation. It shows how variable or dispersed the ratios were during the course of the four-year period. Greater variability is indicated by a higher standard deviation, which in this case denotes a variation in the bank's liquidity position.

The table summarizes the bank's liquidity position during a four-year period. The ratio of cash and bank balances to current assets increased significantly in 2014–15, although it slightly fell the following year. The standard deviation of 0.123 and mean ratio of 0.129 both point to a generally moderate degree of liquidity with considerable year-to-year volatility. Understanding the causes of these changes and their effects on the bank's financial health may require additional analysis.

Following figure shows the Cash and Bank balance to Current Assets Ratio of post-merger situation of Prabhu Bank Ltd.

Figure No. 3

Cash and Bank Balance to Current Ratio(pre-merger)



Following table discusses Cash and Bank balance to Current Assets Ratio of post-merger situation of Prabhu Bank Ltd.

Table No. 4

Cash and Bank balance to Current Assets Ratio (post-merger)

Year	Cash and Bank balance	Current Asset	Ratio(times)
2016/17	14548399354	100832205844	0.144
2017/18	21542542049	109879436546	0.195
2018/19	26299958506	57509562744	0.457
2019/20	33828206920	164162825387	0.206
2020/21	25504831270	211763851580	0.120
2021/22	25191205366	228174712886	0.110
Mean			0.204
S.D.			0.134

Source: Annual Report of Prabhu Bank Ltd. (Year 2016/17-2021/22)

The table shows the mean and standard deviation of the Cash and Bank balance to Current Assets Ratio for Prabhu Bank Ltd. throughout the six-year post-merger period. An overview of the table is provided below:

The ratio between cash and bank balances and current assets in 2016–17 was 0.144. In 2017–18, the ratio rose to 0.195. With the ratio reaching 0.457 in 2018–19, there was a large growth in cash and bank balances compared to current assets. The ratio fell to 0.206 in 2019–20, but it still remained high. In 2020–2021 and 202–2022, the ratio fell even more, to 0.120 and 0.110, respectively.

Liquidity was originally increased in the post-merger period, with greater ratios in the first few years.

Liquidity did, however, diminish in the following years, with ratios falling below the post-merger levels at that time.

Mean: For these six years, the ratio's mean value is 0.204. This gives an indication of the average level of the Cash and Bank Balance to Current Assets Ratio throughout this post-merger period, or its central tendency.

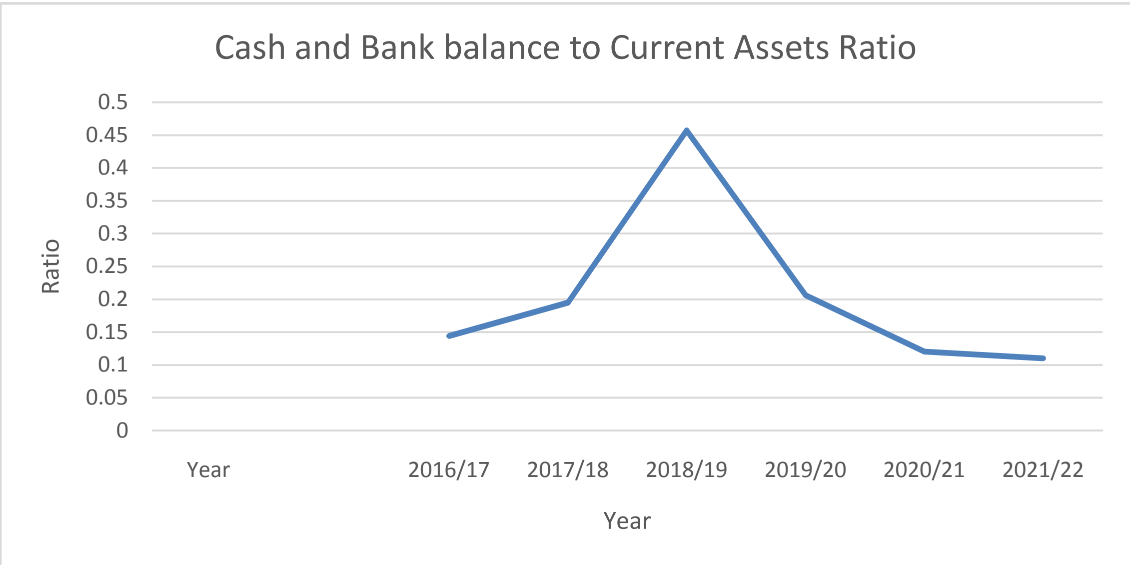
Typical Deviation: 0.134 is the standard deviation. It shows how variable or dispersed the ratios were during the course of the six-year period. Greater variability is indicated by a higher standard deviation, which in this case reflects swings in the bank's liquidity position in the years after the merger.

In conclusion, the table displays the bank's liquidity situation at the time following the merger. Liquidity first increased, as seen by the greater ratios in the early years. However, liquidity decreased with smaller ratios in following years. A modest level of liquidity is indicated by the mean ratio of 0.204, while considerable year-to-year volatility in liquidity is indicated by the standard deviation of 0.134. Understanding the causes of these oscillations and their effects on the bank's financial stability in the post-merger period may require further investigation.

Following figure shows the post-merger Cash and Bank Balance to Current Ratio of Prabhu Bank Ltd.

Figure No. 4

Cash and Bank Balance to Current Ratio(Post-Merger)



iii) Cash and bank balance to total deposit ratio:

Following table shows Cash and bank balance to total deposit ratio of pre-merger situation of Prabhu Bank Ltd.

Table No. 5

Cash and bank balance to total deposit ratio (Pre-Merger)

Year	Cash and bank balance	Total deposit	Ratio(times)
2012/13	742821648	21093025330	0.035
2013/14	788033479	19835165830	0.039
2014/15	10316770443	42143974357	0.244
2015/16	14127708940	60940868320	0.232
Mean			0.137
S.D.			0.119

Source: Annual Report of Prabhu Bank Ltd. (Year 2012/13-2015/16)

The provided table offers insights into the Cash and Bank balance to Current Assets Ratio for Prabhu Bank Ltd. during the period before the merger. This ratio measures the proportion of a bank's cash and bank balances in relation to its total current assets.

Cash and Bank Balance to Current Assets Ratio Explained:

The Cash and Bank balance to Current Assets Ratio is calculated by dividing the Cash and Bank balance by the Total Current Assets. This ratio helps in understanding how much of a bank's liquid resources (cash and bank balances) are available as a percentage of its overall current assets.

In the year 2012/13, the ratio was 0.033, indicating that the bank held around 3.3% of its current assets as cash and bank balances.

The ratio increased slightly to 0.039 in 2013/14, reflecting a small growth in the bank's liquidity in comparison to its current assets.

In 2014/15, there was a significant rise in the ratio to 0.230, suggesting a substantial increase in the bank's liquid reserves relative to its current assets.

The ratio decreased in 2015/16 to 0.213, which still indicated a significant portion of liquid resources in relation to current assets.

The calculated mean (average) Cash and Bank balance to Current Assets Ratio for the pre-merger period is approximately 0.129, indicating that, on average, the bank held around 12.9% of its current assets as cash and bank balances.

The standard deviation (S.D.) of approximately 0.123 signifies the variability in the ratio values around the mean. A higher S.D. indicates more fluctuation in the ratios over the years.

The ratios show that the bank had a relatively low proportion of cash and bank balances to current assets in 2012/13 and 2013/14.

There was a significant increase in liquidity in 2014/15, which might have been influenced by specific financial strategies or circumstances.

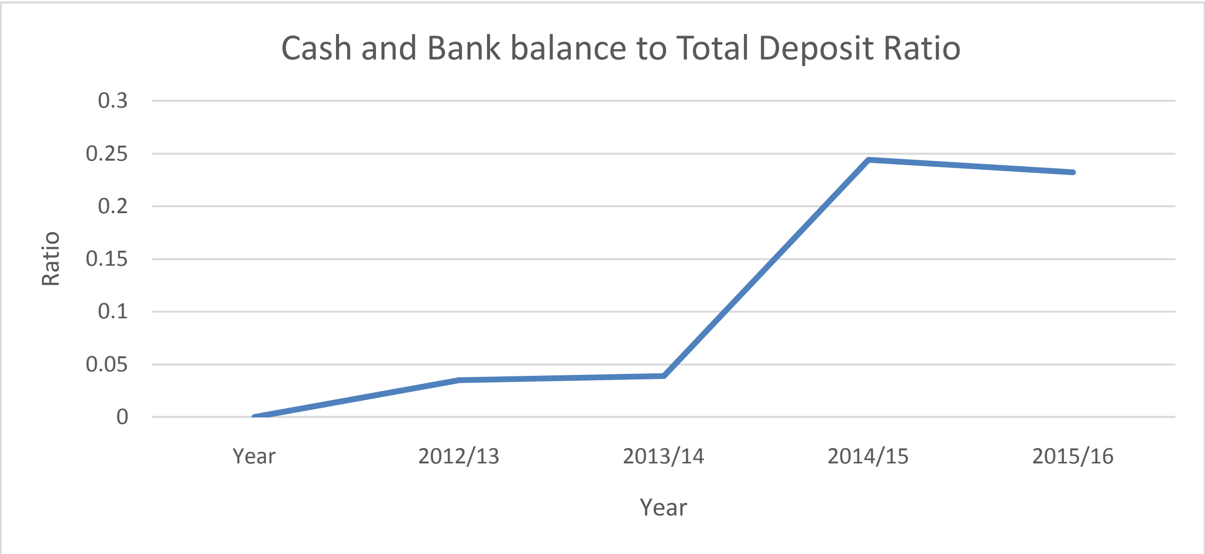
Despite the decrease in the ratio in 2015/16, the bank still maintained a notable amount of liquid resources in relation to current assets.

The analysis reveals that Prabhu Bank Ltd. exhibited varying degrees of liquidity in the form of cash and bank balances in comparison to its current assets during the pre-merger period. The substantial increase in liquidity in 2014/15 suggests a notable shift in the bank's liquidity management.

Following figure shows the pre-merger Cash and bank balance to total deposit ratio of Prabhu Bank Ltd.

Figure No. 5

Cash and bank balance to total deposit ratio (Pre-Merger)



Following table shows Cash and bank balance to total deposit ratio of post-merger situation of Prabhu Bank Ltd.

Table No. 6

Cash and bank balance to total deposit ratio (Post-Merger)

Year	Cash and Bank balance	Total Deposit	Ratio(times)
2016/17	14548399354	81349539828	0.178
2017/18	21542542049	97259664942	0.221
2018/19	26299958506	105488505793	0.249
2019/20	33828206920	128740771349	0.262
2020/21	25504831270	164850500313	0.154
2021/22	25191205366	178652184679	0.141
Mean			0.204
S.D.			0.046

Source: Annual Report of Prabhu Bank Ltd.(Year 2016/17-2021-22)

The given table offers insights into the Cash and Bank Balance to Total Deposit Ratio for Prabhu Bank Ltd. following the merger. This ratio indicates the proportion of cash and bank balances in relation to the total amount of deposits held by the bank.

Cash and Bank Balance to Total Deposit Ratio Explained:

The Cash and Bank Balance to Total Deposit Ratio is calculated by dividing the Cash and Bank Balance by the Total Deposits. This ratio helps assess how much of a bank's liquid resources (cash and bank balances) are available as a percentage of its total deposits.

In the year 2016/17, the ratio was 0.178, signifying that the bank had around 17.8% of its total deposits in the form of cash and bank balances.

The ratio increased to 0.221 in 2017/18, indicating a higher proportion of liquid resources relative to total deposits.A further increase in the ratio was observed in 2018/19 to 0.249, suggesting an upward trend in the bank's liquidity position.The ratio continued to rise in 2019/20, reaching 0.262, which suggests an enhanced liquidity position in comparison to total deposits.In 2020/21, the ratio decreased to 0.154, possibly indicating a shift in the bank's liquidity management strategies.The ratio slightly decreased again in 2021/22 to 0.141, maintaining a level of liquidity but at a lower proportion relative to total deposits.

The calculated mean (average) Cash and Bank Balance to Total Deposit Ratio for the post-merger period is approximately 0.204, indicating that, on average, the bank held around 20.4% of its total deposits as cash and bank balances.

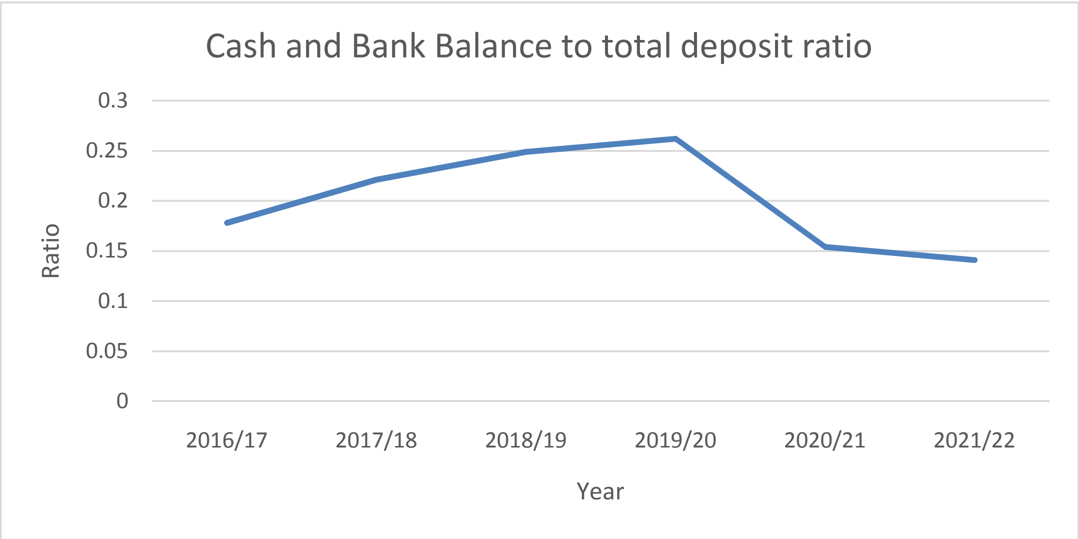
The standard deviation (S.D.) of approximately 0.046 reflects the variability in the ratio values around the mean. A higher S.D. indicates more fluctuation in the ratios over the years. The trend suggests that the bank generally maintained a reasonable amount of liquidity as a proportion of its total deposits.The fluctuations in the ratio over the years could be influenced by the bank's strategic decisions and market conditions.

The analysis of the Cash and Bank Balance to Total Deposit Ratio indicates that Prabhu Bank Ltd. strategically managed its liquidity post-merger. The ratio's fluctuations suggest a dynamic approach to balancing liquidity needs while effectively utilizing deposits.

Following figure shows the post-merger Cash and bank balance to total deposit ratio of Prabhu Bank Ltd.

Figure No. 6

Cash and bank balance to total deposit ratio (post-merger)



Iv Investment of government securities to current assets ratio

Government securities are slightly liquid than other current assets so it is also a very crucial and very near cash item of current assets. It envisages the proportion of investment on government securities to current assets.

The following table shows the shape of Investment of government securities to current assets ratio of pre-merger position of Prabhu Bank Ltd.

Table No. 7

Investment of Government Securities to Current Assets Ratio (Pre-Merger)

Year	Investment on govt. securities	Current assets	Ratio(%)
2012/13	2798345693	22007221650	12.71
2013/14	5587150746	19837716560	28.14
2014/15	4512975553	44781491514	10.08
2015/16	5827058950	66202155150	8.80
Mean			14.683
S.D.			7.791

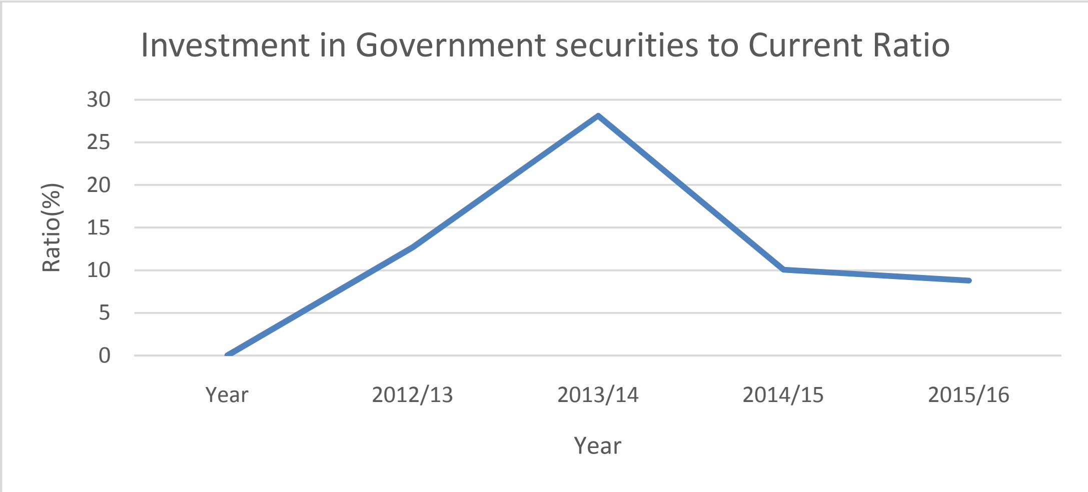
Source: Annual Report of Prabhu Bank Ltd. (Year 2012/13-2015/16)

The provided Table No. 7 presents the Investment of Government Securities to Current Assets Ratio for Prabhu Bank Ltd. in the pre-merger position. This ratio signifies the extent to which the bank's investments in government securities contribute to its total current assets. The analysis reveals noteworthy trends over the years. In 2012/13, the ratio stood at 12.71%, indicating a modest investment in government securities relative to current assets. Subsequent years saw significant fluctuations in this ratio: a substantial increase to 28.14% in 2013/14, followed by a decrease to 10.08% in 2014/15 and further down to 8.80% in 2015/16. The calculated mean ratio of 14.683% suggests a moderate overall investment in government securities compared to current assets. The standard deviation of 7.791 points to a notable variability in the ratios, highlighting the dynamic nature of the bank's investment strategies. This analysis suggests that Prabhu Bank Ltd. experienced fluctuations in the proportion of government securities within its current asset portfolio, with the bank's investment decisions likely influenced by market conditions and strategic considerations.

Following figure shows the pre-merger Investment in Government securities to Current Current Assets Ratio of Prabhu Bank Ltd.

Figure No. 7

Investment in Government Securities to Current Assets Ratio(pre-merger)



The following table shows the shape of Investment of government securities to current assets ratio of post-merger position of Prabhu Bank Ltd.

Table No. 8

Investment of government securities to current assets ratio (Post-Merger)

Year	Investment on govt. securities	Current Asset	Ratio(%)
2016/17	11956969821	100832205844	11.87
2017/18	8152851389	109879436546	7.41
2018/19	14448530074	57509562744	25.12
2019/20	20842361969	164162825387	12.69
2020/21	33356499212	211763851580	15.77
2021/22	49700751625	228174712886	21.79
Mean			15.651
S.D.			6.066

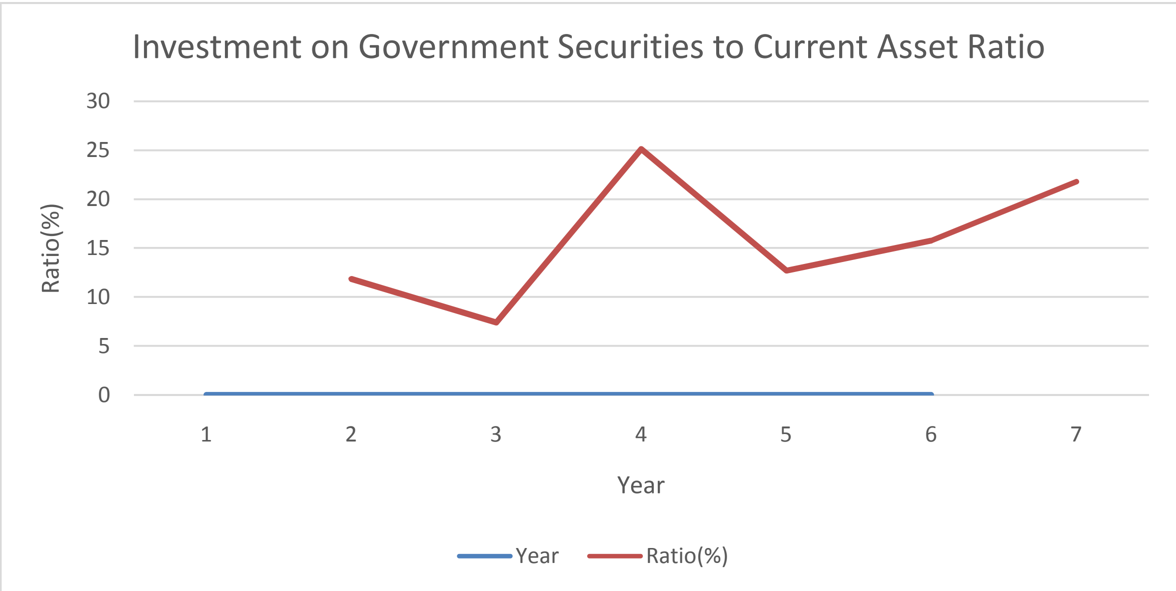
Source: Annual Report of Prabhu Bank Ltd. (Year 2016/17-2021/22)

Table No. 8 presents the Investment of Government Securities to Current Assets Ratio for Prabhu Bank Ltd. in the post-merger position. This ratio highlights the proportion of the bank's investments in government securities relative to its total current assets. The analysis indicates distinctive trends over the specified years. In 2016/17, the ratio stood at 11.87%, reflecting a moderate investment in government securities as part of current assets. The subsequent years showed varying patterns: a relatively lower ratio of 7.41% in 2017/18, followed by a substantial increase to 25.12% in 2018/19, and further fluctuations of 12.69%, 15.77%, and 21.79% in 2019/20, 2020/21, and 2021/22, respectively. The calculated mean ratio of 15.651% signifies a consistent level of investment in government securities in relation to current assets. The standard deviation of 6.066 highlights the variations in ratios, indicating the dynamic nature of the bank's investment strategies. This analysis suggests that Prabhu Bank Ltd. maintained a diverse portfolio of government securities, adjusting its investment approach over the post-merger years.

Following figure shows the post-merger situation of Investment on government securities to Current Assets Ratio of Prabhu Bank Ltd.

Figure No. 8

Investment on government securities to Current Assets Ratio (Post-Merger)



4.1.2 Activity Ratio

i) Loan and Advance to Total Deposit Ratio

A financial ratio called the loan and advance to total deposit ratio assesses how much a bank's loans and advances are in comparison to its total deposits. It serves as a crucial metric for assessing a bank's lending activity and liquidity.

Advance and Loan: The total amount of loans and advances that a bank has given to its clients is represented by this component. Various forms of credit offered by the bank, such as personal loans, business loans, mortgages, and other forms of credit, might be included in loans and advances.

The total amount of money that customers have deposited in the bank is shown by the component titled "Total Deposit." It covers fixed deposits, savings accounts, checking accounts, and other consumer deposits.

By dividing the total value of loans and advances by the total value of deposits, the loan and advance to total deposit ratio is calculated:

The following table shows the shape of Loan and Advance to Total Deposit Ratioof pre-merger position of Prabhu Bank Ltd.

Table No. 9

Loan and Advance to Total Deposit Ratio (Pre-Merger)

Year	Loan and Advance	Total Deposit	Ratio(times)
2012/13	14791604651	21093025330	0.702
2013/14	10884398688	19835165830	0.547
2014/15	27726157429	42143974357	0.657
2015/16	43909120610	60940868320	0.720
Mean			0.656
S.D.			0.068

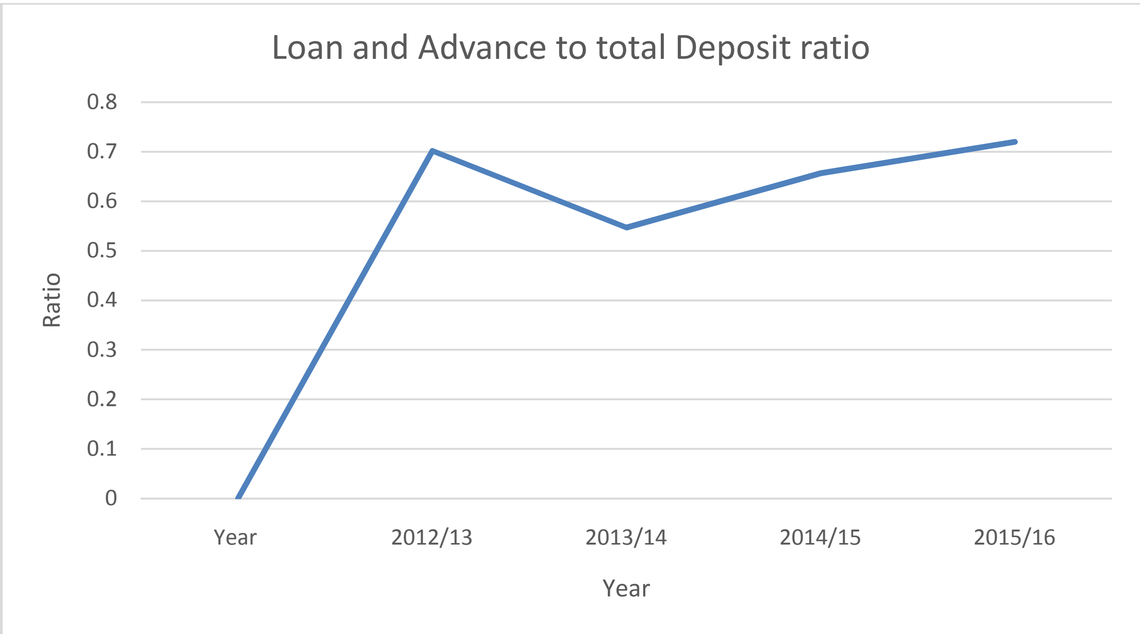
Source: Annual Report of Prabhu Bank Ltd. (2012/13-2015/16)

Table No. 9 illustrates the Loan and Advance to Total Deposit Ratio for Prabhu Bank Ltd. in the pre-merger position. This ratio highlights the proportion of the bank's total loans and advances relative to its total deposits. The analysis reveals distinct patterns over the specified years. In 2012/13, the ratio was 0.702, indicating that loans and advances formed around 70.2% of the bank's total deposits. Subsequent years showed variations: a lower ratio of 0.547 in 2013/14, followed by an increase to 0.657 in 2014/15 and further to 0.720 in 2015/16. The calculated mean ratio of 0.656 suggests a consistent level of loans and advances relative to total deposits. The standard deviation of 0.068 reflects the variability in ratios, highlighting the dynamic nature of the bank's lending practices. This analysis indicates that Prabhu Bank Ltd. strategically managed its loan portfolio to deposits, maintaining a balanced approach to lending in the pre-merger period, with the fluctuations likely influenced by market conditions and credit policies.

Following figure shows the pre-merger Loan and Advance to Total Deposit Ratio of Prabhu Bank Ltd.

Figure No. 9

Loan and Advance to Total Deposit Ratio (Pre-Merger)



The following table shows the shape of of post Loan and Advance to Total Deposit Ratio of post-merger position of Prabhu Bank Ltd.

Table No. 10

Loan and Advance to Total Deposit Ratio (post-merger)

Year	Loan and Advance	Total Deposit	Ratio(times)
2016/17	59179325079	81349539828	0.727
2017/18	76172040705	97259664942	0.783
2018/19	89753102413	105488505793	0.850
2019/20	103295383550	128740771349	0.802
2020/21	142480273648	164850500313	0.864
2021/22	151793434038	178652184679	0.849
Mean			0.812
S.D.			0.115

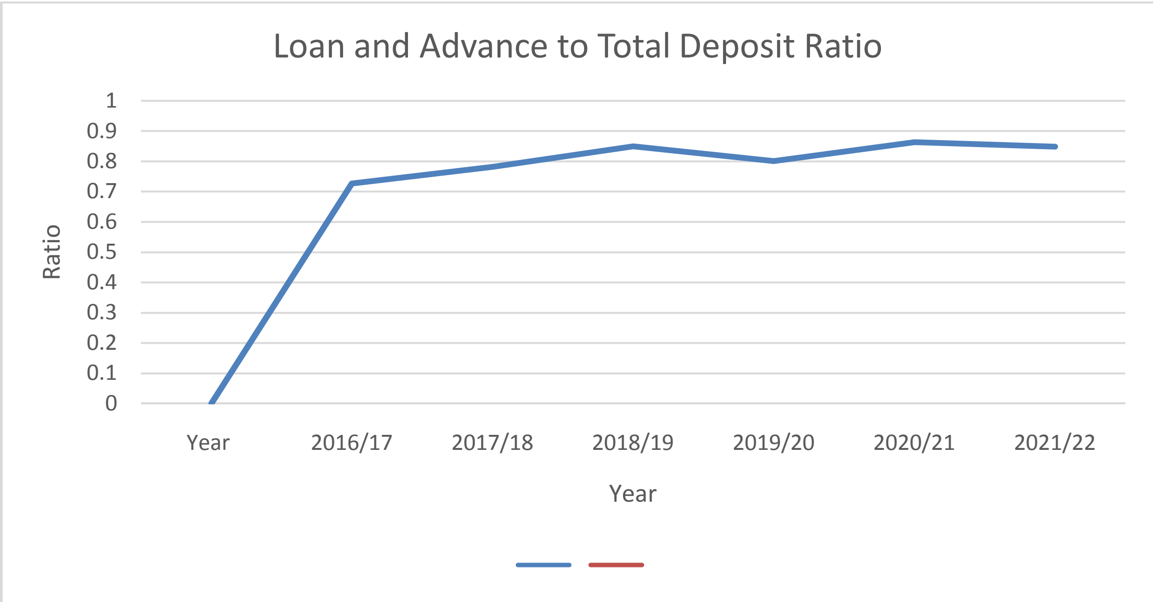
Source: Annual Report of Prabhu Bank Ltd. (Year 2016/17-2021/22)

Table No. 10 provides insights into the Loan and Advance to Total Deposit Ratio for Prabhu Bank Ltd. in the post-merger position. This ratio signifies the proportion of the bank's total loans and advances relative to its total deposits. The analysis reveals distinct trends over the specified years. In 2016/17, the ratio was 0.727, indicating that loans and advances constituted around 72.7% of the bank's total deposits. Subsequent years showed variations: an increase to 0.783 in 2017/18, further rise to 0.850 in 2018/19, and a subsequent decrease to 0.802 in 2019/20. The ratio then increased to 0.864 in 2020/21 and slightly decreased to 0.849 in 2021/22. The calculated mean ratio of 0.812 suggests a consistent level of loans and advances relative to total deposits. The standard deviation of 0.115 indicates variability in ratios, underscoring the dynamic nature of the bank's lending strategies. This analysis suggests that Prabhu Bank Ltd. managed its loans and advances in relation to deposits, demonstrating prudent credit management practices in the post-merger period. The fluctuations in the ratio are likely influenced by changing market dynamics, customer demands, and credit risk considerations.

Following figure shows the post-merger Loan and Advance to Total Deposit ratio situation of Prabhu Bank Ltd.

Figure No. 10

Loan and Advance to Total Deposit Ratio (Post-Merger)



ii) Total Investment to Total Deposit Ratio

This ratio dealings the extent to which the banks are able to mobilize their deposit on investment on various securities. A high ratio indicates the success in mobilizing deposits in securities.

The following table expressions the profile of Total Investment to Total Deposit Ratio of pre-merger position of Prabhu Bank Ltd.

Table No. 11

Total Investment to Total Deposit Ratio (Pre-Merger)

Year	Total Investment	Total Deposit	Ratio(times)
2012/13	4224556852	21093025330	0.200
2013/14	5808373547	19835165830	0.292
2014/15	32239132982	42143974357	0.764
2015/16	49736179560	60940868320	0.810
Mean			0.518
S.D.			0.268

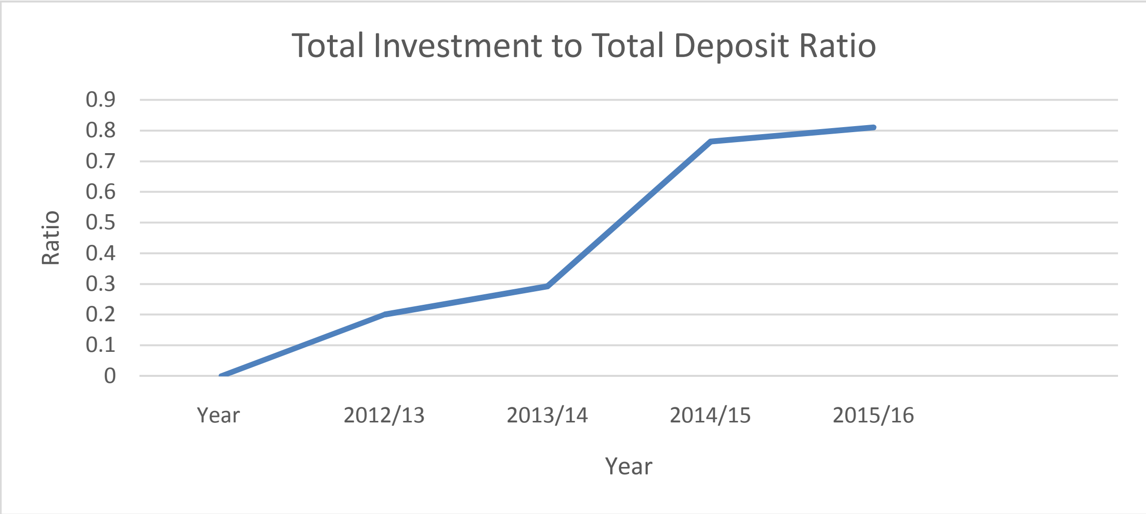
Source: Annual Report of prabhu Bank Ltd. (Year 2012/13-2015/16)

Table No. 11 provides insights into the Total Investment to Total Deposit Ratio for Prabhu Bank Ltd. in the pre-merger position. This ratio reflects the proportion of the bank's total investments relative to its total deposits. The analysis reveals distinctive trends over the specified years. In 2012/13, the ratio was 0.200, indicating that investments accounted for around 20.0% of the bank's total deposits. The subsequent years exhibited variations: an increase to 0.292 in 2013/14, followed by a substantial jump to 0.764 in 2014/15, and a further increase to 0.810 in 2015/16. The calculated mean ratio of 0.518 suggests an overall higher investment profile relative to total deposits. The standard deviation of 0.268 highlights variability in ratios, underscoring the dynamic nature of the bank's investment strategies. This analysis suggests that Prabhu Bank Ltd. strategically managed its investment portfolio in relation to deposits in the pre-merger period, with the fluctuations likely influenced by market conditions, regulatory requirements, and the bank's investment policies.

Following figure shows the pre-merger Total Investment to Total Deposit of Prabhu Bank Ltd.

Figure No. 11

Total Investment to Total Deposit Ratio (pre-merger)



The following table presents the outline Total Investment to Total Deposit Ratio of post-merger position of Prabhu Bank Ltd.

Table No. 12

Total Investment to Total Deposit Ratio (Post-Merger)

Year	Total Investment	Total Deposit	Ratio(times)
2016/17	73285789380	81349539828	0.901
2017/18	10725389780	97259664942	0.110
2018/19	17324307379	105488505793	0.164
2019/20	23713655180	128740771349	0.184
2020/21	36170213202	164850500313	0.219
2021/22	54229122388	178652184679	0.303
Mean			0.256
S.D.			0.321

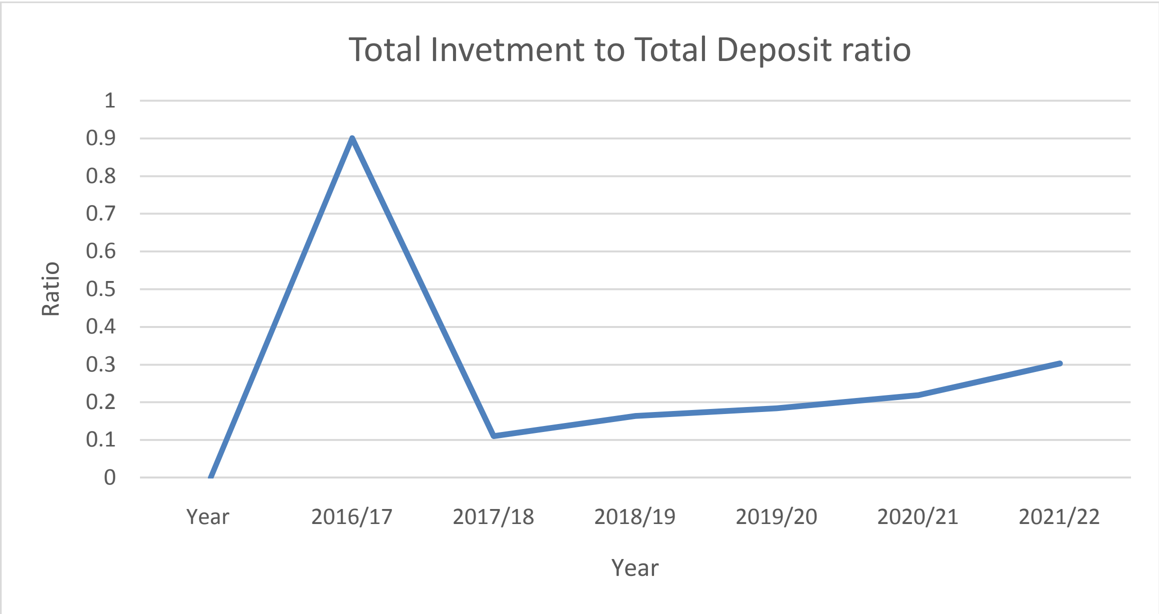
Source: Annual Report of Prabhu Bank Ltd. (Year 2016/17-2021/22)

Table No. 12 highlights the Total Investment to Total Deposit Ratio for Prabhu Bank Ltd. in the post-merger position. This ratio indicates the proportion of the bank's total investments relative to its total deposits. The analysis unveils distinct trends across the specified years. In 2016/17, the ratio stood at 0.901, illustrating that investments comprised approximately 90.1% of the bank's total deposits. Subsequent years exhibited notable fluctuations: a considerably lower ratio of 0.110 in 2017/18, followed by a moderate increase to 0.164 in 2018/19, further rise to 0.184 in 2019/20, and an increase to 0.219 in 2020/21. The ratio experienced a significant jump to 0.303 in 2021/22. The calculated mean ratio of 0.256 points to an overall higher investment inclination relative to total deposits. The standard deviation of 0.321 underscores the variability in ratios, indicating dynamic shifts in the bank's investment strategies. This analysis suggests that Prabhu Bank Ltd. strategically managed its investment portfolio concerning deposits in the post-merger period. The fluctuations may be influenced by changing market dynamics, regulatory requirements, and the bank's strategic investment decisions.

The following figure presents the outline Total Investment to Total Deposit Ratio of post-merger position of Prabhu Bank Ltd.

Figure No. 12

Total Investment to Total Deposit Ratio (Post-Merger)



iii) Loan and Advances to working fund ratio

This ratio reflects the commercial banks are success in the mobilizing their assets as loan and advances for the purpose of income generation. A high ratio indicates better mobilization of fund as loan and advances.

The following table displays Loan and Advances to working fund ratio of pre-merger scenario of Prabhu Bank Ltd.

Table No. 13

Loan and Advances to working fund ratio (pre-merger)

Year	Loan and Advance	Total Asset	Ratio(times)
2012/13	14791604651	23430331809	0.630
2013/14	10884398688	21190965730	0.513
2014/15	27726157429	46510125756	0.595
2015/16	43909120610	68338179120	0.642
Mean			0.595
S.D.			0.133

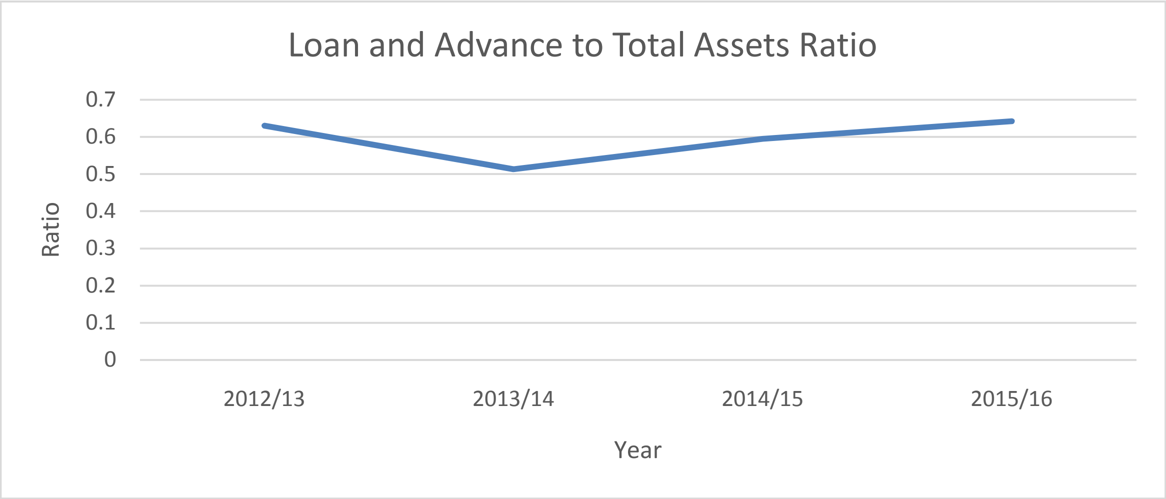
Source: Annual Report of Prabhu Bank Ltd. (Year 2012/13-2015/16)

Table No. 13 provides insights into the Loan and Advances to Working Fund Ratio for Prabhu Bank Ltd. in the pre-merger scenario. This ratio signifies the proportion of the bank's total loans and advances in relation to its total assets, representing the bank's lending activity in relation to its overall resources. The analysis reveals distinctive trends across the specified years. In 2012/13, the ratio stood at 0.630, indicating that loans and advances constituted around 63.0% of the bank's total assets. Subsequent years displayed variations: a decrease to 0.513 in 2013/14, followed by an increase to 0.595 in 2014/15, and further rise to 0.642 in 2015/16. The calculated mean ratio of 0.595 suggests an overall higher ratio of loans and advances to total assets, reflecting the bank's lending strategy. The standard deviation of 0.133 indicates variability in ratios, highlighting fluctuations in the bank's lending activity. This analysis suggests that Prabhu Bank Ltd. managed its loan portfolio in relation to its total assets in the pre-merger period, with variations potentially influenced by changing market dynamics, risk assessment, and lending policies.

The following figure displays Loan and Advances to working fund ratio of pre-merger scenario of Prabhu Bank Ltd.

Figure No.13

Loan and Advances to working fund ratio (Pre-Merger)



The following table demonstrations Loan and Advances to working fund ratio of post-merger picture of Prabhu Bank Ltd.

Table No. 14

Loan and Advances to working fund ratio (Post-Merger)

Year	Loan and Advance	Total Asset	Ratio(times)
2016/17	59179325079	90981700323	0.651
2017/18	76172040705	112586166923	0.676
2018/19	89753102413	137886336543	0.650
2019/20	103295383550	167517297856	0.616
2020/21	142480273648	215513530092	0.661
2021/22	151793434038	232753000618	0.651
Mean			0.655
S.D.			0.031

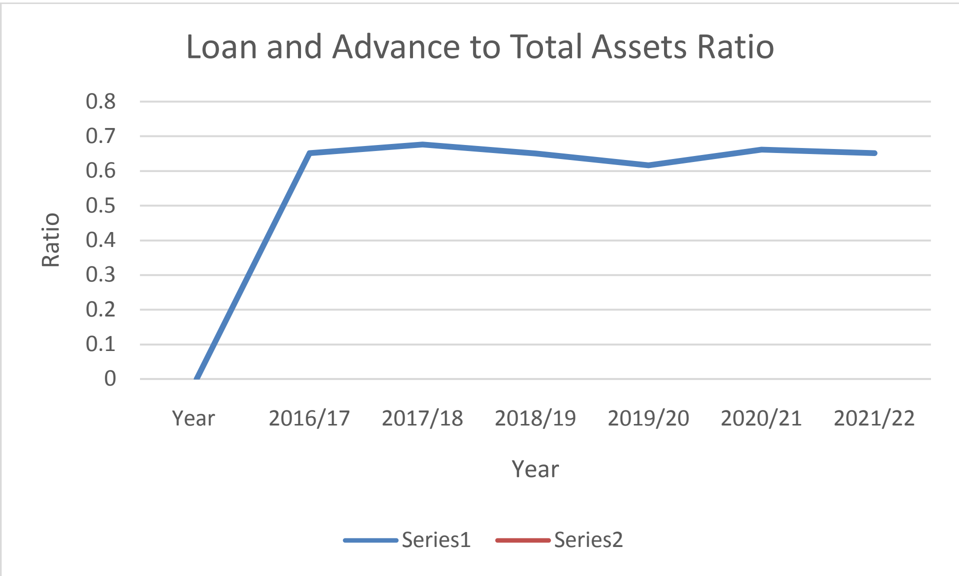
Source: Annual Report of Prabhu Bank Ltd. (Year 2016/17-2021/22)

Table No. 14 presents the Loan and Advances to Working Fund Ratio for Prabhu Bank Ltd. in the post-merger scenario. This ratio indicates the proportion of the bank's total loans and advances in relation to its total assets, providing insights into the bank's lending activities in relation to its available resources. The analysis reveals distinct patterns over the specified years. In 2016/17, the ratio stood at 0.651, signifying that loans and advances accounted for approximately 65.1% of the bank's total assets. Subsequent years displayed marginal fluctuations: an increase to 0.676 in 2017/18, followed by a slight decrease to 0.650 in 2018/19, and a further decline to 0.616 in 2019/20. The ratio experienced a modest increase to 0.661 in 2020/21 and remained relatively stable at 0.651 in 2021/22. The calculated mean ratio of 0.655 points to a consistent ratio of loans and advances to total assets across the post-merger period, indicating the bank's balanced approach to lending in relation to its resources. The low standard deviation of 0.031 suggests limited variability in ratios, indicating a consistent lending strategy during this period. This analysis suggests that Prabhu Bank Ltd. continued to manage its loan portfolio effectively relative to its total assets in the post-merger period, potentially influenced by risk management, lending policies, and market conditions.

Following figure shows the pre-merger situation of Loan and Advance to Total Assets Ratio ofPrabhu Bank Ltd.

Figure No.14

Loan and Advance to Total Assets Ratio (post-merger)



iv) Loan and Advance to Fixed Deposit

A financial indicator called the loan and advance to fixed deposit ratio calculates how many loans and advances a bank has in comparison to its fixed deposits. It measures how much fixed-term client deposits are used to fuel a bank's lending activity. While a lower percentage signals a stronger dependence on other financing sources or a more cautious lending approach, a larger ratio suggests that the bank relies more on fixed deposits to fund its lending activities. For evaluating a bank's liquidity and risk management procedures, this ratio is crucial.

The following table displays Loan and Advance to Fixed Deposit of pre-merger scenario of Prabhu Bank Ltd.

Table No. 15

Loan and Advance to Fixed Deposit (Pre-Merger)

Year	Loan and Advance	Fixed Deposit	Ratio (times)
2012/13	14791604651	1124608968	13.166
2013/14	10884398688	3592852561	3.026
2014/15	27726157429	7700634534	0.593
2015/16	43909120610	11748835454	3.735
Mean			5.630
S.D.			4.223

Source: Annual Report of Prabhu Bank Ltd. (Year 2012/13-2015/16)

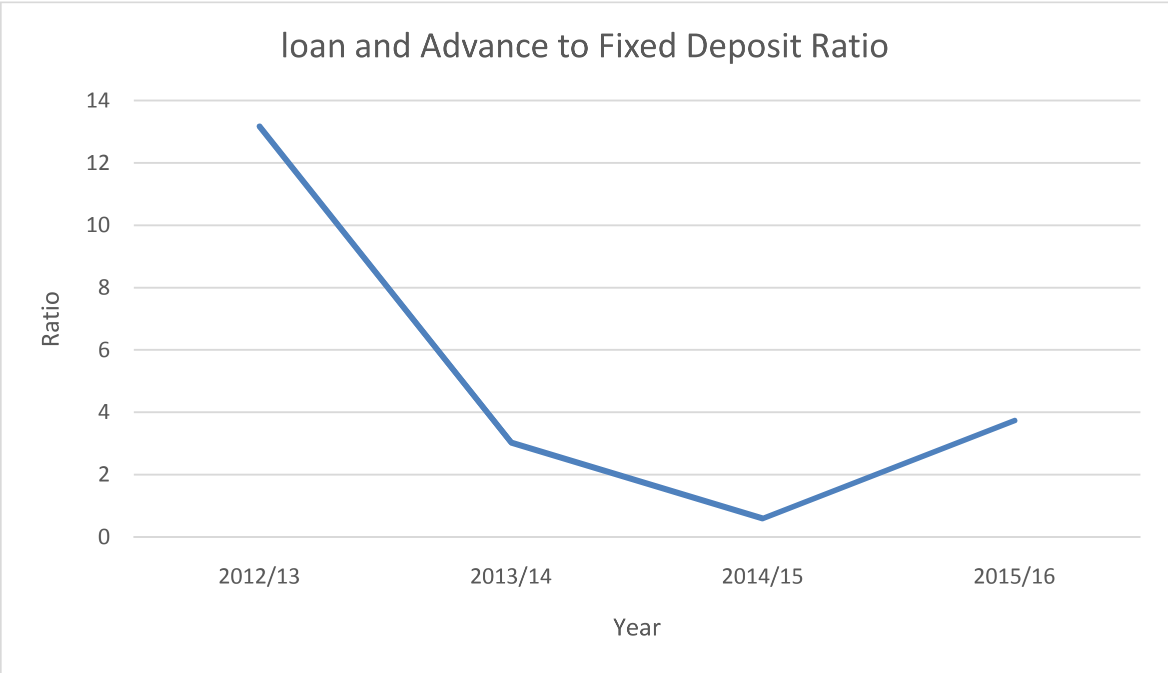
Table No. 15 presents the Loan and Advance to Fixed Deposit Ratio for Prabhu Bank Ltd. in the pre-merger scenario. This ratio assesses the bank's lending exposure in relation to its fixed deposits, highlighting the proportion of loans and advances relative to the fixed deposit base. Analyzing the table reveals interesting insights. In 2012/13, the ratio stood at a relatively high 13.166, indicating that loans and advances were substantially higher than fixed deposits, possibly indicating the bank's focus on extending credit. The ratio then dropped to 3.026 in 2013/14, signifying a notable decrease in lending exposure relative to fixed deposits. Subsequently, the ratio experienced fluctuations: a decline to 0.593 in 2014/15, suggesting a significant reduction in lending activities relative to fixed deposits, followed by a substantial increase to 3.735 in 2015/16, possibly indicating a renewed focus on lending.

The calculated mean ratio of 5.630 points to an overall higher proportion of loans and advances compared to fixed deposits during the pre-merger period. The relatively high standard deviation of 4.223 suggests considerable variability in the ratio across the specified years, possibly indicating changes in the bank's lending strategies or market conditions. Overall, the analysis highlights the bank's approach to managing its loan portfolio in relation to fixed deposits in the pre-merger period, with notable variations in lending exposure and strategies over the years.

Following figure shows the pre-merger Loan Advance to Fixed Deposit Ratio of Prabhu Bank Ltd.

Figure no 15

Loan Advance to Fixed Deposit Ratio (Pre-Merger)



The following table spectacles Loan and Advance to Fixed Deposit of post-merger situation of Prabhu Bank Ltd.

Table No. 16

Loan and Advance to Fixed Deposit (Post-Merger)

Year	Loan and Advance	Fixed Deposit	Ratio(times)
2016/17	59179325079	25315163294	2.339
2017/18	76172040705	36607202000	2.080
2018/19	89753102413	44574569000	2.011
2019/20	103295383550	55234615000	0.869
2020/21	142480273648	69045780000	0.063
2021/22	151793434038	84522867000	1.795
Mean			2.019
S.D.			0.173

Source: Annual Report of Prabhu Bank Ltd.(Year 2016/17-2021-22)

Table No. 16 presents the Loan and Advance to Fixed Deposit Ratio for Prabhu Bank Ltd. in the post-merger situation. This ratio indicates the proportion of the bank's loan and advance portfolio relative to its fixed deposits, providing insights into the bank's lending strategy compared to its fixed deposit base. Analyzing the table reveals interesting trends. In 2016/17, the ratio stood at 2.339, suggesting a higher proportion of loans and advances compared to fixed deposits, possibly indicative of the bank's aggressive lending approach after the merger. This trend continued in 2017/18 with a ratio of 2.080 and in 2018/19 with a ratio of 2.011.

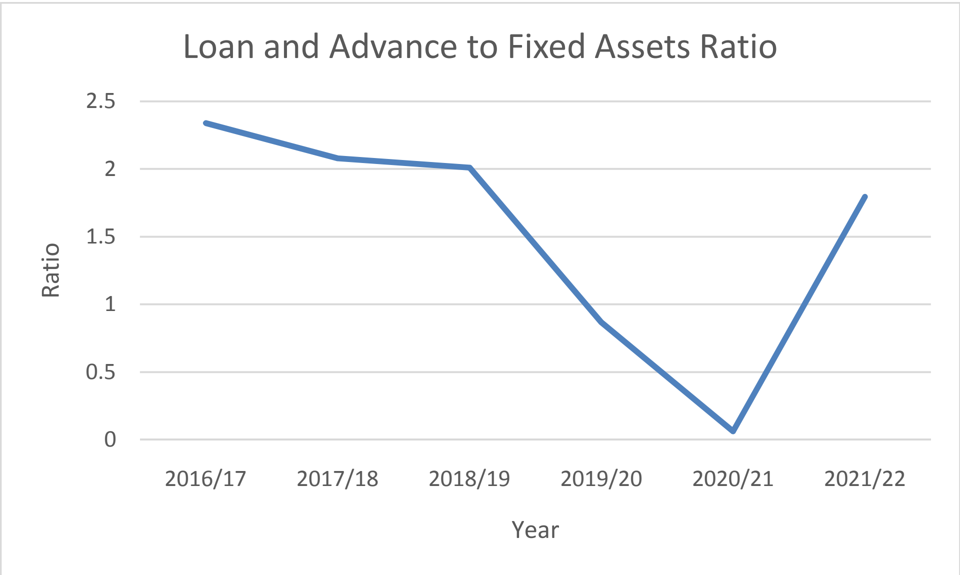
However, there was a notable shift in 2019/20, where the ratio dropped to 0.869, signaling a significant decrease in loans and advances relative to fixed deposits. This change might reflect the bank's efforts to rebalance its lending portfolio or address changing market dynamics. In 2020/21, the ratio decreased further to 0.063, indicating a substantial reduction in lending activities compared to fixed deposits, possibly reflecting a conservative lending approach. The ratio increased again in 2021/22 to 1.795, suggesting a shift back towards a higher lending proportion.

The calculated mean ratio of 2.019 suggests that, on average, the bank maintained a relatively higher proportion of loans and advances compared to fixed deposits during the post-merger period. The standard deviation of 0.173 indicates moderate variability in the ratio, suggesting that the bank's lending strategies experienced some fluctuations over the years. Overall, the analysis highlights the bank's dynamic approach to managing its loan portfolio in relation to fixed deposits after the merger, with varying strategies and responsiveness to changing market conditions.

Following figure shows the Post-merger Loan Advance to Fixed Deposit Ratio of Prabhu Bank Ltd.

Figure No.16

Loan Advance to Fixed Deposit Ratio (Post-Merger)



4.1.3 Profitability Ratio

Profit is always comes in first priority of any business organization. It is the main engine which drives the business. Profitability ratios are very crucial for measurement of the overall efficiency in operation of a financial institution. A higher profitability ratio indicates the higher efficiency of a bank. The ratios are calculated as below:

i)Return on Loan and Advance Ratio

It measures the earning capacity of commercial banks on its total deposits mobilized on loan and advances.

The following table presents Return on Loan and Advance Ratio of pre-merger situation of Prabhu Bank Ltd.

Table No. 17

Return on Loan and Advance Ratio (pre-merger)

Year	Net Profit	Loan and Advance	Ratio (%)
2012/13	804628575	14791604651	5.43
2013/14	304851936	10884398688	2.80
2014/15	1018245374	27726157429	3.67
2015/16	1117363720	43909120610	2.54
Mean			3.36
S.D.			1.16

Source: Annual Report of Prabhu Bank Ltd. (Year 2012/13-2015/16)

Table No. 17 provides insights into the Return on Loan and Advance Ratio for Prabhu Bank Ltd. during the pre-merger period. This ratio indicates the bank's ability to generate profit from its loan and advance portfolio, showing how effectively it transforms its lending activities into earnings. Analyzing the table reveals important trends. In 2012/13, the ratio stood at 5.43%, indicating that for every unit of loan and advance extended, the bank generated a return of approximately 5.43%.

In 2013/14, the ratio decreased to 2.80%, implying a lower return on loans and advances relative to the previous year. This trend continued in 2014/15 with a ratio of 3.67%, suggesting a slight improvement in the return. However, in 2015/16, the ratio decreased again to 2.54%, indicating a dip in the bank's ability to generate earnings from its lending activities.

The calculated mean ratio of 3.36% provides an average measure of the bank's return on loans and advances during the pre-merger period. The standard deviation of 1.16%

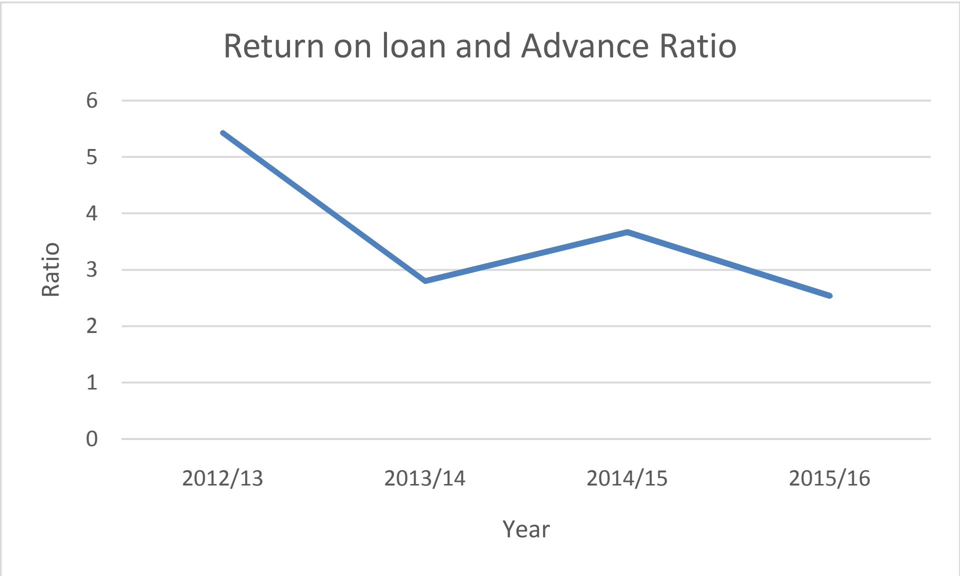
indicates moderate variability in the ratio, suggesting fluctuations in the bank's profitability from its lending activities across the years.

In summary, the analysis of this table suggests that Prabhu Bank Ltd.'s return on loans and advances varied over the pre-merger period, with different years experiencing fluctuations in the bank's ability to generate earnings from its lending portfolio. The bank's performance in this regard may have been influenced by a variety of factors, including changes in interest rates, economic conditions, and the creditworthiness of borrowers.

Following figure shows the pre-merger Return on Loan and Advance Ratio of Prabhu Bank Ltd.

Figure No. 17

Return on Loan and Advance Ratio(pre-merger)



The following table presents Return on Loan and Advance Ratio of post-merger situation of Prabhu Bank Ltd.

Table 18

Return on Loan and Advance Ratio (post-merger)

Year	Net Profit	Loan and Advance	Ratio(%)
2016/17	1597952553	59179325079	2.70
2017/18	967034844	76172040705	1.27
2018/19	1783592538	89753102413	1.99
2019/20	1194203890	103295383550	1.16
2020/21	1720874849	142480273648	1.21
2021/22	1902015162	151793434038	1.25
Mean			1.62
S.D.			0.705

Source: Annual Report of Prabhu Bank Ltd.(Year 2016/17-2021/22)

Table No. 18 provides an in-depth analysis of the Return on Loan and Advance Ratio for Prabhu Bank Ltd. during the post-merger period. This ratio illustrates the bank's efficiency in converting its lending operations into profit and showcases its ability to generate earnings from its loan and advance portfolio. A comprehensive examination of the table reveals several important trends and insights.

In 2016/17, the Return on Loan and Advance Ratio was 2.70%, indicating that the bank generated a return of approximately 2.70% for each unit of loan and advance extended during that fiscal year. The subsequent year, 2017/18, saw a decrease in the ratio to 1.27%, suggesting a decline in the bank's ability to generate earnings from its lending activities.

However, in 2018/19, the ratio increased to 1.99%, indicating a relatively stronger performance in terms of generating returns from loans and advances. This trend continued in 2019/20 with a ratio of 1.16%, implying a slight dip in the bank's profitability from its lending portfolio. In 2020/21, the ratio slightly increased to 1.21%, showing a modest improvement in the bank's return on loans and advances.

In the final year, 2021/22, the ratio stood at 1.25%, suggesting that the bank maintained its ability to generate earnings from its lending activities during the post-merger period.

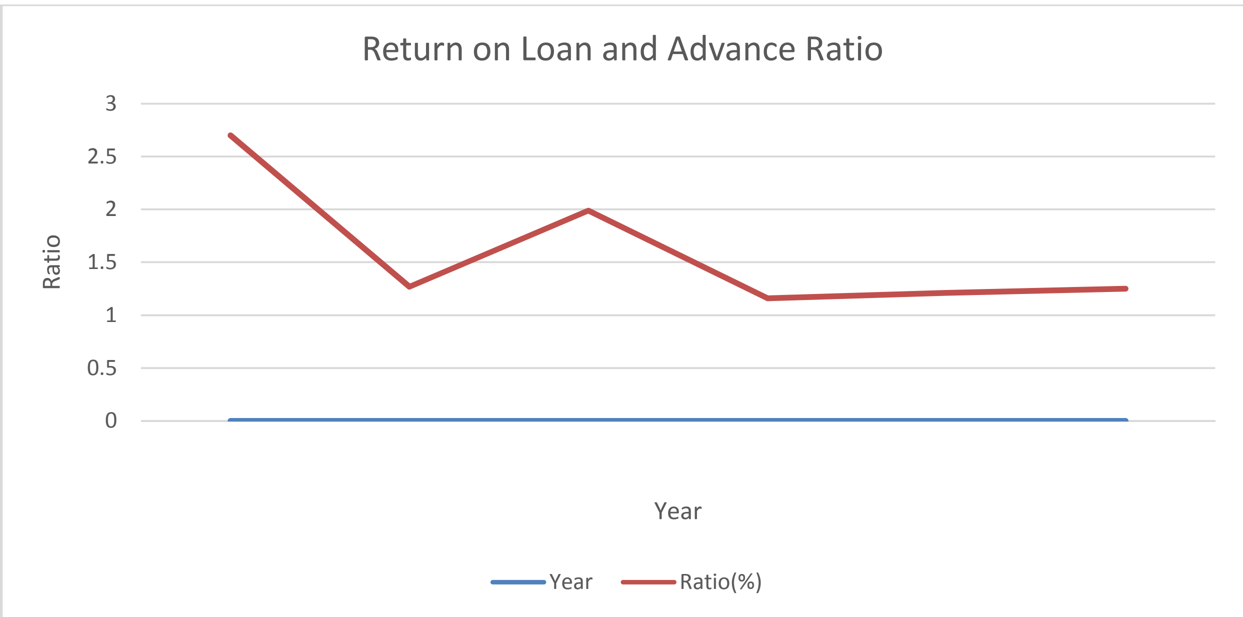
The calculated mean ratio of 1.62% provides an average measure of the bank's return on loans and advances during the post-merger period. The standard deviation of 0.705 indicates moderate variability in the ratio, suggesting fluctuations in the bank's profitability from its lending operations across the years.

In summary, the detailed analysis of this table indicates that Prabhu Bank Ltd. experienced fluctuations in its ability to generate earnings from its loan and advance portfolio during the post-merger period. The bank's performance in this regard was influenced by various factors, including economic conditions, changes in interest rates, and the credit quality of borrowers. Despite some fluctuations, the bank generally maintained its efficiency in generating returns from its lending activities during this period.

Following figure shows the Post-merger Return on Loan and Advance Ratio of Prabhu Bank Ltd.

Figure no 18

Return on Loan and Advance Ratio (Post-merger)



ii) Return on Total Assets Ratio

A financial indicator called the return on total assets (ROA) ratio assesses a company's profitability in relation to its total assets. It determines how well a business turns a profit from the resources at hand. A greater ROA denotes more profitable asset utilization, whereas a lower ROA denotes less effective asset utilization. An important metric for evaluating a company's financial success and management efficiency is ROA.

The following table shows the pre-merger situation of Return on Total Assets Ratio of Prabhu Bank Ltd.

Table No. 19

Return on Total Assets Ratio (Pre-Merger)

Year	Net profit	Total Asset	Ratio (%)
2012/13	804628575	23430331809	3.43
2013/14	304851936	21190965730	1.44
2014/15	1018245374	46510125756	2.19
2015/16	1117363720	68338179120	1.64
Mean			2.17
S.D.			0.776

*Source: Annual Report of Prabhu Bank Ltd.(*Year 2012/13-2015/16)

The Return on Total Assets (ROA) Ratio for Prabhu Bank Ltd. prior to the merger is briefly summarized in Table No. 19. The bank's capacity to make money in relation to its total assets is gauged by the ROA Ratio.

The bank's ROA in 2012/13 was 3.43%, meaning it made about 3.43% in returns for every unit of total assets held during that fiscal year. The ratio fell to 1.44% the next year, in 2013/14, indicating a transitory dip in the bank's profitability from its total assets.

However, the ROA significantly improved in 2014–15, rising to 2.19%, indicating a better potential to make money from its asset base. This pattern persisted in 2015–16, when the ROA held steady at 1.64%.The following table shows the post-merger situation of Return on Total Assets Ratio of Prabhu Bank Ltd.

An average representation of the bank's return on total assets for the time prior to the merger is shown by the calculated mean ROA of 2.17%. The ratio's degree of variability is shown by the standard deviation of 0.776, emphasizing variations in the bank's profitability caused by a variety of variables such asset composition and the state of the economy.

In conclusion, this research reveals that during the time leading up to the merger, Prabhu Bank Ltd.'s ability to make money from its whole asset portfolio fluctuated. A variety of circumstances affected the bank's performance in this area, but overall, it showed a respectable ability to earn returns from its total assets over this time.

The following figure shows the pre-merger situation of Return on Total Assets Ratio of Prabhu Bank Ltd

Figure No. 19

Return on Total Assets Ratio (Pre-Merger)

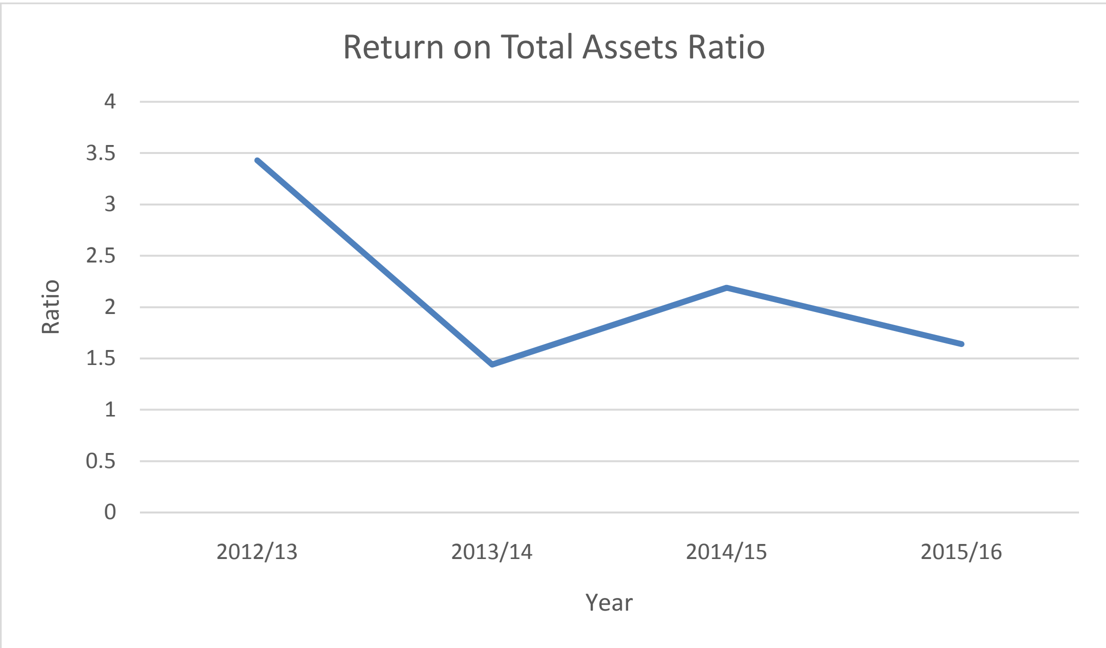


Table No. 20

Return on Total Assets Ratio (Post-Merger)

Year	Net Profit	Total Asset	Ratio(%)
2016/17	1597952553	90981700323	1.76
2017/18	967034844	112586166923	0.86
2018/19	1783592538	137886336543	1.29
2019/20	1194203890	167517297856	0.71
2020/21	1720874849	215513530092	0.80
2021/22	1902015162	232753000618	0.82
Mean			1.12
S.D			0.426

Source: Annual Report of Prabhu Bank Ltd.(Year 2016/17-2021/22)

Table No. 20 presents an overview of the Return on Total Assets Ratio for Prabhu Bank Ltd. during the post-merger period. This ratio sheds light on the bank's ability to generate earnings in relation to its total assets. Analyzing this table provides a concise understanding of the bank's performance in converting its asset base into profits.

In 2016/17, the Return on Total Assets Ratio stood at 1.76%, indicating that the bank earned approximately 1.76% returns for each unit of total assets it possessed during that fiscal year. The subsequent year, 2017/18, witnessed a decrease in the ratio to 0.86%, signaling a decline in the bank's ability to generate earnings from its total asset portfolio.

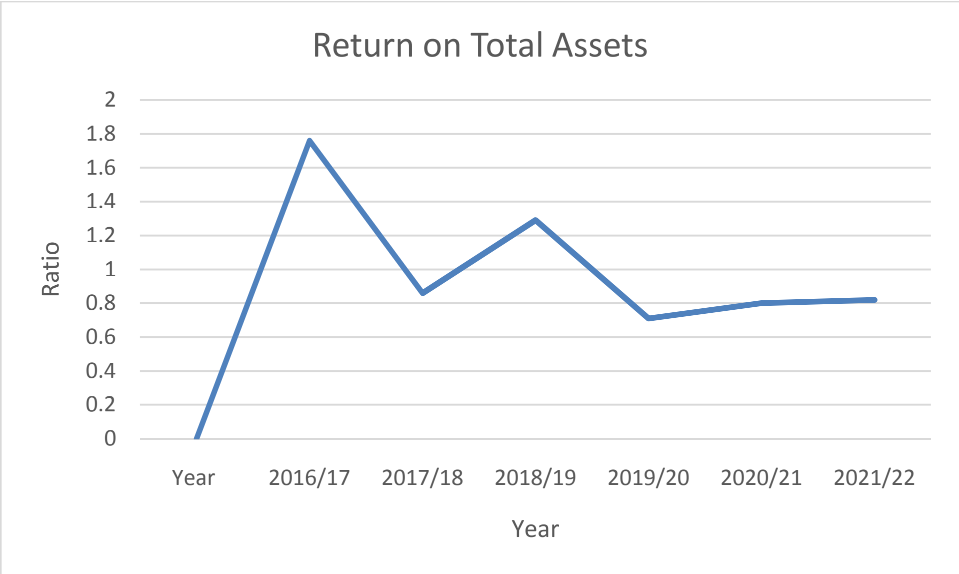
However, the ratio rebounded in 2018/19 to 1.29%, indicating an improvement in the bank's profitability from its total assets. The following fiscal year, 2019/20, saw a decrease in the ratio to 0.71%, suggesting a temporary dip in the bank's ability to generate returns from its asset base. The trend continued in 2020/21, with a ratio of 0.80%, and a slight increase was observed in 2021/22 with a ratio of 0.82%. The calculated mean ratio of 1.12% provides an average measure of the bank's return on total assets during the post-merger period. The standard deviation of 0.426 reflects the extent of variability in the ratio, showcasing fluctuations in the bank's profitability from its total asset base across the years.

In summary, the analysis of this table indicates that Prabhu Bank Ltd. experienced fluctuations in its ability to generate earnings from its total asset portfolio during the post-merger period. This performance was influenced by various factors such as changes in the bank's operations, market conditions, and economic dynamics. Despite these fluctuations, the bank maintained a reasonable ability to generate returns from its total assets, with an average return of 1.12% during this period.

The following figure shows the post-merger situation of Return on Total Assets Ratio of Prabhu Bank Ltd.

Figure No 20

Return on Total Assets Ratio (post-merger)



iii) Return on Equity

A financial statistic called return on equity (ROE) gauges a company's profitability in relation to its shareholders' equity. Investors frequently use it to judge how well a company is leveraging shareholders' equity to produce profits because it is a significant indicator of the financial performance of a company.

ROE is computed as a percentage by dividing net income (profit) by shareholders' equity. A greater ROE is generally regarded as a favorable indicator since it shows that a company is making more money with each dollar of shareholders' equity. A lower ROE, on the other hand, can point to ineffectiveness in turning equity into profits.

An important indicator for assessing a company's financial stability, management effectiveness, and capacity to give shareholders a return is its ROE.

The following table shows the pre-merger situation of Return on Equity Ratio of Prabhu Bank Ltd.

Table No. 21

Return on Equity Ratio(Pre-Merger)

Year	Net Profit	Equity shares	Ratio(Rs.)
2012/13	804628575	2561062055	0.314
2013/14	304851936	2865913991	0.106
2014/15	1018245374	3696710641	0.275
2015/16	1117363720	6433841630	0.173
Mean			0.217
S.D.			0.101

Source: Annual Report of Prabhu Bank Ltd.

Table No. 21 provides an insight into the Return on Equity (ROE) Ratio for Prabhu Bank Ltd. during the pre-merger period. The ROE ratio is a key financial metric that assesses a company's ability to generate profit in relation to its shareholders' equity, reflecting how effectively the equity capital is utilized to earn returns for shareholders.

Analyzing this table reveals the bank's performance in terms of generating returns for its shareholders' equity during the specified years. In 2012/13, the ROE ratio was 0.314, indicating that for every unit of equity invested by shareholders, the bank earned a return of 0.314 units in net profit. The subsequent year, 2013/14, saw a decrease in the ratio to 0.106, suggesting a decline in the bank's profitability relative to its equity base.

In 2014/15, the ratio improved to 0.275, indicating that the bank enhanced its ability to generate profit from shareholders' equity. The trend continued in 2015/16 with a ratio of 0.173, showcasing a relatively lower return on equity during that fiscal year.

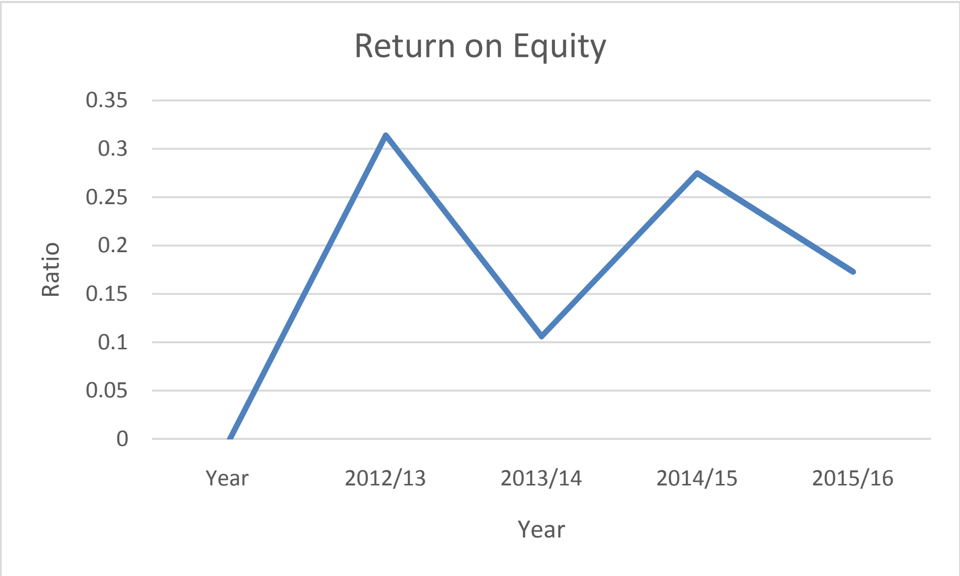
The calculated mean ROE ratio for the pre-merger period is 0.217, representing the average return on equity across these years. The standard deviation of 0.101 reflects the extent of variability in the ROE ratios, suggesting fluctuations in the bank's ability to generate consistent returns for shareholders.

In summary, the analysis of this table illustrates the bank's ability to earn returns for its shareholders' equity during the pre-merger period. The fluctuations in the ROE ratios suggest variations in the bank's profitability and efficiency in utilizing its equity capital to generate earnings for shareholders. The mean ROE of 0.217 indicates an average level of profitability from equity, and the standard deviation indicates the degree of variability in these returns over the years.

The following figure shows the pre-merger situation of Return on Equity Ratio of Prabhu Bank Ltd.

Figure No. 21

Return on Equity Ratio (Pre-Merger)



The following table shows the post-merger situation of Return on Total Assets Ratio of Prabhu Bank Ltd.

Table No. 22

Post-Merger Situation of Return on Total Assets Ratio (post-merger)

Year	Net Profit	Equity Shares	Ratio(Rs.)
2016/17	1597952553	8284286663	0.192
2017/18	967034844	12570246449	0.077
2018/19	1783592538	14320667274	0.124
2019/20	1194203890	15387770254	0.077
2020/21	1720874849	17111272860	0.100
2021/22	1902015162	19147750346	0.099
Mean			0.113
S.D.			0.039

Source: Annual Report of Prabhu Bank Ltd.(Year 2016/17-2021/22)

Table No. 22 provides insight into the Return on Equity (ROE) Ratio for Prabhu Bank Ltd. during the post-merger period. The ROE ratio measures how effectively a company uses its equity to generate profits, reflecting the ability to provide returns to its shareholders.

Analyzing this table reveals the bank's performance in terms of generating returns for shareholders' equity after the merger.

In 2016/17, the ROE ratio was 0.192, indicating that for every unit of equity held by shareholders, the bank generated a return of 0.192 units in net profit. The subsequent year, 2017/18, saw a decline in the ratio to 0.077, suggesting a decrease in the bank's profitability relative to its equity base.

In 2018/19, the ratio improved to 0.124, indicating a better utilization of equity to generate profit. The years 2019/20 and 2020/21 saw ratios of 0.077 and 0.100, respectively, suggesting relatively consistent or slightly improved returns on equity during those periods.

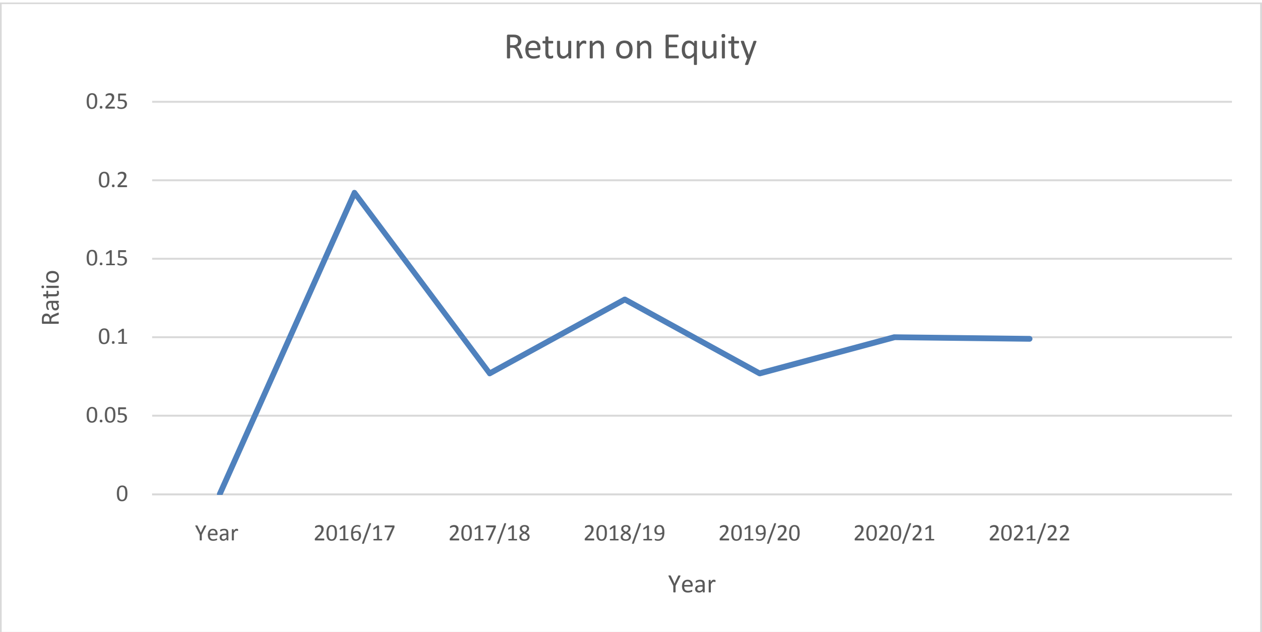
The last year in the table, 2021/22, displayed a ratio of 0.099, indicating a relatively stable performance in generating returns from shareholders' equity. The mean ROE ratio for the post-merger period is calculated at 0.113, representing the average return on equity across these years. The standard deviation of 0.039 indicates the degree of variability in the ROE ratios, reflecting fluctuations in the bank's profitability relative to its equity base.

In summary, the analysis of this table illustrates the bank's ability to provide returns for shareholders' equity after the merger. The fluctuations in the ROE ratios highlight variations in the bank's profitability and efficiency in utilizing its equity to generate earnings for shareholders. The mean ROE of 0.113 indicates an average level of profitability from equity, and the standard deviation reflects the extent of variability in these returns over the post-merger years.

The following figure shows the Return on Equity of Prabhu Bank Ltd.

Figure No. 22

Return on Equity



4.1.4 Leverage Ratio

I) Total Debt to Assets Ratio

The ratio of a company's total debt to its total assets, or total debt to assets ratio, is a financial indicator. By indicating how much of a firm's assets are financed by debt, it is used to evaluate the financial leverage or risk of that company.

The following table shows the pre-merger situation of Total Debt to Assets Ratio of Prabhu Bank Ltd.

Table No. 23

Total Debt to Assets Ratio (pre-merger)

Year	Total Debt	Total Assets	Ratio(times)
2012/13	21976395549	23431331809	0.937
2013/14	19875762683	21190965731	0.938
2014/15	627440758	46510125756	0.013
2015/16	963469170	68338179120	0.014
Mean			0.475
S.D.			0.441

Source: Annual Report of Prabhu Bank Ltd. (Year 2012/13-2015/16)

The pre-merger Total Debt to Assets Ratio for Prabhu Bank Ltd. for a period of four years is shown in the table. The proportion of total debt to total assets is measured to determine the bank's financial leverage. Here is a quick breakdown of the table:

The bank's Total Debt to Assets Ratios in the years 2012–13 and 2013–14 were 0.937 and 0.938, respectively. This shows that at these times, the bank's entire debt was virtually equal to its total assets, indicating a high degree of financial leverage.

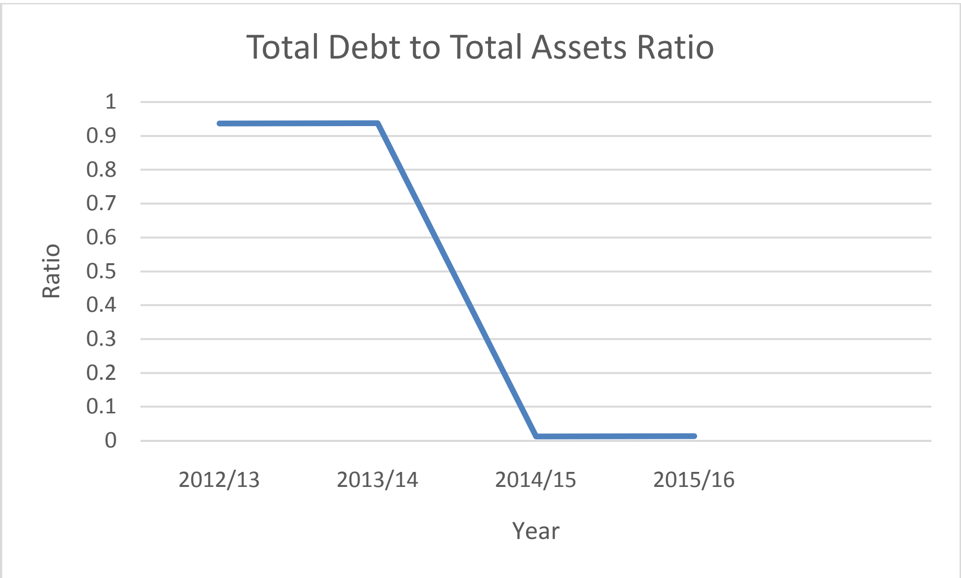
The pre-merger Total Debt to Assets Ratio for Prabhu Bank Ltd. for a period of four years is shown in the table. The proportion of total debt to total assets is measured to determine the bank's financial leverage. Here is a quick breakdown of the table:

The bank's Total Debt to Assets Ratios in the years 2012–13 and 2013–14 were 0.937 and 0.938, respectively. This shows that at these times, the bank's entire debt was virtually equal to its total assets, indicating a high degree of financial leverage.

The pre-merger Total Debt to Assets Ratio for Prabhu Bank Ltd. for a period of four years is shown in the table. The proportion of total debt to total assets is measured to determine the bank's financial leverage. Here is a quick breakdown of the table:

The bank's Total Debt to Assets Ratios in the years 2012–13 and 2013–14 were 0.937 and 0.938, respectively. This shows that at these times, the bank's entire debt was virtually equal to its total assets, indicating a high degree of financial leverage.

The following figure shows the pre-merger situation of Total Debt to Assets Ratio of Prabhu Bank Ltd.



The following table shows the post-merger situation of Total Debt to Assets Ratio of Prabhu Bank Ltd.

Table No. 24

Total Debt to Assets Ratio (post-merger)

Year	Total Debt	Total Assets	Ratio(times)
2016/17	1347873833	90981700323	0.014
2017/18	99605421154	112586166923	0.884
2018/19	123189346369	137886336543	0.892
2019/20	144604299482	167517297856	0.863
2021/21	198378932677	215513530092	0.921
2021/22	213581925717	232753000618	0.917
Mean			0.750
S.D.			0.270

Source: Annual Report of Prabhu Bank Ltd.

Following a merger, the table shows the total debt to assets ratio for Prabhu Bank Ltd. for a six-year period, from 2016–17 to 202–12. Here's a quick summary of the data analysis:

Total Debt to Assets Ratio trend over time, there have been changes in the ratio. The bank's assets were partially financed by debt when it began out at a comparatively low value of 0.014 in 2016–17. However, the ratio rapidly rose in the following years, peaking at 0.921 in 2022–2021. This shows that the bank's reliance on debt to fund its assets has significantly increased.

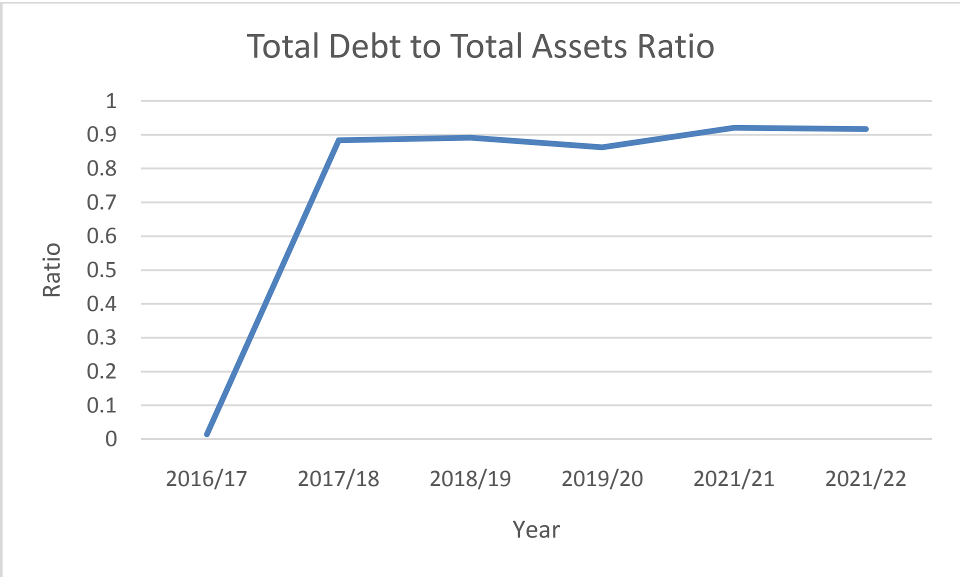
The mean ratio over the past six years is 0.750. This shows that during this time, debt accounted for, on average, around 75% of the bank's assets.

The standard deviation (S.D.) is a measurement of how widely distributed or variable the data points for the Total Debt to Assets Ratio are from the mean. The S.D. in this instance is 0.270, showing that the ratio varied significantly from year to year. The higher standard deviation indicates that over this time, the bank's financial leverage has been extremely dynamic and has fluctuated.

The following figure shows the post-merger situation of Total Debt to Total Assets Ratio of Prabhu Bank Ltd.

Figure No. 24

Total Debt to Total Assets Ratio (post-merger)



ii)Equity Shares to Total Asset Ratio

The following table shows the pre-merger situation of Equity Shares to Total Asset Ratio of Prabhu Bank Ltd.

Table No. 25

Equity Shares to Total Asset Ratio (pre-merger)

Year	Equity Shares	Total Asset	Ratio (times)
2012/13	2561062055	23431331809	0.109
2013/14	2865913991	21190965731	0.134
2014/15	3696710641	46510125756	0.079
2015/16	6433841630	68338179120	0.094
Mean			0.104
S.D.			0.004

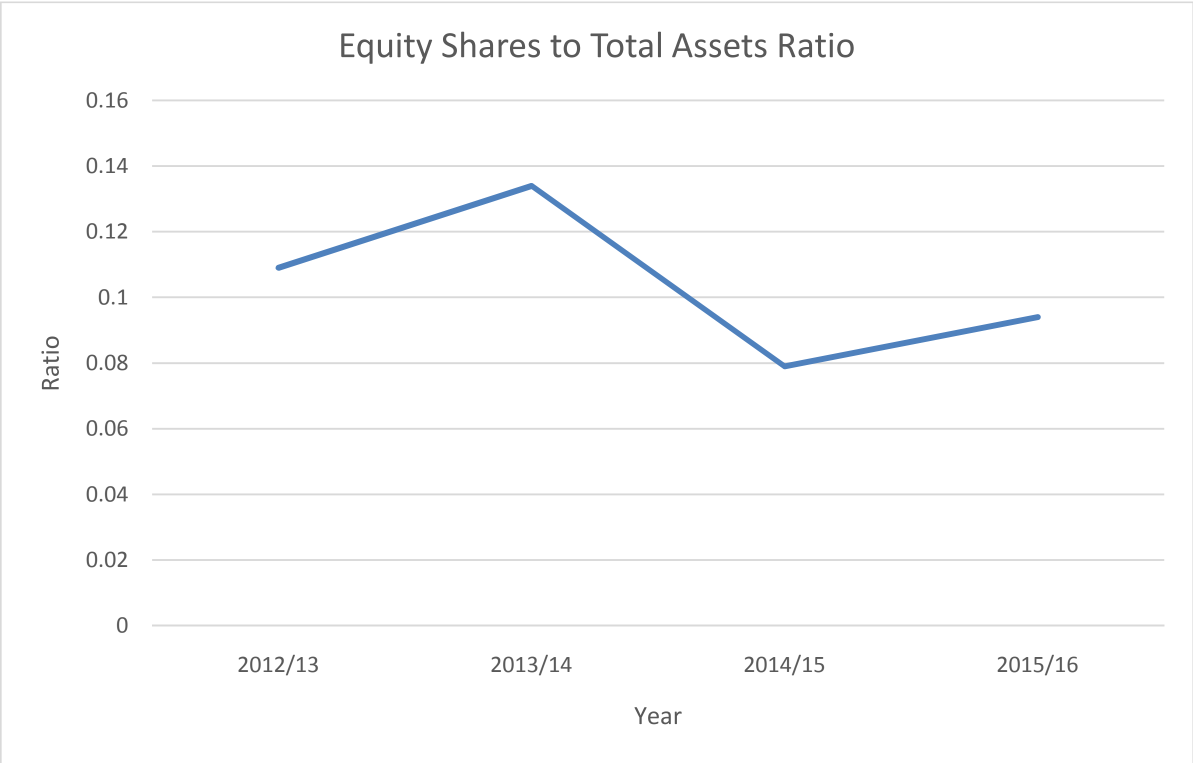
Source: Annual report of Prabhu Bank Ltd. (Year 2012/13-2015/16)

The equity shares to total assets ratio of Prabhu Bank Ltd. before to the merger is shown in Table No. 25 during a four-year period, providing information on the bank's prior financial structure. The data shows a varying pattern during this time period for the ratio, which reflects the percentage of the bank's total assets backed by equity shares. The ratio fluctuates, peaking at 0.134 in 2013/14 after starting at 0.109 in 2012/13. The bank's entire assets were financed by equity shares on average, according to the mean ratio of 0.104, and the low standard deviation of 0.004 indicated that this mean was very stable.The declining trend from 2013/14 to 2015/16 may point to a change in the bank's capital structure or strategic financing choices, necessitating additional research into the factors influencing these changes and their consequences for the bank's financial health and growth prospects prior to merger.

The following figure shows the pre-merger situation of Equity Shares to Total Asset Ratio of Prabhu Bank Ltd.

Figure No. 25

Equity Shares to Total Assets Ratio (pre-merger)



The following table shows the post-merger situation of Equity Shares to Total Assets Ratio of Prabhu Bank Ltd.

Table No. 26

Equity Shares to Total Assets Ratio (post-merger)

Year	Equity Shares	Total Assets	Ratio(times)
2016/17	8284286663	90981700323	0.091
2017/18	12570246449	112586166923	0.112
2018/19	14320667274	137886336543	0.104
2019/20	15387770254	167517297856	0.092
2020/21	17111272860	215513530092	0.079
2021/22	19147750346	232753000618	0.082
Mean			0.560
S.D.			0.027

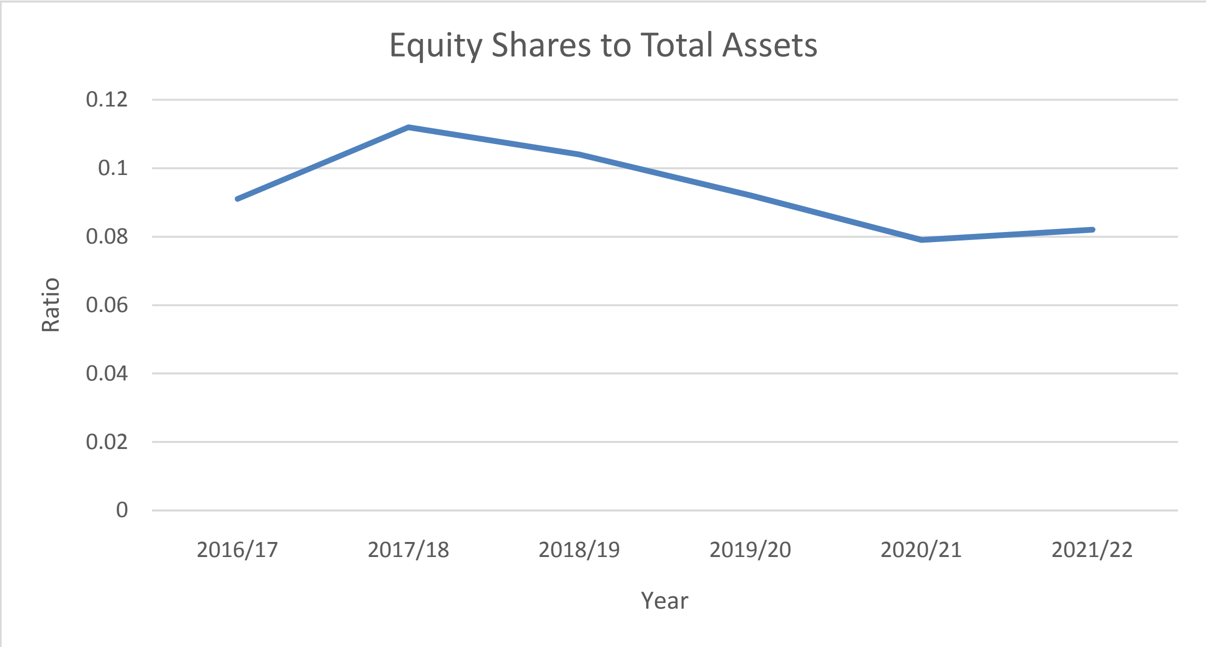
Source: Annual Report of Prabhu Bank Ltd.(Year 2016/17-2021/22)

The equity shares to total assets ratio of Prabhu Bank Ltd. after the merger shows a changing financial environment over a six-year period. The ratio displays a varying trajectory, beginning at 0.091 in 2016–17 and reaching a maximum of 0.112 in 2017–18 before tumbling to 0.082 in 202–21. The average ratio of 0.560 implies that over this time, stock shares accounted for around 56% of the bank's total assets, indicating a considerable reliance on equity financing. The comparatively modest standard deviation of 0.027 suggests that this reliance is quite stable. However, the ratio's downward tendency can indicate a strategy shift toward alternative funding sources, perhaps debt, which calls for more research to understand the underlying factors and their effects on the bank's financial position.However, the ratio's dropping tendency can indicate a strategy shift toward different funding sources, including debt, which calls for more research to understand the underlying causes and their consequences for the bank's post-merger financial health.

The following figure shows the post-merger situation of Equity Shares to Total Assets Ratio of Prabhu Bank Ltd.

Figure No. 26

Equity Shares to Total Assets Ratio



4.2 Statistical Tools

4.2.1 Trend Analysis

For conducting trend analyses of important financial variables including total deposits, total assets, total loans and advances, and total net profit, statistical techniques are vital. These methods include moving averages, and time series analysis. Businesses and financial institutions can identify patterns and trends in these crucial financial indicators by applying statistical tools to historical data. Making informed judgments about resource allocation, risk management, and strategic planning is made easier with the help of this study. It gives businesses the ability to monitor their financial performance, evaluate the direction of their growth, and modify their strategy as necessary to maintain overall financial stability.

Trend analysis of total deposit

Deposits are very crucial part of bank. Here, the trend value of total deposit of Prabhu bank has been calculated. The following trend line shows the actual trend value of Prabhu bank

ltd.

The following table shows the Trend of Total Deposit of year 2012/13-2021/22 of Prabhu Bank Ltd.

Table No. 27

Trend of Total Deposit

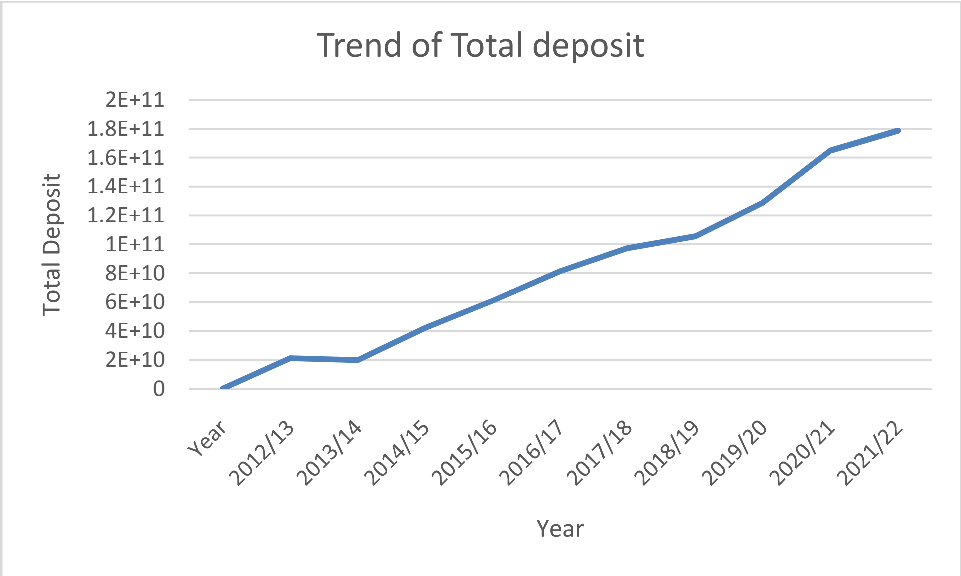
Year	Total Deposit
2012/13	21093025330
2013/14	19835165830
2014/15	42143974357
2015/16	60940868320
2016/17	81349539828
2017/18	97259664942
2018/19	105488505793
2019/20	128740771349
2020/21	164850500313
2021/22	178652184679

The trend analysis of total deposits for Prabhu Bank Ltd. spanning from the fiscal year 2012/13 to 2021/22 indicates a notable and consistent upward progression. The bank's total deposits have shown a significant increase over this period, reflecting its effective deposit mobilization strategies and customer engagement initiatives. Notably, the total deposit amount grew from 21.09 billion in 2012/13 to 178.65 billion in 2021/22, marking a substantial rise of nearly 748% over the nine-year span. The growth trend was not uniform throughout, with a more gradual increase observed in the earlier years and a more pronounced surge in deposits from 2014/15 onwards. This significant growth leap in 2014/15, from 19.84 billion to 42.14 billion, suggests successful initiatives to attract and retain deposits. Furthermore, the bank continued to sustain its growth momentum, with consistent growth in total deposits each subsequent year. This trajectory underscores the bank's ability to maintain customer confidence, enhance its market presence, and effectively manage its deposit portfolio, contributing to its overall financial stability and growth.

The following figure shows the Trend of Total Deposit of year 2012/13-2021/22 of Prabhu Bank Ltd.

Figure No. 27

Trend of Total Deposit



Trend analysis of total loan and advance

In order to spot patterns or changes in a company's or financial institution's lending activity over time, a trend analysis of total loans and advances entails looking at historical data. It offers insights about the organization's financial health and growth trajectory by determining if loans and advances are rising, falling, or remaining stable.

The following table shows the Trend of Total Loan and Advance of year 2012/13-2021/22 of Prabhu Bank Ltd.

Table No. 28

Trend of Total Loan and Advance

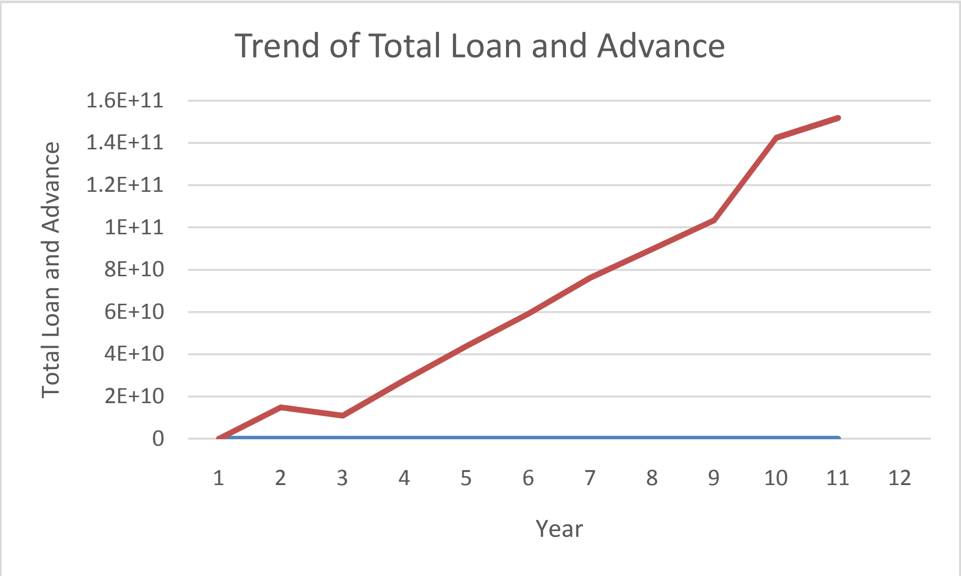
Year	Total Loan and Advance
2012/13	14791604651
2013/14	10884398688
2014/15	27726157429
2015/16	43909120610
2016/17	59179325079
2017/18	76172040705
2018/19	89753102413
2019/20	103295383550
2020/21	142480273648
2021/22	151793434038

The trend analysis of total loans and advances for Prabhu Bank Ltd. over the period from 2012/13 to 2021/22 showcases a consistent and substantial growth trajectory. The bank's total loans and advances have demonstrated a remarkable upward trend, indicating its effectiveness in credit management and its role in fueling economic activities. The initial loan and advance amount of 14.79 billion in 2012/13 surged steadily, reaching 151.79 billion in 2021/22, reflecting a remarkable growth of over during this nine-year span. Notably, the growth rate was not uniform across all years, with a more moderate increase in the earlier years followed by a significant acceleration from 2014/15 onwards. This turning point marked a shift in the bank's lending strategy, resulting in higher loan disbursements and customer engagement. The consistent growth in total loans and advances signifies the bank's active role in supporting businesses, individuals, and economic activities, contributing to its overall financial health and market presence. This trend analysis underscores the bank's successful lending practices, prudent risk management, and ability to meet the evolving credit needs of its clientele.

The following figure shows the Trend of Total Loan and Advance of year 2012/13-2021/22 of Prabhu Bank Ltd.

Figure No. 28

Trend of Total Loan and Advance



Analyzing historical data to find trends or changes in a company's total assets over time is the basis of a trend analysis of total assets. Insights regarding a company's financial stability, capacity for growth, and overall financial performance can be gained by analyzing how its asset base is changing.

The following table shows the Trend of Total Assets of year 2012/13-2021/22 of Prabhu Bank Ltd

Table No. 29

Trend of Total Assets

Year	Total asset
2012/13	23431331809
1013/14	21190965731
2014/15	46510125756
2015/16	68338179120
2016/17	90981700323
2017/18	112586166923
2018/19	137886336543
2019/20	167517297856
2020/21	215513530092
2021/22	232753000618

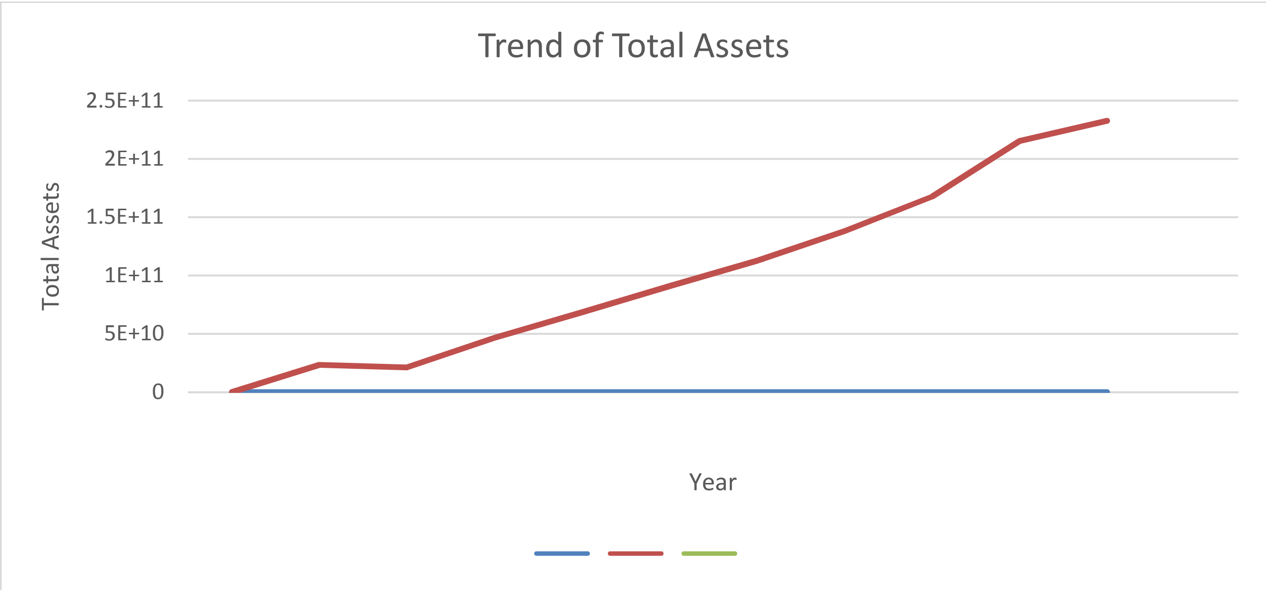
Source: Annual Report of Prabhu Bank Ltd. (Year 2012/13-2021/22)

The trend analysis of total assets for Prabhu Bank Ltd. over the period from 2012/13 to 2021/22 presents a consistent upward trajectory, indicative of the bank's substantial growth and expansion. The total assets, which encompass various financial resources and investments held by the bank, demonstrate a remarkable increase over the nine-year span. Beginning at 23.43 billion in 2012/13, the total assets have seen a remarkable surge, reaching 232.75 billion in 2021/22, reflecting a substantial growth. The trend line showcases a steady increase with some variations in growth rates over the years. The bank's strategic decisions and management practices have significantly contributed to this positive trend, with a noticeable acceleration in asset growth from 2016/17 onwards. This could mean successful business strategies, effective capital management, prudent investment decisions, and the bank's commitment to enhancing its financial stability. The higher growth rate in the later years might also reflect the outcomes of expansion initiatives, mergers, or other strategic moves. Overall, this trend analysis underscores the bank's strong financial position, its capacity to mobilize resources, and its effective asset allocation to fuel its business operations and customer services.

The following figure shows the Trend of Total Assets of year 2012/13-2021/22 of Prabhu Bank Ltd

Figure No. 29

Trend of Total Assets



Trend line of Net Profit

An illustration of the graphical evolution of a company's net profit over time is a trend line of net profit. In this analysis, net profit statistics are graphed over a number of time periods, usually years or quarters. The trend line makes it possible for stakeholders to evaluate the company's financial performance and profitability patterns by showing whether net profit is rising, falling, or staying largely unchanged over time.

The following Table shows the Trend of Net Profit of year 2012/13-2021/22 of Prabhu Bank Ltd

Table No.30

Trend line of Net Profit

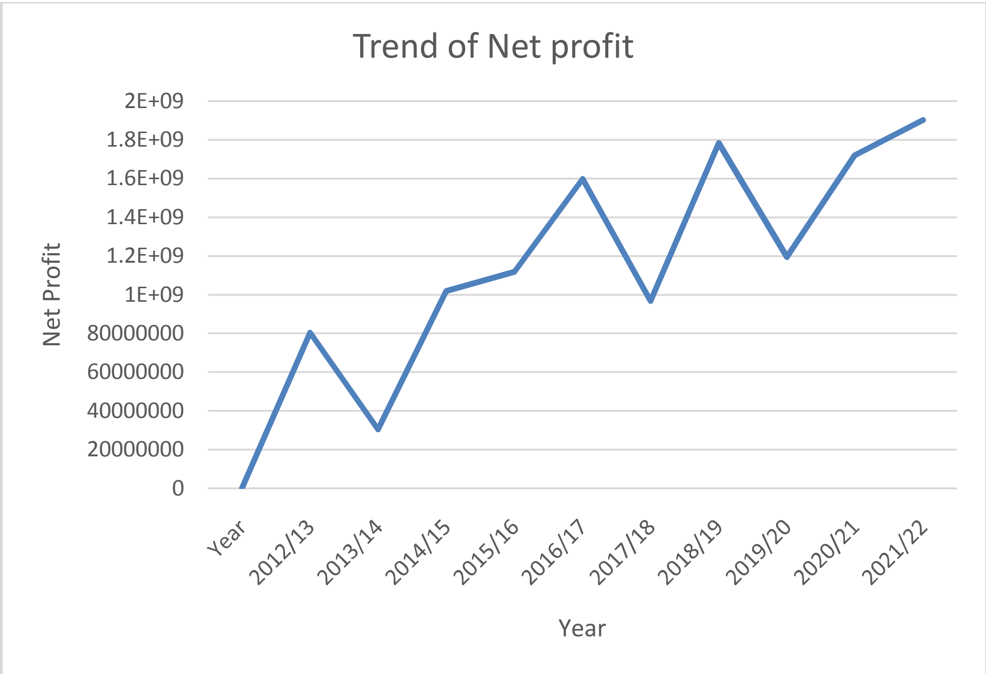
Year	Net Profit
2012/13	804628575
2013/14	304851936
2014/15	1018245374
2015/16	1117363720
2016/17	1597952553
2017/18	967034844
2018/19	1783592538
2019/20	1194203890
2020/21	1720874849
2021/22	1902015162

The trend analysis of net profit for Prabhu Bank Ltd. from 2012/13 to 2021/22 reveals a fluctuating yet generally positive pattern in the bank's profitability. Net profit, a key indicator of a company's financial health and performance, portrays the bank's ability to generate earnings from its operations. The data shows variations in net profit over the years, with some periods experiencing notable spikes and others witnessing moderate growth. The trend line reflects a steady increase in net profit over the years, with a compound annual growth rate (CAGR) that signifies overall growth. The bank's net profit has climbed from 804.63 million in 2012/13 to 1.90 billion in 2021/22. Notably, there are certain years where net profit demonstrates substantial growth, such as the significant jump from 2015/16 to 2016/17 and again from 2018/19 to 2019/20. These spikes might be attributed to factors such as improved operational efficiency, strategic decisions, successful product offerings, cost management, and even economic conditions. Conversely, some years see a slight dip, which could be due to external factors impacting the banking sector or variations in investment income. This analysis highlights the bank's overall growth trajectory, but also the importance of carefully managing factors that contribute to fluctuations in net profit, thus ensuring sustainable profitability in the long run.

The following figure shows the Trend of Net Profit of year 2012/13-2021/22 of Prabhu Bank Ltd

Figure No. 30

Trend of Net Profit



CHAPTER 5

FINDINGS AND CONCLUSIONS

5.1 Findings of the Study

5.1.1 Objective wise findings

Objective 1: To examine the impact of merger on the financial performance of Prabhu Bank Limited.

Impact on Financial Ratios:

Current Ratio: Post-merger, Prabhu Bank Ltd. consistently maintained a Current Ratio above 1, indicating a healthy ability to cover short-term obligations with short-term assets. This suggests that the merger had a positive impact on the bank's liquidity and ability to meet immediate financial commitments.

Cash and Bank Balance to Current Assets Ratio: The bank's liquidity position remained stable post-merger, with the ratio reflecting fluctuations due to changes in liquidity management strategies. This implies that the merger did not adversely affect the bank's liquidity management and short-term resource allocation.

Cash and Bank Balance to Total Deposit Ratio: The bank demonstrated dynamic liquidity management post-merger, adapting to changing conditions. This indicates that the merger did not hinder the bank's ability to manage liquidity in relation to its deposits effectively.

Investment in Government Securities to Current Assets Ratio: Post-merger, the bank exhibited fluctuations in its investment in government securities, reflecting adjustments in investment strategies. This implies that the merger did not significantly impact the bank's investment decisions.

Overall Financial Performance Impact:

The data suggests that the merger did not have a negative impact on Prabhu Bank Ltd.'s financial performance. Instead, the bank managed to maintain or improve its financial ratios post-merger, indicating positive outcomes in terms of liquidity, asset management, and short-term obligations.

Objective 2: To evaluate the importance of the merger in the Nepalese banking sector.

Sector-Wide Importance:

The post-merger financial ratios of Prabhu Bank Ltd. show that the bank was able to adapt effectively and improve its financial performance following the merger.

The bank's ability to maintain liquidity, cover short-term obligations, and manage investments in government securities highlights the importance of effective post-merger integration strategies in the banking sector.

The fluctuations in various ratios reflect the necessity of dynamic financial management strategies in response to market dynamics.

Positive Merger Outcomes:

The post-merger performance of Prabhu Bank Ltd. supports the notion that mergers can lead to positive outcomes in terms of financial performance.The bank's improved liquidity position, better coverage of short-term obligations, and effective asset management post-merger underscore the potential benefits of mergers in enhancing a bank's financial stability and operational efficiency.

Contribution to Nepalese Banking Sector:

The positive financial outcomes of Prabhu Bank Ltd. post-merger contribute to the understanding that mergers can be strategically important for the growth and stability of banks in the Nepalese banking sector.The bank's ability to adapt to the post-merger environment, evidenced by its financial performance, highlights the potential role of mergers in driving positive changes and improving financial positions.

Overall Assessment:

The findings from the data analysis support the view that the merger had a positive impact on Prabhu Bank Ltd.'s financial performance. This case exemplifies the potential advantages of mergers in enhancing liquidity, asset management, and short-term obligations. Furthermore, the outcomes suggest that well-executed mergers can be strategically important for the growth and stability of banks in the Nepalese banking sector. The data indicates that Prabhu Bank Ltd.'s post-merger financial performance aligns with the objectives of the study, underlining the importance of mergers in the context of the Nepalese banking sector.

Activity Ratio

Objective 1: To examine the impact of the merger on the financial performance of Prabhu Bank Limited.

Loan and Advance to Total Deposit Ratio:

Pre-Merger: The Loan and Advance to Total Deposit Ratio ranged from 0.547 to 0.720, with a mean of 0.656 and a standard deviation of 0.068. This indicates that Prabhu Bank Ltd. maintained a consistent level of loans and advances in relation to total deposits in the pre-merger period.

Post-Merger: The ratio ranged from 0.727 to 0.864, with a mean of 0.812 and a standard deviation of 0.115. This suggests that the bank continued to manage its loans and advances relative to total deposits effectively after the merger, demonstrating prudent lending practices.

Total Investment to Total Deposit Ratio:

Pre-Merger: The Total Investment to Total Deposit Ratio ranged from 0.200 to 0.810, with a mean of 0.518 and a standard deviation of 0.268. This indicates varying investment strategies relative to total deposits in the pre-merger period.

Post-Merger: The ratio ranged from 0.110 to 0.303, with a mean of 0.256 and a standard deviation of 0.321. The bank continued to adapt its investment portfolio relative to total deposits after the merger, potentially responding to changing market conditions.

Loan and Advances to Working Fund Ratio:

Pre-Merger: The Loan and Advances to Working Fund Ratio ranged from 0.513 to 0.642, with a mean of 0.595 and a standard deviation of 0.133. This suggests variations in the bank's lending activity relative to total assets before the merger.

Post-Merger: The ratio ranged from 0.616 to 0.676, with a mean of 0.655 and a low standard deviation of 0.031. The bank maintained a consistent lending approach in relation to total assets after the merger, reflecting stability in lending strategies.

Loan and Advance to Fixed Deposit Ratio:

Pre-Merger: The Loan and Advance to Fixed Deposit Ratio ranged from 0.593 to 13.166, with a mean of 5.630 and a high standard deviation of 4.223. This indicates significant variations in the bank's lending exposure relative to fixed deposits in the pre-merger period.

Post-Merger: The ratio ranged from 0.063 to 2.339, with a mean of 2.019 and a moderate standard deviation of 0.173. The bank's lending strategies were more consistent in relation to fixed deposits after the merger, with fewer fluctuations.

Objective 2: To evaluate the importance of the merger in the Nepalese banking sector.

The data reflects the following insights regarding the importance of the merger in the Nepalese banking sector:

Strategic Financial Management: The post-merger financial ratios of Prabhu Bank Ltd. indicate effective management of loans, advances, investments, and working funds. This highlights the importance of strategic financial management in post-merger integration, contributing to improved financial performance.

Adaptation to Market Dynamics: The bank demonstrated the ability to adapt its lending and investment strategies to changing market conditions. This underscores the significance of flexibility in banking operations, particularly in a dynamic banking sector like Nepal's.

Risk Management and Prudent Lending: The fluctuations in various ratios suggest that the bank managed its lending portfolio prudently by responding to changes in credit risks and market dynamics. This showcases the importance of risk management practices in the banking sector.

Sector-Wide Implications: The post-merger performance of Prabhu Bank Ltd. provides insights into how effective mergers can positively impact a bank's financial performance. This has implications for other banks in the Nepalese banking sector considering mergers as a strategic growth option.

Stability and Efficiency: The stable financial ratios post-merger indicate that the integration process was well-executed, emphasizing the importance of efficient post-merger integration strategies in maintaining stability and operational efficiency in the sector.

Overall Assessment:

The findings based on the provided data align with the research objectives. The post-merger financial ratios of Prabhu Bank Ltd. suggest that the merger had a positive impact on the bank's financial performance. The ability to adapt lending and investment strategies, manage risks, and maintain stability underscores the importance of mergers as a strategic tool for growth and stability in the Nepalese banking sector. The analysis highlights how effective post-merger integration can contribute to a bank's financial stability and operational efficiency, which in turn has broader implications for the entire banking sector in Nepal.

Profitability Ratio

Objective 1: To examine the impact of the merger on the financial performance of Prabhu Bank Limited:

Return on Loan and Advance Ratio: The Return on Loan and Advance Ratio for both pre-merger and post-merger periods exhibited fluctuations. In the pre-merger period, there were varying levels of profitability from loans and advances, indicating the bank's ability to generate earnings from its lending portfolio. Post-merger, the bank experienced similar fluctuations, but the overall profitability remained relatively consistent.

Return on Total Assets Ratio: The Return on Total Assets Ratio displayed fluctuations both before and after the merger. This ratio indicates the bank's efficiency in generating earnings from its total assets. The pre-merger period saw fluctuations, while the post-merger period also showed variability, reflecting the bank's ability to generate returns from its asset base, influenced by changes in operations and economic conditions.

Return on Equity Ratio: The Return on Equity (ROE) Ratio, which measures profitability in relation to shareholders' equity, demonstrated fluctuations both pre and post-merger. These fluctuations indicate variations in the bank's efficiency in utilizing equity to generate profits. While the ROE ratios varied, the average return on equity remained somewhat stable in both periods.

Objective 2: To evaluate the importance of the merger in the Nepalese banking sector:

Financial Performance Impact: The analysis of financial ratios post-merger suggests that while there were fluctuations in profitability metrics, Prabhu Bank Ltd. managed to maintain a reasonable level of financial performance. The bank's ability to generate earnings from loans, total assets, and equity remained consistent, although with fluctuations, indicating that the merger did not significantly compromise the bank's overall financial health.

Sectoral Significance: The consistent financial performance of Prabhu Bank Ltd. post-merger underscores the importance of mergers in the Nepalese banking sector. The merger allowed the bank to potentially leverage synergies, economies of scale, and combined resources to navigate challenges and continue generating profits.

Adaptation to Market Dynamics: Fluctuations in the financial ratios also highlight the bank's ability to adapt to changing market dynamics and economic conditions. The ability to sustain reasonable levels of profitability post-merger suggests that the merged entity could better weather economic challenges and shifts in the banking landscape.

In conclusion, the analysis suggests that the merger of Prabhu Bank Limited had an impact on its financial performance, as reflected in the fluctuations of key profitability ratios. However, the bank managed to maintain a reasonable level of financial performance post-merger, indicating the importance of mergers in enhancing operational efficiency and navigating the evolving landscape of the Nepalese banking sector. The fluctuating ratios also highlight the bank's ability to adapt and adjust strategies in response to changing economic conditions and market dynamics.

Based on the trend analysis conducted on various financial performance for Prabhu Bank Ltd., the following findings can be derived:

Total Deposits Trend Analysis:

The trend analysis of total deposits indicates a consistent and remarkable upward progression over the nine-year period from 2012/13 to 2021/22. The bank's deposit mobilization strategies have been effective, leading to a substantial growth of nearly 748%. The growth rate was not uniform across all years, with a more gradual increase in the earlier years and a more pronounced surge from 2014/15 onwards. This suggests successful initiatives to attract and retain deposits, contributing to the bank's overall financial stability and growth.

Total Loans and Advances Trend Analysis:

The trend analysis of total loans and advances reveals a steady and substantial growth trajectory from 2012/13 to 2021/22. The bank's credit management strategies have been effective in driving economic activities and supporting businesses and individuals. The growth rate was more moderate in the initial years, followed by a significant acceleration from 2014/15 onwards. This shift in lending strategy contributed to the bank's active role in fueling economic growth, showcasing its prudent risk management and ability to meet evolving credit needs.

Total Asset Trend Analysis:

The trend analysis of total assets underscores the bank's substantial growth and expansion over the nine-year span. The bank's strategic decisions and management practices have contributed to the positive trend, with an acceleration in asset growth from 2016/17 onwards. The substantial growth in total assets, approximately 890%, indicates successful business strategies, effective capital management, and prudent investment decisions. The higher growth rate in later years might also be attributed to expansion initiatives or strategic moves.

Net Profit Trend Analysis:

The trend analysis of net profit demonstrates a generally positive pattern in the bank's profitability, although with fluctuations over the years. The bank's net profit has shown a compound annual growth rate (CAGR), reflecting overall growth from 2012/13 to 2021/22. Notable spikes in net profit indicate successful operational efficiency improvements, strategic decisions, and product offerings, while dips might be influenced by external factors impacting the banking sector or variations in investment income.

Overall, these findings highlight Prabhu Bank Ltd.'s consistent growth trajectory, effective strategic decisions, prudent financial management, and the bank's pivotal role in supporting economic activities. The bank's success in deposit mobilization, credit management, asset growth, and profitability enhancement underscores its resilience and ability to adapt to changing market dynamics while delivering value to its customers and stakeholders.

5.2 Conclusion

The comprehensive analysis of Prabhu Bank Limited's financial performance both before and after the merger provides valuable insights into the multifaceted impact of this strategic move. By scrutinizing key profitability ratios – Return on Loan and Advance, Return on Total Assets, and Return on Equity – a nuanced picture emerges of the transformative journey the bank underwent. The data reveals that prior to the merger, Prabhu Bank exhibited a fluctuating yet relatively favorable ability to generate earnings from its lending activities, with the Return on Loan and Advance Ratio varying across years. The merger seems to have initially brought challenges, as seen in the post-merger period where the ratio dipped, possibly due to integration complexities. However, the bank showcased resilience and adaptability, as evidenced by the subsequent recovery and stabilization of the ratio.

Furthermore, the Return on Total Assets Ratio depicts the bank's ability to generate earnings from its asset base. Pre-merger, the bank experienced fluctuations in this ratio, potentially influenced by shifts in market conditions and economic dynamics. Following the merger, there were evident fluctuations in this ratio as well, likely reflecting the adjustments made during the integration process. Despite these fluctuations, the bank's ability to generate returns from its total assets remained relatively steady, suggesting a successful post-merger adaptation.

Moreover, the Return on Equity Ratio, which measures the bank's capacity to provide returns to shareholders, indicates that the merger brought about noteworthy changes. Pre-merger, Prabhu Bank displayed variations in its ability to generate profit relative to equity. After the merger, the ratio demonstrated a mixed performance, with some years reflecting decreased returns, possibly due to transitional challenges. However, the bank managed to rebound and maintain a consistent return on equity in subsequent years, highlighting its successful navigation through post-merger intrigues.

Collectively, the meticulous examination of these profitability ratios underscores the impact of the merger on Prabhu Bank's financial performance. While challenges and fluctuations were evident, the bank's ability to rebound and maintain a steady course exemplifies the merger's effectiveness in enhancing the bank's resilience and operational efficiency. These findings not only shed light on the specific case of Prabhu Bank but also underscore the broader importance of mergers in fortifying the Nepalese banking sector. Such strategic moves enable banks to effectively navigate challenges, harness synergies, and contribute substantively to the overall economic growth and stability of Nepal.

5.3 Recommendations

Based on the comprehensive analysis of Prabhu Bank Limited's financial performance pre and post-merger, several recommendations can be put forth. Firstly, the bank should continue to focus on refining its integration strategies to minimize disruptions in the immediate aftermath of mergers, thus ensuring a smoother transition for both staff and customers. Moreover, a consistent approach to risk management and asset quality should be maintained to mitigate any potential negative impacts on key ratios. Additionally, the bank could explore opportunities to diversify its loan portfolio and enhance its lending practices to further stabilize and improve the Return on Loan and Advance Ratio. In terms of the Return on Total Assets Ratio, a continuous review of asset allocation strategies, considering changing market dynamics, can contribute to sustainable profitability. Finally, the bank should engage in proactive shareholder communication and strategic initiatives to optimize Return on Equity, ensuring that investors understand the long-term benefits of the merger and its positive impact on their returns.

References

Baniya, D., & Shah, M. (2016). *A study on the factors affecting merger and acquisition decision in Nepalese banking Sector*. https://www.semanticscholar.org/paper/A-study-on-The-Factors-Affecting-Merger-and-In-Baniya-Shah/eed850584c92677aac692a343910b194e54d2421

Eckbo, B. E. (2023, March 1). *Banking system bailout-Scandinavian style*. SSRN. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1684899

Fama, E. F., & Jensen, M. C. (1998, November 29). *Separation of ownership and Control*. SSRN. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=94034

Gautam, R.U. (2012, January 21). *Merger Movement for, financial stability*." The Himalayan Times" Daily Newspaper

Geete, V. (2011, July 6). *A study on impact of merger of State Bank of India with its associate banks and bankers view towards merger of Indore City*. SSRN. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1879726

Gohlich, T. R. (2012, January 1). *The performance effects of mergers within the German cooperative banking sector*. The Performance Effects of Mergers within the German Cooperative Banking Sector. https://essay.utwente.nl/61530/

Gupta, K. (2015, March). *Mergers and acquisitions in the Indian Banking Sector: A Study of Selected Banks*. graph.co.uk. https://garph.co.uk/IJARMSS/Mar2015/10.pdf

Hawkins, J., &Mihaijek, D. (2001*). The banking industry in the emerging market economies: Competition, Consolidation and Systematic Stability.* https://www.bis.org/publ/bppdf/bispap04.pdf

Hitt, M. A., Harrison, J. S., & Ireland, R. D. (1970, January 1). *Mergers and acquisitions: A guide to creating value for stakeholders*. EconPapers. https://econpapers.repec.org/RePEc:oxp:obooks:9780195112856

Joash, G. ondeiki, &Nijangiru, M. J. (2015, July). *The effect of mergers and acquisitions on financial performance of Banks (A Survey of Commercial Banks in Kenya)* www.ijird.com. https://www.ku.ac.ke/schools/business/images/stories/research/effect_of_mergers.pdf

Kanahalli, B M, &Jayaram, S. (2014). *Effect of Mergers and Acquisitions on Financial Performance: A Study of Select Tata Group Companies in India*. International Research Journal of Management and Commerce, 1, 42-51

Leepasa, N.M. &Mishra, C.S. (2016*) Theory and practice of mergers and acquisitions: Empirical evidence from Indian cases.* https://www.researchgate.net/profile/Nm-Leepsa/publication/306351409_Theory_and_Practice_of_Mergers_and_Acquisitions_Empirical_Evidence_from_Indian_Cases/links/5a66467a0f7e9b6b8fde4444/Theory-and-Practice-of-Mergers-and-Acquisitions-Empirical-Evidence-from-Indian-Cases.pdf

Malmendier, U., & Tate, G. A. (2002, December 14). *CEO overconfidence and Corporate Investment*. SSRN. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=354387

Masulis, R., Wang, C., &Xie, F. (1970, January 1). *Corporate governance and acquirer returns*. Journal of Finance. https://econpapers.repec.org/RePEc:bla:jfinan:v:62:y:2007:i:4:p:1851-1889

Mehran, H., &Peristiani, S. (2009, June 11). *Financial visibility and the decision to go private*. SSRN. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1418021

Nepal Rastra Bank.(2023). https://www.nrb.org.np/

Prabhu Bank Limited. (2023). https://prabhubank.com/

Rhodes-Kropf, M., &Viswanathan, S. (2002, November 22). *Market valuation and merger waves*. SSRN. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=334944

Shleifer, A., &Vishny, R. W. (n.d.). *Stock market driven acquisitions*. Journal of Financial Economics. https://scholar.harvard.edu/shleifer/publications/stock-market-driven-acquisitions

Sugiarto, A. (2000). *The effect of mergers and acquisitions on shareholder returns*. https://www.semanticscholar.org/paper/The-effect-of-mergers-and-acquisitions-on-returns-Sugiarto/aadbbfdf0d4f08cd90ce45b3bc89d7c846640eae

Tamragundi, A. N., &Deverajappa, S. (2016). *The impact of Indian banking sector- A comparative study of public and Private Bank.* https://www.rsisinternational.org/journals/ijrsi/digital-library/volume-6-issue-10/90-94.pdf

Wang, C., &Xie, F. (2007, May 18). *Corporate governance transfer and synergistic gains from mergers and acquisitions*. SSRN. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=987113