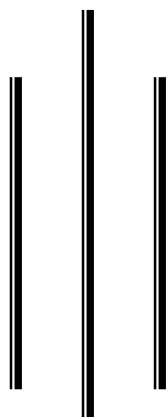


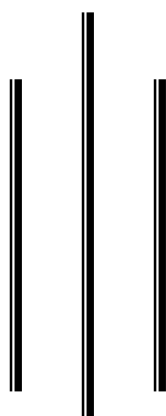
# Financial Performance of Nepal SBI Bank Ltd and Kumari Bank Ltd.



BY:

**Rajan Basnet**

Post Graduate Campus, Biratnagar  
T.U. Reg. 7-1-31-169-99



**A Thesis Submitted to:**

Office of the Dean  
Faculty of management  
Tribhuvan University

In Partial fulfillment of the requirement of the degree of  
*Master's of Business Studies (M.B.S.)*  
Biratnagar, Nepal  
2067



# TRIBHUVAN UNIVERSITY

Post Graduate Campus

Biratnagar, Nepal

Ref. No. ....

Phone no. 021526327

## RECOMMENDATION

This is to certify that the thesis:

Submitted by:  
Rajan Basnet

Entitled  
Financial Performance of Nepal SBI Bank Ltd. and  
Kumari Bank Ltd.

*has been prepared as approved by this Department in the prescribed format of faculty of management. This thesis is forwarded for examination.*

Supervisor  
(Mr. Hiranya Gautam)

Head of Department  
(Prof. Dr. Khagendra Acharya)

Campus Chief  
(Mr. Harihar Bhandari)

Date:



**TRIBHUVAN UNIVERSITY**  
Post Graduate Campus  
Biratnagar, Nepal

Ref. No. ....

Phone no. 021526327

**VIVA-VOCE SHEET**

We have conducted the viva-voce examination of the thesis presented by

**Rajan Basnet**

*entitled*

**Financial performance of Nepal SBI Bank Ltd and Kumari Bank Ltd.**

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

**Master's of Business Studies (M.B.S.)**

**VIVA-VOCE COMMITTEE**

Chairperson, Research Committee .....

Member (Thesis Supervisor) .....  
[Mr. Hiranya Gautam]

Member (External Expert) .....

Date:

# DECLARATION

I hereby declare thesis entitled "**Financial performance of NSBI Bank. Ltd. and Kumari Bank Ltd.**" Submitted to post Graduate campus, Biratnagar. Nepal faculty of management, Tribhuvan University, is my original work done in the form of partial fulfillment of the Masters Degree in Business Studies (M.B.S.) under the supervision of Mr. Hiranya gautam.

Date: .....

.....  
Rajan Basnet  
(Researcher)

## ACKNOWLEDGEMENT

This thesis "**Financial performance of NSBIBL and KBL**" which is a partial fulfillment of requirement for the degree of master of Business studies under the faculty of management T.U.

First of all I must gratefully acknowledged to my respected teacher **Mr. Hiranya gautam** , supervisor of this thesis , for his valuable suggestion , constant , encouragement , adequate support , patient guidance, co-operation and regular supervision to complete this research study. Similarly, I would like to give sincere thanks to **prof. Dr. khagendra acharya** head of the management research department, post graduate campus, Biratnagar.

I would like to express my appreciation to **Mr. Harihar Bhandari** , campus chief of post graduate campus , Biratnagar and all of my teachers of my the department of management , who are encouragement me for complete this thesis .

I would like to express my great thanks to the Liberians and other staff of this campus for help to complete this thesis. Like wise I would to express my great thanks for NSBIBL and KBL for their in directly support of complete this thesis works.

I would like to great pleasure to my parents brothers and friends for their moral support in each and every step. My every achievement is possible because of their effort, help and blesses.

It is my great pleasure to my friend Mr. Anand Kumar Shah for excellent typing and painting this thesis report.

At last, I would like to express sincere thanks to all those who has helped me directly or indirectly to bring this study at this stage of completion.

-----  
Rajan Basnet  
(Researcher)

Date: .....

**Recommendation**

**Viva Voice Sheet**

**Declaration**

**Acknowledgement**

**List of table**

**List of Graph**

**Abbreviation**

## **CONTENTS**

	<b>Page No.</b>
<b>Chapter one: Introduction</b>	<b>1-13</b>
1.1 General Introduction	1
1.2 Focus of study	4
1.3 Importance of study	6
1.4 Background of Nepal SBI Bank Ltd. and kumari Bank Ltd.	6
1.5 Statement of Problem	9
1.6 Objective of study	10
1.7 Research Hypothesis	10
1.8 Limitation of study	11
1.9 Organization of study	12
<b>Chapter Two: Review of Literature</b>	<b>14-51</b>
2.1 Introduction	14
2.2 Conceptual frame work/Theoretical Framework	14
2.2.1 Financial Performance	14
2.2.2 Concept of financial statement	15
2.2.3 Financial statement Analysis	21
2.2.4 Importance of Financial statement Analysis	22
2.2.5 Objective of financial statement Analysis	24

2.2.6	Limitation of Financial statement Analysis	25
2.2.7	Financial statement Analysis Tools	27
2.2.7.1	Financial tools	27
1.	Ratio Analysis	27
A.	Liquidity Ratio	28
B.	Activity Ratio	31
C.	Leverage Ratio	33
D.	Profitability Ratio	36
E.	Others Ratio and indicators	38
2.	Trend percentage Analysis	40
2.2.7.2	Statistical Tools	41
1.	Average (Arithmetic Mean)	42
2.	Standard Deviation	42
3.	Coefficient of variation	43
4.	Correlation coefficient Analysis	43
5.	Regression Analysis	45
6.	Hypothesis Testing	45
2.2.7.3	Review of Related Literature	46
2.3.1	Review of Book	46
2.3.2	Review of Thesis work	49
	<b>Chapter Three: Research Methodology</b>	<b>52-62</b>
3.1	Introduction	52
3.2	Research Design	54
3.3	Population and sample	55
3.4	Sampling method	56
3.5	Sources of data	56
3.6	Method of data collection	57
3.7	Tools and Techniques for Analysis	57

3.7.1	Ratio Analysis	58
3.7.2	Trend percentage Analysis	59
3.7.3	Average (Arithmetic mean)	59
3.7.4	Standard deviation	60
3.7.5	Coefficient of variation	60
3.7.6	Correlation coefficient Analysis	60
3.7.7	Regression Analysis	61
3.7.8	Hypothesis Testing	61

## **Chapter Four: Presentation and Analysis of data 63-113**

4.1	Introduction	63
4.2	Ratio Analysis	63
4.2.1	Liquidity Ratio	64
4.2.2	Activity Ratio	68
4.2.3	Leverage Ratio	73
4.2.4	Profitability Ratio	78
4.2.5	Other Ratio and indicators	83
4.3	Trend percentage Analysis	87
4.3.1	Trend of Total Deposit	88
4.3.2	Trend of Net worth	89
4.3.3	Trend of Total investment	90
4.3.4	Trend of Net profit	92
4.4	Correlation coefficient Analysis	93
4.4.1	Correlation between total Deposit and Total investment	94
4.4.2	Correlation between interest earned and interest paid	96
4.4.3	Correlation between interest earned and operating profit	98



4.5 Regression Analysis	101
4.5.1 Regression equation between total Deposit and total investment	101
4.5.2 Regression equation between interest earned and operating profit	103
4.6 Hypothesis testing with the help of t-Test	106
4.6.1 Testing of hypothesis on the Basis of total Deposit	106
4.6.2 Testing of Hypothesis on the Basis of Total investment	108
4.6.3 Testing of Hypothesis on the basis of net worth	110
4.6.4 Testing of Hypothesis on the basis of Net profit after Tax	111
<b>Chapter Five: Summary, conclusion and Recommendation</b>	<b>114-124</b>
5.1 Summary	114
5.2 Conclusion	116
5.2.1 Ration Analysis	116
5.2.2 Trend percentage Analysis	119
5.2.4 Regression Analysis	121
5.2.5 Hypothesis testing with the help of t-Test	122
5.3 Recommendation	122
BIBLIOGRAPHY	
APPENDIX-I	
APPENDIX-II	

## LIST OF TABLE

	Page No.
Table No. 4.1 Cash and Bank Balance to total Deposit	64
Table No. 4.2 Cash and Bank Balance to current Asserts	65
Table No. 4.3 Investment on Government Securities to current	66
Table No. 4.4 Current Asserts Ratio	68
Table No. 4.5 Loans and advance to total Deposit	69
Table No. 4.6 Loans and Advance to fixed Deposit	70
Table No. 4.7 Loans and Advance to saving Deposit	71
Table No. 4.8 Total investment to total Deposit	72
Table No. 4.9 Debt Equity Ratio	74
Table No. 4.10 Long term Debt to permanent capital	75
Table No. 4.11 Net worth to permanent capital	76
Table No. 4.12 Total Debt Ratio	77
Table No. 4.13 Return on shareholders Equity	78
Table No. 4.14 Return on Total Assets	79
Table No. 4.15 Return on Total Deposit	80
Table No. 4.16 Return on Total investment	81
Table No. 4.17 Earning per share	82
Table No. 4.18 Interest paid to interest Earned	83
Table No. 4.19 Total interest Earned to total investment	85
Table No. 4.20 Price earning Ratio	86
Table No. 4.21 Market value to Book value	86
Table No. 4.22 Trend of Total Deposit	88
Table No. 4.23 Trend of Net worth	89
Table No. 4.24 Trend of Total investment	91
Table No. 4.25 Trend of Net profit	92
Table No. 4.26 Calculation of correlation between total Deposit and Total investment of NSBIBL	94
Table No. 4.27 Calculation of Correlation between Total Deposit and Total investment of KBL	95
Table No. 4.28 Calculation of correlation between interest and interest paid of NSBIBL	96
Table No. 4.29 Calculation of correlation between interest earned and interest paid of KBL	97
Table No. 4.30 Calculation of correlation between interest earned and operating profit of NSBIBL	98
Table No. 4.31 Calculation of correlation between interest earned and operating profit of KBL	99
Table No. 4.32 Calculation of Regression equation between Total	

Table No. 4.33	Calculation of Regression equation between total deposit and total investment of KBL	102
Table No. 4.34	Calculation of Regression Equation between interest Earned and operating profit of NSBIBL	103
Table No. 4.35	Calculation of Regression equation between interest earned and operating profit of KBL	104
Table No. 4.36	Total Deposit of NSBIBL and KBL	107
Table No. 4.37	Total investment of NSBIBL and KBL	108
Table No. 4.38	Total Net worth of NSBIBL and KBL	110
Table No. 4.39	Total NPAT of NSBIBL and KBL	112

## LIST OF GRAPH

	<b>Page No</b>
Graph No. 1 Trend of Total Deposit of NSBIBL & KBL	89
Graph No. 2 Trend of Net worth of NSBIBL & KBL	90
Graph No. 3 Trend of Total investment of NSBIBL & KBL	91
Graph No. 4 Trend of Net profit of NSBIBL & KBL	93

## ABBREVIATIONS

KBL	:	Kumari Bank Limited
NSBIBL	:	Nepal State Bank of India Bank Limited
F/Y	:	Fiscal Year
Rs.	:	Rupees
B.S.	:	Bikram Sambat
E.P.S.	:	Earning per share
BVPS	:	Book value per share
MVPS	:	Market value per share
P/E	:	Price Earning
No.	:	Number
C.V.	:	Coefficient of variance
Ltd.	:	Limited
JVBs	:	Joint Venture Banks
etc.	:	Etcetera
i.e.	:	That is
Ph. D.	:	Doctor of Philosophy
MBS	:	Master in Business studies
%	:	Percentage
NPAT	:	Net Profit after tax
S.D.	:	Standard deviation
LTD	:	Long Term Debt
&	:	And