**Performance Analysis & Share Price Assessment of the selected Commercial Banks**

By:

Hasana Dongol

Shankar Dev Campus

T.U. Registration No.: 7-2-31-528-2003

Roll No: 118/63

Thesis Submitted to:

Office of the Dean

Faculty of Management

Tribhuvan University

Kathmandu, Nepal

In a partial fulfillment of the requirement in degree of

Masters in Business Study (MBS)

Kathmandu, Nepal

2012

In partial fulfillment of the requirement in degree of

Masters in Business Study (MBS)

Kathmandu, Nepal

December, 2009

# RECOMMENDATION

**This is to certify that the Thesis**

**Submitted by:**

**Hasana Dongol**

Entitled:

**Performance Analysis & Share Price Assessment of the Selected Commercial Banks**

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

……………….…………… ……………..…………………………………… ……. …………..………………………….

Rishi Raj Gautam Prof. Bishweshor Man Shrestha Asso. Prof. Prakash Singh Pradhan

(Supervisor) (Head of Research Department) (Campus Chief)

………………….……………

Arun Neupane

(Supervisor)

# 

# VIVA-VOCE SHEET

*We have conducted the VIVA-VOCE examination of the thesis presented by*

**Hasana Dongol**

entitled

**Performance Analysis and Share price Assessment of selected Commercial Banks**

and found the thesis to be original work of the student and written

according to the

prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirement for the Degree of

**Masters of Business Studies (M.B.S.)**

**VIVA-VOCE COMMITTEE**

Head of Research Committee:…………………………………………………………………………………………

Member (Thesis Supervisor): …………………………………………………………………………………………

Member (Thesis Supervisor): …………………………………………………………………………………………

Member (External Expert): ………………………………………………………………………………………………

**July 2012**

# Declaration

I hereby, confess that the work done in this “Performance Analysis & Share Price Assessment of the selected Commercial Banks” is my original done, which is a partial requirement of the Masters degree in Business Study under the supervision of Mr. Rishi Raj Gautam and Mr. Arun Neupane of Shankar Dev Campus.

**……………..………………………………..……..…………………………………..**

**Hasana Dongol**

**T.U. Registration No: 7-2-31-528-2003**

**Shanker Dev Campus**

**Putalisadak, Kathmandu**

# ACKNOWLEDGEMENT

This study is mainly focused on Performance Analysis and Share price Assessment of the Selected Commercial Banks.

This thesis work would not simply come out without help of many people to whom I want to express my sincere gratitude. I would like to express my first and foremost gratitude to my respected supervisors Rishi Raj Gautam and Arun Neupane and for their guidance, suggestions and insights. My thanks also go to the library and all other staffs of Shanker Dev College and American Library for their help at needed time.

Similarly I wish to express my great appreciation to my friends Samita Maharjan, Siky Kedia for their great insights and moral support for this project to complete. I also like to express my gratitude to my Devin Rajkarnikar for his kind help, suggestion, constructive criticism, guidance and inputs to complete throughout the period. Last but not the least my heartily thanks goes to my God, who always there for me.

Hasana Dongol

Researcher

# Table of Contents

[RECOMMENDATION ii](#_Toc332581424)

[VIVA-VOCE SHEET iii](#_Toc332581425)

[Declaration iv](#_Toc332581426)

[ACKNOWLEDGEMENT v](#_Toc332581427)

[Abbreviations vi](#_Toc332581428)

[Table of Contents viii](#_Toc332581429)

[List of Tables x](#_Toc332581430)

[List of Figures xiii](#_Toc332581431)

[1. Chapter I: Introduction 1](#_Toc332581432)

[1.1 Background of the Study 1](#_Toc332581433)

[1.2 Statement of Problem 5](#_Toc332581434)

[1.3 Objectives of the Study: 6](#_Toc332581435)

[1.4 Importance of the Study 6](#_Toc332581436)

[1.5 Limitations of the Study*:* 7](#_Toc332581437)

[1.6 Organization of the study: 7](#_Toc332581438)

[2. Chapter II: Review of Literature 9](#_Toc332581439)

[2.1 Conceptual Framework 9](#_Toc332581440)

[2.1.1 Common Stock 9](#_Toc332581441)

[2.1.2 Features of the Common Stock 10](#_Toc332581442)

[2.1.3 Rights of Common Stockholders: 11](#_Toc332581443)

[2.1.4 Advantages of Common Stock 12](#_Toc332581444)

[2.1.5 Disadvantages of Common Stocks 13](#_Toc332581445)

[2.1.6 Earning Per Share 15](#_Toc332581446)

[2.1.7 Market Price per Share: 16](#_Toc332581447)

[2.1.8 Dividend per Share: 16](#_Toc332581448)

[2.1.9 Book Value per Share: 16](#_Toc332581449)

[2.2 Review of Journals & Articles 16](#_Toc332581450)

[2.3 Review of Master Thesis: 18](#_Toc332581451)

[2.4 Research Gap: 20](#_Toc332581452)

[3. Chapter III: Research Methodology 21](#_Toc332581453)

[3.1 Introduction 21](#_Toc332581454)

[3.2 Research Design 21](#_Toc332581455)

[3.3 Population and Sample 21](#_Toc332581456)

[3.4 Sources of Data and Information 22](#_Toc332581457)

[3.5 Data Analysis 23](#_Toc332581458)

[3.6 Data Collection Procedure: 23](#_Toc332581459)

[3.7 Data processing: 23](#_Toc332581460)

[3.8 Data Analysis Tools: 23](#_Toc332581461)

[3.8.1 Statistical Tools: 24](#_Toc332581462)

[3.8.1.1 Average Mean: 24](#_Toc332581463)

[3.8.1.2 Standard Deviation: 24](#_Toc332581464)

[3.8.1.3 Correlation of Coefficient: 25](#_Toc332581465)

[3.8.1.4 Coefficient of Variation 26](#_Toc332581466)

[3.8.1.5 Regression Analysis: 26](#_Toc332581467)

[3.8.1.6 Coefficient of Regression 27](#_Toc332581468)

[3.8.1.7 T-Test: 27](#_Toc332581469)

[3.9 Methods of Data Presentation: 28](#_Toc332581470)

[4. Chapter IV: Data Presentation & Analysis: 29](#_Toc332581471)

[4.1 Introduction 29](#_Toc332581472)

[4.2 Analysis of Financial Indicators: 29](#_Toc332581473)

[4.2.1 Bank of Kathmandu: 29](#_Toc332581474)

[4.2.2 Himalayan Bank Limited: 33](#_Toc332581475)

[4.2.3 Nepal Investment Bank Limited 36](#_Toc332581476)

[4.2.4 NABIL Bank 39](#_Toc332581477)

[4.2.5 Everest Bank Limited 42](#_Toc332581478)

[4.2.6 Global Bank Limited 46](#_Toc332581479)

[4.2.7 Nepal SBI Bank Limited 49](#_Toc332581480)

[4.2.8 Kumari Bank Limited 52](#_Toc332581481)

[4.2.9 Laxmi Bank Limited 55](#_Toc332581482)

[4.2.10 Lumbini Bank Limited 58](#_Toc332581483)

[4.2.11 Machhapuchhre Bank Limited 61](#_Toc332581484)

[4.2.12 Nepal Bangladesh Bank Limited 64](#_Toc332581485)

[4.2.13 Nepal Credit and Commerce Bank Limited 66](#_Toc332581486)

[4.2.14 Siddhartha Bank Limited 69](#_Toc332581487)

[4.2.15 Standard Chartered Bank of Nepal 72](#_Toc332581488)

[4.3 Annual Trend Analysis of NEPSE Index 75](#_Toc332581489)

[4.4 Major Findings on the study: 76](#_Toc332581490)

[5. Chapter V: Summary, Conclusions and Recommendations 79](#_Toc332581491)

[5.1 Summary 79](#_Toc332581492)

[5.2 Conclusions: 81](#_Toc332581493)

[5.3 Recommendations 82](#_Toc332581494)

[Bibliography 84](#_Toc332581495)

[Annexure 86](#_Toc332581496)

# List of Tables

[Table 4.1 Summary of Financial Performance of Bank of Kathmandu 29](#_Toc331588582)

[Table 4.2 Relationship of MPS with DPS, BVPS and EPS of BOK 31](#_Toc331588583)

[Table 4.3 Simple Regression Equation of BOK 32](#_Toc331588584)

[Table 4.4 Summary of Financial Performance of HBL 33](#_Toc331588585)

[Table 4.5 Relationship of MPS with DPS, BVPS and EPS of HBL 34](#_Toc331588586)

[Table 4.6 Simple Regression Equation of HBL 35](#_Toc331588587)

[Table 4.7 Summary of the Financial Performance of the NIBL 36](#_Toc331588588)

[Table 4.8 Relationship of MPS with DPS, BVPS and EPS of NIBL 38](#_Toc331588589)

[Table 4.9 Simple Regression Equation of NIBL 38](#_Toc331588590)

[Table 4.10 Summary of the Financial Performance of the NABIL 39](#_Toc331588591)

[Table 4.11 Relationship of MPS with DPS, BVPS and EPS of NABIL 41](#_Toc331588592)

[Table 4.12 Simple Regression Equation of NABIL 42](#_Toc331588593)

[Table 4.13 Summary of the Financial Performance of the EBL 43](#_Toc331588594)

[Table 4.14 Relationship of MPS with DPS, BVPS and EPS of EBL 44](#_Toc331588595)

[Table 4.15 Simple Regression Equation of EBL 45](#_Toc331588596)

[Table 4.16 Summary of the Financial Performance of the Global Bank 46](#_Toc331588597)

[Table 4.17 Relationship of MPS with DPS, BVPS and EPS of GBL 47](#_Toc331588598)

[Table 4.18 Simple Regression Equation of GBL 48](#_Toc331588599)

[Table 4.19 Summary of the Financial Performance of the Nepal SBI Bank 49](#_Toc331588600)

[Table 4.20 Relationship off MPS with DPS, BVPS and EPS of Nepal SBI Bank 50](#_Toc331588601)

[Table 4.21 Simple Regression Equation of Nepal SBI Bank 51](#_Toc331588602)

[Table 4.22 Summary of the Financial Performance of the KBL 52](#_Toc331588603)

[Table 4.23 Relationship of MPS with DPS, BVPS and EPS of KBL 53](#_Toc331588604)

[Table 4.24 Simple Regression Equation of KBL 54](#_Toc331588605)

[Table 4.25 Summary of the Financial Performance of the Laxmi Bank 55](#_Toc331588606)

[Table 4.26 Relationship of MPS with DPS, BVPS and EPS of Laxmi Bank 56](#_Toc331588607)

[Table 4.27 Simple Regression Equation of Laxmi Bank 57](#_Toc331588608)

[Table 4.28 Summary of the Financial Performance of the Lumbini Bank 58](#_Toc331588609)

[Table 4.29 Relationship of MPS with DPS, BVPS and EPS of Lumbini Bank 59](#_Toc331588610)

[Table 4.30 Simple Regression Equation of Lumbini Bank 60](#_Toc331588611)

[Table 4.31 Summary of the Financial Performance of the Machhapuchhre Bank 61](#_Toc331588612)

[Table 4.32 Relationship of MPS with DPS, BVPS and EPS of Machhapuchhre Bank 62](#_Toc331588613)

[Table 4.33 Simple Regression Equation of Machhapuchhre Bank 63](#_Toc331588614)

[Table 4.34 Summary of the Financial Performance of the NB Bank 64](#_Toc331588615)

[Table 4.35 Relationship of MPS with DPS, BVPS and EPS of NB Bank 65](#_Toc331588616)

[Table 4.36 Simple Regression Equation of NB Bank 66](#_Toc331588617)

[Table 4.37 Summary of the Financial Performance of the NCC Bank 66](#_Toc331588618)

[Table 4.38 Relationship of MPS with DPS, BVPS and EPS of NCC Bank 67](#_Toc331588619)

[Table 4.39 Simple Regression Equation of NCC Bank 68](#_Toc331588620)

[Table 4.40 Summary of the Financial Performance of the SBL 69](#_Toc331588621)

[Table 4.41 Relationship of MPS with DPS, BVPS and EPS of SBL 70](#_Toc331588622)

[Table 4.42 Simple Regression Equation of SBL 71](#_Toc331588623)

[Table 4.43 Summary of the Financial Performance of the SCBNL 72](#_Toc331588624)

[Table 4.44 Relationship of MPS with DPS, BVPS and EPS of SCBNL 73](#_Toc331588625)

[Table 4.45 Simple Regression Equation of SCBNL Bank 74](#_Toc331588626)

[Table 4.46 Annual Trend Analysis of NEPSE Index 75](#_Toc331588627)

# List of Figures

[Figure 4.1 BOK relationship of MPS, BVPS, DPS and EPS 30](#_Toc331588089)

[Figure 4.2 Relationship of MPS, BVPS, and DPS & EPS of HBL 34](#_Toc331588090)

[Figure 4.3 Relationship of MPS, DPS, and BVPS & EPS of NIBL 37](#_Toc331588091)

[Figure 4.4 Relationship of MPS, DPS, BVPS & EPS of NABIL 40](#_Toc331588092)

[Figure 4.5 Relationship of MPS, DPS, and BVPS & EPS of EBL 44](#_Toc331588093)

[Figure 4.6 Relationship of MPS, BVPS, and DPS & EPS of GBL. 47](#_Toc331588094)

[Figure 4.7 Relationship of MPS, DPS, BVPS& EPS of Nepal SBI 50](#_Toc331588095)

[Figure 4.8 Relationship of MPS, DPS, BVPS & EPS of KBL 53](#_Toc331588096)

[Figure 4.9 Relationship of MPS, BVPS, DPS & EPS of Laxmi Bank 56](#_Toc331588097)

[Figure 4.10 Relationship of MPS, BVPS, DPS & EPS of Lumbini Bank. 59](#_Toc331588098)

[Figure 4.11 Relationship of MPS, BVPS, DPS & EPS of Machhapuchhre Bank 62](#_Toc331588099)

[Figure 4.12 Relationship of MPS, BVPS, DPS & EPS of NB Bank 64](#_Toc331588100)

[Figure 4.13 Relationship of MPS, BVPS, and DPS & EPS of NCC Bank Limited 67](#_Toc331588101)

[Figure 4.14 Relationship of MPS, BVPS, DPS & EPS of SBL 70](#_Toc331588102)

[Figure 4.15 Relationship of MPS, BVPS, DPS & EPS of SCBNL 73](#_Toc331588103)

# Abbreviations

(Number) : negative value

A.D : After Death

ADBL : Agricultural Development Bank Limited

B.S : Bikram Sambat

BOK : Bank of Kathmandu

BVPS : Book Value per Share

CV : Coefficient of Variance

DPS : Dividend per Share

EBL : Everest Bank Limited

EPF : Employees Provident Fund

EPS : Earning Per Share

Etc. : Etcetera

FEB : February

FY : Fiscal Year

GBL : Global Bank Limited

GBL : Global Bank Limited

GDP : Gross Domestic Product

HBL : Himalayan Bank Limited

i.e. : That is

KBL : Kumari Bank Limited

LC : Letter of Credit

MPS : Market Price per Share

NATS : NEPSE Automated Trading System

NB : Nepal Bangladesh

NCC : Nepal Credit and Commerce

NEPSE : Nepal Stock Exchange

NIBL : Nepal Investment Bank Limited

NRB : Nepal Rastra Bank

NWPS : Net Worth per Share

PVGO : Present Value of Growth Opportunities

Re. : Rupee

Rs. : Rupees

S. D : Standard Deviation

SBI : State Bank of India

SBL : Siddhartha Bank Limited

SCBNL : Standard Chartered Bank of Nepal

SEBO : Security Exchange Board

SEBON : Security Exchange Board of Nepal

# 