

Chapter – I

INTRODUCTION

1.1 Background of the study:

Bank means an institution that deals with money. A bank performs several financial, a country. It is a monetary institutional vehicle for domestic resources mobilization of the country, which accepts deposits from various sources and invests such accumulated resources in the fields of agriculture, trade, commerce, etc.

Among the banks the most important one is the commercial banks, which are the foundation of the national economy. It transfers monetary sources from savers to users. They involve in various functions like creation of money, facilitating credit, and facilitating foreign trade, safe keeping of the values, etc. Commercial bank has its own role and contribution in the economic development. It is a source for economic development and it maintains economic confidence of various segments and extends credit to people. Thus, the activities of commercial banking sector have contributed to eliminate poverty, reduce unemployment and enhance economic growth.

Banks are a resource mobilization institution which accepts deposits from various sources and invest such accumulated resources in the fields of agriculture, trade, commerce, industry, tourism etc. The commercial bank has its own role and contribution and it is a means of economic development. It maintains economic confidence of various segments of the society and extends credit to people. The banking sector in one of the oldest and most significant service industries, it plays a vital role in the economic and financial health of any country. An efficient banking system leads to the effective mobilization of resources like savings and investments, which in turn leads to the sound economic health of the country.

Modern commercial banks can be identified by different names such as business banks, retail banks, clearing banks, Joint venture banks, Merchant banks, etc. No matter what name we give to bank, they all perform the same basic function. They provide a link between lenders, those who have surplus money and do not wish to spend immediately, with borrowers, those who do not have surplus money but wish to borrow for investment in productive purpose. By charging a rate of interest to borrowers slightly higher than they pay to lenders, the banks make their profit. This is known as financial intermediation. Commercial banks provide the following major products and services - Acceptance of deposits, Granting of Advances,

Remittance collection and distribution, Cash management, Insurance of letters of credit and Guarantee, Merchant banking business, Credit cards, Technology based services-Internet Banking services, Loan distribution, Safe keeping services /Lockers, Handling government Business, Automated Teller Machines (ATMs), etc.

The role of money in an economy is very important. Proper and well planned management of money directs, determines and enhances the health and productivity of total financial sector and the performance of the financial sector affect the growth of the economy. Hence, money is the subject to manage and banks are the manager thereof. Bank as a manager collects, disperses and controls the flow of money. Banks collect the fund from public who has savings and disperse the fund to the person who is in need of it. These ways, whole infrastructure of national development, direction of economy, rate of progress and even the habit of people are being the function of banking systems. Therefore, the existence of a bank is for the change in every aspect of human beings and its presence is for the upliftment of people.

Capital is that thing which regarded as the vital factor for the economic development of a nation. Every development program needs capital. The main problem of under developed countries is lack of capital formation and their mobilization. In the field of capital formation, the collecting scattered resources and mobilization of the capital, the banking role is indisputable. Banks- render other services like remittances of fund, purchase and sale of bills, supplying of timely credit and other services like remittances of fund, purchase and sale of bills, supplying of timely credit and other market information. Their services are also necessary for rapid growth of business and economic activities.

The bank not only holds its capital but also holds the deposits of people, which make it responsible to society. The increase in assets and deposits of the bank indicates that the bank has made a significant progress and the progress of financial institution in always positively associated with the progress of a country's economy. Its contribution to government revenue in terms of the tax was also good and the facility provided to staff was welcomable. In recent some years, its financial performance and position was satisfactory to all the concerned parties. Now, it has been able to give good facilities to personnel and service to general people. Its bad debts are reducing from some years. It has been able to compete with other joint venture banks, attract the customers; in one word it is able to go with time.

Nepal Bank Limited a pioneer Commercial bank is the oldest bank in the history of modern banking system of Nepal. The bank was established on 13th of Kartik, 1994 B.S. (1937 A.D.) in the technical assistance of Imperial Bank of India under “Nepal Bank Act 1993” with 51% government’s equity (NRB 1988). It has been playing a momentous role in the development of Nepalese economy. The bank is highly successful to create banking habits among the Nepalese people and to create monetization in the non-monetized areas of Nepal.

1.2 Statement of the Problem:

Mainly, the study emphasis lay upon the performance of Nepal Bank Limited of Nepal. The struggle and survival, pros and cons, up and down and ability of the bank to adopt in the changing economic condition effectively would be dealt and analyzed. The financial performance of government banks is visibly low. Government banks have dealt with various social obligations and gave to provide different subsidies. At the same time, Joint venture banks can merely operates for profit making. With the prevailing economic condition of the country, the investment in manufacturing, productive, agriculture and industrial sectors has not grown satisfactorily. Hence, the NBL is also not succeeding perfectly to shift the deposit in profitable sectors.

The financial performance of any financial institutions evaluated with the aid of balance sheet and profit & loss account. The bank must provide with statistically information in a prescribed form for the publication. The detail information for the better analysis of loan disbursement is not accessible in bank. Therefore, the evaluation of financial performance of the bank has been done with the help of balance sheet and profit & loss account only. The statements of the problem are the given below:

- ◆ How the NBL have been managing their position relating to the liquidity?
- ◆ How far NBL are able to accumulate deposits and utilize deposit?
- ◆ What are the operational results to their profitability?
- ◆ What are the relationship between total deposit and total investment over the year?
- ◆ How is the bank return over in different period?

1.3 Objective of the Study

The main objective of this thesis is to examine discuss and evaluate the financial operation and the financial statement of the Nepal Bank Limited. Therefore, to attain the mentioned objective, following specific objectives have been set:

- ◆ To evaluate liquidity position
- ◆ To evaluate activity and operation with reference to fund collection & mobilization
- ◆ To evaluate the earning and profitability position
- ◆ To identify the relationship between total deposit and total investment
- ◆ To observe return over the period.

1.4 Significance of the study:

As other business, banking business organizations are also facing significant challenges. Economic liberalization policy of the Government has encouraged the establishment and growth of financial institutions in Nepal. Now, there are so many financial institutions such as Commercial Banks, Development Banks, Finance Companies and Cooperatives in-operation. Some other institutions in pipeline are supposed to come into function very soon. Before the year 2041 B.S. there were only two Commercial Banks in existence. As the government owned banks were not able to cater the need of the people with modern banking facilities the need of privately owned banks were badly felt and there were rapid growth of Commercial Banks during a short span of time. Now a day there are cut throat competition in banking business.

An attempt has been made to analyze the strength and weakness of Nepal Bank Limited. The bank may be a successful one from optimum uses of sources and funds. The proper analysis of its financial data will help the management, shareholders, depositors, lenders and borrowers and other concern parties of the bank. This study helps to ascertain the financial performance of government bank as NBL. Regarding the economic structure of the country, the banks do not have sufficient investment opportunities.

Banking business is growing very slowly, Because of rapidly increasing financial institution and the joint venture banks. They are creating threats to the government banks. Most of the investors are investing their money and assets without any proper knowledge and

information. This study will be beneficial for the entire person who directly/indirectly related to banking business.

This study will give the information about the financial condition of NBL and it will definitely help to increase to analytical power of the investors, depositors, shareholders, debenture holders, suppliers, debtors, creditors etc. Apart from this study will be a matter of interest for academicians, students, teachers or practicing in the field of finance.

1.5 Focus of the Study:

This study “Analysis of financial performance of Nepal Bank Limited” focuses on the financial performance of NBL operating in Nepal and implications of new directives of Nepal Rastra Bank towards the performance. This study concentrated in analysis of external financing and its business risk such as lending loan to various sectors, investment in various securities and so on. This study also focuses on the strength and weakness of the NBL by evaluating the assets and liabilities, return over the period and value of per share.

The focus of this study is in evaluation of the capital structure (equity + debt), the major sources of fund (current deposit, fixed deposit and saving deposit, interest and so on), uses of funds (loans & advances, investment in securities), profitability of the firm (net profit), shareholder’s equity (earning per share), dividend earning (dividend per share) and payout & projection of future profitability (value of the firm). This thesis focuses on various aspects of the bank’s performance such as trend of deposit, investment, loan and advance, liquidity, leverage, efficiency and earning power.

The study focus on using financial indicators like Trend Analysis, Statistical tools such as Arithmetic mean, Coefficient of Correlation, Coefficient of Correlation of Probable Error (P.E) and Financial Ratios like Liquidity ratio, Leverage ratios, Activity ratio, and Profitability ratio to measure the financial performance of the bank.

1.6 Limitation of the Study

As every research has its own limitation, this study is not biased. This research is done for the partial fulfillment of M.B.S. Therefore, this study has some limitations, which are listed below:

- ❖ The study covers the relevant data information only after the financial sector reform program had been executed in 2002.

- ❖ Major portion of analysis and interpretation have is based on available secondary data and information. Therefore, the consistency of findings & conclusion is strictly dependent upon the reliability of secondary data & information.
- ❖ This report cannot remain without flaws. Best effort has been done to make this report with minimum error. Being almost impossible without error, existence of unnoticed error is also major limitation of the study.
- ❖ Foreign information and rules also affect this study. And The research is concerned with NBL only.

1.7 Organization of the Study:

The whole study is divided into five chapters. The first chapter is the introduction which comprises background of the study, statement of the study, objectives of the study, significance of the study, focus of the study, limitation of the study and the organization of the study. Second chapter deals with the review of available literature. It includes review of books, reports, journals, previous unpublished thesis related websites etc. Third chapter explains the research methodology used in the study, which includes research design, resource of data, population and samples, methods of data analysis. The fourth chapter, which is the important chapter of the study, will be including presentation and analysis of data. The fifth chapter summarizes the main conclusion that flows from the study and offers suggestions for further improvement and conclusion of the study.

Chapter-II

REVIEW OF LITERATURE

2.1 Conceptual Framework

2.1.1 Concept of Bank

Generally, an institution established by law, which deals with money & credit is called bank (Bhandari, 2003). It is obvious that in a common sense, an institution involved in monetary transactions is called bank. A bank is a business organization that receives and holds deposits of funds from others, makes loans or extends credits & transfers by written orders of depositors (The Encyclopedia America, 1984).

The business of the banking is collection of funds from community & extending credit to people for useful purposes. Bank plays a vital role in making money from lenders to borrowers. Bank is a profit seeking business, not a community charity profit seeker. It is expected to pay dividend & otherwise, add to the wealth of shareholders (Encyclopedia, The world Book, 1984).

Hence, in concise, we can say that there is no single universally accepted definition of bank. In brief, it is an institution, which accepts deposits in different accounts, provides loans of different types, and creates credit.

2.1.2 Concept of Commercial Bank

A Commercial Bank is business organization that receives and holds deposits of fund from others makes loans or extends credits and transfers funds by written order of deposits. (The Encyclopedia Americana, Groloer Incorporated: 1984). A commercial banker is a dealer in money and substitute for money such as cheques or bill of exchange. He also provides a variety of financial services. (The New Encyclopedia Britannia: 1985)

The American Institute of Banking has laid down the functions of the commercial banks i.e. receiving and handling deposits, handling payments for its clients, granting loans and investment and creating money by extension of credit (American Institute of Bnaking,1985). Principally, commercial banks accept deposits and provide loans, primarily to business firms, thereby facilitating the transfer of funds on the economy (Bhandari, 2003).

Commercial Banks are those banks, which pool of together the savings of the community & arrange for their productive use. They supply the financial needs of modern business by various means. They accept deposits from the public on the condition that they are repayable on demand or on short notice. Commercial Banks are restricted to invest their funds in corporate securities. Their business is confined to financing the short-term needs of trade & industry such as working capital financing. They cannot finance in fixed assets. They grant loans in the form of cash, credits & overdrafts. Apart from financing, they also render services like collection of bills & cheques, safe keeping of valuables, financial advising, etc. to their customers (Vaidya, 2001).

However, central bank is the main bank of any nation that directs & controls all other banks. In Nepal, Nepal Rastra Bank is the central bank & all the commercial bank perform their functions under its rules, regulations & directions.

2.1.3 Nepal Bank Limited

The oldest bank of Nepal, Nepal Bank Limited was established on 1994 B.S. Kartik 30, Monday (November 15, 1937) NBL's authorized capital was Rs. 10 million & issued capital Rs. 2.5 million of which paid-up capital was Rs. 842 thousand with 10 shareholders. It is the first bank of Nepal to establish under the principle of Joint venture (Joint venture between govt. & general public).

Nepal Bank Limited seeks to provide an environment within which the bank can bring unique financial value and services to all customers. It will be a sound institution where depositors continue to have faith in the security of their funds and receive reasonable returns; borrowers are assured of appropriate credit facilities at reasonable prices; other service-seekers receive prompt and attentive service at reasonable cost; employees are paid adequate compensation with professional career growth opportunities and stockholders receive satisfactory return for their investment.

At Nepal Bank Limited, we believe that our banking should be based on: Respect, service and safety for the customers we serve Respect, reward and opportunity for the people with whom we work Respect, cooperation and support for the economic community of Nepal. Nepal Bank Limited has the following objectives.

- Continue to maintain leading share of banking sector with a significant presence in all major geographical areas in the country.
- Provide competitive and customer oriented banking services to all customers through competent and professional staff.
- Reclaim leadership within the national financial community.

Now Nepal Bank limited has 112 Branches located in different parts of the country and one Head Office in Katmandu. The bank is under the control of Central Bank of Nepal, Nepal Rastra Bank (NRB). NRB has appointed a seven members management committee. This management committee performs as the board of director of the bank. The Bank's objectives to render service to the people whether rich or poor and to contribute to the nation's development will also need the support. There are 2815 no. of staff as of Nov 14, 2011. There are branches under single computer network are 95 and all of 112 branches of the bank are computerized (source: www.nepalbank.com.np).

The bank has specified its Vision Statement as "To remain the leading financial institution of the country." And the Mission Statement: Nepal Bank Limited seeks to provide an environment within which the bank can bring unique financial value and services to all customers. It will be a sound institution where depositors continue to have faith in the security of their funds and receive reasonable returns; borrowers are assured of appropriate credit facilities at reasonable prices; other service- seekers receive prompt and attentive service at reasonable cost; employees are paid adequate compensation with professional career growth opportunities and stockholders receive satisfactory return for their investment. Similarly, Nepal Bank Limited believes that their banking should be based on its Values Statements like

- Respect, service and safety for the customers we serve
- Respect, reward and opportunity for the people with whom we work
- Respect, cooperation and support for the economic community of Nepal (source- www.nepalbank.com.np)

The present capital structure and the shareholding of the NBL are as follows:

Table No. 2.1 Present Capital Structure of NBL

Rs. '000'

Particulars	060/61	061/62	62/63
Paid up Capital	380,383	380,383	380,383
Core Capital	-9,252,399	-7,522,269	-6,374,479
Capital Fund	-8,901,430	-7,127,284	-5,853,918
Total Loan & Advances	17,937,658	16,866,546	12,441,554
Total Investment	11,004,820	14,199,216	14,490,247
NPL	9,640,082	8,372,108	2,262,183
Total Deposit	35,735,044	35,934,164	35,829,765
Saving	22,198,772	23,482,868	24,113,875
Current	5,357,137	5,649,052	5,880,370
Fixed	7,809,759	6,185,066	5,216,038
Foreign Currency	191,630	203,980	172,379
Other	177,746	413,197	447,103
Net worth Per Share	(2)	(2)	(2)
Earning Per Share (Rs)	187	455	317
Loan Loss Provision	113,096	381,437	483,683
Return to Assets (%)	2	5	3
Return to Equity			
Net Profit/Loss	710,391	1,730,130	1,207,265

Present Shareholding Composition of NBL

S.N	Ownership	Percent
1	Government of Nepal	40.49
2	'A' Class Financial Institutions	4.92
3	NRB Licensed Financial Institutions	3.42
4	Other Institutions	0.52
5	General Public	49.94
6	Others	0.71
	Total	100

(Source: www.nepalbank.com.np).

2.1.4 Financial Statements

The financial statement is the summarized presentation of the data organized in a logical and consistent accounting manner of the business firm at the end of the financial year. So, it has been the means employed by the firm to present their financial situation to shareholders, creditors and general public. The financial statement includes balance sheet, income statement (also known as the profit and loss account) and the funds flow statement. Hence when we are talking about financial statements we are jointly talking about the balance sheet, income statement and the funds flow statement.

The firm's major objective is the maximization of the shareholder's equity. While doing its effort to maximize the wealth, the firm also carefully maintains the balance between the liquidity and profitability. Adequate liquidity is desirable but it tends to reduce the profitability. Similarly, profitability is equally desirable which also tends to reduce the liquidity. Hence, the liquidity and profitability are the two opposite driving force the financial manager has to balance them. Knowing the characteristics and the purpose of the balance sheet, income statement and funds flow statements, a financial manager can get the valuable insight concerning the firm's effort to achieve liquidity and profitability. This ultimately helps the analyst to analyze the business firm. Almost all the financial researches, financial analysis and the ratio analysis are virtually based on the financial statements. which has been the major means of the financial manager to formulate the plans and strategies in the today's competitive world.

The financial statement fundamentally has two important implications in the financial management. First, it helps to present the overall history of the firm's developments. When the financial data compiled over a number of years, financial specialist can determined major factors that has influenced the development and present status. Second, it helps to forecast the pro forma statement. A pro forma statement is the financial statement prepared for the future period. On the basis of the future statement, a financial manager forms the plans and policies to achieve the targeted goals. Moreover, the most important use of the financial statement may be to get the understanding of how funds flow through the organization (<http://www.anilyonzen.blogspot.com/2012/07/financial-statement.html>).

2.1.5 Financial Ratio Analysis

Ratio analysis is the systematic way of financial indicator, which can achieve the information of the firm's strength and weakness as its historical performance and current financial condition can be determined. After calculation various ratios, we need to compare with the certain standard and draw out the conclusion of the result.

A financial ratio is the relationship between two accounting figures expressed mathematically or/and numerical or quantitative relationship between two items/variables. This type of relationship can be expressed as percentage, fraction and proportion of numbers. Management of the firm can undertake it or by parties outside the firm. The focus of the financial analysis is on the key figure contained in the financial statements (balance sheet, income statement, and funds flow statements) and significant relationship existed. Management of the firm is generally interested in every aspect of the financial analysis; they are responsible for the overall efficient and effective utilization of the available resource and the financial position of the firm.

Financial analysis is used primarily to gain insight into operating and financial problems concerning the firma with respect to these problems concerning the firms with respect to these problems. We must be careful to distinguish between the cause of problem and symptom of it. It is thus an attempt to direct the financial statement in to their components on the basis of purpose in the hand and establish relationship between these components on the one hand as between individual components and totals of these items on the other .Along with this, a study of various important factors over the past several years is also undertaken to have clear understanding of changing profitability and financial condition of the business organization (Hampton, 1998).

Financial analysis is the process of determining financial strength and weakness of a company by establishing strategic relationship between the component of the balance sheet and profit and loss statement and other operative data (Pandey, 1999).

To evaluate the financial performance of a firm, the analyst needs a certain parameters of the company, by which the quantitative relationship and its position come out. The most widely used effective tool of the financial analysis is the ratio analysis. . Financial ratio helps us to find the symptoms of the operational and financial problems of a corporation, which can be ascertained by examining the behavior of these ratios.

There are many parties concerned with the bank i.e.; short-term creditors long-term creditor, shareholder, potential investors, management, government, central bank, general public and other. Short-term creditors are interested in the liquidity of the bank to pay the amount of interest. Long-term creditors and bank holders are interested in the cash flow ability and profitability of the bank and they analyze the ability of the bank to pay the interest in time and the capital structure of the bank.

Similarly, shareholders want the growth of the retained earnings and at the same time stability in earning. They are concerned with strong financial position of the bank so that it can pay regular dividend to its shareholders with no chances of bankruptcy. Likewise, management of the bank concerned about overall position of the bank like liquidity, profitability, solvency, growth, goodwill and so on. Thus, the management should analyze all types of financial or internal analysis of the bank.

Therefore, financial performance analysis of a firm consists of different kinds of indicators. However, this study mainly focuses on the ratio analysis and other financial indicator to analyze the financial position and performance of the bank.

2.2 Review of Related Literatures

2.2.1 Review of the Book

Joshi and Shrestha in his Publication, 2058 P.152 “principal of Bank and Insurance”, mentions the principle of sound investment policy of commercial bank. In this topic, the authors identify the investment policy as profitability, liquidity, shift ability, safety, diversification of risks, capital adequacy, solvency, social welfare etc.

Dongol and Prajapati in his book, Accounting for Financial Analysis and Planning mention the use of Ratio Analysis as to express trend, show changes in financial statement, to explain plan for future, to set standard, to compare efficiency and to maintain uniformity.

Hanks & Stucki in his Publication 1956, “Money, banking & national Income” Sound; vibrant and competitive financial sector is a key to the economic development. As the countries are, becoming more and interdependent through globalization and liberalization, most of the poor and developing nations are finding themselves way behind the developed countries in terms of trade and development. To become a successful trade partner and to achieve economic development, development of a financial sector is necessary.

In the word of Myer,” Financial statement analysis is largely a study of relationship among the various financial factors in a business as disclose by a single set of statement and a study of a trends of these factors as shown in a series of statement”.(Myer,1961)

He opines, “Another important factor causing one interest to differ from another in the global market place is the degree of default risk carried by individual assets. Investors in financial asset face many different kinds of assets, but one of the most important is default risk, the risk that a borrower will not make all promised payments at the agreed upon times. All debt except some government securities are subject to varying degree of default risk.(Rose peter S.,Money and Capital market,New York;McGraw-Hill/Irwin,2003)

2.2.2 Review of Articles

In an article, Ashwini Kumar Thakur, raises the issue of risk management in the banking sector. According to him, “Risk should be taken as one of the challenges of the banking industry but it is not sufficient to minimize the potential disasters. Banking risk should be managed as a separate part of the management”. (Thakur A.K., “Risk Management of Commercial Bank and Financial Institution”, Nepal Rastra Bank Samachar – vol. 47, NRB, 2059 P: 49)

In article, Mahesh Bhattarai, is trying to indicate the problem of bank’s bad debt and non-performing asset. According to him “If a bank cannot recover its loan lending, bank’s cash flow will be badly affected. “Similarly it can affect the close relationship between depositors.” (Bhattarai M., “Restructuring Process of Commercial Bank & Responsibility of Restructuring Team”, Nepal Rastra Bank 2059)

In an article, “Challenges of non- performing loan management in Nepal”, Uma Karki has mentions the causes of increasing trend of non-performing loan. She identifies the major causes such as poor loan analysis, guarantee oriented loan system, depreciation on valued assets, misuse of loan, lack of regular supervision of loan. (Karki, Uma :2059, “Challenges of Non-Performing Loan Management in Nepal”, Nepal Rastra Bank Samachar- Vol. 47, NRB).

In an article “Nepal’s Financial Reform: A Tardy Pace of Deliberate Race” Bill Pendleton is trying to explore the need and relevancy of financial reform program in Nepal. In this article he suggest that ‘HMG/N’ has way to go for complete financial reform, restore financial soundness to deserving public much work is left to do; however, the government had set to ‘Road Map’ to complete this phase and continues to improve the reform process, a process vision to sustain the economy for generations to come. It is important that the citizens of Nepal, particularly the media services, support this effort as well. (Pendleton B., “Nepal’s Financial Reform: A Tardy Pace of Deliberate Race”, Nepal Rastra Bank Samachar – vol. 49, 2061 NRB)

2.2.3 Review of Journals

Khan and Jain author opined, “While it is true that general economic conditions and industry practices have a strong impact on the level of receivables, a firm’s investment in these types of current assets is also greatly affected by its internal policy.” (Khan and Jain, 1988 P: 669)

Mali Ram says, “Banking means the accepting: for the purpose of leading or investing, the deposit of money from the public, repayable by cheque, draft order or other” (Dr. Mali Ram, 1992)

In the word of R.S sayers, “ordinary banking business consist of changing cash for bank deposit from one person to corporation (one depositor to another) giving bank deposit in exchange for bill or exchange ; government bond, secured and unsecured promises businessmen to repay”.(R.S,1999)

2.2.4 Review of previous thesis

Shrestha (2004) found describe current ratio is below normal standard, strong position in mobilization of total deposit on loan & advances to acquire higher profit in the study of “Financial Performance analysis of Everest Bank Ltd”. Though it has good performance they

are lacking sound investment policy, leverage ratio found zero, more priority to invest its fund in government securities than other investment sector.

Adhikari (1993) conducted this thesis on 'Evaluating the financial performance of Nepal Bank Ltd'. With basic objectives of evaluating the financial performance of Nepal Bank Ltd.(of the period from 2038 to 2047) other objectives of the study were to examine the trend of deposit mobilization along with the cost of deposit, to measure liquidity, profitability and operating efficiency of the bank and so on.

Pradhan (1980) found 'A study on investment policy of Nepal Bank Ltd' conducted this study with the objectives as to access the lending policies of the bank, to find out the causes of fluctuation of loan during the year 2029 to 2034, to find out to what extent Nepal bank Ltd had been able to utilize deposit, to suggest measures to improve the leading policy. He concluded that there was a positive relationship between 'deposit and loan& advances'. However, the same time was not in a proportionate manner, greater increase in deposit led to little increase in the loans and advances. Increase in interest rate was the main factor for the decrease in loan demand. The bank had investment in the priority sector, which was lower than percentage (7%) imposed by NRB.

Pathak (2001) in his study "A comparative study on financial performance between NGBL and HBL" concludes that the short term solvency positions of both banks are found below the normal standard and NGBL seems relatively better than of HBL. Return on investment comparatively decides that HBL has idle deposit due to lower return as compared with NGBL. Both the banks are highly leveraged. Comparatively HBL seems relatively more. Thus, the both have lower ratio of shareholders equity over total claims of creditors. Earnings per share trend of both banks are found to be decreasing. He suggests both banks to utilize its resources in more profitable sector. He recommends to invest more in the most earning assets like loan and advance and to reduce the operating expenses to maximize profit.

Thapa (2004) conducted the study on 'Fund accumulation and mobilization capacity of Nepal bank Ltd and Nepal Bangladesh Bank Ltd' and conducted that the both were found complying the rules and regulation as per prescribed in directives in some extend. NBBL is more serious in the matter in comparison NBL on matter of liquidity compliance; the both banks were not under the standard of NRB. The stability position of NBBL is relatively better than NBL.

Rana (2007) has conducted the study on the ‘A comparative financial performance analysis of Nabil bank Ltd. and Himalayan bank Ltd.’ and found that both banks has utilized its deposit very efficiently on loan and advances but its return on investment of both the banks is not satisfactory. It is found that both banks are using more debt in the capital structure. Both banks are able to earn high return on shareholders’ equity.

B.B.Thapa (2008) has conducted the study on the topics of ‘A study of financial performance of Nepal SBI Bank Ltd’ and found that the loan and advances to total deposit shows a fluctuating trend in the over the period. The bank becomes most successful in utilizing the depositors fund to earn profit by providing loans and advances. The price-earnings ratio is high; bank has properly utilized the high interest bearing profit.

Chapter-III

RESEARCH METHODOLOGY

3.1 Research Design

Research design is the organized way of research methods and techniques used in the entire study. This research is based on descriptive and analytical technique. As the main objective of this study is to evaluate financial performance of Nepal Bank Limited, the researcher has collected necessary data relating to overall performance of this bank.

The study is design as to give a clear picture of the bank's financial performance. On the basis of financial statement and other available data and adopting this proposed research design attempt is made to investigate into financial performance of the bank followed by some useful suggestion and recommendations.

3.2 Population and Sample

The Study focus on the commercial bank operating throughout the years from its inception has been taken as the population. The sample of this commercial bank consists of only 6 years out of the population. This five year considered for the study is from FY 2062/63 to 2068/69. The sample period is selected so as to capture the resulting change in NBL after the financial sector reform program is implemented. The variables under this study of six years are deposit, liabilities, investment, loans and advances, net profit, shareholder's equity, dividend earning.

3.3 Nature and sources of Data

The nature of the data is secondary as the basic purpose of the study is to evaluate the financial performance of the NBL. The data for the period 2062/63 to 2068/69 have been collected from NBL and its quarterly publication called "Nepal Bank Samachar" (2068/69).

3.4 Analysis of the Data

The main indicator used in this performance analysis is the operating efficiency which gives the operational result of the bank, i.e. operational profit or loss. Besides this, various financial indicators like current ratio, loan to deposit ratio, return on capital, return on net worth, return on total assets, earning per share, dividend per share, payout ratio and net worth per share vs.

market price per share have been used to measure the financial performance of the NBL. Moreover, the trend analysis and simple statistics i.e. descriptive statistics have been used.

3.4.1 Financial tool

The financial analysis is used as an index of yardstick for evaluating the financial position and performance of the firm. It is a technique of analysis and interpretation of financial statements. The formulas of the various ratios calculations are as follows:

3.4.1.1 Liquidity ratio

These ratios indicate whether the firm would be in a position to meet its short-term obligation in time. These ratios show the short-term solvency of the concern. It measures short-term debt paying ability of the firm. Under liquidity there are following ratios.

a. Cash and bank balance to total deposit

This ratio calculated to find out whether cash hand bank balance in hand is sufficient to cover its current calls margined to total deposits. The formula used for computing this ratio is as;

$$\text{Cash and Bank Balance to Total Deposit} = \frac{\text{Cash and Bank Balance}}{\text{Total Deposit}}$$

b. Cash and bank balance to current deposit

This ratio is calculated to find the ability of banks to pay total calls made on current deposits. It is calculated by current deposits. The formula used for computing this ratio is as;

$$\text{Cash and Bank Balance to Current Deposit Ratio} = \frac{\text{Cash and Bank Balance}}{\text{Current Deposit}}$$

c. NRB balance to total deposit

NRB balance to total deposit is obtained as

$$\text{NRB balance to total deposit} = \frac{\text{Nepal Rastra Bank balance}}{\text{Total Deposit}}$$

3.4.1.2 Capital Structure ratio or Leverage ratio

Leverage ratios also termed as long term solvency ratios of capital structure ratios. The term “solvency” implies the ability of a business to meet its long-term debts. Thus, solvency ratios convey a firm’s ability to meet its long-term obligation.

a. Total debt to total assets ratio

Total debt to total assets ratio signifies the extent of debt financing on the assets and measures the financial security to creditors. Total debt is the output of total liabilities minus profit, reserve fund, paid up capital. The formula to compute this ratio is as:

$$\text{Total debt to total assets ratio} = \frac{\text{total debt}}{\text{total assets}}$$

b. Debt equity ratio

Debt equity ratio measures the relative claims of creditors and owners against the assets of the firm. This ratio indicates the relationship between debt and equity. The ratio is also termed as total debt to net worth ratio. This ratio can be calculated as;

$$\text{Debt equity ratio} = \frac{\text{total debt}}{\text{net worth}}$$

Net Worth = Paid up Capital + Reserve Fund

Total debt = Long-term debts + Current liabilities.

c. Shareholder’s equity to total assets ratio

This ratio explains the percentage of shareholder’s equity used in total assets. Shareholder’s equity is the combination of paid up capital and reserve fund.

$$\text{Total debt to shareholder’s fund} = \frac{\text{shareholder’s equity}}{\text{Total Assets}}$$

3.4.1.3 Activity Ratio/ Turnover ratio

The total fund raised by the company invested in acquiring various assets on operation of the business. The assets are required to generate the position of profit, which depends upon the value of activity.

a. Investment to total deposit

This ratio measures the mobilization of percentage amount of total deposits on investment. It calculated by dividing the amount of investment in various institutions by the amount of total deposit.

$$\text{Investment to total deposit} = \frac{\text{investment}}{\text{total deposit}}$$

b. Investment to total assets

This ratio measures the percentage of total assets mobilize in investment. This ratio computed by using formula as;

$$\text{Investment to total assets} = \frac{\text{investment}}{\text{total assets}}$$

c. Loan and advances to total assets

The ratio measures the extent to which the bank are successful in utilizing outsiders fund in the form of extending loans and advances. A high ratio represents the ability to utilize the deposits. To find out the ratio is uses the following formula;

$$\text{Loan and advances to total assets} = \frac{\text{Loan and advances}}{\text{Total Assets}}$$

d. Loan and advances to total deposit

This ratio also measures the contribution of total deposit on only loan and advance not in investment. The formula used to find out this ratio is as;

$$\text{Loan and advances/ total deposit} = \frac{\text{loan and advances}}{\text{Total Deposit}}$$

e. Interest suspense to non-performing assets

This ratio is calculated by dividing the interest suspense to non-performing assets.

$$\text{Interest suspense to non – performing assets} = \frac{\text{Interest suspense}}{\text{Non – performing assets}}$$

f. Loan loss provision to non-performing assets

This ratio is calculated by dividing non-performing assets to Loan Loss Provision.

$$\text{Non – performing assets to loan loss provision} = \frac{\text{Loan loss provision}}{\text{Non – performing assets}}$$

3.4.1.4 Profitability Ratio

Profit is very essential for the survival and growth of the business. Profitability ratio is calculated to measure the overall efficiency of the business. The following are the major profitability ratio:

a. Net profit to total assets ratio

This ratio measures the relationship between the total assets and net profit after tax. It measures the profitability of the assets and determines how effectively the managements have used the total assets. It is the ratio of net profit after tax by total assets.

$$\text{Net profit to total assets} = \frac{\text{Net profit}}{\text{Total Assets}}$$

b. Return on equity

This ratio indicates the profitableness of the owner's investment. This is the most commonly used ratio for measuring the return on owner's investment. The return on equity is obtained dividing net profit after tax by shareholder's equity. It can be calculated by using formula as:

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

c. Return on Net Loan and Advance

This ratio measures the company's return from loan and advances. Return means net profit after tax. The following formula used for computing this ratio is as;

$$\text{Return on net loan and advance} = \frac{\text{Net profit after tax}}{\text{Net loan and advance}}$$

d. Earnings Per Share

It measures the profit available to the equity shareholders. The objective of computing this ratio is to measure the profitability of the firm on per equity share. The formula used to find out the earning per share is as;

$$\text{Earning per share} = \frac{\text{Net profit after tax}}{\text{No. of share outstanding}}$$

3.4.2 Trend Analysis

Trend analysis is a comparative analysis of a firm's financial ratio over time. Trend Analysis of deposit, loan and advances and deposit utilization analysis have been conducted.

3.4.3 Statistical Tools

Some important tools are used to achieve the objective of this study. In this study statistical tools such as Mean, Coefficient of Correlation and Coefficient of Correlation of Probable Error (P.E).

3.4.3.1 Arithmetic Mean

Arithmetic mean of a given set of observation is their sum divided by the number of observation. In general, X_1, X_2, \dots, X_n are the given number of observation, their arithmetic mean can be derived in this way.

$$\bar{X} = \frac{X_1 + X_2 + \dots + X_n}{N}$$

Where, X_i = Variables, \bar{X} = Arithmetic Mean, and N = Number of Observation.

The arithmetic mean is a single value of selection, which represents them in average. Out of the various central tendencies, a mean is one of the useful tools to find out the average value of the given data. Furthermore, it is very much useful with respect of financial analysis and it is easy to calculate.

3.4.3.2 Karl Pearson's Coefficient of Correlation

Out of several mathematical method of measuring correlation the Karl Pearson is popularity known as Pearson's Coefficient of Correlation widely used in practice to measure the degree of relationship between two variables. Two variables are said to have correlation when the

value of one variable is accompanied by the change in the value of the other. So, it is measured by following formula using two variables:

$$\text{Coefficient of Correlation (r)} = \frac{N\sum XY - \sum X \sum Y}{\sqrt{N\sum X^2 - (\sum X)^2} \sqrt{N\sum Y^2 - (\sum Y)^2}}$$

Here,

N = Number of Pairs of X and Y observed

$\sum XY$ = Sum of product of deviation in two series

$\sum X^2$ = Sum of squared deviation in X series

$\sum Y^2$ = Sum of squared deviation in Y series

Probable Error (P.E) of the Coefficient of Correlation (P.E.):

$$\text{P. E.} = 0.6745 \frac{1 - r^2}{\sqrt{n}}$$

If r is less than its P.E., it is not significant at all. If r is more than P.E. there is significant correlation. And if r is more than 6 times its P.E. and r equals to or greater than ± 0.5 then the correlation is considered significant.

Chapter-IV
PRESENTATION AND ANALYSIS OF DATA

4.1 Ratio Analysis

To evaluate the financial performance of a firm, the analysis needs certain key factors which factors are two numerical expressions of the particular firm or sector, by which the two variables are divided into each other and get the ratio. A ratio is widely used as a financial analysis to find out the position and performance of Nepal Bank Limited. The ratio analysis has been grouped into four categories, which reflect the Liquidity, Leverage, Activity and Profitability of the bank. A ratio is calculated by dividing one nature of the relationship with the other.

4.1.1 Liquidity Ratio

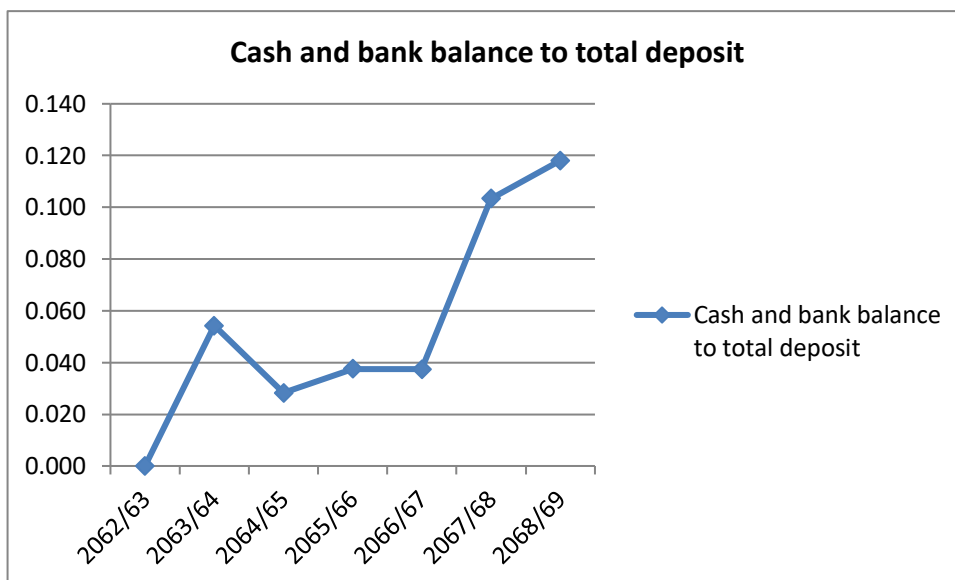
The liquidity ratios are analyzed to judge the bank's ability to meet the short- term obligations. The liquidity ratio shows the present cash solvency and the ability to solvent in adverse situation. In this category, we calculate the comparison between short- term obligation and short term resources.

4.1.1.1 Analysis of Cash and Bank Balance to Total Deposit

Table No. 4.1 Cash and Bank Balance to Total Deposit

Fiscal Years	062/63	063/64	064/65	065/66	066/67	067/68	068/69
Ratio	0.033	0.054	0.028	0.038	0.037	0.103	0.118
Average	0.059	Max.		0.118	Min.		0.028

Figure No. 4.1



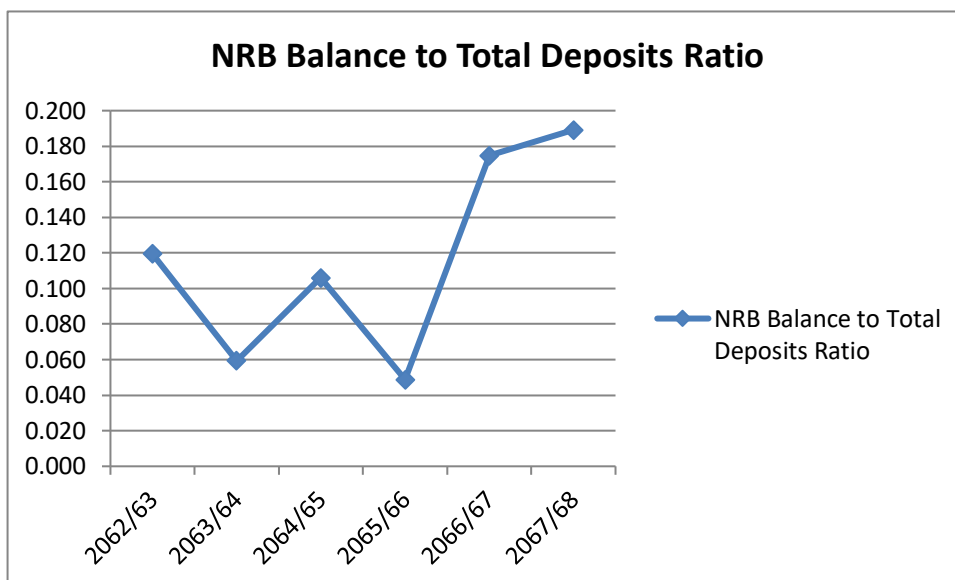
The above table and figure shows the ratio of Cash and Bank Balance to Total Deposit .The lowest ratio in FY 2064/65 is 0.028 and the highest is 0.118 in FY 2068/69. The ratios below than the average 0.43 are 0.028, 0.038 and 0.037 in FY 2064/65, 2065/66 and 2066/67 respectively. In the other remaining fiscal year, the ratios are higher than the average. Thus, the ratio has inverse relationship in each year.

4.1.1.2 Analysis of NRB Balance to Total Deposits Ratio

Table No. 4.2 NRB Balance to Total Deposits Ratio

Fiscal Years	062/63	063/64	064/65	065/66	066/67	067/68	068/69
Ratio	0.120	0.059	0.106	0.049	0.175	0.189	0.187
Average	1.26	Max.		1.89	Min.		0.049

Figure No. 4.2

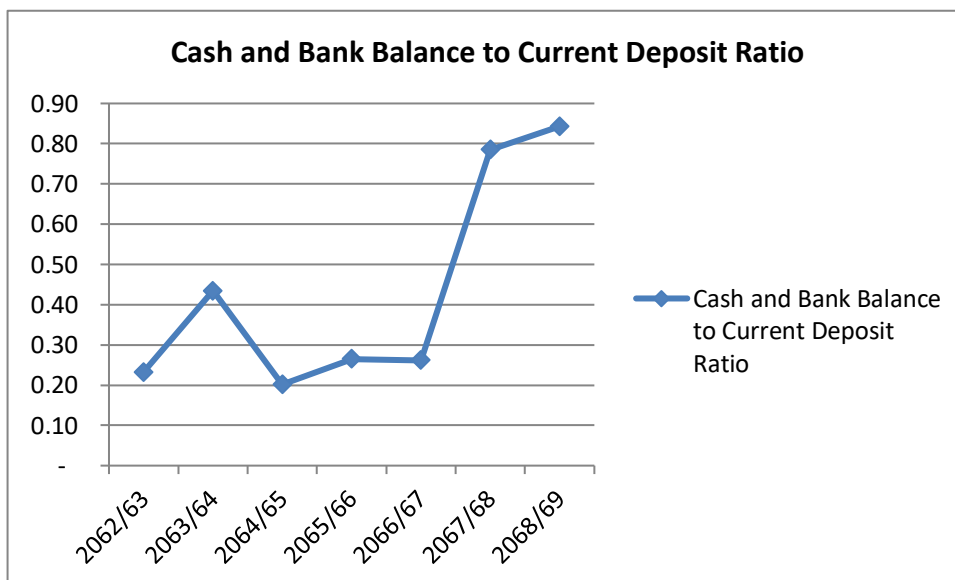


4.1.1.3 Analysis of Cash and Bank Balance to Current Deposit Ratio

Table No. 4.3 Cash and Bank Balance to Current Deposit Ratio

Fiscal Years	062/63	063/64	064/65	065/66	066/67	067/68	068/69
Ratio	0.23	0.43	0.20	0.27	0.26	0.79	0.84
Average	0.43	Max.		0.84	Min.		0.20

Figure No. 4.3 Cash and Bank Balance to Current Deposit Ratio



The above table and figure reveals the Cash and Bank Balance to Current Deposit Ratio. The highest ratio is 0.84 times in FY 2068/69 and the lowest ratio is 0.20 times in FY 2064/65. The ratio is below the average 0.43 times in FY 2062/63, 2064/65, 2065/66 and 2066/67 which is 0.23 times, 0.20 times, and 0.27 times respectively and in the other above the average value. Thus, the ratio has inverse relationship in each year.

4.1.2 Leverage/ Capital Structure Ratio

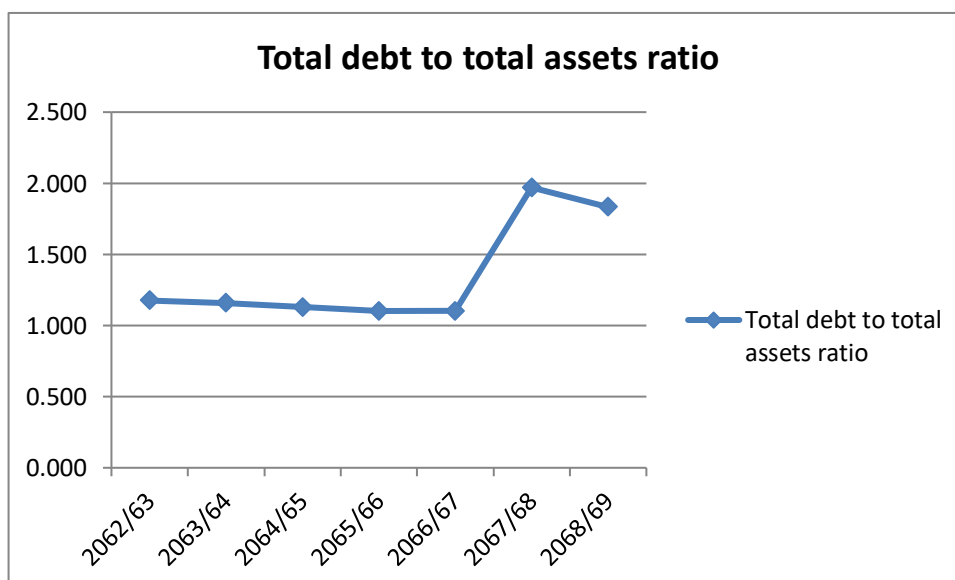
The long- term solvency position of the bank can be measured by using this leverage ratio and also called it capital structure ratio. It defined as ability to assure the long-term creditors with regard the periodic interest payment and the principal. In this category, we examine the debt equity ratio, shareholder’s equity ratio and total debt ratio of the bank.

4.1.2.1 Analysis of Total Debt to Total Assets

Table No. 4.4 Total Debt to Total Assets

Fiscal Years	062/63	063/64	064/65	065/66	066/67	067/68	068/69
Ratio	1.175	1.159	1.129	1.102	1.103	1.970	1.834
Average	1.35	Max.		1.97	Min.		1.102

Figure No. 4.4



The above table and figure shows the Total Debt to Total Assets ratio of Nepal Bank Limited. Under the study period of seven years, the ratio is fluctuating in each year. The highest ratio is 1.97 times in FY 2067/68 and the lowest ratio is 1.103 times in FY 2066/67. The ratio is higher the average in FY 2067/68 and 2068/69 .and remaining year are below the average

4.1.2.2 Analysis of Debt- Equity Ratio

Table No. 4.5 Debt- Equity ratio

Fiscal Years	062/63	063/64	064/65	065/66	066/67	067/68	068/69
Ratio	110.99	119.63	124.77	137.79	129.71	272.43	264.72
Average	165.72	Max.		272	Min.		111

Figure No. 4.5



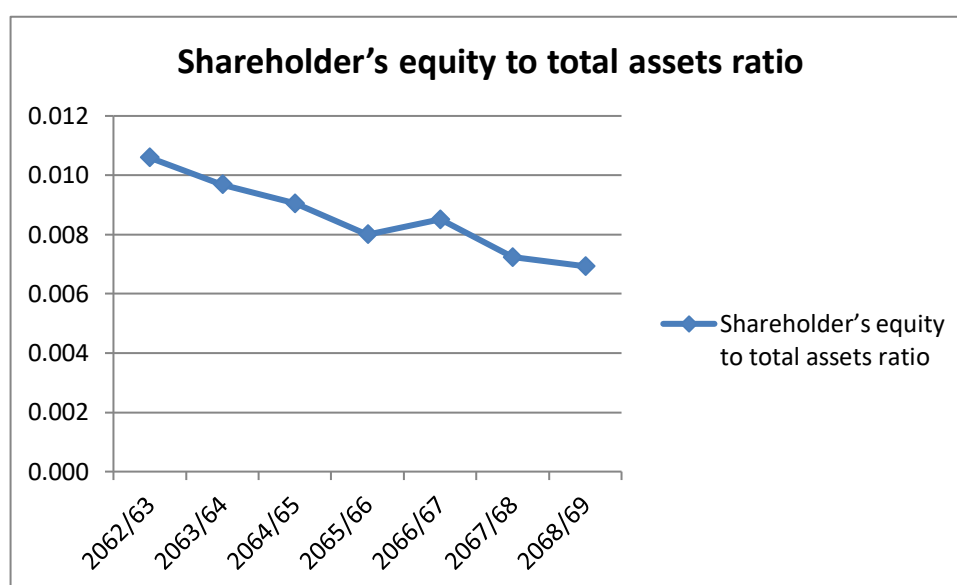
The above table & figure reflects the Debt-Equity Ratio. Under the study period of seven year, the ratio is going upward in each year. The highest ratio is 272.435 times in FY 2067/68 and the lowest is 110.994 times in FY 2062/63

4.1.2.3 Analysis of Shareholder's Equity to Total Assets

Table No. 4.6 Shareholder's Equity to Total Assets

Fiscal Years	062/63	063/64	064/65	065/66	066/67	067/68	068/69
Ratio	0.011	0.010	0.009	0.008	0.009	0.007	0.007
Average	0.009	Max.		0.011	Min.		0.007

Figure No. 4.6



The above table & figure revealed the Shareholder's Equity to Total Assets Ratio. The average of shareholder's equity to total assets ratio of Nepal Bank Limited during the seven years study period is 0.009 times. The ratio is near to an average all over the study period. The highest ratio is recorded 0.011 times in FY 2062/63 and the lowest ratio is 0.007 times FY 2068/69

4.1.3 Activity Ratio

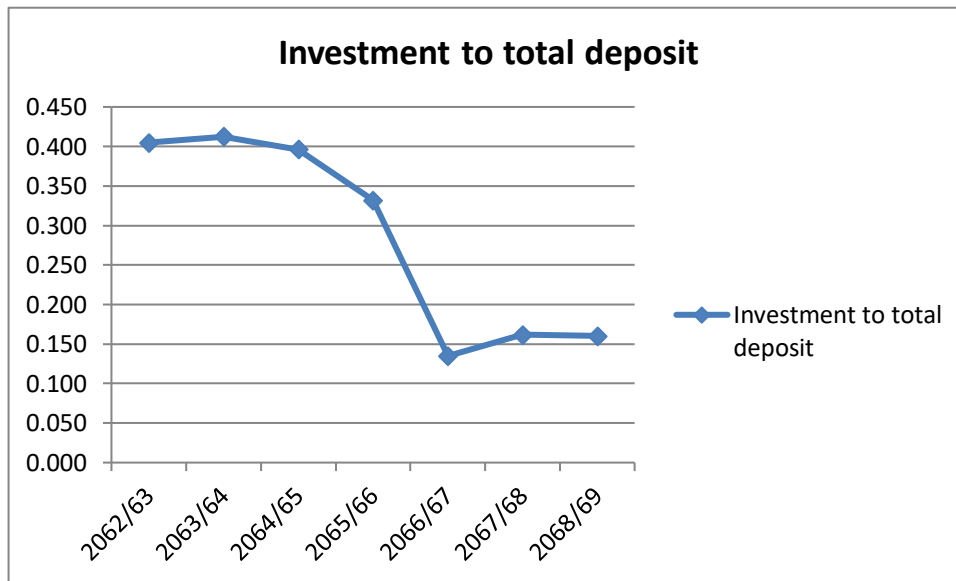
The activity ratios are concerned with the efficiency of assets management of the bank. The efficiency of the firm shows how the assets managed and utilized. Greater turn over, higher the efficient management of the company and vice-versa. To evaluate the activity ratio, we analyze the investment, loan and advances and non- performing assets against the resources as deposit, assets and total loan of the bank.

4.1.3.1 Analysis of Investment to Total Deposit

Table No. 4.7 Investment to Total Deposit

Fiscal Years	062/63	063/64	064/65	065/66	066/67	067/68	068/69
Ratio	0.405	0.412	0.396	0.332	0.135	0.162	0.160
Average	0.286	Max.		0.412	Min.		0.135

Figure No. 4.7



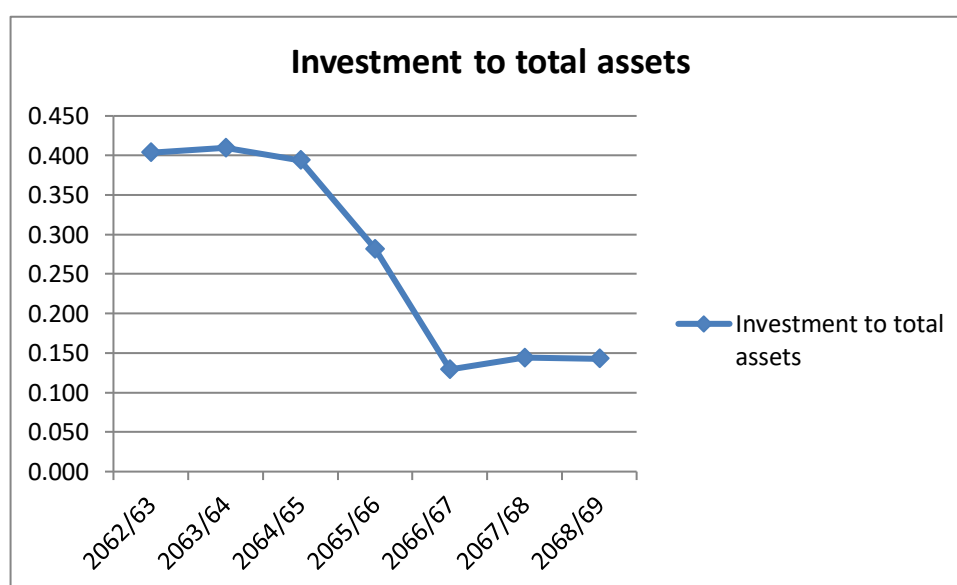
The above table & figure shows the above table reflects the Investment against Total deposit Ratio. It gives the picture of how the deposit is mobilized in investment sector. The ratio is above the average is in last three FY 2062/63, 2063/64 and FY 2064/65 which are 0.405 times, 0.412 times and 0.396 times respectively. However, in remaining years the ratio is under the average.

4.1.3.2 Analysis of Investment to Total Assets

Table No. 4.8 Investment to Total Assets

Fiscal Years	062/63	063/64	064/65	065/66	066/67	067/68	068/69
Ratio	0.404	0.410	0.394	0.282	0.129	0.144	0.143
Average	0.272	Max.		0.410	Min.		0.129

Figure No. 4.8



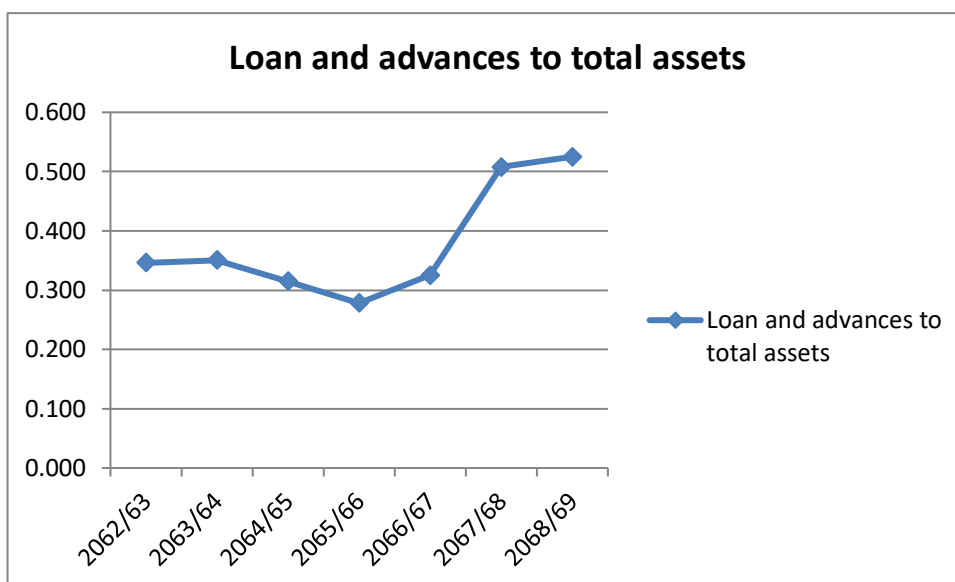
The above table & figure shows the Investment to Total Assets ratio of Nepal Bank Limited. The average ratio is .272 times and maximum ratio is 0.140times in FY / 2063/64 and minimum ratio is 0.129 in FY in 2066/67.

4.1.3.3 Analysis of Loan and Advance to Total Assets

Table No. 4.9 Loan and Advance to Total Assets

Fiscal Years	062/63	063/64	064/65	065/66	066/67	067/68	068/69
Ratio	0.346	0.350	0.315	0.278	0.325	0.508	0.525
Average	0.378	Max.		0.525	Min.		0.278

Figure No. 4.9



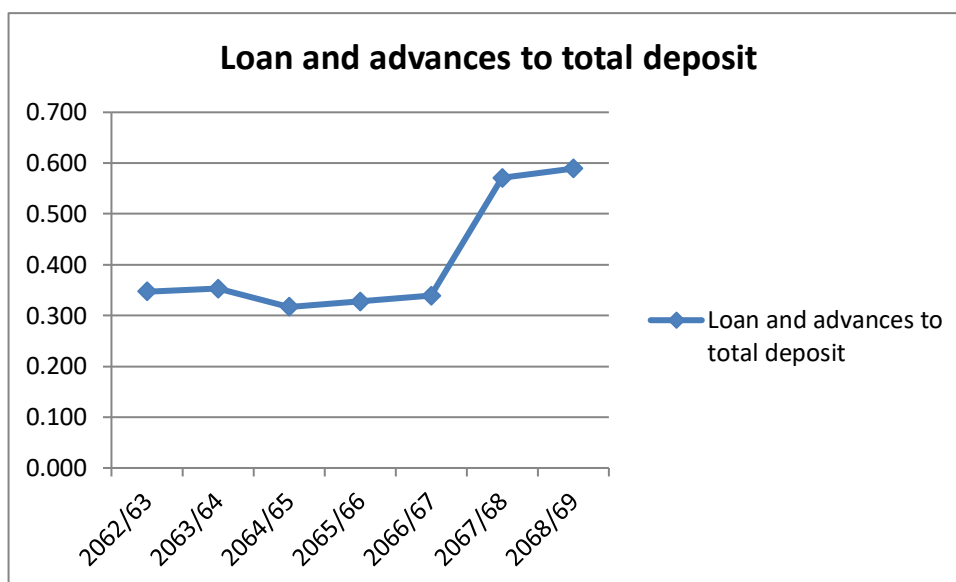
The above table & figure shows the Total Lending against the Total Assets ratio is reflected in the above table of Nepal Bank Limited. The highest ratio of lending reached to 0.525 times in FY 2068/69. The lowest ratio came down to 0.278 times in FY 2065/66. The ratio is above the average is 0.508 times and 0.525 times in FY 2067/68 and 2068/69 respectively and the remaining ratio is under the average.

4.1.3.4 Analysis of Loan and Advance to Total Deposit

Table No. 4.10 Loan and Advance to Total Deposit

Fiscal Years	062/63	063/64	064/65	065/66	066/67	067/68	068/69
Ratio	0.347	0.353	0.317	0.327	0.339	0.571	0.589
Average	0.406	Max.		0.589	Min.		0.317

Figure No. 4.10



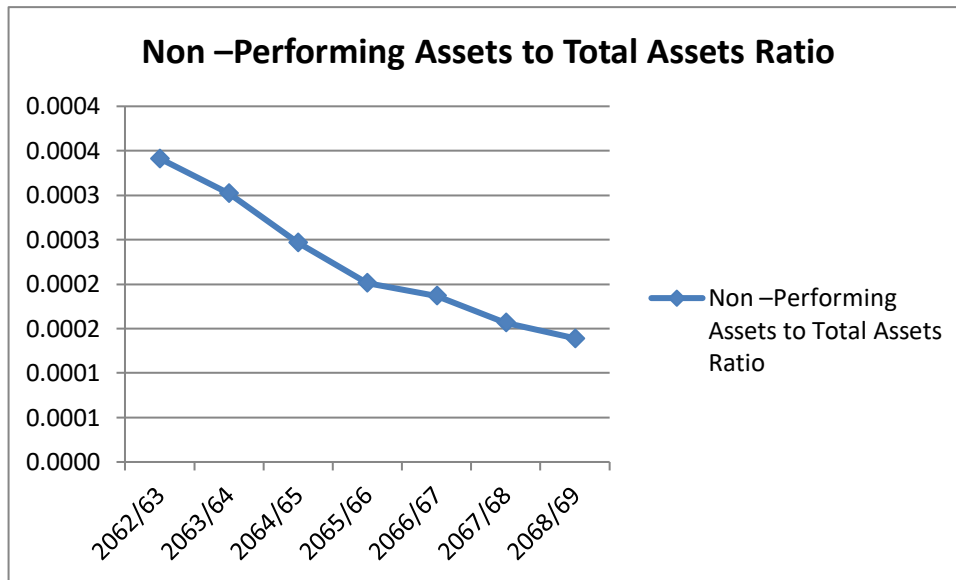
The above table & figure shows the Loan and Advance excluding Investment against Total Deposit. The loan and advance ratio 0.406 times is an average of Nepal Bank Limited over the study period. The lowest ratio reveals in FY 2064/65 is 0.317 and the highest ratio is 0.589 times in FY 2068/69.

4.1.3.5 Analysis of Non –Performing Assets to Total Assets Ratio

Table No. 4.11 Non –Performing Assets to Total Assets Ratio

Fiscal Years	062/63	063/64	064/65	065/66	066/67	067/68	068/69
Ratio	0.0003	0.0003	0.0002	0.0002	0.0002	0.0002	0.0001
Average	0.0002	Max.		.0003	Min.		0.0001

Figure No. 4.11 Non –Performing Assets to Total Assets Ratio



The above table & figure depicts the ratio of Non- Performing Assets to Total Assets of Nepal Bank Limited for the financial year of 2062/63 to 2068/69. The ratio increased up to 0.0004 times in FY 2063/64 and decreased up to 0.0001 times in FY 2068/69. The ratio below the average 0.0002 times is 0.0001 and the remaining are above the average.

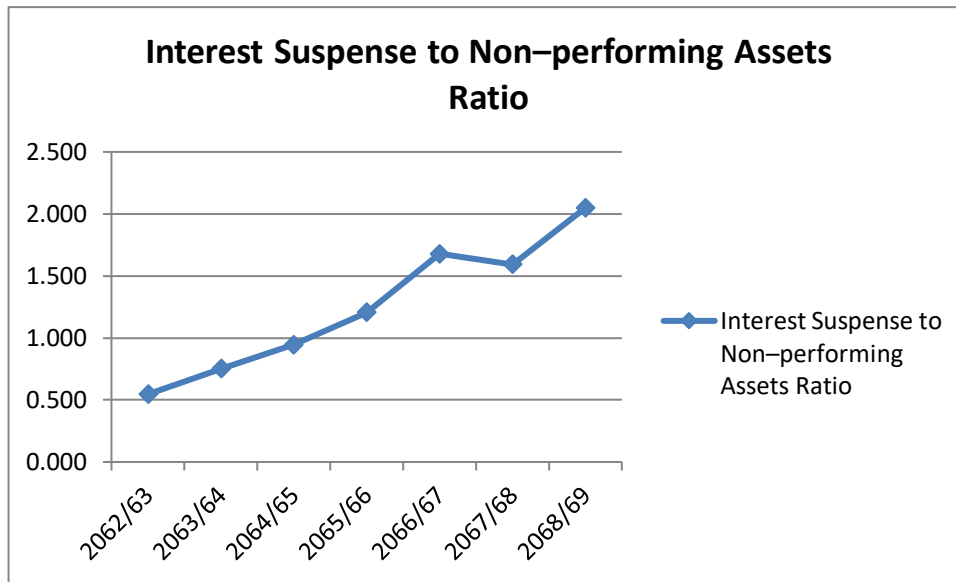
According to the direction of NRB to the commercial Banks, the ratio of non – performing assets to total assets should be about 10 times. With referring to this table, NBL is able to keep the level of non- performing assets as an adequate position which is on an average of 0.0002 times.

4.1.3.6 Analysis of Interest Suspense to Non–performing Assets Ratio

Table No. 4.12 Interest Suspense to Non–performing Assets Ratio

Fiscal Years	062/63	063/64	064/65	065/66	066/67	067/68	068/69
Ratio	0.546	0.751	0.946	1.205	1.678	1.592	2.049
Average	1.252	Max.		2.049	Min.		0.546

Figure No. 4.12



The above table & figure reflects the Interest Suspense to Non- Performing Assets Ratio of Nepal Bank Limited for the financial year of 2062/63 to 20668/69. The average ratio is 1.252 times and the maximum ratio is 2.049 in the fiscal. Year 2068/69 and the minimum ratio is 0.546 in the fiscal year 2062/63.

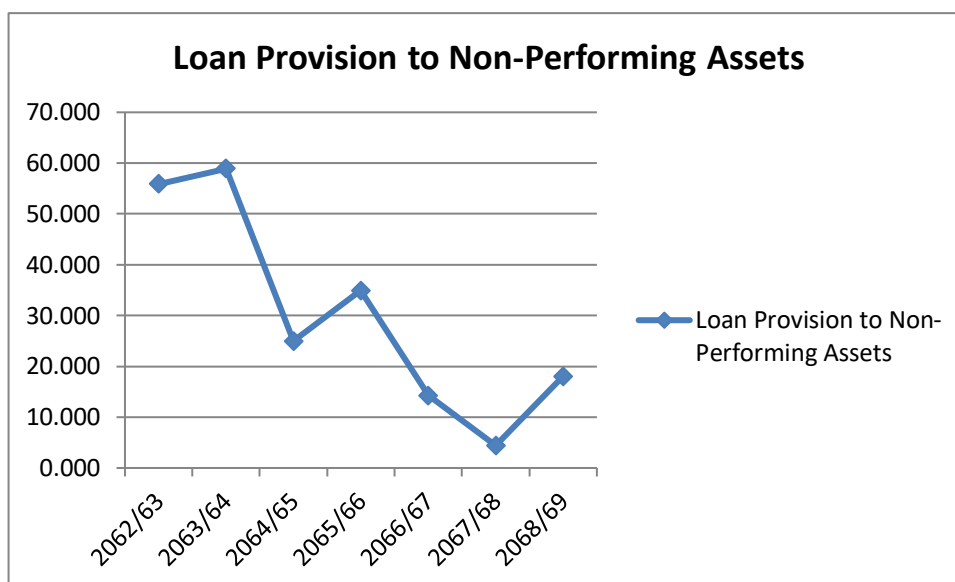
This table shows that Non-Performing assets of Nepal Bank Limited is decreasing but interest suspense amount is increasing each year. Therefore, Nepal Bank Limited should decrease the volume of Non-Performing Assets and the Interest Receivable in an efficient way.

4.1.3.7 Analysis of Loan Provision to Non-Performing Assets

Table No. 4.13 Loan Provision to Non-Performing Assets

Fiscal Years	062/63	063/64	064/65	065/66	066/67	067/68	068/69
Ratio	55.895	58.885	24.927	34.926	14.270	4.419	18.053
Average	30.196	Max.		58.885	Min.		4.419

Figure No. 4.13



The above table & figure presents the ratio of Loan Loss Provision to Non- Performing Assets of Nepal Bank Limited for the study period of 2062/63 to 2068/69. High amount of non- performing assets and its provision is not good for the banks performance. Even though, banks should make a provision for non-performing assets according to the reasonable standards. According to NRB Guidelines ass substandard, doubtful and loss, graded accounts are non- performing assets. In addition, Nepal Rastra Bank has set a standard for the loan loss provision for non-performing assets from 25 times to 100 times. The ratio increased up to 58.885 times in FY 2063/64 and decreased up to 4.419 times in FY 2067/68.

The trend of loan loss provision and non-performing assets is decreasing each year, which is good for Nepal Bank Limited to improve its financial performance.

4.1.4 Profitability Ratio

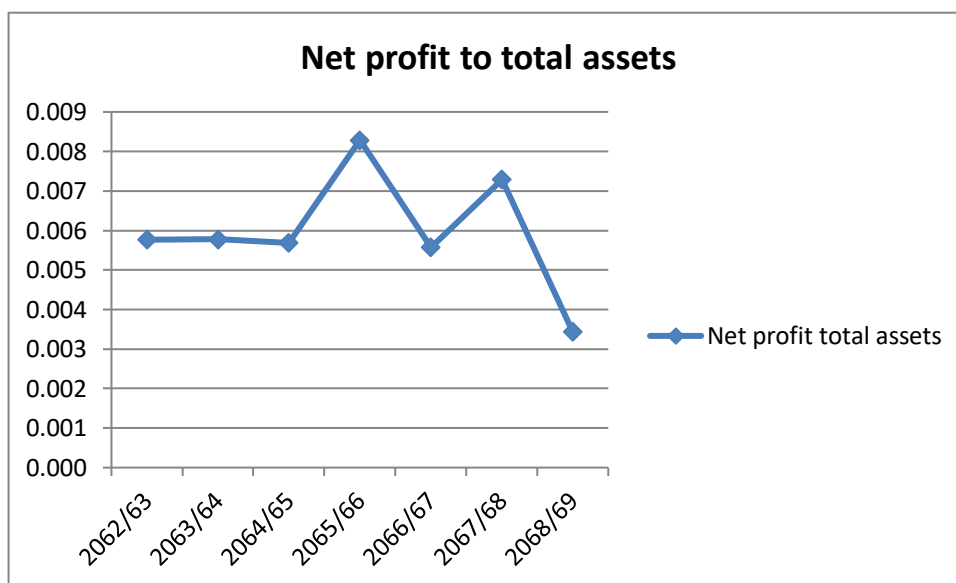
The overall financial efficiency for the both short - term and the long - term obligations are reflected by this ratio. The bank should earn legitimate amount of profit to survive in the market and its growth. The profit is an essential factor, but it would be in just if every action of the management enhances the profit. Therefore, we are going to analyze how the bank is operating the activities in connection of profit maximization. In this regard, we calculate earning power, return of the bank, and interpret it.

4.1.4.1 Net profit total assets

Table No. 4.14 Net profit total assets

Fiscal Years	062/63	063/64	064/65	065/66	066/67	067/68	068/69
Ratio	0.006	0.006	0.006	0.008	0.006	0.007	0.003
Average	0.006	Max.		0.008	Min.		0.003

Figure No. 4.14



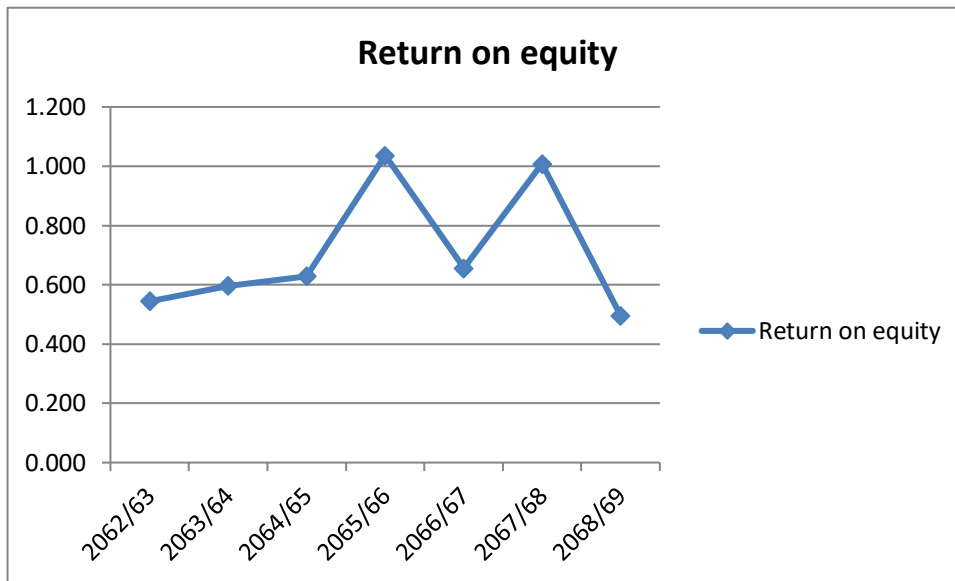
The above table & figure reveals the earning power against the total assets available in the Nepal Bank Limited during the study period of FY 2062/63 to 2068/69. The average ratio is 0.006 times and the maximum and minimum ratios are 0.008 and 0.003 in the fiscal year 2065/66 and 2068/69 respectively. After analyzing this table, it can clearly notify that Nepal Bank Limited is running with positive profit in period.

4.1.4.2 Analysis of Return on Equity

Table No. 4.15 Return on Equity

Fiscal Years	062/63	063/64	064/65	065/66	066/67	067/68	068/69
Ratio	0.545	0.597	0.629	1.036	0.656	1.008	0.496
Average	0.71	Max.		1.04	Min.		0.50

Figure No. 4.15



The above table exhibits the ratio of net profit and net worth as return on equity of Nepal Bank Limited for the financial year of 2062/63 to 2068/69. The mean ratio was 0.71 times.

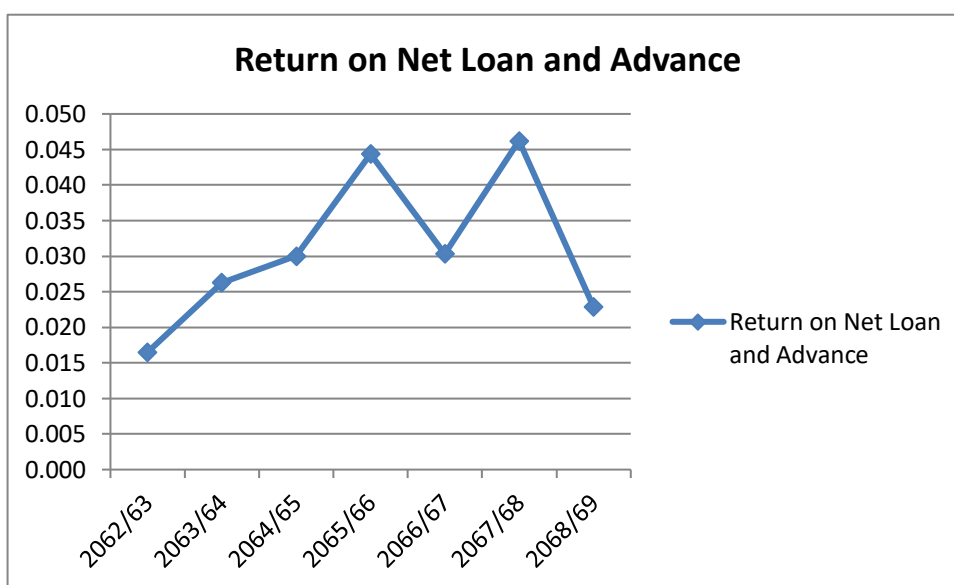
These positive figures shows the improvement situation of Nepal Bank Limited and negative figure shows the poorer situation of Nepal Bank Limited with its return on equity (net worth). This table clearly shows the amount of profit and amount of net. This represents the improving financial position of Nepal Bank Limited.

4.1.4.3 Analysis of Return on Net Loan and Advance

Table No. 4.16 Return on Net Loan and Advance

Fiscal Years	062/63	063/64	064/65	065/66	066/67	067/68	068/69
Ratio	0.017	0.026	0.030	0.044	0.030	0.046	0.023
Average	0.031	Max.		0.046	Min.		0.017

Figure No. 4.16



The above table & figure shows exhibits the ratio of net profit and net loan and advances of Nepal Bank Limited for the financial year of 2062/63 to 2068/69.

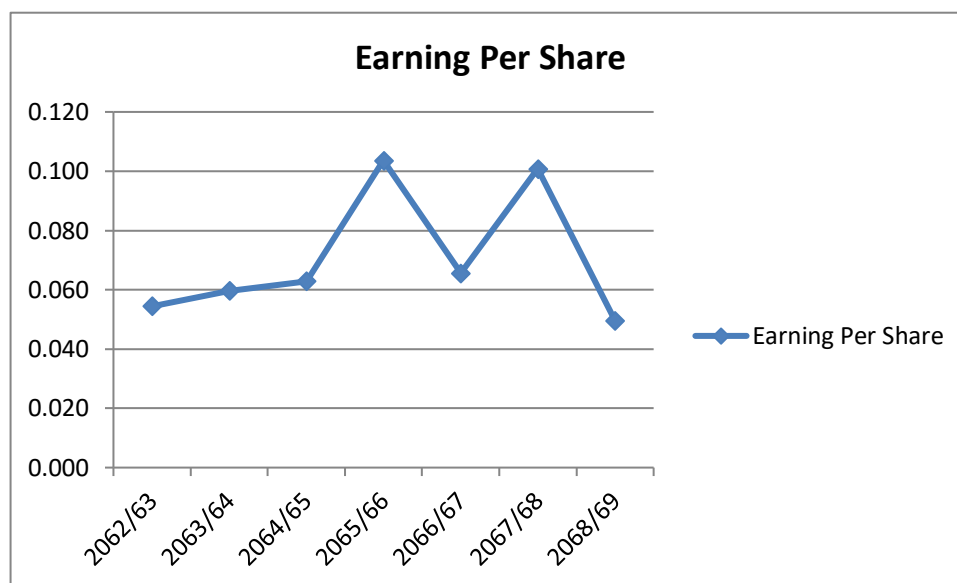
These positive figures, shows the good situation of Nepal Bank Limited with its return on loan and advances. It can be seen clearly that Nepal Bank Limited is being able to make profit through the loan and advances from 2062/63 to 2068/69. But from 2062/63, it is starting to earn profit and it shows Nepal Bank Limited is utilizing its loan and advances efficiently in profitable sector.

4.1.4.4 Analysis of Earning Per Share

Table No. 4.17 Earning Per Share

Fiscal Years	062/63	063/64	064/65	065/66	066/67	067/68	068/69
Ratio	0.054	0.060	0.063	0.104	0.066	0.101	0.050
Average	0.071	Max.		0.104	Min.		0.050

Figure No. 4.17



The above table & figure depicts the earning per share. There is improving situation of Nepal Bank Limited because amount of net profit was in positive. However, the bank is able to earn profit significantly in the financial year of 2062/63 and 2063/64.

4.2 Trend Analysis

To overview the trend of deposit, lending and the relationship of the lending and deposit, trend analysis has been performed. The study of data over a long period enables us to have a general idea about the pattern of behavior of the phenomenon under consideration. Trend analysis helps in business forecasting and planning future operation. Trend analysis enables us to compare two or more series over different periods and draw important conclusion about them.

4.2.1 Total Deposit Growth Trend

The main function of a commercial bank is the collection of deposits and its utilization, collection of deposit show the bank's efficiency in performance and reliability of its activities. It indicates the success of profitability and its service orientation. Banks have to pay interest on its deposit and pay dividends to its shareholders. So, more earning and more interest distribution can be achieved through deposit collection and its productive use.

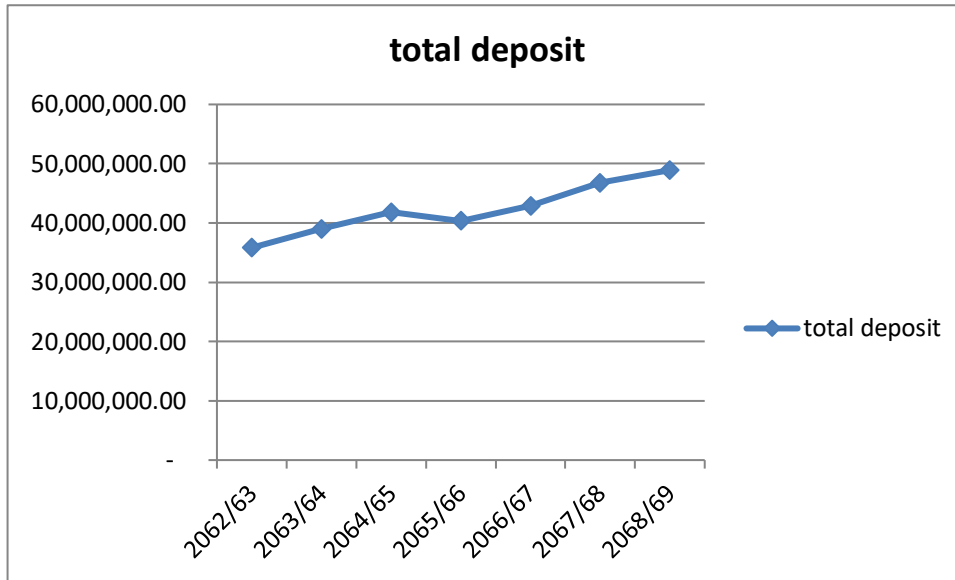
$$\text{Formula for Growth rate} = \frac{\text{Current year deposit}}{\text{Base year deposit}}$$

$$\% \text{ Growth rate} = \frac{\text{Current year deposit} - \text{Previous Deposit}}{\text{Previous Deposit}}$$

Table No. 4.18 Deposit Growth Trend

FY	Total Deposit	Deposit Rate	Growth	% Change
2062/63	35,829,765.00	100.000		-----
2063/64	39,014,204.00	108.888		8.89%
2064/65	41,829,391.06	116.745		7.22%
2065/66	40,372,267.00	112.678		-3.48%
2066/67	42,882,039.67	119.683		6.22%
2067/78	46,804,206.00	130.629		9.15%
2068/69	48,917,632.00	136.528		4.52%
Average	42,235,643.53	117.879		5.42%

Figure No. 4.18



In the above figure, the trend of total deposit from is increasing slowly. Here, base year is 2062/63. The deposit growth trend is shown in the above table. The total deposit's growth rate is swinging from 100.00 times to 136.528 times and average growth rate is 117.879 times.

4.2.1 Loan and Advance Trend

When we say the bank, everyone thinks about the deposit and side by side the loan. The deposit and lending are the unanimously two jobs of the bank as a same category or we can say two sides of a coin. The efficient management is to not only accelerate the deposit but also invest in a proper and suitable sector to the available resources. The proper and efficient utilization of bank's deposit and other resources can enhance the bank's performance and credibility. The value and worthiness of the bank esteemed the sound investment portfolio of the resources. The investment, loan and advance are analyzed as follows:

$$\text{Formula for Growth rate} = \frac{\text{Current year loan and advances}}{\text{Base year loan and advances}}$$

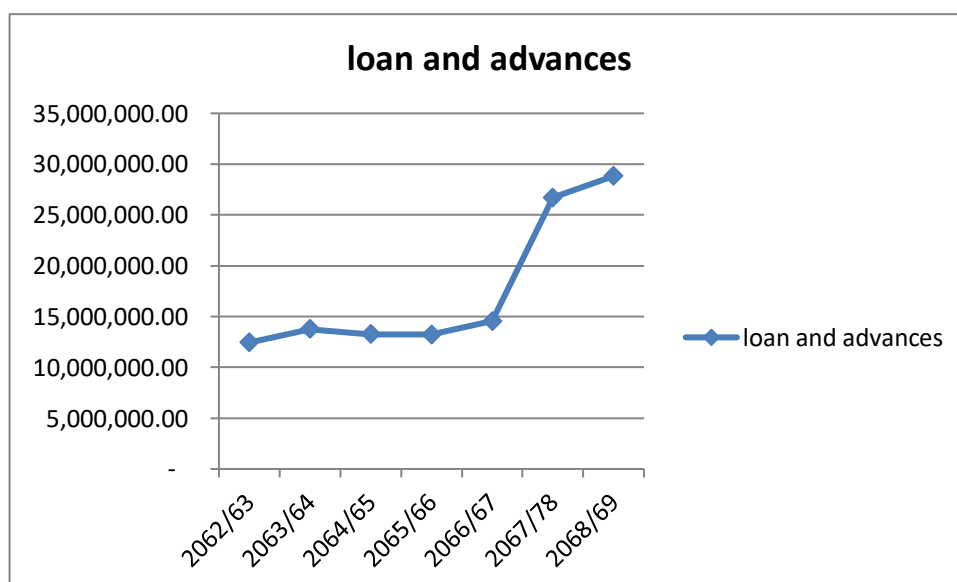
$$\% \text{ Growth rate} = \frac{\text{Current year loan and advances} - \text{Previous loan and advances}}{\text{Previous year loan and advances}}$$

Table No. 4.19 Loan and Advance Trend

FY	Loan and Advances	Growth Rate	% Change
2062/63	12,441,554.00	100	-----
2063/64	13,756,620.00	110.5699	10.57%
2064/65	13,251,962.77	106.5137	-3.67%
2065/66	13,221,265.00	106.267	-0.23%
2066/67	14,546,112.00	116.9156	10.02%
2067/68	26,709,882.00	214.6828	83.62%
2068/69	28,825,636.00	231.6884	7.92%
Average	17,536,147.40	140.9482	18.04%

Note: Loan and Advance Growth rate of 2062/63 is 140.9482 times.

Figure No. 4.19



The above table & figure shows the trend of the loans and advances with investments. If we assume the base year to the FY 2062/63, the growth rate is depicted from 100 times in FY 2062/63 to 231.6884 times in FY 2068/69 with the average of 140.9482 times. Likewise, the change percentage is 83.62 times which is the highest in FY 2067/68 and negative 3.67 times

which is the lowest in FY 2064/65. The average change is 18.04 times of investment, loan and advances in each year.

4.2.3 Deposit Utilization Trend

The chief function of the bank is the utilization of its deposit effectively. The indicator of the efficiency of the bank is the quality of the resources mobilization i.e. management of loans and advances. The deposit utilization is analyzed as follows

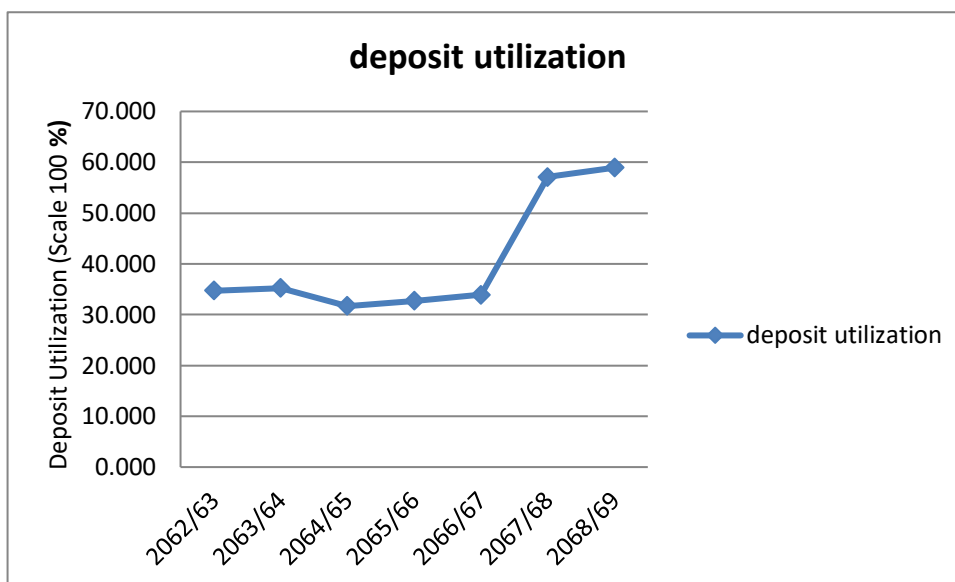
$$\text{Deposit utilization rate} = \frac{\text{loan and advances}}{\text{total deposit}}$$

Table No. 4.20 Deposit Utilization Trend

FY	Loan and Advances	Total Deposit	Deposit Utilization Rate
2062/63	12,441,554.00	35,829,765.00	34.724%
2063/64	13,756,620.00	39,014,204.00	35.261%
2064/65	13,251,962.77	41,829,391.06	31.681%
2065/66	13,221,265.00	40,372,267.00	32.748%
2066/67	14,546,112.00	42,882,039.67	33.921%
2067/78	26,709,882.00	46,804,206.00	57.067%
2068/69	28,825,636.00	48,917,632.00	58.927%
Average	17,536,147.40	42,235,643.53	40.618%

Note: Here, Deposit Growth rate of 2062/63 is 34.724 times.

Figure No. 4.20



The above table and figure exhibits the deposit utilization ratio from FY 2062/63 to 2068/69. The highest ratio is 58.927 times, which has been utilized in FY 2068/69, and the lowest ratio is 31.681 times in FY 2064/65. The deposit utilization ratio is above the average is 34.724times, 35.261 times and 31.681 times in the last three FY 2062/63, 2063/64 and 2064/65 respectively. But in the first five FY, the deposit utilization ratio is below the average which is 40.618 times, which shows NBL is utilizing its deposit efficiently towards investment, loan and advances.

4.3 Analysis of Correlation Coefficient of Various Variables in NBL

The statistical tool of coefficient of correlation has been studied to find out whether the available variables are inter- correlated or not. Now to find out the correlation of net worth and net profit, total deposit and investment, and also non-performing assets and loan and advances, the widely used method of Karl Pearson's Correlation coefficient has been adopted.

4.3.1 Correlation Coefficient of net worth and net profit of NBL

Table No. 4.21 Correlation Coefficient of net worth and net profit of NBL

Variables	Correlation coefficient (r)	Probable error (P.E.)	6 × P.E.
net worth	-0.1807	0.2466	1.4796
net profit			

The above table depicts the correlation coefficient between net worth and net profit for seven sample years of NBL remained -0.1807. Similarly, the probable error of correlation coefficient remained 0.466, which is used to show the significance of the correlation coefficient. Since 'r' is less than 0.2466 and also less than six times of the probable error (P.E.), the coefficient of correlation is not significant. In other words, the net profit is not correlated to the net worth of Nepal Bank Limited (NBL) in the study period of seven years from FY 2062/63 to 2068/69.

4.3.2 Correlation Coefficient of Total Deposit and Investment of NBL

Table No. 4.22 Correlation Coefficient of Total Deposit and Investment of NBL

Variables	Correlation coefficient (r)	Probable error (P.E.)	6 × P.E.
total deposit	-0.7093	0.1266	0.7596
investment			

The above table depicts the correlation coefficient between investment and total deposit for seven years of NBL remained -0.7093. Similarly, the probable error of correlation coefficient remained 0.1266.

Since 'r' is less than P.E of 0.1266 and also less than six times of the probable error (P.E.), the coefficient of correlation is not significant. In other words, the investment is not correlated to the total deposits of NBL in the study period of seven years from FY 2062/63 to 2068/69. This means that there is not much increment of investment with respect to the increment in the total deposit.

4.3.3 Correlation Coefficient of Non-performing Assets and Total Loan of NBL

Table No. 4.23 Correlation Coefficient of Non-performing Assets & Total Loan

Variables	Correlation coefficient (r)	Probable error (P.E.)	6 × P.E.
non-performing assets	0.9422	0.02859	0.1715
loan loss provision			

Table no. 4.28 demonstrates the correlation coefficient and probable error between non-performing assets and total loan in NBL remained 0.9422 and 0.02859 respectively. Since 'r' is more than Probable Error and six times of probable error i.e. $0.9422 < 0.1715$. It indicates that there was significant positive correlation between non-performing assets and total loan. This means the non-performing assets increases with increase in loan and advances.

4.4 Major findings of the study

The preceding chapter have discussed and explored the facts and matters required for the various parts of the study. Having completed the basic analysis required for the study, the final and most important task of the researcher is to en list findings issues and gap of the study and give suggestions for further improvement. This would be meaningful to the top management of the bank to initiate action and achieve the desired result. The objective of the researchers is not only to point errors and mistakes but also to correct them and give directions for further growth and improvement. The main findings of the study that are derived on the basis of financial data analysis of Nepal Bank Ltd are presented below:

- 1) The liquidity position of the Nepal Bank Limited is higher than the requirement. The cash balance to total deposit ratio is an average of 0.059 times, the cash and bank balance to total deposit ratio is an average of 16.72 times, the NRB Balance to total deposit ratio is an average of 91.26 times and cash and bank balance to current deposit ratio is an average 0.43 times. In this reason, the liquidity position is strong and high level compared to the directives prescribed by Nepal Rastra Bank in time to time.
- 2) The capital adequacy position in terms of total debt to total assets is found so much higher in an average of 1.35 times, likewise total debt to shareholder's fund is in an average 165.72 times. In this regard, the bank has very low equity capital as compared to other capital. By utilizing more debt capital, the bank has to pay more charge, which adversely affects its profitability.
- 3) The shareholder's equity to total assets ratio is in an average of 0.009 times. It means that the Nepal Bank Limited is utilizing a low shareholder's equity. The contribution of shareholder's equity to the total assets is very nominal.
- 4) The activity ratio in terms of investment to total deposit ratio is increasing in first three fiscal years. The average of investment to total deposit ratio is 0.286 times.

Likewise, investment to total assets ratio is also in more synchronized position. The ratio is in increasing trend. The average of investment to total assets ratio is 0.272 times. This shows that the Nepal Bank Limited is discouraging the investment of its resources.

- 5) The total lending position of Nepal Bank Limited is very low. As the ratio of total lending to total assets is an average of 0.378 times and total lending to total deposit is 55.34 times. It means that the bank is holding more funds rather to invest it.
- 6) The loan and advance to total deposit ratio of Nepal Bank Limited is an average of 0.378 times only. It means that, Nepal Bank Limited can not lending its available deposit but holding the fund and deposit to own custody. The pending of more than 70 times of its deposit is quite big amount for the investment or in earning sector. It makes adverse effect to the bank in terms of efficiency and profitability also.
- 7) Obviously, the fund of Nepal Bank Limited is not utilizing. The resources are in liquid position, which do not give any return. Then the profit definitely moves down. The net profit to total assets ratio is (0.006 times) in an average. This shows that the return on assets is positive way i.e. in profit trend.
- 8) Coefficient of Correlation and Probable Error measures the relationship between two variables. Coefficient of Correlation (r) and Probable Error (P.E). The measure criteria, is 6 times of its P.E with compared to the coefficient of correlation. Thus, net worth and net profit, investment and total deposit are not correlated. Similarly, the non-performing assets and total loan of NBL is also negative correlation.
- 9) Bank should regularly follow the credit customer to conform that whether the customer have utilizes their credit for the same purpose committed at time of talking credit from the bank.

Chapter–IV

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary of the study

A brief overlook of previous chapters, major findings and conclusions of the study are presented in this fifth and the last chapter. At the end, some valuable suggestions and recommendations are put forwarded for the benefit of Nepal Bank Limited as well as concerned persons and groups.

This study has been concluded with a vision to assess financial performance of NBL. Financial tools and statistical tools have been used to make this study more effective and informative. This study has covered seven years data from 2062/63 to 2068/69 of NBL. In this section, the researcher has tried to summarize the financial performance of NBL.

The banking institutions are also not free from competitions prevailing in the country as well as international market. Various international and domestic unrest and threats have affected very much in the financial sector. All sectors of the economy have also affected to the financial sector. Therefore, all sectors of the economy have suffered as set back due to those and many other reasons. However, in line with the current market trend, the bank is making all possible efforts to consolidate its business portfolio and cut down the cost in all operating areas to gain or maintain the profit.

The role of the commercial bank is a crucial task of capital formation and its utilization in proper way, which is the key variable of the national economic development too. Scattered resources held no meaning unless they are mobilized in effective and productive sector. The bank can contribute the process of capital investment in order to industry, trade, commerce and agriculture for the economic development of a nation. The goal of economic development cannot be achieved without strong capital base and the commercial banks play the pivotal role for the nation of such base.

In this study, some of the financial tools such as; ratio analysis, trend analysis and coefficient of correlation has been used. The role of Nepal Bank Limited, in the country cannot over emphasize. Today NBL has already spend more than sixty years in serving the nation, apart from its traditional function, it has served as a major institution for the development of the nation. Thus, it has contributed the major role for the betterment of the country.

The financial analysis is the process of identifying the financial strength and weakness of the firm. The financial analysis has been adopted to know the performance of NBL over the period of seven years i.e. FY 2062/63 to 2068/69. In this study, horizontal or dynamic type of financial analysis has been adopted as a series of statements relating to seven years. The trend analysis and mostly used ratio analysis and statistical tools of Karl Pearson's correlation coefficient are adopted. The four types of ratio analysis viz. liquidity, capital structure, leverage, and profitability ratios have been calculated, analyzed and interpreted in this study to evaluate the financial performance of Nepal Bank Limited. From the study, the findings are categorically emphasized in brief as such.

5.2 Conclusion

The following conclusions are derived from the study: Nepal Bank Limited has not maintained a balanced ratio among its deposit liabilities. Consequently, the bank does not seem to be able to utilize its high cost resources in high yielding investment portfolio. The investment portfolio of the bank has not been managed so efficiently as to maximize the returns. There is lack of demarcation of between operational and non-operational activities of the bank. The result shows that the bank is more inclined towards non-operational activities.

The operational efficiency of the bank is found unsatisfactory because of the series of operational profit is very low. The allocation of loans and advances by the bank does not seem as meaningful as the productive sector portfolio. As compare to social and other loans, agriculture sector and service sector loans are quite negligible. As a result, the profitability of the bank is in positive trend in first FY2063.. The lower return on investment of the bank and prevailing payout ratio is not justified at all. Lower market value is a reflection of a weaker financial performance of the bank. The growth rate of total investment is not proportionate. The trend ratio of the total assets and total investment is increasing and their ratio is fluctuating.

In the statistical analysis, the net worth and net profit, investment and total deposit and non-performing assets & total loan of NBL is not correlated. The liquidity ratio is much higher than that required of the bank or as prescribed by the Nepal Rastra Bank. However, all the other activity, leverage and profitability ratios are very low and negative position. Basically, the return on equity and earning per share are in nominal level.

5.3 Recommendation

A clear financial picture can be viewed from all above presentation. Now, some valuable and timely suggestions and recommendations are put forwarded on the basis of findings and conclusion or literally their financial pictures in order to revitalize and improve the financial position of Nepal Bank Limited.

- 1) The liquidity position is relatively more than the minimum requirement criteria of Nepal Rastra Bank to 3 times of its total deposit only. In the changing context and the situation of serious security environment, Nepal Bank Limited has to minimize its cash position in their vault for the sake of security and the utilization of its fund in income generating sectors.
- 2) The leverage ratio of Nepal Bank Limited is in very high position. The NBL should decrease its debt ratio position more and more. The bank should increase its equity position for the future contingency.
- 3) The activity ratio measuring the efficiency achievement towards the income generating activities of the NBL. The bank should invest all the excess balance of liquid fund in income generating sector.
- 4) Due to the creeping lending position of the bank, the profitable position of the bank seems to be very serious. The earning power ratio to total assets is in negative way. This is a very serious matter. Near to double-digit inflation rate of Nepalese context, the bank should rethink towards the revitalization of its position and must boost- up the earning power.
- 5) NBL should move towards the modern banking facilities, prompt service in each branch, and provide new product to the customer to attract relative growth trend of deposit.
- 6) The lending growth rate of NBL is in creeping position and downward position in somehow. That is why, the following lending processes are recommended.
 - i. Follow the liberal lending policy.
 - ii. Develop a special investment promotion unit.
 - iii. Identify new portfolio investment opportunity.

- iv. Grand mid-term and short term loan.
 - v. Should launch productive credit programs.
- 7) The net profit trend of NBL is positive in the first 2063 fiscal year but now, NBL is earning profit from last two years very well. Therefore, the bank should look forward to maximize the profit through good lending and sound management.
 - 8) Total deposit is not correlated with the bank's loan and advance. This is a very serious matter and the main cause of over liquidity. Thus, try to make the correlation between total deposit and loan and advance.
 - 9) The bank should adopt efficient and modern management concepts to make more capable to their activities as well as fulfill the growing demand of current financial services.
 - 10) Necessary to diversify the bank's credit investment from commercial and consumption sectors to the productive sector. It can be made capable by utilizing its resources efficiently and fulfilling the goal of a flourishing industry and agriculture in the country.
 - 11) The bank should build local channels to collect deposits and lending opportunities. Similarly, in this twenty-first century, in the time of globalization, the bank should provide prompt service to its customers.
 - 12) Maximize profitability by gearing up irregular credits and make proper evaluation of credit norms while sanctioning the loan.
 - 13) Enhance profitability through effective and efficient arrangement and accountability with credit worthiness.
 - 14) Bank should regularly follow the credit customer to conform that whether the customer has utilized their credit for the same purpose committed at the time of taking credit from the bank.
 - 15) Bank should strictly ban the policy of nepotism and favoritism. On the basis of capability and efficient recruitment, placement and promotion should be executed.

The contribution of the bank in the mobilization and utilization of resources becomes ineffective and the goal of commercial banks remains unfulfilled. Thus, it should carefully examine safety of principle as well as sources of repayment, capital structure and credit worthiness of a borrower for providing credits. In other words, credit risk by considering well-known seven C's credit viz. character, capacity, capital, collateral and condition.

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APPENDICES

Appendix-1: The List of the Variables

Fiscal Years (Amount in Rs. 1000)

NS	Variables	2062/63	2063/64	2064/65	2065/66	2066/67	2067/68	2068/69
1	cash and bank balance	1,174,058.00	2,117,293.00	1,181,792.41	1,515,654.00	1,603,487.00	4,837,965.00	5,776,826.00
2	total deposit	35,829,765.00	39,014,204.00	41,829,391.06	40,372,267.00	42,882,039.67	46,804,206.00	48,917,632.00
3	total debt	42,220,361.00	45,506,309.00	47,461,746.00	52,413,422.00	49,341,582.03	103,629,688.00	100,696,465.00
4	total assets	35,918,905.00	39,258,794.00	42,053,444.31	47,559,110.61	44,736,652.00	52,601,203.00	54,903,141.00
5	shareholders' equity	380,383.00	380,383.00	380,382.60	380,382.60	380,382.60	380,382.60	380,382.60
6	investment	14,501,391.00	16,083,323.00	16,570,755.52	13,397,559.00	5,784,372.00	7,577,702.00	7,838,353.00
7	loan and advances	12,441,554.00	13,756,620.00	13,251,962.77	13,221,265.00	14,546,112.00	26,709,882.00	28,825,636.00
8	loan loss provision	685,391.00	698,142.00	258,572.26	334,315.00	119,365.00	36,369.00	137,838.00
9	net profit	207,265.00	226,953.00	239,214.01	394,254.00	249,382.00	383,436.00	188,588.00
10	no of outstanding shares	3803826	3803826	3803826	3803826	3803826	3803826	3803826
11	non-performing assets	12,262.18	11,856.05	10,373	9,572	8,365	8,231.00	7,635.00
12	current deposit	5062483	4879315	5861070	5714693	6135632	6159337	6852347
13	Nepal Rastra bank balance	4,283,416.00	2,314,690.00	4,430,641.02	1,970,675.00	7,493,117.73	8,854,329.00	9,123,543.00
14	net worth	(1,669,660.00)	(2,411,640.00)	(2,584,540.00)	(2,369,860.00)	(1,952,000.00)	(1,797,654.00)	(1,687,542.00)
15	interest suspense	6,695.00	8,906.00	9,812.00	11,533.00	14,039.00	13,102.00	15,643.00
16	net loan and advances	12,554,984.00	8,638,438.00	7,971,079.00	8,881,832.00	8,218,912.00	8,293,452.00	8,246,963.00

Appendix-2: Calculation of the Financial Ratios

Ratios	Fiscal Years							Average	Max	Min
	062/63	063/64	064/65	065/66	066/67	067/68	068/69			
Cash and bank balance to total deposit	0.033	0.054	0.028	0.038	0.037	0.103	0.118	0.059	0.118	0.028
NRB Balance to Total Deposits Ratio	0.120	0.059	0.106	0.049	0.175	0.189	0.187	0.126	0.189	0.049
Cash and Bank Balance to Current Deposit Ratio	0.23	0.43	0.20	0.27	0.26	0.79	0.84	0.43	0.84	0.20
Total Debt to Total Assets	1.175	1.159	1.129	1.102	1.103	1.970	1.834	1.353	1.970	1.102
Debt- Equity	110.994	119.633	124.774	137.791	129.716	272.435	264.724	165.724	272.435	110.994
Shareholder's Equity to Total Assets	0.011	0.010	0.009	0.008	0.009	0.007	0.007	0.009	0.011	0.007
Investment to Total Deposit	0.405	0.412	0.396	0.332	0.135	0.162	0.160	0.286	0.412	0.135
Investment to Total Assets	0.404	0.410	0.394	0.282	0.129	0.144	0.143	0.272	0.410	0.129
Loan and Advance to Total Assets	0.346	0.350	0.315	0.278	0.325	0.508	0.525	0.378	0.525	0.278
Loan and Advance to Total Deposit	0.347	0.353	0.317	0.327	0.339	0.571	0.589	0.406	0.589	0.317
Non –Performing Assets to Total Assets Ratio	0.0003	0.0003	0.0002	0.0002	0.0002	0.0002	0.0001	0.0002	0.0003	0.0001
Interest Suspense to Non–performing Assets Ratio	0.546	0.751	0.946	1.205	1.678	1.592	2.049	1.252	2.049	0.546
Loan Provision to Non-Performing Assets	55.895	58.885	24.927	34.926	14.270	4.419	18.053	30.196	58.885	4.419
Net profit total assets	0.006	0.006	0.006	0.008	0.006	0.007	0.003	0.006	0.008	0.003
Return on Equity	0.545	0.597	0.629	1.036	0.656	1.008	0.496	0.71	1.04	0.50
Return on Net Loan and Advance	0.017	0.026	0.030	0.044	0.030	0.046	0.023	0.031	0.046	0.017
Earning Per Share	0.054	0.060	0.063	0.104	0.066	0.101	0.050	0.071	0.104	0.050

Appendix-3: Trend Analysis

FY	Total Deposit	Growth Rate	% Change	Loan & Advances	Growth Rate	% Change	DUR
2062/63	35,829,765.00	100	-----	12,441,554.00	100	-----	34.72%
2063/64	39,014,204.00	108.888	8.89%	13,756,620.00	110.57	10.57%	35.26%
2064/65	41,829,391.06	116.745	7.22%	13,251,962.77	106.514	-3.67%	31.68%
2065/66	40,372,267.00	112.678	-3.48%	13,221,265.00	106.267	-0.23%	32.75%
2066/67	42,882,039.67	119.683	6.22%	14,546,112.00	116.916	10.02%	33.92%
2067/78	46,804,206.00	130.629	9.15%	26,709,882.00	214.683	83.62%	57.07%
2068/69	48,917,632.00	136.528	4.52%	28,825,636.00	231.688	7.92%	58.93%
Average	42,235,643.53	117.879	5.42%	17,536,147.40	140.948	18.04%	40.62%