A COMPARATIVE STUDY OF FINANCIAL PERFORMANCE AND CSR OF COMMERCIAL BANKS IN NEPAL

(With Special Reference to NABIL, HBL & EBL)

A Thesis

Submitted by:

Sajana Basnet

Shanker Dev Campus

Campus Roll No. 6141/18

Registration No: 7-2-361-2013

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CERTIFICATION OF AUTHORSHIP

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ABBREVIATIONS

CSR	Corporate Social Responsibility
DE Ratio	Debt-to-Equity Ratio
EBL	Everest Bank Limited
EPS	Earnings Per Share
FY	Fiscal Year
HBL	Himalayan Bank Limited
NABIL	Nabil Bank Limited
NEPSE	Nepal Stock Exchange
NIM	Net Interest Margin
NRB	Nepal Rastra Bank
P & L	Profit and Loss
ROA	Return on Assets
ROE	Return on Equity
SD	Standard Deviation
SEBON	Securities Board of Nepal
SPSS	Statistical Package for Social Sciences

ABSTRACT

Bank and financial institutions (BFIs) are major backbone for any economy. The mediator for usage of fund and sources of fund is connected by the bank and financial institution. Banks play an important role in the economic development of the country. Bank provide investment loans and lines of credit to entrepreneurs, small businesses and large corporations. Financial institutions provide capital to the entrepreneurs for the development of industry, trade and business by investing saving collected as deposits. They also providing good services to their customers, facilitating their economic activities, thus, integrated and speedy development of the country is only possible.

The analysis was done with the help from the data that were collected from annual report and other related sources. SPSS was used for the analysis of the data that were collected. For the comparative financial analysis and CSR of selected banks the framework was constructed using leverage position, liquidity status and CSR as the independent variables and financial performance measured in banking profitability as a dependent variable.

For the analysis, data of 10 years was considered. The essential facts were choosen and presented in the form of table and figures. As a financial analysis, analysis were done in the form of return on assets, return on equity, net interest margin, debt to equity ratio, liquidity and amount invested on corporate social responsibility.

Regression analysis was utilized in this study to evaluate the hypothesis. The independent factors that influence result variability are listed in this section, together with the percentage of the dependent variable variability that each independent variable contributes to explaining. A list of the factors that are important in understanding the variability of the dependent variable is also included in this. To investigate the relationship between the independent variables and the dependent variable, a linear regression analysis was carried out.

The banking performance has the significant influence by the all three variables (i.e. leverage, corporate social responsibility and the liquidity). But in the context of the Nepalese commercial bank, the leverage has the highest impact on the banking performance followed by the liquidity and corporate social responsibility. The liquidity has the positive impact on the net interest margin in the context of the net interest margin but in return on equity and assets has the negative. The leverage ratio has the highest impact on the commercial bank. The study fosters for the better leverage for better banking performance and proper liquidity for the better banking performance compare to the social responsibility.

CHAPTER I
INTRODUCTION

1.1 Background of the Study

Bank is one of the financial institutional which provides to public borrowing and lending. Now a day the banking sector reached to the most remote areas of the country and has gain a good experienced in the growth of the economy. The present structure of the financial institution is based on commercial banks. The banking sector is largely responsible for collecting household saving in terms of different types of deposits and regulating them in the society by lending in different sectors of economy. Financial analysis is to analyze the achieved statement to see if the results meet the objectives of the firms to identify problems, if any in the past or present and or likely to be in the future and to provide recommendation to solve the problems. Financial analysis is the pinpointing of the strengths and weakness of a business undertaking by regrouping and analysis of figures contained in financial statement by making comparison of various components and by examining. Their context, this can be used by financial managers as the basis to plan future financial requirements by means of forecasting and budgeting procedures (Hilal & Hilal ,2017).

In developing country development banks are very important of the financial approach. They always concern about how to make funds and how they lending and investing to their borrowers. Financial institutions provide capital to the entrepreneurs for the development of industry, trade and business by investing saving collected as deposits. They also providing good services to their customers, facilitating their economic activities, thus, integrated and speedy development of the country is only possible. When competitive and reliable banking services are developed and carried to every hook and corner of the country (Kosmidou, 2008). One of the basic objectives of establishing a bank is to earn optimal profit by proper utilization of fund. By mobilizing public money and channeling the same to various business and production activities. Commercial banks contribute to the development of the country. In a developing country like Nepal, saving is low and scatters in small amounts which individuals residing in different number of them opportunity. Mobilization of such savings is made by commercial banks through their branches established parts of the country.

Bank and financial institutions (BFIs) are major backbone for any economy. The mediator for usage of fund and sources of fund is connected by the bank and financial institution. Banks play an important role in the economic development of the country. Bank provide investment loans and lines of credit to entrepreneurs, small businesses and large corporations. Banks

facilitate investment by providing loans to businesses and individuals. Along with this the banks also play an important role in facilitating international trade and helps expand markets, create new business opportunities, and boost economic growth. In short, banks play an important role in the economic development of the country. The ability to mobilize savings, provide credit, foster investment, facilitate international trade and provide payment services is essential for the growth and development of any economy (United Nations Conference on Trade and Development, 2016).

Financial sectors perform is measure by considering the liquidity ratio, per share dividend or net worth, income generate by using the fund, involvement in the investment decision. Though the banking performance is mainly measure by the liquidity management. Bank liquidity refers to the management of the cash or cash equivalent which needed to pay in term of different obligations and withdrawal facility of the customer (Wasiuzzaman & Tarmizi , 2010).

Second major dimension to measure the financial performance is the profitability of the organization which is affected by the internal and external factors of the organization. (Kosmidou, 2008). From the external factors like political, social, global to internal like staff, consumer, management and board of director leads to the differentiate in the performance of the bank. Though the study helps to conduct a performance analysis mainly as the financial aspect, the majorly return on assets, return on equity, net interest margin are majorly use (Murthy & Sree, 2003). As overall the profitability and liquidity are considered as the main and effective indicator to the corporate health and performance of not only in the banking and financial sector but also in the all types of profit-oriented ventures (Eljelly, 2004).

For the investors not only the profit but also the after-profit activities also matter. The profit position and the retain earning, generally known as the undistributed profit, are consider as the symbol of the growth of the organization and the earning per share also represent the per unit capacity of earning in the organization. Though these two after profit calculations are also mention as the important factors for the measuring the performance of the banks (Tang et al., 2012).

From the beginning, CSR has been understood as social responsibility or philanthropy. However, as time passed and its definition grew, it came to be known more broadly as CSR. CSR is about how businesses run their operations to have a net-positive effect on society. The external stakeholders are becoming more interested in the operations of the organization with the advent of globalization, the increased use of communication technology, and the Internet. They consider the company's contribution, positive or negative, in terms of its goods and services, effects on the environment and on regional communities, or in terms of how it

manages and advances its personnel. The majority of the numerous parties are financial analysts (Ravi, 2016).

1.1.1 Profile of the selected bank

Nabil Bank Ltd.

Established in 1984 AD, Nabil Bank has carved a cornerstone in the development of the financial services industry in Nepal. The Bank has always stayed true to its three strong pillars: Service Excellence, Technology, and Product innovation. This has led to the start of customer-centric banking culture with the development of innovative services and products, enriching customers' livelihoods and setting benchmarks in the Domestic Banking Sector.

Truly a pioneer in the Domestic Banking Sector, Nabil Bank's mission is to become the Bank of 1st choice of all its stakeholders - including all strata of customers of retail, SME, corporate, state-owned enterprises, non-profit entities, multinational development agencies, along with the Bank's employees and shareholders. The Bank strives to be a one-stop solutions provider by offering a complete line of commercial banking products such as branch banking, treasury, trade, cards, remittance, and investment banking. The expert team of highly skilled professionals provides industry-specific guidance and advisory for efficient financial management, resulting in higher customer profitability.

Nabil Bank operates through its wide network of 230 branch offices, 254 ATMs, numerous POS terminals, remittance agents spread across the nation. The Bank also has over 170 international correspondent banking relationships. The Bank operates its investment banking arm through its subsidiary Nabil Investment Banking Ltd.

The Bank understands that its role goes beyond just financial transactions, and towards the development of society as well. Hence, the Bank is highly active in creating financial literacy and providing financial access to a large section of the population across the country as part of its Corporate Social Responsibility. Extending credit to deprived sectors of the society through micro-lending and financing priority sectors that include agriculture, renewable energy and tourism are key areas that define the Bank's commitment to the country's development initiative. Nabil Bank has also established its branch offices in multiple rural locations in the western and far-western hills with its vision to reach the financially under-privileged population and increase financial literacy therein.

Himalayan Bank Limited

Himalayan Bank Limited (HBL) is one of the largest and reputable private sector banks of

Nepal. The Bank was incorporated in 1992 by a few eminent individuals of Nepal in partnership with the Employees Provident Fund and Habib Bank Limited of Pakistan. The bank commenced its operations in January 1993. Himalayan Bank is also the first commercial bank of Nepal with most of its shares held by the private sector of Nepal. Besides commercial banking services, the bank also offers industrial land merchant banking. HBL introduced several new products and services millionaire Deposit Scheme, Small and Medium Enterprises Loan, Pre-paid Visa Card, International Travel Quota Credit Card, Consumer Finance through Credit Card and online TOEFL, SAT, IELTS, etc. fee payment facility is some of the products and services. HBL also has a dedicated offsite 'Disaster Recovery Management System'. Looking at the number of Nepalese workers abroad and their need for formal money transfer channel, HBL has developed exclusive and proprietary online money transfer software- Himal Remit TM. By deputing bank's own staff with technical tie-ups with local exchange houses and banks, in the Middle East and Gulf region, HBL is the biggest inward remittance handling Bank in Nepal.

Everest Bank Limited

EBL established in 1994 and started its operation with its first branch at Naya Baneshwor, Kathmandu with a small capital. Now its Head office is situated Lazimpat Kathmandu with view and objective of extending professionalized and efficient banking services to various segments of the society, EBL joined hands with Panjab National Bank (PNB) India as its joint venture partner in 1997. PNB is the largest public sector Bank of India having more than 100 years of banking history with more than 6,000 branches and 7000 ATMs spread all across the India.

Everest Bank Limited (EBL) provides customer-friendly services through its wide Network connected through ABBS system, which enables customers for operational transactions from any branches. The bank has 80 Branches, 105 ATM Counters, 7 extension counter & 22 Revenue Collection across the country making it a very efficient and accessible bank for its customers. The Nepalese promoters hold 50% stake in the bank's equity, while 20% of equity is contributed by joint venture partner Panjab National Bank and remaining 30% is held by the public.

1.2 Focus of the Study

The focus of the study is financial performance analysis of Nepalese Commercial Banks. Financial performance covers the financial analysis and profitability of the Nepalese selected commercial banks. The three commercial banks .i.e. Nepal Bangladesh Bank Limited (NBBL), Himalayan Bank Limited (HBL) and Everest Bank Limited (EBL) stood as the pioneer Banks on the basis of market capitalization. This study focuses on the analysis of their financial performance to disclose the truth about their financial decisions, present problems and recommendations for corrections. Besides the financial analysis, the study is also focused on profitability analysis. Financial ratio has helped the researcher to make a qualitative analysis about the financial performance of the bank. The profitability analysis is the percentage in relation to total assets, total deposit, investment which has helped the researcher to study trends in financial statements over time.

1.3 Statement of the Problem

A well-functioning banking system is an essential element in economic growth. A good banking system is supposed to mobilize savings from households and business in low cost of financing activities and channel funds to the most productive investment opportunities. Though banks could maintain their position in the banking industry, it cannot be predicted that the banks would continue to maintain their profitability and stability of earnings because of the tough competition in this sector.

Financial management aspect is considered to be the vital and integral part of overall management of any enterprise, ensuring financial strength through adequate cash flow, liquidity and better utilization of assets. Commercial banks set up in Nepal seem to need greater funds in terms of financing to the expansion of their assets because of the growing number of new establishments of banks in the country. These banks deal with other people's deposits, most of which are payable on demand. There is no doubt that the survival of the existing commercial banks and other financial institutions depend upon how they manage. This study attempts to evaluate the financial performance of selected commercial banks of Nepal by using various measuring financial tools such as financial ratios, income and expenditure statement analysis and other necessary analysis. It gives the answer to these issues:

- What is the comparative liquidity, profitability, activity, and leverage position among selected three commercial banks?
- What is the level of profitability of the banks?
- What is the impact of corporate social responsibility, liquidity on banking performance?

1.4 Objectives of the Study

The basic objectives of the study are to examine the financial performance of the selected three commercial banks. The objective has been further specified in the following sub- objectives:

a. To analyze the liquidity activity, leverage position and efficiency of capital adequacy position of EBL, HBL and NABIL.
b. To examine the comparative financial position of sampled banks.
c. To assess the relationship between corporate social responsibility and financial performance of three commercial banks.

1.5 Hypothesis of the study

Budhathoki et al. (2020) revealed that all three profitability measures—ROA, ROE, and NIM—were found to be positively impacted by the larger bank size, which looked to be in the banks' advantage. Gangi et al. (2018) illustrated a positive effect of Corporate Social Responsibility engagement on banks' financial performance whereas negative towards the non- performing loans of banks.

H1: There is a significant association between leverage position and financial performance.

This study analyzed the effects of leverage on the performance measures to better understand the dynamics and determinants of performance where it was found that leverage is negatively related to financial performance.(Shaheen, 2014).

H2: There is a significant association between liquidity status and financial performance.

Sah and Lertjanyaki (2018) found that liquidity has significant positive relationship with market value of financial performance where this study solely investigated the impact of liquidity management on the financial performance of Nepalese commercial banks.

H3: There is a significant association between corporate social responsibility and financial performance.

Gangi et al. (2018) demonstrated a positive effect of CSR engagement on banks' financial performance. Also, net interest income and profitability increase with the increase in social performance. At the same time, CSR is negatively related to non-performing loans.

1.6 Significance of the Study

Hilal and Hilal (2017) stated that how well the bank meets its financial goals is how the bank's financial performance is determined. The financial objectives include transmission-accounting

factors that can be used to assess how well a company is doing, like return on assets. In addition to income on equity and operating profit margin, the return on asset is rationalized as the key criterion for assessing profitability. The earlier research mentioned in the literature review demonstrated the importance of financial performance for the development and stability of banks. As a result, banks sought out ways to improve their financial performance. The current study presupposes that operations management and customer response have an impact on financial performance (Enad & Gerinda, 2022).

Banking sectors has been one of the major contributors to national economy by providing variety of disbursement to different sectors, enabling to boost the GDP. Hence, the performance of this sector needs to be above the par to any other field(Nepal Rastra Bank, 2019). The financial performance of development banking sector should be very much capable in enhancing the capital market as well. It is therefore, imperative that this study bears importance to the different sectors. The creditors can fund out the financial strength and capacity of borrower to meet their claims. A lending bank, through the analysis of these statements can decide whether the borrower retains the capacity of refunding the principal and paying interest in time or not. In large company the shareholder's interest is to decide whether to sell, buy or hold the shares. To diagnose the prevailing status of business and economy and economist analyze the financial statement. The government agencies analyze them for the purpose of price regulation, rate setting, and similar other purposes. Labor unions are interested in rights and benefits of labor to enhance the moral of labors. Therefore, the labor union assesses the financial condition of the firm to determine whether the firm is in situation or not to make such facilities available.

Gangi et al. (2018) found that CSR engagement was demonstrated to have a favorable impact on banks' financial performance. With an improvement in social performance, net interest income and profitability rise. In addition, CSR has a bad relationship with non-performing loans. Our findings therefore support a win-win picture of the relationship between the social and financial success of banks, in contrast to the trade-off paradigm. The size of banks' social effect is undeniably significant given their position as top financial intermediaries and their global linkages. Through involvement in the processes of capital accumulation and allocation and the effects of the banking sector's financial soundness and stability on the entire economy, the outcomes of their activities have an impact not only on the well-being of their owners, employees, and clients but also on society as a whole. Banks' social responsibilities include not just their collective responsibility for the stability of the financial system and the economy, but also their individual obligation for the protection of funds entrusted to them (Bolibok, 2021).

1.7 Limitations of the Study

Despite the ample efforts on the part of the researcher, this study is also not free from limitations. This is mainly due to time and resource constraints on the part of the researcher. The study has the following limitations:

- This study has been focused on the comparative study of financial performance of three commercial banks i.e. Himalayan Bank Limited, Everest Bank Limited and Nabil Bank Limited with the help of financial tools and it may not represent the financial performance of all the commercial banks operating in Nepal.
- The study focuses only on the financial performance and thus does not cover the other financial aspects.
- The study covers only latest 10 fiscal years datas .
- The study has been based on the secondary data only.

1.8 Organization of the Study

The present research has been organized into the following chapters.

Chapter – I: Introduction

Chapter first works as the pre-preliminary part of the study which consists of the background of the study, focus of the study, statement of the problems, objectives of the study, significance of the study, limitations of the study and organization of the study.

Chapter - II: Review of Literature

Reviewing the supported theories and review of the empirical evidence consisted in the second chapter. This chapter is subdivided into two parts as the review of the empirical and review of the supported theories where reviews of journals and articles, earlier thesis related to the subject and research gap are reviewed.

Chapter - III: Research Methodology

Research methodology refers to the overall blueprint of the study where the research design, population and sample, data collection procedure and processing tools and methods of data analysis are included. This chapter expresses the way and technique of the study applied in the research process and supporting tools to represent the findings.

Chapter - IV: Data Presentation and Analysis

In this chapter collected data and processed raw data are presented, analyzed and interpreted using financial tools and statistical tools such as mean, standard deviation, coefficient of

variation and major finding of the studies. In short this chapter consists of analyzing and finding the result from the available data of respective banks.

Chapter - V: Summary, Conclusion and Recommendations

The chapter five consists of the basic three parts of the study which are a summary of the whole study, conclusions from the findings and recommendations for the end user are made. At the end of the study, Bibliography and appendices have also been incorporated.

CHAPTER II

LITERATURE REVIEW

This chapter provides a thorough assessment of the literature on the comparative analysis of financial performance and CSR of commercial banks in Nepal. Also, a review of theories and earlier research related topic is included. The theoretical foundation and the research gap are also presented. Review of literature means reviewing research studies of other relevant propositions in the related area of the study so that all the past studies, their conclusions and deficiencies may be known and further research can be conducted. This part of the study highlights available literature related to this research which makes a base of knowledge for the study. Review of literature is stock thinking of available literature in one's field of research. It comprises conceptual review, review of related studies and concept of financial analysis. This portion has been divided into two parts:-

- Conceptual Framework
- Review of Related Studies

2.1 Theoretical Review

2.1.1 Commercial Loan Theory

The theory also places a strong emphasis on the maturity structure of bank assets (loans and investments), rather than necessarily on the assets' marketability or transferability. The theory's fundamental underlying premise was that short-term commercial loans were preferable since they would be repaid with income from the business transaction they were used to finance. It was observed that even if bank loans were available, this assumption would almost likely not hold amid a general financial crisis. Dodds (1982) and Nwankwo (1992) both made numerous objections of this idea. The theory's biggest drawback, according to a variety of perspectives, is that it is incompatible with the requirements of economic development, particularly for the developing 14 countries since it precludes long-term loans, which are the growth-engine.

2.1.2 Anticipated Income Theory

According to this theory, a bank's liquidity can be controlled by properly phasing and structuring the loan promises it makes to its clients. If a customer's anticipated loan payments are based on the borrower's future, then the liquidity in this situation can be planned. These concepts were represented in Herbert V. Prochnow's 1949 philosophy of expected income, which connected the intrinsic soundness of term loans—which was becoming increasingly significant—with proper repayment schedules tailored to the borrower's projected income or

cash flow. Under this system of banking policy, the usage of loan commitments was encouraged and the credit needs of business were well met. However, shifting economic conditions increased the financial industry's workload.

Corporate Social Responsibility Related Theory

2.1.3 A Three Domain Approach

The three responsibility domains of economic, legal, and ethical are what make up the three-domain model of CSR. The philanthropic category is included within the ethical and/or economic domains, indicating the potential diversity of motivations for philanthropic acts. Otherwise, these domain categories are established in a way that is consistent with Carroll's four-part model. The three domains are further developed in our discussion in terms of what each means or implies as well as the overlapping categories that are found when the three domains are shown in a Venn diagram format. A Venn diagram is used in the model to initially imply that none of the three CSR domains—economic, legal, or ethical—is fundamentally more significant or vital than the others.

2.2 Concept of Financial Performance and Corporate Social Responsibility

Liquidity position and Bank Profitability

liquidity refers to the ability to pay any debt or availability of liquid assets as cash or cash equivalent to any organization. In banks, liquidity plays a vital role in managing the current payments, the payment to customers, the proper withdrawal by the customer and for other financial transactions as well. Generally the liquidity is measured by the current and quick ratio which possesses the capability of payment of short term debt and quick debt respectively. but in the case of a bank, the liquidity management leads to managing the payment to the customer who comes to withdraw (Tan, 2017). Sufian and Kamarudin (2012) conduct a market survey with the objective of analyzing the bank specific performance and macroeconomic determinants of the profitability of commercial banks in Bangladesh and explore that the major five determinants play the crucial role in the profitability. Liquidity plays the main role to influence the banking profitability along with the macroeconomic variables.

An adequate amount of liquidity is essential for banks to satisfy their financial obligations and maintain seamless operations, claim Smith and Wickramanayake (2019). As more banks are able to manage risk and take advantage of lucrative investment possibilities, more liquidity has been linked to higher profitability (Kosmidou et al., 2018).

As idle money provides low returns and raises expenses, however, excessive liquidity can potentially hurt profitability (Altunbas et al., 2017). This emphasizes how crucial it is to

manage liquidity and profitability in order to maximize banking performance.

The effects of liquidity on profitability may also change depending on the legal frameworks, market conditions, and financial systems used. The liquidity-profitability link is also influenced by variables including bank size, funding structure, and effectiveness (Demirgüç-Kunt et al., 2018).

Sufian and Kamaridin (2012) analyze the relationship and impact of the liquidity on the profitability with the help of multiple regression and explore that the liquidity is one of the determinant factors of the profit along with the size of the bank, capital.

The link between liquidity and profitability is an important part of banking success. The purpose of this empirical essay is to investigate and synthesize available studies on the influence of liquidity on banking profitability.

According to previous researchers, liquidity has a key impact in influencing banking profitability. For banks to achieve long-term financial performance, the correct mix of liquidity and profitability must be struck. Future study should explore the relationship's dynamic character, taking into consideration the changing banking sector and regulatory environment.

Leverage and Bank Profitability

In the financial literature, there has been a lot of discussion on the relationship among leverage and corporate banking profitability. The purpose of this literature review is to offer an overview of current studies on the influence of leverage on bank profitability.

Numerous studies have been conducted to investigate the link between leverage and commercial banking profitability, illuminating the intricacies involved. According to Chen and Cheng (2019), leverage may boost a bank's profitability by amplifying the profits earned by its assets. Greater ratios of leverage have been linked to higher profitability and better returns on equity (Hovakimian et al., 2018).

Excessive leverage, on the other hand, raises worries about financial security and the possibility for greater risk. High levels of leverage can expose banks to increased default risk, resulting in lower profitability and potentially financial difficulty (Cocco et al., 2019). This emphasizes the significance of balancing debt levels in order to generate long-term profitability while properly controlling risk.

In addition, the effect of leverage on banking industry profitability is determined by a variety of factors, including the size of the bank, capital adequacy, company strategy, and market circumstances. Regulatory frameworks, including as requirements for capital and risk management rules, also have a significant impact on the link among debt and revenue (Amidu et al., 2020).

Leverage has a considerable influence on financial institution profitability. While increasing leverage ratios might improve profitability, excessive leverage can expose institutions to increased risk and financial instability. Maintaining a balance among leverage and revenue while taking into account numerous contextual elements and regulatory regulations is critical for long-term banking performance.

Wagle and Gupta(2021) conduct a market research to examine the effect of the CSR on firm financial performance of the development banks in Nepal with the help of the descriptive secondary data analysis method. The result shows that the CSR and NI, CSR & ROA have significantly positive and negative relationships correspondingly. besides that the CSR and EPS have a negative relationship supporting the previous articles.

Using the least square method(lSM), Budathoki et al. (2020) examined the impact of the banking liquidity, leverage and total assets size of the bank on the banking profitability considering the mainly the return on equity, assets and net interest margin. supporting the empirical articles, the result shows the positive and significant effects of liquidity, leverage and asset size on all three measures ROA, ROE and NIM.

Corporate social responsibility

Corporate Social Responsibility (CSR) has gotten to be a basic angle of modern commerce hons. Within the keeping money segment, CSR exercises have picked up noteworthy consideration due to their potential affect on both money related execution and social well-being. This observational audit looks at the relationship between corporate social duty and managing an account execution in Nepalese banks.

Various things have investigated the interface between CSR and money related execution within the managing an account division. Inquiry proposes that CSR activities emphatically influence monetary execution by upgrading brand notoriety, client dependability, and chance administration. CSR exercises can too lead to expanded worker efficiency and diminished operational costs, contributing to move forward monetary results. Nepalese banks have recognized the significance of CSR and have been effectively included in different social and natural activities. For occurrence, banks have actualized programs centered on instruction, wellbeing, rural development, and natural maintainability. These activities point to a positive effect on society whereas adjusting with the broader Economic Advancement Objectives (SDGs).

The significance of CSR in the banking industry was underlined in the annual report released by Nepal Rastra Bank, the country's national bank. It stressed the significance of banks participating in CSR initiatives in order to solve social and environmental issues and promote

sustainable banking practices. The research also highlighted that CSR activities may improve banking performance by reducing risks linked to compliance, reputation, and environmental impact (NRB, 2021).

Shrestha (2018) looked at the connection between CSR and financial success in the Nepalese banking sector. The results showed a correlation between CSR activities and financial performance that was favorable. Better profitability and risk management skills were displayed by banks with increased CSR participation, indicating that CSR had a favorable impact on Nepalese banking performance.

The effect of CSR on the financial performance of Nepalese banks was studied by Bhandari and Acharya in 2020. The study's findings supported the notion that CSR activities help to boost profitability and lower credit risk by showing a substantial positive association between financial performance and CSR. The conclusions emphasized the significance of CSR integration as a tactical instrument for improving Nepali banking performance.

In the Nepalese banking industry, Pokharel et al., (2019) examined the connection between CSR and employee engagement. The results showed a relationship between CSR initiatives and employee engagement that was favorable. CSR efforts have been shown to promote employee dedication and feeling of purpose, which boosts output and lowers turnover rates. This implies that CSR policies have a favorable influence on Nepalese banks' financial performance as well as results relating to their workforce.

With the objective to identify the relationship between the banking financial performance and corporate social responsibility in the Nepalese commercial banks, Adhikari (2021) conducted market research with the help of causal comparative of commercial banks in ten years data and explore that CSR exerts positive impact on financial performance of the Nepalese government owned banks, negative impact on joint venture bank.

Continuing the previous scholars, Wagle (2020) conducted the market survey in the commercial banks taking pearson's correlation as the analysis methodology and found that the CSR activities and ROA has the significant negative correlation and CSR with the both Net income margin and return on equity has the significant positive correlation.

With the help of a regression model, Rai (2019) examined the impact of corporate social responsibility on ROA, ROE and EPS of the commercial banks and found that CSR has a significant negative relationship with the ROA and positive with the ROE and EPS.

Financial Performance

Banking sector has emerged as one of the strongest drivers for Nepal's economic growth. In recent years due to liberal economic policy of the Government many private banks are coming into operation. The foreign joint venture banks are enjoying competitive advantage factors like highly skilled personnel, modern and advanced banking technology, customer oriented modern banking services, management expertise and global banking network.

For the purpose of determining a bank's financial stability and profitability, performance measurement is essential. The performance of banking organizations is frequently assessed using the metrics return on assets (ROA) and return on equity (ROE). This study of the literature attempts to investigate the importance of ROA and ROE in gauging banking performance, looking at their causes and effects and identifying works in the area that are pertinent.

Return on Assets (ROA) is a financial indicator that assesses a bank's capacity to make money from all of its assets. Numerous studies have investigated the causes of and effects on ROA in the banking industry:Asset quality is a key factor in calculating a bank's return on assets (ROA). According to research, non-performing loans (NPLs) have a negative influence on ROA(Ben Naceur and colleagues (2018); Berger and DeYoung (1997). Strong loan underwriting criteria and proactive NPL management are examples of effective credit risk management techniques that help to increase ROA and enhance asset quality.Cost effectiveness is a crucial component affecting ROA. According to Cocorese and Pellegrino (2013), banks that successfully control their operational expenditures as a percentage of total assets typically have higher profitability. ROA is favorably impacted by increasing cost effectiveness through strategies including technology advancements, process optimization, and economies of scale.

Ben Naceur and colleagues (2018); Berger and DeYoung (1997). Strong loan underwriting criteria and proactive NPL management are examples of effective credit risk management techniques that help to increase ROA and enhance asset quality.

Return on Equity (ROE) is a metric used to assess a bank's profitability in proportion to the equity held by its shareholders. Several studies have investigated the causes of and effects on ROE in the banking sector: Leverage: ROE is impacted by bank leverage, which is calculated as the proportion of total assets to shareholders' equity. Because a smaller equity basis yields substantially greater returns, increasing leverage increases profitability (Berger et al., 2018). Excessive leverage, however, raises financial risk and can have a negative influence on ROE

during recessions. Asset Management: An important factor in ROE is effective asset management. According to Athanasoglou et al. (2014), banks that effectively manage and deploy their assets to create income tend to be more profitable. Higher ROE is a result of optimal asset use, diversified asset holdings, and efficient risk management techniques.

Net Interest Margin (NIM): NIM affects ROE significantly since it measures the difference between interest revenue and costs as a proportion of total assets. more NIMs have a favorable impact on ROE since they show more interest revenue in comparison to the bank's equity (Athanasoglou et al., 2014). Improved ROE is a result of responsible lending practices and effective interest rate control.

ROA and ROE are crucial indicators of banking performance since they provide light on a bank's profitability and effectiveness. Stakeholders, such as investors, regulators, and policymakers, can evaluate the financial stability and health of banks using these measures. A greater ROA and ROE show the bank's capacity to create returns on its assets and equity, respectively, and are indicators of superior performance. ROA and ROE are well-known indicators for evaluating the performance of banks. Important factors that affect both ROA and ROE include asset quality, cost effectiveness, capital structure, leverage, asset management, and net interest margin.

Non-Financial Aspect

Financial performance indicators of the banks can be divided into two main categories, namely the financial statement and the non-financial statement. Non-financial statement indicators involve those factors which do not have a direct impact on the financial statements.

Customer Satisfaction

Customer satisfaction has become an important dimension for performance measurement particularly for banking and finance industry. As most banks and finance organizations offer similar products and services, improving customer satisfaction and loyalty is the most important factor in maintaining as well as increasing market share for these organizations.

Employee Efficiency &Satisfaction

Banking sector is highly intellectually intensive; where the main asset of the banks is its human capital, as the expenses incurred on employees are the major operating expense in the banking sector. The human capital is a key intellectual and strategic asset which increases the efficiency of banks. Performance of the banks depends upon the efficiency of its human resources. High level of Human Capital Efficiency (HCE) leads to the high performance of the banks. Efficient

employees are not a sufficient criterion to measure the performance of the banks.

Corporate Social Responsibility

Corporate social responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. Banking sector is not untouched by the social responsibilities. Banks do not exist in a vacuum. They make a large contribution to the country's GDP growth, meet the demand of the growing middle class, contribute to infrastructure spending, and reach out to the semi-urban and rural areas.

2.3 Empirical Review

As banks can profit from a disparity between the cost of debt and the return on assets, higher levels of leverage (debt) may raise a bank's risk as well as its potential profitability. However, using too much leverage can also make losses bigger and make financial trouble more likely. Liquidity: For banks to run smoothly and remain stable, sufficient liquidity is necessary. It's important to keep profitability and liquidity in check. Insufficient liquidity can cause financial issues and make it more difficult for a bank to fulfill its obligations. However, if money is not used wisely, greater liquidity could lead to reduced profitability. Numerous variables, such as interest rate spreads, credit quality, operational effectiveness, and market conditions, can have an impact on a bank's profitability. Leverage, liquidity, and profitability have a complicated relationship that can change depending on the bank's risk tolerance, business strategy, and regulatory environment (Chen & Zhang 2018).

Gangi et al. (2018) stated that participating in CSR initiatives can boost stakeholder image and a bank's reputation. The long-term profitability and sustainability of the bank may be impacted by improved client loyalty, trust, and brand value as a result of this favorable reputation. Risk management initiatives at a bank may benefit from the use of CSR practices. Environmental, social, and governance (ESG) factors are frequently incorporated into CSR efforts, and they can be used to identify and reduce risks related to social injustice, climate change, and unethical behavior. Better financial performance and stability can result from effective risk management. Banks may incur higher costs as a result of CSR efforts such as making investments in ethical business operations, fostering community development, or supporting sustainable projects. However, some studies contend that efficiency improvements, such as increased staff productivity, decreased regulatory risks, and stronger connections with consumers and stakeholders, can more than make up for these expenses. The socially conscious investors that value environmental and social benefits over financial gains may invest in banks that show a commitment to CSR. These investors might be more likely to offer money or funding to banks

with sound CSR policies, possibly lowering the cost of capital and enhancing overall financial performance.

Diversification may be advantageous for banks that carry out a wider range of operations, including lending, investment banking, and asset management. Because losses in one activity may be offset by gains in another, diversification has the ability to lower total risk levels. To minimize excessive exposure, it's crucial to control the hazards involved with certain activities.Risk and return factors may be affected by the funding sources a bank uses. During times of financial stress, banks that rely primarily on short-term funding, such as wholesale funding or interbank borrowing, may experience liquidity problems. The stability and funding costs of banks may be higher for those with a lesser proportion of reliable funding, such as core deposits or long-term debt. Regulations that are changed, like as capital requirements or liquidity rules, may have an impact on the risk-taking and funding decisions made by banks. The relationship between bank activities, funding techniques, and risk-return profiles can also be impacted by market conditions, such as financial crises or economic cycles, stability and cheaper financing (Demirguc & Huizinga,2010).

Kosmidou et al. (2018) illustrated that due to their larger asset base and potential to draw in more deposits, larger banks typically have a stronger capacity for creating liquidity. Because of their size, banks can engage in a broader variety of lending operations and more diverse funding sources, which helps them generate liquidity.Banks with greater capital ratios typically have better liquidity generation capabilities. Greater capital increases market trust in a bank's viability and acts as a cushion against potential losses. In order to provide liquidity, well-capitalized banks can engage in lending activities and draw in deposits.Banks that are more successful typically have more ability to generate liquidity. Profitability measures a company's capacity to make money through loan operations and other endeavors. By luring deposits and supplying capital, higher profits can help a bank create liquidity.

Kandel (2018) stated that commercial banks participate in a range of CSR activities, such as volunteering, charity, community development projects, environmental sustainability initiatives, ethical lending practices, employee well-being programs, and diversity and inclusion projects. Based on a bank's aims, stakeholder expectations, and the regional environment, several CSR projects may be implemented. Stakeholder Engagement: CSR in banks frequently entails interacting with a variety of stakeholders, including clients, staff, neighbors, authorities, and shareholders. In order for banks to understand the social and environmental implications of their operations and to match their plans with those of their stakeholders, effective stakeholder engagement is viewed as a critical component of CSR.

Participating in CSR activities can have a good effect on a bank's reputation and brand image. banks with a positive reputation for doing good.

Table 1

Summary of Reviewed Literature

S.N.	Published Year	Writer	Objective	Methodology	Findings
1	2021	Wagle and Gupta	To examine the effect of corporate social responsibility on a firm's financial performance of development banks in Nepal	Secondary and descriptive	CSR & NI, CSR & ROA have significantly positive and negative relationships correspondingly. -CSR and EPS have a negative relationship
2	2020	Budathoki et al.	To examine the impact of liquidity, leverage, and total assets size of the bank on profitability	Ordinary-least-squares	Positive effects on all three profitability measures: ROA, ROE, and NIM
3	2021	Adhikari, N. R.	To identify the relationship between corporate social responsibility and financial performance of commercial banks in Nepal	Causal comparative	CSR exerts positive impact on financial performance of the Nepalese government owned banks, negative impact on joint venture bank

4	2020	Wagle, S.	To find the trend and relationship of Corporate Social Responsibility (CSR) practices and Firm's Financial Performance of Commercial Banks in Nepal	Pearson's Correlation	CSR activity on ROA is significantly accepted with having a negative correlation and, CSR activity on ROE & CSR activity on NI both are insignificant, having a neutral relationship.
5	2019	Rai, L.B.,	To examine the impact of corporate social responsibility (CSR) on Return of Assets (ROA), Return of Equity (ROE) and Earnings per Shares (EPS) of commercial banks in Nepal.	Regression Model	ROA does not have a significant relationship with CSR, ROE has significant relation with CSR on NIB, and not with SCB. EPS of NIB has only significant relation with the CSR
6	2020	Chapagain, B. R	To identify the status of CSR practices in the Nepalese context	Primary method of data collection and one-way ANOVA	The size of the organization tends to affect the level of CSR practices in the Nepalese context though the difference in CSR practices between small and medium sized rms is not statistically significant.
7	2019	Khanal, K.,	To assess the corporate social responsibility practices in Nepalese commercial banking sector	Primary and secondary (Descriptive and exploratory research design)	CSR has an influence on the non-financial performance (explain by Rsquare of 98.7%)

	2019	Sah, S. Lertjanyakit, H.	To investigates the impact of liquidity management on the financial performance of Nepalese commercial banks	Causal comparative research design	CDR and LR has significant negative relationship with book value of financial performance, whereas capital adequacy ratio has positive significant relationship with book value of financial performance
9	2015	Smith et al.	To examine the impact of liquidity and leverage on banking performance, considering CSR practices.	Quantitative analysis using panel data regression models. Data collected from 50 banks over a 5-year period.	Higher levels of liquidity and lower leverage ratios were positively associated with better banking performance, and CSR practices moderated the relationship.
10	2016	Johnson and Brown	To investigate the mediating role of liquidity and leverage in the relationship between CSR and banking performance.	Mixed-method approach, combining quantitative analysis of financial data and qualitative analysis of CSR reports.	Liquidity and leverage partially mediated the relationship between CSR and banking performance, suggesting that CSR activities indirectly influence performance through financial factors.

11	2017	Wang and Lee	To explore the interaction effects of liquidity, leverage, and CSR on banking performance across different market conditions.	Event study methodology using stock market data and financial ratios.	The impact of liquidity and leverage on banking performance varied under different market conditions, and CSR activities had a positive effect on performance during periods of economic downturn.
12	2018	Chen and Zhang	To examine the relationship between CSR expenditure, liquidity, leverage, and banking performance in Chinese banks.	Cross-sectional analysis using financial data and CSR expenditure information from a sample of Chinese banks.	Higher levels of liquidity, lower leverage ratios, and increased CSR expenditure were associated with improved banking performance. CSR expenditure partially mediated the relationship between liquidity, leverage, and performance.
13	2019	Garcia et al.	To analyze the impact of CSR engagement, liquidity, and leverage on the financial performance of European banks.	Longitudinal study using financial and CSR data from a sample of European banks over a 10-year period.	CSR engagement positively influenced liquidity and leverage, which in turn had a positive effect on financial performance. The relationship was stronger for banks with higher levels of CSR engagement.

14	2020	Kim and Park	To investigate the moderating role of liquidity and leverage on the relationship between CSR and banking performance in the Korean banking sector.	Quantitative analysis using regression models and financial data from Korean banks.	Liquidity and leverage moderated the relationship between CSR and banking performance. High liquidity enhanced the positive effect of CSR, while high leverage weakened the relationship.
15	2021	Li et al.	To assess the impact of liquidity risk, leverage, and CSR on the stability and profitability of Islamic banks.	Comparative analysis of financial indicators and CSR practices between Islamic banks and conventional banks.	Islamic banks exhibited lower liquidity risk and leverage compared to conventional banks, and CSR activities positively influenced stability and profitability in both types of banks.
16	2012	Sufian, F. and Kamarudin F.	To identifies the bank specific characteristics and macroeconomic determinants of profitability in the commercial banks in Bangladesh	Multiple regression	five determinants including liquidity has significant impact on commercial bank profitability

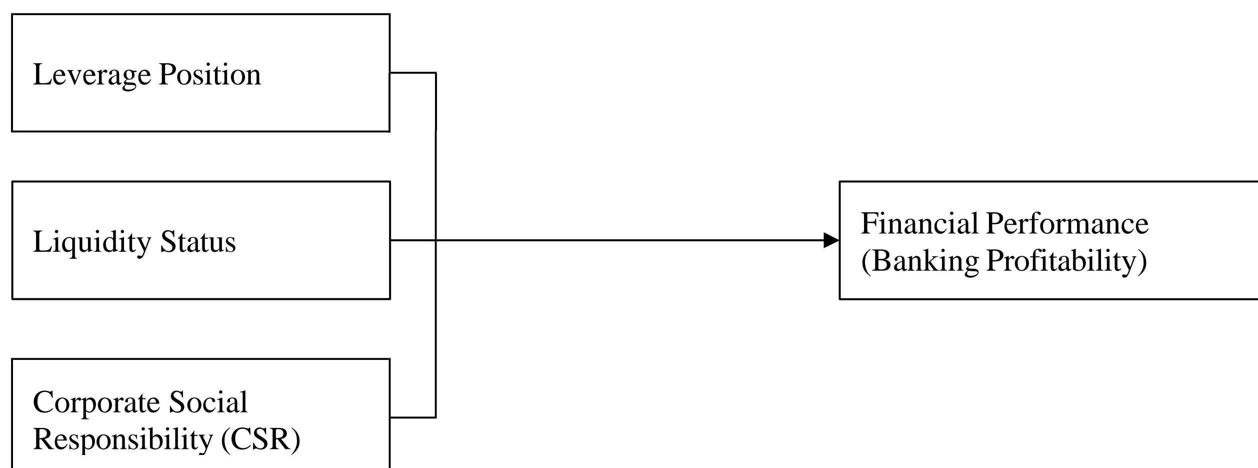
2.4 Research Gap

Numerous studies on the study of commercial banks' liquidity management have been done in Nepal. All prior research and studies linked the performance of the commercial banks with various aspects of credit and liquidity. Additionally, there are numerous studies being undertaken on microtopics pertaining to financial instruments, but none have looked at the liquidity and profitability of these three commercial banks in Nepal. The essential data and information from the years 2011/12 to 2021/22 are covered in this research project. Second, no study has been done comparing the liquidity and profitability performance of these three banks. While the Nepalese banking industry is becoming more competitive, it bases its strong earnings on the development of credit and liquidity management techniques. Finding commercial banks with strong financial standing and bad performance might be challenging. To maintain the proper balance between expanding credit and preserving adequate liquidity, banks must walk a fine line. The banks that are successful in keeping this equilibrium are the ones who reap significant rewards. The purpose of this study is to determine whether the sample banks were successful in keeping this equilibrium. The country's environment has an impact on financial performance every year. Thus, this study fills a research vacuum that exists in the evaluation of the performance of liquidity and profitability in depth.

2.5 Conceptual Framework

Based on the theoretical research and findings, the conceptual framework is designed with the major aim to seek the impact of corporate social responsibility on the financial performance. The independent variable of the study is the corporate social responsibility, liquidity and leverage and the dependent variable is the financial performance.

Figure 1 **Conceptual Framework**



(Source: Budathoki et al., 2020 and Rai, 2019)

2.6 Operational Definition of Variables

Leverage Position: Leverage is the process of using debt (borrowed money) to increase the profits of an investment or enterprise.Leverage allows investors to increase their purchasing power in the market. Instead of issuing shares to raise money, businesses employ debt financing to invest in the future and improve shareholder value.Financial leverage is the outcome of using borrowed money as a source of funding when making investments to increase a company's asset base and produce returns on risk capital. The employment of various financial instruments or borrowed cash, or leverage, is an investing strategy that aims to improve an investment's potential return. The level of debt a company utilizes to finance its assets is another definition of leverage (Lo, 2011).

Liquidity Status: The quantity of capital that is accessible for investment is referred to as liquidity in the financial context. Most of this capital is currently credit fund. This is due to the fact that the big financial organizations that handle the majority of investments favor borrowing money. Profitability and liquidity are reliable indices of the corporate health and performance of all profit-driven businesses, not only commercial banks. The shareholders and depositors, who make up a bank's two main constituencies, place great importance on these performance measures. In the context of Nepal, it was discovered that the liquidity ratio varied somewhat over time, the return on equity was deemed to be good, and there was a favorable correlation between deposits and loan advances (Sharma, 2019).

Corporate Social Responsibility (CSR): Corporate social responsibility (CSR) focuses on how businesses should manage their operations to have a positive overall influence on society. Recently, there has been a sharp increase in interest in CSR, and customers have begun to demand that businesses practice it. CSR refers to a company acting in an ethical, moral, and socially responsible manner toward society. This study looks into the reasons behind corporate social responsibility (CSR), how it is implemented, and how financial performance may be impacted. It was discovered that the motivation provided by their employer is felt by both employees and the broader public.

Business has a duty to society, which is known as social responsibility. Corporate development is essential for social and economic advancement. Corporate social responsibility is a self-policing corporate strategy that strives to advance society objectives while reflecting business accountability and dedication. CSR is typically divided into four categories: economic responsibility, philanthropic duty, ethical/human rights responsibility, and environmental responsibility.

CSR initiatives improve the organization's reputation and goodwill, which has a favorable impact on the company's financial success. To truly make a beneficial impact on society through CSR initiatives, preparation and effective implementation are required. In the Nepalese setting, the organization places less emphasis on CSR initiatives and more emphasis on increasing profits and growing their business (Kandel, 2018).

CHAPTER III
RESEARCH METHODOLOGY

Research Methodology is the process of arriving at the solution of a problem through a planned and systematic dealing with the collection, analysis and interpretation of the facts and figures. It presents research methodology adopted in achieving the objective stated in the earlier chapter. It contains research design, sources of data, data gathering procedure and data analysis tools.

3.1 Research Design

Research design is the task of defining the research problem. In other words, a research design is the arrangement of conditions, for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. In fact, the research design is the conceptual structure with in which the research is conduct. Research design is also known as plan, structure and strategy of investigation conceived. So as to obtain answer to research question and to control variances to achieve of the study, descriptive and analytical research design have been used.

3.2 Population and Sample

At present there are 21 commercial banks operating in Nepal under the guidance of Nepal Rastra Bank as of 24 February 2023. For the purpose of convenience only three commercial banks i.e. Nabil Bank Limited, Himalayan Bank and Everest Bank Limited have been taken as a sample of this study and rest of the commercial banks are considered as population.

Ten-year data are taken to conduct the study from FY 2011/12 to 2021/22.

Table 2

List of the sample commercial banks

S.N.	Name of Commercial Banks	Symbol
1	Everest Bank Limited	EBL
2	Himalayan Bank Limited	HBL
3	Nabil Bank Limited	NABIL

3.3 Nature and Sources of Data

The research is based on secondary data. The balance sheet and P&L account of the concerned banks' annual reports are the direct sources of the information needed for the analysis. Additional information and data are gathered from a variety of institutions and regulatory

bodies, including the NRB, SEBON, NEPSE, Ministry of Finance, budget speeches of various fiscal years, and economic surveys.

The data are collected in the form of quantity so, the nature of data is qualitative. For the purpose of study only the secondary data are used. The required data and information for analysis are directly collected from the annual reports of the respective banks. The data of Himalayan Bank Limited, Everest Bank Limited and Nabil Bank Limited have been collected from secondary sources. The secondary data are the related publications of commercial banks as the financial institute and consultants. Likewise, annual reports, respective bank's websites, journals, related articles and previous thesis of Himalayan Bank Limited, Everest Bank Limited and Nabil Bank Limited.

3.4 Data Collection Procedure

The data are collected from the annual reports from the several fiscal years from 2011/12 to 2021/22 which the banks release on respective banks official websites. the soft copy (digiital version of the annual reports was downloaded from the official sites of the banks and analyze with the help of the variables. Various papers, journals, dissertations, and other materials included in the literature review have been retrieved from the internet.

3.5 Data Processing Procedure and Data Analysis Tools

Data processing is the process of obtaining unprocessed data and transforming it into usable information. After collecting data from various sources, it was coded, edited, and classed before being structured into a systematic presentation.

The essential facts were chosen and reviewed in the form of a table and chart. The presentation and analysis of data was a critical component of the study. A range of financial and statistical methodologies were utilized to examine the data acquired and achieve the study's aim. The data analysis were carried out in line with the data patterns that were available. Due to a shortage of time, simple analytical statistical methods such as graphing, correlation analysis, and regression analysis were employed in this investigation.

Similarly, certain powerful financial methods, such as ratio analysis and trend analysis, were employed in the study. The data retrieved from the annual report, financial highlights, and other accessible information was processed and tabulated in various tables and charts under various titles based on the nature of the material.

3.6 Financial Analysis Tools

Financial instruments are used to analyze the bank's financial strength and vulnerabilities. In the study endeavor, financial instruments such as profitability ratio and leverage and liquidity ratio analysis were used.

CHAPTER IV
RESULTS AND DISCUSSIONS

This chapter examines the information gathered from the secondary data. This chapter presents, interprets, and analyzes the primary data acquired from the data in a systematic way. For the aim of research, data was collected from 2010/11 to 2019/20. Data analysis has been performed with reference to the study objectives, which are given in chapter I, including descriptive analysis for each variable, correlation analysis, and multiple regression analysis for testing the hypothesis.

4.1 Financial Analysis

In this section, the effort has been made to investigate and assess those significant financial elements, which principally concern NABIL, EBL and HBL bank's fund mobilization and investment management. The values are generated and designed to show how certain financial items and numbers relate to one another. Deriving a link between two or more variables is a type of mathematical process. The following crucial financial values need to be calculated for this study:

Table 3

Return on Assets (ROA)

Years	HBL	EBL	NABIL
2010/11	1.19	2.01	2.43
2011/12	1.91	1.95	2.8
2012/13	1.54	2.24	3.25
2013/14	1.3	2.2	2.89
2014/15	1.34	1.59	2.06
2015/16	1.94	1.52	2.32
2016/17	2.19	1.81	2.69
2017/18	1.67	1.78	2.61
2018/19	2.21	1.8	2.11
2019/20	1.79	1.36	1.58

An important indicator of a company's profitability is return on assets (ROA). The ROA ratio evaluates the relationship between a company's net income and its total assets. The company and industry have an impact on a good ROA. From the table above, it can be seen that the value of NABIL throughout the ten years is greater than other two banks value which indicates that NABIL bank has been more efficient in utilizing assets to earn profit than other two banks. These data can also be demonstrated in figure as below.

Table 4

Return on Equity (ROE)

Years	HBL	EBL	NABIL
2010/11	14.79	29.91	29.13
2011/12	22.35	26.11	30.25
2012/13	17.81	30.47	32.78
2013/14	15.77	28.4	27.97
2014/15	17.06	22.85	22.73
2015/16	24.53	20.39	25.61
2016/17	21.58	16.04	22.41
2017/18	14.17	16	20.94
2018/19	18.34	17.33	17.76
2019/20	15.4	13.5	13.61

Return on equity (ROE) measures how well a company generates profit from capital invested in the company by investors. While banks' major performance indicator is ROE, most non-financial corporations place more emphasis on increasing earnings per share (EPS). The latest value from 2021 is 17.83 percent, which indicates that on an average these sampled banks has made a good earnings for its respective investor.

Table 5

Net Interest Margin (NIM)

Years	HBL	EBL	NABIL
2010/11	25.46	19.51	22.29
2011/12	24.65	19.27	23.74
2012/13	25.19	26.46	32.66
2013/14	26.25	26.23	33.65
2014/15	23.08	26.26	29.93
2015/16	42.89	29.75	37.3
2016/17	36.48	26.75	39.22
2017/18	26.15	22.86	31.12
2018/19	32.64	21.13	24.23
2019/20	28.06	16.25	18.55

Net interest margin (NIM) reveals the amount of money that a bank is earning in interest on loans compared to the amount it is paying in interest on deposits. NIM is one indicator of a bank's profitability and growth. From the table, it can be seen that the maximum value among these three banks was of HBL in the year 2015/16 whereas on an average all these banks have a good value of net profit margin which indicates they have received more interest than it has

paid.

Table 6

Debt-to- Equity Ratio (DE Ratio)

Years	HBL	EBL	NABIL
2010/11	11.42	13.85	11.73
2011/12	12.34	12.36	10.61
2012/13	10.53	12.62	9.95
2013/14	11.1	11.91	10.42
2014/15	10.9	13.39	11.47
2015/16	10.32	12.38	8.08
2016/17	7.77	7.85	7.62
2017/18	7.24	7.98	6.82
2018/19	7.35	8.65	7.67
2019/20	7.86	8.93	8.19

A company's debt-to-equity ratio (D/E ratio) reveals how much debt it has in relation to its assets. It is calculated by dividing the total debt of a corporation by the total shareholder equity. A greater D/E ratio indicates that the business may find it more difficult to pay its obligations. From the table, it can be seen that the maximum value can be seen EBL for the year 2014/15 whereas the least value is seen of NABIL for the year 2017/18.

Table 7

Liquidity

Years	HBL	EBL	NABIL
2010/11	10.68	9.55	4.9
2011/12	11.02	17.22	8.6
2012/13	32.49	15.19	9.32
2013/14	37.52	16.91	11.32
2014/15	30.32	24.27	14.15
2015/16	28.74	16.61	6.77
2016/17	26.64	16.52	10.02
2017/18	23.05	17.75	10.05
2018/19	26.25	18.56	4.78
2019/20	31.39	14.43	11.21

Liquidity ratios are a measurement of a company's capacity to settle its short-term obligations. A company's ability to quickly convert its assets and use them to pay its obligations is determined by its liquidity ratios. The ability to pay off debts and stay current on payments is easier the greater the ratio. The table 5 demonstrates that on an average the values of HBL are

satisfactory in comparison to other two banks.

Table 8

Corporate Social Responsibility

Years	HBL	EBL	NABIL
2016/17	19,359,076.30	17,302,070.20	40,212,172.70
2017/18	21,782,349.00	20,062,477.80	36,452,797.51
2018/19	18,756,105.00	25,816,817.78	39,818,929.50
2019/20	27,638,485.00	30,541,220.62	60,413,192.14

Table 6 illustrates the bank’s responsibility to its society which has been expressed in numeric value such that it can be observed that the maximum amount spend is by NABIL on an average and also maximum amount in the year 2019/20.

4.2 Descriptive Statistics

This section elaborates the descriptive statistics of variables including minimum, maximum, means, standard deviation, and variance.

Table 9

Descriptive Statistics of Return on Assets

Column1	Minimum	Maximum	Mean	Std. Deviation
HBL ROA	1.19	2.21	1.709	0.36221
EBL ROA	1.36	2.24	1.8267	0.28464
NABIL ROA	1.58	3.25	2.474	0.48021

Table 7 shows the key financial performance metrics for Return on Assets (ROA) for three banks—HBL, EBL, and NABIL. A company's profitability in relation to its total assets is gauged by its ROA. The ROA for HBL ranges from 1.19 to 2.21, with a mean ROA of 1.709. The ROA for EBL is between 1.36 and 2.24, with an average of 1.8267. The ROA range for NABIL is the widest, ranging from 1.58 to 3.25, with an average ROA of 2.474. The figures of the standard deviation (0.4802 for NABIL, 0.28464 for EBL, and 0.36221 for HBL) show how variable the ROA statistics are around their respective means. Collectively, these numbers shed light on the banks' profitability and the reliability of their revenue sources.

Table 10

Descriptive Statistics of Return on Equity

Column 1	Min.	Max.	Mean	S.D.
HBL ROE	14.17	24.53	18.18	3.52
EBL ROE	13.5	30.47	22.0995	6.33
NABIL ROE	13.61	32.78	24.3186	5.96

The table 8 displays major financial parameters for three banks: HBL, EBL, and NABIL in terms of Return on Equity (ROE). The return on equity (ROE) of a corporation is a measure of its profitability in proportion to its shareholders' equity. The ROE of HBL ranges from 14.17% to 24.53%, with a mean ROE of 18.18%. The ROE of EBL ranges from 13.5% to 30.47%, with an average of 22.0995%. NABIL has a ROE ranging from 13.61% to 32.78%, with an average ROE of 24.3186%. The standard deviation figures (3.5248 for HBL, 6.33341 for EBL, and 5.96437 for NABIL) show the degree of variation in ROE data around their respective means. These figures, taken together, provide insight into the banks' profitability and efficiency in delivering returns on shareholder investments. Higher standard deviations indicate more noticeable variations in profitability, potentially indicating greater risk or market volatility.

Table 11

Descriptive Statistics of Net Interest Margin (NIM)

Column 2	Min.	Max.	Mean	S.D.
HBL NIM	23.08	42.89	29.085	6.32
EBL NIM	16.25	29.75	23.446	4.29
NABIL NIM	18.55	39.22	29.269	6.81

Table 9 shows the Net Interest Margin (NIM) of three banks: HBL, EBL, and NABIL. The difference between interest earned and interest paid in relation to a bank's interest-earning assets is represented by NIM. The NIM of HBL runs from 23.08% to 42.89%, with a mean NIM of 29.085%. The NIM of EBL ranges from 16.25% to 29.75%, with an average of 23.446%. NABIL's NIM ranges from 18.55% to 39.22%, with an average NIM of 29.269%. The standard deviation figures (6.32144 for HBL, 4.29191 for EBL, and 6.81207 for NABIL) represent the degree of NIM variability around their respective means. These data demonstrate the banks' effectiveness in managing interest revenue and costs as a whole, with higher NIM values often suggesting more profitability from interest-related activities.

Table 12

Descriptive Statistics of Debt to Equity Ratio

Column 2	Min.	Max.	Mean	S.D.
HBL D/E Ratio	7.24	12.34	9.682	1.92
EBL D/E Ratio	7.85	13.85	10.99	2.35
NABIL D/E Ratio	6.82	11.73	9.25	1.77

The table 10 shows the debt-to-equity (D/E) ratios for three banks: HBL, EBL, and NABIL. The D/E ratio compares a company's debt to its equity to determine its financial leverage. The D/E ratio at HBL spans from 7.24 to 12.34, with a mean value of 9.682. The D/E ratio for EBL ranges from 7.85 to 13.85, with an average of 10.9912. NABIL has a D/E ratio ranging from 6.82 to 11.73, with an average value of 9.2571. The standard deviation figures (1.91821 for HBL, 2.35445 for EBL, and 1.77303 for NABIL) show the degree of variation in D/E ratios around their respective averages. These figures indicate the banks' overall financial leverage, with greater D/E ratios reflecting larger amounts of debt compared to equity, thereby raising financial risk and interest expenses.

Table 13

Descriptive Statistics of Corporate Social Responsibility

Column 3	Min.	Max.	Mean	S.D.
HBL CSR	18,756,105	27,638,485	21,884,003.83	4,053,122.15
EBL CSR	17,302,070	30,541,220.60	23,430,646.60	5,920,531.66
NABIL CSR	36,452,798	60,413,192.10	44,224,272.96	10,923,688.85

The table 11 shows Corporate Social Responsibility (CSR) spending for three banks: HBL, EBL, and NABIL. CSR demonstrates a company's dedication to social and environmental responsibility. HBL's CSR expenditure spans between 18,756,105 and 27,638,485, with a mean (average) of 21,884,003.83. CSR expenditure at EBL ranges from 17,302,070.2 to 30,541,220.6, with an average of 23,430,646.6. CSR spending at NABIL ranges from 36,452,797.5 to 60,413,192.1, with an average of 44,224,272.96. The standard deviation data (4,053,122.145 for HBL, 5,920,531.664 for EBL, and 10,923,688.85 for NABIL) show how much variation there is in CSR spending around their respective means. These data collectively indicate the banks' social responsibility obligations, with larger CSR spending indicating greater participation in societal and environmental projects.

Table 14

Descriptive Statistics of Liquidity

Column 4	Min.	Max.	Mean	S.D.
HBL Liquidity	11	38	25.81	8.80
EBL Liquidity	10	24.27	16.70	3.66
NABIL Liquidity	5	14.15	9.11	2.95

The table 12 depicts liquidity measures for three banks: HBL, EBL, and NABIL. The capacity of a corporation to satisfy its short-term financial obligations is measured by liquidity. The liquidity of HBL ranges from 10.68 to 37.52, with a mean of 25.81. The liquidity of EBL ranges from 9.55 to 24.27, with an average of 16.701. The liquidity of NABIL ranges from 4.78 to 14.15, with an average of 9.112. The standard deviation numbers for HBL (8.80637, EBL 3.66329, and NABIL 2.95635) illustrate the level of liquidity fluctuation around their respective averages. These figures illustrate the banks' capacity to satisfy short-term obligations. Higher liquidity numbers often reflect a higher ability to meet short-term liabilities, which improves financial stability and response to unexpected occurrences.

Table 15

Correlation

Correlations	**Column1**	**ROA**	**ROE**	**NIM**	**DE**	**CS**	**LIQ**
ROA	Pearson Correlation	1					
	Sig. (2-tailed)						
ROE	Pearson Correlation	0.586	1				
	Sig. (2-tailed)	0.075					
NIM	Pearson Correlation	0.391	0.239	1			
	Sig. (2-tailed)	0.264	0.506				
DE	Pearson Correlation	-0.001	.784**	-0.172	1		
	Sig. (2-tailed)	0.999	0.007	0.635			
CSR	Pearson Correlation	-.970*	-0.904	-0.862	0.857	1	
	Sig. (2-tailed)	0.03	0.096	0.138	0.143		
LIQ	Pearson Correlation	-0.105	-0.289	0.405	-0.257	0.781	1
	Sig. (2-tailed)	0.772	0.419	0.246	0.473	0.219	

Correlations Individually

		EBL ROA	EBL ROE	EBL NIM	EBL D/E ratio	EBL CSR	EBL Liquidity
EBL ROA	Pearson Correlation	1	.778**	0.167	0.323	-0.811	-0.281
	Sig. (2-tailed)		0.008	0.646	0.363	0.189	0.431
	N	10	10	10	10	4	10
EBL ROE	Pearson Correlation	.778**	1	0.176	.842**	-0.521	-0.258
	Sig. (2-tailed)	0.008		0.627	0.002	0.479	0.471
	N	10	10	10	10	4	10
EBL NIM	Pearson Correlation	0.167	0.176	1	0.194	-.969*	0.379
	Sig. (2-tailed)	0.646	0.627		0.592	0.031	0.281
	N	10	10	10	10	4	10
EBL D/E ratio	Pearson Correlation	0.323	.842**	0.194	1	.989*	-0.08
	Sig. (2-tailed)	0.363	0.002	0.592		0.011	0.826
	N	10	10	10	10	4	10
EBL CSR	Pearson Correlation	-0.811	-0.521	-.969*	.989*	1	-0.443
	Sig. (2-tailed)	0.189	0.479	0.031	0.011		0.557
	N	4	4	4	4	4	4
EBL Liquidity	Pearson Correlation	-0.281	-0.258	0.379	-0.08	-0.443	1
	Sig. (2-tailed)	0.431	0.471	0.281	0.826	0.557	
	N	10	10	10	10	4	10

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

The table 13 given illustrates the links between various financial indicators, omitting correlations with a value of 1 because they indicate a variable that is connected with itself.

A positive correlation of 0.586 exists between the return on assets and return on equity (ROE), showing that banks with greater ROA tend to have higher ROE. The p-value of 0.075 indicates that this link is of moderate significance.

The correlation between ROE and the net interest margin is 0.239, indicating a mildly favorable

relationship. The p-value of 0.506, however, suggests that this link may not be statistically significant.

The debt-to-equity ratio and have a 0.784 coefficient of correlation. This implies that banks with greater debt-to-equity ratios have better Return on Equity. The 0.007 p-value shows a high degree of significance.

Corporate social responsibility and return on assets have a substantial negative correlation of -0.970, implying that banks with larger CSR expenditures have lower return on assets. The importance of this association is indicated by the low p-value of 0.03.

The correlation coefficient between corporate social responsibility and liquidity is 0.781, showing a significant positive link. As a result, banks with larger CSR spending frequently have better liquidity levels. The p-value of 0.219 indicates that there is some amount of significance.

Liquidity and net interest margin have a 0.405 correlation, showing a somewhat favorable link. The p-value of 0.246, on the other hand, indicates a moderate level of statistical significance.

These correlations shed light on potential relationships between financial measures. However, keep in mind that correlation does not indicate causation, and the unique context and underlying elements of the data should be taken into account for a more nuanced understanding of these associations. These ties are shaped by the unique industry, market conditions, and bank objectives. The p-values also reflect the statistical significance of the connections. Low p-values (often less than 0.05) imply more evidence against the null hypothesis, whereas larger p-values indicate a weaker case for rejecting the null hypothesis.

4.3 Regression Analysis

A collection of statistical methods known as regression analysis are used to determine

associations between a dependent variable and one or more independent variables. There are several modeling and analysis tools for a variety of variables included. The findings of a correlation study can only be used to establish whether there is a significant relationship between two variables. Even if the correlation coefficient shows a strong link between the two variables, the precise nature of this association cannot be ascertained. Regression analysis offers further details regarding the association's strength in this instance. It is employed to characterize a relationship's nature and foretell outcomes.

Regression analysis was utilized in this study to evaluate the hypothesis. The independent factors that influence result variability are listed in this section, together with the percentage of the dependent variable variability that each independent variable contributes to explaining. A list of the factors that are important in understanding the variability of the dependent variable is also included in this. To investigate the relationship between the independent variables and the dependent variable, a linear regression analysis was carried out. Due to its simplicity, clarity, academic acceptance, and availability, linear regression is a better choice for application.

Table 16

Regression analysis on Return on Assets

	Unstandardized Coefficients		Unstandardized coefficients		
Model	**B**	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	4.089	2.175		1.88	0.109
Debt to Equity Ratio	-1.232	0.801	-1.944	-1.538	0.175
Corporate Social Responsibility	-0.030	0.019	-1.95	-1.578	0.166
Liquidity	-0.131	0.162	-0.30	-0.805	0.451
F-value	0.864				
P-value	0.509				
Model coefficients (r)	0.549				

Table 14 shows debt to equity ratio, corporate social responsibility (CSR), and Liquidity are the three predictor variables examined in the regression analysis. The model seeks to understand how modifications to these determinants affect ROA. The predicted ROA when all predictors are zero is represented by the intercept term, which is 4.089. It is not significant, though ($p = 0.109$), raising doubts about its dependability.

Debt to Equity Ratio and CSR both have negative coefficients of -1.232 and -0.030, respectively, among the predictors. This implies that lower ROA is related to greater levels of these variables. Their coefficients, however, are not statistically significant (p > 0.05), casting doubt on the extent of their actual influence. Contrarily, liquidity shows a coefficient of -0.131 but lacks statistical significance (p = 0.451). This suggests that there is no proof that liquidity and ROA are related. Poor overall significance is shown by the whole model's F-value of 0.864 and p-value of 0.509, raising questions about the model's predictive ability as a whole.

According to the modified R-squared value of 0.549, the predictor variables may account for around 54.9% of the variation in ROA, leaving a sizable amount of variability unaccounted for. The lack of statistical significance for the majority of coefficients and the overall model, in spite of the analysis's attempts to reveal correlations between ROA and numerous variables, caution should be exercised when making firm conclusions. To learn more about these links and maybe develop more accurate models, additional research is advised.

Table 17

Regression analysis on Return on Equity

	Unstandardized Coefficients		Unstandardized Coefficients		
Model	**B**	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	5.838	1.787		3.267	0.017
Debt to Equity Ratio	-0.869	0.658	-0.838	-1.321	0.235
Corporate Social Responsibility	-0.041	0.016	-1.628	-2.622	0.039
Liquidity	-0.178	0.133	-0.250	-1.334	0.230
F-value	9.355				
P-value	0.110				
Model coefficients (r)	0.908				

The debt to equity ratio, corporate social responsibility (CSR), and liquidity are the three predictor variables examined in the regression study that is being presented in table 15. The goal is to comprehend how variations in these factors affect ROE. When all predictors are at zero, the intercept term of 5.838 indicates the predicted ROE. This number contributes to explaining the variability in ROE since it is statistically significant (p = 0.017).

When it comes to the predictors, the debt-to-equity ratio has a negative coefficient of -0.869, meaning that greater levels of this ratio are linked to lower ROE. The absence of statistical

significance of this coefficient (p > 0.05) raises concerns regarding the validity of this association. A negative coefficient of -0.041 for the Corporate Social Responsibility (CSR) predictor suggests that more CSR may be associated with lower ROE. This correlation is statistically significant (p = 0.039), suggesting that CSR may have an effect on ROE.

With a negative value of -0.178, the liquidity predictor suggests that higher liquidity may result in poorer ROE. However, this coefficient is not statistically significant (p > 0.05), similar to the Debt to Equity Ratio. A moderately significant model is shown by the overall model's F-value of 9.355 and p-value of 0.110, which suggests that the predictor variables collectively have an effect on explaining ROE variability. The adjusted R-squared value of 0.908 indicates that the predictor variables can explain around 90.8% of the variance in ROE, indicating a strong explanatory power. In conclusion, our study suggests that CSR may have a considerable impact on ROE, although the correlations between the debt to equity ratio and liquidity are non-significant. The model appears to provide useful insights into how the variables affect ROE, but more analysis and validation may make these conclusions more reliable.

Table 18

Regression analysis on Net Interest Margin

	Unstandardized Coefficients		Unstandardized coefficients		
Model	**B**	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	8.679	2.076		4.180	0.006
Debt to Equity Ratio	-2.285	0.764	-2.593	-2.990	0.024
Corporate Social Responsibility	-0.055	0.018	-2.568	-3.026	0.023
Liquidity	0.085	0.155	0.140	0.546	0.605
F-value	4.079				
P-value	0.068				
Model coefficients (r)	0.819				

The table 16 investigates the relationship between Net Interest Margin (NIM) and three predictor variables: Debt to Equity Ratio, Corporate Social Responsibility (CSR), and Liquidity. The aim is to understand how variations in these predictors impact NIM. The anticipated NIM when all predictors are at zero is represented by the intercept term, which is 8.679. This value contributes to explaining NIM variability and is statistically significant (p = 0.006).

The Debt-to-Equity Ratio has a negative coefficient of -2.285 in terms of the predictors, indicating that lower NIM is associated with greater values of this ratio. The statistical significance of this relationship (p = 0.024) suggests that the Debt to Equity Ratio may have an effect on NIM. A similar negative correlation of -0.055 is seen for the Corporate Social Responsibility (CSR) predictor, which suggests that higher CSR may be linked to lower NIM. The statistical significance of this coefficient (p = 0.023) indicates a potential link between CSR and NIM. The Liquidity Predictor, on the other hand, has a positive value of 0.085 and suggests that increasing liquidity may result in higher NIM. Although not statistically significant (p > 0.05), this coefficient casts doubt on the validity of the link.

The moderately significant model suggested by the overall model's F-value of 4.079 and p-value of 0.068 implies that the predictor variables together may contribute to explaining NIM variability. The adjusted R-squared value of 0.819 indicates that the predictor variables have a significant explanatory power since they can account for around 81.9% of the variation in NIM.

The Debt to Equity Ratio and Corporate Social Responsibility may have an influence on NIM, but Liquidity appears to have less of an impact. To improve the validity and reliability, more research and validation are advice from the findings in the context of NIM.

CHAPTER V
SUMMARY AND CONCLUSIONS

This portion covers the discussion, conclusion, implications based on the results, and suggestions for future research. This section gives a brief summary of the full study and draws the major conclusions from this research.

5.1 Summary

The primary objective of this study is to assess the effect of corporate social responsibility, liquidity and leverage on the overall profitability of the commercials banks and further is to address the impact of the variables in the individual (i.e. in return on equity, return on assets and net interest margin).

The research supports the sub hypothesis of H1 indicating there is a significant association between leverage position and financial performance (return on equity) instead in the same hypothesis the result does not support the same hypothesis taking the return on assets and net interest margin as the profitability indicator. Smith et. al.(2015) shows the association of the leverage on the banking performance with the significant and positive correlation while conducting the regression on the same model. Supporting Smith et. al.(2015), Johnson and Brown (2016) explored that the association between CSR and banking performance was partially mediated by liquidity and leverage, indicating that CSR efforts had a financial impact on performance.

The result reject the hypothesis H2 in all dimension of the profitability showing that there is no a significant association between liquidity status and financial performance i.e. in the return on assets, return on equity and net interest margin. Sufian and Kamaruad (2012) conducted macroeconomic determinants of profitability including the liquidity and found that there is significant impact of liquidity on profitability. The statement denied the statement of prior researchers (Sufian & Kamaruad (2012) and Smith et. al. (2015)) who found the association of the liquidity on the banking performance with the significant and positive correlation. But in the concern of the liquidity and CSR, Garcia et. al. (2019) described that CSR engagement positively influenced liquidity and leverage, which in turn had a positive effect on financial performance. The relationship was stronger for banks with higher levels of CSR engagement.

In the case of corporate social responsibility, the results shows the accept of the hypothesis H3 in the term of return on assets and got rejected in the case of return on equity and net interest margin. Which means there is a significant association between corporate social responsibility and return on assets and there is a significant association between corporate social

responsibility and return on equity and net interest margin. Prior researcher Smith et. al.(2015) statement where Smith et. al.(2015) found the association of the corporate social responsibility on the banking performance in the moderate level. The finding is supported by the previous research conducted Wagle and Gupta (2021) while examine the effect of the corporate social responsibility on performance using the secondary and descriptive data. Furthermore Adhikari (2021) support the statement while conducting the casual comparative with the finding of corporates social responsibility's positive impact on the joint venture commercial bank. Though Khanal (2019) reject the statement showing the correlation among the corporate social responsibility and the non-financial performance even though the model is explained by more than 98%.

The results supports the study of Gargi et al (2018) demonstrating that CSR involvement has a favorable impact on European banks' financial performance. In the prospect of quality of loan, CSR and performance, Shi and Sun (2015) assessed that businesses with larger CSR investments have less debt covenants supports this conclusion even more. Banks with stronger CSR have superior financial results and loan allocation. These findings imply that CSR drives wealth development in the post-crisis period through reputational factors (Gargi et al. 2018).

But in the concern of the Wagle (2020) the corporate social responsibility has the similarly impact on the bank profitability (i.e. CSR on return on assets) in the significance level. Similarly the corporate social responsibility has shown the negative and insignificant impact on the return on net interest margin and return on equity (Wagle, 2020).

The result also found similar with the Budathoki et al. (2020) findings where ROA, ROE, and NIM were all shown to be negatively impacted by a liquidity nevertheless, ROE and NIM were statistically insignificant. Another regression reveals that while ROA and NIM were favorably impacted by leverage ratio and ROE was negatively impacted and was statistically insignificant.

The research shows that there insignificant impact of the all variables in the return on assets and all the beta coefficient shows the negative impact. Similarly result found during the analysis of the impact of the variables in the return on equity and net interest margin except the liquidity on net interest margin. The liquidity shows the insignificant and positive impact on net interest margin. Though the model is fit. The research is familiar with the research of Pradhan and Shrestha (2017) where liquidity support the result where the liquidity variable is

negatively impact on the return on equity and return on assets as well.

5.2 Conclusions

Banks with stronger CSR have superior financial results and loan allocation. These findings imply that CSR drives wealth development in the post-crisis period through reputational factors. With regard to Nepalese commercial banks, the liquidity situation of the bank has a significant impact on its financial performance. According to this study, liquidity, corporate social responsibility has a beneficial impact on bank performance. Leverage, corporate social responsibility and liquidity lead to better bank performance as evaluated by return on assets and return on equity. The corporate social responsibility has the less impact on the commercial bank performance comparatively to leverage and liquidity. The liquidity has the positive impact on the net interest margin in the context of the net interest margin but in return on equity and assets has the negative. The leverage ratio has the highest impact on the commercial bank.

In conclusion, the banking performance has the significant influence by the all three variables (i.e. leverage, corporate social responsibility and the liquidity). But in the context of the Nepalese commercial bank, the leverage has the highest impact on the banking performance followed by the liquidity and corporate social responsibility. The study foster for the better leverage for better banking performance and proper liquidity for the better banking performance compare to the social responsibility.

5.3 Implications

The study's conclusions have a number of implications for management, investors, workers, researchers, and anyone else interested in financial performance of bank. This study, which is based on a current situation of banking and financial institutions, offers various implications that point to an intriguing area for further research. Commercial banks have their own ways for managing liquidity and boosting profitability in the current competitive financial markets.

- This study might be used for literature and base for research for further study in future.
- The concerned authorities of sampled banks may use the data and variables to identify the liquidity position, profitability and CSR.
- The bankers may develop a number of strategic plans and programs to increase profitability on the basis of this analysis.
- For investors and creditors to make investment decisions, the study may be helpful.
- It is an academic record for the research candidate that could serve as the foundation for further study and employment.
- The tools and methods employed in this study for the financial analysis may be used by

bankers.

- The study depicts that the sample banks are attempting to manage liquidity properly while avoiding risks in order to maximize profit.

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