

**INVESTMENT POLICY
OF
COMMERCIAL BANKS OF NEPAL**
(A COMPARATIVE STUDY OF
HIMALAYAN BANK LTD. & LUMBINI BANK LTD.)

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RECOMMENDATION

This is to certify that the thesis:

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Investment Policy of Commercial Banks of Nepal

(A Comparative Study of Himalayan Bank Ltd. and Lumbiny Bank Ltd.)

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

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DECLARATION

I heartily declared here by presented this thesis entitled " **Investment Policy of Commercial Banks of Nepal** " [A comparative study of Himalayan Bank ltd. & Lunbini Bank ltd.] Submitted to Makwanpur Multiple Campus, Faculty of Management (Tribhuvan University) is my original research work which is prepared as the partial fulfillment of the requirement for Master Degree in Busiss Studies (M.B.S.) under the guidance and supervision of **Mr. Bin Bahadur Raut**, Vice Campus Chief and Thesis supervisor, Makwanpur Multiple Campus. Hetauda.

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With Regards,

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EXECUTIVE SUMMARY

Investment is a very popular, well known and prestigious word in financial term. Now a day's all people want to invest their money in the best firm for good return but the return may be favorable or unfavorable for the investor's standpoint. Investment promotes economic growth and contributes to a national wealth. Bank and financial companies are such type of financial institution, which deals in money and substitute for money, or they deal with credit and credit instruments. Good management of credit or credit instrument is very important for the banks financial institution to collect fund and utilize it in good investment sector.

Bank investment operations are operated by investment policy. Investment policy plays an important role to growth for every bank. A sound and viable investment policy can be effective to increase national GDP and per capital income. If there are better investment policies adopted by banks, both investors, customers, shareholders are motivate to invest banking sector which helps to increase the value and quality of loans, deposit and investment. Good investment policy ensure maximum amount of investment to all sector with proper utilization. But if there is bad investment policy return should be negative. So to get success in competitive market commercial banks clearly know about good investment policies.

The main objective of the study is to examine and evaluate the investment policy of Himalayan Bank Ltd. And Lumbini Bank Ltd. and compares it with the investment policy of HBL.

For the purpose of preparing of the report financial and statistical tools are being used. Information and data of 5 years collected from primary and secondary sources. Questionnaire and interview with the officials are the major sources of primary data, whereas, the secondary data collected from annual report and web site address of the concerned two Banks.

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ABBREVIATIONS

CBs	: Commercial Banks
CRR	: Cash Reserve Requirement
C.V.	: Co-efficient of Variation
F/Y	: Fiscal Years
GDP	: Gross Domestic Product
Govt.	: Government
HBL	: Himalayan Bank Limited
IRR	: Interest Rate Risk
JVBs	: Joint Venture Banks
LBL	: Lumbini Bank Limited
LLB	: Loan Loss Provision
NPAs	: Non-Performing Assets
NRB	: Nepal Rastra Bank
P.Er.	: Probable Error
ROA	: Return on Assets
ROE	: Return on Equity
Rs.	: Rupees
r	: Correlation of co-efficient
r^2	: Co-efficient of Determination
RWA	: Risk Weight Assets
S.D.	: Standard Deviation

