A THESIS ON FINANCIAL PERFORMANCE OF STANDARD CHARTED BANK NEPAL LIMITED

By: MADAN THAKURI Shanker Dev Campus T.U. Registration No. 7-3-39-442-2004 Campus Roll No. 634/061

> A Thesis Submitted to: Office of the Dean Faculty of Management Tribhuvan University

In partial fulfillment of the requirements for the Degree of Master of Business Studies (M.B.S.)

> Kathmandu, Nepal December, 2009

RECOMMENDATION

This is to certify that the thesis

Submitted by

Madan Thakuri

Entitled:

A THESIS ON FINANCIAL PERFORMANCE OF STANDRAD CHARTED BANK NEPAL LIMITED

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

Achyut Raj Bhattarai (Thesis Supervisor) Dr. Kamal Deep Dhakal (Campus Chief)

Shashi Kumar Sharma (Thesis Supervisor)

VIVA-VOCE SHEET

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

by **Madan Thkuri**

Entitled:

A THESIS ON FINANCIAL PERFORMANCE OF STANDRAD CHARTED BANK NEPAL LIMITED

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

Master Degree of Business Studies (M.B.S.)

Viva-Voce Committee

Head, Research Department	
Member (Thesis Supervisor)	
Member (Thesis Supervisor)	
Member (External Expert)	

DECLARATION

I here by declare that the work reported in this thesis entitled "A THESIS ON FINANCIAL PERFORMANCE OF STANDRAD CHARTED BANK NEPAL LIMITED" submitted to Shankar Dev Campus, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement for the Master's Degree in Business Study (M.B.S.) under the supervision of Achyat Raj Bhattarai and Shashi Kumar Sharma, Lecturer, of Shankar Dev Campus.

Madan Thakuri Researcher T.U. Registration No. 7-3-39-442-2004 Campus Roll No. 634/061

ACKNOWLEDGEMENT

The thesis report on the "A Financial Performance of Standard Chartered Bank Limited" (WITH REFERENCE TO STANDARD CHARTERED BANK NEPAL LIMITED) has been prepared in partial fulfillment of the requirement for the Degree of Master's in Business Studies. On the journey of reaching this final step of my work, I would like to thank all those who have directly and indirectly helped and supported me in many ways. In other word, I will not be able to justify my work without acknowledging those who have significantly contributed to my thesis work. So I want to express my heartfelt thanks to all of them.

It has been a matter of great pleasure for me to complete this thesis under the supervision of Achyut Raj Bhattarai and Sashi K. Sharma, lecture of Shanker Dev Campus. I appreciate their kind guidance, valuable supervision, constructive comments and inspiration during the preparation of this thesis. I am also thankful to all the staffs of the library and administration of Shanker Dev Campus.

Similarly, I would like to express my debt of gratitude to my family members for their continuous inspiration and support during the entire period of the study. I owe thanks to my friends and colleagues for helping and supporting me in many ways.

Finally, I would not want to state that this thesis is perfect but may have various limitations and shortcomings. Nevertheless, I have tried my best.

MADAN THAKURI Researcher

TABLE OF CONTENTS

Recommendation

Viva - Voce sheet

Declaration

Acknowledgement

Table of Contents

List of Tables

List of Figures

Abbreviation

CHAPTER I INTRODUCTION	PAGE NO.
1.1 Background of the Study	1
1.2 Origin of Banking System	4
1.3 Development of Banking System in Nepal	5
1.4 Brief Profile of Standard Chartered Bank	9
1.5 Statement of the Problem	13
1.6 Objectives of the Study	14
1.7 Limitation of the Study	15
1.8 Significance of the Study	15
1.9 Organization of the Study	17

CHAPTER II REVIEW OF LITERATURE

2.1	2.1 Conceptual / Theoretical Review		18
	2.1.1	Concept of Financial Performance Analysis	18
	2.1.2	Financial Performance Analysis of Bank	24
	2.1.3	Concept of Financial Statement	25
	2.1.4	Feature of Financial Performance Analysis	28
	2.1.5	Purposes of Financial Performance Analysis	28
	2.1.6	Uses of Financial Performance Analysis	29
	2.1.7	Limitation of Financial Performance Analysis	30

2.2	2 Review of Related Studies		32
	2.2.1	Review of journals/ Magazines	32
	2.2.2	Review of Related Articles	34
	2.2.3	Review of Past Thesis	37
2.3	Resea	rch Gap	49

CHAPTER III RESEARCH METHODOLOGY

3.1	Research Design	51
3.2	Population & Sample	51
3.3	Sources of Data and its Collection Techniques	52
3.4	Data Processing Techniques	52
3.5	Data Analysis Tools	53
	3.5.1 Financial Tools Applied	47
	3.5.2 Statistical Tools Applied	56
3.6	Method of Data Presentation	57

CHAPTER IV PRESENTATION AND ANALYSIS OF DATA

4.1	Financial Position Analysis	58
4.2	Ratio Analysis	58
	4.2.1 Liquidity Ratio	58
	4.2.2 Turnover Ratio	66
	4.2.3 Profitability Ratio	70
4.3	Statistical Tools	78
4.4	Major Findings of the Study	88

CHAPTER	V SUMMARY, CONCLUSION AND RECOMMENDATIONS
5.1	Summary 89
5.2	Conclusions 92
5.3	Recommendation 93
	Bibliography Annexures

LIST OF TABLES

	F	Page No.
Table 1.1	Commercial Bank in Nepal	8
Table 1.2	Branches of Standard Charted Bank	12
Table 4.1	Current Assets to Current Liabilities Ratio	60
Table 4.2	Cash and Bank Balance to Current Asset Ratio	61
Table 4.3	Loan and Advance to Current Assets Ratio	62
Table 4.4	Fixed Deposit to Total Deposit Ratio	64
Table 4.5	Cash and Bank Balance to Total Deposit Ratio	65
Table 4.6	Loans and Advance to Total Deposit	66
Table 4.7	Total Investment to Total Deposit Ratio	68
Table 4.8	Loan and Advance to Fixed Deposit Ratio	69
Table 4.9	Interest Earned to Loan & Advance	71
Table 4.10	Interest Paid to Total Asset Ratio	72
Table 4.11	Net Profit to Total Asset Ratio	74
Table 4.12	Net Profit to Total Deposit Ratio	75
Table 4.13	Total Deposit to Net worth Ratio	77
Table 4.14	Correlation between Total Deposit & Loan & Advances	79
Table 4.15	Correlation between Total Deposit & Total Investment	80
Table 4.16	Correlation between Net Profit & Total Assets	81
Table 4.17	Trend Value of Total Deposit	83
Table 4.18	Trend Value of Net Profit	85
Table 4.19	Trend Value of Loan & Advance	86
Table 4.20	Trend Value of Earning per Share	87

LIST OF FIGURES

		Page No.
Figure 4.1	Current Assets to Current Liabilities Ratio	60
Figure 4.2	Cash and Bank Balance to Current Assets Ratio(%)	61
Figure 4.3	Loan and Advance to Current Assets Ratio	63
Figure 4.4	Fixed Deposit to Total Deposit Ratio	64
Figure 4.5	Cash & Bank Balance to Total Deposit Ratio	65
Figure 4.6	Loan and Advances to Total Deposit	67
Figure 4.7	Total Investments to Total Deposit Ratio	68
Figure 4.8	Loan and Advance to Fixed Deposit Ratio(%)	69
Figure 4.9	Interest Earned to Loan & Advance	71
Figure 4.10	Interest Paid to Total Assets Ratio	73
Figure 4.11	Net Profit to Total Assets Ratio(%)	74
Figure 4.12	Net Profit to Total Deposit Ratio	76
Figure 4.13	Total Deposit to Net worth Ratio	77
Figure 4.14	Total Value to Total Deposit	84
Figure 4.15	Trend Value of Net Profit	85
Figure 4.16	Trend value of Loan & Advance	86
Figure 4.17	Trend Value of Earning per Share	87

ABBREVIATION

IMF : International Monetary Fund	
NEPSE : Nepal Stock Exchange	
NRB : Nepal Rastra Bank	
ADB : Agriculture Development Bank	
SCBNL : Standard Chartered Bank Nepal Limi	ted
HBL : Himalayan Bank Limited	
EBL : Everest Bank Limited	
NIBL:Nepal Investment Bank Limited	
BOK : Bank of Kathmandu	
NBL : Nepal Bank Limited	
ATM : Automatic Teller Machine	
SWIFT : Society for Worldwide Interbank Fin	ancial Tele-
Communication	
CBs : Commercial Banks	
F/Y : Fiscal Year	
SD : Standard Deviation	
CV : Coefficient of Variation	
PE : Probable Error	