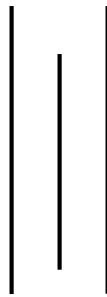


**Profitability of Nabil Bank Ltd.
with Comparison to Other J/V Banks**

**By
Gita Lama
Shanker Dev Campus
T.U. Regd.No. 7-2-278-981-2000
Campus Roll No. : 1441/060**



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

*In partial fulfilment of requirement for the Degree of
Master of Business Studies (M.B.S.)*

**Kathmandu, Nepal
August, 2008**

RECOMMENDATION

This is to certify that the Thesis

Submitted by:

GITA LAMA

Entitled:

Profitability of Nabil Bank Ltd.

with Comparison to Other J/V Banks

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

.....
Dhurba Subedi, Lecturer
(Thesis Supervisor)

.....
Dr. Kamal Deep Dhakal
(Campus Chief)

.....
Dr. K.D. Manandhar, Lecturer
(Thesis Supervisor)

VIVA-VOCE SHEET

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

By
GITA LAMA

Entitled:

**Profitability of Nabil Bank Ltd.
with Comparison to Other J/V Banks**

And found the thesis to be the original work of the student and written according to the prescribed format. We recommended the thesis to be accepted as partial fulfilment 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 hereby declare that the work reported in this thesis entitled "**PROFITABILITY OF NABIL BANK LTD. WITH COMPARISON TO OTHER J/V BANKS**" submitted to Office of the Dean, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfilment of the requirement for the Masters Degree of Business Studies (M.B.S.) under the supervision of **Dhurba Subedi, lecturer and K.D. Manandhar** of Shanker Dev Campus.

.....

GITA LAMA

Researcher

T.U. Registration No. 7-2-278-981-2000

Campus Roll No. 1441/060

ACKNOWLEDGEMENT

This thesis has been prepared and submitted to faculty of management as a partial requirement of the degree of Master in Business Studies (MBS).

I would like to extend my sincere thanks to my respectable teacher Mr. Dhurba Subedi and Dr. K.D. Manandhar for their continuous support and guidance throughout the research work.

Further, I would like to thank my friend Kumari Lama who has always been the great source of inspiration to my every effort. I am also grateful to my parents especially their encouragement in my study throughout the school and college life.

Gita Lama
August, 2008

TABLE OF CONTENTS

	Page No.
Acknowledgement	iv
Table of Contents	v
List of Tables	vi
List of Figures	ix
Abbreviation	x
CHAPTER - I INTRODUCTION	
1.1 General Background	1
1.2 Background of the Study	2
1.3 Statement of Problem	3
1.4 Objective of the Study	4
1.5 Significance of the Study	4
1.6 Limitation of the study	5
1.7 Profile Of NB Bank Ltd.	5
1.8 Organization of the study	7
CHAPTER – II REVIEW OF LITERATURE	
2.1 Concept of Banks	9
2.2 Needs f Banks	10
2.3 Origin of Banking in Nepal	11
2.4 Joint Venture Banks	14
2.4.1 Meaning	14
2.4.2 Joint venture banks in Nepal	14
2.4.3 Role of Joint Venture Banks in Nepal	15
2.4.4 List of joint venture banks of Nepal	17

2.5	Conceptual review of relevant terminologies	17
2.6	Profitability of Commercial Banks	24
2.6.1	Financial Statements of a Commercial Bank	25
2.6.1.1	Balance Sheet	25
2.6.1.2	Profit & Loss Account	29
2.7	Review of Related Studies	32
2.7.1	Review of Journals	32
2.7.2	Review of Books	35
2.7.3	Review of Thesis	36
2.8	Research Gap	42

CHAPTER - III RESEARCH METHODOLOGY

3.1	Research Design	44
3.2	Sources of Data	44
3.3	Population and Sample	45
3.4	Tools & Techniques Employed	45
3.4.1	Net Profit Ratios	45
3.4.2	Income Expense Ratios	46
3.4.3	Other Ratios	49

CHAPTER - IV DATA PRESENTATION AND ANALYSIS

4.1	Net Profit Ratios	52
4.1.1	Return on Equity	52
4.1.2	Earning Per Share	53
4.1.3	Net Profit Margin	54
4.2	Income Expense Ratios	55
4.2.1	Component of Income	55
4.2.2	Component of Expense	57
4.2.3	Interest Payout Ratio	58
4.2.4	Loan Loss Provision to Total Income	59
4.2.5	Operating Expense to Total Income	60

4.2.6 Staff Expense Per Employee	61
4.3 Other Ratios	62
4.3.1 Credit to Deposit Ratio	62
4.3.2 NPA to Credit	63
4.3.3 Loan Loss Provision to NPA	64
4.3.4 Interest Spread	65
4.3.5 Net Profit	67
4.3.6 Profitability of Nabil Bank	
4.4 Major Findings	

CHAPTER - V CONCLUSION AND RECOMMENDATION

- 5.1 Summary
- 5.2 Conclusion
- 5.3 Recommendation

BIBLIOGRAPHY

APPENDIX

LIST OF TABLE

Table No.	Headings	Page No.
-----------	----------	----------

LIST OF FIGURE

1. Profitability

ABBREVIATIONS

ATM	Automatic Teller Machine
CEO	Chief Executive Officer
EBL	Everest Bank Ltd
EPS	Earning Per Share
FY	Fiscal Year
HBL	Himalayan Bank Ltd
IAS	International Accounting Standards
JV	Joint venture
NB	Nepal Bangladesh
NPA	Non Performing Assets
NRB	Nepal Rastra Bank
NSBI	Nepal SBI
RBB	Rastriya Banijya Bank
ROE	Return on Equity
SCB	Standard Chartered Bank