

Analysis of Financial Performance of Nepal Bank Limited

By:

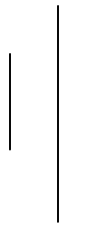
Tumla Pradhan

Lumbini Banijya Campus

Butwal

T.U. Registration No: - 7-3-302-327-2004

Exam Roll No: - 1095



A Thesis Submitted to

Office of the Dean Faculty of Management

Tribhuwan University



In partial fulfillment of the requirements of the degree of

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

Butwal, Nepal

Magh, 2065

540500

546245

email: lbc 1 @ nec.com.np

Tribhuvan University
Lumbini Banijya Campus

Butwal – 13

Nepal

Date:.....

RECOMMENDATION

This is to certify that this thesis:

Submitted by

Miss. Tumla Pradhan

Entitled

“Analysis of Financial Performance of Nepal Bank Limited”

Has been prepared by this Department in the prescribed formate of faculty of Management ,T.U.This thesis is forwarded for examination.We wish him every success in her life.

.....
Mr.Tara Prasad Upadhaya(Gyawali)

Lecture

(Thesis Supervisor)

Lumbini Banijya Campus

Butwal – 13

.....
Dr.Ishwor Gautam

Campus chief

(Head of Research Department)

Lumbini Banijya Campus

Butwal - 13

540500
546245
email: lbc 1 @ nec.com.np

Tribhuvan University
Lumbini Banijya Campus
Butwal – 13
Nepal Date:.....

VIVA VOCE SHEET

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

Miss. Tumla Pradhan

Entitled

“Analysis of Financial Performance of Nepal Bank Limited”

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

Master’s Degree in Business Studies (M.B.S)

Viva- Voce Committee:

Head of the Research Department:

Member(Thesis supervisor) :

Member (External) :

DECLARATION

I hereby declare that the work reported in this thesis “**Analysis of Financial Performance of Nepal Bank Limited**” submitted to Lumbini Banijya Campus, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement for the Master in Business Studies (M.B.S) under the supervision of respected Mr. Tara Prasad Upadhyaya (Gyawali), lecturer of Lumbini Banijya Campus.

Date:

.....

Researcher

Tumla Pradhan

T.U. Registration No: 7-3-302-327-2004

Acknowledgement

I would like to express my deep gratitude towards reverend supervisor Mr. Tara Prasad Upadhyaya (Gyawali) Lecture of Lumbini Banijya Campus Who provided me valuable guidelines, insightful comments, encouragement and generous treatment to complete this thesis. Similarly, I am also grateful to respected Mr. Iswor Gautam (Campus chief of Lumbini Banijya Campus), Surya Bhadur Rana and Gyajendra Bhadur Basnet (Lecture of Lumbini Banijya Campus), for incisive and constant guidance. It would not have been possible for me to complete this research work without his unflagging supervision, trenchant advice and direction. Therefore, I owe great debt of gratitude to them.

I want to express my deep gratitude to my father and mother Dr. Dwarika Pd. Pradhan and Tara Devi Pradhan who support me financially. Brother Panchu Shrestha and Sangeet Pradhan, who provide me the logistic support to prepare this thesis.

I extend my hearty thanks to Mr. Raju Koirala (Chief of Account Department of NBL), Mr. Madan Niraula & Mrs. Mina Sainju (Senior Manager of Account & Loan Department), Mr. Krishna Raj Lamichhane (Chief of HRD), Ms. Sushila Shrestha (Branch Manager of Kupandole), Dep. Manager Basant Raj Sigdel (Training Center of NBL), & Asst. Manager Prakash Pahari (Loan department of Kupandole Branch), Dep. Manager Lokraj Paneru (Loan Department of KBO), Ashwin Pudasaini (Public Relation Office of NBL), Mrs. Bidhya Pradhan of Nepal Rastra Bank and Hari Prasad Gairapiple of Nepal Stock Exchange for providing necessary data and suggestions too and same to staff of the Library and Administration of Lumbini Banijya Campus and Central Library of Tribhuwan University who provided me required data to complete this work.

I would also like to express sincere gratitude to my sister Anita Pradhan, Anupama Pradhan and to friends Babita Bhusal, Bandana who inspired me in many ways to cope with the shortcoming of entire life of a student.

Thank you,

Tumla Pradhan

Dated:

T.U. Registration No: 7-3-302-327-2004

Researcher

540500
546245
email: lbc 1 @ nec.com.np

Tribhuvan University
Lumbini Banijya Campus
Butwal – 13
Nepal Date:.....

VIVA VOCE SHEET

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

Miss. Tumla Pradhan

Entitled

“Analysis of Financial Performance of Nepal Bank Limited”

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

Master’s Degree in Business Studies (M.B.S)

Viva- Voce Committee:

Head of the Research Department:

Member(Thesis supervisor) :

Member (External) :

Table of Content

	Page No.
Viva – Voice Sheet	
Recommendation	
Declaration	
Acknowledgement	
Table of contents	I
List of tables	IV
List of figures	VI
Abbreviation	VIII
Chapter – One: Introduction	1 – 12
1.1 Introduction	1
1.2 Background	2
1.3 Emergence of commercial bank in the Economy	3
1.4 Area of Investment	7
1.5 Focus of the Study	8
1.6 Statements of the Problem	8
1.7 Objectives of the Study	9
1.8 Significance of the Study	10
1.9 Limitation of the Study	10
1.10 Organization of the Study	11

Chapter- Two: Review of Literature	13– 21
2.1 Conceptual Framework	13
2.2 Conceptual Review	15
2.3 Review of Books	17
2.4 Review of Articles	18
2.5 Review of Journals	19
2.6 Review of Previous Thesis	19
Chapter – Three: Research Methodology	22 –30
3.1 Justification of the Selection of the Study	22
3.2 Research Design	22
3.3 Nature and Sources of Data	23
3.4 Population and Sample	24
3.5 Data Collection Procedure/methods/techniques	24
3.6 Financial amd statistical tool for the analysis of data	24
3.6.1 Financial Ratio Analysis	24
3.6.1.1 Liquidity Ratio	25
3.6.1.2 Leverage Ratio	26
3.6.1.3 Activity Ratio	27
3.6.1.4 Profitability Ratio	29
3.6.2 Trend Analysis	30
3.6.3 Statistical Tools	30
3.6.3.1 Arithmetic Mean	30
3.6.3.2 Karl Pearson’s Coefficient of Correlation	30

Chapter – Four: Presentation and Analysis of Data	32-70
4.1 Ratio Analysis	32
4.1.1 Liquidity Ratio	32
4.1.2 Leverage/ Capital Structure Ratio	37
4.1.3 Activity Ratio	42
4.1.4 Profitability Ratio	53
4.2 Trend Analysis	58
4.2.1 Deposit Growth Trend	59
4.2.2 Investment, Loan and Advance Trend	63
4.2.3 Deposit Utilization Trend	64
4.3 Coefficient of Correlation	66
4.4 Major Findings	69
Chapter – Five: Summary, Conclusion and Recommendation	71-73
5.1 Summary & Major Findings of the Study	71
5.2 Conclusion	72
5.3 Recommendation	73

Annex

Bibliography

Table no.	List of Tables.	Page no.
1	Total cash, total deposit, total cash and bank balance, total NRB balance and total current deposit.	33
2	Total debt, total assets, total shareholder's equity and shareholder's fund	38
3	Total investment, total deposit, total investment, Loan & advance and total loan & advance	43
4	Total non-performing assets, total loan, total interest suspense and total loan loss provision	43
5	Total net profit, total net worth and total no. of shares	54
6	Total deposit, total fixed deposit, total current deposit, total saving and total other Deposit	59
7	Percentage of total growth rate of total deposit , fixed deposit, Current deposit, saving deposit and other deposit	62
8	Percentage of total growth rate of Investment , Loan and Advance and Percentage change of Investment, Loan and advances.	63
9	Investment, Loan and Advance, total deposit, Percentage of total growth rate of Investment, Loan and Advance, Percentage change of Investment,	65

Loan and advances and deposit utilization rate

10	Correlation Coefficient of net worth and net profit	67
11	Correlation Coefficient of Total Deposit and Investment	67
12	Correlation Coefficient of Non-Performing Assets and Total Loan	68

Figure no.	List of Figure	Page No.
1	Analysis of Cash to Total Deposit	34
2	Analysis of Cash and Bank Balance to Total Deposit	35
3	Analysis of NRB Balance to Total Deposit	36
4	Analysis of Cash and Bank Balance to Current Deposit	37
5	Analysis of Total Debt to Total Assets	39
6	Analysis of Debt- Equity	40
7	Analysis of Total Debt to shareholder's Fund	41
8	Analysis of Shareholder's Equity to Total Assets	42
9	Analysis of Investment to Total Deposit	44
10	Analysis of Investment to Total Assets	45
11	Analysis of Investment, Loan to Total Assets	46
12	Analysis of Investment, Loan and advances to Total Deposit	47
13	Analysis of Loan and advances to Total Deposit	48
14	Analysis of Non-Performing Assets to Total Deposit	49
15	Analysis of, Non-Performing Assets to Total Assets Ratio	50
16	Analysis of Interest Suspense to Non-Performing Assets Ratio	51
17	Analysis of Loan Loss Provision to Non-Performing Assets	53
18	Analysis of Earning Power Ratio or Return on Assets	55
19	Analysis of Return on Equity	56

20	Analysis of Return on Net Loan and Advance	57
21	Analysis of Earning Per Share	58
22	Total Deposit	60
23	Total fixed deposit	60
24	Total current deposit	61
25	Total saving	61
26	Total other deposit	62
27	Investment, Loan and Advances percentage growth index and percentage change	64
28	Deposit Utilization Rate	65

Abbreviation

SWOT	-	Strength, Weakness, Opportunity and Threats
NBL	-	Nepal Bank Limited
MBS	-	Master of Business Studies
U.K.	-	United Kingdom
ATM	-	Automatic Teller Machine
A.D.	-	Anno Domini (Latin Word)
G.M.	-	General Manager
CEO	-	Chief Executive Officer
CLO	-	Chief Lending Officer
HCL	-	Head Corporate Lending
KBO	-	Kathmandu Banking Office
AGM	-	Annual General Meeting
B.S.	-	Bikram Sambat
FY	-	Fiscal Year
LTD.	-	Limited
MB	-	Merchant Banker
NRB	-	Nepal Rastra Bank
RBB	-	Rastriya Banijya Bank
NEPSE	-	Nepal Stock Exchange
SEC	-	Securities Exchange Commission
T.U.	-	Tribhuvan University
Rs.	-	Rupees
i.e.	-	That is
No.	-	Number
M.	-	Million
%	-	Percentage
+	-	Plus
EPS	-	Earning Per Share
P.E.	-	Probable Error
	-	Sigma/ Summation
Viz.	-	Verses
r	-	Coefficient of Correlation
NPA	-	Non-Performing Assets