

**RISK AND RETURN ANALYSIS OF COMMON STOCK INVESTMENT
IN COMMERCIAL BANKS OF NEPAL**

**(With reference to Nepal Investment Bank, Everest Bank, Himalayan Bank and Nabil Bank
Limited)**

A Thesis

By

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RECOMMENDATION LETTER

It is certified that thesis entitled **“Risk and Return Analysis of Common Stock Investment In Commerical Bank of Nepal”** by Saroj Kumar Budha is an original piece of research work carried out by the candidate under my supervision. Literary presentation is satisfactory and the thesis is in a form suitable for publication. Work evinces the capacity of the candidate for critical examination and independent judgment. Candidate has put in at least 60 days after registering the proposal. The thesis is forwarded for examination.

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APPROVAL SHEET

We, the undersigned, have examined the thesis entitled “**Risk and Return Analysis of Common Stock Investment In Commercial Bank of Nepal**” presented by Saroj Kumar Budha candidate for the degree of Master of Business Studies (MBS) and conducted the viva voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

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Certification of Authorship

I certify that the work in this thesis has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree except as fully acknowledged within the text.

I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the reference section of the thesis.

Saroj Kumar Budha

December, 2018

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Saroj Kumar Budha

Abstract

This study aimed at "Analysis of the Risk and Return of Common Stock Investment in Commercial Bank of Nepal". The descriptive research design has been employed for the study. The study used a secondary data for four banks which stayed in the NEPSE among twenty-eight banks which are operational at the moment in Nepalese banking sector. The pooled data of Four Nepalese commercial banks for the period 2012/13 to 2016/17 have been analyzed using different financial tools and statistical tools. Data is obtained from banks annual report and Nepal Rastra banks annual supervision report. MPS, Total dividend, expected rate of return, Coefficient of variation, Beta coefficient of variation, systematic risk, CAPM etc have been taken as Risk and Return of Common Stock Investment in selected Bank indicators. As a result the study concluded that after compiling all the data, EBL has highest rate of return overall performance by taking more risk whereas NABIL has lowest rate of return among the sample banks. After analyzing the beta coefficient of four sample bank i.e EBL seems to be more aggressive and NIBL is least aggressive.

Based on the finding, investment in HBL is desirable because it has lowest coefficient of variation among bank. It seems that correlation between HBL stock return and NIBL stock. It is observed that the investor can buy the stock of HBL bank. It is strongly recommend that HBL should adopt well management system to minimize unsystematic risk.

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