

**IMPACT OF MERGER AND ACQUISITION ON FINANCIAL
PERFORMANCE OF NEPALESE FINANCIAL INSTITUTIONS**

A Thesis

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CERTIFICATION OF AUTHORSHIP

I certify that the work in this thesis entitled “**Impact of Merger and Acquisition on financial performance of Nepalese Financial institutions**” 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 certified that the thesis has been written by me under the supervision of **Prof. Dr. Mahananda Chalise**. 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.

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RECOMMENDATION LETTER

It is certified that thesis **Impact of Merger and Acquisition on Financial performance of Nepalese Financial Institutions** submitted by Bindiya Rai is an original piece of research work carried out by the candidate under my supervision. Literary presentation is satisfaction and thesis is in a form suitable for publication. Work evinces the capacity of the candidate for critical examination and independent judgments. 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 **Impact of merger and acquisition on financial performance of Nepalese financial institutions** presented by Bindiya Rai a Candidate for the degree of Master of Business Studies (MBS semester) and conducted the viva Voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

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ABSTRACT

This study mainly aims to analyze the impact of merger and acquisitions on financial performance of Nepalese banks and financial institutions. The data is collected from the annual report in this study is mainly casual Comparative research design study has been carried out using financial ratio analysis for the fiscal year 2066/67-2072/73. Using financial ratio analysis on merger and acquisition on banks impact on financial performance of institutions. Also, there is improvement in the bank performance after the merging. It recommends that merging and acquisition should not be used to keep failing business alive but to increase competitiveness and financial standing. There are 50 banks and financial institutions are merged. This research is based on Six Banks and financial institutions there are Global IME Bank limited, NIC Asia bank limited, Machhapuchre bank limited, Sangrilla Dev. Bank limited, NMB bank limited and Siddhartha bank limited.

The study reveals the impact of merger and acquisition on financial performance of Nepalese financial institutions. The analysis and results show that financial institutions performed better in the post-merger and acquisitions era as compared to the pre-merger and acquisition era. This is supported by the fact that merging and acquisition had a significant impact on financial performance.

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ABBREVIATIONS

ATM	:	Automated Teller machine
BAFIA	:	Bank and Financial Institutions Act
BFI	:	Banks and financial institutions
CB	:	Central Bank
CR	:	Core Capital
EPS	:	Earning Per Share
FY	:	Fiscal Year
ICEA	:	Insurance Company of East Africa ltd.
LOI	:	Letter of Intent
LR	:	Liquidity Ratio
LR	:	Leverage Ratio
Ltd	:	Limited
M&A	:	Merger and Acquisition
MOU	:	Memorandum of Understanding
MVPS	:	Market Value per Share
NI	:	Net Income
NPAT	:	Net Profit After Tax
OI	:	Operating Income
P/E Ratio	:	Price Earning ratio
PM	:	Profit Margin
ROA	:	Return on Assets
ROE	:	Return on Equity
SEQ	:	Shareholder's equity
TA	:	Total Assets