

THE IMPACT OF CORPORATE GOVERNANCE ON THE PERFORMANCE OF NEPALESE COMMERCIAL BANKS

A Thesis Submitted

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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.

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Santosh Baral

August, 2018

RECOMMENDATION LETTER

It is certified that this thesis entitled **Impact of Corporate Governance on the Performance of Nepalese Commercial Banks** submitted by Santosh Baral 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 **Impact of Corporate Governance on the Performance of Nepalese Commercial Banks** presented by Santosh Baral a candidate for the degree of Master of Business Studied (MBS) 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 aimed at finding the Impact of Corporate Governance on the Performance of Nepalese Commercial Banks. The descriptive research design has been used for this study. This study is based on both primary and secondary data .Primary data and information has been collected through questionnaires and secondary data and information has been collected from annual reports of individual bank,NepalRastra bank supervision report, SEBON,Nepal Stock Exchange(NEPSE) and the financial report of respective bank, researches, journals, unpublished thesis reports, newspapers, internet and websites etc. The sample data of six commercial banks for the period 2006/7-2016.have been analysis using regression model. In this study arithmetic mean, standard deviation, correlation and multiple regression analysis has been used by using SPSS(statistical package for social science) and excel. The required data are obtained from the sample banks annual reports.

Return on Equity(ROE) and Return on Assets(ROA) were dependent variables while Board Size(BS), Capital Adequacy Ratio(CAR), Non Performing Loan(NPL) and Leverage(LEV) have been taken as independent variable. The correlation analysis shows there is negative relationship of ROE with all independent variables. Similarly, there is negative relationship of ROA with BS, LEV and NPL and Positive relationship with CAR. The Regression between ROE and other indicators are found to be significant for most of Banks. It shows that they individually influence a lot. There can be other factors which influence the ROE of the organization. Similarly, the regression between ROA and some other indicators found significant and some other indicators found insignificant. It shows that some indicators influence a lot and some influence less.

Based on the findings, it shows that majority of the commercial banks have followed best corporate governance practice and some other banks have not followed corporate governance principles . Therefore,they need to follow corporate governance principles strictly.

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ABBREVIATIONS

BFI	:	Bank and Financial Institutions
NRB	:	Nepal Rastra Bank
ROE	:	Return on Equity
ROA	:	Return on Assets
CG	:	Corporate Governance
CEO	:	Chief Executive Officer
BS	:	Bank Size
NPL	:	Non Performing Loan
CAR	:	Capital Adequacy Ratio
LEV	:	Leverage
NABIL	:	Nabil Bank Limited
SCBNL	:	Standard Chartered Bank Nepal Limited
HBL	:	Himalayan Bank Limited
NIBL	:	Nepal Investment Bank Limited
EBL	:	Everest Bank Limited
NSBI	:	Nepal SBI Bank Limited
NEPSE	:	Nepal Stock Exchange