

**CAPITAL STRUCTURE AND FIRM PERFORMANCE OF
COMMERCIAL BANKS IN NEPAL
(WITH REFERENCE TO EBL, ADBL,NBL & SBI)**

**A Dissertation Submitted to the Office of the Dean, Faculty of Management
Partial Fulfillment of the Requirements for the Master's Degree**

by

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CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “ *Capital Structure and Firm Performance of Commercial Banks in Nepal*”. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor has it been proposed and presented as part of requirements for any other academic purposes. The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

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REPORT OF RESEARCH COMMITTEE

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ABSTRACTS

This study examines the capital structure and Firm Performances in Nepalese Commercial Banks. The study is based on secondary data of 4 commercial banks for the period 2015/16 to 2019/20. The total debt to total assets and total debt to total equity were selected as dependent variables while return on assets, bank size, assets tangibility, assets growth and liquidity are the independent variables. The data were collected from annual reports of concerned sample bank. The Pearson's correlation coefficients and regression models are estimated to test the significance and impact of bank specific factors on the capital structure of Nepalese commercial banks. The result shows that Asset Tangibility, Growth Rate and Liquidity are positively correlated with total debt to total assets whereas return on assets and Company size are negatively correlated with total debt to total assets.

Likewise return on assets and Company size are negatively correlated with total debt to total equity. It indicates that higher return on assets and Company size lower would be the total debt to total assets and total debt to total equity. Likewise higher the Asset Tangibility, Growth Rate and Liquidity higher would be the total debt to total assets. This study concludes that assets growth Rate and liquidity are the most influencing factors and return on assets, Company size and assets tangibility least influencing factor affecting the capital structure of Nepalese commercial banks.

Key words: return on assets, Company size, assets tangibility, assets growth Rate and total debt to total assets, and total debt to total equity.

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LIST OF ABBREVIATIONS

ADBL	:	Agriculture Development Bank Limited
COM	:	Company
EBL	:	Everest Bank Limited
G.R	:	Growth Rate
INSIG	:	Insignificance
LIQ	:	Liquidity ratio
LTD	:	Limited
NBL	:	Nepal Bank Limited
NPR	:	Nepalese Rupees
NRB	:	Nepal Rastra Bank
REG	:	Regression
ROA	:	Return on assets
RS	:	Rupees
NSBI	:	Nepal SBI Bank Limited
TAN	:	Tangibility
TDA	:	Total Debt Asset
TDE	:	Total Debt Equity
\bar{X}	:	Arithmetic Mean
σ	:	Standard Deviation