

**CAPITAL STRUCTURE MANAGEMENT OF  
COMMERCIAL BANKS OF NEPAL**  
(with reference to Nepal SBI Bank Ltd., Everest Bank Ltd.,  
Bank of Kathmandu Ltd. and Himalayan Bank Ltd.)

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***Submitted to:***

Office of the Dean

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Biratnagar, Nepal

*In partial fulfillment of the requirement of this degree of  
Masters of Business Studies (MBS)*

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## *RECOMMENDATION*

**This is to certify that**

*Submitted by*  
**JAMUNA SHRESTHA**

*entitled*

**“CAPITAL STRUCTURE MANAGEMENT OF  
COMMERCIAL BANK OF NEPAL”**

*Has been prepared as approved by this Department in the prescribed  
format of the Faculty of Management. This thesis is forwarded for  
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## VIVA-VOCE SHEET

We have conducted the viva-voce examination of the thesis  
presented  
**JAMUNA SHRESTHA**

*entitled*

**“CAPITAL STRUCTURE MANAGEMENT OF  
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*and found the thesis to be the original work of the student and  
written according to the prescribed format. We recommend the  
thesis to be accepted as partial fulfillment of the requirement  
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**DECLARATION**

I hereby declare that the work reported in this thesis entitled  
**“CAPITAL STRUCTURE MANAGEMENT OF  
COMMERCIAL BANKS OF NEPAL”** submitted to post graduate  
campus, faculty of management, Tribhuvan University, is my  
original work done in the form of partial fulfillment of the  
requirement of the Master Business Studies (MBS) under the  
supervision and guidance of **Mr. Hiraniya Gautam.**

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.....  
**Jamuna Shrestha**  
(Researcher)

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## **LIST OF ABBREVIATIONS**

ATM	Automatic Teller Machine
ADB	Agriculture Development Bank
A/C	Account
BOKL	Bank of Kathmandu Limited
BS	Bikram Sambat
CV	Coefficient of Variation
D/E	Debt to Equity Ratio
DFL	Degree of Financial Leverage
EBL	Everest Bank Ltd.
EAT	Earning After Tax
EPS	Earning Per Share
EBIT	Earning Before Interest and Taxes
EBT	Earning Before Tax
F/Y	Fiscal Year
HBL	Himalayan Bank Ltd.
I/C	Interest Coverage
K <sub>d</sub>	Cost of Debt
K <sub>e</sub>	Cost of Equity
K <sub>o</sub>	Overall Capitalization Rate
LTD	Long Term Debt
Ltd.	Limited
MBS	Master of Business Studies
M-M	Modigliani Miller
NI	Net Income
NIA	Net Operating Approach
NOI	Net Operating Income
NRB	Nepal Rastra Bank

NSBIL	Nepal State Bank of India Limited
P.E	Probability Error
ROA	Return on Assets
ROE	Return on Equity
ROSHE	Return on Shareholders Equity
S.D.	Standard Deviation
SHE	Shareholders Equity
TD	Total Debt
V	Value of Firm
$V_1$	Value of Levered Firm
$V_u$	Value of an unlevered firm
WACC	Weighted Average Cost of Capital
	Summation