

**A STUDY ON CAPITAL STRUCTURE MANAGEMENT
OF COMMERCIAL BANKS**

**(With Special Reference to Nepal Investment Bank and Nepal Credit and
Commerce Bank)**

A Thesis

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Submitted To:

Office of the Dean

Faculty of Management

Tribhuvan University

*in partial fulfillment of the requirements for the degree of
Master of Business Studies (M.B.S.)*

Kathmandu, Nepal

April, 2012

RECOMMENDATION

This is to certify that the Thesis

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Entitled:

**A STUDY ON CAPITAL STRUCTURE MANAGEMENT
OF NEPALESE COMMERCIAL BANKS**

**(With Special Reference to Nepal Investment Bank and Nepal Credit and
Commerce Bank)**

*has been prepared as approved by this Department in the prescribed format of the
Faculty of Management. This Thesis is forwarded for examination.*

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prescribed format. We recommend the thesis to be accepted as partial fulfillment of the
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DECLARATION

I, hereby, declare that the work reported in this thesis entitled “A Study on Capital Structure Management of Nepalese Commercial Banks (With Special Reference to Nepal Investment Bank and Nepal Credit and Commerce Bank)” submitted to Office of the Dean, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment for the Master’s Degree in Business Studies (M.B.S.) under the Supervision of Sneha Lata Kafle and Rashmi Raj Karnikar, Shanker Dev Campus.

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ACKNOWLEDGEMENTS

This thesis work could not have been completed without the support and co-operation of many individuals and organizations.

First and foremost, I wish to express my sincere and deep sense of gratitude to my report supervisor Sneha Lata Kafle and Rashmi Raj Karnikar, Shanker Dev Campus, for their valuable suggestions, encouragement and guidance while supervising my thesis work. They have provided me much of their precious time till the completion of this work. Their wise counsel and guidance provided me the inspiration to go ahead with the work.

I am also grateful to all the professors, lecturers, as well as assistance administrator of the Shanker Dev Campus whose suggestion made me able to finalize this thesis.

I express debt of gratitude to my friends for their continuous support in my efforts to complete this thesis work. I owe a special thanks to my friend Mr Krishna Thapa who provided valuable support in my efforts to complete this thesis work.

Needless to say, to error is human being. I am not exception from it. So I am responsible for some deficiencies that may have remained in this work.

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LIST OF ABBREVIATION

	Summation
BOK	Bank of Kathmandu
C.V	Coefficient of Variation
D/E	Debt to Equity Ratio
DFL	Degree of Finance Leverage
DPS	Dividend Per Share
EAT	Earning After Tax
EBIT	Earning Before Tax
EBT	Earning Before Tax
EPS	Earning Per Share
FY	Fiscal year
HBL	Himalayan Bank Limited
I/C	Interest Coverage
Kd	Cost of Debt
Ke	Equity Capitalization Rate
Ko	Overall Capitalization Rate
Ks	Cost of Equity
Ltd	Limited
LTD	Long Term Debt
MM	Modigliani Miller
NCC	Nepal Credit and Commerce Bank
NI	Net Income
P.E	Probability Error
ROA	Return on Assets
ROE	Return on Equity
ROSHE	Return on Shareholders Equity
S,D	Standard Deviation
SBI	SBI Bank Ltd
SHE	Shares holders Equity
TD	Total Debt

VL	Value of Levered firm
V _u	Value of an Unlevered firm
WACC	Weighted Average Cost of Capital
ATM	Automatic Teller Machine
BV	Book Value
BVPS	Book Value Per Share
CRO	Company Registrar's Office
CSR	Capital Sufficiency Ratio
D	Market value of debt
D/V	Degree of Leverage
DCR	Debt to total Capital Ratio
DER	Debt to Equity Ratio
E	Earnings available for equity shareholders
EAT	Earning After Tax
EBIT	Earning Before Interest and Tax
EPS	Earning Per Share
GDP	Gross Domestic Product
ICR	Interest Coverage Ratio
IM	Interest Margin
JVB	Joint Venture Bank
K _d	Debt Capitalization Rate
K _e	Equity Capitalization Rate or Cost of Equity
K _m	Required rate of market return
K _o	Cost of Capital, Overall Capitalization Rate
MBL	Machhapuchchhre Bank Limited
MM Approach	Modigliani-Miller Approach
MV	Market Value
MVPS	Market Value Per Share
NBL	Nepal Bank Limited
NEPSE	Nepal Stock Exchange
NI Approach	Net Income Approach

NOI	Net Operating Income Approach
NRB	Nepal Rastra Bank
P/E Ratio	Price Earning Ratio
PE	Probable Error
RBB	Rastriya Banijya Bank
R_f	Required rate of return
ROCE	Return on Capital Employed
ROD	Return on Total Deposit
ROSE	Return on Shareholder's Equity
S	Market value of equity
SEBON	Security Board of Nepal
V	Value of Firm