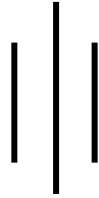


**A STUDY ON CAPITAL STRUCTURE MANAGEMENT  
OF SELECTED COMMERCIAL BANKS**

**(With Special Reference to HBL, EBL, NSBI and NIBL)**



**SUBMITTED BY:**

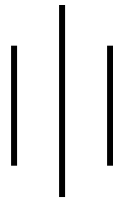
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**SUBMITTED TO:**

**Post Graduate Campus, Biratnagar**

**Faculty of Management**

**Tribhuvan University**

*In partial fulfillment of the requirements for the degree of  
Masters of Business Studies (MBS)*

**Biratnagar, Nepal**

**July, 2012**



# TRIBHUVAN UNIVERSITY

Faculty of Management  
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## VIVA-VOCE SHEET

*We have conducted the viva-voce examination of the thesis prepared by*

**Lila Devi Mainali**

*Entitled*

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

*(With Special reference to HBL, EBL, NSBI, and NIBL)*

*and found the Thesis to be the original work of the student written in accordance with the prescribed format. We recommended the Thesis to be accepted as partial fulfillment of the requirement for*

***Master's Degree of Business Studies (MBS)***

## VIVA-VOCE COMMITTEE

Chairperson, Research Committee: \_\_\_\_\_

Member (Thesis Supervisor): \_\_\_\_\_

Member (External Expert): \_\_\_\_\_



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## **RECOMMENDATION**

**This is to certify that the thesis**

**Submitted by:**  
**Lila Devi Mainali**

*Entitled*

**A Study on Capital Structure Management of Commercial Banks**  
**(With Special reference to HBL, EBL, NSBI and NIBL)**

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

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**(Prof. Dr. Ramesh Dahal)**  
**Thesis Supervisor**

\_\_\_\_\_  
**(Prof. Dr. Khagendra Acharya)**  
**Head of Research Department**

\_\_\_\_\_  
( Campus chief )

Date.....

# DECLARATION

I hereby, declare that the work reported in this thesis entitled "**A Study on Capital Structure Management of Commercial Bank** (*With Reference to HBL, EBL, NSBI and NIBL*)." Submitted to Research Department of Post Graduate Campus, Biratnagar, is my original work done in the form of partial fulfillment of the requirements for the Masters of Business Studies (MBS) under the supervision of Prof. Dr. Ramesh Dahal Post Graduate Campus, Biratnagar.

Date:.....

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This research "**A Study On Capital Structure Management of Commercial Bank (With Special Reference to HBL, EBL, NSBI and NIBL).**" has been prepared for the partial fulfillment of the requirement for Master Degree in Business Studies. It is really an appreciable curriculum of T.U. because it helps the students to express their theoretical concept achieved during the study period into the practical field.

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Advices, Recommendations and suggestions are whole-heartedly welcome.  
Thanks,

---

Lila Devi Mainali  
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## List of Abbreviation and Symbols

Co.	:	Company
CV	:	Coefficient of Variation
D/E	:	Debt to Equity
DFL	:	Degree of Financial Leverage
DOL	:	Degree of Operating Leverage
DPR	:	Dividend Payout Ratio
EBIT	:	Earning Before Interest and Taxes
EBL	:	Everest Bank Ltd.
Ed	:	Edition
EPS	:	Earning Per Share
EQ	:	Equity Capital
FY	:	Fiscal Year
HBL	:	Himalayan Bank Ltd.
HMG	:	His Majesty's Government
I	:	Interest
IM	:	Interest Margin
i.e.	:	that is
Kd	:	Cost of Debt
Ke	:	Cost of Equity
Ko	:	Average Cost of Capital
Ltd.	:	Limited
MBS	:	Masters of Business Studies
MM	:	Modigliani and Miller
NEPSE	:	Nepal Stock Exchange
NI	:	Net Income
NIBL	:	Nepal Investment Bank Ltd.
NOI	:	Net Operating Income
NP	:	Net Profit
NRB	:	Nepal Rastra Bank
P.E.	:	Probable Error
P/E	:	Price Earning Ratio

"r"	:	Correlation Coefficient
ROA	:	Return On Assets
ROE	:	Return On Equity
RBB	:	Rastriya Banijya Bank
RBS	:	Rastriya Beema Sasthan
RS	:	Rupees
SBIL	:	Nepal SBI Bank Ltd.
S.D.	:	Standard Deviation
SEBO/N	:	Security Board of Nepal
SPSS	:	Softwear Program for Social Science
T.U.	:	Tribhuvan University
V	:	Value of the Firm
$V_L$	:	Value of Levered Firm
Vol.	:	Volume
$V_U$	:	Value of Unlevered Firm