

**IMPACT OF CORPORATE GOVERNANCE ON FIRM PERFORMANCE OF
NEPALESE COMMERCIAL BANKS**

A Dissertation submitted to the Office of the Dean, Faculty of Management in 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 **“Impact of Corporate Governance on Firm Performance of Nepalese Commercial Banks”**. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor. It has 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

Miss Samjhana Khadka has defended research proposal entitled “**Impact of Corporate Governance on Firm Performance of Nepalese Commercial Banks**”, successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Dr. Pitri Raj Adhikari and submit the thesis for evaluation and viva voce examination.

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APPROVAL SHEET

We, the undersigned, have examined the thesis entitled “**Impact of Corporate Governance on Firm Performance of Nepalese Commercial Banks**” presented by Samjhana Khadka a candidate for the degree of master of Business Studies (MBS Semester) and conducted the Viva voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

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ACKNOWLEDGEMENTS

This study entitled “**Impact of Corporate Governance on Firm Performance of Nepalese Commercial Banks**” has been prepared in partial fulfillment for the Degree of Master of Business Studies (MBS) under the Faculty of Management, Tribhuvan University is based on research models involving the corporate governance and firm performance of commercial banks in Nepal.

I have great satisfaction and pleasure to express my appreciation and sincerity to my thesis supervisor Dr. Pitri Raj Adhikari of Shanker Dev Campus, TU for his excellent and effective guidance and supervision. I will remain thankful for his valuable direction useful suggestion and comments during the course of preparing this thesis without his help this work would not have come in this form. I also would like to extend my debt of gratitude Asso. Prof. Dr. Sajeeb Kumar Shrestha, Head of Research Department and I owe a deep debt of gratitude to Campus Chief of Shanker Dev Campus who provided me an opportunity to undertake this research work. Similarly, I would like to express my sincere to my friends for their support, encouragement and help for this study work.

I highly appreciate to all the staffs of respective banks, NRB Library, Shanker Dev Campus Library and TU Central Library for their valuable advices and support in collecting and presenting the necessary data. I would also like to express my thankfulness to my friends, my family members as well as all known people who supported as well as inspired me directly or indirectly to complete this thesis. With help and support, I have been able to complete this work. I would like to take the responsibility of any possible mistakes that may have occurred in the report. I would be delighted to welcome readers for their suggestion and recommendation to improve the report.

Samjhana Khadka

September, 2024

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Abbreviations

BOD	:	Board of Directors
BS	:	Board Size
C.V.	:	Coefficient of Variation
D/Y	:	Dividend Yield
FS	:	Firm Size
GDP	:	Gross Domestic Product
ICAN	:	Institute Of Chartered Accountants of Nepal
IPO	:	Initial Public Offering
LC	:	Letter Of Credit
LIC	:	Life Insurance Corporation Limited
LM	:	Female Director
NEPSE	:	Nepal Stock Exchange
NIM	:	Net Interest Margin
NRB	:	Nepal Rastra Bank
ROA	:	Return on Assets
ROC	:	Registrar of Companies
ROE	:	Net Profit Margin
S.D.	:	Standard Deviation
SEB	:	Securities Exchange Board
SEC	:	Securities Exchange Centre
SIZE	:	Firm Size

Abstract

Corporate governance refers to the interaction among shareholders, the board of directors, and top management in determining the corporation's performance and strategic direction. It also involves the relationships between stakeholders and the goals that guide the company's governance. The primary aim of the study is to identify the dimensions representing corporate governance and banking performance, and to explore the relationship between these factors. Specifically, the study seeks to analyze the impact of corporate governance on the performance of Nepalese commercial banks. A descriptive, causal-comparative research design was used in this study, which explains the relationship between various variables or characteristics and their underlying causes.

The survey includes 20 commercial banks, with 10 of these selected for the study. The study reveals that board size, earnings per share, and the presence of female directors negatively affect ROA, NIM, and ROE. Among these, board size shows a statistically significant impact, while earnings per share and female directors do not. Additionally, ethnic group and capital adequacy ratio positively influence ROA, NIM, and ROE, with the capital adequacy ratio having a statistically significant positive impact on performance, and ethnic group also showing significance. Therefore, there is a linear relationship between ROA, NIM, and ROE and the factors of board size, earnings per share, ethnic group, capital adequacy ratio, and female directors.

Key Words: *Corporate Governance, Performance, ROA, ROE, Board and Ethnical Group.*

Chapter I

Introduction

1.1 Background of the study

Corporate administration alludes to how organizations are coordinated and made due. Companies cannot be accountable to their various stakeholders without corporate governance. Different researchers characterize corporate administration as high easing up key component of firm execution. According to Amarnah (2014), corporate governance can be thought of as a mechanism used to direct and control businesses and organizations.

The relationship between shareholders, the board of directors, and top management in determining the direction and performance of the corporation is known as corporate governance (Arun & Turner, 2024). It also includes the relationship between stakeholders and the corporation's governing objectives. The shareholders, management, and board of directors are the primary stakeholders. Employees, suppliers, customers, regulators, the environment, and the community as a whole are additional stakeholders. It is possible to say that governance is all about ensuring that stakeholders' interests are protected while simultaneously ensuring that an institution's management is accountable for its operations and is transparent. Current corporate administration rehearses have advanced over the long run and various codes of the prescribed procedures on corporate administration have been created by different associations. The guidelines for good governance are the OECD code of corporate governance and the Basel code of corporate governance principle. These standards by and large connect with the obligations of the board, chiefs, administrator, Presidents, senior administration, reviewers, investors, and controllers. These governance principles have focused heavily on accountability, internal control, related party transactions, conflicts of interest, and information disclosure (Cabraal, 2014).

Corporate governance is a combination of best practices and corporate policies that are used by corporate bodies to meet their goals in relation to their stakeholders. The many issues that arise from ownership and control separation are also studied in the field of economics. According to Pradhan and Adhikari (2011), the corporate governance structure lays out the guidelines and procedures for making decisions regarding the affairs of the company as well as the distribution of rights and responsibilities among the various

participants in the business, such as board managers, shareholders, and other stakeholders.

Corporate administration, as a term, has come to suggest great, in the non-moral as well as the ethical sense. According to Hambrick, Werder, and Zajac (2018), some of its non-moral applications include effective decision-making, appropriate resource allocation, strategic planning, and so on. However, in a moral sense, good corporate governance has come to be seen as fostering an ethical climate that is both morally appropriate in and of itself, as ethical business behavior reflects desirable commercial outcomes (Haron et al., 2020). Accordingly, the connections here are with an expected level of effort, chiefs' obligations, and the general fixing of corporate obligation. An important concept in corporate performance refers to how an organization's financial, material, and human resources are used effectively to achieve the organization's overall corporate objective. It keeps the company in business and opens up more opportunities for the future.

Investor confidence in our nation's economy should have been raised as a result of good corporate governance. Corporate administration was tied in with building validity, guaranteeing straightforwardness and responsibility, as well as keeping a viable channel of data revelation that would have encouraged great corporate execution. Therefore, it was essential that every industry and service sector adhere to a solid corporate governance ethos. Then, corporate governance was found to be a powerful way to build trust and confidence in an organization. Because banks handle public funds, failure to recover the investment could have resulted in bank failure and a negative impact on the economy as a whole. This made it especially significant for banks. Balaputhiran (2016) and Boachie and Mensah (2022) demonstrated the way that bank disappointments might have affected future monetary movement. The bank's disappointment prompted lower pay, pay development, higher neediness rates, and lower business. The goal of good corporate governance was to support economic efficiency, long-term growth, and financial stability, not the other way around. With good governance, good performance could have been achieved.

Corporate governance is important for the banking industry, but it's important for all other parts of the economy. According to George and Dimitrios (2014), not only can the banking sector's constituents benefit or suffer depending on the quality and nature of its corporate governance, but the entire national system can also be pushed forward or stymied. Katrodia (2016) stated that the stability of the economy's banking sectors is closely linked to its health. The collapse of large US banks sparked the 2008 global financial crisis. This, in turn, had an impact on almost every sector, including pension holders' income security. Poor governance was to blame for the failures of the financial system in the United States, which resulted in a major crisis that had an impact on the global economy at the time. Mareinkowska (2017) expressed that any worldwide emergency is connected with unfortunate administration in monetary foundations.

Corporate administration in the financial area needs extraordinary consideration utilizing exceptional devices to screen, regulate and assess its working. According to the Bank for International Settlement, public confidence in the banking industry must be earned and maintained through efficient corporate governance. Trust and certainty of the overall population are the most for store preparation. Implementing corporate governance still appears to be a difficult task in developing nations. Research on the development of corporate governance policies, frameworks, and structures in developing nations is required. There has been less consideration made on corporate administration in agricultural nations.

Corporate governance has received a lot of attention in recent years and has become a topic of interest worldwide, particularly in light of the most recent economic crisis and the financial ruin of many banks and finances. However, corporate governance and the performance of the banking sector globally have received very little attention (Maria, 2010). In the context of Nepal, one of the earlier studies revealed that companies that hold their AGMs on time, submit their financial statements on time, and employ an "A" class auditor have a higher rate of return and market price per share (Guluma, 2021).

As a result, the study investigates the effects that female directors, an ethical group, size, earnings per share, and a capital adequacy ratio have on ROA, ROE, and NIM. Additionally, investigate the connection among Nepalese commercial banks' female

directors, ethical group, size, earnings per share, Capital Adequacy ratio, ROA, ROE, and NIM.

1.2 Problem statement

After the financial crisis in the United States, Brazil, Thailand, etc., banks and other financial intermediaries are at the Center. The decay of their resource portfolio, to a great extent because of the misshaped credit the board was one of the underlying wellsprings of the emergency (Sanusi, 2010). In large part, poor governance was to blame for this issue.

The literature had recently paid a lot of attention to corporate governance in developing nations, which was due in part to these economies' potential for growth. Moreover, commotion exchanging, rather than essentials, had been reported to influence the financial sectors of these economies (Claessens & Yurtoglu, 2012). Because these markets were generally less efficient, they required more stringent corporate governance.

The topic of corporate governance was extremely significant. The efficiency of governance mechanisms was the subject of intense debate even in advanced market economies (Dawood et al., 2023). This study was connected with deciding the connection between corporate administration factors and bank execution factors. Corporate governance variables such as board size, number of independent directors, earnings per share, capital adequacy ratio, leverage, and bank size were examined in relation to Firm Size and net interest margin.

In addition to protecting domestic investors, good corporate governance was about increasing its importance to international investors. Domestic investors were frequently constrained by local markets and ran the risk of losing their entire life's savings when governance systems were ineffective, in contrast to international investors, who had sophisticated instruments to diversify the overall risk of their portfolios. The principal-agent theory, which was also used in this study, was acknowledged by Goddard, Molyneux, and Wilson (2014) as the starting point for any discussion of corporate governance. To alleviate the principal-agent conflict between managers and their shareholders, a number of corporate governance mechanisms were proposed. According to agency theory, these governance mechanisms included, among others, board size,

board composition, CEO pay-for-performance sensitivity, director ownership, and shareholder rights. The agency theory assumed that a smaller board would reduce agency costs by effectively controlling management, whereas larger boards might have increased the likelihood of group members engaging in conflicts and interactions. On the other hand, there was one more way of thinking for a bigger board, which accepted that organizations with bigger board sizes been able to push the directors to follow lower expenses of obligation since leasers saw these organizations as having more successful screens of their monetary bookkeeping process and further developed execution (Poudel & Hovey, 2013).

For an emerging nation like Nepal, further developing corporate administration served a few significant public strategy targets. Great corporate administration diminished developing financial sector weakness to monetary emergencies, supported property freedoms, decreased exchange costs and the expense of capital, and prompted capital market advancement. On the other hand, inadequate frameworks for corporate governance could discourage outside investment and lower investor confidence. Nepal Rastra Bank (NRB), the Central Bank of Nepal, consistently revised and updated policies and instructions to enhance bank governance. Among the guidelines developed to guarantee improved governance in banks are the most recent comprehensive directive, guidelines for stress testing, CEO compensation guidelines, and others.

Not with standing such rules and orders, corporate administration stayed testing as individuals with loathsome goals contrived better approaches for abusing public cash. Nepalese associations still couldn't seem to embrace a decent administration culture with satisfactory consideration for the overall population interest. The boundary among possession and the executives was as yet not satisfactory. Khatiwada (2015), it was extremely difficult for directors and employees in Nepal to participate in fraudulent activities. These cases established a suspicious climate for people in general to store their cash in the banks (Khatiwada, 2015). Good governance needed to be prioritized in order to improve the general public's trust and safety. The banks' profitability and customer deposits could have increased if they had implemented governance. The following research questions were formulated following a literature review and consideration of the study's background:

- i. What are the dimensions that represent corporate governance and banking performance?
- ii. Is there any relationship between female directors, ethical group, size, earnings per share, Capital Adequacy ratio, ROA, ROE and NIM of Nepalese Commercial Banks?
- iii. How does female directors, ethical group, size, and earnings per share and capital adequacy ratio effect on ROA, ROE and NIM of Nepalese Commercial Banks?

1.3 Objectives of the study

The study's overarching goal is to learn more about the connection between bank performance and governance factors. The following can be said to be the study's goal:

- i. To determine the dimensions that represents the corporate governance and banking performance.
- ii. To analyze the relationship among female directors, ethical group, size, earnings per share, Capital Adequacy ratio, ROA, ROE and NIM of Nepalese Commercial Banks.
- iii. To examine the impact of female directors, ethical group, size, earnings per share and capital adequacy ratio on ROA, ROE and NIM.

1.4 Hypothesis

In this review, the speculation testing is utilized to test the meaning of the connection among reliant and autonomous factors:

H₁: Female Director (FD) significant negative relation to the bank performance.

H₂: Board directors is significant positive relation to the bank performance.

H₃: Bank size is significant positive relation to the bank performance.

H₄: There is significant positive relationship between capital adequacy ratio and bank performances.

H₅: There is significant positive relationship between EPS and bank performances.

1.5 Rationale of the study

Because the economic aspect is linked to research on corporate governance and bank performance, it is important. A number of studies have demonstrated that an

organization's performance is directly correlated with good governance. Therefore, good performance will result from sound governance, and vice versa. Governance has a number of factors that vary depending on the type of business and organization. These factors likewise affect the association. Therefore, it is essential for the banks to know which variables have a greater or lesser impact on them. Recent policy and academic research in Nepal has focused a lot on governance (Khatiwada, 2012; Rawal, 2013; and Kafle, 2024). Paudel and Hovey (2013) looked at 20 Nepalese commercial banks to see how corporate governance affected their efficiency. The exploration showed that a greater board and review council and lower recurrence of executive gatherings with a lower extent of institutional possession lead to improved proficiency in the commercial banks. This study therefore also focuses on determining how variables of good governance affect bank performance. As an independent variable, the size of the bank, the number of female directors on the board, earnings per share, the capital adequacy ratio, ethnicity, and bank size are all considered to have an effect on the net interest margin and ROA. By focusing on the relationship between the corporate governance variable and performance measuring variables, this study will ensure that the banks can achieve the performance. The banks can use this study to keep the number of board members and the participation of an independent director the same.

1.6 Limitations of study

The review are attempted with the vital number of tests of banks and time span. However, this study has some limitations. The following are the study's limitations:

- i. There are altogether 20 commercial banks till May, 2024, operating in the country, but the study does not cover all these commercial banks. Only 10 banks are considered for the purpose of the study.
- ii. The study use board member size, female directors, earnings per share, capital adequacy ratio, ethnical group, and bank size as independent variables, there are also other variables such as number of board meetings, number of female directors in the board, age period, members in the management team etc. which are omitted.
- iii. The study use three dependent variables to develop a relationship. There are other dependent variables such as return on assets that can be taken for study.
- iv. The banks which are taken as sample for study are only the commercial banks due to which the relationship between dependent variables and independent variables

for development banks, microfinance and other non-financial institutions may vary.

- v. The data collected for the study are for the period of 2013/14 to 2022/23. The study could have been done taking data for a longer period.
- vi. It also be noted that only secondary data are considered for the study purpose. Data collection conducting the primary survey is not taken into consideration. Hence, the result of the study is not broad and flexible. It is limited to the data available in the annual reports of the sample banks.
- vii. All the portion of the study is based on secondary data and available information. Therefore, the consistency of finding and conclusion are dependent upon the reliability of secondary data and information.

Chapter II

Literature Review

2.1 Introduction

This chapter examines the evidence and conclusions of various previous studies in this area. The examinations and proof were significant for additional examination with respect to corporate administration and bank execution.

2.2 Theoretical review

Assimilation theory

A literature review on corporate governance was conducted by Hawley and Williams (1998) for the organization for economic cooperation and development's background paper. They found four theories of cooperative governance in their study in the United States: the simple finance model, also known as agency theory, the stewardship model, the stakeholder model, and the political model. Stakeholder theory, agency theory, and stewardship theory all played important roles in corporate governance. The majority of the corporate administration issues were connected with the administration and investors, the distinctions in perspectives and thoughts acquired issues administration. The four speculations recognized by Hawley and Williams were momentarily depict underneath.

Simple finance model / agency theory

In this hypothesis, the focal issue corporate administration was viewed as to develop rules and motivators for emotionally adjusting the way of behaving of administrators (specialists) with the cravings of proprietors. The finance model refers to the rules and incentives set by businesses rather than the host nation's legal or regulatory system. It assumes that managers prioritize their own interests over those of shareholders, which is why the issue arises. These issues arose as a result of differences between owners and managers, and they were referred to as agency issues. The agency's costs have gone up as a result of these issues, as has the organization's governance. As a result, agency theory was developed, a supposition that explains the business relationship between principals and agents and is concerned with resolving potential agency-related issues.

Stewardship theory

Managers were regarded as good stewards of the company in stewardship theory or model because they worked to achieve high levels of corporate profit and shareholder returns. Being a manager comes with a lot of social and professional advantages. Here, managers were thought to be motivated by the need to succeed and the satisfaction that comes from successfully completing tasks that are naturally difficult. In order to earn the respect of their coworkers and superiors, they exercise their authority and carry out their duties appropriately. According to this theory, there should be non-executive directors on the board in order for the organization to have good governance.

Stakeholder theory

The firm was a system of stakeholders operating within the host society's larger system, which provided the necessary legal and market infrastructure for the activities of the firm. By converting shareholders' stakes into goods and services, a company's goal was to generate wealth or value. As a result, the company's overall wealth should be maximized as the goal of managers and directors. Instead of focusing on managers or organizations, this theory emphasizes increasing the firm's value. Additionally, it was necessary to align the interests of critical stakeholders with those of outside or passive shareholders by providing important ownership-like incentives to firm participants who contributed or controlled critical specialized inputs. According to this theory, corporations should have long-term owners and encourage significant customers, suppliers, employees, community representatives, and so on to serve on their boards.

Political theory

The political model acknowledges that the government determined the distribution of corporate power, privileges, and profits among owners, managers, and other stakeholders. The corporate sector had an impact on the capacity of corporate stakeholders to direct allocation at the micro-level between themselves. The development of corporate governance was greatly influenced by the political governance model.

2.3 Empirical review

Nirwana and Wedari (2024) examined the impact of corporate governance and firm performance on waste and effluent disclosure: Evidence from polluting industries in

Indonesia. This study analyzed the impact of corporate administration - including the presence of board orientation variety, board freedom, board consideration, and review advisory group and firm execution on waste and gushing exposure in dirtying industry organizations in Indonesia. The companies' annual and sustainability reports from 2017 to 2021 provided the secondary data for this study. A scoring system based on Global Reporting Initiative (GRI) Standard 306: Waste and Effluent was used to evaluate the disclosure of waste and effluent. Pulp and Paper, Chemicals, Oil and Gas, Metals and Mining, and Infrastructure, Utilities, and Transportation were the five polluting industries that were the focus of this study. The study demonstrates that corporate governance, such as the presence of an audit committee, board attention, gender diversity on the board, independence on the board, and waste and effluent disclosure, has a significant impact. On the other hand, companies in polluting industries listed on the Indonesia Stock Exchange's waste and effluent disclosure are unaffected by firm performance, as measured by return on assets (ROA).

Dawood (2023) assessed on contribution the effect of corporate governance on firm performance in Pakistan. The study investigates the ways in which Pakistan's commercial banking industry's businesses' performance is affected by corporate governance. From 1980 to 2021, this study examined earlier research. These studies show that Pakistani banks' financial performance is improved by having a larger board, long-term CEOs, independent audit committees, foreign ownership, institutional possession, an annual preferred meeting, and dividend coverage. Banks have pushed for strong corporate governance practices to be implemented in order to improve the financial performance of the company as a whole and protect investors. Most importantly, the regulatory body ought to encourage the growth of Pakistan's commercial banks by imposing appropriate sanctions for noncompliance and guaranteeing compliance with good corporate governance. In addition to the rights and responsibilities of various stakeholders in a company's management, the study aims to strengthen company governance in other areas, such as the relationship between a company and its finance vendors, compliance with societal demands for felony, ethical, and environmental standards, among others. The study adds the most to our understanding in this area. The study's ability to interpret corporate governance in relation to the success of the organization as a whole has been greatly enhanced by this contribution.

Jebran and Chen (2023) analyzed on can this study learn lessons from the past? COVID-19 crisis and corporate governance responses, by using various corporate houses for the period in COVID-19. The study focuses on how practices of corporate governance can assist businesses in surviving the COVID-19 crisis. In order to accomplish this, it examines articles published in leading business journals to learn from previous crises and identifies key corporate governance mechanisms that may be useful in the ongoing COVID-19 crisis. Several governance mechanisms that may assist businesses in coping with the COVID-19 crisis are highlighted in a review of a large body of literature. Risk management committees, board diversity, independent directors, foreign investors, institutional ownership, ownership concentration, the CEO's dual roles, block ownership, and family ownership are all examples of good governance practices. After looking at the literature on corporate governance, the study offers several policy implications. Companies may learn how these governance characteristics can be effective in the COVID-19 crisis from our review, which shows that they may be subject to at least one of the identified governance mechanisms. The review outlines that autonomous gamble the executives advisory groups, institutional possession, board autonomy, block holders, and family proprietorship are a portion of the fundamental and powerful administration components contrasted with other administration credits during Coronavirus emergency.

Khan (2023) revealed on impact of corporate governance on firm performance: a case of Pakistan stock exchange by using the stock market of Pakistan for the period of 10 years. This study examines the impact of corporate governance on company performance. Eight pointers the board size, proprietorship structure, President duality, autonomy of the review council, firm size, firm age, firm influence, and firm development — have been utilized to operationalize corporate administration. Firm performance has also been taken into account when calculating Firm Size and Return on Assets. The examination was directed utilizing the Pakistan Stock Trade, with an example of 100 public non-monetary organizations. Using the appropriate statistical techniques, data pertaining to the research variables have been gathered and examined for ten years, or from 2013 to 2022. The findings indicate that CEOs serving on multiple boards, the size of large companies, young businesses, sustainable growth, a high degree of independence on audit committees, a smaller board size, and low leverage all contribute to a company's success. Leverage has been found to have a negative impact on a company's profitability, especially when interbank offered rates are high. These findings should be taken into

consideration by researchers, practitioners, and corporate regulators alike. It is prompted that more corporate administration list markers be viewed as in future examination to grasp their impact on firm achievement completely.

Khanal (2023) investigated on corporate governance and its impact on financial performance of Nepalese commercial banks by using commercial banks in Nepal for the period of 10 years. The motivation behind this study is to look at how bank execution and corporate administration structure connect with each other. Based on evaluations of previous research, the conceptual model for this study primarily examines how bank performance is influenced by audit committee procedures and board structure. Using a questionnaire, employees were surveyed, and percentages were used to analyze the primary data. The mean and standard deviation were then analyzed using descriptive statistics, regression, and correlation. Performance metrics like banks' Firm Size (SIZE) and Return on Assets (ROA) have been used as the dependent variables, while corporate governance variables like board size, board independence, audit independence and activity, and CEO duality have been regarded as independent variables. Board size, CEO duality, and corporate governance requirements are significant corporate governance mechanisms that improve banks' performance in order of their relative importance. Primary evidence lends support to these findings. More specifically, board freedom, Chief duality and review panel autonomy are the corporate administration components that will generally impact the exhibition in sure way. It suggests that raising any one of these factors will likely result in improved performance for the banks. The report encourages banks to raise their corporate administration norms, which will ensure the dependability of the monetary area as well as upgrading each bank's exhibition. Furthermore, it is prompted that banks execute evenhanded corporate administration techniques to help financial backer certainty and attract seriously subsidizing through straightforward and excellent revelation.

Huynh (2022) examined does financial leverage mediates corporate governance and firm performance? By using 150 firms for the period of 2011-2021. Financial leverage is taken into account as a mediating variable in this study, which aims to investigate how corporate governance influences company performance. This study was led in the non-monetary area of Pakistan, and information was gathered from fiscal summaries. The

findings demonstrate a link between company performance and corporate governance. Firm performance is positively correlated with board size; the firm's performance also rises in tandem with board size. The performance of a company is strongly and positively correlated with board independence. Firm performance is also positively correlated with audit committee size. Positive company performance is also linked to female board directors. Board freedom, board size, review panel, and female directorship were decidedly connected with monetary influence. Shareholders' interests are safeguarded and risk is transferred to debt holders through corporate governance. According to the findings, raising the debt-to-financial-leverage ratio raises the cost of financial distress. While audit committee size and the relationship between firm performance and female directorship are fully mediated by financial leverage, board size and board independence are partially mediated by financial leverage.

Alabdullah (2022) investigated on corporate governance system and firm financial performance. This study examines the systematic understanding of the connection between the corporate governance system and companies' financial performance from a theoretical and practical perspective. It is based on dealing with the concepts, theories, and evidence that were done in previous studies in the literature review regarding corporate governance and its mechanisms as an internal control system and its impact on firm financial performance. The current study provides a number of explanations for the processes of corporate governance, including the impact of CEO duality, independence, and board size on the company's financial performance. The current study suggested that strong corporate governance necessitates board features and internal control mechanisms. Corporate governance frameworks improve businesses' financial performance, according to previous research in the literature. As a consequence of this, the current study demonstrated the significance of internal control mechanisms to the performance of businesses.

Boachie and Mensah (2022) examined a study on the effect of earnings management on firm performance: The moderating role of corporate governance quality. Businesses in Anglophone sub-Saharan African countries' earnings management and financial performance are examined in this study using a dynamic framework. This link is diminished by aggregate transparency and best-practice corporate governance quality measures, as shown in the study. The outcomes show that the presentation effects of

profit the board keep on existing even subsequent to representing the unnoticed time-invariant heterogeneity, concurrence, and dynamic endogeneity that are intrinsic in the connection between profit the executives and execution. Once more, the results confirm the agency theory's prediction that adhering to internal governance systems that adhere to best practices will limit a company's earnings management strategies and, as a result, improve the company's performance. In addition, the study's findings regarding the beneficial impact of earnings management on performance demonstrate how distinct the African context is from other emerging markets that report opportunistic motives by pointing to efficiency-driven motivations for earnings management practices in Africa. As to directing impact, our exploration shows that the presence of great corporate administration will in general enhance the good effect of profit the executives on the monetary execution of associations.

Jesuka (2022) stated on corporate governance and firm performance: does sovereign rating matter? By using the 823 companies for the period of 2004 to 2018. Between 2004 and 2018, the purpose of this paper is to investigate how sovereign rating and corporate governance affected the performance of Latin American businesses. This study played out a staggered relapse with fixed and irregular coefficients for 823 organizations and checked the effects of nation, firm and time levels on the presentation variety. The study measured governance using the following variables: board size, chief executive officer/chairman duality, CEO/board member duality, dummy for the chairman as a former CEO, audit committee, independence and expertise of the audit committee, and return on assets as the dependent variables. Findings: Latin American companies performed better when their countries adopted improved board of directors and audit committee mechanisms and had higher sovereign ratings. Sovereign rating expects unmistakable jobs relying upon the presence or nonattendance of administration factors. Rating and governance could serve as alternatives to safeguard investors. The authors believe that this is the first study to examine the effects of sovereign rating on firm performance in Latin America. In Latin American studies, the application of governance metrics is novel, such as the expertise of the audit committee and the chairman's dummy as a former CEO.

Muharam and Atyanta (2021) examined on the effect of corporate governance on firm performance. This study aims to investigate how business performance is affected by

corporate governance practices. The study's sample consisted of companies that were listed on the Indonesia Stock Exchange (IDX) between 2016 and 2019. In this investigation, one hundred samples were utilized. The method of sampling that is used is called "purposeful sampling." The research data were provided by the company's annual report. IBM SPSS Statistics 25, a data processing tool, is the engine that drives the multiple regression analysis approach that was utilized in this study. According to the findings of the study, the amount of institutional ownership, the independent commissioner, and the audit committee all had a positive and significant effect on Adjusted Tobin's Q. On the other hand, it was discovered that Adjusted Tobin's Q was unaffected by management ownership or the size of the board of directors. Adjusted Tobin's Q was found to be unaffected by leverage, although the control variables firm size and age had a positive impact.

Khatib (2021) analyzed the impact of corporate governance on firm performance during the covid-19 pandemic: evidence from Malaysia by using the 188 non-financial organization for the period of 2019 to 2020. The purpose of this study is to determine how COVID-19 affects attributes of corporate governance and the relationship between firm performance and COVID-19. This study used a sample of 188 non-financial Malaysian businesses for 2019 and 2020. This study discovered that the COVID-19 pandemic has affected every aspect of a company, including its performance, governance structure, dividend, liquidity, and leverage level. However, there is not much of a difference between before and after the pandemic. The investigation also found that the size of the board has a significant positive effect on the performance of the company. In the wake of parting the example in view of year, in any case, this study found that load up size doesn't make any difference in the dubious season of the ebb and flow emergency, while load up variety seemed, by all accounts, to be essentially improving firm execution in the emergency time contrasted with the earlier year where it has an opposite relationship with firm execution in the two pointers. Both before and after COVID-19, it appeared that board and audit committee meetings had a significant negative impact on the company's performance. The first empirical evidence on the relationship between the Coronavirus and firm performance and corporate governance is provided by this study, which adds to the limited body of existing research.

Koutoupis (2021) studied on corporate governance and COVID-19: a literature review. This study addresses three research questions: What characteristics are present in the literature on corporate governance (CG), environmental, social, and governance (ESG), and corporate social responsibility (CSR) during the Coronavirus disease 2019 (COVID-19) pandemic? What are the topics in CG in the Coronavirus time and what are key areas of future examination on CG and Coronavirus? Plan/strategy/approach - The creators endeavored an orderly writing survey of 62 examinations distributed in 2020. The authors used three criteria to identify key themes in the literature on CG and the pandemic and four criteria to identify characteristics of the CG and COVID-19 literature. In order to direct future research, the authors looked at the responses to the aforementioned research questions and the proposals from the studies they reviewed. Results: CG in relation to COVID-19 has primarily been studied theoretically and in developed nations. As bookkeeping information are deficient, more examination is expected in all nations (created, arising and other). Further, there are no decisive outcomes with respect to the pertinence of ESG and CSR to monetary execution. To fully explain the impact of COVID-19 on CG, subsequent research should make use of additional data sources and methodologies.

Bista (2019) analyzed on impact of corporate governance on dividend policy of Nepalese enterprises by using 14 commercial banks and seven Commercial banks in Nepal for the period of five years. The primary objective of this research is to examine the connection between dividend policy and corporate governance in Nepalese businesses. More specifically, it looks at how Nepalese businesses' dividend policies are affected by factors like company size, liquidity, CEO duality, ROA, foreign ownership, gender diversity on board, managerial ownership, and leverage. This study depends on optional information gathered from 14 commercial banks and seven Commercial banks in Nepal. The annual reports of commercial banks and banks are the primary sources of data. The study demonstrates that dividend payout ratio and dividend yield are positively correlated with firm size and foreign ownership. The dividend payout ratio is higher the larger the company and the higher the percentage of foreign ownership. It additionally shows that the more modest the firm size and the lesser the level of unfamiliar proprietorship, the more modest the profit yield. The results of the regression indicate that institutional ownership has a negative effect on the dividend yield and dividend payout ratio.

Mohan (2018) examined on impact of corporate governance on firm performance: empirical evidence from India by using 30 firms for the period of 10 years. Since corporate governance compliance is now required, the study of corporate governance is gaining momentum. Even though it is now required, there are more problems with corporate governance. Policymakers, investors, academics, and other stakeholders in India have also been motivated by the high-profile scandals in Enron, World Com, Satyam, and Tata Mistry. The model takes into account measures of firm performance like the Price to Book ratio (PB ratio) and Firm Size (SIZE), as well as corporate governance characteristics like board composition, board size, and CEO duality. The model utilized for investigation likewise incorporated specific firm unambiguous factors. Financial leverage, asset turnover, and sales growth are the firm-specific variables. The study utilized a panel data OLS regression model for a sample of 30 Bombay Stock Exchange-listed companies to investigate the effect of corporate governance structure on company performance. The consequences of the board information examination show that the CG factor, specifically Chief duality and board size adversely affects firm execution though board structure uncovered no huge effect on firm execution. It demonstrates that firms must separate the CEO and Chair positions to ensure optimal performance and that the monitoring process must be carried out in order to improve firm performance. The outcomes likewise recommend the influence and resource turnover to decidedly affect firm execution. The inclusion of additional performance and corporate governance variables would also be taken into consideration, so the findings may not be conclusive. Another area that can be investigated is how corporate governance influences company performance, which may vary by industry.

Bulley (2017) investigated on corporate governance and firm performance: evidence from Saudi Arabia by using of 171 listed companies by using the period of 2012 to 2014. This study expected to quantify the effect of Corporate Administration on Firm execution of recorded organizations in Saudi stock trade. The review strategy was a pooled information gathered from the Saudi stock trade (TADAUWL) for the period from 2012 to 2014. 171 publicly traded companies make up the study sample. The study's independent variable is the principles of corporate governance. Firm performance, which was assessed using ROA, SIZE, and Tobin's Q, is the dependent variable. The study also used five control variables to measure the connection between firm performance and corporate governance. In conclusion, the study discovered that the Saudi stock exchange's

governance level was 61.4 percent, which is considered high in comparison to previous studies. The study found that the adoption of corporate governance had no significant effect on the operational and financial performance of Saudi stock exchange-listed companies. The study also found that the independence of the Board of Directors and ownership of the largest shareholder have no significant impact on the firm's market performance by testing the Tobin's Q model. The ownership and size of the Board of Directors were found to have a significant impact on the company's performance.

Pradhan (2015) examined on corporate governance and bank performance in Nepal by using Nepalese commercial banks for the period of 8 years. The significance and impact of corporate governance on business performance are examined in this paper. For this study, the bank's performance variables are the return on assets and firm size, which are the dependent variables. The independent variables in corporate governance are the firms' executive chief executives, total assets, and board size. The data come from Nepal Rastra Bank's Banking and Financial Statistics, NRB Directives, corporate governance-related provisions in the Companies Act of 2063 and related bylaws, the Bank and Financial Institution Act of 2063, and Nepal Rastra Bank's supervision report. In addition, various published reports, books, magazines, and articles are analyzed. The Regulation and Supervision Department of Nepal Rastra Bank, the Company Registrar Office, and the relevant bank all provide information regarding compliance with corporate governance laws. The significance and importance of corporate governance in Nepal's commercial banks are evaluated using multiple regression models.

Danoshana (2013) investigated on the impact of the corporate governance on firm performance: A study on financial institutions in Sri Lanka. Using 25 of the listed financial institutions from 2008 to 2012 Due to the worldwide economic crisis, corporate governance issues have received widespread research attention for more than three decades. This examination study think about the effect of corporate administration on the presentation of recorded monetary establishments in Sri Lanka as principal objective and suggest a reasonable corporate administration rehearses for further developing execution of recorded monetary organizations. The researcher uses Firm Size and Return on assets as the key variables that defined the firm's performance in order to accomplish these goals. On the other hand, the company's audit committee, board size, and meeting frequency are used as variables to measure corporate governance. For the sample period

from 2008 to 2012, 25 of the listed financial institutions were selected as the sample size. The secondary sources will be used to gather the data. The analysis shows that the size of the board and audit committee and the variables of corporate governance have a positive effect on the performance of the company. However, the company's performance suffers as a result of meeting frequency.

Table 1

Summary of Empirical Review

Author (s)	Variables	Methodology	Major Findings
Nirwana and Wedari (2024)	board gender diversity, board independence, board attention, audit committee size, and firm performance, and the dependent variable waste and effluent disclosure, firm size and Leverage	Ordinary least squares (OLS) regression	According to this study, gender diversity on boards has a significant impact on waste and effluent disclosure. A company's waste and effluent disclosure may be influenced by female board members who are more stakeholder-oriented, pay more attention to CSR practices, and take action to reduce risks.
Jebran and Chen (2023)	Risk management committees, Board diversity, Independent directors, Foreign investors, Institutional investors, Concentrated ownership	Regression analysis	The review shows that organizations might be dependent upon something like one of the recognized administration systems and they might figure out how these administration ascribes can be viable in the Coronavirus emergency. During the COVID-19 crisis, our review demonstrates that blockholders, family ownership, institutional ownership, board

				independence, independent risk management committees, and institutional risk management committees are some of the essential and effective governance mechanisms.
Khan (2023)	Board Ownership Structure, Duality, Independence of Audit Committee, Firm Size, Firm Age, Firm Leverage, and Firm Growth.	Size, CEO	Regression Analysis	According to the findings, the performance of a company is positively impacted by factors such as small board sizes, low leverage, CEOs serving on multiple boards, high audit committee independence, large firm sizes, young firms, and sustainable growth. Businesses' profitability has been found to suffer as a result of high leverage, particularly in light of the high rates offered by interbank lenders.
Huynh (2022)	Corporate governance, Financial Performance	Capital structure,	Regression analysis	According to the findings, raising the debt-to-financial-leverage ratio raises the cost of financial distress. While audit committee size and the relationship between firm performance and female directorship are fully mediated by financial leverage, board size and board independence are partially mediated by financial leverage.
Jesuka (2022)	ROA, ROE, Firm size, Market Book Ratio	Firm	A multilevel regression with fixed and	Latin American organizations performed better when their separate nations have a superior sovereign rating and when they embrace better governing body and review panel

			random instruments. Sovereign rating coefficient expects unmistakable jobs relying upon the presence or nonattendance of administration factors. Rating and 5governance could serve as alternatives to safeguard investors.
Khatib (2021)	Goverance structure, Dividend, liquidity, leverage, ROA	Regressio n analysis	According to the investigation, board size has a significant positive effect on company performance. The impact of COVID-19 on every aspect of a company, including its performance, governance structure, dividend, liquidity, leverage, and ROA, is minimal in comparison to that of the pandemic before it.
Koutoupis (2021)	ROA, ROE, Firm size, Market Book Ratio	Multiple regression and correlation analysis	- CG with regards to Coronavirus has been concentrated on generally in created nations and inside a hypothetical system. As bookkeeping information are deficient, more examination is expected in all nations (created, arising and other). Further, there are no decisive outcomes with respect to the pertinence of ESG and CSR to monetary execution. To fully explain the impact of COVID-19 on CG, subsequent research should make use of additional data sources and methodologies.
Mohan (2018)	ROA, ROE, board size, CEO duality,	OLS regression Method	The panel data analysis reveals that board composition has no significant impact on firm performance,

			whereas the CG factor—CEO duality and board size—has a significant negative impact.
Bulley (2017)	Corporate Governance principals, ROA, ROE	Correlation Analysis	The study found that the adoption of corporate governance had no significant effect on the operational and financial performance of Saudi stock exchange-listed companies. The study also found that the independence of the Board of Directors and ownership of the largest shareholder have no significant impact on the firm's market performance by testing the Tobin's Q model. The ownership and size of the Board of Directors were found to have a significant impact on the company's performance.
Danoshana (2013)	Corporate governance practice, ROA, ROE	Regression analysis	The analysis shows that the size of the board and audit committee and the variables of corporate governance have a positive effect on the performance of the company. However, the company's performance suffers as a result of meeting frequency.
Heenetigala (2011)	Board structure and Performance	Regression analysis	These connections suggest that businesses have implemented corporate governance strategies that have improved share price performance and profitability.
Wu (2009)	Corporate governance and	Regression analysis	Firm performance is negatively and significantly correlated with board

performance

size, CEO duality, stock pledge ratio, and deviation between voting right and cash flow right, according to the empirical findings. In contrast, board independence and insider ownership have a positive and significant impact on company performance.

2.4 Research Gap

The term research gap refers to the gap between the current study and previous studies (Caprio & Levine, 2002). An earlier examination concerning the corporate administration and execution of Nepalese commercial banks was completed by different subject matter experts, scholastics, and understudies. In previous case study research, only three banks were included. This investigation selects ten commercial banks as a sample. Furthermore, there are varieties for the situation study's time span. The time span in this study is from 2013/14 to 2022/23, not at all like the brief time frame periods in Haron et al. (2020). Return on assets (ROA) and return on equity (ROE) were used as a foundation by (Ahmed & Hamdan, 2015). Return on value (ROE) and net interest edge (NIM) were utilized in this examination. The focuses that put my case aside from the Balaputhiran (2016) are as following. The research on corporate governance and financial performance in the context of Nepalese banks has benefited in part the central bank of Nepal, commercial banks and other financial institutions, up-and-coming scholars, and other non-financial entities. The data's relationship between the independent and dependent variables was found through regression and correlation analysis. Individuals and associations recorded above might find this result valuable.

Chapter III

Research Methodology

This study has utilized a variety of research methodology, including the research design, population and sample, data sources, and data collection procedure, in order to accomplish the primary objective of the research.

3.1 Research design

The examination configuration utilized in this study is unmistakable and causal near research plan. Causal similar exploration configuration is utilized for depicting the circumstances and logical results between various viewpoints or factors. Causes and effects on company performance include board size, earnings per share, capital adequacy ratio, female directors, and ethnic groups. The standard deviation, correlation coefficient, and regression analysis of sampled banks are examples of various statistical tools that have been analyzed in a similar manner. Purposive sampling is used to analyze data, the instruments used in the research, and the research design itself.

3.2 Population, sample and sampling design

The Nepalese stock market includes a number of different industries, including hydropower, manufacturing and processing, hotels, trading, financial institutions, and commercial banks. In this study 20 commercial banks are known to be population of the review. Ten commercial banks, i.e., from a total of twenty, have been selected for the study. According to NRB, 2023, Nepal Investment Mega Bank Limited, Laxmi Sunrise Bank Limited, Rastra Banijya Bank Limited, Agricultural Development Bank Limited, Kumari Bank Limited, Sanima Bank Limited, Nabil Bank Limited, Nepal Bank Limited, Himalayan Bank Limited, and Everest Bank Limited were ranked according to the number of deposits made and the amount of profit earned.

3.3 Sources of data

Secondary sources provide the necessary information and data. The information comes from the respective banks' annual reports, trading reports, and publications. Additional information about the NRB, relevant websites, and national and international journals.

3.4 Data collection procedure

The majority of the necessary data for the study came from surveys and secondary sources. However, opinions were also obtained from a few individual investors, officials from affiliated organizations, SEBON and NEPSE staff, and other associated individuals. Information connected with market costs of offer, market capitalization and unpredictability of NEPSE list and so forth were taken from the exchanging report distributed by NEPSE. This study also gathered additional information about related businesses from their websites.

The following is a summary of the collection procedure:

- a) Annual report of the sample banks
- b) Summary sheet of NEPSE

3.5 Method of analysis

It incorporates every one of the gathered information and their translation. The size of the Board, Earnings per Share, capital adequacy ratio, number of Female Directors, and terms for Ethnical Groups were all presented and analyzed in the study. The study's conclusion is made abundantly clear in the tables and figures.

a. Descriptive analysis

Brief informational coefficients known as descriptive statistics provide a concise summary of a particular data set. Descriptive statistics can be used to represent a sample of a population or the entire population. Distinct insights are separated into proportions of focal propensity and proportions of inconstancy (spread). Proportions of focal inclination incorporate the mean, middle, and mode, while proportions of inconstancy incorporate standard deviation, difference, least and most extreme factors, kurtosis, and skewness.

b. Correlation analysis

According to Levin and David (1994), "correlation analysis is the statistical tool used to describe the degree to which one variable is linearly related to another." It's useful for determining how strong the linear relationship between two variables is. On the off chance that the upsides of the factors are straightforwardly corresponding, the connection is supposed to be positive. On the other hand, if the values of the variables are inversely proportional, the correlation is said to be negative, but the correlation coefficient will

always be between +1 and -1. The following formula can be used to determine the correlation coefficients (r) that exist between the two variants x and y.

$$\text{Correlation Coefficient (r)} = \frac{n\Sigma xy - \Sigma x\Sigma y}{\sqrt{n\Sigma x^2 - (\Sigma x)^2}\sqrt{n\Sigma y^2 - (\Sigma y)^2}}$$

Where,

r = coefficient of correlation

ΣXY = Sum of product of two series.

ΣX^2 = Sum of squared in X series

ΣY^2 = Sum of squared in Y series

n = number of years

This coefficient can never be greater than or equal to + 1 or less than -1. Hence, + 1 and - 1 are the constraint of this coefficient. The correlation between variables is positive and vice versa when r = + 1. Additionally, zero indicated that there was no correlation.

c. Regression analysis

A collection of statistical techniques for estimating relationships between a dependent variable and one or more independent variables is known as regression analysis. It can be used to model the future relationship between variables as well as evaluate how strong the relationship is between them.

The study model

$$\text{ROA} = a + b_1\text{BS} + b_2\text{FD} + b_3\text{EG} + b_4\text{Size} + b_5\text{EPS} + b_6\text{CAR} + e$$

$$\text{ROE} = a + b_1\text{BS} + b_2\text{FD} + b_3\text{EG} + b_4\text{Size} + b_5\text{EPS} + b_6\text{CAR} + e$$

$$\text{NIM} = a + b_1\text{BS} + b_2\text{FD} + b_3\text{EG} + b_4\text{Size} + b_5\text{EPS} + b_6\text{CAR} + e$$

Where,

ROA = Return on Assets

ROE = Return on Equity

NIM = Net interest margin

BS = Board Size

FD = Female Director

EG = Ethnical Group

EPS = Earnings per Share

CAR = Capital adequacy Ratio

a = Intercept

b₁, b₂... = Slope of Independent variables

e = Error

d. Test of significance

A statistical test called the t-test is used to see if two groups' means are significantly different from one another. When the population standard deviation is unknown and the sample size is small (typically less than 30), this method is frequently employed. The t-test works out the t-value, which is then contrasted with a basic worth in light of the levels of opportunity and level of importance. This study reject the null hypothesis and conclude that the means of the two groups are significantly different from one another if the calculated t-value is greater than the critical value (Chen 2020).

In contrast, the F-test is a statistical test used to determine whether two or more groups' variances differ significantly from one another. It is frequently utilized when comparing the variances of various populations or groups. The F-value is calculated using the F-test, and it is compared to a critical value that is determined by the degree of freedom and significance. On the off chance that the determined F-value is more prominent than the basic worth, this study reject the invalid speculation and infer that the differences of the gatherings are altogether not the same as one another (Wang 2021). The accompanying recipe have been utilized to gauge the t test and f test;

$$t = \frac{r}{\sqrt{1 - r^2}} \times \sqrt{n - 2}$$

Where,

r = Sample correlation between two variables

r² = Sample correlation Coefficient

n = No of Pair of observations

Level of significance: Level of significance $\alpha = 5\%$

Critical Value: Tabulated or critical value of t at α % level of significance for (n - 2) degree of freedom obtain from 't' tables.

3.6 Research framework and definition of variables

In view of the writing survey and the exploration targets, the ongoing review fosters the applied structure. The systematic explanation of the relationship between the dependent and independent variables is explained by the study's conceptual framework. Focusing on the research problem and achieving the research goal are helpful. The diagram below depicts this study's conceptual framework.

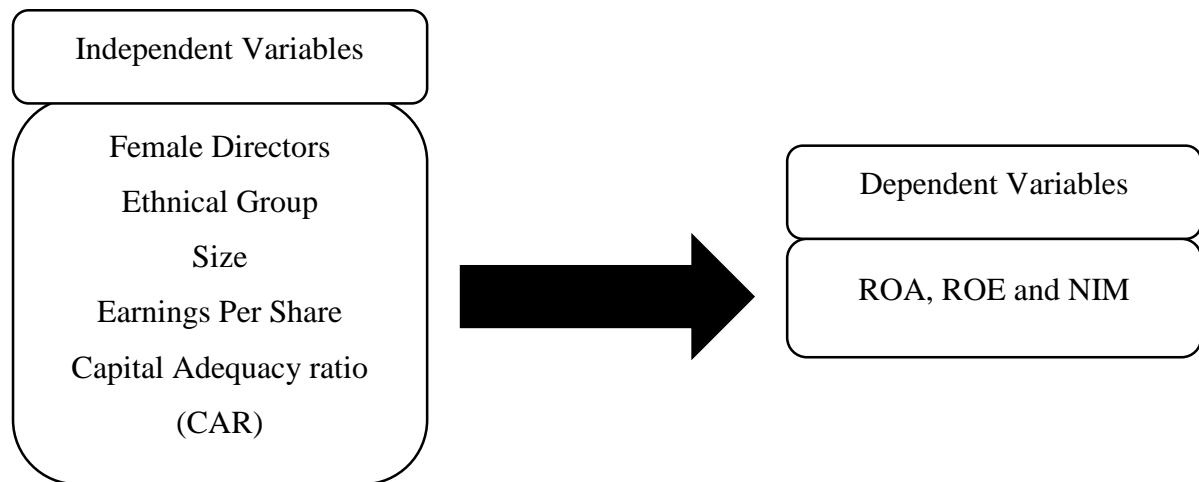


Figure 1

Research Framework

Source: (Ali & Anwar, 2021)

Definitions of variables

Female director

Women generally make positive contributions to board tasks, particularly those that are qualitative. According to Lipunga (2014), numerous studies demonstrate their proficiency in promoting strategy formulation, addressing CSR-related issues, and supervising management.

Ethnical group

An ethnic group is a social group or category of the population that is distinct from the rest of the population and is bound together in a larger society by ties of race, language, culture, or nationality. The majority of contemporary societies exhibit social complexity in the form of ethnic diversity (Muharam & Atyanta, 2021).

Size

A scale that can divide a company into large and small groups based on a variety of factors, such as the total assets or total assets of the company, stock market value, and/or average sales level, is the size of a company. Resource size is utilized as a proportion of the size of an organization, since complete resources are viewed as more steady and mirror the size of the organization. Enormous organizations are considered to have a more modest gamble, since huge organizations are considered to have simpler admittance to the capital market. (Nugraha, 2018).

Earnings per share (EPS)

The proportion of a company's profit that is allocated to each outstanding share of common stock is known as earnings per share. It is one of the ways to tell how profitable a company is. Higher earnings indicate greater profitability and financial institutions' ability to mobilize funds, and vice versa. According to Wijerathna (2018), EPS serves as the study's independent variable.

Capital adequacy ratio (CAR)

A bank's risk-weighted assets are compared to its available capital using the capital adequacy ratio, or CAR. The ratio provides a quick indication of a bank's ability to cover losses and maintain its solvency in difficult financial times (Tasya & Kusumaning, 2023).

Chapter – IV

Results and Discussions

This chapter presents the collected data regarding the study's variables. Every variable's information is displayed in an alternate figure. In order to determine the responses to the study topics, the data have been evaluated using a variety of statistical methods. Descriptive statistics like mean, maximum, minimum, and standard deviation have been utilized in the calculation of the factors that influence an insurance company's profitability.

4.1 Descriptive analysis

The clear measurements of the multitude of factors used in the review are shown together in Table 2. The descriptive statistics for each of the variables in the analysis are shown. The mean, maximum, minimum, and standard deviation values are shown in order.

Table 2

Descriptive Statistics

Variables	Minimum	Maximum	Mean	S.D.
Net Interest Margin	-338.98	43.96	4.6809	35.526
Return on Equity	3.91	28.40	15.6072	5.511
Return on Assets	.00	3.25	1.6201	.799
Earnings Per Share	-33.46	198.53	34.8001	26.327
Capital Adequacy Ratio	-.59	83.94	16.8013	9.703
Firm Size	-3.20	67.34	22.8962	19.737
Ethnical Group	4.00	13.00	9.0100	1.567
Female Director	.00	5.00	2.1600	1.099
Board size	7.00	11.00	8.3300	1.111

Source Appendix – I and SPSS Output

The descriptive statistics table in Table 2 provides an explanation and a summary of key characteristics for each dataset variable related to corporate governance and firm performance. The table gives data on nine factors: Net revenue edge (NIM), return on value (ROE), return on resources (ROA), profit per share (EPS), capital adequacy ratio (CAR), firm size (FA), ethnical group (EG), female director (FE) and board size (BS).

The average value of each variable is shown by the "Mean." For instance, the average NIM, ROE, and ROA across the studied subjects is 4.6809, 15.6072, and 1.6201, respectively. In a similar vein, the mean values for BS, EPS, CAR, FS, EG, FD, and BS are, respectively, 34.8001, 16.8013, 22.8962, 9.0100, 2.1600, and 8.3300.

The highest value that was observed for each variable is shown by the "Maximum" label. For instance, the highest NIM, ROE, and ROA among the 10 fiscal years of the respective banks are 43.96, 28.40, and 3.25, respectively.

The lowest value that was observed for each variable is shown under "Minimum." For example, the base NIM, ROE and ROA is - 338.98, 3.91 and 0.00, showing the least NIM, ROE and ROA among the 10 financial year.

The "Normal Dev." The spread or dispersion of data points around the mean is measured by (Standard Deviation). It gives information about the data's variability. For instance, the standard deviation of NIM, ROE and ROA is 35.526, 5.511 and 0.799, proposing that the NIM, ROE and ROA values shift generally near the mean worth. Likewise, the standard deviation of EPS, CAR, FS, EG, FD and BS are 26.327, 9.703, 19.737, 1.567, 1.099 and 1.111 individually.

4.2 Correlation analysis

The correlations between the study's variables are shown in Table 3. If there is correlation between the variables, it is reasonable to assume that at least one variable has an effect on the other. A company's profitability, financial stability, and growth potential can all be linked by comparing various financial metrics.

The Karl-Pearson relationship coefficient between the factors utilized in the examination is displayed in this table. To investigate the connection between Net Revenue Edge (NIM) and other monetary markers like Profit from Value (ROE), Return on Resources (ROA), Income Per Offer (EPS), Capital adequacy ratio (CAR), Firm Size (FS), Profit Development (EG), Female director (FD), and Board Size (BS), the review utilized SPSS programming to break down the information.

Table 3

Pearson's Correlation Analysis

Variables	NIM	ROE	ROA	EPS	CAR	SIZE	EG	FD	BS
NIM	1								
ROE	0.044 0.661	1							
ROA	0.899* 0.044	.246* 0.014	1						
EPS	0.595** 0.003	.253* 0.047	0.317* 0.028	1					
CAR	0.412* 0.017	0.754* 0.02	0.179 0.075	0.077 0.448	1				
Size	0.467** 0.002	-.213* 0.033	0.656* 0.036	-0.096 0.344	-.256* 0.01	1			
Ethical	-0.011 0.131	0.016 0.872	0.093 0.355	-.216* 0.031	-0.033 0.743	.202* 0.044	1		
Fem. Dir	-0.192 0.002	-0.106 0.292	0.049 0.627	0.048 0.632	0.072 0.479	0.138 0.171	0.005 0.961	1	
Board size	0.983* 0.017	-0.137* 0.045	0.096 0.342	-0.163 0.105	-0.056 0.582	0.006 0.953	0.091 0.368	-0.085 0.4	1

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Source: Appendix II and SPSS Output

The correlation matrix depicts the relationship between variables in Table 3. EPS and Size shows decidedly huge relationship with NIM at 1% degree of importance with coefficient of 0.595 and 0.467 where ROA, CAR and Board size shows emphatically critical connection with NIM of 0.899, 0.412 and 0.983 at 5% degree of importance. At the 5% level of significance, ROA, EPS, and CAR all have a positive relationship with ROE, while Board size has a negative relationship with ROE.

Size has a high degree of positive and significant relationship with ROA at a 5% level of significance, whereas the relationship between ROA and EPS is 0.317, which demonstrates a moderate degree of positive correlation. There is a weak negative correlation between board size and ROE, which is also significant at the 5% level of significance. The connection among NIM and EPS is serious level of positive associated and the relationship is huge at 1% degree of importance. Size has a significant positive relationship with ethical group of 0.202, while EPS has a significant negative relationship of -0.216.

4.3 Regression analysis

Regression analysis was mostly used to figure out how the independent factors of the study affected the dependent variable. Dissecting the variables that influence firm execution and testing the speculations were the objectives of the examination.

Table 4

Model Summary of ROA

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.281a	.079	.019	.79116

a. Predictors: (Constant), Earnings Per Share, Ethnical Group, adequacy ratio, Female Director, board size, firm size

In this case, the percentage of ROA variability that can be explained by independent variables is represented by r^2 . The regression's p-value is 0.000, which is statistically significant at 0.05 significance, and the r-square value is 7.90%. The changed r^2 is more solid measurements since it accounts the example board size too. The reliability of the correlation and the extent to which it is influenced by the addition of independent variables can be determined using adjusted R-squared.

Table 5

ANOVA Table

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	222.110	5	44.422	10.571	.000b
	Residual	88.246	21	4.202		
	Total	310.356	26			

a. Dependent Variable: ROA

b. Predictors: (Constant), Earnings Per Share, Ethnical Group, adequacy ratio, Female Director, board size, firm size

The overall summary and significance of the dependent and independent variables can be seen in the ANOVA table. In this table, it demonstrates that the effect of autonomous variable for example earning per share, Ethnical Group, capital adequacy ratio, Female director, board size and Firm size on subordinate variable for example Even at the significance level of 0.05, ROA is statistically significant. 0.000. To conclude that these variables have a significant relationship, the obtained p-value needs to be less than the 5% significance level.

Table 6

Regression Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1 (Constant)	48.474	7.269			6.669	.000
Board size	-5.108	.803	-1.144		-6.359	.000
Female Director	-.169	.115	-.204		-1.465	.058
Ethnical Group	.695	.391	.378		1.779	.040
Capital Adequacy Ratio	4.878	2.030	.370		2.403	.026
Earnings Per Share	-.211	.130	-.209		-1.623	.020
Firm Size	-.003	.003	-.086		-.726	.043

a. Dependent Variable: ROA

Source: Appendix III and SPSS Output

The t-value for "a" is 6.669, as shown in Table 6, with a P-value of 0.000, or 0.00%. It demonstrates that computed "a" is significant at the 5% level. Board size and earnings per share is statistically significant at the 5% level of significance. Board size and earnings per share has a negative impact on ROA. Ethnical Group and capital adequacy ratio both have a positive effect on ROA; also statistically significant at a significance level of 5%, with coefficients of 4.878 and 0.695, respectively. Therefore, there is a linear relationship between firms' ROA, board size, Ethnical Group, capital adequacy ratio, and Earnings per Share.

Again Female Director are statistically insignificant because their p-value are more than significance value of 0.05.

Table 7

Model Summary of ROE

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.531	.282	.167	.0951534506085

a. Predictors: (Constant), Earnings Per Share, Ethnical Group, adequacy ratio, Female Director, board size, firm size

The r^2 values obtained in model summary indicate that explanatory variables i.e. Independent variables explained 0.282 or 28.20% percent of the variations in ROE in the Commercial banks of Nepal within the period under study. The coefficient of determination (r^2) is 0.282 i.e. 28.20%.

Table 8

ANOVA table

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.089	4	.022	2.449	.007
	Residual	.226	25	.009		
	Total	.315	29			

a. Dependent Variable: ROE

b. Predictors: (Constant), Earnings Per Share, Ethnic Group, adequacy ratio, Female Director, board size, firm size

The overall summary and significance of the dependent and independent variables can be seen in the ANOVA table. In this table, it shows that the effect of autonomous variable for example Ethnic Group, adequacy ratio, earnings per share, female directors, and board size have an impact on the dependent variable, i.e. at significance level 0.05, ROE is statistically significant. 0.007. To conclude that these variables have a significant impact, the obtained p-value needs to be less than the 5% significance level.

Table 9

Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	0.132	0.042		3.126	.004
Board size	1.272	0	0.426	1.226	.032
Female Director	1.182	0	0.18	0.56	.018
Ethnic Group	3.217	0	0.348	1.019	.018
Capital Adequacy Ratio	-6.181	0	-0.512	-1.489	.049
Earnings Per Share	-7.091	.236	-.259	-1.138	.006
Firm Size	-3.668	.256	-.567	-.3778	.050

a. Dependent Variable: ROE

Source: Appendix IV

Regression analysis output: coefficient

The linear equation of this model is,

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6$$

$$ROE = 0.132 + 1.272X_1 + 1.182X_2 + 3.217X_3 - 6.181X_4 - 7.091X_5 - 3.668 X_6$$

Earnings Per Share, Ethnic Group, Adequacy Ratio, Female Director, Board Size, and Firm Size on ROE are shown in Table 9. The positive coefficients for board size, female director, and ethical group are 1.272, 1.182, and 3.217, respectively. This means that

when board size, female director, and ethical group increase by Rs.1, ROE increases by 12.72 percent, 11.82 percent, and 32.17 percent, respectively. It suggests that the return on equity (ROE) of Nepalese commercial banks will rise in proportion to board size, female directors, and ethnic group. The ethical group, female director, and board size have positive beta coefficients. It suggests that the profitability of Nepalese commercial banks would decrease the larger the board, the number of female directors, and the ethnic group.

As table above, Firm size, board size, female director, ethnical group, capital adequacy ratio and earnings per share are significant with ROE because of P-value which is less than significant level of 0.05.

Table 10

Model Summary of NIM

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.365a	.133	.077	5.29385

a. Predictors: (Constant), Earnings Per Share, Ethnical Group, adequacy ratio, Female Director, board size, firm size

The r^2 values obtained in model summary indicate that explanatory variables i.e. Independent variables explained 0.133 or 13.30% percent of the variations in NIM in the Commercial banks of Nepal within the period under study. The regression coefficient reveals that there is significant relationship of NIM with Earnings Per Share, Ethnical Group, adequacy ratio, Female Director, board size i.e. 0.035 which is shown in ANOVA table.

Table 11

ANOVA table

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	400.552	6	66.759	2.382	.035b
Residual	2606.314	93	28.025		
Total	3006.866	99			

a. Dependent Variable: NIM

b. Predictors: (Constant), Earnings Per Share, Ethnical Group, adequacy ratio, Female Director, board size, firm size

The overall summary and significance of the dependent and independent variables can be seen in the ANOVA table. In this table, it shows that the effect of autonomous variable

for example Ethnic Group, adequacy ratio, earnings per share, female directors, and board size have an impact on the dependent variable, i.e. At significance level 0.05, NIM is statistically significant, 0.035. To conclude that these variables have a significant relationship, the obtained p-value needs to be less than the 5% significance level.

Table 12

Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	17.208	5.491		3.134	.002
Board size	.572	.488	-.115	1.171	.045
Female Director	-.503	.494	-.100	-1.018	.011
Ethnical Group	.425	.355	.121	1.198	.034
Capital Adequacy Ratio	-.005	.057	-.009	-.086	.031
Earnings Per Share	.052	.021	.246	2.455	.016
Firm Size	-.056	.029	-.202	-1.951	.044

a. Dependent Variable: NIM

Source: Appendix IV

Regression analysis output: coefficient

The linear equation of this model is,

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6$$

$$NIM = 17.208 + 0.572 X_1 - 0.503 X_2 + 0.425 X_3 - 0.005 X_4 - 0.052 X_5 - 0.056 X_6$$

Earnings Per Share, Ethnical Group, Adequacy Ratio, Female Director, Board Size, and Firm Size on NIM are shown in Table 9. Ethnical Group, earning per share, and board size have positive coefficients of 0.425, 0.052 and 0.572, respectively. This means that when board size, Female Director, and Ethnical Group increase by Rs. 1, NIM increases by 0.425, 0.052 and 0.572. It shows that higher the board size, Female director and Ethnical Group higher would be the NIM of Nepalese Commercial banks. The Ethical Group, earning per share and board size have positive beta coefficients. It suggests that the profitability of Nepalese commercial banks would decrease the larger the board size, earnings per share, and the ethnic group.

With NIM at the 0.05 level of significance, the constant terms, earning per share, board size, Female director, capital adequacy ratio, Ethnical group and firm size are statistically significant. As shown in the table above, the independent variables board size, female

director, ethical group, capital adequacy ratio are all significant due to lower p-value comparing to significance value of 0.05.

4.4 Discussion

The study's objective is to investigate how corporate governance affects Nepal's bank performance. Mean, median, maximum, minimum, and standard deviation were utilized in this study. Profit is preferred in terms of ROA and ROE, so higher ROA and ROE are preferable to lower ones. The average value of each variable is shown by the "Mean." For instance, the mean return on assets (ROA) depicts the average return on assets for the mutual funds under investigation.

Size has a high degree of positive and significant relationship with ROA at a 5% level of significance, while the relationship between ROA and EPS has a moderately positive correlation and is statistically significant. This is comparable to what Jebran and Chen discovered (2023). There is a weak negative correlation between board size and ROE, which is also significant at the 5% level of significance. The findings of the study are comparable to those of Bista (2019) and Mohan's investigations. The connection among NIM and EPS is serious level of positive associated and the relationship is huge at 1% degree of importance. Moral gathering has huge positive connection with Size and negative critical connection with EPS which is like the discoveries of Jebran and Chen (2023).

Board size is statistically significant at the 5% level of significance, but Earnings per Share and Female Director are statistically significant, which is similar to Khan's findings (2023). ROA is negatively impacted by board size, female directors, and earnings per share. Essentially, ROA is decidedly influenced by Ethnical group and Capital adequacy ratio which is like the discoveries of Jesuka, (2022)., where Capital adequacy ratio is measurably huge at importance level of 5% and Ethnical group is critical at 5% degree of importance. Therefore, there is a linear relationship between firms' ROA, board size, Ethical Group, capital adequacy ratio, and Earnings per Share. Similarly, there is a statistically significant negative correlation between Ethnical Group and Female Director. This is in contradiction to the findings of Khatib, which are supported by Koutoupis (2021).

The positive coefficient of board size, female directors, and ethnic group indicates that ROE decreases by respective units when board size, female directors, and ethnic group increase by Rs. It demonstrates that higher the board size, Female director and Ethnical group higher would be the ROE of Nepalese Commercial banks which is comparable toddler the discoveries of Boachie and Mensah (2022). The Ethical Group, Female Director, and board size have positive beta coefficients. It demonstrates that higher the board size, Female director and Ethnical group lower would be the productivity of Nepalese Commercial banks. This result is consistent with the findings of Jebran and Chen (2023).

With NIM at the 0.05 level of significance, the constant terms, earning per share, and firm size are statistically significant. Similar to the findings of Bulley (2017) and Muharam and Atyanta (2021), but in opposition to Dawood's findings, NIM's p-value is greater than 0.05, making board size, female directors, ethical groups, and capital adequacy ratios significant.

As shown in the table above, the independent variables board size, female director, ethical group, capital adequacy ratio, and earnings per share are all significant. However, only earnings per share and firm size are significant with NIM, while the other variables are also significant with NIM. While this isn't tantamount to the discoveries of Khanal (2023) and Boachie and Mensah (2022) and Huynh (2022), it is like the discoveries of simulated intelligence Matari (2023) and Khan (2023).

Chapter – V

Summary and Conclusion

5.1 Summary

The principal motivation behind the examination study was to see if there exists any connection between corporate administration and its other variable. In order to provide an answer to this question, a number of works on the topic of corporate governance have been discussed. These works discuss the primary variables that have an effect on corporate governance, the drivers that would assist in achieving it, and then how this study measure corporate governance. The concept of corporate governance, its dimensions, and the relationship between other variables, on the other hand, have been the subject of research and concept.

The primary goal of the study was to determine whether corporate governance affects the bank performance. This chapter deals with the background and the subject matter of the study. It consists of introduction of research, which explains the background of the study, problem statement, objectives of the study, rationale of the study and limitation of the study. The appropriate review of literature has been done in the second chapter in terms of theoretical underpinning of banking principles as well as journals; articles and prior thesis. The third chapter discusses the research methods used to assess the liquidity and profitability of the development banks under investigation. The facts and information are presented, evaluated, and interpreted using financial and statistical methods in the fourth chapter. Finally, in the fifth and last chapter, the study's summary, conclusion, and suggestions are presented.

The descriptive and causal comparative research design was used in this study. Ten commercial banks have been used as samples in this study to investigate the connection between financial performance and corporate governance. Its specific objectives are as follows: i) determining the dimensions that represent banking performance and corporate governance; ii) analyzing the relationship between female directors, ethical group, size, earnings per share, Capital Adequacy ratio, ROA, ROE, and NIM of Nepalese Commercial Banks; and iii) examining the impact of female directors, ethical group, size, earnings per share, and capital adequacy ratio on ROA, ROE, and NIM. Using the convenience sampling method, 10 of these 20 commercial banks were used as a sample.

The data used in this study are secondary. The optional information is gathered through the yearly reports of separate banks. Microsoft Excel and SPSS were used to arrange and analyze the collected data.

5.2 Conclusion

The study's primary objective was to ascertain the commercial bank of Nepal's corporate governance as well as the connection between corporate governance and perceived performance and the remaining variables female directors, ethical group, size, earnings per share, Capital Adequacy ratio, ROA, ROE, and NIM. The finding of the study additionally shows that Female director, Size and EPS has significant negative impact on ROA, ROE and NIM of Commercial banks. Similarly, female directors have a negative and significant relationship with profitability. This indicates that EPS decreases with ROA. Similarly, Size has a high degree of positive and significant relationship with ROA at a 5% level of significance, whereas the relationship between ROA and EPS, which demonstrates a moderate degree of positive correlation. There is a weak negative correlation between board size and ROE.

Similarly, Board size has a negative impact on ROA. Ethnical Group and capital adequacy ratio both have a positive effect on ROA; capital adequacy ratio is statistically significant at a significance level of 5%, while Ethnical Group is statistically significant at a significance level of 5%. Board size, ethnical group, capital adequacy ratio and earnings per share are significant with ROE because of P-value which is more than significant level of 0.05. Firm size is near to significance level but also significant while female director is statistically significant. The independent variables board size, female director, ethnical group, capital adequacy ratio are all significant due to higher p-value comparing to significance value.

5.3 Implications

The following implications were derived from the study's findings, which identify the insignificant effect of profitability and draw some conclusions.

- i. Other than the variables mentioned in this study, subsequent research on the relationship may shed light on additional variables that may have an impact on corporate governance and perceived performance. However, this study only

focused on the five factors or groups of factors that make up corporate governance.

- ii. This study was directed utilizing an example from commercial bank which can't be summed up across other improvement bank, producing organization and money organization.
- iii. The study's sample size is small due to its academic nature. The sample size should be increased for professional research purposes to reduce error and make the result more widespread.
- iv. Examination can be directed in generally country to make the exploration more powerful and certifiable. In order to identify the outcome of the banking sector in Nepal, it is suggested that future researchers use a larger sample of participants representing the entire banking sector.
- v. Due to the negative effects of company size and capital volume on life insurance premiums, commercial banks should steer clear of excessive debt so that return on assets can be increased.
- vi. Future exploration incorporate whether they allot assets and oversee gambles proficiently thus factors influencing premium of life Commercial banks and their suggestions in risk the board rehearses.

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APPENCIDES

APPENDIX- I

Essential Information of Nepal Investment Mega Bank Limited

(Rs.in Million)

Fiscal Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Profit	1940	1962	2551	3114	3659	3324	2423	3558	3797	3720
Deposit	73831	90631	108627	125669	140328	152183	168824	174558	184791	354414
EPS	46.2	40.7	30.9	29.3	29.3	35.7	26.4	17	22	20.7
NIM	1.91	1.77	1.25	0.68	0.83	1.36	2.78	2.91	2.46	1.49
CAR	11.49	11.27	11.9	14.92	13.02	12.66	13.26	13.54	14.71	15.96
LN Size	42.4	44.8	45.6	46.4	48.8	63.6	59.1	56.3	60.3	60.8
Ethnical	12	10	9	8	9	11	10	10	8	8
Female Dir.	4	2	1	3	3	4	1	2	2	2
ROA	2.6	2.3	1.9	2	2.1	2.13	1.79	1.19	1.56	1.55
Board Size	9	9	7	7	11	9	9	8	8	8

(Source: Annual Report of Nepal Investment Mega Bank)

Essential Information of Laxmi Sunrise Bank Limited

(Rs.in Million)

Fiscal Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Profit	246	470	951	1112	1476	1706	1359	1446	1513	2285
Deposit	26616	33486	51650	57286	67366	75432	90223	106432	139252	296243
EPS	15.46	11.03	19.27	23.94	16.76	18.13	20.94	15.16	15.25	19.39
NIM	3.74	4.94	2.9	1.22	1.37	1.24	1.03	1.86	1.39	1.3
CAR	11.8	11.49	11.11	12.05	14.47	13.38	13.22	14.38	13.41	12.35
LN Size	38.21	42.26	43.27	45.5	45.25	55.99	59.84	61.13	63.43	67.34
Ethnical	12	11	8	7	10	12	13	12	8	11
Female Dir.	0	1	1	2	2	2	4	3	2	2
ROA	1.19	0.83	1.26	1.62	1.61	1.78	1.8	1.17	1.05	1.15
Board Size	9	9	9	9	8	8	9	9	8	7

(Source: Annual Report of Laxmi Sunrise Bank Limited)

Essential Information of Rastra Banijya Bank Limited

(Rs.in Million)

Fiscal Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Profit	974	961	1382	2006	2101	2762	2908	4165	4959	6694
Deposit	52292	60176	74682	101910	104850	120088	212315	268434	276965	426325
EPS	21.79	21.38	54.07	27.42	32.32	30.26	56.04	48.61	37.27	34.85
NIM	5.32	6.38	5.35	4.25	3.77	4.75	4.59	4.08	3.23	2.09
CAR	2.94	4.62	10.16	10.46	10.39	11.46	13.39	12.64	13.46	13.29
LN Size	43.89	44.98	50.95	52.88	46.96	31.48	30.57	24.53	22.45	18.92
Ethnical	10.22	9.1	8.23	8.32	7.78	9.2	8.97	9.63	6.99	7.93
Female Dir.	15.78	19.38	14.48	14.09	9.6	5.29	6.44	7.32	3.54	7.32
ROA	1.26	1.47	3.22	1.42	1.6	1.42	2.23	1.64	1.1	1.3
Board Size	7	7	7	9	11	11	10	8	8	8

(Source: Annual Report of Rastra Banijya Bank Limited)

Essential Information of Agricultural Development Bank Limited

(Rs.in Million)

Fiscal Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Profit	2289	1521	3490	2465	2966	3554	3332	3527	2226	1323
Deposit	54478	65898	77035	87387	99515	104216	118845	162815	166590	199487
EPS	45.09	59.03	35.19	78.83	52.79	36.91	42.88	31.45	29.13	14.41
NIM	8.98	5.85	5.46	5.35	4.36	3.5	3.29	2.84	1.88	2.09
CAR	19	16.34	14.93	13.9	17.16	20.33	20.37	19.29	16.94	15.59
LN Size	42.11	40.45	42.19	42.28	42.47	28.88	24.72	21.87	33.67	28.07
Ethnical	4	7	7	9	11	13	13	13	11	10
Female Dir.	4	4	5	2	2	2	2	3	2	2
ROA	2.9	2.97	1.76	0.93	0.58	2.71	2.77	1.86	1.59	0.9
Board Size	7	7	7	7	8	8	8	9	7	7

(Source: Annual Report of Agricultural Development Bank Limited)

Essential Information of Kumari Bank Limited

(Rs.in Million)

Fiscal Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Profit	701	767	1270	1488	1999	2319	2194	2961	2958	3229
Deposit	35414	44741	64902	76339	94245	114556	139172	180439	191156	223307
EPS	18.89	-33.46	17.27	17.24	8.71	15.19	28.38	13.94	14.93	19.4
NIM	6.6	6.01	5	5.1	5.56	4.38	4.05	4.38	3.45	3.19
CAR	16.42	11.67	13.93	13.83	16.07	17.18	16.54	14.2	13.26	11.72
LN Size	2.65	-3.2	8.97	8.82	8.95	9.61	6.94	12.99	39.18	17.58
Ethnical	10	10	10	10	9	9	8	8	8	8
Female Dir.	2	2	2	3	2	1	0	0	1	1
ROA	3.22.4	2.8	2.7	2.41	2.62	3.11	1.49	1.87	2.11	2.31
Board Size	7	7	9	9	9	11	8	9	9	9

(Source: Annual Report of Kumari Bank Limited)

Essential Information of Sanima Bank Limited

(Rs.in Million)

Fiscal Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Profit	428	624	1000	1377	1698	2258	1776	2318	2093	2606
Deposit	24874	34045	41664	56161	77849	89374	107250	126426	157518	175745
EPS	6.04	15.13	19.28	24.47	32.55	26.31	21.22	28.22	20.18	23.94
NIM	5.72	12.58	15.09	18.19	22.69	14.39	18.67	23.2	16.09	18.54
CAR	37.25	17.18	33.09	22.68	23.04	16.38	15.27	12.33	16.35	20.26
LN Size	2.44	4.05	2.47	3.79	2.11	3.71	4.32	6.05	4.12	3.69
Ethnical	8	8	8	11	11	9	9	9	10	10
Female Dir.	1	0	3	3	1	0	0	2	2	2
ROA	0.89	1.39	1.46	1.55	1.78	1.86	1.85	2.07	1.41	1.44
Board Size	7	7	7	7	9	9	8	9	9	9

(Source: Annual Report of Sanima Bank Limited)

Essential Information of Nabil Bank Limited

(Rs.in Million)

Fiscal Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Profit	2319	2094	2823	3645	3982	4238	3463	4528	4256	6405
Deposit	75389	104238	110211	118684	134810	162954	190806	223474	326222	396843
EPS	76.12	57.24	59.27	59.86	51.84	50.57	36.16	33.57	18.64	23.67
NIM	7.38	5.79	4.34	2.29	2.56	4.33	6.08	7	4.84	3.12
CAR	30.25	32.78	27.97	22.73	25.61	26.65	20.94	17.76	13.61	15.19
LN Size	11.05	11.2	11.38	11.66	11.76	11.85	12.04	12.21	12.38	12.58
Ethnical	8	8	7	9	9	8	8	9	7	9
Female Dir.	1	1	2	2	1	1	1	0	2	1
ROA	3.25	2.89	2.06	2.32	2.69	2.61	2.11	1.58	1.71	1.2
Board Size	9	9	9	7	9	7	7	9	11	11

(Source: Annual Report of Nabil Bank Limited)

Essential Information of Nepal Bank Limited

(Rs.in Million)

Fiscal Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Profit	717	484	2883	3118	3216	2597	2333	2961	2923	3438
Deposit	69338	77999	77999	89410	99831	118275	142989	162813	196075	244514
EPS	198.53	18.08	7.48	44.59	38.77	39.98	26.99	20.68	23.43	17
NIM	22.53	9.6	11.55	17.46	18.81	4.06	4.53	4.19	3.49	4.17
CAR	-0.59	4.55	7.49	10.2	14.47	16.8	17.01	16.8	15.05	16.81
LN Size	10.98	11.17	11.26	11.39	11.55	11.63	11.83	12.05	12.16	12.31
Ethnical	7	8	7	8	8	9	9	8	7	7
Female Dir.	2	2	1	3	2	2	1	1	2	3
ROA	0	0.01	0.01	0.01	0.03	0.03	0.02	0.02	0.01	0.01
Board Size	7	7	8	7	8	9	9	9	8	8

(Source: Annual Report of Nepal Bank Limited)

Essential Information of Himalayan Bank Limited

(Rs.in Million)

Fiscal Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Profit	959	1112	1936	2178	1876	2764	2587	2998	2368	1563
Deposit	64675	73538	87336	92881	98989	109387	125264	141021	168419	275311
EPS	34.19	33.1	33.37	43.03	33.55	23.11	32.44	27.6	28.07	18.26
NIM	-338.98	43.96	13.35	29.41	13.82	11.90	5.88	5.95	13.29	17.85
CAR	11.55	11.23	11.14	10.84	12.15	12.46	12.6	14.89	13.89	11.75
LN Size	2.45	2.42	2.41	2.38	2.5	2.52	2.53	2.7	2.63	2.46
Ethnical	7	9	9	10	9	9	8	10	10	9
Female Dir.	4	4	2	2	3	3	3	2	3	4
ROA	1.54	1.3	1.34	1.94	2.03	1.67	2.21	1.79	1.68	1.09
Board Size	8	8	8	8	8	9	9	9	7	9

(Source: Annual Report of Himalayan Limited)

Essential Information of Everest Bank Limited

(Rs.in Million)

Fiscal Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Profit	1550	1574	1730	2006	2582	3054	2516	1771	2479	3362
Deposit	62108	83094	93735	95094	116428	130177	144728	160220	172739	198008
EPS	88.55	91.88	86.04	78.04	40.33	32.48	32.78	38.05	29.71	19.91
NIM	15.19	16.91	24.27	16.16	16.52	17.75	18.56	14.43	18.5	6.5
CAR	11.67	17.32	30.58	27.17	83.94	41.66	20.23	17.5	22.72	37.06
LN Size	10.93	11.09	11.16	11.5	11.64	11.67	11.88	12.04	12.13	12.26
Ethnical	8	8	9	9	9	8	8	8	9	9
Female Dir.	2	2	2	4	4	3	4	3	3	3
ROA	2.39	2.25	1.85	1.85	1.83	1.97	1.94	1.42	0.89	1.13
Board Size	7	7	7	8	7	9	9	9	10	10

(Source: Annual Report of Everest Bank Limited)

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