IMAPCT OF DIVIDEND POLICY ON BANK PERFORMANCE OF NEPALESE COMMERCIAL BANKS

A Dissertation Submitted to the office of the Dean, Faculty of Management in partial fulfilment of the requirements for the Master in Business Studies (MBS)

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 Dividend Policy on Bank Performance of Nepalese Commercial Banks". The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor has it been proposed and presented as part of requirements for any other academic purpose.

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

Ram Thapa Magar has defended research proposal entitled "Impact of Dividend Policy on Bank 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 suggestion and guidance of supervisor Asso. Prof. Dr. Dhan Raj Chalise and submit the dissertation for evaluation and Viva-Voce examination.

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APPROVAL SHEET

We have examined the dissertation entitled "Impact of Dividend Policy on Bank Performance of Nepalese Commercial Banks" presented by Ram Thapa Magar for the degree of Master of Business Studies. We hereby certify that the dissertation is acceptable for the award of degree.

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Ram Thapa Magar

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ABBREVIATIONS

AD	:	Annon Domini
ANOVA	:	Analysis of Variances
BVPS	:	Book Value per Share
C.V.	:	Coefficient of Variation
CDPS	:	Cash Dividend per Share
DPR	:	Dividend Payout Ratio
DPS	:	Dividend per Share
EPS	:	Earnings per Share
F-Value	:	Fishers Value
FY	:	Fiscal Year
NIM	:	Net Interest Margin
NPLR	:	Non-performing Loan Ratio
NRB	:	Nepal Rastra Bank Limited
P-Value	:	Probability Value
ROA	:	Return on Assets
ROE	:	Return on Equity
Rs.	:	Rupees
S.D.	:	Standard Deviation
SDPS	:	Stock Dividend per Share

ABSTRACT

This research looks at the dividend distribution patterns of Nepalese commercial banks to provide light on how these practices affect company profitability and shareholder wealth. A sample of ten out of the twenty listed banks on the Nepal Stock Exchange (NEPSE) is carefully selected for a comprehensive analysis using a purposive selection approach based on paid-up capital. The study uses a descriptive comparative research approach and spans 10 fiscal years, from 2013–14 to 2022–23. It is centered on secondary data extracted from the selected institutions' yearly reports. For statistical research, including multiple regression, correlation analysis, mean, minimum, and maximum, as well as standard deviation, SPSS and Microsoft Excel are used. The research concludes that there are positive and statistically significant relationships between return on equity (ROE) and the cash dividend per share, stock dividend per share, and dividend payout ratio. Nevertheless, no statistically significant correlations are found between these dividend-related variables and net interest margin (NIM) or return on assets (ROA). The dividend programs provided by the selected institutions are made clearer in terms of their structure and trends by the descriptive research. The findings demonstrate the significance of dividend policy for Nepalese commercial banks, particularly in relation to boosting shareholder value via ROE. Further investigation into other pertinent factors is encouraged by the absence of connections found between NIM and ROA. This study provides valuable insights into the intricate aspects of financial performance within Nepal's banking sector.

Keywords: *Dividend policy, return on equity, net interest margin, return on assets, financial performance, shareholder wealth.*

CHAPTER I
INTRODUCTION

1.1 Background of the Study

In the last several years, the impact of dividend policy on bank financial performance has garnered more attention from researchers and increased discourse. Investigations by Bossman et al. (2022), Nambukara-Gamage and Peries (2020), Nguyen et al. (2020), Farrukh et al. (2023), Ansar et al. (2023), Ojeme et al. (2022), and Nambukara-Gamage and Peries (2020) have illuminated this crucial relationship in several global contexts. According to Ansar et al. (2023), there is a significant positive correlation between shareholder wealth and dividend policy, suggesting that dividend payments have a favorable impact on the accumulation of investor wealth. Yegon et al. (2023) discovered strong positive relationships in Kenya between dividend policy, investments, firm performance, and profits per share. Meanwhile, in line with dividend relevance and signaling theories, Nambukara-Gamage and Peries (2020) discovered a marginally positive correlation between dividend policy and shareholder wealth in the Australian retail industry. Bossman et al. (2022) found a complex relationship between dividend capacity, free cash flow savings, and company success during a period of changes in Ghana's banking industry. These findings emphasize how important it is to understand the nuanced effects of dividend policy on the financial performance of the banking sector.

Additionally, Ojeme et al.'s study from 2022 sheds light on the particular implications of dividend policy on the financial performance of banks in Nigeria and Pakistan, respectively. According to Farrukh et al. (2023), dividend policies have a favorable and significant impact on shareholder wealth and company performance in Pakistan. This highlights the applicability of several dividend theories, including the signaling effect hypothesis and the dividend relevance theory. The relationship between dividend payments and market value in Nigeria is examined by Ojeme et al. (2022), who emphasize the significance of dividend distributions to the market value of shares in publicly listed banks. These findings demonstrate the potential importance of dividend policies as tools for boosting shareholders' wealth and the need of further research into these effects in the banking sector.

A key component of the company's financing decision is the dividend decision, which is the allocation of a bank's profits between dividend and retention. It is one of the most significant financial management decisions since it affects investor sentiment, corporate liquidity, financial structure, and money flow, all of which have an impact on the firm's worth. Making the right decision about dividend policy may help the company; making the wrong decision can lose the company money and effort (Bhandari & Pokhrel, 2012).

Businesses often put into practice dividend plans that are suitable for the stage of their life cycle. As an example, high-growth businesses with larger cash flows and fewer projects often distribute a larger portion of their earnings as dividends. The payment of dividends by companies may exhibit diverse and captivating patterns, which contributes to the intricacy of these decisions. First of all, dividends often follow profits; that is, increases in dividends usually follow earnings increases, whereas dividend reductions sometimes accompany earnings decreases. Second, the reason dividends are "sticky" is because firms are often reluctant to modify distributions; in other words, they refuse to cut payments even when earnings decline. Third, compared to earnings, dividends have a more smoother trajectory. Finally, because of fluctuations in growth rates, cash flows, and project investments, dividend policy fluctuates greatly across a company's life cycle. Businesses in cyclical sectors, for example, are more susceptible to macroeconomic fluctuations and are thus less likely to be persuaded to establish a relatively low manageable regular payout in order to avoid the feared repercussions of a lowered dividend in an exceptionally poor year (Mehta, 2012).

The dividend distribution policy of a bank affects lenders, investors, management, and other stakeholders, especially claimants. Whether declared now or gathered and disbursed later, dividends are an important part of a bank's worth in addition to providing investors with a consistent stream of income. In a similar vein, managers' capacity to fund projects is impacted by the amount of dividends they can distribute to shareholders; more payouts equate to lower cash on hand for investment. The amount of dividends announced by banks may be of interest to lenders since a higher dividend payment means less money available for claim servicing and redemption. Given that several claimants participate in the effect of dividend payments, they provide an example of a common agency situation. Dividend distribution might thus be used to reduce agency costs. The amount of discretionary income managers have for luxuries and investment opportunities is reduced by dividend payments, forcing managers to look for capital markets financing. Managers may be encouraged to

exercise more discipline and act in the owners' best interests by this external capital market monitoring (Zaman, 2013).

A percentage of net income is distributed to shareholders as dividends in line with the bank's dividend policy. Paying dividends is often a component of a bank's strategic goal of giving shareholders a percentage of its profits. The payment plan that management use to decide on the amount and timing of cash distributions throughout the year is referred to as dividend processes. One of the topics in corporate finance that has been studied the most is dividend policy. However, managers, lawmakers, and academics disagree on whether dividend policies have an impact on shareholder wealth (ROE) and company success (ROA & NIM) (Bhandari & Pokhrel, 2012).

The study on dividend policies for Nepalese commercial banks was conducted since the country's banking sector has seen substantial transformation and is becoming an increasingly important economic force. Examining the relationship between dividend policies and how they affect the price of shares listed on the NEPSE was the aim of this study.

1.2 Problem Statement

Maximizing shareholder value while keeping a clear balance in three fundamental decision-making processes—investment, financing, and dividend selection—is the major objective of financial management (Ansar et al., 2023; Nambukara-Gamage & Peries, 2020). For lenders, investors, management, and other stakeholders, dividends are crucial. It is especially important for investors, who see dividends as a tool for assessing firms from an investment perspective in addition to being a source of income. It's a way to figure out whether a business can make money (Zaman, 2013). By understanding the dividend yield (DY) and dividend payout ratio (DPR), an investor may conduct a more thorough and accurate study of the company's financial performance. Future profit growth for the bank is also significantly impacted by the dividend distribution ratio. In addition to providing income for investors, dividends also serve as an indicator of the bank's success. Selecting a suitable dividend policy turns into a crucial matter for investors and management. Both dividend payments and growth in earnings per share—which can only be attained by reinvesting earnings profits back into the company—are valued by shareholders. It will be hard to pay out a dividend at a level that is appropriate if a substantial portion of the earnings is reinvested. Conversely, proper profit reinvestment is not feasible if a significant portion

of a company's profits are distributed as dividends. Reinvestments of a company's earnings and the amount of dividends paid out annually are trade-offs. To achieve this, a well-rounded policy strategy is essential (Yegon et al., 2023).

As one group must consider and organize for dividend distribution while the other must receive it as compensation for their investment, dividend policy is essential to both management and investors. In addition to providing income for investors, dividends also serve as an indicator of the bank's success. Selecting a suitable dividend policy turns into a crucial matter for investors and management. Dividend payments and gains in earnings per share—which can only be attained via the reinvestment of profits—are highly valued by shareholders. It will not be feasible to pay a dividend at a level that is acceptable if a substantial portion of profits is reinvested. Conversely, equitable profit reinvestment is not feasible if a significant portion of a company's profits are distributed as dividends. Reinvestments from a bank's earnings and the amount of dividends given out are mutually exclusive. For this reason, a well-rounded policy approach is essential (Ojeme et al., 2022).

To increase the value of shareholders' investment, the dividend policy should strive to maximize returns to shareholders. Choosing a dividend is one of the company's key choices. One of the factors that exposes a company's actual profits position is the amount that the company declares. Companies that do better than their counterparts may raise more money on more favorable terms and have higher company performance (ROA & NIM) and shareholder wealth (ROE). Understanding the factors that affect the business success (ROA & NIM) and shareholder wealth (ROE) of an organization's shares is thus crucial. A simple, comprehensive statement that reflects management's evaluation of the company's performance to date and its prospects going forward is the dividend (Ansar et al., 2023; Ojeme et al., 2022, Nambukara-Gamage & Peries, 2020). In this way, Nepal has produced very few research studies in this area. Thus, the purpose of this research is to respond to the following questions.

i) What is the structure and pattern of dividend policy and shareholders wealth and banks performance of commercial banks in Nepal?
ii) Is there any relationship between cash dividend, stock dividend, dividend payout ratio, dividend yield and shareholders wealth and banks performance?
iii) Does the nature (cash and stock) of dividend, dividend payout ratio, dividend yield and earnings per share impact shareholders wealth and banks performance?

1.3 Objectives of the Study

The main objective of this study is to analyze of the dividend payment practices of commercial banks and its effect on shareholders wealth (ROE) and banks performance (ROA & NIM) of shares of commercial banks. The study attempts to focus on following specific objectives.

i) To examine the structure and pattern of dividend policy and shareholders wealth and banks performance of commercial banks in Nepal.

ii) To analyze the relationship between cash dividend, stock dividend, dividend payout ratio, earnings per share, dividend yield and shareholders wealth and banks performance of stock.

iii) To assess the impact of cash dividend, stock dividend, dividend payout ratio, dividend yield and earnings per share on shareholders wealth and banks performance.

1.4 Research Hypotheses

The following hypotheses have been generated from the literature for empirical investigation.

H1: There is a significant effect of stock dividend on return on assets.

Review articles like Smith's provide empirical support for the premise that stock dividends have a major impact on return on assets (ROA) (2007). These studies focus on how stock dividends affect a bank's overall financial performance, particularly return on assets (ROA). Stock dividends have the potential to change the total assets by raising the number of existing shares without affecting cash reserves, which might have an effect on how efficiently and how well assets are used. Changes in the asset base of companies that issue stock dividends may have an impact on their capacity to produce returns from these assets.

H2: There is a significant effect of cash dividend on return on assets.

Research investigations, such the ones carried out by Chen and colleagues (2014), indicate a relationship between ROA and cash dividends. A direct distribution of profits to shareholders in the form of cash dividends lowers the company's retained earnings. The distribution of cash to shareholders instead of reinvesting them into productive assets may

have an impact on the bank's overall financial health. As a result, the distribution of cash dividends may have an impact on the returns and asset productivity.

H3: There is a significant effect of dividend payout ratio on return on assets.

Studies on dividend policy, especially those by Smith (2007), suggest that a bank's return on assets (ROA) might be impacted by the dividend payout ratio—the percentage of profits given as dividends. Less retained profits for firm reinvestment results from a high payout ratio, which may restrict prospects for asset development and growth. On the other hand, a lower payout ratio would make it possible to keep and reinvest more money, which might boost asset efficiency and returns.

H4: There is a significant effect of dividend yield on return on assets.

Research indicates that there is a connection between dividend yield and financial success, as shown by the findings of Chen et al. (2014). The return on investment only from dividends is known as dividend yield, which is computed as the dividend per share divided by the share price. A larger dividend yield may draw in more investors, raising the company's market capitalization and share price. These factors may then impact the management's asset usage and efficiency plans, which may have an impact on ROA.

H5: There is a significant effect of earnings per share on return on assets.

Previous research highlights the significance of profits per share (EPS) in financial success, as shown by Smith (2007). A crucial measure of a business's success is its earnings per share (EPS), which is computed by dividing net income by the total number of outstanding shares. Better profitability is shown by higher EPS, and this may have a favorable impact on asset use and management, thus increasing ROA. For investors, earnings per share (EPS) is a crucial metric that may greatly impact how they see the success of the firm.

H6: There is a significant effect of stock dividend on net interest margin.

Research conducted in 2004 by Saona and Majluf examine how stock dividends affect interest income and net interest margins (NIM). Dividends on stocks have the potential to change an institution's equity structure and hence its capacity to pay interest. By increasing the number of outstanding shares without affecting the cash position, stock dividends may have an impact on a bank's capital adequacy and its capacity to make interest-generating

investments. The NIM, or the difference between interest income earned and interest paid to lenders, may then be impacted by this.

H7: There is a significant effect of cash dividend on net interest margin.

According to empirical study by Ahmed et al. (2018), cash dividends have an impact on the entire financial structure of banks, which in turn has an impact on net interest margins. Giving out cash dividends lowers retained profits, which may leave less money available to pay interest on loans and other interest-bearing investments. Because of its effect on the bank's ability to sustain a profitable margin between interest revenue and interest costs, this decline in retained profits may have an effect on the NIM.

H8: There is a significant effect of dividend payout ratio on net interest margin.

According to research on capital structure dynamics, dividend payout ratios may have an effect on a bank's interest revenue and net interest margins (Saona and Majluf, 2004). A greater payout ratio suggests that shareholders get a bigger percentage of profits, which means there are less funds available for reinvestment in activities that generate interest. This may make it more difficult for the bank to earn a large net interest margin, which would have an impact on its total profitability.

H9: There is a significant effect of dividend yield on net interest margin.

Research on the connection between financial measures and dividend yield, like that done by Ahmed et al. (2018), suggests that a bank's interest income may be impacted by investors drawn to dividend yield. A bank's capacity to finance interest-generating assets may be improved and capital inflow might increase if its shares have a greater dividend yield. By increasing the resources available for interest revenue while keeping interest expenditures in check, this capital inflow may have a favorable impact on the net interest margin.

H10: There is a significant effect of earnings per share on net interest margin.

Saona and Majluf's (2004) empirical assessments demonstrate how profits per share affects net interest margins and other aspects of financial success. Better profitability, as shown by a higher EPS, might provide a bank more money to spend on interest-generating ventures. By guaranteeing that the bank makes a sizable gap between its interest revenue and interest expenditures, this enhanced profitability may improve the NIM.

H11: There is a significant effect of stock dividend on return on equity.

Palepu and Healy's (2007) empirical evaluations highlight how stock dividends affect shareholder equity and return on equity (ROE). Stock dividends raise the number of outstanding shares without changing the total equity, which may have an impact on ROE and the way profits are distributed per share. Stock dividends have the power to affect total ROE by modifying the equity structure, which in turn affects how returns are computed and allocated to shareholders.

H12: There is a significant effect of cash dividend on return on equity.

Steeped in corporate finance research (Brealey et al., 2017), the notion that cash dividends have a major impact on ROE is validated. A cash dividend is a direct distribution of profits to shareholders, which lowers retained earnings for the business. This decrease may have an impact on shareholders' total wealth and, in turn, the return on equity (ROE), which is determined by dividing net income by shareholders' equity. Thus, variations in retained profits as a result of cash distributions may have an effect on the returns produced on shareholder equity.

H13: There is a significant effect of dividend payout ratio on return on equity.

Based on research on the dynamics of capital structures by Palepu and Healy (2007), the dividend payout ratio—which is the percentage of profits given as dividends—has the potential to affect the make-up of shareholder equity and return on equity. Retained profits are diminished by a larger payout ratio, which may restrict chances for reinvestment and have an effect on the equity base. As a result, the ratio of distributed dividends to retained profits may change, which may have an impact on ROE.

H14: There is a significant effect of dividend yield on return on equity.

According to Brealey et al. (2017)'s empirical study, dividend yield—which is determined by dividing the dividend per share by the share price—may draw in investors and have an impact on shareholder equity, which might lead to fluctuations in ROE. A greater dividend yield has the ability to increase demand for and maybe even raise the price of the bank's shares by making them more appealing. By increasing the returns on the investment made by the shareholders, this growth in equity value may have a favorable impact on ROE.

H15: There is a significant effect of earnings per share on return on equity.

Drawing on business analysis literature, including research by Palepu and Healy (2007), the significance of profits per share (EPS) in determining shareholder equity and return on equity (ROE) is highlighted. Better profitability is indicated by higher EPS, and as higher profitability increases the net income available for distribution, it may lead to higher returns on equity. Since EPS indicates the company's capacity to create profits in relation to its existing shares, it is a crucial component in evaluating total returns to stock investors.

1.5 Rationale of the Study

The main objective of financial management is to increase shareholders' wealth. This objective highlights the need to coordinate choices on investments, financing, and dividends in order to maximize returns to shareholders. For investors, dividend policy is one of these key factors that cannot be overlooked. In addition to giving investors a source of income, dividends provide investors important information about a bank's stability and health. Dividend payments are a common metric used by investors to assess companies when making investment decisions. Therefore, the goal of this study is to examine the relationship between dividend policy and bank performance and shareholder wealth, with a focus on indicators like net interest margin (NIM), return on equity (ROE), and return on assets (ROA). By doing this, it promptly responds to the needs and desires of investors who depend on dividend-related information to make informed investment choices.

Moreover, the implications of the study's findings extend beyond the realm of investment. Government organizations in charge of financial market law, regulation, and oversight may find great use for the insights generated by this study. A clear understanding of how dividend policies affect bank performance and shareholder wealth may assist policymakers in developing laws that support robust, open financial markets. This information may be used to create regulatory frameworks that safeguard the interests of different stakeholders while promoting fair and effective dividend practices. Therefore, the research may contribute to the development of sound financial laws and market regulations.

1.6 Limitations of the Study

The process adopted for the collection and analysis of data in this study is not exhaustive. All these variables cannot be taken in to consideration for the study due to the time constrain. Therefore, during the study there occur following limitations:

i) Only internal variables are used in this study, no macro-variables are used.

ii) The study deals with ten listed commercial banks among 20-listed commercial banks in NEPSE.

iii) This study is based on secondary data and accuracy depends upon the data collected and provided by the organization.

iv) The whole study is only based on ten fiscal years data ranging from 2013/14 to 2022/23.

v) The findings may not be applicable to all nature of commercial banks and financial institution form national or international context.

CHAPTER II
LITERATURE REVIEW

This chapter present the theoretical review, conceptual reviews, empirical reviews and research gap associated with Impact of Dividend Policy on Bank Performance of Nepalese Commercial Banks.

2.1 Theoretical Review

The importance of dividend payment practices in shaping the financial environment of commercial banks has drawn the interest of academics and industry professionals. The goal of this study is to examine, within the framework of commercial banks, how dividend policies affect shareholder wealth and company performance. While Net Interest Margin (NIM) and Return on Assets (ROA) are used to evaluate company performance, Return on Equity (ROE) is utilized to determine shareholder wealth. Recent years have seen tremendous changes in the banking sector, therefore it's crucial to understand how dividend policies affect these crucial financial indicators. According to Miller and Modigliani (1961), dividend policies have the potential to change a company's worth; for this reason, dividend decisions are critical to maximizing shareholder wealth and overall corporate performance.

Bird-in-the-hand Theory

The Bird-in-the-Hand theory, first out by Myron Gordon and John Lintner in 1963, holds that investors value current dividend income above uncertain capital gains in the future. Based on risk aversion and the idea that a dollar gained now is worth more than a dollar obtained later, there is a drive for quick profits. Commercial banks may thus attract investors seeking steady income if they consistently pay out a higher dividend percentage. Consequently, this might impact the value of the stock and result in an increased Return on Equity (ROE) (Gordon & Lintner, 1963).

Theory of Dividend Irrelevance

The Dividend Irrelevance thesis, which originated from the groundbreaking work of Miller and Modigliani in 1961, maintains that shareholder value should not be impacted by dividend policy. It argues that dividend policy is useless since investors may create the income stream of their choice by buying or selling shares. This approach places more

attention on the firm's overall performance than on the specific dividend policy that is used, including Return on Assets (ROA) and Net Interest Margin (NIM) (Miller & Modigliani, 1961).

Theory of Signaling

According to Bhattacharya's 1979 Signaling Theory, companies use dividend payments as a means of informing investors about their stability and sound financial standing. It may be assumed that commercial banks that maintain or increase their dividend payments are in better financial condition and are less likely to face financial troubles. Given that investors are more inclined to invest in these banks, this positive perception may have an effect on stock prices and improve ROE (Bhattacharya, 1979).

Theory of Clientele Effect

Elton and Gruber (1970) presented the Clientele Effect Theory, which states that different investor groups have different preferences for dividend programs. The dividend policy of commercial banks may be designed to appeal to certain investor groups, which might affect their return on equity (ROE). According to Elton and Gruber (1970), banks that place a high priority on dividend stability could draw income-oriented investors, but those that place a high priority on growth might draw a different kind of shareholder, ultimately changing the composition of their investor base.

Theory of Pecking Order

In 1961, Donaldson put out the Pecking Order Theory, which holds that because of concerns about information asymmetry and the cost of equity, firms prefer internal financing—such as retaining profits—over external financing—such as issuing additional shares. Retained earnings and dividend policies of commercial banks may have an influence on their capital structure, which in turn affects ROA and NIM. Holding profits and avoiding external financing allows banks to maintain a more efficient financial structure and, therefore, improved financial performance (Donaldson, 1961).

The aforementioned theories provide a comprehensive framework for examining the complex relationship between dividend policies and their effects on business performance (ROA and NIM) and shareholder wealth (ROE) in the context of commercial banks. By examining these concepts, scholars and industry professionals may gain understanding of

the mechanisms and origins that support this essential aspect of financial management in the banking industry.

2.2 Conceptual Review

There are several factors that influence and complicate the relationships between different dividend types (stock and cash), dividend payout ratios, dividend yields, profitability, and shareholder growth. The kind and quantity of dividends handed out may have a big impact on a bank's earnings, stability, and capacity to grow its shareholders' wealth. Investors and companies seeking to increase shareholder value and financial performance must both comprehend these dynamics.

Relationship between Cash Dividend and Growth of Shareholders and Profitability

Direct profit transfers to shareholders are known as cash dividends, and study on how these payments relate to profitability and shareholder growth is crucial. When a company makes enough money to distribute to its shareholders, cash dividends are often given out. This suggests financial stability and the capacity to generate steady earnings, which might have a positive effect on shareholder wealth and growth. Businesses that pay cash dividends are more profitable, according to Fama and French (2001), and this profitability is linked to a higher Return on Equity (ROE), which increases the wealth of shareholders.

Link between Stock Dividend and Earnings and Growth of Shareholders

In contrast to cash dividends, stock dividends include the distribution of additional shares to current owners and have a distinct impact on profitability and shareholder development. Since stock dividends do not represent a cash outflow from the company, they have no direct impact on profitability. Nonetheless, they could impede shareholder development by acquiring more shares. Stock dividends have the potential to reduce earnings per share (EPS) by increasing the number of shares in circulation, according to Brennan and Copeland (1988). If not managed appropriately, this might have an indirect effect on shareholder wealth even though it might not directly affect profitability (Brennan & Copeland, 1988).

The relationship between profitability and shareholder growth and the dividend payout ratio

An analysis of the correlation between payments, profitability, and shareholder growth must take into account the dividend payout ratio, which is the proportion of earnings that are paid as dividends. A bank's commitment to providing profits to shareholders may be shown by a high dividend payout ratio, which might raise return on equity (ROE) by giving investors a larger portion of earnings. Organizations with higher dividend payout ratios have lower retained earnings, which may limit their ability for internal growth, according to Baker et al. (1985). It may, however, draw income-seeking investors hoping for rapid returns, which would have an impact on shareholder value (Baker et al., 1985).

Relationship between Dividend Yield and Growth of Shareholders and Profitability

Information on how dividends impact profitability and shareholder growth may be found in the dividend yield, which is the ratio of payouts per share to the stock price. A higher dividend yield might indicate that a bank's dividend payments are substantial relative to the value of its shares. This might attract investors seeking stability and revenue. A firm's profitability and dividend yield are positively correlated, according to Black and Scholes (1974), suggesting that profitable companies are more likely to provide higher dividend yields. Both ROE and shareholder wealth may benefit from this relationship (Black & Scholes, 1974).

2.3 Empirical Review

According to Farrukh et al. (2023), there is still no consensus on whether dividend policy affects shareholder wealth in the field of corporate finance. The aim of this research is to ascertain how Pakistani businesses' performance and shareholder value are affected by dividend policies. Dividend policy has been one of the most controversial topics in corporate finance literature. Several scholars have attempted to identify issues with dividend policy; nonetheless, we still do not have a reliable explanation for the behavior of dividend policy. The study's considerations were dividend policy, shareholder wealth, and company success. Dividend yield and dividend per share are used to evaluate dividend policy. Share price and earnings per share are used as stand-ins for shareholder wealth. The return on equity is used to gauge the success of a firm. The findings of the regression show that dividend policy has a positive and significant impact on both shareholder wealth and company performance. The clientele-effect theory, the bird in hand theory, the signaling impact hypothesis, and the dividend relevance theory were all validated by this study. In order to increase corporate performance and shareholder wealth in Pakistan, the research

commends company finance managers for putting in place a stable, efficient, regulated, and target-oriented dividend policy in addition to an efficient supervision system supervised by capital market regulatory bodies. Furthermore, in order to safeguard prospective investors and help them make wise investment choices in publicly listed firms, enough firm information about dividend distribution and dividend per share is needed.

Ansar et al. (2023) looked at the relationship between dividend policy and shareholder wealth. A selection of thirty firms was selected from the Karachi stock market, including enterprises operating in the textile, cement, and chemical industries. Shareholder wealth is determined using the share market price. Dividend per share, retained profits, lagged price, and return on equity were used as independent variables. The estimate of the multiple regression model shows a strong correlation between dividend policy and shareholder wealth. Dividend policies in Pakistan enhance shareholder value.

According to Yegon et al. (2023), dividend policy has a big impact on how a company manages its finances and serves as a check on managerial opportunism. Determining the relationship between dividend policy and company profitability, investment, and profits per share is the aim of the research. The annual reports and financial statements of nine (9) publicly listed manufacturing companies in Kenya provided the study's data. These data were put through regression analysis using e-view software, and the findings indicate that dividend policies of organizations have a significant positive correlation with firm profitability. They also have a significant positive correlation with investments and Earnings Per Share. It is advised that businesses make sure their dividend policies are strong and stable since this will boost their profitability and draw in investments.

Ojeme et al. (2022) looked at whether the Nigerian Stock Exchange's unfavorable swing in firm profitability was largely caused by the global financial crisis. This illustrates the possibility of several causes contributing to the change in quoted stock prices. The market value of shares has historically been significantly impacted by factors like bank performance and news about the introduction of new technologies. Therefore, the purpose of this research is to empirically analyze the effects of acceptable dividend policies on the value of shareholders' wealth and the degree to which dividend policies affect the market value of shares in banks that are listed in Nigeria. The circumstances before and after the financial crisis are examined in the report. Data from correlations between market values and dividend payments made by publicly listed banks between 2007 and 2010 showed that

the market value of these institutions is influenced by the dividend payments made, and that the dividend payment size affects the share value. The essay also explores the consequences and ramifications of policy choices on dividend holding and distribution for future increases in shareholder wealth.

After adjusting for bank age, size, capital structure, governance, and financial sector clean-up, Bossman et al. (2022) looked at the connection between listed enterprises in Ghana's dividend policy and financial performance. We used the system dynamic general method of moments (GMM) estimation methodology using data spanning from 2015 to 2019. During a time of financial sector reforms and cleanups, the impact of new dividend policy proxies (dividend capacity and free cash flow savings) on bank performance was evaluated in addition to dividend payment. We found that return on equity and return on assets are significantly impacted by dividend capacity. It was shown that reductions in free cash flow had a substantial and direct impact on return on equity and return on assets, but only a weak correlation with Tobin's Q and stock price. Our study indicates that, whereas free cash flow savings and dividend capacity are positively correlated with firm success, dividend distribution negatively affects owners' wealth in times of crisis. Only the performance of non-financial firms was negatively impacted by financial sector clean-ups, according to the report. Businesses should find a balance between free cash flow savings and dividend payout in order to draw in a diverse range of investors. To counteract the adverse consequences of inadvertent reforms and/or clean-ups on other sectors of the economy, governments and market regulators must take concrete steps to conduct financial sector reforms and/or clean-up programs. We believe that governments, market regulators, and investors will find our study's results useful.

The effect of dividend policy on stock price volatility in manufacturing companies listed on the Indonesia Stock Exchange between 2019 and 2020 was examined by Ridloah et al. in 2022. This research also looks at other variables including firm size, earnings volatility, and leverage that are thought to affect dividend policy and stock price volatility. The yearly financial report of the bank is the source of secondary data used in this quantitative research technique. The deliberate sampling method is used in this investigation. From the 62 companies in the sample, a total of 124 observations were gathered. In this study, the multiple regression method is used. In this study, a causal comparative analysis tool called SPSS 16 was used. The empirical results of this research show that dividend policy negatively affects stock price volatility. Raising dividends reduces the risk of stock price

volatility. The control factors of firm size and leverage have little impact on the volatility of stock prices. Moreover, there exists a positive correlation between the volatility of stock prices and the control variable of earnings volatility.

The significance of dividend policy in mitigating the effects of price book value, debt equity to ratio, and earnings per share on company profitability was examined by Salim and Pardiman (2022). The example was a manufacturing company with complete financial reports for the years 2015–2020 that was listed on the Indonesian stock market. The data was analyzed using the route analysis technique. The results of this investigation show that dividend policy is unaffected by EPS, DER, or PBV. DER, PBV, and EPS have a significant impact on stock price. The impact of earnings per share on the profitability of the company cannot be mitigated by dividend policy. Moreover, dividend policy was unable to lessen the negative effects of debt-to-equity ratios on corporate performance. Moreover, the dividend policy did not lessen the effect that price book value had on the profitability of banks.

Usman et al. (2021) looked at how share prices were impacted by dividend policies. Manufacturing companies that were listed between 2014 and 2018 on the Indonesia Stock Exchange were chosen as the study's sample item. The independent variables are dividend yield, earnings per share, return on equity, dividend per share, and dividend per share. The dependent variable is the manufacturing sector's share prices. For this research, a purposive sample technique was used to choose 36 companies. The panel data regression model's findings indicate that dividends per share have a favorable impact on share prices. Dividend yield has a negative effect on share prices. Stock prices are not significantly impacted by earnings per share, return on equity, or earnings per share. Businesses and investors hoping to raise share prices might probably use the study's conclusions as a guide.

Setyabudi (2021) guaranteed the bank's continued existence and raised its value. The value of a firm is indicated by its stock price. With dividend policy acting as an intervening variable, the aim of this research is to empirically illustrate the impact of profitability, leverage, and institutional ownership on banks' value. The study's secondary data comes from 138 manufacturing companies listed on the Indonesia Stock Exchange between 2016 and 2018, namely from their financial statements and annual reports. In data analysis, path analysis was used. The results showed that institutional ownership, profitability, and leverage all significantly influenced dividend policy. It has been shown that firm value is

significantly influenced by profitability, leverage, and dividend policy, while institutional ownership has less effect. The impact of leverage and institutional ownership on company value cannot be countered by the dividend policy variable, but the impact of profitability may.

A long-standing and controversial topic, the impact of dividend policy on shareholder wealth was examined by Nambukara-Gamage and Peries (2020). This study's main objective is to look at how dividend policy affects shareholder wealth. It was predicated on a sample of thirteen Australian retail companies that were listed between 2012 and 2017 on the Australian Stock Exchange (ASX). The market value of a share was used to measure shareholder wealth, and the dividend payment ratio was utilized as a proxy variable to evaluate the dividend policy. Regression analysis was employed in the research to examine secondary data. The connection between shareholder wealth and dividend policy has been studied in the past. Despite the fact that studies have shown strong connections, others have questioned the theories and findings. According to this study, shareholder wealth and dividend policy have a moderate but favorable relationship. This was found to be consistent with the dividend relevance, bird-in-hand, and signaling theories.

The relationship between dividend policy and share price volatility of companies listed on Vietnam's Hochiminh Stock Exchange (HOSE) was examined by Nguyen et al. (2020). The study's data set was collected from 260 HOSE-listed businesses' financial statements between 2009 and 2018. To address econometric difficulties and improve the caliber of regression coefficients, three statistical techniques are employed: the fixed effects model (FEM), the random effects model (REM), and the general method of movement (GMM). Using the results of GMM, the link between dividend yield and share price volatility as well as dividend payout ratio has been examined. The information shows that although dividend payout ratio and stock price volatility have a negative connection, dividend yield and volatility are positively correlated. It was also shown that company size had an adverse effect on share price volatility, although growth rate, leverage, and earnings volatility all had favorable effects.

According to Kumaraswamy et al. (2019), dividends are only significant in perfect markets; but, in a market that is expanding, such as India, dividends are anticipated to be significant. Significant developments have occurred in the Indian financial markets in recent years, including demonetization, the implementation of new tax laws, political unrest, and more.

In spite of these facts, active trading causes the Indian stock market to spike often. Given this, the goal of this research project is to examine the relationship between share price volatility and dividend policy. This work aims to use, for the first time, a sophisticated unbiased volatility estimator that is 14 times more efficient than a near to close estimate, which was created by Yang and Zhang. 116 textile companies that were listed and regularly traded on the Bombay Stock Exchange of India (BSE) from 2008 to 2017 were included in the study. To investigate the impact of dividend policy on share price volatility in the Indian capital market, multiple least squares regressions are used. Empirical research indicates that dividends have an influence on variations in firm profitability in India, supporting the dividend signaling and bird-in-hand theories. Indian investors often demand greater dividends from firms instead of reinvesting retained profits because of the market's volatility. The hypothesis that dividend policies have an effect on stock price swings in the Indian capital market is supported by the study's results. Financial managers may use the study's results to inform the development of their dividend policy in an effort to maximize shareholder value.

According to Singh and Tandon (2019), the relationship between dividend policy and share market price is one of the most divisive topics in corporate finance. There is a substantial body of literature supporting and disputing this topic. This research aims to evaluate the effect of dividend policy on market prices of Nifty 50 companies' shares that are listed on the National Stock Exchange (NSE) between 2008 and 2017. Many panel data regression methods, such as pooled regression, fixed effect models, and random effect models, were used to analyze the data. The optimal regression model was suggested using the Hausman test. The random effect model is more suitable for describing the relationship between the given variables, according to the Hausman test findings. The pertinent dividend policy methods are supported by the random effect regression model's findings. Consequently, we discover that the dividend policy significantly influences the stock prices of banks.

The relationship between share price volatility and dividend payments in Mediterranean banks was examined by Camilleri et al. (2018). Using the dividend yield and dividend payment as stand-ins for dividend policy, we model share price volatility and regress these ratios together with other control variables. Reusing a data set from the 2007 financial crisis that removes outliers and using a clustering technique to create sub-samples allows us to assess the robustness of the findings. Our results show that assessments may vary among samples and based on the handling of outlier data. Our results provide new empirical

evidence and aid in the understanding of the effects of dividend policy on share price volatility as well as the potential risks and benefits that come with it by academics, stock traders, and corporate leaders.

Haque et al. (2018) used information from 35 manufacturing companies listed on the Dhaka Stock Exchange (DSE) of Bangladesh over an 11-year period (2004–2014) to assess the impact of dividend policy on stock price volatility. Secondary data obtained from bank papers and the DSE archive was used in this investigation. The two primary dividend policy measurement variables (dividend yield and dividend payment) and share price volatility were examined using correlation and multiple regression analysis. The main improvement made to the regression model was the addition of control variables including debt, size, and earning volatility. The research findings indicate a significant negative correlation between share price volatility and both dividend yield and bank size, among other predictive characteristics. A significant inverse relationship was also found between share price volatility and both variables.

The relationship between the dividend policy and stock price volatility (SPV) of industrial products producers listed on Bursa Malaysia was examined by Zainudin et al. (2018). Design, procedure, and strategy - From 2003 to 2012, 166 publicly listed makers of industrial products are included in the sample. The business's SPV is linked to dividend distribution using Baskin's technique, which also takes into consideration company size, leverage, asset growth, and earnings volatility. It is also looked at how the global financial crisis has affected the relationship between SPV and the parameters under test. While dividend payout ratio (PR) primarily affects volatility during pre- and post-crisis sub-periods, earning volatility significantly predicts the stock price volatility of industrial product companies during the crisis. The empirical results demonstrate that dividend policy, especially in the post-crisis era, is a strong predictor of the stock price volatility (SPV) of Malaysian industrial products businesses. Using a new set of data, the research examines the firm's dividend policy and SPV, focusing on industrial products firms listed on the Malaysian Stock Exchange.

The link between a firm's dividend policy and share price volatility (SPV) was examined by Jahfer and Mulafara (2016). From 2009 to 2013, non-financial companies that were listed on the Colombo stock market provided the data needed for the research. Utilizing autorepression models, the relationship between dividend policy and SPV is investigated.

First, it is regressed on dividend yield (DY), dividend payout ratio (DPR), and SPV. Second, the relationship between dividend policy and SPV is examined while accounting for control variables including leverage, size, and growth. Eighty-two.13 percent of the variation in share price is explained by the model. The non-financial share price has a 6.75 percent volatility. Regression analysis reveals a strong positive correlation between a firm's DY and its SPV in both models. Despite being small, DPR has a positive correlation with bank profitability movements. Moreover, size and price volatility are inversely correlated, suggesting that the bigger the company, the less volatile the stock price. Growth and SPV have a favorable, if hardly significant, link. There is a slight correlation between market volatility and long-term debt. Consequently, changes in share prices in the Colombo stock market are influenced by the dividend policy. Furthermore, this research clarifies the path to understanding what drives firm profitability and crucial elements that investors and management should take into account before making investment decisions and when developing dividend policies for their companies. This is because stock price volatility is a concern shared by both parties.

The relationship between share price volatility and Malaysia's dividend policy was examined by Hooi et al. (2015). The study examined the correlation between volatility of stock prices and dividend policy instruments, using a sample of 319 companies from the Kuala Lumpur stock market. It was shown that dividend yield and payout were statistically significant negative indicators of volatility in share prices. There is a negative correlation between share price and firm size. It was anticipated that long-term debt to price volatility and earning volatility would have positive and statistically significant connections. On the other hand, no meaningful correlation was seen in the Malaysian market between price volatility and asset growth.

Ilaboya and Aggreh (2013) looked at the relationship between share price volatility and dividend policies for companies listed on the Nigerian Stock Exchange. Using a simple random selection technique, 26 businesses from a range of sectors were chosen during a five-year period (2004-2011). In our model, share price volatility was the dependent variable, while dividend yield and payout ratio (Payout) were the independent variables. Firm size (size), long-term debt (Debt), earnings volatility, and asset growth rate were the control factors. For robustness, we ran the regression analysis using panel EGLS and pooled OLS. We also used Eviews 7.0 to do several tests (such as multicollinearity, heteroskedasticity, autocorrelation, and model specification tests). According to our

research, dividend distribution has a little but negative impact on banks' share price volatility, whereas dividend yield has a significant and favorable impact. Consequently, we asked businesses to exercise extreme caution when considering strategies that would maximize shareholder value and yet meet the bank's requirements for funding its investments.

In the field of investments and finance, Masum (2014) examined the effects of dividend policy choices on a company's stock price. However, it is still unclear whether or not dividend policy has an influence on a company's profitability. Some contend that a company's value should be based only on its cash flow and business risk, meaning that dividend policy is meaningless. In this scenario, the income generated by the company is what determines its worth, not how it is distributed between retained profits and dividends. This statement's detractors contend that investors are only concerned with their overall returns, not with whether they occur. Studies conducted in different stock markets have produced different results. Profitability of businesses is impacted by a number of internal and external factors at once, and because it is practically impossible to separate out each factor's influence, variations in profitability continue. This article uses empirical methods to compute excess stock market returns for each of the thirty banks listed on the Dhaka Stock Exchange for the years 2007 to 2011. The nature of the relationship between private commercial banks' dividend policies and stock market returns in Bangladesh is being investigated, as well as the degree to which the policies' varied dividend policies may account for stock market returns over the same time frame. Different dividend policy concepts are being investigated with different outcomes and conclusions in different parts of the globe. To compare the results of this study with earlier research and ascertain the effect of dividend policy on corporate profitability, a number of other publications published both domestically and internationally are examined. The findings are reliable and genuine because of the large sample size (all of the commercial banks listed on the Dhaka Stock Exchange). After adjusting for variables like earnings per share, return on equity, and earnings per share, which have a positive relationship with firm profitability and significantly explain variations in share market prices, the panel data approach is used to explain the relationship between dividends and firm profitability. In contrast, dividend yield and profit after tax have a negative, negligible relationship with firm profitability. The overall results of the research show that dividend policy positively affects corporate profitability.

Table 1

Summary of Empirical Reviews

Author(s)	Methodology	Findings
Farrukh et al. (2023)	Regression analysis with variables such as dividend per share, dividend yield, earning per share, share price, and return on equity	Significant positive influence of dividend policy on shareholder wealth and business success.
Ansar et al. (2023)	Multiple regression model with dividend per share, retained earnings, lagged price, and return on equity as variables	Significant association between shareholder wealth and dividend policy.
Yegon et al. (2023)	Regression analysis with data from annual reports of nine quoted manufacturing companies using E-Views software	Strong positive connections between dividend policies and business profitability, investments, and profits per share.
Ojeme et al. (2023)	Correlation analysis of dividend payments and market value of shares in 2007-2010	Significant impact of dividend payments on market value of publicly traded banks.
Nambukara-Gamage and Peries (2022)	Regression analysis using dividend payout ratio and market value of a share	Positive, moderate association between dividend policy and shareholder wealth.
Bossman et al. (2022)	System dynamic general method of moments (GMM) estimation technique with data from 2015 to 2019	Financial sector clean-ups negatively impacted the performance of non-financial enterprises.
Putri et al. (2022)	Quantitative approach using secondary data from annual financial reports	Dividend policy has a detrimental influence on stock price volatility; risk decreases when dividends are increased.

Usman et al. (2021)	Panel data regression model with a sample of 36 companies using purposive sampling	Dividend per share has a positive impact on share prices.
Setyabudi (2021)	Path analysis with financial statement data and annual reports from 138 manufacturing companies	Profitability, leverage, and institutional ownership significantly impact dividend policy and firm value.
Salim et al. (2022)	Path analysis method with data from manufacturing banks on the Indonesian stock exchange	EPS, DER, and PBV have no effect on dividend policy; profits per share influence bank profitability.
Nguyen et al. (2020)	Fixed effects model (FEM), random effects model (REM), and general method of movement (GMM)	Positive association between dividend yield and stock price volatility; negative relationship between dividend payout ratio and stock price volatility.
Kumaraswamy et al. (2019)	Volatility estimator by Yang and Zhang with data from 116 textile companies on Bombay Stock Exchange	Dividends influence business profitability fluctuations; Indian investors prefer higher dividends.
Singh (2019)	Multiple panel data regression models: pooled regression, fixed effect model, and random effect model	Random effect model supports significant impact of dividend policy on banks' stock prices.
Camilleri et al. (2019)	Data re-analysis omitting outliers and using clustering procedure	Judgments on dividend policy impact may vary with different samples and outlier treatments.
Haque et al. (2018)	Correlation and multiple regression analysis with secondary data from DSE and company records	Dividend yield and firm size have a substantial negative link with share price volatility.

Zainudin et al. (2017)	Baskin's framework relating firm's SPV to dividend payout, controlling for earnings volatility, firm size, leverage, and asset growth	Dividend policy is a powerful predictor of SPV for Malaysian industrial goods enterprises.
Jahfer and Mulafara (2016)	Multi-regression models with dividend payout ratio and dividend yield as variables	Dividend payout ratio and dividend yield significantly impact stock price volatility.
Albaity et al. (2015)	Study of 319 companies from Kuala Lumpur stock exchange	No substantial association between asset growth and price volatility in the Malaysian market.
Masum et al. (2014)	Panel data approach	Dividend policy has a strong positive impact on firm profitability.
Ilaboya and Aggreh (2013)	Model specification with share price volatility as dependent variable and dividend yield, dividend payout ratio as independent variables	Effective dividend policies can enhance shareholder value while meeting investment funding needs.

2.4 Research Gap

There is a clear study deficit in the area of Nepali commercial banks with regard to a thorough examination of the relationship between dividend policies, profitability, and shareholder growth. Previous research has mostly relied on studies and notions from outside of Nepal, ignoring the need for empirical studies that are specifically designed to address the unique dynamics of the country's banking system (Farrukh et al., 2023; Ansar et al., 2023; Yegon et al., 2023). Nepal's financial industry is distinguished by its own regulatory framework, varied shareholder makeup, and unusual combination of domestic and international institutions. This uniqueness necessitates a thorough analysis that takes into account the unique characteristics of the Nepalese environment.

There is a significant research gap because there are currently few studies examining how Nepali commercial banks' dividend policies affect important performance metrics like Return on Equity (ROE), Return on Assets (ROA), and Net Interest Margin (NIM) (Farrukh

et al., 2023; Ansar et al., 2023; Yegon et al., 2023). A thorough knowledge of the dynamics driving the banking industry in Nepal is hampered by this gap. Filling this research gap would result in results that are more specifically relevant to the special circumstances of Nepal's banking sector, providing insightful analysis and helpful suggestions for regulators and financial organizations operating in the area.

CHAPTER III

RESEARCH METHODOLOGY

In general, research technique refers to the several steps that researchers used in order to carry out their inquiry. It is a strategy for taking an orderly approach to the topic of study. Research method refers to the exact sequential steps that a researcher has to take in order to examine a problem with a specified set of objectives in mind (Kothar, 1989).

3.1 Research Design

The study is descriptive and causally comparative in character. The descriptive and casual comparative research design has been the most suitable method study in accordance with the research topic and nature. It aims to investigate the relationship between dividend practices, stockholder wealth, and the performance of commercial banks listed in the NEPSE.

3.2 Population and Sample

A sample of 10 commercial banks are chosen from the population of 20 commercial banks listed in NEPSE. Purposive sampling technique is follow as it classifies the total population banks on the basis of highest paid up capital.

Table 2

Specification of Sample Banks

Sample Banks	Paid Up Capital (in Million)
Global IME Bank Ltd.	3577.11
Nepal Investment Mega Bank Ltd	3412.86
Nabil Bank Ltd.	2705.7
Kumari Bank Ltd.	2622.59
Prabhu Bank Ltd.	2354.25
Himalayan Bank Ltd.	2165.66
Agriculture Development Bank Ltd.	1888.44
NMB Bank Ltd.	1836.67
Nepal Bank Ltd.	1469.4
Citizens Bank International Ltd.	1420.1

3.3 Type and Source of Data

The study's foundation is a pooled cross-sectional examination of ten commercial banks' secondary data. The websites of the specific chosen banks, which are included in NEPSE,

are where the secondary data is gathered. The 10 years between the fiscal years 2013-14 and 2022-23 are covered by the data.

3.4 Instruments of Data

The data for this research were collected by a pooled cross-sectional examination of secondary data from the annual reports of 10 commercial banks listed on the Nepal Stock Exchange. The data spans ten years, from the fiscal years 2013–14 to 2022–22. The primary source of information is the annual reports, which are available on the websites of the participating banks. The impact of dividend practices on shareholders' wealth (ROE) and banks' performance (ROA and NIM) was examined through statistical analysis conducted using the Statistical Package for the Social Sciences (SPSS) and Microsoft Excel, utilizing tools such as mean, minimum, maximum, standard deviation, correlation analysis, and multiple regression.

3.5 Methods of Analysis

Several statistical instruments have been used to carry out this investigation. Excel has only been used sparingly and SPSS, a statistical program, has been used to assess the collected data. For the research, both descriptive and statistical analysis have been completed. For a descriptive analysis, the mean, lowest, maximum, and standard deviation are calculated. On the other hand, statistical analysis has been done using correlation, multicolinearity regression, one way ANOVA, and trend analysis.

A variety of statistical tools, including mean, standard deviation, minimum, maximum, correlational analysis, and multiple regression modeling, will be used to analyze and quantify the relationship between dividend practices and shareholders' wealth (ROE), as well as the performance of the bank (ROA & NIM) of shares. The data was collected from annual reports of a sample bank. The descriptive statistical tools mean, standard deviation, and minimum provide a detailed explanation of the data. While multiple regression aids in determining the effect between two factors, correlation allows us to determine the relationship between two variables. The following formula is used to evaluate the dividend policy's impact on stockholder wealth and company performance:

$$ROA = a + b_1\,CDPS + b_2\,SDPS + b_3\,DY + b_4\,DPR + b_5\,EPS + e$$

$$NIM = a + b_1\,CDPS + b_2\,SDPS + b_3\,DY + b_4\,DPR + b_5\,EPS\ e$$

$$ROE = a + b_1\,CDPS + b_2\,SDPS + b_3\,DY + b_4\,DPR + b_5\,EPS\ e$$

The shareholders wealth (ROE) and banks performance (ROA & NIM) of bank in a sample of "n". While a is constant variable. CDPS represents cash dividend per share, SDPS represents stock dividend per share, DPR represents dividend payout ratio, EPS represents earnings per share and DY represents dividend yield. b_1, b_2, b_3, b_4 are the coefficient of independent variables respectively and a is the slope of dependent variable. In addition, e is error terms.

3.6 Research Framework

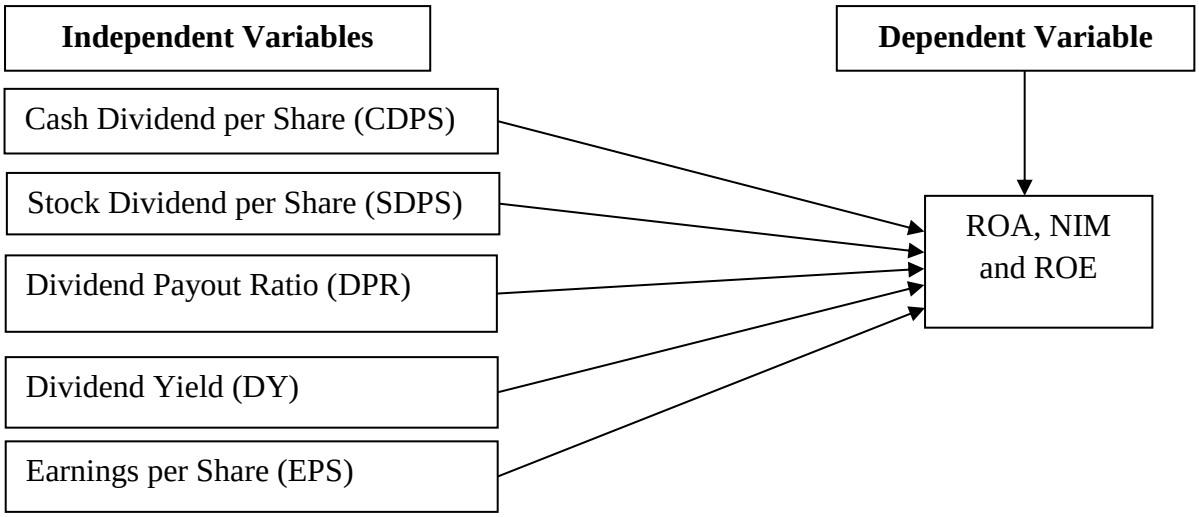

Figure 1: Research Framework

Source: (Ethel, Mary & Inyiama, 2015)

3.7 Definition of Variables

Cash dividend per sahre

It is calculated by dividing the total number of outstanding shares by the cash dividend. A cash dividend is a sum of money sent to shareholders from the company's cumulative profits or current earnings. Unlike stock dividends, cash dividends are given out in cash (Ethel, Mary, & Inyiama, 2015).

Stock dividend per share

A stock dividend is a dividend that is distributed to shareholders instead of cash in the form of new company shares. Dividends on stocks are not taxed until the recipient sells the received shares. Usually, the portion paid per share that is currently in circulation is used to distribute these stock dividends. For instance, a company that announces a 10% stock dividend is required to issue 0.10 shares for each share that existing owners own. If a shareholder possessed 100 shares, they would get an additional 10 shares. Despite the

possibility of lower earnings per share, the stock dividend benefits the bank's cash position. (Inyiama, Mary, and Ethel, 2015).

Dividend payout ratio

The amount of dividends distributed to shareholders as a proportion of current earnings is known as the dividend payout ratio. It is calculated by taking the total net income and dividing it by the dividend. For instance, the dividend payout ratio is 20% (Rs. 10/Rs. 50 * 100) if a company pays out Rs. 10 in dividends on total net income of Rs. 50 (Ethel, Mary, & Inyiama, 2015).

Dividend yield

The rate of return on an investment is known as dividend yield. To get this number, divide the DPS by the MPS. It is the annual dividend paid by a stock to its owners, expressed as a percentage of the wealth of the present shareholders (ROE) and the company's performance (ROA & NIM). By totaling the dividends given to stockholders in that company, it determines the amount of earnings (Ethel, Mary, & Inyiama, 2015).

Earnings per share

A crucial financial metric, earnings per share (EPS) indicates the portion of a bank's net income allotted to each outstanding share of common stock. The weighted average number of outstanding shares (WAV), divided by net income, yields EPS, which is a crucial indicator of a bank's profitability per share. Since EPS offers important insights into a bank's capacity to generate profits for shareholders, investors and analysts often use it to evaluate a bank's financial performance. Financial management literature, such that written by Brigham and Ehrhardt in "Financial Management: Theory and Practice," states that EPS is a crucial part of a comprehensive financial analysis and may be used to measure the profitability dynamics of banks.

Return on assets

A financial metric called return on assets (ROA) evaluates a bank's capacity to make money off of its assets. It gauges how well a business generates revenues using all of its resources. Net income is a company's net earnings after all expenses and taxes are deducted. The average total asset value of a bank during a certain time period—typically a year—is known as its average total asset value. It is calculated by adding up all assets at the beginning and

end of the period, then dividing the total by two. Figures are often used to express ROA. It shows how well a business, regardless of size or financial structure, makes use of its resources to turn a profit. A lower ROA suggests that the bank may not be utilizing its assets as efficiently as it may be, while a higher ROA M indicates that a company is effectively using its assets to generate profits. Comparing ROA and NIM within the same industry or sector is crucial since different firms may have varying asset requirements and profitability standards. Inyiama, Mary, and Ethel (2015)

Return on equity

The ratio of net income after taxes to total equity capital is known as return on equity. A financial metric known as return on equity (ROE) evaluates a bank's profitability in relation to the total amount invested or shown as shareholder equity on the balance sheet. A return on equity (ROE) is what investors want from their investment. It shows the rate of return on capital that the bank's shareholders have invested. The return on equity (ROE) measures how well a bank's management allocates shareholder money (Ethel, Mary, & Inyiama, 2015).

Net interest margin

The difference between interest income received by interest-earning assets and interest expenditure paid on interest-bearing liabilities is expressed as a percentage of average interest-earning assets, or net interest margin (NIM), in finance. According to Ethel, Mary, and Inyiama (2015), it plays a significant role in determining a bank's profitability and effectiveness in managing its interest-related activities.

CHAPTER IV
RESULTS AND DISCUSSION

This chapter deals with the results and discussion. The data presentation and analysis has been demonstrated as per the objectives and research methodology. The descriptive, correlation and regression analysis are computed and presented in table for the findings.

4.1 Descriptive Analysis

Statistical tools such as mean, standard deviation, minimum and maximum value are used for the analysis. The independent variables such as cash dividend per share, stock dividend per share, dividend payout ratio and earnings per share have been incorporated which reflect the dividend policy and return on equity resembles the shareholders' wealth. The profitability are measured via return on assets and net interest margin.

Table 3

Descriptive Analysis

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Cash dividend per share	100	0.00	45.00	6.83	9.05
Stock dividend per share	100	0.00	65.00	16.13	14.93
Dividend payout ratio	100	0.00	160.94	46.84	41.47
Dividend yield	100	0.00	14.90	2.99	2.49
Earnings per share	100	-40.23	810.00	71.06	137.18
Return on assets	100	-3.43	3.65	1.60	0.85
Return on equity	100	-36.28	42.94	13.94	8.59
Net interest margin	100	0.12	13.93	10.34	1.98

Source: SPSS output

The variable "Cash Dividend per Share" reflects the amount of cash delivered to shareholders for each outstanding share. In the dataset of 100 observations, the least cash dividend per share is Rs.0.00, the largest is Rs.45.00, with a mean (average) of Rs.6.83 and a standard deviation of Rs.9.05. This displays a range of cash dividends per share, with the mean acting as a central measure and the standard deviation showing the variability in cash dividend payments. The variable "Stock Dividend per Share" denotes the value of stock given to shareholders for each outstanding share. The dataset displays a range from Rs.0.00 to Rs.65.00, with a mean of Rs.16.13 and a standard deviation of Rs.14.93. This illustrates

diversity in stock dividend levels, and the mean serves as the central tendency metric for this distribution.

The "Dividend Payout Ratio" is a financial measure that represents the percentage of profits paid out as dividends. With a range from 0.00 percent to 160.94 percent, the mean dividend payout ratio is 46.84 percent, followed by a standard deviation of 41.47 percent. This indicates the fluctuation in the proportion of profits given as dividends throughout the 100 observations. The "Dividend Yield" is a measure showing the dividend income as a proportion of the stock's current market price. The information indicates a range from 0.00 percent to 14.90 percent, with a mean dividend yield of 2.99 percent and a standard deviation of 2.49 percent. This gives insights into the variability in dividend yields throughout the sample.

"Earnings per Share" is a significant profitability indicator representing the fraction of a bank's profits given to each outstanding share. The dataset demonstrates a broad range from -40.23 to 810.00, with a mean of 71.06 and a standard deviation of 137.18. The large standard deviation shows considerable variability in profits per share across the 100 data.

"Return on Assets" (ROA) assesses a bank's capacity to create profit from its assets. The information suggests a range of -3.43 percent to 3.65 percent, with a mean ROA of 1.60 percent and a standard deviation of 0.85 percent. This statistic gives insights into the fluctuation of profitability compared to the total assets utilized. "Return on Equity" (ROE) analyzes how effectively a firm makes profit from its equity. With a range from -36.28 percent to 42.94 percent, the mean ROE is 13.94 percent, and the standard deviation is 8.59 percent. This statistic represents the fluctuation in profitability in respect to shareholders' equity. "Net Interest Margin" (NIM) is a measure of the difference between interest revenue and interest cost, expressed as a percentage of average interest-earning assets. The dataset indicates a range from 0.12 percent to 13.93 percent, with a mean NIM of 10.34 percent and a standard deviation of 1.98 percent. This displays the fluctuation in net interest margin, revealing insights into the efficiency of interest-related operations in producing money.

4.2 Correlation Analysis

Throughout this investigation, a thorough correlation analysis has been conducted. A number of independent factors are included in the analysis, including earnings per share, dividend payout ratio, cash dividend per share, and stock dividend per share. These factors

are used as stand-ins for assessing the dividend policy, and their relationship to return on equity is examined in connection to the wealth of shareholders. Moreover, the research broadens its scope to encompass the evaluation of profitability by incorporating return on assets and net interest margin as dependent variables.

Table 4

Correlation Analysis with Return on Assets

Variables	CDPS	SDPS	DPR	DY	EPS	ROA
CDPS	1					
SDPS	.687**	1				
	0.000					
DPR	.367**	.699**	1			
	0.000	0.000				
DY	.419**	.577**	.591**	1		
	0.000	0.000	0.000			
EPS	-0.004	0.107	-.305**	0.120	1	
	0.968	0.289	0.002	0.235		
ROA	.497**	.494**	.224*	.277**	0.040	1
	0.000	0.000	0.025	0.005	0.690	

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

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

Source: SPSS output

The Table 4 presents correlation coefficients and associated p-values. The positive correlation coefficient of 0.497** indicates a moderately strong positive association between Cash Dividend per Share and ROA, with a highly significant p-value ($p < 0.01$). This implies that companies distributing higher cash dividends per share tend to have significantly higher Returns on Assets, underscoring the statistical robustness of this relationship. Similarly, the strong positive correlation coefficient of 0.494** between Stock Dividend per Share and ROA is statistically significant ($p < 0.01$). This signifies that companies allocating more stock dividends per share tend to exhibit significantly higher Returns on Assets, emphasizing the reliability of this correlation.

The positive correlation coefficient of 0.224* with a p-value of 0.025* indicates a statistically significant, albeit modest, positive relationship between Dividend Payout Ratio and ROA. This suggests that companies with a higher proportion of earnings paid out as dividends tend to have significantly higher Returns on Assets. The correlation coefficient of 0.277** is statistically significant at the 0.01 level, underscoring a moderately strong positive relationship between Dividend Yield and ROA. Companies with a higher dividend

yield have significantly higher Returns on Assets, as supported by the low p-value. The correlation coefficient of 0.040, while positive, does not reach statistical significance (p = 0.690). This suggests a weak and non-significant positive relationship between Earnings per Share and ROA. The absence of significance emphasizes caution in drawing meaningful conclusions about their relationship.

Table 5

Correlation Analysis with Net Interest Margin

Variables	CDPS	SDPS	DPR	DY	EPS	NIM
CDPS	1					
SDPS	.687**	1				
	0.000					
DPR	.367**	.699**	1			
	0.000	0.000				
DY	.419**	.577**	.591**	1		
	0.000	0.000	0.000			
EPS	-0.004	0.107	-.305**	0.120	1	
	0.968	0.289	0.002	0.235		
NIM	0.194	-0.075	-0.063	0.152	-0.183	1
	0.054	0.460	0.535	0.131	0.069	

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

Source: SPSS output

The Table 5 shows correlation coefficients and associated p-values between several variables. The positive correlation coefficient of 0.194 with a p-value of 0.054 suggests a weak positive relationship between Cash Dividend per Share and Net Interest Margin. While the correlation is not highly significant, the positive sign implies that companies distributing higher cash dividends per share may, to some extent, be associated with a higher net interest margin. The negative correlation coefficient of -0.075 with a p-value of 0.460 indicates a weak negative relationship between Stock Dividend per Share and Net Interest Margin. This suggests that companies distributing more stock dividends per share may, albeit weakly, be associated with a lower net interest margin.

The negative correlation coefficient of -0.063 with a p-value of 0.535 suggests a weak negative relationship between Dividend Payout Ratio and Net Interest Margin. The correlation is not statistically significant, indicating that there may not be a strong association between the proportion of earnings paid out as dividends and net interest margin. The positive correlation coefficient of 0.152 with a p-value of 0.131 suggests a weak positive relationship between Dividend Yield and Net Interest Margin. While the

correlation is not highly significant, the positive sign implies that companies with a higher dividend yield may be weakly associated with a higher net interest margin. The negative correlation coefficient of -0.183 with a p-value of 0.069 indicates a weak negative relationship between Earnings per Share and Net Interest Margin. The correlation is not highly significant, suggesting that companies with higher earnings per share may, to a limited extent, be associated with a lower net interest margin.

Table 6

Correlation Analysis with Return on Equity

Variables	CDPS	SDPS	DPR	DY	EPS	ROE
CDPS	1					
SDPS	.687**	1				
	0.000					
DPR	.367**	.699**	1			
	0.000	0.000				
DY	.419**	.577**	.591**	1		
	0.000	0.000	0.000			
EPS	-0.004	0.107	-.305**	0.120	1	
	0.968	0.289	0.002	0.235		
ROE	.408**	.493**	.265**	0.162	0.103	1
	0.000	0.000	0.008	0.106	0.309	

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

Source: SPSS output

The Table 6 demonstrates correlation coefficients and associated p-values between various variables. The positive correlation coefficient of 0.408** with a highly significant p-value of 0.000 indicates a strong positive relationship between Cash Dividend per Share and Return on Equity. This suggests that companies distributing higher cash dividends per share tend to experience significantly higher returns on equity, indicating an effective use of shareholders' investments. The even stronger positive correlation coefficient of 0.493** with a highly significant p-value of 0.000 underscores a robust positive relationship between Stock Dividend per Share and Return on Equity. This implies that companies issuing more stock dividends per share are significantly associated with higher returns on equity, reflecting the positive impact of such distributions on overall profitability.

The positive correlation coefficient of 0.265** with a p-value of 0.008 indicates a moderately strong positive relationship between Dividend Payout Ratio and Return on Equity. Companies with a higher proportion of earnings paid out as dividends tend to exhibit significantly higher returns on equity, indicating that shareholders benefit from the

bank's dividend distribution strategy. The positive correlation coefficient of 0.162 with a p-value of 0.106 suggests a weak positive relationship between Dividend Yield and Return on Equity. Although the correlation is not highly significant, the positive sign implies that companies with a higher dividend yield may be weakly associated with higher returns on equity. The positive correlation coefficient of 0.103 with a p-value of 0.309 indicates a weak positive relationship between Earnings per Share and Return on Equity.

4.3 Regression Analysis

There has been a detailed regression analysis carried out throughout this inquiry. In order to determine the impact on profitability, business success, and shareholders' wealth, a variety of independent parameters are included in the research, including earnings per share, dividend payout ratio, cash dividend per share, and stock dividend per share. These variables serve as proxy measures for evaluating the dividend policy, and their correlation with return on equity is scrutinized in relation to shareholder wealth.

Table 7

Model Summary with ROA

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.562	.316	.279	.72559

Predictors: (Constant), EPS, CDPS, DY, DPR, SDPS

Source: SPSS output

The R-square value of 0.316 indicates that approximately 31.6% of the variance in Return on Assets is explained by the independent variables in the model. The standard error of the estimates is 0.7256, representing the average deviation of the actual values from the predicted values.

Table 8

ANOVA with ROA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.829	5	4.566	8.672	.000
	Residual	49.490	94	.526		
	Total	72.318	99			

Dependent Variable: ROA

Predictors: (Constant), EPS, CDPS, DY, DPR, SDPS

Source: SPSS output

The F-value of 8.672, with a highly significant p-value of 0.000, indicates that the overall model is statistically significant. This means that at least one of the independent variables is influencing the dependent variable.

Table 9

Coefficient Analysis with ROA

Model		Unstandardized Coefficients			
		B	Std. Error	t	Sig.
1	(Constant)	1.237	0.132	9.352	0.000
	CDPS	0.020	0.012	1.667	0.099
	SDPS	0.030	0.010	2.897	0.005
	DPR	-0.006	0.003	-1.808	0.074
	DY	0.026	0.041	0.648	0.519
	EPS	-0.001	0.001	-1.045	0.299

Dependent Variable: ROA

Source: SPSS output

The constant term represents the intercept of the regression equation. In this case, the constant is 1.237, indicating the expected value of the dependent variable (Return on Assets) when all independent variables are zero. The associated t-value of 9.352 is highly significant ($p < 0.001$), suggesting that the intercept is significantly different from zero.

The unstandardized coefficient (B) for Cash Dividend per Share is 0.020. This implies that for a one-unit increase in Cash Dividend per Share, there is an expected increase of 0.020 units in Return on Assets. However, the associated t-value of 1.667 and p-value of 0.099 suggest that this relationship is not statistically significant at the conventional 0.05 level.

The unstandardized coefficient for Stock Dividend per Share is 0.030. A one-unit increase in Stock Dividend per Share is associated with an expected increase of 0.030 units in Return on Assets. The t-value of 2.897 and the p-value of 0.005 indicate that this relationship is statistically significant at the 0.01 level, implying that stock dividends have a significant impact on Return on Assets.

The unstandardized coefficient for Dividend Payout Ratio is -0.006. This suggests that a one-unit increase in Dividend Payout Ratio is associated with a decrease of 0.006 units in

Return on Assets. While the t-value is -1.808, approaching statistical significance (p = 0.074), caution is warranted due to its proximity to the conventional threshold of 0.05.

The unstandardized coefficient for Dividend Yield is 0.026, implying that a one-unit increase in Dividend Yield is associated with an expected increase of 0.026 units in Return on Assets. However, the t-value of 0.648 and the p-value of 0.519 indicate that this relationship is not statistically significant.

The unstandardized coefficient for Earnings per Share is -0.001, suggesting that a one-unit increase in Earnings per Share is associated with a decrease of 0.001 units in Return on Assets. The t-value of -1.045 and the p-value of 0.299 indicate that this relationship is not statistically significant.

Table 10

Model Summary with NIM

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.468	.219	.177	1.79907

Predictors: (Constant), EPS, CDPS, DY, DPR, SDPS

Source: SPSS output

The R-square value of 0.219 indicates that approximately 21.9% of the variance in Net Interest Margin is explained by the independent variables in the model. The standard error of the estimates is 1.799, representing the average deviation of the actual values from the predicted values.

Table 11

ANOVA with NIM

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	85.327	5	17.065	5.273	.000
	Residual	304.246	94	3.237		
	Total	389.573	99			

Dependent Variable: NIM

Predictors: (Constant), EPS, CDPS, DY, DPR, SDPS
Source: SPSS output

The F-value of 5.273, with a highly significant p-value of 0.000, suggests that the overall model is statistically significant. This implies that at least one of the independent variables is influencing the dependent variable.

Table 12

Coefficient Analysis with NIM

Model		Unstandardized Coefficients			
		B	Std. Error	t	Sig.
1	(Constant)	10.498	0.328	32.004	0.000
	CDPS	0.074	0.030	2.486	0.015
	SDPS	-0.039	0.026	-1.487	0.140
	DPR	-0.015	0.009	-1.691	0.094
	DY	0.312	0.101	3.095	0.003
	EPS	-0.004	0.002	-2.413	0.018

Dependent Variable: NIM

Source: SPSS output

The unstandardized coefficient (B) for Cash Dividend per Share is 0.074. This suggests that a one-unit increase in Cash Dividend per Share is associated with an expected increase of 0.074 units in Net Interest Margin. The t-value of 2.486 and the p-value of 0.015 indicate that this relationship is statistically significant at the 0.05 level. Consequently, the positive coefficient implies that companies distributing higher cash dividends per share are associated with higher Net Interest Margins.

The unstandardized coefficient for Stock Dividend per Share is -0.039. A one-unit increase in Stock Dividend per Share is associated with an expected decrease of 0.039 units in Net Interest Margin. However, the t-value of -1.487 and the p-value of 0.140 suggest that this relationship is not statistically significant at the conventional significance level of 0.05.

The unstandardized coefficient for Dividend Payout Ratio is -0.015. This implies that a one-unit increase in Dividend Payout Ratio is associated with a decrease of 0.015 units in Net Interest Margin. While the t-value is -1.691, approaching statistical significance ($p = 0.094$), caution is warranted due to its proximity to the conventional threshold of 0.05.

The unstandardized coefficient for Dividend Yield is 0.312, indicating that a one-unit increase in Dividend Yield is associated with an expected increase of 0.312 units in Net Interest Margin. The t-value of 3.095 and the p-value of 0.003 signify that this relationship is statistically significant at the 0.01 level. Therefore, companies with higher dividend yields are likely to have higher Net Interest Margins.

The unstandardized coefficient for Earnings per Share is -0.004. This implies that a one-unit increase in Earnings per Share is associated with a decrease of 0.004 units in Net Interest Margin. The t-value of -2.413 and the p-value of 0.018 indicate that this relationship is statistically significant at the 0.05 level. Thus, higher earnings per share may be associated with lower Net Interest Margins.

Table 13

Model Summary with ROE

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.530	.281	.243	7.47749

Predictors: (Constant), EPS, CDPS, DY, DPR, SDPS

Source: SPSS output

The R-square value of 0.281 indicates that approximately 28.1% of the variance in Return on Equity is explained by the independent variables in the model. The standard error of the estimates is 7.477, representing the average deviation of the actual values from the predicted values.

Table 14

ANOVA with ROE

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2056.591	5	411.318	7.356	.000
	Residual	5255.812	94	55.913		
	Total	7312.403	99			

Dependent Variable: ROE

Predictors: (Constant), EPS, CDPS, DY, DPR, SDPS

Source: SPSS output

The F-value of 7.36, with a highly significant p-value of 0.000, suggests that the overall model is statistically significant. This implies that at least one of the independent variables is influencing the dependent variable.

Table 15

Coefficient Analysis with ROE

Model		Unstandardized Coefficients			
		B	Std. Error	t	Sig.
1	(Constant)	10.033	1.363	7.360	0.000
	CDPS	0.145	0.124	1.166	0.246
	SDPS	0.282	0.108	2.612	0.010
	DPR	0.001	0.036	0.039	0.969
	DY	-0.680	0.419	-1.621	0.108
	EPS	0.005	0.007	0.666	0.507

Dependent Variable: ROE

Source: SPSS output

The unstandardized coefficient (B) for Cash Dividend per Share is 0.145. This implies that a one-unit increase in Cash Dividend per Share is associated with an expected increase of 0.145 units in Return on Equity. However, the t-value of 1.166 and the p-value of 0.246 indicate that this relationship is not statistically significant at the conventional 0.05 level. As a consequence, we do not have strong evidence to reject the null hypothesis, suggesting that there is no significant effect of cash dividend per share on Return on Equity.

The unstandardized coefficient for Stock Dividend per Share is 0.282. A one-unit increase in Stock Dividend per Share is associated with an expected increase of 0.282 units in Return on Equity. The t-value of 2.612 and the p-value of 0.010 signify that this relationship is statistically significant at the 0.05 level. Consequently, we reject the null hypothesis and conclude that there is a significant positive effect of stock dividend per share on Return on Equity.

The unstandardized coefficient for Dividend Payout Ratio is 0.001. This suggests that a one-unit increase in Dividend Payout Ratio is associated with an expected increase of only 0.001 units in Return on Equity. The t-value of 0.039 and the p-value of 0.969 indicate that this relationship is not statistically significant. Consequently, we do not have strong evidence against the null hypothesis, suggesting that there is no significant effect of dividend payout ratio on Return on Equity.

The unstandardized coefficient for Dividend Yield is -0.680. This implies that a one-unit increase in Dividend Yield is associated with an expected decrease of 0.680 units in Return on Equity. While the t-value of -1.621 and the p-value of 0.108 suggest that this relationship is not statistically significant at the conventional 0.05 level, it is worth noting that the p-value is relatively close. Further investigation may be warranted to draw definitive conclusions. The unstandardized coefficient for Earnings per Share is 0.005. This suggests that a one-unit increase in Earnings per Share is associated with an expected increase of 0.005 units in Return on Equity. The t-value of 0.666 and the p-value of 0.507 indicate that this relationship is not statistically significant.

4.4 Hypotheses Test

Using multiple regression analysis, which shows the matching t-statistic and significant value, the alternative hypotheses have been examined. If the significant result is less than the standard, the alternative hypotheses have been accepted.05 and the other way around.

H1: The impact of stock dividends on return on assets is noteworthy.

The results of the regression analysis show that the stock dividend per share coefficient is 0.030, with a p-value of 0.005 that is very significant. The null hypothesis is strongly refuted by this low p-value, which indicates that there is, in fact, a large positive impact of stock dividends on return on assets. We so accept the alternative hypothesis and reject the null hypothesis (H1). This suggests that a considerable improvement in a company's Return on Assets is linked to the distribution of stock dividends per share.

H2: The cash dividend has a major impact on return on assets.

In contrast to predictions, the Cash Dividend per Share coefficient is 0.020, and the corresponding p-value is 0.099, both of which above the traditional significance threshold of 0.05. The null hypothesis is not strongly refuted by this outcome. Based on the provided regression analysis, we do not reject the null hypothesis (H2), suggesting that the cash dividend has no discernible impact on return on assets.

H3: The dividend payout ratio has a major impact on return on assets.

With a p-value of 0.074, the dividend payout ratio coefficient is -0.006. The p-value does not exceed the traditional significance threshold of 0.05, although it is rather near to it. Consequently, there isn't much evidence to refute the null hypothesis. Therefore, based on

the results of the present regression analysis, we do not reject the null hypothesis (H3), indicating that the dividend payout ratio has no discernible impact on return on assets.

H4: The dividend yield has a major impact on return on assets.

With a p-value of 0.519 and a coefficient of 0.026 for dividend yield, these numbers are much higher than the traditional threshold of significance. Regression analysis shows that there is no significant influence of dividend yield on Return on Assets, and this lack of significance offers insufficient evidence to reject the null hypothesis (H4).

H5: Return on assets is significantly impacted by profits per share.

With a p-value of 0.299 and a coefficient of -0.001, profits per share is much over the traditional significance threshold. Regression analysis shows that there is no significant influence of profits per share on return on assets; this lack of significance offers insufficient evidence to reject the null hypothesis (H5).

H6: The net interest margin is significantly impacted by equity dividends.

The results of the regression analysis show that the stock dividend per share coefficient is -0.039, with a p-value of 0.140. The p-value exceeds the traditional significance threshold of 0.05. As such, there isn't much evidence to refute the null hypothesis. Based on the results of the present regression analysis, we are unable to reject the null hypothesis (H6), indicating that the stock dividend has no discernible impact on Net Interest Margin.

H7: The cash dividend has a major impact on the net interest margin.

The coefficient for Cash Dividend per Share is 0.074, and the corresponding p-value is 0.015, which is less than the traditional significance threshold of 0.05, in opposition to the hypothesis. Strong evidence is shown by this outcome to refute the null hypothesis. As a result, we reject the null hypothesis (H7), showing that the cash dividend has a noteworthy positive impact on net interest margin. As a result, businesses that provide larger cash dividends per share tend to have greater net interest margins.

H8: The dividend payout ratio has a major impact on net interest margin.

With a p-value of 0.094, the dividend payout ratio coefficient is -0.015. The p-value does not exceed the traditional significance threshold of 0.05, although it is rather near to it. Consequently, there isn't much evidence to refute the null hypothesis. Therefore, based on

the results of the present regression analysis, we do not reject the null hypothesis (H8), indicating that the dividend payout ratio has no discernible impact on net interest margin.

H9: The dividend yield has a major impact on net interest margin.

Dividend Yield's coefficient is 0.312, and its p-value is 0.003, both of which are below the traditional threshold of significance. Strong evidence is shown by this outcome to refute the null hypothesis. As a result, we reject the null hypothesis (H9), showing that dividend yield significantly increases net interest margin. greater Net Interest Margins are often associated with companies that provide greater dividend payouts.

H10: Net interest margin is significantly impacted by profits per share.

With a p-value of 0.018, the coefficient for earnings per share is -0.004, below the traditional significance threshold. Strong evidence is shown by this outcome to refute the null hypothesis. As a result, we reject the null hypothesis (H10), demonstrating that profits per share has a statistically significant negative impact on net interest margin. Lower Net Interest Margins may be linked to higher profits per share.

H11: The impact of stock dividends on return on equity is substantial.

The stock dividend per share coefficient is 0.282, with a p-value of 0.010 and a t-value of 2.612. This p-value is below the traditional 0.05 threshold of significance. As a result, there is substantial evidence to refute the null hypothesis and support the idea that stock dividends have a positive impact on return on equity. As a result, we reject the null hypothesis (H11), which states that a substantial rise in Return on Equity is linked to businesses that provide stock dividends per share.

H12: The cash dividend has a major impact on return on equity.

The coefficient for Cash Dividend per Share is 0.145, which is higher than the expected value of 0.05, and the corresponding p-value is 0.246, defying expectations. The null hypothesis is not strongly refuted by this outcome. Therefore, based on the results of the present regression analysis, we do not reject the null hypothesis (H12), indicating that there is no meaningful impact of cash dividend on return on equity.

Table 16

Summary of Hypotheses Test

Alternative Hypotheses	P-value	Remarks
H1: There is a significant effect of stock dividend on return on assets.	.005	Accepted
H2: There is a significant effect of cash dividend on return on assets.	.099	Rejected
H3: There is a significant effect of dividend payout ratio on return on assets.	.074	Rejected
H4: There is a significant effect of dividend yield on return on assets.	.591	Rejected
H5: There is a significant effect of earnings per share on return on assets.	.299	Rejected
H6: There is a significant effect of stock dividend on net interest margin.	.140	Rejected
H7: There is a significant effect of cash dividend on net interest margin.	.015	Accepted
H8: There is a significant effect of dividend payout ratio on net interest margin.	.094	Rejected
H9: There is a significant effect of dividend yield on net interest margin.	.003	Accepted
H10: There is a significant effect of earnings per share on net interest margin.	.018	Accepted
H11: There is a significant effect of stock dividend on return on equity.	.246	Rejected
H12: There is a significant effect of cash dividend on return on equity.	.010	Accepted
H13: There is a significant effect of dividend payout ratio on return on equity.	.969	Rejected
H14: There is a significant effect of dividend yield on return on equity.	.108	Rejected
H15: There is a significant effect of earnings per share on return on equity.	.507	Rejected

H13: The dividend payout ratio significantly affects return on equity.

With a p-value of 0.969, the dividend payout ratio's coefficient is 0.001. The alternative hypothesis is strongly refuted by the p-value, which is much greater than the traditional significance limit of 0.05. As a result, we do not rule out the null hypothesis (H13), which states that the dividend payout ratio has no discernible impact on return on equity.

H14: The dividend yield has a major impact on return on equity.

Dividend Yield has a coefficient of -0.680 and a corresponding p-value of 0.108, both of which are around the traditional threshold of significance. Though further research may be necessary, our present study does not provide compelling evidence to refute the null hypothesis. As a result, we do not rule out the null hypothesis (H14), which contends that the dividend yield has no discernible impact on return on equity.

H15: Return on equity is significantly impacted by profits per share.

With a p-value of 0.507 and an earnings per share coefficient of 0.005, it can be concluded that there is no statistically significant link. As a result, we do not reject H15, indicating that, based on the results of the present regression analysis, there is no significant influence of profits per share on return on equity, nor do we have sufficient evidence to refute the null hypothesis.

4.5 Major Findings

i) The dataset reveals a diverse range in Cash Dividend per Share, spanning from Rs.0.00 to Rs.45.00, with an average of Rs.6.83 and a notable standard deviation of Rs.9.05.

ii) Stock Dividend per Share exhibits variability, ranging from Rs.0.00 to Rs.65.00, with an average of Rs.16.13 and a significant standard deviation of Rs.14.93.

iii) The Dividend Payout Ratio fluctuates between 0.00% and 160.94%, displaying considerable variability with a mean of 46.84% and a standard deviation of 41.47%.

iv) Dividend Yield showcases diversity, ranging from 0.00% to 14.90%, with an average of 2.99% and a standard deviation of 2.49%, illustrating variability in dividend yields.

v) Earnings per Share vary widely, ranging from -40.23 to 810.00, with a mean of 71.06 and a substantial standard deviation of 137.18, indicating considerable variability in profits per share.

vi) Return on Assets (ROA) fluctuates between -3.43% and 3.65%, with a mean of 1.60% and a standard deviation of 0.85%, reflecting variations in profitability concerning total assets.

vii) Return on Equity (ROE) shows variability, ranging from -36.28% to 42.94%, with a mean of 13.94% and a standard deviation of 8.59%, indicating fluctuations in profitability related to shareholders' equity.

viii) Net Interest Margin (NIM) fluctuates between 0.12% and 13.93%, with a mean of 10.34% and a standard deviation of 1.98%, providing insights into the efficiency of interest-related operations with varying NIM values.

ix) The correlation coefficient of 0.497 indicates a significant positive relationship between cash dividends per share and ROA at the 0.01 significance level.

x) Stock dividends per share also exhibit a significant positive correlation with ROA (correlation coefficient = 0.494) at the 0.01 significance level.

xi) The correlation coefficient of 0.224 suggests a moderate positive correlation between dividend payout ratio and ROA at the 0.05 significance level.

xii) Dividend yield shows a moderate positive correlation with ROA (correlation coefficient = 0.277) at the 0.01 significance level.

xiii) Earnings per share have a weak positive correlation with ROA (correlation coefficient = 0.040), but the correlation is not statistically significant.

xiv) Cash dividends per share exhibit a negative correlation (-0.075) with NIM, but the correlation is not statistically significant.

xv) Stock dividends per share also show a weak negative correlation (-0.063) with NIM, but the correlation is not statistically significant.

xvi) Dividend payout ratio has a weak negative correlation (-0.183) with NIM, but the correlation is not statistically significant.

xvii) Dividend yield has a weak positive correlation (0.152) with NIM, but the correlation is not statistically significant.

xviii) Earnings per share exhibit a weak negative correlation (-0.103) with NIM, but the correlation is not statistically significant.

xix) Cash dividends per share show a significant positive correlation (0.408) with ROE at the 0.01 significance level.

xx) Stock dividends per share also exhibit a significant positive correlation (0.493) with ROE at the 0.01 significance level.

xxi) The correlation coefficient of 0.265 indicates a moderate positive correlation between dividend payout ratio and ROE at the 0.01 significance level.

xxii) Dividend yield has a weak positive correlation (0.162) with ROE, but the correlation is not statistically significant.

xxiii) Earnings per share exhibit a weak positive correlation (0.103) with ROE, but the correlation is not statistically significant.

4.6 Discussion

This study's primary goal is to examine how commercial banks pay dividends and how it affects shareholders' wealth (ROE) and the banks' performance (ROA & NIM) when it comes to the shares of commercial banks. The findings of the correlation and regression analysis provide important new information on the connections and predictive power of the dataset. First, looking at the correlation coefficients, we see that there are strong positive connections between ROA and ROE, or return on assets and equity, and cash dividend per share. This implies that businesses that pay out larger cash dividends often have greater profitability and higher shareholder returns. Similarly, there may be a connection between better financial performance and stock dividend issue as seen by the strong correlations that Stock Dividend per Share exhibits with ROA and ROE. The results of Nambukara-Gamage and Peries (2020), Nguyen et al. (2020), Bossman et al. (2022), Salim and Pardiman (2022), Farrukh et al. (2023), and Bossman et al. (2022) are all in agreement with these findings. The results, meanwhile, contradict those of Hooi et al (2015).

Going on to the regression analysis, the results provide insight into how different independent variables affect return on assets (ROA). The coefficients indicate that Dividend Yield, Stock Dividend per Share, and Cash Dividend per Share all positively impact ROA, indicating that businesses using these techniques may see increased asset profitability and efficiency. On the other hand, the dividend payout ratio's negative coefficient suggests that lower return on assets (ROA) is linked to larger percentages of earnings dispersed as dividends. Moreover, ROA is little impacted by earnings per share, indicating a complex connection between total asset returns and profits per share. The results of Ansar et al. (2023), Ojeme et al. (2022), Ilaboya and Aggreh (2013), and Masum

(2014) are in agreement with these findings. The results, meanwhile, contradict those of Hooi et al (2015).

Moving on to the Return on Equity (ROE) regression findings, the coefficients provide important information. Positive correlations between ROE and Cash Dividend per Share and Stock Dividend per Share suggest that these dividend techniques might potentially improve returns for stockholders. On the other hand, the dividend payout ratio's negative coefficient highlights the possible trade-off between optimizing returns on equity and paying out dividends. The complicated link between ROE and dividend yield and earnings per share is further complicated by the coefficients of each of these factors. These results are in line with those of Jahfer and Mulafara (2016), Kumaraswamy et al. (2019), and Nguyen et al. (2020). The results, meanwhile, contradict those of Hooi et al (2015).

CHAPTER V

SUMMARY AND CONCLUSION

5.1 Summary

Examining the dividend distribution practices of Nepali commercial banks and the impact they have on shareholder wealth and business performance is the main objective of this study. The objectives of the research are to examine the structure and patterns of dividend policy, assess the relationship between a number of dividend-related factors and shareholder wealth, and determine how these factors affect return on equity and corporate performance. Using a descriptive and informal comparative research technique, the study selects a sample of 10 commercial banks from the entire population of 20 listed on NEPSE by purposeful selection based on paid-up capital. Secondary data for the research were taken from the selected banks' annual reports, which covered the ten-year span from 2012–2021–2022. Statistical analysis is performed utilizing methods such as mean, minimum, maximum, standard deviation, correlation analysis, and multiple regression with the help of SPSS and Microsoft Excel. The study used a pooled cross-sectional approach to examine the relationship between dividend practices and ROE as well as company performance. This study's overarching objective is to bridge the information gap in the industry by investigating how dividend policies of Nepalese commercial banks impact crucial financial indicators.

A detailed analysis of Nepalese commercial banks' dividend distribution practices and how they impacted financial performance metrics produced significant findings. Correlation and regression studies have shown statistically significant and positive relationships between cash dividend per share, stock dividend per share, and dividend payout ratio and return on equity (ROE). However, the study was unable to identify any statistically significant relationships between these characteristics linked to dividends and either Return on Assets (ROA) or Net Interest Margin (NIM). The descriptive analysis clarified the structure and patterns of the dividend programs offered by the selected organizations. The study focused on a sample of 10 commercial banks listed on NEPSE and used a pooled cross-sectional research technique. It was conducted over a ten-year period. The findings suggest that dividend policies—particularly those concerning return on equity (ROE)—have a

significant influence on raising the wealth of commercial bank shareholders in Nepal. On the other hand, the lack of statistically significant connections between ROA and NIM emphasizes the need for more research into unrelated aspects and a thorough understanding of the complex dynamics driving financial performance in this specific market. In summary, the study provides important insights into the dividend policies of Nepalese commercial banks, highlighting their impact on return on equity (ROE) and suggesting avenues for more research and financial model improvement.

5.2 Conclusion

Return on Equity, Net Interest Margin, and Return on Assets (ROA) are the dependent variables. The results of the correlation and regression analysis provide important insights into the links between these independent factors and the dependent variables. The findings indicate that the variables taken into consideration in the study are not the only ones impacting Net Interest Margin in the setting of financial institutions, since there are weak and statistically insignificant correlations between the independent variables under investigation and the financial measure. This suggests that there is a complicated interaction between a variety of factors that affect the net interest margin, necessitating further research and analysis of other variables in order to fully comprehend its causes.

Conversely, significant correlations with Return on Equity (ROE) are shown by the correlation coefficients and corresponding p-values. The dividend payout ratio, cash dividend per share, and stock dividend per share all show statistically significant and comparatively substantial positive correlations with return on equity (ROE). These results highlight how important dividend-related variables are to a bank's profitability as measured by ROE. The positive correlations imply that businesses that implement dividend policies that are advantageous to them—such as distributing cash and stock dividends and maintaining effective dividend payout ratios—generally see increased returns on equity.

Regression study, on the other hand, indicates that Stock Dividend per Share stands out as a major predictor of Return on Assets (ROA) among the factors taken into consideration. Nevertheless, there are no statistically significant correlations between ROA and other factors like Cash Dividend per Share, Dividend Payout Ratio, Dividend Yield, and Earnings per Share. This suggests that, under the existing model, there is no statistically significant relationship between these factors and the bank's asset-based profitability metric (ROA).

5.3 Implications

Practical Implication

When considering Nepalese commercial banks, the practical implications of the regression and correlation findings highlight an important tactic for financial managers and legislators. Practical insights may be gained from the found positive and statistically significant correlations between cash dividend per share, stock dividend per share, and dividend payout ratio and return on equity (ROE). Putting these dividend-related issues front and center may be a smart way to increase shareholder value. These results may be used by financial managers to guide dividend distribution decision-making, which will maximize ROE in commercial banks.

Theoretical Implication

Theoretically, the research provides fascinating new information on the intricacy of financial measures, especially Return on Assets (ROA) and Net Interest Margin (NIM) in Nepali commercial banks. The lack of connections with these indicators that are statistically significant indicates that a more comprehensive understanding is required. Theoretical ramifications imply that variables beyond the purview of this investigation could affect ROA and NIM, requiring further investigation into other issues. In order to adequately reflect the complex dynamics of the banking industry, theoretical frameworks need to be refined. This emphasizes the dynamic character of financial performance factors.

Future Scope

The study's conclusions provide up new avenues for investigation that will improve financial analysis in Nepalese commercial banks. In order to fully capture the elements influencing financial performance, researchers are urged to expand the study by adding other variables such macroeconomic impacts, regulatory dynamics, and market circumstances. Comparative studies across Nepal's various businesses or geographical areas may provide sector-specific insights on the subtleties of dividend practices. Another direction for future study is to examine how dividend policies affect investor views and market value over the long run. Furthermore, taking into account how changing market dynamics and governmental actions affect the correlation between dividends and financial success creates new opportunities for academic research.

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APPENDIX

Year	Banks	CDPS	SDPS	DPR	DY	ROA	ROE	NIM	EPS
2013/14	ADBL	31.58	31.58	53.50	14.90	2.97	15.73	13.72	59.03
2014/15		8.79	15.79	44.87	2.79	1.76	9.39	13.04	35.19
2015/16		0.70	15.79	20.03	3.66	3.57	16.65	12.72	78.83
2016/17		1.05	21.05	39.87	2.74	2.32	13.96	12.09	52.79
2017/18		1.05	21.05	66.64	4.84	2.15	11.69	12.55	31.59
2018/19		15.05	6.00	16.26	1.91	2.71	13.87	13.93	36.91
2019/20		24.00	6.00	13.99	1.47	2.77	14.74	13.85	42.88
2020/21		0.79	15.00	47.69	3.90	1.86	11.71	11.74	31.45
2021/22		1.05	20.00	68.66	4.18	1.59	10.16	9.98	29.13
2022/23		11.00	2.00	13.88	0.60	0.90	5.70	10.98	14.41
2013/14	NABIL	40.00	65.00	71.39	3.58	3.25	32.78	11.64	91.05
2014/15		45.00	65.00	77.68	2.56	3.65	27.91	10.16	83.68
2015/16		6.84	36.84	64.36	1.93	2.06	22.73	8.50	57.24
2016/17		15.00	45.00	75.92	1.92	2.32	25.61	8.08	59.27
2017/18		18.00	48.00	82.18	3.15	2.69	22.41	8.27	58.41
2018/19		22.00	34.00	65.59	3.69	2.61	20.94	11.36	51.84
2019/20		22.00	34.00	67.23	4.25	2.11	17.76	11.41	50.57
2020/21		1.76	35.26	97.51	4.61	1.58	13.61	10.18	36.16
2021/22		4.40	38.00	113.20	5.31	1.78	15.19	9.37	33.57
2022/23		11.50	30.00	160.94	3.64	1.20	9.78	10.28	18.64
2013/14	NBL	0.00	0.00	0.00	0.00	1.07	-361.28	12.52	46.36
2014/15		0.00	0.00	0.00	0.00	0.92	21.42	12.16	198.53
2015/16		0.00	0.00	0.00	0.00	0.55	12.63	9.59	18.08
2016/17		0.00	0.00	0.00	0.00	2.79	42.94	9.86	7.48
2017/18		0.00	0.00	0.00	0.00	2.78	27.23	11.22	4.59
2018/19		10.00	15.00	37.52	5.34	2.41	14.00	11.23	39.98
2019/20		4.00	12.00	44.46	3.57	1.51	8.87	11.16	26.99
2020/21		3.00	14.00	67.70	5.62	1.22	7.77	8.78	20.68
2021/22		0.00	0.00	0.00	0.00	1.33	8.91	9.59	23.43
2022/23		0.00	0.00	0.00	0.00	1.12	8.24	6.30	20.29
2013/14	NIMB	25.00	35.00	75.76	4.46	2.6	31.70	12.30	46.20
2014/15		25.00	40.00	98.28	4.17	2.3	27.60	10.80	40.70
2015/16		1.70	34.70	112.30	4.93	1.9	24.80	9.00	30.90
2016/17		21.00	41.00	139.93	3.94	2	26.00	8.40	29.30
2017/18		25.00	40.00	136.52	5.19	2.1	19.10	9.00	29.30
2018/19		22.00	40.00	112.04	6.44	2.13	14.70	11.00	35.70
2019/20		8.50	19.00	71.97	3.66	1.79	13.00	10.90	26.40
2020/21		5.50	18.50	108.82	4.29	1.19	8.90	10.10	17.00
2021/22		3.39	16.00	72.73	3.48	1.56	11.00	8.20	22.00
2022/23		4.00	11.00	53.14	4.15	1.55	11.10	8.70	20.70
2013/14	HBL	10.00	15.00	43.87	2.14	1.54	17.81	11.27	34.19
2014/15		6.05	21.00	63.44	2.23	1.3	15.77	10.21	33.10
2015/16		7.11	42.11	126.19	5.18	1.34	15.98	8.35	33.37
2016/17		1.58	31.58	73.39	2.11	1.94	20.77	7.26	43.03
2017/18		1.32	26.32	78.45	2.97	2.03	18.51	8.94	33.55
2018/19		10.79	15.79	68.33	2.87	1.67	14.17	11.64	23.11
2019/20		12.00	22.00	67.82	3.99	2.21	18.34	11.67	32.44
2020/21		6.00	20.00	72.46	3.70	1.79	15.40	10.79	27.60
2021/22		4.62	26.00	92.63	5.37	1.68	14.89	7.71	28.07
2022/23		11.11	19.11	104.65	6.39	1.09	10.76	10.35	18.26
2013/14	KBL	0.74	0.14	0.81	0.05	1.03	10.97	11.72	17.23
2014/15		1.74	0.33	1.77	0.06	1.1	11.52	10.19	18.69
2015/16		0.58	0.11	0.68	0.03	1.06	11.12	8.81	16.24
2016/17		1.10	0.21	0.79	0.06	1.69	18.11	8.56	26.53

2017/18		0.00	0.13	0.96	0.04	1.29	8.67	8.36	13.29
2018/19		0.00	0.09	0.58	0.04	1.26	9.93	10.91	14.54
2019/20		0.53	0.10	0.68	0.05	1.17	10.50	11.96	14.81
2020/21		3.15	0.11	0.90	0.06	0.76	6.71	9.23	12.08
2021/22		2.67	0.06	0.42	0.02	1.04	10.43	8.93	14.20
2022/23		0.00	0.00	0.00	0.00	1.22	12.28	11.59	17.54
2013/14	GBIME	0.00	0.00	0.00	0.00	1.15	14.00	13.43	16.15
2014/15		4.00	4.00	20.44	0.63	1.62	16.00	10.88	19.57
2015/16		0.00	0.00	0.00	0.00	1.39	13.11	10.00	15.58
2016/17		0.00	0.00	0.00	0.00	1.58	16.99	8.98	19.33
2017/18		10.00	10.00	44.31	2.58	1.75	19.33	10.20	22.57
2018/19		0.00	16.00	67.68	3.27	1.67	16.19	12.88	23.64
2019/20		13.00	13.00	55.39	4.44	1.82	18.47	12.29	23.47
2020/21		2.00	14.00	77.82	5.86	1.06	12.88	12.02	17.99
2021/22		3.50	10.00	51.95	2.53	1.2	13.53	0.12	19.25
2022/23		10.60	3.00	14.40	1.20	1.38	13.93	9.89	20.84
2013/14	PBL	0.00	0.00	0.00	0.00	-3.43	-0.56	13.12	-40.23
2014/15		0.00	0.00	0.00	0.00	-1.44	-0.27	13.58	-15.24
2015/16		0.00	0.00	0.00	0.00	2.19	0.28	9.48	31.73
2016/17		0.00	0.00	0.00	0.00	1.64	0.17	7.45	26.75
2017/18		0.00	0.00	0.00	0.00	1.76	0.19	8.86	27.17
2018/19		0.42	8.42	66.93	4.50	0.86	7.69	10.46	12.58
2019/20		0.84	16.84	80.08	6.33	1.29	12.45	11.60	21.03
2020/21		0.53	10.53	90.93	4.76	0.71	7.76	11.04	11.58
2021/22		0.63	12.63	93.28	2.76	0.8	10.06	9.05	13.54
2022/23		1.50	8.00	53.44	3.86	0.82	9.93	11.71	14.97
2013/14	CTZNBL	15.00	15.00	76.30	5.62	1.79	17.37	13.07	19.66
2014/15		5.95	18.95	79.96	3.52	1.71	18.09	11.44	23.70
2015/16		1.05	21.05	68.03	4.30	1.95	19.26	10.19	30.94
2016/17		1.29	25.78	73.13	3.79	2.24	20.36	9.41	35.25
2017/18		1.00	17.00	83.87	4.22	1.8	11.52	10.55	20.27
2018/19		1.64	5.26	34.24	2.23	1.72	11.20	12.93	15.37
2019/20		12.00	15.00	85.76	6.70	1.62	11.71	12.22	17.49
2020/21		3.00	11.00	79.25	5.85	1.08	8.93	10.85	13.88
2021/22		3.09	16.00	92.22	4.15	1.29	11.17	8.00	17.35
2022/23		9.00	9.00	63.74	4.44	1.11	10.21	10.74	14.12
2013/14	NMB	10.00	0.00	0.00	0.00	1.43	12.81	10.25	252.00
2014/15		1.05	21.05	4.09	4.09	1.36	14.57	9.1	515.00
2015/16		0.42	8.42	1.66	1.66	1.21	16.40	7.86	507.00
2016/17		1.00	20.00	2.47	2.47	1.49	21.96	7.16	810.00
2017/18		0.79	15.79	2.90	2.90	1.69	16.49	9.26	545.00
2018/19		20.00	30.00	8.38	8.38	1.8	13.54	10.78	358.00
2019/20		14.00	35.00	9.16	9.16	1.83	13.32	11.17	382.00
2020/21		3.20	16.20	4.08	4.08	1.09	8.94	10.95	397.00
2021/22		3.30	15.80	3.59	3.59	1.32	12.08	8.16	440.00
2022/23		8.25	8.25	3.16	3.16	1.35	12.95	9.55	261.00

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IMAPCT OF DIVIDEND POLICY ON BANK PERFORMANCE OF NEPALESE COMMERCIAL BANKS i ABSTRACT This research looks at the dividend distribution patterns of Nepalese commercial banks to provide light on how these practices affect company profitability and shareholder wealth. A sample of ten out of the twenty listed banks on the Nepal Stock Exchange (NEPSE) is carefully selected for a comprehensive analysis using a purposive selection approach based on paid-up capital. The study uses a descriptive comparative research approach and spans 10 fiscal years, from 2013–14 to 2022–23. It is centered on secondary data extracted from the selected institutions' yearly reports. For statistical research, including multiple regression, correlation analysis, mean, minimum, and maximum, as well as standard deviation, SPSS and Microsoft Excel are used. The research concludes that there are positive and