

Chapter I: Introduction

1.1 Background of the Study

The securities market is the place where educated people can gain much profit as compare to the other profession and business. In Nepal, Share Investment is in increasing trend as compare to the last twenties. As Nepal is least developed country, the main reason for which is the non utilization of available great resources. The Capital is must for every work to place. For share investment also, the required amount of capital is must. There are various factors which determine the position of Share market and their price fluctuation. In the context of our country Nepal, Political Instability and Government Rules and Regulations are main factors which determine the Share prices.

There are various study take place for knowing the Share market in Nepal. To compete in the securities market, the companies first should be register in Security Board of Nepal and to be listed in Nepal Stock exchange Limited, which is the Nepal one and only Stock exchange place. Regarding all this, the main Companies which really influence the share market business is the Financial Institutions.

The Financial Institutions includes the Commercial Banks, Cooperative, Development Banks and other etc. The main role focus on this study is the commercial Banks, whose numbers in Present FEB 2012 is 31 in Nepal. Most of the Investment in Commercial Banks is on Initial Public Offerings. As the Financial Institutions plays a major role in the circulation of Funds in the Market. I took 15 Commercial Banks so as to analyze their performance and assessment of share prices.

Normally we can find the two different types of Financial Market on securities, on the basis of life span of Securities. Those are Money market and Capital market Money market is specifically for the short term securities. Short term securities are the securities that have a life span of One year or less, like Short term Market, liquid and low risk securities. For

example, the treasury bills issued by Nepal Rastra Bank are traded in the Money Market. Likewise, capital markets are the markets for the long term securities that have a life span of more than one year. For example, the shares issued by the banks are traded in Capital market. On the basis of the Securities traded such Market can also be classify as Primary Market & Secondary Market.

- **Primary Market:** In Primary Market, initial Capital raising securities are traded. For Example: Initial Public offering of Shares on its establishment. On this Market, intermediaries earn a commission that is built into the price of security offerings, though it can be found in prospectus. In other words, it is the market where securities are sold for the first time. It performs the crucial function of facilitating capital formation in the economy.

Some of the Methods of issuing securities in the primary market are:

- Initial public offerings
 - Further Public Offerings
 - Rights Issue (for existing companies)
 - Preferential Issue.
- **Secondary Market:** As name indicates, it is the secondary Market, where securities are traded after first issue of securities. It is also known as aftermarket, where the previously issued securities and financial Instruments are bought and sold. After the initial issuance of Securities, investors can purchase from other investors in the secondary market. In the context of our country Nepal, Nepal Stock Exchange Limited is the example of Secondary Market.

In Nepal the share market is observed by the SEBON. With the objective of regulating securities transactions and protecting interest of the investors, Securities Exchange Act was enacted in 1983. The Act provided some legal and institutional basis for the securities markets development. The second amendment of the same Act was made in 1997. This amendment made

provisions for registering securities business persons in SEBO. The amendment also made mandatory provisions for listed companies to submit semi-annual and annual reports to SEBO. This board was established by the Government of Nepal on 7th June 1993, so as to regulate the market under the securities Act, 2006.

The major financial sources of SEBON are the government grant, transaction fee from the stock exchange and registration fee of corporate securities. Other financing sources include registration and renewal of stock exchange and market intermediaries and the income from mobilization of its revolving fund.

The major functions of the SEBON can be summarized as follows:

- To offer advice to Government on matters connected with the development of the capital market.
- To register the securities of corporate bodies established with the authority to make a public issue of its securities.
- To regulate and systematize the issue, transfer, sale and exchange of registered securities.
- To give permission to operate a stock exchange to any corporate body desirous of doing so, subject to this Act or the rules and bye-rules framed under this Act.
- To supervise and monitor the functions and activities of stock exchange.
- To inspect whether or not any stock exchange is executing its functions and activities in accordance with this Act or the rules and bye-rules framed under this Act, and to suspend or cancel the license of any stock exchange which is not found to be doing so.
- To issue licenses to conduct the business of dealing in securities, subject to this Act, or the rules and the bye-rules framed under this Act, to companies or institutions desirous of conducting the business of dealing in securities.
- To supervise and monitor the functions and activities of securities-dealers.
- To grant permission to operate collective investment schemes and investment fund programs, and to supervise and monitor them.

- To approve the bye-rules concerning transactions in securities framed by stock exchanges and institutions engaged in the business of dealing in securities, and, for the purpose of making necessary provisions concerning the development of the capital market and protecting the interests of investors investing in securities, issue orders to have necessary alterations made in such bye-rules of stock exchange and institutions engaged in the business of dealing in securities.

To discharge or make arrangements for discharging such other functions as are necessary for the development of securities and the capital market.

Nepal Stock Exchange Limited

The Securities Exchange centre was established with an objective of facilitating and promoting the growth of Capital Market. Before its conversion into stock exchange, it was only a capital institution undertaking the job of brokering, underwriting, managing public issue, market making for government bonds and other financial services. In 1993, the centre was converted into Nepal Stock Exchange with the basic objectives of imparting free marketability and providing liquidity to the government and corporate securities by facilitating transactions in its trading floor through market intermediaries, like broker, market makers etc. and it is a non profit organization, operating under Securities Exchange Act 1983. Government of Nepal (58.67%), Nepal Rastra Bank (34.6%), Nepal Industrial Development Corporation (6.13%) and licensed members General Public (0.60%) are the shareholders of the NEPSE. NEPSE opened its trading floor on 13th January 1994. Members of NEPSE are permitted to act as intermediaries in buying and selling of government bonds and listed corporate securities. At present, there are 23 members' brokers and 2 market makers, who operate on the trading floor as per the Securities Exchange Act 1983, rules and bye-laws. Besides this, NEPSE has also granted membership to issue and sales manager works as manager to the issue and underwriter for public issue of securities trader (Dealer) works as individual portfolio manager. At present there are 11 sales

and issue manager and 2 dealers (Secondary Market). The tenure of the membership is one year. The license should be renewed within 3 months after the closure of the fiscal year. If not, it can be done within another three months by paying 25% penalty. NEPSE the only Stock Exchange in Nepal introduced fully automated screen trading since 24th August, 2007. The NEPSE trading system is called 'NEPSE Automated Trading System (NATS)' is fully a automated screen based trading system, which adopts the principle of an order driven market.

1.2 Statement of Problem

During the research coverage period from mid July 2005 to mid July 2011, the share prices of selected commercial banks have been analyzed. Fluctuations in share prices of these banks have been observed. This fluctuation in the share price is not solely because of the performance of these banks rather they seem to be influenced by several other factors. So through this study we try:

- To evaluate whether this fluctuation is justifiable (rational) in response to the performance of these banks or not?
- Is the market share price driven by the banks performance only or are there other factors influencing it?
- Which banks are performing better and which banks are performing not so well?
- This study shall be to set up to evaluate the performance of the banks using Financial Tools and Statistical tools. The financial tools we shall use in this study are EPS, DPS, MPS and BVPS. Whereas the statistical tools we use here are Mean, Standard Deviation, Correlation Analysis & Regression Analysis and t- test.

1.3 Objectives of the Study:

The primary objective of this study is to closely analyze the price movements of selected commercial banks and evaluate how accurately they have been priced in the market.

A brief summary of the basic objective of this study is noted below:

- To examine the share price movement of the selected commercial banks
- To evaluate the relationship between the performance of banks and their position in the market and share price.
- To identify prime determining factors of Share price determination of Nepalese Commercial Banks.
- To analyze the market trends of MPS with Financial Indicators namely EPS, DPS and BVPS.

1.4 Importance of the Study

The study has been framed in such a way that it will be beneficial to all, directly or indirectly related to investing in capital market in general and commercial banks in particular. The study has been conducted by master level student with limited resources and technical knowledge so it should only be taken as a reference material to conduct further in depth study and analysis and should not be considered as the only basis for decision making.

Important rational of this study are mentioned below:

- To develop understanding about Nepal Stock Exchange (NEPSE).
- To analyze the share price movement of major commercial banks in Nepal.
- To trace and try to justify this fluctuation in the share prices.
- To identify which bank's stocks are overpriced and which bank has its stock underpriced.
- To evaluate the performance of prominent commercial banks in Nepal.

- Lastly to partially fulfill the requirement of Tribhuvan University 2 Years Masters Program.

1.5 Limitations of the Study:

The study is subject to limitations by a number of factors. In spite of this, we shall try our best to minimize those limitations and succeed in our target.

The major limitations of the study are as mentioned below:-

- The study covers the relevant data and information for only six years i.e. from mid July 2005 to mid July 2011.
- The study considers 15 commercial banks only.
- Major portion of analysis and interpretation have been done on the basis of available secondary data and information. So, the consistency and accuracy of the findings and conclusion strictly depends on the reliability of secondary data and information.
- Gathering six yearly share prices of 15 commercial banks, reading annual reports published in Nepali, tedious calculations, all may result in a very difficult during the study period.
- This study in particular revolves around the use of secondary data.
- Due to non submission of the Annual report of FY 2067/68 till the last date of the study period by some banks, only five years data were taken and analyzed accordingly about their performance.

1.6 Organization of the study:

The study has divided into five chapters. The First chapter gives introduction as well as background to the study. The second chapter contains literature review of the previous research works. Third chapter is applied for research methodology. Fourth chapter contains presentation of the report which is sub-divided into two sections. One is performance analysis and other is findings from the study. Finally fifth chapter presents critical issues and proposed recommendations along with conclusions of the study.

Chapter One: Background of the Study: This chapter is all about total background of the study. It includes the brief description of the NEPSE, SEBON, and Commercial Banks. It also includes the objectives of the study, it's important and limitation of the study as well as Statement of the Problem.

Chapter Two: Review and literature: It consists all about the review which is done of related Thesis, Journals and articles available from various sources. It categorized as Conceptual Review of Financial Analysis, Review of Articles and Journals, Review of Previous Thesis Studies and Research Gap.

Chapter Third: Research Methodology: Under this third chapter, it includes description of research methodology and the various Statistical tools used for the study. Including Research Design, Population and Sample, Source of data, data collection procedure and analysis tools.

Chapter Four: Data Presentation & Analysis: It all consists of the Data Presentation on tabular format and figure for easy understanding and their explanation as much as possible.

Chapter Five: Summary, Conclusions & Recommendations: This chapter consists of the summary and conclusions of the study including Major findings on the research and recommendations for the users.

2. Chapter II: Review of Literature

This chapter contains the review of different sources of literature such as books, journal, research paper and other research related to assessment of risk and return elements. Some theoretical models have been discussed to analyze return and risk characteristics of common stock (shares). Literature review has been divided into two parts: **Conceptual framework** and **Review from independent studies**.

2.1 Conceptual Framework

2.1.1 Common Stock

Common stock represents the ownership position in the company. Common stocks are variable income security, meaning that the dividend payment to the shareholder is not fixed like interest to the bondholders and dividends to the preference shareholders. The risk is highest with common stock investment because in bankruptcy, common stockholders are entitled to assets remaining after all prior claimants have been satisfied. In Nepal, as per the provision of Nepal Company act 2002, the par value of the share should be at least Rs 100. It is the main source of capital since they don't have a maturity date. Only in case of organizational profit common stock shareholders are entitled to get dividend which is fixed by the Board of Directors, by limiting themselves on Nepal Rastra Bank's Rules & Regulations.

Equity shares can be raised with internally (retained earnings) and externally (common & preferred stock). An equity base is essential to allow a firm to take optimal advantage of low cost debt and create an optimal capital structure. Firm's with strong equity base are more likely to survive economic down turns (re-cessions), since equity financing does not place the same constraints on cash flow use as does debt financing.

2.1.2 Features of the Common Stock

- **Stock rights:** It includes the bundle of rights and powers. They include the right like, right to receive dividend payments typically from earnings, liquidity rights, this is power to sell the stock and realize capital gains on public trading markets. Likewise, right to receive consideration in a merger or other fundamental transaction, if approved by the board and the shareholders
- **Voting right:** The right to vote to elect directors and to approve fundamental transactions (mergers, sale of assets, amendments to articles, dissolutions). Common stockholders normally have the right to vote on issues affecting the corporation, with each share entitling the owner to one vote. Typical voting issues include the election of directors, approval of mergers with other corporations and corporate takeovers, changes to corporate bylaws, and other issues as specified in the corporate charter. Voting is done at the corporation's annual meeting, but can also occur at special meetings as determined by the corporation's directors, or through the mail via use of a proxy forms.
- **Limited Liability:** Common stockholders have limited liability, in other words, their liability is limited to those stocks. They cannot be force to pay anything out of their own money in the event of liquidation or bankruptcy. They are protected against any financial obligations incurred by the organizations.
- **Uncertain Returns:** The returns on common stock are uncertain. The company might not have earnings with which to pay dividends. The board might not declare dividends, but instead reinvest earnings in the company. There may not be a market into which to sell stock. The market might, because of structural or informational flaws, not value stock efficiently. The board might approve a merger that imposes a price that does not reflect the stock's future return potential. The board might approve a dissolution and liquidation of the company's assets at a price that does not reflect the company's ongoing business value.

- **Price Fluctuation:** Common stocks fluctuate greatly in price. Stock prices can go up or down based on the company's overall financial health, as well as on company events such as expansion, contraction and merger. Additionally, common stock prices can fluctuate based on external market conditions, such as recessions and economic boom cycles. These price fluctuations can lead to great profits or significant losses for shareholders.
- **Tax Treatment:** No deductions of tax on dividend paid, as per Income Tax Act 2058 of Nepal.
- **No Maturity:** Common stock shares have a maturity period as like debentures, bonds etc.
- **Price Volatility:** Investors in common stocks should be aware that they are one of the riskiest types of investments. No return is guaranteed to the shareholder, and the price of common shares may fluctuate greatly, much more so than the price of corporate bonds or preferred stocks. Nevertheless, the common stock of a successful corporation tends to rise significantly over time, and its shareholders are entitled to realize these gains at any time through the sale of their stock.
- **Preemptive Rights:** If a company plans to issue new stocks, existing stockholders have the rights to subscribe to new stocks, often at lower prices, before they are issued to the public
- **Liquidation Rights:** If a company goes bankrupt and liquidates all its assets, the common stockholders have the right to receive their share of sale proceeds. However they are the last to receive money after the creditors, bondholders and preference stockholders are paid.

2.1.3 Rights of Common Stockholders:

As explained above as Characteristics of Common stock shares, we can conclude the right of the Common stock shareholders in following points.

- Right to income
- Voting right

- Right to purchase new share
- Others rights
 - Share proportionately in declared dividend
 - Share proportionately in remaining assets during liquidation
 - Pre-emptive right first shot at new stock issue to maintain proportional ownership if desired

2.1.4 Advantages of Common Stock

- **Right to Vote in Issues of the Company:** After buying shares in a common stock, we get a right to speak in the matters of the company. For every share purchase in the common stock, we're awarded a vote. Higher the number of shares you've in common stocks more will be your voting power.
- **High Dividends on Increased Market Value:** Since we have a partial ownership of the company, we will be awarded dividends and profits with the increase in market value of the company stock. If the company performs extremely well and it becomes more valuable, we will be able get capital gains that are a measure of the worth of the company. Similarly, in case, company profits by its business, it may decide to benefit its common stockholders by giving individual dividends or payments in the form of cash or stocks.
- **Lowered Financial Risks Relative to Fixed-Income Investments:** It is a fact that stocks are not as adversely hit by harsh economic conditions or inflation as fixed income securities like bonds. If we view history of stocks during times of moderate inflation, we'll find that stocks may have slowed down in their performance during difficult market conditions but they never perform worst. The net effect of inflation rates is heightened in fixed income securities than in stock investment.
- **Preemptive Rights Remain Intact:** One of the best advantages of buying shares in the common stocks is that the individual proportional

ownership rights are never challenged. To make it clearer, let us suppose that we have 10% ownership rights in a company. To raise capital, if there is an issuance of common stock in the company and it releases 100 more shares in the market, then we can buy 10 new shares even before they're issued to the public. This step doesn't dilute our ownership in the firm even if new shares are being introduced in the market. Our share of ownership in the company remains same the always.

- **Easier and Quicker to Trade Due to High Liquidity:** Common stocks are the most common (the name itself says it all) shares and they're easier to buy and trade, without any restrictions. Young, old, stock market savvy, a beginner investor - anyone can buy and trade them. Large corporations' trade frequently and you can buy or sell shares of big companies almost every day; however, we won't find such trends in shares of small companies.
- **Minimum Legal Complications:** As an individual investor, we're not legally obliged for action taken by the company management except for the financial investment. Being a stockholder, we've got minimum legal liabilities for any wrong doings or fraud of the company.
- **Dividends are not required to be paid:** The payments of dividends of the Company are not compulsory in case of common stock shares.

Likewise, there is no maturity date for repayment of funds and it increases the firm's borrowing power as well.

2.1.5 Disadvantages of Common Stocks

- **Erratic fall in Market Price:** The functioning of markets is very speculative and sometimes, even without some major reasons, there is a drop in prices of the shares. A simple rumor in the market about the performance of the company can lead to fall or increase in share prices. As such, nobody can be sure about how the market will turn out to be at

the end of the day. Erratic nature of the market can be not motivate for investors.

- **Downsizing of Dividend:** It is a fact that dividends of shareholders are cut in harsh economic times and that is one of the biggest demerits of common stocks. If not due to recession, dividends or capital gains may not be given to shareholders because of the poor performance of the company.
- **Common Stockholders Are the Last Priority:** In case of failure of the company, common stockholders are given the last priority. That's why it is said that those owning common stocks suffer the most during times of bankruptcy or failure of the business. Only after a company is done with all issues like paying employees, creditors and managing taxes, the owners are entitled to get paid.
- **Limited Rights of Common Stock Shareholders:** Though it may appear extremely lucrative to have purchased common stocks, in practicality, it may not always be so. Information regarding a company's performance that is given in the annual reports and is uploaded on the official websites is very complex for a common shareholder to understand. Media news besides the complexity of the stock industry makes it even more difficult to take effective investment decisions. Similarly, no matter shareholders are regarded to be the "company owners", they don't have exact rights and powers as that of the CEO or board of directors. All these factors eventually lead to lack of understanding in investments. Most of the common investors or individuals hence merely rely on third parties or agents for consultations on investments. Small share holders rarely have any say in the company matters as it is entirely dominated by the large shareholders and those who own the maximum share. So if you're just an average common stock shareholder, your vote may not even reach in the hierarchical board rooms.
- **Taxes are Cut on Capital Gains:** Capital gains are liable to tax cuts. If the shares of common stock perform fairly well, we're awarded capital

gains by the company. This is applicable for shares that have been held for more than one year. The tax rates are variable and keep on fluctuating every year.

Likewise, Potential dilution of earnings and control, Potential negative signal to market place, High cost due to high risk is the other disadvantages of the Common Stocks shares.

Why do stock price changes:

From Valuation Models

1. Change in dividends
2. Change in dividend growth rates
3. Change in PVGO's
4. Changes in relegation discount rate

From Market Equilibrium demand for stock= Supply of stock

Increase or decrease in demand

- Investor Sentiment expectations

Increase in decrease in Supply

- Corporate finance
- Share buy backs
- Secondly offerings
- Stock splits etc.

2.1.6 Earning Per Share

It is one of financial tool. It refers to total earning available to equity shareholders against their equity shares on the company. It is calculated by dividing Earning Available to Equity Shareholders from Total outstanding Equity Shares of the Company.

EPS: Total earning available to equity shareholders

No. of Equity Shares

2.1.7 Market Price per Share:

It is the current price at which the stock is traded. For activity traded stocks that have thin markets, prices are difficult to obtain. The market price of the share gives the value of shares, and the value of the organization. The market price of the shares are traded or the stock amount which is paid by the buyer to the seller to purchase the stock of company. Since the common stock holders are owner of the organization and have least priority to claim in liquidation, the price is highly volatile and very sensible to environment factors.

$$\text{MPS: } \frac{\text{Total value of the organization in the market}}{\text{No. of Shares held in the organization}}$$

2.1.8 Dividend per Share:

It stands for the total dividend paid by the company out of its earnings and reserve. The dividend price per share reduces the market price of the share. The amount that is paid as dividend is determined by the Board of Directors in the Annual General Meeting.

$$\text{DPS} = \frac{\text{Total amount of dividend}}{\text{No. of Shares}}$$

2.1.9 Book Value per Share:

It stands for the Total book Value of the share divided by the No. of shares outstanding. A well run company with strong management and an organization that functions effectively should have a market value greater than the historical book value of its physical assets.

$$\text{BPS} = \frac{\text{Total Net worth of Shares}}{\text{No. of Shares Outstanding}}$$

2.2 Review of Journals & Articles

Mainali (2011), the researcher review is based on “Problems and Prospects of Stock Market in Nepal”. The researcher used Correlation and Regression

Analysis to analyze the secondary data and chi square test is performed to analyze the survey response. The major conclusion of study is that stock market development is unable to show significant positive impact on the national economy. Nepalese stock market is characterized by small number of listed companies, low market capitalization ratio, low value traded ratio, low turnover ratio, high volatility, high concentration, illiquid and risky market. The correlation results researcher used indicate that there is positive relationship of GDP with stock market. Regression results show the positive but insignificant relationship of stock market variables with GDP. The inconsistent findings may be due to the factor like small size of market relative to GDP. The increasing number of listed companies, market capitalization ratio, turnover ratio, and value-traded ratio indicate that the stock market is developing steadily. The results of primary data analysis indicate that the poor co-ordination among SEBON, NEPSE, NRB and Insurance Board; insufficient information of stock market; unavailability of CSD service; poor institutional strengthening of SEBON; low instrument diversification; mal-practices on stock transaction; frequent changes on policies; poor attention of government for its development are the major problems of Nepalese stock market. Furthermore, the survey results underscore the importance of political stability in the development of stock market in Nepal.

Shrestha, (2011); the researcher review is based on the stock returns and trading volume in Nepal. That aimed at providing empirical evidence for the relationship between stock returns and trading volume using daily data for the period of 2001 to 2009 with 55 sample firms' stocks listed in NEPSE. As per researcher paper, the understanding of stock returns and trading volume help to understand the portfolio management and investment management services. The relationship between stock returns and trading volume form the basis of profitable trading strategies, and this affects the efficiency of market. Stock returns and trading volume are two major pillars, around which entire stock market revolves. Based on the analysis of data, the major findings of the study are as summarized as follows:

- There is positive contemporize relationship between stock returns and trading volume.
- There is an asymmetric V shaped relationship between positive and negative stock returns and trading volume.
- IT also indicates that any study of trading volume and returns is necessarily relating to information flow and possibly to identify a better proxy for information flow.

Durham E-Theses, HUA, Jun (2011) The Impact of information Uncertainty on stock price performance and Managers; this thesis investigates the role of information uncertainty in determining the stock price performance and managers' equity financing decisions. It adopt a set of proxies for information uncertainty and apply the empirical tests on the influence of these proxies in time series and cross sectional stock performance as well as market timing behavioral of seasoned equity financing. The findings on this study show that a new insight that information uncertainty is jointly determined by endogenous volatility of profitability and exogenous level of information asymmetry. This study finds out that the portfolios buying stocks with high uncertainty and shorting stocks with low uncertainty generate more significantly negative returns in mature markets. It shows that the stock prices would suffer more misevaluation when the recent news to the market is hard to interpret. Therefore, investors should avoid investing in the underlying firms until the uncertainty is resolved by new information which has more precise indications of firm's fundamental value. It suggests the increased arbitrage risk for institutional investors who may have better knowledge of firm's value. This research shows corporate managers tend to issue more equity when previous information uncertainty is high and market valuation is high.

2.3 Review of Master Thesis:

Bhattari, (2006): the researcher thesis is based on dissertation on "Stock price Behavior of financial institutions and commercial banks". The main objectives of research are:

- To study the present position of financial institution and joint venture banks.
- To examine and evaluate the relationship of MPS with various financial indicators like, EPS, NWPS, DPS and DPR.
- To analyze the degree of risk involved in the common stocks investment of the sampled companies.
- To identify whether stocks sampled companies equilibrium price or not.
- To analyze the comparative study about the performance of financial institution and commercial banks with regard to their profitability and liquidity position.

From the findings of her study, she concluded that there is not a single financial indicator that has dominated role to determine MPS, EPS. The same financial indicator that has significant role fixation of MPS, EPS for one company is not significant for another company.

Gautam, (2010): The thesis is based on determinants of Stock price. Researcher did correlation analysis, regression analysis and T test so as to analyze study. The main objectives of study are;

- Identify the prime determining factors of share price fluctuation of Nepalese Commercial Banks.
- To examine and evaluate relationship between MPS with the various financial indicators like EPS, BPS, DPS etc.
- To analyze the market trends of MPS of commercial banks with their financial indicators

The researcher concluded study in numerous findings; some of them are as follows:

- Investors generally tend to earn profit from share and EPS and MPS are mainly are the main factors which they consider before investing their share on share price.

- MPS of the banks are found to be correlated with other individual financial indicators like BPS, EPS and DPS insignificantly, which shows that they individually rarely influence share price but they have combined effect on it. There can be other factors which influence the share price of the organization.
- The reputed and established commercial banks have very good trend of their financial performance whereas new banks are penetrating their market. Most of the banks are operating in profit in recent years though they suffered some losses during their initial stages. Still, the investors are positive towards the share of these banks.

2.4 Research Gap:

The review of past studies shows that research on the share price behavior has been conducted by different researchers in the past. The review of shows that most of the studies were focused on the share price behavior of the commercial banks have tried to analyze the share price comparing it with its own financial indicators and with macroeconomic variables.

3. Chapter III: Research Methodology

3.1 Introduction

The report is entirely based upon the financial analysis and the use of financial tools to carry out assessment of the share of commercial banks. Various ratios have been used along with some important financial and statistical concepts related to risk and return issues governing investments. The report has been prepared with the major Commercial banks in Nepal because they control a major portion in the lucrative financial market.

All the banks have not been incorporated in the study. Only the major players have been taken into consideration, leaving aside the public sector banks. Among the private sector banks as well only 15 have been selected, as the rest do not qualify in the same level of comparison.

3.2 Research Design

A research design is a plan of the proposed research work. It represents a compromise dictated by mainly practical considerations. It is a catalogue of the various phases and facts relating to the formulation of research efforts.

Research design is a plan or blue print for collection and analysis of data that presents a series of guide posts to enable the researcher to progress in the right direction in order to achieve the goal.

3.3 Population and Sample

Companies with the Nepal Stock Exchanges are considered to be the population of the study and the commercial banks listed and conducting share transactions in the NEPSE are taken as the sample of the study. At present there are 31 Commercial Banks listed with the NEPSE out of

which only 15 Commercial Banks, are selected for the purpose of analysis. Name of the Banks are as follows:

1. Bank of Kathmandu
2. Himalayan Bank Limited
3. Nepal Investment Bank Limited
4. NABIL Bank
5. Everest Bank Limited
6. Global Bank Limited
7. Nepal SBI Bank Limited
8. Kumari Bank Limited
9. Laxmi Bank Limited
10. Lumbini Bank Limited
11. Machhapuchhre Bank Limited
12. Nepal Bangladesh Bank Limited:
13. Nepal Credit & Commerce Bank Limited
14. Siddhartha Bank Limited
15. Standard Chartered Bank Of Nepal

3.4 Sources of Data and Information

It is a secondary data oriented research. Data to a large extent has been gathered from secondary sources. Information has been gathered from annual reports and websites of various banks. The quarterly and annual economic bulletin published by the NRB has been a great help. The websites of Nepal stock exchange and different other studied conducted by ADB and other organization in this subject has provided valuable insight towards our understanding of the subject matter. Some data was obtained from different journals and management review articles related to banks and stock exchange.

3.5 Data Analysis

The data are analyzed using the various Financial Tools and Statistical Tools. In other words, such data are categorized processed and analyzed using different methods, frequency distribution, means and correlation. And to test the hypothesis Pearson Correlation Coefficient was used. Such Calculations are categorized and analyzed using meaningful tables which have been shown in Annexure. Homogeneous data have been sorted in one table and similarly various tables have been prepared on understandable manner and odd data are excluded for the research work.

3.6 Data Collection Procedure:

As the study is based mainly based on Secondary Data, for the collection of such secondary data the official website Nepal Stock Exchange, WWW.nepalstock.com was visited. Likewise for the Financial Reports of the Banks, the related official websites of the Banks are used. Likewise, the website of Nepal Rastra Bank, www.nrb.org.np was visited and data as per requirements are downloaded.

3.7 Data processing:

The data collected from the Secondary Sources were in raw format. So for the betterment of the working, the data gathered from the various sources have been verified and simplified for the purpose of analysis. Only the require and useful data are taken into consideration to exclude the rigidity and confusions. An attempt has been made to find out the conclusion from the available data, with the help of various Financial as well as Statistical Tools.

3.8 Data Analysis Tools:

On the process of data analysis, primary data and secondary data's are analyses using various statistical tools, like Average mean, Standard

Deviation so as to measure the riskiness of the company, correlation of coefficient, coefficient of variation etc.

3.8.1 Statistical Tools:

As per the Yule and Kendall, “By statistics we mean qualitative data affected to a marked extent by multiplicity of causes”. Therefore, we can define the statistical tools as the qualitative data measurement technique which gives the result in numeric form so as to help in data analysis processing.

3.8.1.1 Average Mean:

It is the average of the data we have. In other words, it is the sum of set of observations divided by the number of observations. We can understand Average mean through formula as shown below:

$$\bar{X} = \frac{\sum X}{n}$$

Where, \bar{X} = Arithmetic Mean (Average)

$\sum X$ = Summation of X variable

N = Number of X variables

3.8.1.2 Standard Deviation:

It measures the riskiness of company. It is defined as the positive square root of the arithmetic mean of the squares of the deviations of the given observations from their arithmetic mean. Standard deviation and Risk are positively correlated. That means higher the value of S.D high will be the risk and lower the value of S.D lower will be risk associated with it. Standard Deviation is abbreviated as S.D and denoted as σ . It measures the dispersion. We can understand it using following formula:

$$\text{S. D } (\sigma): \sqrt{\frac{1}{n} \sum (X - \bar{X})^2}$$

Where,

\bar{X} = Average mean

X = Number of X series

n = No. of Observations

3.8.1.3 Correlation of Coefficient:

Correlation indicates the strength and direction of a linear association between two random variable. E.g. we can correlate two variables EPS and DPS. If we find that increase in EPS leads to increase in MPS of the company. There is a positive correlation between EPS and MPS. Of the several mathematical methods of measuring Correlation, the Karl Pearson's Method, popularly known as Pearson's Coefficient of Correlations, is most widely used in practice. The formula for computing Pearson an Correlation Coefficient using direct method is as follows:

$$r = \frac{n \sum xy - \sum x \sum y}{\sqrt{n \sum x^2 - (\sum x)^2} \sqrt{n \sum y^2 - (\sum y)^2}}$$

Here,

N = Number of pairs of x and y observed,

X = Value of x variable

Y = Value of y variable

r = Pearson an correlation coefficient

3.8.1.4 Coefficient of Variation

It is the relative measure of dispersion based on standard deviation. According to the Karl Pearson, "It is the percentage variation in mean standard deviation being considered as the total variation in the mean". Coefficient of Variation (CV) given by:

$$CV = \frac{\sigma}{\bar{X}}$$

3.8.1.5 Regression Analysis:

It provides with more information about the scope of the relationship. It is used to make prediction, inferences, hypothesis-testing and modeling of casual relationship. It is thus a statistical technique used to derive an equation that relates a single criterion variable to one or more predict for variables.

The line of regression of X on Y is the line which gives the best estimates of X for any given amount of Y. The regression equation is expressed as:

$$Y = a + bx$$

We shall get the normal equation for estimating 'a' and 'b' as:

$$\sum Y = na + b\sum x \dots\dots\dots (i)$$

$$\sum xy = a\sum X + b\sum x^2 \dots\dots\dots (ii)$$

Where,

Y = the value of dependent variable,

a = Slope of the trend line/ coefficient of regression

X = value of independent variable

3.8.1.6 Coefficient of Regression

The coefficient 'b' which is the slope of line regression of Y on X is called the coefficient of regression of Y on X. It represents the increment in the value of the dependent variable Y for a unit change the value in value of the independent variable X in the words; it represents the rate of change. The Convenient way to calculate way to calculate the value of 'b' is as

$$b = \frac{n \sum WX - \sum W \sum X}{\sqrt{n \sum X^2 - (\sum X)^2}}$$

Similarly, the value of Y-intercept can be computes as:

$$a = \frac{(\sum X^2)(\sum Y) - (\sum X)(\sum XY)}{n \sum X^2 - (\sum X)^2}$$

3.8.1.7 T-Test:

T- Test is known as Student's T Distribution, it is used when sample size is equal to or less than 30, the parent population from which the sample is drawn is normal, the population standard deviation is unknown. In order to test the significance of an observed sample correlation coefficient, the following procedure has been applied.

The following formula is used to test an observed sample correlation coefficient:

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

Where,

r = Simple Correlation coefficient

n = number of observations

3.9 Methods of Data Presentation:

The collected data are presented in simple and easily understandable tables. To make those data clear and more informative such data have been presented in figures like trend line and pie-chart whichever is relevant to explain the data more effectively based on the nature data. After presenting such data in the tables and figures, are analyzed using various statistical, mathematical and financial tools and technique.

4. Chapter IV: Data Presentation & Analysis:

4.1 Introduction

This 4th Chapter deals with the all relevant data and their analysis. The main purpose of this chapter is to analyze and calculate the related figure so as to understand their term of position. Every related data and their calculations are summarized in the Table and figure. By using Statistical Tools the data has been analyzed.

As per the provision at listing byelaws, NEPSE has to classify it listed companies in Group A and Group B. The Company which in Profit for preceding last three years, which has at least 1000 shareholders, which has at least Paid up Capital of Rs. 20 million and having net worth of more than its paid up value and which can submit its financial statements during the first six months of fiscal year is classified under Group A.

4.2 Analysis of Financial Indicators:

4.2.1 Bank of Kathmandu:

The table 4.1 shows the financial summary of Bank of Kathmandu over the last six years and the relationships of DPS, BVPS and EPS to MPS along with the significance of such relationship.

Table 4.1 Summary of Financial Performance of Bank of Kathmandu

Fiscal Year	MPS	DPS	BVPS	EPS
2062/63	850.00	48.00	230.67	43.67
2063/64	1375.00	20.00	164.68	43.50
2064/65	2350.00	42.11	222.51	59.94
2065/66	1825.00	47.37	206.25	54.68
2066/67	840.00	30.00	175.40	43.08
2067/68	570.00	34.75	179.13	44.51
Arithmetic Mean	1301.67	37.04	196.44	48.23

S. D	623.26	9.98	24.83	6.61
CV	47.88	26.95	12.64	13.71

Where,

SD: Standard Deviation

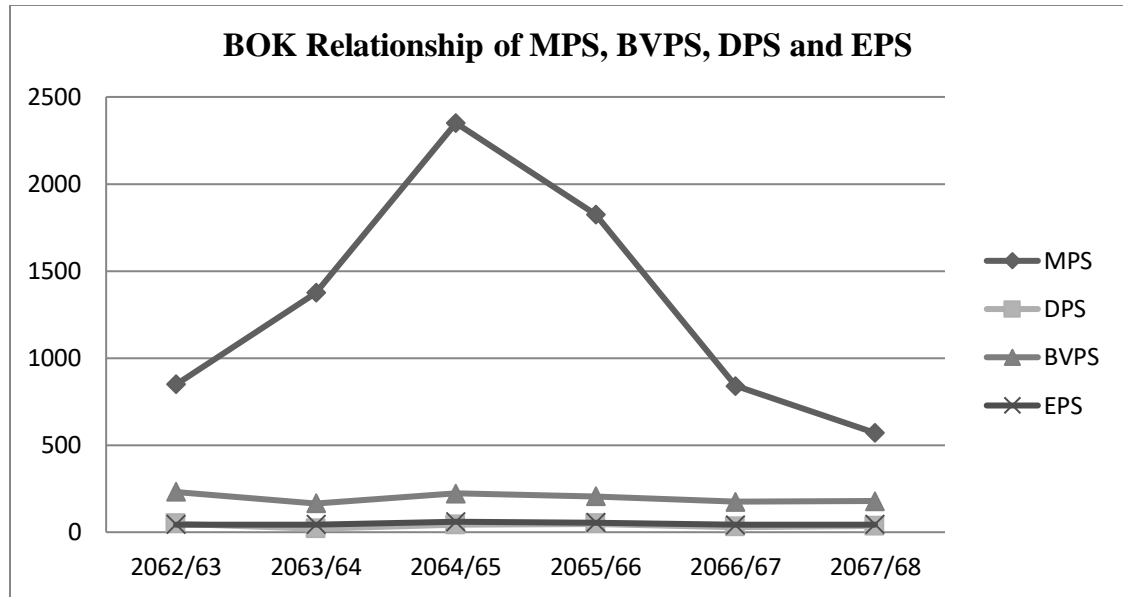
CV: Coefficient of Variance

The table 4.1 presents the detail financial summary of Bank of Kathmandu throughout the last six years. As table shows, the bank distributed its profit to the shareholders as dividend for six times over the study period. It distributed Rs.48 per share on 2062/63 as dividend and it was fluctuating state. The company's Dividend distribution on 2062/63 is highest dividend within this six years period. Likewise, it can be seen that the Book value per share of the company is too is in fluctuating state as like Dividend distribution. Likewise, the EPS of the company for the fiscal year 2062/63 is Rs.43.67 which is decrease to Rs. 43.50 on FY 2063/64 and thereafter in increased to Rs. 59.94 on FY 2064/65. In the FY 2064/65, Rs. 59.94 is highest EPS during the six financial years 2062/63 to 2067/68.

The distribution of dividend seems to be much volatile for the company with the coefficient of variation 26.95% whereas the Book Value per share seems to be less volatile with the coefficient of variation 12.64 %. The market price per share and earning per share moderately volatile with the coefficient of Variation 47.88 % and 13.71%.It tends to describe that DPS is comparatively more fluctuated than others.

The line chart Figure 4.1 shows the relationship of Market Price per share with DPS, BVPS and EPS.

Figure 4.1 BOK relationship of MPS, BVPS, DPS and EPS



The relation of MPS with DPS, BVPS and EPS has been presented in the Table 4.2.

Table 4.2 Relationship of MPS with DPS, BVPS and EPS of BOK

Variables	r	r ²	a- value	b- Value	t- cal	t-table	Remarks
MPS with DPS	0.25	0.06	31.76	0.11	0.523245	2.776	Insignificant
MPS with BVPS	0.40	0.16	175.75	0.56	0.87048	2.776	Insignificant
MPS with EPS	0.91	0.83	35.68	0.14	4.350789	2.776	Significant

Where,

r = Coefficient of Correlation

r² = Coefficient of Determination

t – Cal = Student’s t- value

t – Table = Tabulated value of Student’s t- distribution (at 95% Level of Significance, n- 2 i.e.6-2=4 Degree of Freedom)

a -value = Y- intercept of Regression equation (MPS- dependent intercept)

b -value = slope of the line (Variable Intercept)

The table 4.2 shows the relation of MPS with BVPS, DPS and EPS. It shows that MPS is positively correlated with BVPS, DPS and EPS. It means rise in these indicators (BVPS, DPS and EPS) results rise in

MPS. Among these three indicators, Earning per share have a high degree of positively correlation with the market price per share i.e. 0.91 as compare to the others.

Despite all these, it can be observed from t-calculation that only the MPS with EPS is significant at 95% level of confidence, and MPS with BVPS and MPS with DPS is Insignificant as per their t-calculation.

The simple regression equation of DPS, BVPS and EPS taking MPS as dependent variable is given in Table 4.3.

Table 4.3 Simple Regression Equation of BOK

S.N	Variables	Regression Equation
1.	MPS vs. DPS	$MPS = 31.76 + 0.11 \text{ DPS}$
2.	MPS vs. BVPS	$MPS = 175.75 + 0.56 \text{ BVPS}$
3.	MPS vs. EPS	$MPS = 35.68 + 0.14 \text{ EPS}$

The first equation is the regression equation of MPS on DPS. The regression constant equals to 31.76. This means that when DPS falls to zero, MPS equals to Rs. 31.76. Likewise, the constant for DPS equals to 0.11, which means that when DPS increases or decreases by Rs. 1, MPS increase or decreases by Rs. 0.11 and vice versa.

The second equation describes that the regression equation of MPS on BVPS. The regression constant equals to 175.75, which means that when BVPS becomes zero, MPS will fall to Rs. 175.75. Likewise since the constant for BPS equals to 0.56, it means that when DPS increases or decrease by Rs. 1, MPS increases or decreases by Rs. 0.11 and vice versa.

Likewise, the last equation indicates the regression equation of MPS on EPS, where regression constant equals to 35.68. It clarifies that when EPS falls to zero, MPS equals to Rs.35.68. In the same way, since the constant for EPS equals to 0.14, which refers that when DPS increases

or decreases by Rs. 1 MPS increases of decreases by Rs. 0.14 and vice versa.

4.2.2 Himalayan Bank Limited:

The table 4.4 shows the summary of the recent six years financial data of the Himalayan Bank Limited. It includes the MPS, DPS, BVPS and EPS from the FY 2062/63 to FY 2067/68. There relationship status is explained thereafter.

Table 4.4 Summary of Financial Performance of HBL

Fiscal Year	MPS	DPS	BVPS	EPS
2062/63	1100.00	35.00	228.72	59.24
2063/64	1740.00	40.00	264.74	60.66
2064/65	1980.00	45.00	247.95	62.74
2065/66	1760.00	43.56	256.52	61.90
2066/67	816.00	36.84	226.79	31.80
2067/68	575.00	36.84	199.77	44.66
Arithmetic Mean	1328.50	39.54	237.42	53.50
S. D	526.40	3.68	21.71	11.47
CV	39.62	9.31	9.14	21.44

Where,

SD: Standard Deviation

CV: Coefficient of Variance

The Table 4.4 presents the summary of financial performance of Himalayan Bank Limited for the current last six years. From the table it can be revealed that the performance of the bank was lowered at end term of the study period. It means the data shows good financial performance during the FY 2062/63 to FY 2064/65. The data for that period is in increasing trend but thereafter it is continually decreased till the end of the study period FY 2067/68. In the recent period we can see that the performance was not as good as compare to the data for the FY 2064/65. The DPS seems to be in increasing trend till 2064/65 but thereafter the DPS also get reduced to Rs. 36.84 and remain constant for the both year FY 2066/67 and FY 2067/68. Since the Rs. 36.84 dividend

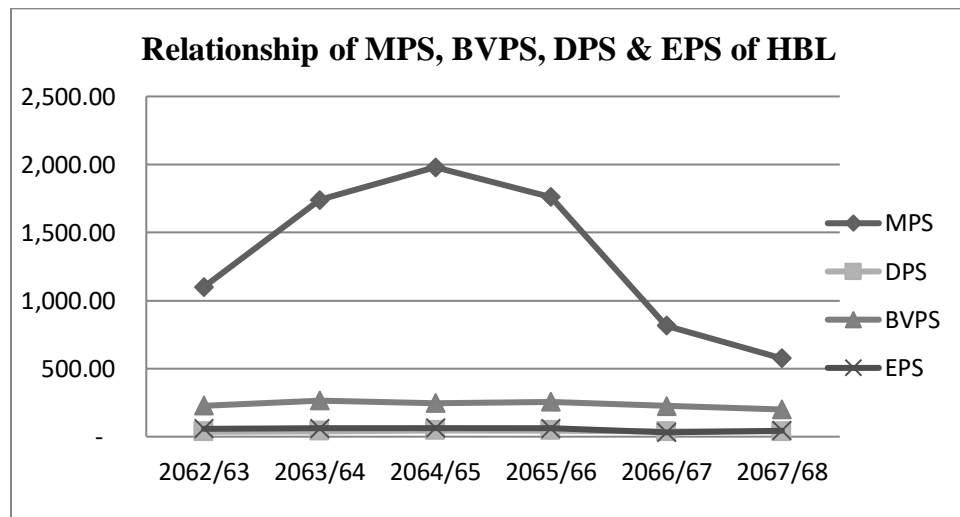
is the minimum dividend for the latest 5 years of period. That's why also bank tries their best to balance the DPS payment.

Among these four indicators, MPS has more coefficient of Variance whereas BVPS has the lowest one. Here, the low degree of Coefficient of Variance of these indicators explains the more consistency of the banking performance in comparison with other banks.

The industry average of CV of MPS, DPS, BVPS and EPS calculated using the data available is equals to 49.46%, 65.41%, 43.99%, and -445.66%. This shows that this bank has less volatile MPS, DPS, and BVPS in comparison With whole industry, whereas EPS has high volatility as compare to Whole industry average CV of EPS.

The line of chart Figure 4.2 shows the linear relationship of Market Price per share with DPS, BVPS and EPS of HBL.

Figure 4.2 Relationship of MPS, BVPS, and DPS & EPS of HBL



The relationship of MPS with DPS BVPS and EPS has presented in the Table 4.5.

Table 4.5 Relationship of MPS with DPS, BVPS and EPS of HBL

Variables	r	r ²	a- value	b- Value	t- cal	t-table	Remarks
MPS with DPS	0.85	0.73	31.60	0.16	3.29	2.78	Significant
MPS with BVPS	0.91	0.82	187.75	0.98	4.29	2.78	Significant

MPS with EPS	0.80	0.64	30.28	0.23	2.69	2.78	Insignificant
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The relation of MPS with DPS, BVPS and EPS is shown in Table 4.4. It shows that MPS with BVPS of Himalayan Bank is highly correlated as compare to MPS with DPS and EPS. The correlation with DPS and BVPS are significant but the correlation with EPS seems to be insignificant at 95% level of confidence. It indicates that raise in DPS and BVPS results the rise in MPS and vice versa. If DPS rise by Rs. 100, the MPS will raise to Rs. 85. In the same way, Rs. 100 increase in BVPS results the increment of Rs. 91 in MPS. Since the EPS is also positively correlated with the MPS, it also fluctuates same way. It means that if the EPS increase to Rs. 100, then it will results to increment in the MPS Rs. 80.

The Simple Regression Equation of DPS, BVPS and EPS taking MPS as dependent variable are given in Table 4.6.

Table 4.6 Simple Regression Equation of HBL

S.N	Variables	Regression Equation
1.	MPS vs. DPS	$MPS = 31.6 + 0.16 \text{ DPS}$
2.	MPS vs. BVPS	$MPS = 187.75 + 0.98 \text{ BVPS}$
3.	MPS vs. EPS	$MPS = 30.28 + 0.23 \text{ EPS}$

The first equation is the regression equation of MPS on DPS. The regression constant equals to 31.6. This means that when DPS falls to zero, MPS equals to Rs. 31.6. Likewise, the constant for the DPS equals to 0.16 implies that when DPS increase by Re. 1, MPS increase Rs. 0.16 and vice versa.

The second equation refers to the regression equation of MPS on BVPS. The regression constant equals to 187.75. This means that when BVPS becomes zero, MPS will be equals to Rs. 187.75. Likewise, the constant for BVPS equals to 0.98 which implies that when BVPS increases by Re 1, MPS will be Rs. 0.98 and vice versa.

Likewise, the last equation indicates the regression equation of MPS on EPS of HBL. The regression constant equals to 30.28. This means that when EPS falls to zero, MPS equals to Rs. 30.28. In the same way, the constant for EPS equals to 0.23 meaning that when EPS increases/ decreases by Re. 1 MPS increase/ decrease by Rs. 0.23 and vice versa.

4.2.3 Nepal Investment Bank Limited

The Table 4.7 outlines the major financial performance of Nepal Investment Bank Limited over the past six years from FY 2062/63 to 2067/68. The relationship of DPS, BVPS and EPS with the MPS has been shown in Table 4.7.

Table 4.7 Summary of the Financial Performance of the NIBL

Fiscal Year	MPS	DPS	BVPS	EPS
2062/63	1260.00	55.46	240.00	59.35
2063/64	1729.00	30.00	234.00	62.57
2064/65	2450.00	40.83	223.00	57.87
2065/66	1388.00	20.00	162.00	37.42
2066/67	705.00	25.00	190.00	52.55
2067/68	515.00	50.00	214.18	48.84
Arithmetic Mean	1341.17	36.88	210.53	53.10
S. D	642.39	12.95	26.97	8.32
CV	47.90	35.11	12.81	15.68

Where,

SD: Standard Deviation

CV: Coefficient of Variance

The Table 4.7 shows the summary of financial performance of Nepal Investment of Bank Limited for the last six years FY 2062/63 to FY 2067/68. The table shows that market price per share was in increasing trend from 2062/63 of Rs.1260 till 2064/65 at Rs.2450. After that period the MPS of NIBL is continually decreasing trend and it reach to Rs.515 on FY 2067/68. The decrease percent from FY 2062/63 to FY 2067/68 is 59.127% but if we consider the highest MPS of Study Period then we

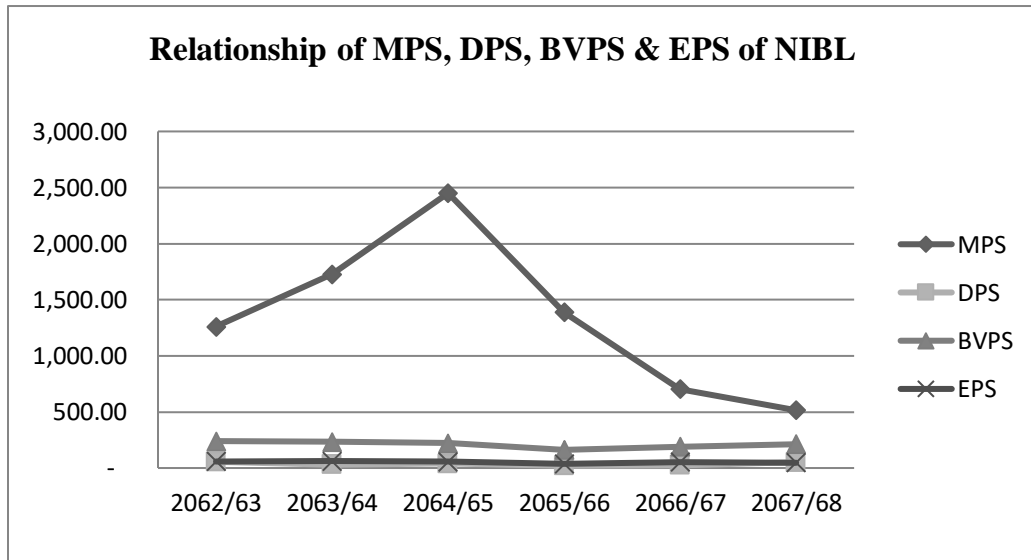
can see that percentage change in the period is 375.73% i.e. decrease of MPS of Rs 2450 to Rs. 515 from FY 2064/65 to FY 2067/68.

The bank has distributed the DPS over the period of Six years at various rates. The distribution of DPS is totally fluctuating every years, instead of that the highest DPS of the NIBL is Rs.55.46 distributed in the FY 2062/63 which is the first year of the study period. The minimum distribution payment is made on Rs. 20 which was paid on FY 2065/66. On the FY 2067/68, the DPS amount is increase from Rs. 25 to Rs. 50, which is the 100% of the DPS paid in the FY 2066/67. It indicates the good income generate source to investors for the FY 2067/68.

Likewise, the BVPS of the bank is also not consistent as like DPS of the NIBL. EPS of the NIBL is also not consistent like other variables BVPS and DPS.

The Figure 4.3 shows the trend of MPS, DPS, BVPS and EPS of NIBL through line chart.

Figure 4.3 Relationship of MPS, DPS, and BVPS & EPS of NIBL



The relationship of MPS with DPS, BVPS and EPS of NIBL has presented in the Table 4.8.

Table 4.8 Relationship of MPS with DPS, BVPS and EPS of NIBL

Variables	r	r²	a- value	b- Value	t- cal	t-table	Remarks
MPS with DPS	(0.08)	0.01	38.98	0.10	-0.1555	2.776	Insignificant
MPS with BVPS	0.27	0.07	195.19	0.58	0.56607	2.776	Insignificant
MPS with EPS	0.36	0.13	46.82	0.15	0.77471	2.776	Insignificant

The Table 4.8 above shows the relationship of MPS of NIBL with DPS, BVPS and EPS. Every Single row explains the each relation. It reflects that MPS of NIBL is positively correlated with the BVPS and EPS but the MPS with DPS is negatively correlated. It means that rise in BVPS and EPS results in rise in MPS. But only fall in DPS will raise the MPS of NIBL. The simple correlation coefficient of MPS with DPS is (0.08), which implies that increase for increase of Rupee in DPS, MPS should be reduce by Re.0.08. Likewise the simple correlation coefficient of MPS with BVPS and EPS are 0.27 and 0.36, which implies that if DPS rise by Rs. 100, the MPS will be raised by Rs. 27. In the same way, Rs. 100 increase in BVPS will results the raise in MPS by Rs. 36. From the t- calculation, we can conclude that none of the relation of independent variables with MPS is significant at 95% level of confidence.

The coefficient of determination of MPS with DPS, BVPS and EPS are 0.01, 0.07 and 0.36 respectively, which imply that the variation in MPS is explained by the independent variables DPS, BVPS and EPS which are 1%, 7% and 36% respectively.

The Simple Regression Equation of DPS, BVPS and EPS taking MPS as dependent variable is explain through Table 4.9.

Table 4.9 Simple Regression Equation of NIBL

S.N	Variables	Regression Equation
1.	MPS vs. DPS	$MPS = 38.98 + 0.10 \text{ DPS}$
2.	MPS vs. BVPS	$MPS = 195.19 + 0.58 \text{ BVPS}$
3.	MPS vs. EPS	$MPS = 46.82 + 0.15 \text{ EPS}$

In the Table 4.9 we can see the first equation of MPS vs. DPS. As per the equation, the regression constant equals to 38.98. This means that when DPS falls to zero, MPS equals to Rs. 38.98. Likewise, the constant for DPS equals to 0.1 implies that when DPS increase by Re. 1, MPS increase Re. 0.1.

Likewise, from the second equation we can see the relationship of MPS with BVPS. In this equation, regression constant is 195.19, which implies that when BVPS falls to zero, MPS equals to Rs. 195.19. In the same way, the constant for BVPS is 0.58 which means that when BVPS increase by Re. 1, MPS increase Re. 0.58.

From third equation, we can see the simple regression equation of MPS with EPS. The regression constant on third equation is 46.82, which imply the when EPS falls to zero, MPS equals to Rs. 46.82. Likewise the constant for EPS is 0.15 indicate that every increment in EPS by Re. 1 results the MPS increase Re. 0.15.

4.2.4 NABIL Bank

The Table 4.10 outlines the major financial performance of NABIL Bank Limited over the past six years from 2062/63 to 2067/68. The relationship of MPS with DPS, BVPS and EPS has been explained thereafter.

Table 4.10 Summary of the Financial Performance of the NABIL

Fiscal Year	MPS	DPS	BVPS	EPS
2062/63	2240.00	85.00	381.00	129.21
2063/64	5050.00	140.00	418.00	137.08
2064/65	5275.00	100.00	354.00	108.31
2065/66	4899.00	85.00	324.00	106.76
2066/67	2384.00	70.00	265.00	78.61
2067/68	1252.00	30.00	225.00	70.61
Arithmetic Mean	3,516.67	85.00	327.83	105.10

S. D	1,602	32.91	66.05	24.18
CV	46	38.72	20.15	23.01

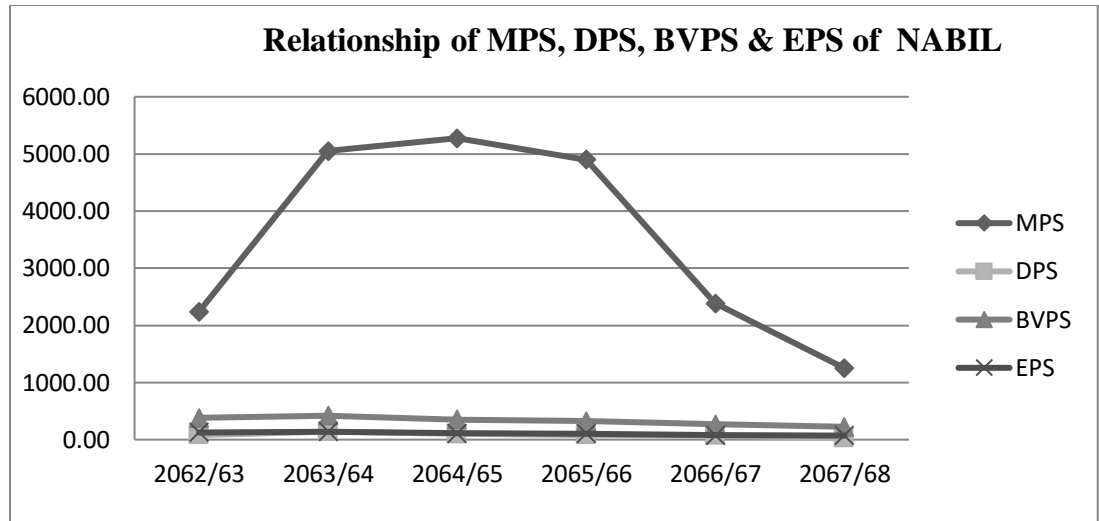
From the Table 4.10 we can see the summary of the financial performance of the NABIL bank which includes the trend of MPS, DPS, BVPS and EPS of the past six years. From the Table we can see that the MPS of the bank is in increasing trend from FY 2062/63 to F 2064/65, on that period the MPS is increase from Rs. 2240 to Rs.5050 but thereafter it is gradually in decreasing trend and reach the amount Rs. 1252 in FY 2067/68 which is the lowest MPS of the NABIL covering the study period. Likewise, the DPS and BVPS and EPS of the NABIL is also in increasing trend from FY 2062/63 to FY 2063/64, but thereafter all the financial indicators in decreasing trend and still on FY 2067/68 in is decreased to Rs.30, Rs. 225 and Rs. 70.61 respectively.

Among the CV of given financial indicators, the CV of MPS is the highest one with 46% whereas the CV of BVPS is the lowest one with 20.15%. It implies that the MPS is highly volatile and inconsistent. In comparison with DPS, BVPS and EPS which posses low degree of Coefficient of Variance.

The industry average of CV of MPS, DPS, BVPS and EPS are 49.46%, 65.41%, 43.99% and (445.66%) respectively and comparing it with the CV of the NABIL we can conclude that the CV of all the indicators excluding EPS is low, whereas industry average of CV of EPS is the high in case NABIL bank which is 23.01%. It implies that the EPS of the NABIL is highly volatile as compare to industrial EPS.

The line chart Figure 4.4 shows the linear relationship of MPS with DPS, BVPS and EPS.

Figure 4.4 Relationship of MPS, DPS, BVPS & EPS of NABIL



The relationship of the MPS with DPS, BVPS and EPS of the NABIL bank with their correlation coefficient, coefficient of determination are shown in Table 4.11.

Table 4.11 Relationship of MPS with DPS, BVPS and EPS of NABIL

Variables	r	r ²	a- value	b- Value	t- cal	t-Table	Remarks
MPS with DPS	0.80	0.64	27.38	0.11	2.64303	2.776	Insignificant
MPS with BVPS	0.65	0.43	233.00	0.40	1.72869	2.776	Insignificant
MPS with EPS	0.58	0.33	74.42	0.13	1.41624	2.776	Insignificant

The Table 4.11 shows that the MPS with DPS is highly positively correlated as compare to MPS with BVPS and EPS but none of the relationship is significant at 95% level of confidence with correlation coefficient of 0.80, 0.65 and 0.58 with DPS, BVPS, and EPS respectively.

It means that if DPS rises by Rs.100, MPS increase by Rs 80 similarly. Likewise Rs. 100 change in BVPS and EPS will fluctuate MPS in the same direction by Rs.65 and Rs.58. The coefficient of determination shows that 64% change in MPS is explained by DPS, whereas 65% and 58% is explained by BVPS and EPS respectively.

The Simple Regression Equation of DPS, BVPS and EPS taking MPS as dependent variable is explain through Table 4.12:

Table 4.12 Simple Regression Equation of NABIL

S.N	Variables	Regression Equation
1.	MPS vs. DPS	$MPS = 27.38 + 0.11 \text{ DPS}$
2.	MPS vs. BVPS	$MPS = 233.00 + 0.40 \text{ BVPS}$
3.	MPS vs. EPS	$MPS = 74.42 + 0.13 \text{ EPS}$

In Table 4.12, the first equation is the regression equation of MPS on DPS where the regression constant equals to 27.38, which means that when DPS is zero, MPS is equals to Rs. 27.38. Likewise, the constant for DPS equals to 0.11, which means that increase or decrease of DPS by Re. 1, MPS results Re. 011 increase or decrease in same direction and vice versa.

Likewise, the second equation gives the simple regression equation of MPS with BVPS, where the regression constant equals to 233.00 which imply that when BVPS is zero, MPS is equals to Rs. 233. In the same way the constant for BVPS is 0.40 which gives the increase in value by Re. 0.40 in MPS with every increment of Re. 1 in BVPS.

In the same way, the third equation shows the simple regression equation of MPS with EPS, where the regression constant is 74.42. It implies when the EPS is zero, the MPS of the NABIL is Rs. 74.42. Since the constant for EPS is 0.13, the increase or decrease of EPS by Re. 1, results to Re. 0.13 increase or decrease in same way and vice versa.

4.2.5 Everest Bank Limited

The financial performance of Everest Bank Ltd. for the past six years has been summarized in the Table 4.13. It tends to show the relationship of MPS with DPS, BVPS and EPS along with their significance.

Table 4.13 Summary of the Financial Performance of the EBL

Fiscal Year	MPS	DPS	BVPS	EPS
2062/63	1,379.00	-	217.67	62.78
2063/64	2,430.00	30.00	280.82	78.42
2064/65	3,132.00	30.00	321.77	91.82
2065/66	2,455.00	30.00	329.74	99.99
2066/67	1,630.00	30.00	331.99	100.16
2067/68	1,094.00	10.00	277.91	83.18
Arithmetic Mean	2,020.00	21.67	293.32	86.06
S. D	708.79	8.31	40.31	13.13
CV	35.09	38.33	13.74	15.26

The Table 4.13 is the summary of the financial indicators of EBL including MPS, DPS, BVPS and EPS. As per the details of the data available we can clearly find that the MPS of the EBL is in increasing trend from FY 2062/63, which is continued till FY 2064/65. The MPS Rs. 1379 in FY 2062/63 reach maximum at Rs. 3132 in FY 2064/65. Thereafter it declines gradually and reach minimum at Rs.1094 on the last FY 2067/68 of the study period.

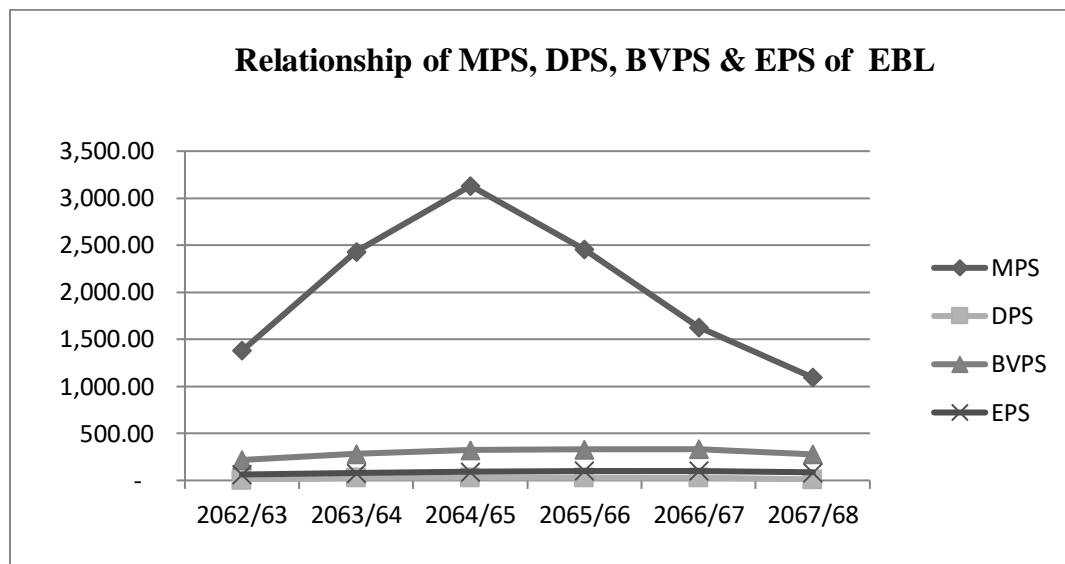
In case of Dividend distribution, there is no distribution of dividend on FY 2062/63 and from FY 2063/64 it has a Constant DPS of 30 till FY 2066/67. Such amount is decrease to 10 on FY 2067/68. Likewise the BVPS and EPS of the EBL are continually in increasing trend till FY 2066/67 and reach maximum amount of Rs. 331.99 and Rs 100.16 respectively. As like DPS, the BVPS and EPS of the EBL is decrease on FY 2067/68 at 277.91 and 86.06 respectively.

Among the financial indicators, the DPS has the highest CV 38.33% and BVPS has the lowest CV 13.74%, which implies that the DPS is highly volatile. Since the Industry average of CV of MPS, BVPS, DPS and EPS are the 49.46%, 65.41%, 43.99% and (445.66%) respectively and the from the Table 4.12, EBL CV of MPS, BVPS, DPS and EPS are 35.09%, 38.33%, 13.74% and 15.26% respectively, we can conclude

that EBL CV of MPS, BVPS and DPS are less volatile as compare to average banks in the market and CV of EPS are highly volatile as compare to average CV of EPS of banks, because the CV of EPS of EBL > CV of EPS of Industry average i.e. (15.26% > -445.66%).

The line chart Figure 4.5 shows the linear relationship of MPS with DPS, BVPS and EPS of Everest Bank Limited.

Figure 4.5 Relationship of MPS, DPS, and BVPS & EPS of EBL



The Table 4.14 shows the relationship of MPS with DPS, BVPS and EPS of Everest Bank Limited with calculated figure correlation coefficient, coefficient of determination etc.

Table 4.14 Relationship of MPS with DPS, BVPS and EPS of EBL

Variables	r	r ²	a- value	b- Value	t- cal	t-Table	Remarks
MPS with DPS	0.73	0.54	(3.63)	0.08	2.14614	2.776	Insignificant
MPS with BVPS	0.53	0.28	232.98	1.01	1.23448	2.776	Insignificant
MPS with EPS	(0.55)	0.31	124.29	0.22	-1.329	2.776	Insignificant

From the Table 4.14 we can see that relationship of MPS with DPS, BVPS and EPS. On which MPS with DPS and BVPS is positively correlated whereas MPS with EPS is negatively correlated. The

correlation of coefficient with DPS and BVPS is stand at 0.73 and 0.53 whereas with EPS is stand on (0.55). That means if DPS is increase by 100 the MPS increase by 73%, likewise if BVPS is change by 100, then MPS will increase by 53%. Since the Correlation coefficient of MPS with EPS negative, the increment in EPS will have a reverse effect on MPS. It means if EPS rise by 100, then MPS will decrease by 55%. As per the t- test calculation at 95% level of confidence, none of the relations with the variables have significant influence.

Amount the relations of variables, since the coefficient of determination of MPS with DPS is high i.e. 0.54 as compare with BVPS and EPS i.e. 0.28 and 0.31 respectively.

The Table 4.15 describes the simple regression equation of EBL; MPS with independent variables and their relationship are explained thereafter.

Table 4.15 Simple Regression Equation of EBL

S.N	Variables	Regression Equation
1.	MPS vs. DPS	$MPS = -3.63 + 0.08 \text{ DPS}$
2.	MPS vs. BVPS	$MPS = 232.98 + 1.01 \text{ BVPS}$
3.	MPS vs. EPS	$MPS = 124.29 + 0.22 \text{ EPS}$

As said before in Table 4.15 the first equation is relates of MPS with DPS. On the first equation regression constant is (3.63) which imply that when DPS will be zero, the MPS reach to (3.63). Likewise the constant of DPS is 0.08, which means that every increase or decrease of Re. 1 in DPS will raise the MPS by Re. 0.08.

The second equation shows the relation of MPS with BVPS of EBL. The regression constant in second equation is 232.98 which imply that when DPS becomes nil, the MPS increase to Rs. 232.98. The BVPS constant is 1.01 which means that every change of Re. 1 in BVPS results Re. 1.01 increment in the MPS or vice versa.

Likewise, the third equation is all about the relation of MPS with EPS of EBL. In which the regression constant is 124.29, which imply that when EPS is zero, the MPS will reach to Rs. 124.29. The constant for EPS is 0.22 which means that every change in Re. 1 of EPS will results change of Re. 0.22 in MPS. The same is positively related that's why the increment will result increase and decrement will results decrease in value.

4.2.6 Global Bank Limited

The financial performance of Global Bank for the past six years has been summarized in the Table 4.16. It tends to show the relationship of MPS with DPS, BVPS and EPS along with their significance.

Table 4.16 Summary of the Financial Performance of the Global Bank

Fiscal Year	MPS	DPS	BVPS	EPS
2062/63	0.00	0.00	0.00	0.00
2063/64	0.00	0.00	92.06	-7.94
2064/65	0.00	0.00	103.40	8.91
2065/66	570.00	0.00	104.89	2.63
2066/67	260.00	0.00	103.24	4.95
2067/68	209.00	6.67	113.87	14.06
Arithmetic Mean	207.80	1.33	103.49	4.52
S. D	209.89	2.67	6.93	7.34
CV	101.01	200.00	6.70	162.29

Table 4.16 shows the summary of financial performance of the Global Bank over the last past 5 years from its operation. The data for FY 2062/63 is not available, since the Global bank is in operation from FY 2063/64.

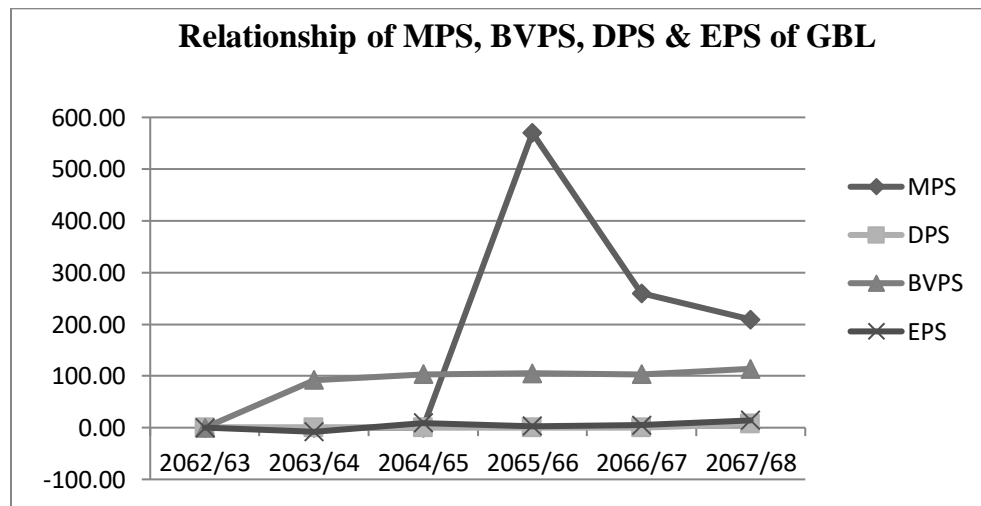
The MPS of the Global Bank is available from FY 2065/66 of Rs. 570. As like all other banks described above the MPS of the bank is in decreasing trend from the beginning till the last year of the study period. The bank distributes the dividend only o FY 2067/68 of Rs. 6.67 per

share. The BVPS of the Global bank is continually in increasing trend from the beginning. The BVPS is the Rs. 92.06 on the very first year of the banks which reach to Rs. 113.87 on the FY 2067/68 after gradually increase in BVPS year after year. Likewise the EPS of bank is negative by (7.94) which increase to 8.91 on the 2nd year of operation, which declines on FY 2065/66 but then after it is increases to Rs. 14.06 on FY 2067/68.

Among the CV of all indicators, the CV of BVPS is less by 6.70% which means that the BVPS is less volatile as compare other indicators.

The line chart Figure 4.6 shows the linear relationship of MPS with DPS, BVPS and EPS of Global Bank Limited.

Figure 4.6 Relationship of MPS, BVPS, and DPS & EPS of GBL.



The relationship of the MPS with DPS, BVPS and EPS of the GBL bank with their correlation coefficient, coefficient of determination, and test of significance are shown in Table 4.17.

Table 4.17 Relationship of MPS with DPS, BVPS and EPS of GBL

Variables	r	r ²	a- value	b- Value	t- cal	t-Table	Remarks
MPS with DPS	0.00	0.00	1.33	0.01	0.00572	2.776	Insignificant
MPS with BVPS	0.40	0.16	100.76	0.40	0.8691	2.776	Insignificant

MPS with EPS	0.13	0.02	3.55	0.02	0.2689	2.776	Insignificant
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From the Table 4.17, we can analyze that the correlation coefficient of the BVPS and EPS are positively correlated with the MPS, though the none distribution of DPS on past 4 years results correlation coefficient zero. The correlation coefficient of MPS with BVPS and EPS, 0.40 and 0.13 respectively pronounce that if MPS rise by Rs. 100 the BVPS and EPS will rise to same direction by Rs. 40 and Rs. 13 respectively. The t-test calculation at 95% level of confidence shows that none of the variables relation with MPS has significant relation.

The Table 4.18 gives the simple regression equation of GBL with each independent variable of MPS.

Table 4.18 Simple Regression Equation of GBL

S.N	Variables	Regression Equation
1.	MPS vs. DPS	$MPS = 1.33 + 0.01 \text{ DPS}$
2.	MPS vs. BVPS	$MPS = 100.76 + 0.4 \text{ BVPS}$
3.	MPS vs. EPS	$MPS = 3.55 + 0.02 \text{ EPS}$

In the Table 4.18, the first equation is about the simple regression equation of MPS with DPS. On such equation, the regression constant is 1.33 which implies that when DPS equals to zero, MPS will be Rs. 1.33. Likewise, the constant for DPS is 0.01 which imply that if DPS rise by Re. 1, then MPS will by Re. 0.01.

Likewise the second equation is about the MPS with BVPS of GBL. On which regression constant is 100.76, which imply that if BVPS becomes zero then MPS rise to Rs. 100.76. In the same way the constant for BVPS is 0.4 which imply that if BVPS rise by Re. 1 then MPS will rise by Rs 0.4 and vice versa.

The third equation is about MPS with EPS of GBL. In the third equation the regression constant is 3.55. It shows that when EPS becomes zero then MPS

will reach to Rs. 3.55. Likewise, the constant for EPS is 0.02 which imply that if EPS increase by Re. 1 then MPS will rise by Re. 0.02 amount and vice versa.

4.2.7 Nepal SBI Bank Limited

The Table 4.19 provides the information about the major financial performance of the Nepal SBI Bank Limited over the past six years from the FY 2062/63 to FY 2067/68. The relationship of MPS with DPS, BVPS and EPS has been shown in the Table 4.19.

Table 4.19 Summary of the Financial Performance of the Nepal SBI Bank

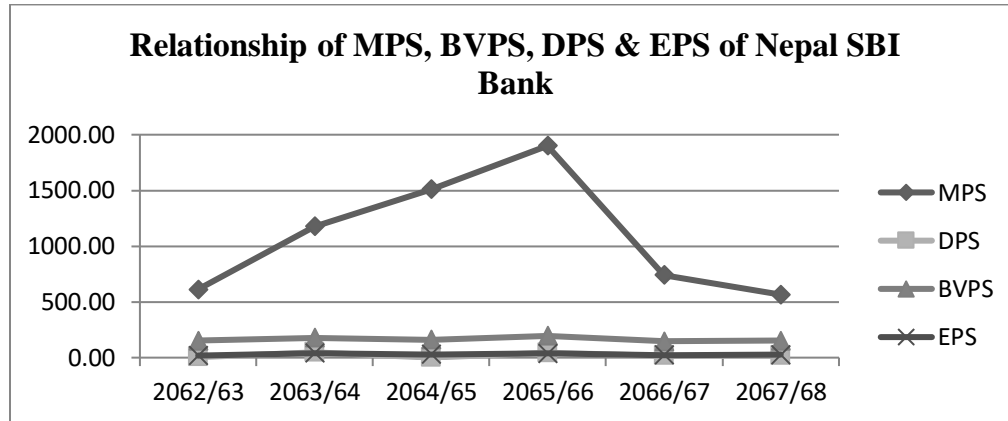
Fiscal Year	MPS	DPS	BVPS	EPS
2062/63	612.00	5.00	151.78	18.27
2063/64	1176.00	47.59	178.04	39.35
2064/65	1511.00	0.00	160.57	28.33
2065/66	1900.00	42.11	194.68	36.18
2066/67	741.00	17.50	147.61	23.69
2067/68	565.00	17.50	153.51	24.85
Arithmetic Mean	1084.17	21.62	164.37	28.45
S. D	494.38	17.66	16.72	7.28
CV	45.60	81.71	10.17	25.59

As per the Table 4.19, the financial performance of the Nepal SBI Bank, the MPS of the bank is increase from Rs. 612 to Rs.1900 from the FY 2062/63 to FY 2065/66. As per the performance, we can conclude that on the FY 2067/68, the bank has minimum MPS of Rs. 565, whereas in FY 2064/65 the bank paid no DPS at all. The performance of the bank in respect of MPS, DPS, BVPS and EPS are satisfactory in the FY 2065/66. The bank is maintaining DPS Rs. 17.5 from 2066/67 to FY 2067/68. The BVPS is increased gradually from FY 2062/63 to FY 2065/66 and then after it is in decreasing trend. The same is the case of EPS.

Among the all the indicators, the CV of DPS is the highest of 81.71% and CV of BVPS is the lowest one of 10.17%. It means the BVPS is highly volatile as compare to the other financial indicators.

The Figure 4.7 shows the line chart of the Nepal SBI Bank in relation to the MPS, BVPS, DPS and EPS.

Figure 4.7 Relationship of MPS, DPS, BVPS& EPS of Nepal SBI



The relationship of the MPS with DPS, BVPS and EPS of the Nepal SBI Bank with their correlation coefficient, coefficient of determination, and test of significance are shown in Table 4.20.

Table 4.20 Relationship off MPS with DPS, BVPS and EPS of Nepal SBI Bank

Variables	r	r ²	a- value	b- Value	t- cal	t-Table	Remarks
MPS with DPS	0.41	0.16	5.89	0.09	0.88862	2.776	Insignificant
MPS with BVPS	0.84	0.71	133.54	0.63	3.10516	2.776	Significant
MPS with EPS	0.72	0.52	16.94	0.11	2.08094	2.776	Insignificant

The Table 4.20 shows the relation of MPS with DPS, BVPS and EPS. It reflects that MPS of Nepal SBI Bank is positively correlated with DPS, BVPS and EPS. It indicates that raises in the DPS, BVPS and EPS results the rise in MPS and vice versa. The simple correlation coefficient of DPS, BVPS and EPS are 0.41, 0.84 and 0.72. It means if DPS or BVPS or EPS rise by Rs. 100 then the MPS will rise by the 41%, 84%, and 72% respectively. T – Value of correlation with the indicator DPS and EPS indicates that degree of correlation is insignificant at 95% level of confidence whereas it is significant for the BVPS.

The simple regression equation of DPS, BVPS and EPS taking MPS as dependent variable is in Table 4.21.

Table 4.21 Simple Regression Equation of Nepal SBI Bank

S.N	Variables	Regression Equation
1.	MPS vs. DPS	$MPS = 5.89 + 0.09 \text{ DPS}$
2.	MPS vs. BVPS	$MPS = 133.54 + 0.63 \text{ BVPS}$
3.	MPS vs. EPS	$MPS = 16.94 + 0.11 \text{ EPS}$

The first equation gives in Table 4.21 is the regression equation of MPS on DPS. The regression constant equals to 5.89. This means that when DPS falls to zero, MPS equals to Rs. 5.89. Likewise, the constant for DPS equals to 0.09 implies that when DPS increase by Re. 1, MPS increases by 0.09 and vice versa. Likewise, the second equation is the relation of MPS with BVPS of Nepal SBI Bank. The regression constant equals to 133.54 which imply that the when BVPS equals to zero, the MPS raise to Rs. 133.54. In the same way, since the BVPS constant is 0.63, the MPS will increase by Re. 0.63 when BVPS increase by Re. 1 or vice versa. The third equation gives the relation of MPS with EPS of Nepal SBI Bank. The regression constant on third equation is 16.94 which show that when EPS is zero, the MPS raise to Rs. 16.94. Likewise the Constant for EPS is 0.11 which means that when EPS rise by Re. 1; the increase in MPS is by Re. 0.11 and vice versa.

4.2.8 Kumari Bank Limited

The summarized Table for the current last six years for the Kumari Bank Limited is presented below. It tends to indicate the relationship of MPS, BVPS, DPS and EPS.

Table 4.22 Summary of the Financial Performance of the KBL

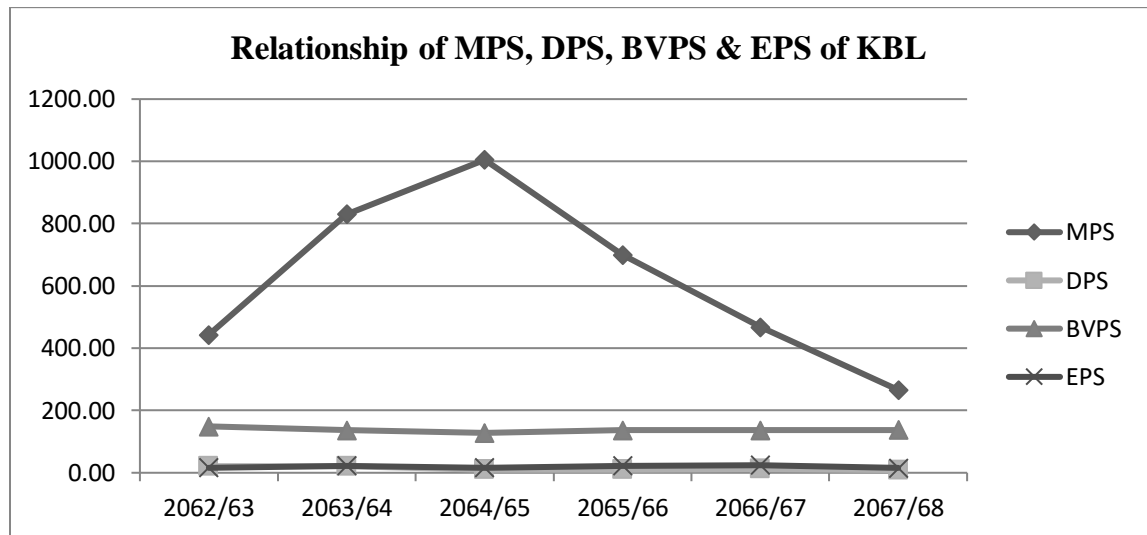
Fiscal Year	MPS	DPS	BVPS	EPS
2062/63	443.00	21.05	149.00	16.59
2063/64	830.00	21.05	137.00	22.70
2064/65	1005.00	10.53	128.00	16.35
2065/66	700.00	10.55	137.00	22.04
2066/67	468.00	12.00	136.73	24.24
2067/68	266.00	8.55	138.00	15.67
Arithmetic Mean	618.67	13.94	137.62	19.60
S. D	251.15	5.14	6.11	3.47
CV	40.60	36.85	4.44	17.70

The Table 4.22 presents the summary of financial performance of Kumari Bank Limited for last six year covering the period from FY 2062/63 to 2067/68. The Table shows that increasing trend of MPS from FY 2062/63 to FY 2064/65 with the satisfactory level of growth rate. But then after it declines so vastly that on FY 2067/68, the MPS reach to minimum Rs. 266. Likewise, the bank paid constant DPS of Rs. 21.05 for the first two financial years which declines to Rs. 10.53 on FY 2064/65 and bank try to maintain the same amount of DPS which gradually increase and then decline in the last year of the Study Period FY 2067/68. There is not much change in BVPS of the Kumari Bank Limited. Likewise the EPS of the Bank is also not much differ during the study period. There is hardly fluctuation of earning by Rs. 5 to Rs. 10.

Among the financial indicators we discuss, the MPS of KBL have high CV of 40.60% which means that the MPS of the KBL is highly volatile. Then after the CV of DPS, EPS and BVPS by 36.85%, 17.70%, and 4.44% respectively.

The Figure 4.8 shows the line trend of Kumari Bank Limited relationship of MPS, DPS, BVPS and EPS during the current last six financial year.

Figure 4.8 Relationship of MPS, DPS, BVPS & EPS of KBL



The Table 4.23 below shows the relationship of MPS with DPS, BVPS and EPS of the Kumari Bank Limited.

Table 4.23 Relationship of MPS with DPS, BVPS and EPS of KBL

Variables	r	r ²	a- value	b- Value	t- cal	t-Table	Remarks
MPS with DPS	0.12	0.01	12.48	0.12	0.23219	2.776	Insignificant
MPS with BVPS	(0.64)	0.41	147.26	1.11	-1.6695	2.776	Insignificant
MPS with EPS	0.16	0.02	18.27	0.16	0.31523	2.776	Insignificant

The Table 4.23 shows the relation of MPS with DPS, BVPS and EPS of the bank. The relation of MPS with DPS and EPS are positively correlated by 0.11 and 0.16 but the relation of MPS with BVPS is negatively correlated with (0.64) of correlation coefficient. All the relations are insignificant at 95% level of confidence with MPS. The positive

correlation coefficient of 0.11 and 0.16 of MPS with DPS and EPS imply that, if the DPS and EPS rise by Rs. 100, MPS will be rise by Rs. 11 and Rs.16 respectively and vice versa. Since the MPS relation with BVPS is negatively correlated, the increment effect will be opposite direction in this case. It means due to having negative correlation coefficient if the BVPS rise to Rs. 100 the MPS will decline by Rs. 64.

The simple regression equation of KBL of MPS with taking independent variables DPS, BVPS and EPS are given in Table 4.24.

Table 4.24 Simple Regression Equation of KBL

S.N	Variables	Regression Equation
1.	MPS vs. DPS	$MPS = 12.56 + 0.12 \text{ DPS}$
2.	MPS vs. BVPS	$MPS = 147.26 + 1.11 \text{ BVPS}$
3.	MPS vs. EPS	$MPS = 18.27 + 0.16 \text{ EPS}$

The first equation is the regression equation of MPS on DPS. The regression constant equals tot 12.56. This means that when DPS is zero, MPS will be Rs 12.56. Likewise, the constant for DPS is equal to 0.12, meaning that when DPS increase by Re. 1; MPS will increase by Re. 0.12 and vice versa.

The second equation refers the regression equation of MPS on BVPS of Kumari Bank Limited. The regression constant equals to 147.26 which imply that if BVPS equals to then MPS will be Rs. 147.26. In the same way, the BVPS constant equals to 1.11, which refer that if BVPS rise by Re. 1, then the MPS will be rise by Rs. 1.11 in the same direction or vice versa.

The third equation is the regression equation of MPS on EPS. In this equation, the regression constant is 18.27. It implies that when EPS rise to zero then MPS will reach to Rs. 18.27. Likewise, the EPS constant for the equation is 0.16 which means that if EPS rise by Re. 1 then the MPS will be rise by Re. 0.16 in the same direction.

4.2.9 Laxmi Bank Limited

The financial performance of the Laxmi Bank for the past six years has been summarized in the Table 4.25.

Table 4.25 Summary of the Financial Performance of the Laxmi Bank

Fiscal Year	MPS	DPS	BVPS	EPS
2062/63	368.00	0.00	106.40	5.80
2063/64	690.00	0.00	115.66	10.75
2064/65	1113.00	21.05	125.44	16.45
2065/66	1062.00	5.26	122.24	20.70
2066/67	570.00	13.00	118.52	24.12
2067/68	340.00	15.79	130.98	23.25
Arithmetic Mean	690.50	9.18	119.87	16.85
S. D	304.93	7.99	7.76	6.68
CV	44.16	87.01	6.47	39.68

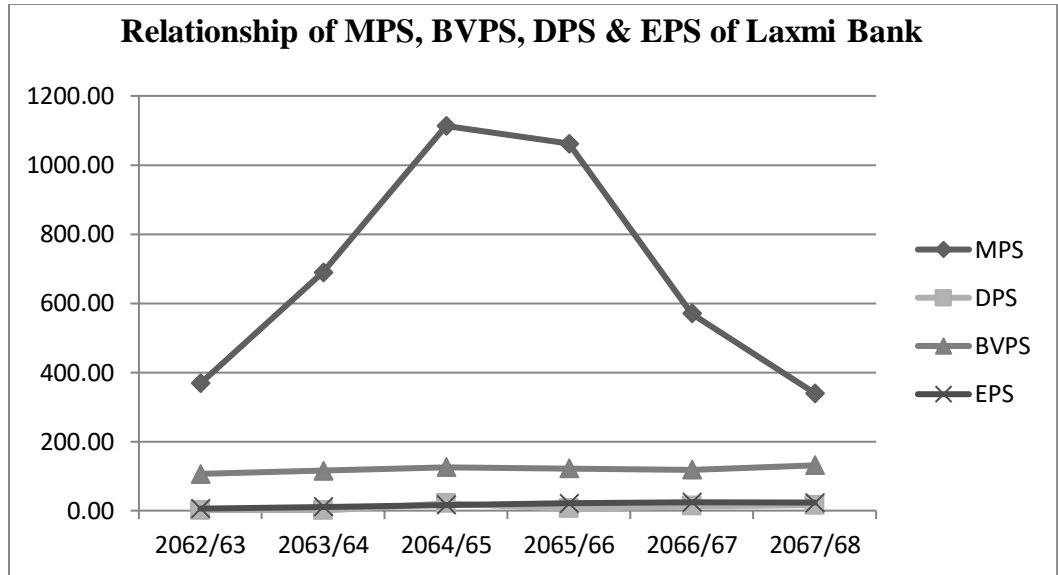
As per the Table 4.25, the MPS of the Laxmi bank is in increasing trend from FY 2062/63 Rs. 368 to FY 2064/65 up to Rs. 1113. After such period the MPS continually decline and reach at the minimum MPS of Rs. 340 throughout the study period on FY 2067/68. The Laxmi bank didn't pay any DPS for first two FY of the study period, then after it started paying Dividend from FY 2064/65, Rs.21.05. It was in fluctuating state during the study period and reach on FY 2067/68 at Rs.15.79 per share. Likewise, in case of BVPS, it is increasing trend from the beginning and reach at Rs.130.98 on FY 2067/68. The EPS of the Laxmi Bank is continually increased throughout the period and reach 24.12 on FY 2066/67. Then after it declines to Rs.23.25 on FY 2067/68.

The CV of DPS is the highest one among the other variables whereas the CV of the BVPS is the lowest one, which implies that DPS of the Laxmi bank is highly volatile as compare to the other variables under

the study. The CV of MPS, DPS, BVPS and EPS are given with 44.16%, 87.01%, 6.47%, and 39.68% respectively.

The Figure 4.9 shows the line trend of Laxmi Bank Limited relationship of MPS, DPS, BVPS and EPS during the current last six financial year.

Figure 4.9 Relationship of MPS, BVPS, DPS & EPS of Laxmi Bank



The relationship of the MPS with DPS, BVPS and EPS of the Laxmi Bank with their correlation coefficient, coefficient of determination, and test of significance are shown in Table 4.26.

Table 4.26 Relationship of MPS with DPS, BVPS and EPS of Laxmi Bank

Variables	r	r ²	a- value	b- Value	t- cal	t-Table	Remarks
MPS with DPS	(0.54)	0.29	13.14	0.02	-1.27	2.776	Insignificant
MPS with BVPS	0.27	0.07	115.11	0.75	0.56344	2.776	Insignificant
MPS with EPS	0.14	0.02	14.73	0.11	0.28219	2.776	Insignificant

The Table 4.26 shows the relationship of MPS with DPS, BVPS and EPS of Laxmi bank. As per the calculation tabulated on Table 4.25, the relation of MPS with BVPS and EPS are positively correlated whereas the relation with DPS is negatively correlated. The correlation

coefficient of BVPS an EPS with MPS are 0.27 and 0.14 respectively which imply that if BVPS and EPS rise by Rs. 100 then MPS will be rise by 27% and 14% respectively in the same direction and vice versa.

But the MPS relation with DPS is negatively correlated as per the data calculation made which is of (0.54), it imply that if DPS rise by Rs. 100 the MPS of the Laxmi Bank will be decline by 54% and vice versa.

The t- test calculation made indicates that all of the relations with MPS are insignificant at 95% level of significance level. The coefficient of determination of MPS with DPS, BVPS and EPS are given by 29%, 7% and 2% respectively.

The simple regression equation of KBL of MPS with taking independent variables DPS, BVPS and EPS are given in Table 4.27.

Table 4.27 Simple Regression Equation of Laxmi Bank

S.N	Variables	Regression Equation
1.	MPS vs. DPS	$MPS = 13.14 + 0.02 \text{ DPS}$
2.	MPS vs. BVPS	$MPS = 115.11 + 0.75 \text{ BVPS}$
3.	MPS vs. EPS	$MPS = 14.73 + 0.11 \text{ EPS}$

On the Table 4.27, we can see the three equation of relation of MPS on DPS, BVPS, and EPS. The first equation is MPS on DPS where the regression constant is 13.14 which imply that if DPS rise to zero then MPS will reach to Rs. 13.14. The constant for DPS is 0.02 which means if the DPS rise by Re. 1 then MPS will be rise by Re. 0.02 in the same direction or vice versa.

The second equation is about MPS on BVPS of Laxmi Bank Limited. The regression constant on second equation is 115.11 which imply that if BVPS is nil then MPS will reach to Rs.115.11. The BVPS constant is 0.75 which means if BVPS rise by Re. 1 then MPS will be increase by Re.0.75 or vice versa in the same direction.

Third equation is on EPS of MPS, where the regression constant is 14.73 which mean if the EPS become nil then MPS will reach to Rs. 14.73. Likewise, the EPS constant is 0.11 which imply that if EPS increase by Re. 1 then MPS will be increasing by Re.0.11 and vice versa.

4.2.10 Lumbini Bank Limited

The Table 4.28 provides the information about the major financial performance of the Lumbini Bank Limited over the past six years from the FY 2062/63 to FY 2067/68. The relationship of MPS with DPS, BVPS and EPS has been shown in the Table 4.28.

Table 4.28 Summary of the Financial Performance of the Lumbini Bank

Fiscal Year	MPS	DPS	BVPS	EPS
2062/63	172.00	0.00	-144.41	-161.21
2063/64	505.00	0.00	-71.61	32.07
2064/65	631.00	0.00	29.50	32.91
2065/66	435.00	0.00	86.95	30.31
2066/67	303.00	0.00	112.44	23.49
2067/68	221.00	10.00	142.24	29.98
Arithmetic Mean	377.83	1.67	25.85	-2.08
S. D	161.30	3.73	102.70	71.23
CV	42.69	223.61	397.25	-3432.85

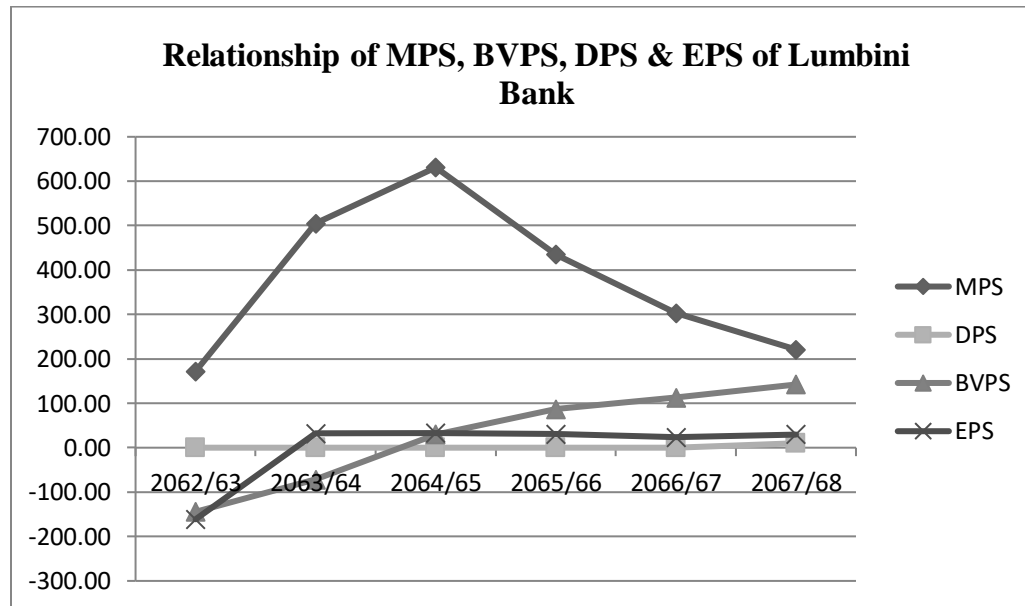
The Table 4.28 represents the financial performance of the Lumbini Bank for the past six years. The MPS of the Bank is continually increase for the first three years then after it is gradually decline till the year end. The MPS on FY 2062/63 is Rs. 172 which reaches at Rs. 221 on FY 2067/68 after the yearly changes. The DPS on first 5 years is not distributed. The DPS of Rs.10 is paid only on FY 2067/68. The BVPS of the Lumbini Bank is negative on first two years then after it gradually increase and reach at Rs. 142.24 on FY 2067/68. The BVPS of the Lumbini Bank is less than its issue price Rs. 100 till FY 2065/66. Only

after then the BVPS increase above its issue price. Likewise the EPS of FY 2062/63 is negative of (161.21) which is positive from FY 2063/64 of Rs.32.07 which increase to Rs. 32.91 and then after decline and reach to Rs. 29.98 on FY 2067/68.

The CV of MPS, BVPS, DPS and EPS is given by 42.69%, 223.61%, 397.25% and (3432.85%). In comparison with the industry average CV of MPS, BVPS, DPS and EPS of 49.46%, 65.41%, 43.99%, and -445.66% respectively, the CV of MPS and EPS is less volatile than the industry average but CV of BVPS an DPS are highly volatile than the average banking industry.

The line chart Figure 4.10 shows the linear relationship of MPS with DPS, BVPS and EPS of Lumbini Bank.

Figure 4.10 Relationship of MPS, BVPS, DPS & EPS of Lumbini Bank.



The relationship of MPS with DPS, BVPS and EPS of Lumbini Bank are shown in Table 4.29. It tends to show the relationship of DPS, BVPS and EPS with MPS along with their level of significance.

Table 4.29 Relationship of MPS with DPS, BVPS and EPS of Lumbini Bank

Variables	r	r ²	a- value	b- Value	t- cal	t- Table	Remarks
MPS with DPS	(0.43)	0.19	5.46	0.01	-0.9658	2.776	Insignificant
MPS with BVPS	0.02	0.00	20.20	0.33	0.047	2.776	Insignificant
MPS with EPS	0.59	0.35	(100.99)	0.19	1.47216	2.776	Insignificant

The Table 4.29 shows the relationship of the dependent variable MPS with DPS, BVPS and EPS independent variables. As per the Table 4.29 the MPS with DPS is negatively correlated by (0.43) whereas the relation with BVPS and EPS is positively correlated. It means if DPS decline to Rs.100 then MPS will be rise by 43%. Likewise, if BVPS and EPS is increase by Rs. 100 the MPS will be increase by 2% and 59% respectively. At the level of significance of 95% level for t-test, all the relationship with independent variables is insignificant.

The simple regression equation of Lumbini Bank is given in Table 4.30. It shows the relationship of MPS on DPS, BVPS and EPS.

Table 4.30 Simple Regression Equation of Lumbini Bank

S.N	Variables	Regression Equation
1.	MPS vs. DPS	$MPS = 5.46 + 0.01 \text{ DPS}$
2.	MPS vs. BVPS	$MPS = 20.20 + 0.33 \text{ BVPS}$
3.	MPS vs. EPS	$MPS = -100.99 + 0.19 \text{ EPS}$

The first equation is on DPS with MPS where the regression constant is 5.46 which imply that if DPS becomes nil then MPS will be Rs. 5.46. The DPS constant on equation is .01 which means if the DPS increase by Re.1 then the MPS will be increase by Re.01 in the same direction.

The second equation is MPS on BVPS on which the regression constant is 20.20. It imply as like before is, if the BVPS becomes nil then MPS value will be Rs. 20.20. In the same way, the constant for BVPS to Lumbini Bank is 0.33 which imply if the BVPS raise by Re. 1 then MPS will be rise by Re. 0.33 and vice versa.

The third equation is MPS on EPS. On the third equation the regression constant is negative 100.99 which means If EPS becomes nil then MPS will be Rs. (100.99). The EPS constant for the regression equation is 0.19 which imply if EPS increase by Re.1 the MPS will be increase by Re. 0.19 and vice versa.

4.2.11 Machhapuchhre Bank Limited

The Table 4.31 shows the financial summary of Machhapuchhre Bank Ltd. over the last five years (due to unavailability of the data for FY 2067/68 in the resource center till the job done) and the relationship of DPS, BVPS and EPS to MPS along with the significance of such relationship.

Table 4.31 Summary of the Financial Performance of the Machhapuchhre Bank

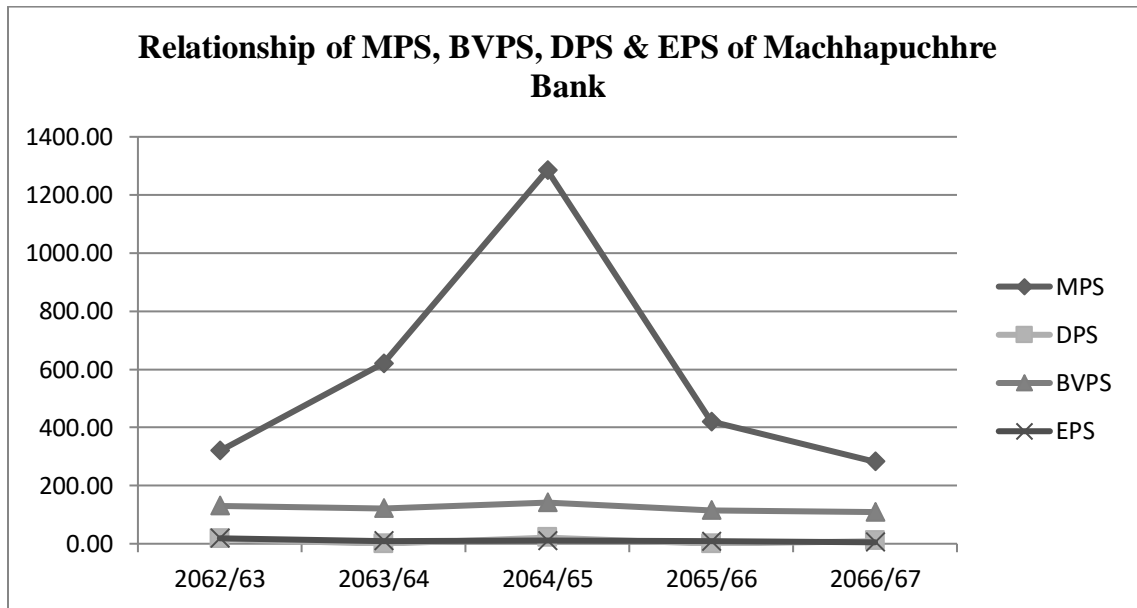
Fiscal Year	MPS	DPS	BVPS	EPS
2062/63	320.00	15.79	130.22	18.74
2063/64	620.00	0.00	121.74	9.02
2064/65	1285.00	21.05	141.59	10.35
2065/66	420.00	0.00	114.93	8.33
2066/67	282.00	10.00	108.99	4.96
Arithmetic Mean	585.40	9.37	123.49	10.28
S. D	368.91	8.41	11.48	4.59
CV	63.02	89.77	9.30	44.63

From the Table 4.31, we can see the financial position of the Machhapuchhre bank. We can see that the MPS of the bank on the FY 2062/63 is Rs. 320 which increase by 100% continually till FY 2064/65 and reach to Rs. 1285. Then after it gradually decline and reach at Rs. 282 on FY 2066/67. The bank didn't distribute any dividend on the FY 2063/64, 2065/66. On the paid year of DPS, the dividend per share is average mean of 9.37. The BVPS of the Machhapuchhre bank is 130.22 on the first financial year. On FY 2064/65 it reach to 141.59 after declining at Rs. 121.74 on FY 2063/64, then after it gradually decline to

108.99 on FY 2066/67. The EPS of the bank is also having same condition as like BVPS. EPS also don't have any fixed rate of increase or decrease ratio. It's EPS of Rs. 18.74 on FY 2062/63 which decline up to Rs.4.96 till FY 2066/67.

The line chart Figure 4.11 shows the linear relationship of MPS with DPS, BVPS and EPS of the Machhapuchhre Bank:

Figure 4.11 Relationship of MPS, BVPS, DPS & EPS of Machhapuchhre Bank



The relation of MPS with DPS, BVPS and EPS has been presented in the Table 4.32 for Machhapuchhre Bank.

Table 4.32 Relationship of MPS with DPS, BVPS and EPS of Machhapuchhre Bank

Variables	r	r ²	a- value	b- Value	t- cal	t- Table	Remarks
MPS with DPS	0.48	0.23	2.91	0.04	1.10502	2.776	Insignificant
MPS with BVPS	0.79	0.62	109.19	0.44	2.53495	2.776	Insignificant
MPS with EPS	(0.04)	0.00	10.54	0.04	-0.0717	2.776	Insignificant

The Table 4.32 shows the relation of MPS with DPS, BVPS and EPS. It reflects the MPS of MBL is positively correlated with DPS and BVPS.

It indicates that rise in these indicators results raise in MPS and vice versa. The Simple correlation coefficient of DPS and BVPS with MPS are 0.48 and 0.79, it means if DPS and BVPS rise by Rs. 100, the MPS will be raised by 48%, 79% respectively. As per calculation made, the relation of MPS with EPS is negatively correlated by (0.04). It means if EPS increase by Rs. 100 then MPS will be decline by 4% and vice versa. The t- test calculation at 95% level of significance all the relations are insignificant.

The simple regression equation of Machhapuchhre Bank is shown on Table 4.33 below.

Table 4.33 Simple Regression Equation of Machhapuchhre Bank

S.N	Variables	Regression Equation
1.	MPS vs. DPS	$MPS = 2.91 + 0.04 \text{ DPS}$
2.	MPS vs. BVPS	$MPS = 109.19 + 0.44 \text{ BVPS}$
3.	MPS vs. EPS	$MPS = 10.54 + 0.04 \text{ EPS}$

The first equation is the equation of MPS on DPS where the regression constant is 2.91 and dividend constant is 0.04 which imply that if DPS becomes nil then MPS will reach at Rs. 2.91 and if DPS increase by Re.1 then the MPS will raise by Re. 0.04 and vice versa.

Likewise the second equation is relation of MPS on BVPS. On this equation the regression constant is 109.19 and Book value constant is 0.44. It means if BVPS becomes nil then MPS will raise to Rs. 109.19 and if the BVPS raise by Re.1 then MPS will be raise by 0.44 in the same direction and vice versa.

The third equation is given for the relation between MPS on EPS. In this third equation for Machhapuchhre Bank, regression constant is 10.54 and EPS constant is 0.04. It imply that if the EPS becomes nil then MPS of the MBL will be Rs. 10.54 and in the same way, if the EPS raise by Re.1 then the MPS will be raise by 0.04 and vice versa.

4.2.12 Nepal Bangladesh Bank Limited

The Table 4.34 shows the related data of the Nepal Bangladesh Bank for the past five years from FY 2062/63 to FY 2066/67. The relationship of MPS with DPS, BVPS and EPS has been explained thereafter.

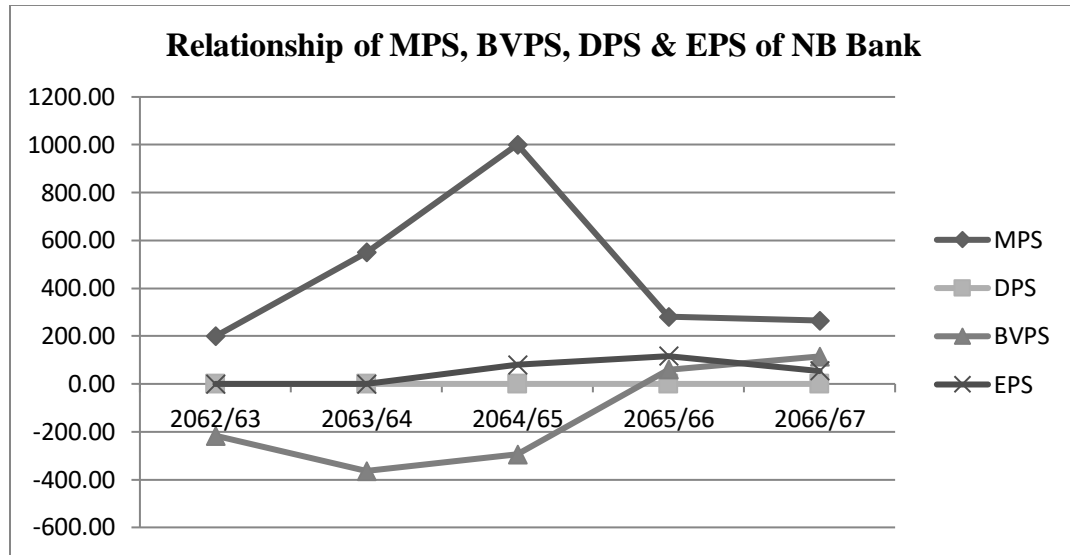
Table 4.34 Summary of the Financial Performance of the NB Bank

Fiscal Year	MPS	DPS	BVPS	EPS
2062/63	199.00	0.00	-217.00	0.00
2063/64	550.00	0.00	-364.00	0.00
2064/65	1001.00	0.00	-295.00	80.16
2065/66	280.00	0.00	60.00	116.01
2066/67	265.00	0.00	115.00	54.90
Arithmetic Mean	459.00	0.00	-140.20	50.21
S. D	296.42	0.00	192.43	45.37
CV	64.58	0.00	-137.26	90.35

The Table 4.34 shows the financial performance indicators of the NB bank for the five financial years. From the available data we can conclude that NB bank didn't pay any dividend throughout the study period. The MPS of the bank is very good position of Rs. 1001 on FY 2064/65 but it declines so smoothly that reach to Rs.265 on FY 2066/67. As we can see that the BVPS of the bank is negative throughout the first three financial years at beginning which progress and reach to Rs. 60 on FY 2065/66 and progress to Rs. 115 till the next financial year though the average mean of BVPS is Rs. (140.20). There is no EPS of the bank on first two financial year but earned Rs. 80.16 on FY 2064/65 which increase to Rs. 116.4 on FY 2065/66 but decline to Rs. 54.9 on last year of the study period.

The line chart Figure 4.12 shows the linear relationship of MPS with DPS, BVPS and EPS of the Nepal Bangladesh Bank Limited

Figure 4.12 Relationship of MPS, BVPS, DPS & EPS of NB Bank



The relationship of NB bank is summarized in the Table 4.35 below on behalf of MPS with BVPS and EPS.

Table 4.35 Relationship of MPS with DPS, BVPS and EPS of NB Bank

Variables	r	r ²	a- value	b- Value	t- cal	t-Table	Remarks
MPS with DPS	0.00	0.00	0.00	0.00	-	-	-
MPS with BVPS	-0.59	0.35	37.04	-0.89	-1.48	2.78	Insignificant
MPS with EPS	0.18	0.03	37.64	0.23	0.36	2.78	Insignificant

As per Table 4.35, the MPS of the NB bank is negatively correlated with the BVPS at (0.59) whereas the EPS is positively correlated at 0.18. Since the no distribution of dividend is paid throughout the year correlation coefficient of MPS with DPS is zero. It means if the BVPS and raise by Rs.100 then MPS will be decline by 59% in opposite direction, likewise if EPS is increase by Rs 100 then MPS will be increase by 18%. The coefficient of determination of BVPS and EPS is 35% and 3% respectively. The t- test calculation at 95% level of significance shows the relationship of independent and dependent variables insignificant.

The simple regression equation of NB bank is given in Table 4.36 with two equations, MPS on BVPS and EPS.

Table 4.36 Simple Regression Equation of NB Bank

S.N	Variables	Regression Equation
1.	MPS vs. BVPS	$MPS = 37.04 - 0.89 \text{ BVPS}$
2.	MPS vs. EPS	$MPS = 37.64 + 0.23 \text{ EPS}$

The first equation on Table 4.36 shows the relationship of MPS on BVPS on which the regression constant is 37.04 and BVPS constant is (0.89). It means if BVPS becomes nil then MPS equals to 37.04 and If BVPS rise by Re.1 then MPS will decline by 0.89 and vice versa.

The second equation shows the relation of MPS on EPS. The regression constant on second equation is 37.64 which mean if the EPS becomes nil then MPS value will be Rs. 37.64. In the same way, since the EPS constant is 0.23 if the EPS raise by Re.1 then the MPS will increase by the 0.23 in the same direction and vice versa.

4.2.13 Nepal Credit and Commerce Bank Limited

The Table 4.37 outlines the major financial performance of NCC Bank Limited over the past five years from FY 2062/63 to FY 2066/67.

Table 4.37 Summary of the Financial Performance of the NCC Bank

Fiscal Year	MPS	DPS	BVPS	EPS
2062/63	94.00	0.00	-44.15	-84.77
2063/64	316.00	0.00	-72.91	-16.56
2064/65	457.00	0.00	70.36	35.63
2065/66	335.00	0.00	78.48	29.35
2066/67	275.00	0.00	108.22	30.28
Arithmetic Mean	295.40	0.00	28.00	-1.21
S. D	117.55	0.00	72.34	45.83
CV	39.79	0.00	258.36	-3774.88

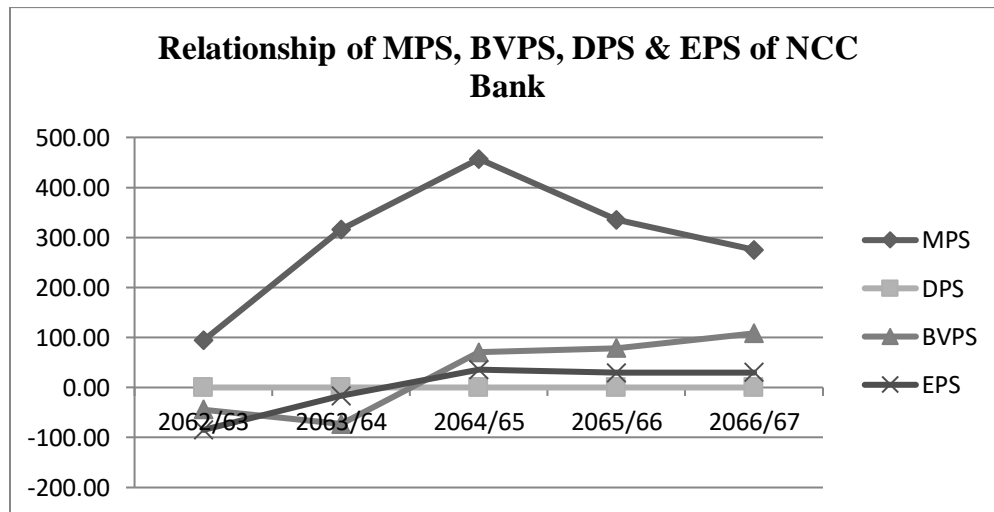
The Table 4.37 shows the summary of financial performance of the NCC bank for the past five years. The MPS of the bank on FY 2062/63

is below the issue price that is Rs.94 but it promoted to Rs.457 gradually till FY 2064/65 which decline up to Rs. 275 till FY 2066/67. The Bank paid no dividend throughout the study period of the project. The BVPS of the NCC bank is negative for the first two financial years then after it increases slowly at positive value. The average mean of the BVPS is 28. As like BVPS, the EPS of the bank is also negative for the first two financial years and promoted slowly in positive figure and reach till FY 2066/67 at Rs. 30.28 after fluctuation on the running financial year.

Among the indicators of the Bank, CV of MPS is 39.79%, and BVPS and EPS are 258.36% and (3774.88%) respectively. In comparison with industry average, NCC bank CV of EPS too much low as compare to average industrial banking sectors.

The line chart Figure 4.13 shows the linear relationship of MPS with DPS, BVPS and EPS of the NCC Bank Limited.

Figure 4.13 Relationship of MPS, BVPS, and DPS & EPS of NCC Bank Limited



The relation of MPS with BVPS and EPS has been presented in the Table 4.38 for the NCC Bank.

Table 4.38 Relationship of MPS with DPS, BVPS and EPS of NCC Bank

Variables	r	r ²	a- value	b- Value	t- cal	t-Table	Remarks
MPS with DPS	-	-	-	-	-	-	-
MPS with BVPS	0.46	0.21	(56.06)	0.71	1.04302	2.776	Insignificant
MPS with EPS	0.86	0.73	(99.70)	0.25	3.30003	2.776	Significant

The Table 4.38 reflects that the correlation coefficient of the MPS with BVPS and EPS both are positively correlated with 0.46 and 0.86 respectively. It means if the BVPS and EPS are reaching by Rs. 100 then the MPS of the NCC bank is increase by 46% and 86% respectively. The coefficient of determination is given for BVPS and EPS at 0.21 and 0.73 respectively. The t- test calculation of MPS with BVPS is insignificant at 95% level of significance and for the EPS the test is significant.

The simple regression equations of NCC bank on BVPS and EPS of MPS are given in Table 4.39 and explain below.

Table 4.39 Simple Regression Equation of NCC Bank

S.N	Variables	Regression Equation
1.	MPS vs. BVPS	$MPS = -56.06 + 0.71 \text{ BVPS}$
2.	MPS vs. EPS	$MPS = -99.7 + 0.25 \text{ EPS}$

In the both equation above the regression constant is negative and dependent variables is in positive figure. The first equation is gives the regression equation of MPS on BVPS. The regression constant here is (56.06) which means the MPS will be Rs. (56.06) if the BVPS becomes nil. The BVPS constant is 0.71 which means if BVPS rise by Re.1 then MPS will be rise by 0.71 in the same direction.

The second equation related with the MPS on EPS, on which the regression constant is (99.7). It implies that if the EPS becomes nil then the MPS will be Rs. (99.7). Likewise, the EPS constant is 0.25 implies that if EPS increase by Re.1 the MPS will rise by Re. 0.25 in the same direction and vice versa.

4.2.14 Siddhartha Bank Limited

The Table 4.40 below provides the information about the major financial performance of Siddhartha Bank Limited from FY 2062/63 to FY 2067/68, over the recent Six years.

Table 4.40 Summary of the Financial Performance of the SBL

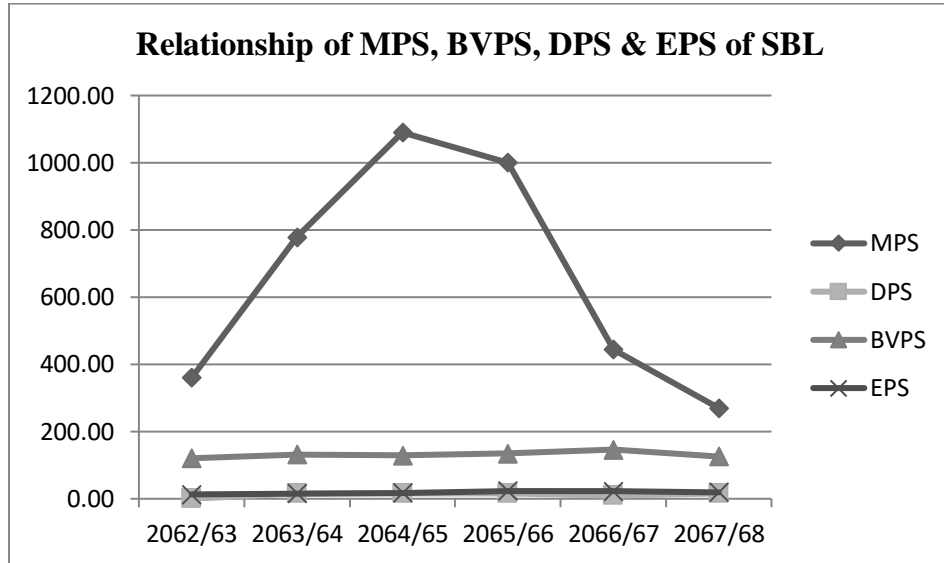
Fiscal Year	MPS	DPS	BVPS	EPS
2062/63	360.00	0.00	120.63	13.05
2063/64	778.00	15.79	132.28	15.88
2064/65	1090.00	15.79	129.03	17.29
2065/66	1000.00	15.79	134.29	22.89
2066/67	444.00	10.03	146.44	21.99
2067/68	270.00	15.79	126.56	19.82
Arithmetic Mean	657.00	12.20	131.54	18.49
S. D	301.12	6.20	8.43	3.73
CV	45.83	50.83	6.41	20.16

From the Table 4.39, shows the clear trend of MPS, DPS, BVPS and EPS recent past six years. The MPS increasing trend is very good at the first FY 2062/63 till FY 2064/65, which is decline after such period and reaches to minimum Rs. 270 on FY 2067/68. In case of DPS, SBL didn't distribute any dividend on FY 2062/63 but maintain constant rate Rs. 15.79 DPS from FY 2063/64 to FY 2065/66 and FY 2067/68. The BVPS of the Siddhartha bank is in average of Rs. 131.54, after the fluctuation during the study period from Rs. 120.63 till Rs 126.56 on FY 2062/63 and FY 2067/68 respectively. The EPS of the bank is increasing trend from FY 2062/63 of Rs. 13.05 till the FY 2065/66 at Rs. 22.89. Then after it is slowly decline and reach at Rs.19.82 on FY 2067/68.

The CV of MPS, BVPS, DPS and EPS are given by 45.83%, 50.83%, 6.41% and 20.16% respectively, which imply that the CV of DPS is highly volatile as compare to the other financial indicators.

The line chart Figure 4.14 shows the linear relationship of MPS with DPS, BVPS and EPS of the Siddhartha Bank Limited.

Figure 4.14 Relationship of MPS, BVPS, DPS & EPS of SBL



The relationship of the MPS with DPS, BVPS and EPS of the Siddhartha Bank with their correlation coefficient, coefficient of determination, and test of significance are shown in Table 4.41.

Table 4.41 Relationship of MPS with DPS, BVPS and EPS of SBL

Variables	r	r ²	a- value	b- Value	t- cal	t-Table	Remarks
MPS with DPS	0.53	0.28	5.86	0.07	1.24	2.78	Insignificant
MPS with BVPS	0.13	0.02	129.43	0.72	0.26	2.78	Insignificant
MPS with EPS	0.16	0.02	17.37	0.10	0.32	2.78	Insignificant

The Table 4.41 shows the summary of calculation of correlation coefficient, coefficient of determination and t –test calculation with constant values. From the calculation we can understand that all the relations with MPS are positively correlated at correlation coefficient of 0.53, 0.13 and 0.16 against DPS, BVPS and EPS respectively. It means, if the DPS, BVPS and EPS are increase by Rs. 100, then the MPS will

increase in the same direction by the 53%, 13% and 16% respectively. At the 95% level of significance of t-test calculation all the relation i.e. MPS with DPS, BVPS and EPS are insignificant. The coefficients of determinations are given at 0.28, 0.02 and 0.02 with DPS, BVPS, and EPS of the MPS respectively.

The simple regression equation of Siddhartha bank is given on Table 4.42 and explained below.

Table 4.42 Simple Regression Equation of SBL

S.N	Variables	Regression Equation
1.	MPS vs. DPS	$MPS = 5.86 + 0.07 \text{ DPS}$
2.	MPS vs. BVPS	$MPS = 129.43 + 0.72 \text{ BVPS}$
3.	MPS vs. EPS	$MPS = 17.37 + 0.10 \text{ EPS}$

The Table 4.41 shows the three different equations of MPS on DPS, BVPS and EPS of the Siddhartha Bank Limited. The first equation shows the relationship of MPS on DPS. On the equation, regression constant is 5.86 which means, if DPS is nil then MPS equals to Rs. 5.86. Likewise the DPS constant is 0.07 which means if the DPS increase by Re. 1 then MPS will be rise by 0.07 and vice versa.

The second one is the regression equation of SBL, MPS on BVPS. The regression constant on the second equation is 129.43 and constant for BVPS is 0.72. It means if the BVPS is Nil then MPS rise to 129.43 and if the BVPS increase by Re. 1 then MPS increase by 0.72 in the same direction and vice versa.

The third equation gives the relationship of MPS on EPS of SBL. On the equation regression constant is 17.37 and EPS constant for MPS is 0.10. It clearly states that if EPS becomes to nil then MPS equals to Rs.17.37 and if the EPS rise by Re.1 then MPS will rise by Re. 0.10 in the same way and vice versa.

4.2.15 Standard Chartered Bank of Nepal

The Table 4.43 outlines the major financial performance of Standard Chartered Bank of Nepal over the past six years from 2062/63 to 2067/68. The relationship of MPS with DPS, BVPS and EPS has been explained thereafter.

Table 4.43 Summary of the Financial Performance of the SCBNL

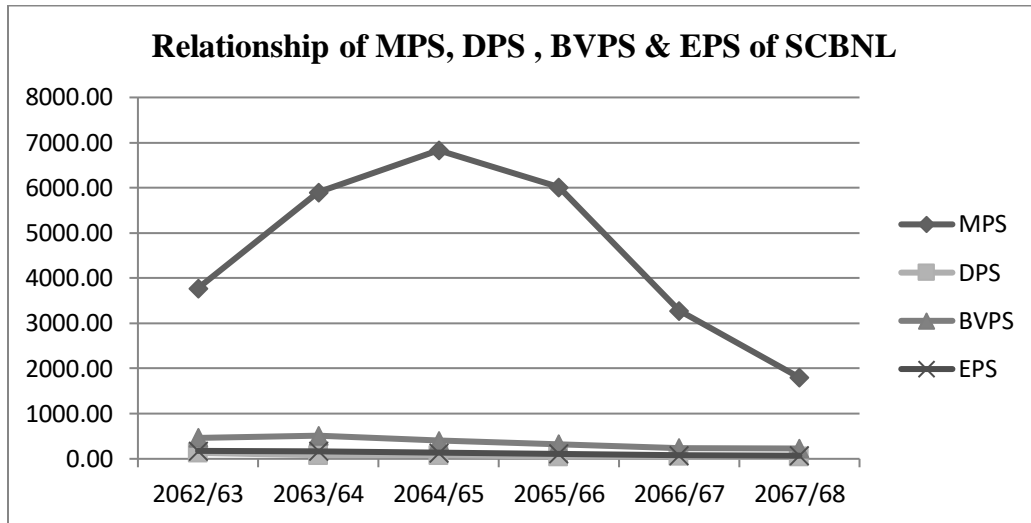
Fiscal Year	MPS	DPS	BVPS	EPS
2062/63	3775.00	130.00	468.22	175.84
2063/64	5900.00	80.00	512.12	167.37
2064/65	6830.00	80.00	401.52	131.92
2065/66	6010.00	50.00	327.53	109.99
2066/67	3279.00	55.00	240.95	77.65
2067/68	1800.00	50.00	228.41	69.51
Arithmetic Mean	4599.00	74.17	363.13	122.05
S. D	1775.61	28.05	107.29	40.67
CV	38.61	37.82	29.54	33.32

The Table 4.43 indicates the summary of financial indicators of SCBNL for the last six financial years which seen better as compare to the other banks trend. The MPS of SCBNL is Rs. 3775 on FY 2062/63 and increase up to Rs. 6830 till the FY 2064/65 then after it declines so smoothly that reach Rs.1800 on FY 2067/68. The MPS of SCBNL on FY 2067/68 is the minimum MPS within the study period coverage. The DPS of the SCBNL is Rs.130 of First year of study period which declines to Rs. 80 and stay constant for two years i.e. on FY 2063/64 and FY 2064/65. Then after also decline to Rs. 50 and paid average of Rs.50 DPS till FY 2067/68. The BVPS of the SCBNL is in average of Rs.363.13 on the past six years. The highest book value is on the FY 2063/64, of Rs.512.12 and lowest one on FY 2067/68 of Rs.228.41.The EPS of the company is slowly declining from the very first year of the Study period FY 2062/63 till FY 2067/68 from Rs.175.84 to Rs.69.51.

Among variables the CV of MPS is the highest one at 38.61% to SCBNL. Others CV are given at 37.82%, 29.54% and 33.32% to DPS, BVPS and EPS respectively.

The line chart Figure 4.15 shows the linear relationship of MPS with DPS, BVPS and EPS of the Standard Chartered Bank of Nepal.

Figure 4.15 Relationship of MPS, BVPS, DPS & EPS of SCBNL



The relationship of the MPS with DPS, BVPS and EPS of the Standard chartered Bank of Nepal with their correlation coefficient, coefficient of determination, and test of significance are shown in Table 4.44.

Table 4.44 Relationship of MPS with DPS, BVPS and EPS of SCBNL

Variables	r	r ²	a- value	b- Value	t- cal	t-Table	Remarks
MPS with DPS	0.11	0.01	66.04	0.09	0.22522	2.776	Insignificant
MPS with BVPS	0.60	0.36	197.56	0.47	1.4838	2.776	Insignificant
MPS with EPS	0.52	0.27	67.27	0.16	1.21777	2.776	Insignificant

The Table 4.44 shows that the MPS relations with DPS, BVPS and EPS are positively correlated in case of Standard Chartered Bank of Nepal at 0.11, 0.60 and 0.52 respectively. It means if DPS, BVPS, and EPS increase by Rs.100 then the MPS will be rise by 11%, 60% and 52%

respectively. Since the correlation coefficient of MPS with BVPS is high as compare to others the slight change in BVPS will results high influence on MPS. The t-test calculation at 95% level of significance shows that all the relations of MPS with variables are insignificant.

The coefficients of determination are given at 0.1, 0.36 and 0.27 to MPS with DPS, BVPS and EPS respectively.

The simple regression equation of Standard Chartered Bank of Nepal is given on Table 4.45 and explained below.

Table 4.45 Simple Regression Equation of SCBNL Bank

S.N	Variables	Regression Equation
1.	MPS vs. DPS	$MPS = 66.04 + 0.09 \text{ DPS}$
2.	MPS vs. BVPS	$MPS = 197.56 + 0.47 \text{ BVPS}$
3.	MPS vs. EPS	$MPS = 67.27 + 0.16 \text{ EPS}$

The Table 4.44 shows the three line of simple regression equation of SCBNL. The first equation is related with MPS on DPS. On the first equation, regression constant is 66.04 and DPS constant is 0.09. It means if the DPS becomes nil then MPS equal to Rs.66.04. Likewise if DPS increase by Re.1 then MPS will be increase by Re. 0.09 in the same direction and vice versa.

The second equation is the relation of MPS on BVPS. The regression constant on equation are 197.56 which means that if the BVPS becomes nil then the MPS reach at Rs. 197.56. In the same way, the BVPS constant for the equation is 0.47 which refer that if the BVPS rise by Re. 1 then the MPS will be rise by 0.47 in the same way.

The third equation on Table 4.44 shows the regression equation of MPS on EPS. On such equation the regression constant is 67.27, it means if the EPS becomes nil then the MPS equals to 67.27. The EPS constant

for the Bank is 0.16 which means that the increase in EPS by Re.1 introduce increase in MPS by Re. 0.16 in the same way and vice versa.

4.3 Annual Trend Analysis of NEPSE Index

Table 4.46 Annual Trend Analysis of NEPSE Index

Fiscal Year	NEPSE Index	% change in
2006/07	683.95	-
2007/08	963.36	40.8524
2008/09	749.1	(22.2409)
2009/10	477.73	(36.2261)
2010/11	362.85	(24.0471)

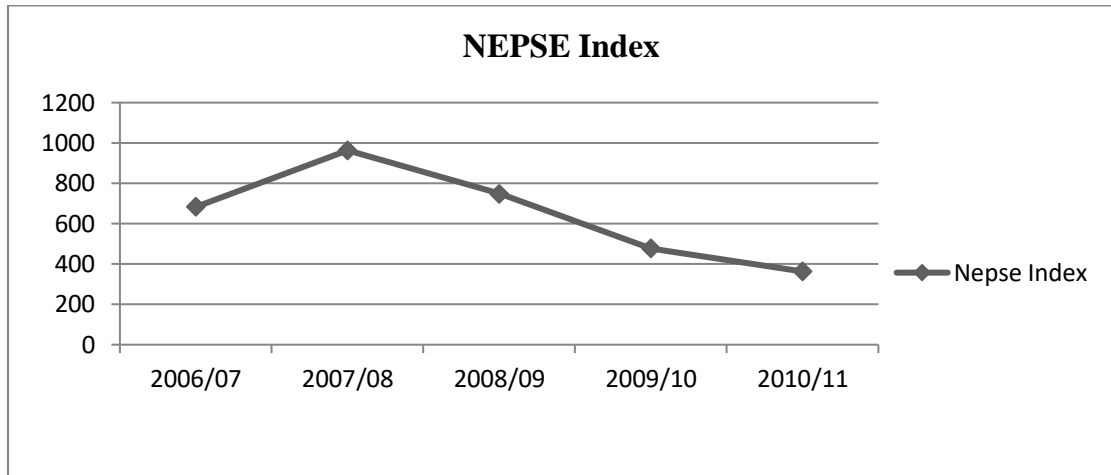
Source: Annual Trading Report Fiscal Year 2010/11 (NEPSE)

The NEPSE Index shows that the Index was increased from 683.95 to 963.36 from FY 2006/07 to FY 2007/08. But thereafter the NEPSE Index is continuing to decreasing from 963.36 to 362.85 till 2010/11. Therefore we can say that only during the FY 2007/08, the NEPSE Index shows the Bearish Trend and for remaining year it shows the Bullish Trend in the Market.

The Performance was satisfactory only during the FY 2007/08, and thereafter the NEPSE Index is continually declining therefore currently we conclude that NEPSE trend is not satisfactory as compare before. The reason behind the unsatisfactory performance is the Political instability in our country Nepal which directly influences the Investment sector as well as development sector.

The NEPSE Index is figure out through following Figure.

Figure 4.16 NEPSE INDEX



4.4 Major Findings on the study:

On the basis of the above whole study regarding the secondary data collected, following major findings are summarized point wise:

- The NEPSE index is continually decreasing trend throughout the study period. It reduces by 24.0471% during the FY 2010/11 (FY 2067/68).
- The MPS of the BOK is more volatile as compare to other indicators DPS, BVPS and EPS. All the relations of independent variables with MPS are positively correlated. The only the relation of MPS with EPS is significant at 95% level of confidence on t- test calculation, with the highest correlation coefficient of 0.91.
- The Himalayan Bank MPS is also the most volatile as compare with the DPS, EPS and BVPS. The independent variables DPS, BVPS an EPS all are positively correlated with MPS which means the change in these variables will directly influence the price of Market. The relation of MPS with EPS is insignificant and other remaining variables are significant at 95% level of confidence.
- As like before the MPS of the NIBL is also highly volatile as compare to the DPS, BVPS and EPS of the company by 47.90%. The relation of MPS with DPS is negatively correlated and with BVPS and EPS is

positively correlated in case of Nepal Investment Bank Limited. And all the relationship at 95% level of significance is insignificant.

- The MPS of NABIL bank is also highly volatile as compare with other variables, then after DPS, EPS and BVPS are volatile respectively in ascending order. The relation of NABIL of MPS with all the variables DPS, BVPS an EPS are positively correlated. And the Correlation coefficient of MPS with DPS is highly positively correlated as compare to the BVPS and EPS. The t-test of significance of NABIL bank is insignificant for all the relation of MPS.
- The DPS of the Everest Bank is highly volatile as compare with MPS, BVPS and EPS. Then after the MPS is in second position for volatility of price of Everest bank. The relation of DPS and BVPS with MPS are positively correlated and of EPS is negatively correlated for the Everest Bank though the tests of significance at 95% level are insignificant for all.
- The Global is in operation from the assessment year 2063/64. The Market price of the bank is ranked from FY 2065/66 only and Dividend is paid by bank only on FY 2067/68. The bank has average EPS of Rs.4.52 only. The CV of EPS is highly volatile after the DPS. The correlations of variables are all positive and insignificant at 95% level of Test of significance.
- The DPS of Nepal SBI Bank is highly volatile by 81.71% of CV. All the relationship with MPS is positively correlated and only the relationship of MPS with BVPS of Nepal SBI Bank is significant at 95% level of Significance remaining both are insignificant.
- In the case of Kumari bank too, the MPS is more volatile then after it is followed by DPS, EPS and BVPS respectively. All the relationship are insignificant at 95% level of significance for t –test and relationship of MPS with DPS and EPS only are positively correlated with small percentage ratio. The correlation of MPS with BVPS is negatively correlated with (64%).

- Likewise the Laxmi Bank limited has DPS in highly volatile rate. Laxmi bank didn't pay dividend for the first two fiscal years. The relation of DPS is negatively correlated and BVPS and EPS are positively correlated with MPS with all insignificant result of t- test calculation.
- Lumbini bank has not declared any dividend before FY 2067/68. The BVPS of the Lumbini Bank is highly volatile and that of EPS is too less inconsistent with CV of (3432.85%). The MPS relation with DPS is negatively correlated but with BVPS and EPS, it is positively correlated. The t- test calculation at 95% level of significance shows the insignificant result in all three relationships.
- The earning of the Machhapuchhre bank is too much on fluctuating state. The DPS of the bank is highly volatile as compare with others. The bank has positive correlations in relation of MPS with DPS and BVPS but negatively correlated with EPS.
- The Nepal Bangladesh didn't pay any dividend throughout the study period. The EPS of bank is highly volatile and then after it is followed by MPS. The bank average book value of (Rs. 140.20). The correlation of BVPS is negative and but EPS is positive with MPS.
- The NCC bank also not declare any divided on the study period. Average earning per share of the bank is (Rs.1.21), which indicates the very weak financial condition of the bank. The correlation of MPS with BVPS and EPS both is positively correlated and t- test results at 95% level of significance shows the significant result with EPS and insignificant result with BVPS.
- The DPS of Siddhartha Bank is highly volatile then after it is followed by MPS, EPS and BVPS. All the variables relationship with MPS is positively correlated and t- test calculation gives the insignificant result for all three relationships with MPS.
- In case of Standard Chartered bank, MPS of the bank is highly volatile than others. All the variables level of CV in average and not much different with others. The correlation of relationship are positive for all and t- test result gives the insignificant result for all too.

5. Chapter V: Summary, Conclusions and Recommendations

This chapter is the last chapter of the project. It includes the main summary of the project, conclusions and recommendation derived from analysis of the study. The study was conducted so as analyze and assess the performance of the commercial banks regarding its share price behavior. This chapter is categorized in three sections, as a Summary, Conclusions and Recommendations. The second category after the summary, conclusions draws the main conclusions of the study. And finally third section try proposes to recommendations to solve the problems observed on the basis of major findings of the study.

5.1 Summary

The financial institutions role is very crucial in terms of the development of the country in various sectors. They play the role of mediators in front of Investors; commercial banks are the one of the main part of the financial institutions. As we all were known in the history, how our country being progress. The current last four years of the country is wasted by the political parties in the name of making Constitution without making it. The number of commercial banks has been promoted to the 31. The growth rate of financial institutions is very high as compare to the rate of the performance of them. Due to various reasons, we can't say that with the increasing number of financial institutions, country heading away to development because their performance is not satisfactory as their growth rate.

From the data analysis of the 15 commercial banks on chapter 3, we clearly can see how much performance of the bank is lowered during the recent financial year 2067/68. Almost all commercial banks performance regarding indicators we analyze is decreased from FY 2064/65 to FY 2067/68 very smoothly. NEPSE index was also very

satisfactory when we analyze the project made before FY 2065/66, but the same was not condition now. The success factors can't be the only one as like that for being failure also there are various influential factors. And one of main factor that influence the every development sectors of the country is political situation in the country. Even one humor of the Nepal Bandh is so much affects the stock market in country. Nepalese capital market is still in development phase, though the educated citizen's ratio is increased than use to be at 20th century.

The main objectives of this study is to analyze and evaluate the performance of the Commercial banks share prices and provide information to the investors for better understanding how much their investment are justifiable or not?. For the purpose of the study, the 50% banks i.e. 15 out of 31 commercial banks are taken into consideration. During the study period, Market price of those banks was analytically studied with other financial indicators like DPS, BVPS and EPS. The results from the calculations are analyzed so as to reach the conclusions the study.

The correlation coefficient of the three banks only shows negatively correlation of MPS with DPS, remaining showing the positively correlated. Only the two banks correlation coefficient is negative while analyzing the relationship of MPS with BVPS. Whereas for the relation of MPS with EPS, two banks have negative correlation. It simply implies that most of the banks have the positive correlation of MPS with its related variables. That means if we simply try to our earnings, then the Market price of the bank will automatically raise.

Likewise from the t –test calculation, it can be revealed that most of the significance test results at 95% level of significance is insignificant. It may be influenced by these indicators to some extent but not always and applied rarely to any bank. Through the study of various materials and observation we can find that the main cause of share price determinants is EPS of the bank. Likewise, the managerial position of the

organization in the public, Company's assets and debt structure and social scenarios are the determinants of share price of bank.

5.2 Conclusions:

After analyzing the secondary data collected and the statistical ratios calculated following conclusions were made on this Thesis:

- The share market of our country is in declining phase without reaching the maturity phase of the share price product life cycle. For developing the market still great efforts have to be made by all the sectors just only the announcement of Nepal as Republic State is not sufficient.
- Normally when we try to invest in the shares of the commercial banks, we mainly focus on the EPS and DPS of the banks that they are earning and distributing. But after analyzing the study we can conclude that the such factors of only one year is not sufficient to analyze for investment because as we can see in case of Nepal Bangladesh Bank and Standard Chartered Bank of Nepal, EPS for the FY 2065/66 and FY 2066/67. In the FY 2065/66 the EPS of NB Bank is Rs. 116.01 and SCBNL is Rs. 109.99, which is lower by Rs. 6.11 of the NB Bank. But the last year trend of the SCBNL and MPS and all other factors are so much good as compare to NB bank. Therefore, in such type of situation, we just depend on the EPS of the company in the last years.
- Likewise, the MPS of the most banks are found positively correlated with other independent financial indicators like DPS, BVPS and EPS insignificantly. It means they individually influence the share price rarely but they have combine effect of it.
- The commercial banks are the safe area to invest from the perspective of the investors. But the systematized and managed regulatory system is not available in our country when we view the fact in globalized terms. Therefore lots of improvement is still required in share market competing global market.

- Older the bank become, the higher the reputation it used to earn before, but with increasing trend of commercial banks on establishment the older banks are facing the various challenges though the real investors are positive toward the share of these old banks.

5.3 Recommendations

On the basis of analysis and findings of the study, various strategies are recommended to overcome their weakness without any SWOT analysis for improving the overall stock market capture by commercial banks in Nepal.

- The most of the development of the country is centralized in the Capital of the country Kathmandu, which should be decentralized over all the places of Nepal. So that the stock markets of the Nepal become wide and all the citizens can play in stock market without much boundaries.
- The commercial banks touching the line of country through lot more branches established. Such procedure should be continued and public awareness program on the rural areas should be made to make them understand the financial terms and conditions so as to promote the better market of the investment.
- The government must made a rules, regulations and policies which can be implemented and such policies should be restricted to all because in Nepal the policy makers makes policy, which are good enough if implemented but the such policy is not followed by the users and not implemented seriously and policy become limited to the papers only.
- The investors must analyze the several years' data through annual reports and other study materials before investing into financial markets. Just the humor of the others should not be the reason for investment which may lead to the bankruptcy to investors and may harm the image of the financial markets. Therefore, investors must be informative as much as required before making investment decision.
- An open policy to encourage and promote foreign investors should be welcomed because foreign investors in share price are very fruitful to

strengthen the share market in Nepal after considering the Political factors in globalized view.

- The higher authorities, specially the political parties should make the political conditions of the country *sTable* as much as possible since it's the political conditions of our country which was worse on FY 2063/64 onwards, which results the performance of the all banks in declining stage.
- Various kind of giving information program can be organized by the main sectors like SEBON, NEPSE, and NRB etc. so as to make the public investors up to date on their performance and make them potential investing decision.

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Annexure

Annexure 1:

Summary of Financial Indicators

	Bank of Kathmandu					
Fiscal Year	2067/68	2066/67	2065/66	2064/65	2063/64	2062/63
Market Price Per Share	570.00	840.00	1,825.00	2,350.00	1,375.00	850.00
Dividend Per Share	34.75	30.00	47.37	42.11	20.00	48.00
Book Value Per share	179.13	175.40	206.25	222.51	164.68	230.67
Earning Per Share	44.51	43.08	54.68	59.94	43.50	43.67
2	Himalayan Bank Limited					
	2067/68	2066/67	2065/66	2064/65	2063/64	2062/63
Market Price Per Share	575.00	816.00	1,760.00	1,980.00	1,740.00	1,100.00
Dividend Per Share	36.84	36.84	43.56	45.00	40.00	35.00
Book Value Per share	199.77	226.79	256.52	247.95	264.74	228.72
Earning Per Share	44.66	31.80	61.90	62.74	60.66	59.24
3	Nepal Investment Bank Limited					
	2067/68	2066/67	2065/66	2064/65	2063/64	2062/63
Market Price Per Share	515.00	705.00	1,388.00	2,450.00	1,729.00	1,260.00
Dividend Per Share	50.00	25.00	20.00	40.83	30.00	55.46
Book Value Per share	214.18	190.00	162.00	223.00	234.00	240.00
Earning Per Share	48.84	52.55	37.42	57.87	62.57	59.35
4	NABIL Bank Limited					
	2067/68	2066/67	2065/66	2064/65	2063/64	2062/63
Market Price Per Share	1,252.00	2,384.00	4,899.00	5,275.00	5,050.00	2,240.00
Dividend Per Share	30.00	70.00	85.00	100.00	140.00	85.00
Book Value Per share	225.00	265.00	324.00	354.00	418.00	381.00
Earning Per Share	70.61	78.61	106.76	108.31	137.08	129.21
5	Everest Bank Limited					
	2067/68	2066/67	2065/66	2064/65	2063/64	2062/63
Market Price Per Share	2,020.00	1,630.00	2,455.00	3,132.00	2,430.00	1,379.00
Dividend Per Share	21.67	30.00	30.00	30.00	30.00	-
Book Value Per share	293.32	331.99	329.74	321.77	280.82	217.67
Earning Per Share	86.06	100.16	99.99	91.82	78.42	62.78
6	Global Bank Limited					
	2067/68	2066/67	2065/66	2064/65	2063/64	2062/63
Market Price Per Share	209.00	260.00	570.00	-	-	-
Dividend Per Share	6.67	-	-	-	-	-

Book Value Per share	113.87	103.24	104.89	103.40	92.06	-
Earning Per Share	14.06	4.95	2.63	8.91	(7.94)	-
7	Nepal SBI Bank limited					
	2067/68	2066/67	2065/66	2064/65	2063/64	2062/63
Market Price Per Share	565.00	741.00	1,900.00	1,511.00	1,176.00	612.00
Dividend Per Share	17.50	5.00	2.11	-	12.59	5.00
Book Value Per share	153.51	147.61	194.68	160.57	178.04	151.78
Earning Per Share	24.85	23.69	36.18	28.33	39.35	18.27
8	Kumari Bank Limited					
	2067/68	2066/67	2065/66	2064/65	2063/64	2062/63
Market Price Per Share	266.00	468.00	700.00	1,005.00	830.00	443.00
Dividend Per Share	8.44	12%	0.55%	0.53%	1.05%	1.05%
Book Value Per share	138.00	136.73	137.00	128.00	137.00	149.00
Earning Per Share	15.67	24.24	22.04	16.35	22.70	16.59
9	Laxmi Bank Limited					
	2067/68	2066/67	2065/66	2064/65	2063/64	2062/63
Market Price Per Share	340.00	570.00	1,062.00	1,113.00	690.00	368.00
Dividend Per Share	15.79	13%	0.26%	1.05%	-	-
Book Value Per share	130.98	118.52	122.24	125.44	115.66	106.40
Earning Per Share	23.25	24.12	20.70	16.45	10.75	5.80
10	Lumbini Bank Limited					
	2067/68	2066/67	2065/66	2064/65	2063/64	2062/63
Market Price Per Share	221.00	303.00	435.00	631.00	505.00	172.00
Dividend Per Share	10.00	-	-	-	-	-
Book Value Per share	142.24	112.44	86.95	29.50	(71.61)	(144.41)
Earning Per Share	29.98	23.49	30.31	32.91	32.07	(161.21)
11	Machhapuchre Bank Limited					
	2067/68	2066/67	2065/66	2064/65	2063/64	2062/63
Market Price Per Share	NA	282.00	420.00	1,285.00	620.00	320.00
Dividend Per Share	NA	-	-	1.05	-	0.79
Book Value Per share	NA	108.99	114.93	141.59	121.74	130.22
Earning Per Share	NA	4.96	8.33	10.35	9.02	18.74
12	Nepal Bangladesh Bank Limited					
	2067/68	2066/67	2065/66	2064/65	2063/64	2062/63
Market Price Per Share	NA	265.00	280.00	1,001.00	550.00	199.00
Dividend Per Share	NA	-	-	-	-	-
Book Value Per share	NA	115.00	60.00	(295.00)	(364.00)	(217.00)
Earning Per Share	NA	54.90	116.01	80.16	NA	NA
13	Nepal Credit & Commerce Bank Limited					
	2067/68	2066/67	2065/66	2064/65	2063/64	2062/63
Market Price Per Share	NA	275.00	335.00	457.00	316.00	94.00
Dividend Per Share	NA	-	-	-	-	-
Book Value Per share	NA	108.22	78.49	70.36	(72.91)	(44.15)

Earning Per Share	NA	30.28	29.35	35.63	(16.56)	(84.77)
14		Siddhartha Bank Limited				
	2067/68	2066/67	2065/66	2064/65	2063/64	2062/63
Market Price Per Share	270.00	444.00	1,000.00	1,090.00	778.00	360.00
Dividend Per Share	15.79	8.42%	0.79%	0.79%	0.79%	-
Book Value Per share	126.56	146.44	134.29	129.03	132.28	120.63
Earning Per Share	19.82	21.99	22.89	17.29	15.88	13.05
15		Standard Chartered Bank of Nepal				
	2067/68	2066/67	2065/66	2064/65	2063/64	2062/63
Market Price Per Share	1,800.00	3,279.00	6,010.00	6,830.00	5,900.00	3,775.00
Dividend Per Share	50.00	55.00	50.00	80.00	80.00	130.00
Book Value Per share	228.41	240.95	327.53	401.52	512.12	468.22
Earning Per Share	69.51	77.65	109.99	131.92	167.37	175.84

Annexure 2

Calculation of Mean, Standard Deviation, CV of MPS, DPS, BVPS and EPS of BOK:

Fiscal Year	MPS (W)	$(W - \bar{W})^2$	DPS (X)	$(X - \bar{X})^2$	BVPS (Y)	$(Y - \bar{Y})^2$	EPS (Z)	$(Z - \bar{Z})^2$
2062/63	850.00	204002.78	48.00	120.16	230.67	1171.69	43.67	20.79
2063/64	1375.00	5377.78	20.00	290.30	164.68	1008.70	43.50	22.37
2064/65	2350.00	1099002.78	42.11	25.72	222.51	679.64	59.94	137.12
2065/66	1825.00	273877.78	47.37	106.74	206.25	96.24	54.68	41.60
2066/67	840.00	213136.11	30.00	49.54	175.40	442.68	43.08	26.52
2067/68	570.00	535336.11	34.75	5.24	179.13	299.64	44.51	13.84
Total	$\sum W = 7810.00$	$\sum (W - \bar{W})^2 = 2330733.33$	$\sum X = 222.23$	$\sum (X - \bar{X})^2 = 597.70$	$\sum Y = 1178.64$	$\sum (Y - \bar{Y})^2 = 3698.59$	$\sum Z = 289.38$	$\sum (Z - \bar{Z})^2 = 262.25$

Calculation of Mean of MPS, DPS, BVPS and EPS:

$$\text{Mean of MPS (W)} = (\bar{W}) = \frac{\sum W}{n} = \frac{7810}{6} = 1301.67,$$

$$\text{Mean of DPS (X)} = \bar{X} = \frac{\sum X}{n} = \frac{222.23}{6} = 37.04$$

$$\text{Mean of BVPS (Y)} = (\bar{Y}) = \frac{\sum Y}{n} = \frac{1178.64}{6} = 196.44.$$

$$\text{Mean of EPS (Z)} = \frac{\sum Z}{n} = \frac{289.38}{6} = 48.23$$

Calculation of Standard Deviation of MPS, DPS, BVPS and EPS:

$$\text{Standard Deviation of MPS (W)} = \sigma_w = \sqrt{\sum (W - \bar{W})^2 / n} = \frac{2330733.33}{6} = 623.26$$

$$\text{Standard Deviation of MPS (X)} = \sigma_x = \sqrt{\sum (X - \bar{X})^2 / n} = \frac{597.7}{6} = 9.98$$

$$\text{Standard Deviation of MPS (Y)} = \sigma_y = \sqrt{\sum (Y - \bar{Y})^2 / n} = \frac{3698.59}{6} = 24.83$$

$$\text{Standard Deviation of MPS (Z)} = \sigma_z = \sqrt{\sum (Z - \bar{Z})^2 / n} = \frac{262.25}{6} = 6.61$$

Calculation of CV of MPS, DPS, BVPS and EPS:

$$\text{CV of MPS (W)} = CV_w = \frac{\sigma_w}{\bar{W}} = \frac{623.26}{1301.67} = 47.88 \%$$

$$\text{CV of DPS (X)} = CV_x = \frac{\sigma_x}{\bar{X}} = \frac{9.98}{37.04} = 26.95 \%,$$

$$\text{CV of BVPS (Y)} = CV_y = \frac{\sigma_y}{\bar{Y}} = \frac{24.83}{196.44} = 12.64 \%,$$

$$\text{CV of EPS (Z)} = CV_z = \frac{\sigma_z}{\bar{Z}} = \frac{6.61}{48.23} = 13.71 \%,$$

Annexure 3

Calculation of Correlation Coefficient, Coefficient of Determination, Regression Analysis and t – value between MPS and other financial indicators:

Fiscal Year	MPS (W)	DPS (X)	BVPS (Y)	EPS (Z)	$\sum W^2$	$\sum X^2$	$\sum Y^2$	$\sum Z^2$	$\sum WX$	$\sum WY$	$\sum WZ$
2062/63	850.00	48.00	230.67	43.67	722,500.00	2,304.00	53,208.65	1,907.07	40,800.00	196,069.50	37,119.50
2063/64	1,375.00	20.00	164.68	43.50	1,890,625.00	400.00	27,119.50	1,892.25	27,500.00	226,435.00	59,812.50
2064/65	2,350.00	42.11	222.51	59.94	5,522,500.00	1,773.25	49,510.70	3,592.80	98,958.50	522,898.50	140,859.00
2065/66	1,825.00	47.37	206.25	54.68	3,330,625.00	2,243.92	42,539.06	2,989.90	86,450.25	376,406.25	99,791.00
2066/67	840.00	30.00	175.40	43.08	705,600.00	900.00	30,765.16	1,855.89	25,200.00	147,336.00	36,187.20
2067/68	570.00	34.75	179.13	44.51	324,900.00	1,207.56	32,087.56	1,981.14	19,807.50	102,104.10	25,370.70

Total	7,810.00	222.23	1,178.64	289.38	12,496,750.00	8,828.73	235,230.63	14,219.05	298,716.25	1,571,249.35	399,139.90
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Calculation of Correlation of Coefficient:

Correlation between MPS with DPS

$$\begin{aligned}
 (r_{wx}) &= \frac{n \sum WX - \sum W \sum X}{\sqrt{n \sum W^2 - (\sum W)^2} \sqrt{n \sum X^2 - (\sum X)^2}} \\
 &= \frac{6 \times 298716.25 - 7810 \times 222.23}{\sqrt{6 \times 12496750 - 60996100} \cdot \sqrt{6 \times 8828.73 - 49386.17}} \\
 &= \frac{56681.20}{223944.37} \\
 &= 0.25
 \end{aligned}$$

Correlation between MPS with BVPS:

$$\begin{aligned}
 (r_{wy}) &= \frac{n \sum WY - \sum W \sum Y}{\sqrt{n \sum W^2 - (\sum W)^2} \sqrt{n \sum Y^2 - (\sum Y)^2}} \\
 &= \frac{6 \times 1571249.35 - 7810 \times 1178.64}{\sqrt{6 \times 12496750 - 60996100} \cdot \sqrt{6 \times 235230.63 - 1389192.25}} \\
 &= \frac{222317.7}{557077.47} \\
 &= 0.40
 \end{aligned}$$

Correlation between MPS with EPS:

$$\begin{aligned}
 (r_{wz}) &= \frac{n \sum WZ - \sum W \sum Z}{\sqrt{n \sum W^2 - (\sum W)^2} \sqrt{n \sum Z^2 - (\sum Z)^2}} \\
 &= \frac{6 \times 399139.90 - 7810 \times 289.38}{\sqrt{6 \times 12496750 - 60996100} \cdot \sqrt{6 \times 14219.05 - 83740.78}}
 \end{aligned}$$

$$= \frac{134781.60}{148340.11}$$

$$= 0.91$$

Calculation of Coefficient of Determination:

Coefficient of Determination of MPS with DPS (r_{wx}^2) = $(0.25)^2 = 0.06$

Coefficient of Determination of MPS with BVPS (r_{wy}^2) = $(0.40)^2 = 0.16$

Coefficient of Determination of MPS with EPS (r_{wz}^2) = $(0.91)^2 = 0.83$

Simple Regression Analysis

Simple Regression analysis of MPS on DPS,

Here,

Independent Variable DPS = X

Dependent Variable MPS = W

Regression Equation of MPS on DPS is

$$W = a + bX$$

Where,

a = Regression Constant

b = Regression Coefficient (Slope of the regression Line)

According to the principle of the least squares, two normal equations for estimating (a) and (b) are:

$$\sum W = na + b\sum X \dots\dots\dots(I)$$

$$\sum WX = a\sum X + b\sum X^2 \dots\dots\dots(II)$$

Solving these two equations we get,

$$b = \frac{n \sum WX - \sum W \sum X}{\sqrt{n \sum X^2 - (\sum X)^2}}$$

$$= \frac{6 \times 298716.25 - 7810 \times 222.23}{\sqrt{6 \times 8828.73 - 49386.17}}$$

$$= 31.76$$

Substituting the value of b on equation (I)

$$\sum W = na + b\sum X$$

$$7810 = 6Xa + 31.76X222.23$$

$$a = 0.11$$

(Note: The similar procedure has been applied to calculate the parameters of simple regression analysis, MPS on BVPS and EPS)

Calculation of t – value:

t value of MPS Vs. DPS

$$(t_{wx}) = \frac{r_{wx} \sqrt{n-2}}{\sqrt{1-r_{wx}^2}}$$

$$= \frac{0.25X2}{\sqrt{0.9359}}$$

$$= 0.5232$$

t value of MPS Vs. BVPS

$$(t_{wy}) = \frac{r_{wy} \sqrt{n-2}}{\sqrt{1-r_{wy}^2}}$$

$$= \frac{0.40X2}{\sqrt{0.8407}}$$

$$= 0.8704$$

t value of MPS Vs. EPS

$$(t_{wz}) = \frac{r_{wz} \sqrt{n-2}}{\sqrt{1-r_{wz}^2}}$$

$$= \frac{0.91X2}{\sqrt{0.1744}}$$

$$= 4.3507$$

(Note: Similar procedure has been adopted to calculate Mean, Standard Deviation, Coefficient of Variation, Coefficient of Correlation, Coefficient of Determinations, Simpler Regression Analysis, t – value for other banks)