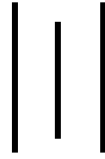# A COMPARATIVE STUDY OF DIVIDEND POLICY
OF NABIL BANK LTD., STANDARD CHARTERED BANK LTD.
AND NEPAL INVESTMENT BANK LTD.

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A THESIS
Submitted By:
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In Partial fulfillment of the requirement for the Master's Degree
Of Business Studies (M.B.S)

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Kathmandu
November, 2010

RECOMMENDATION

This is to certify that the Thesis

Submitted by:

SURYA PRASAD GHIMIRE

Entitled:

A COMPARATIVE STUDY OF DIVIDEND POLICY OF NABIL BANK LTD., STANDARD CHARTERED BANK LTD. & NEPAL INVESTMENT BANK LTD.
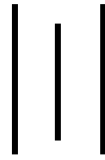
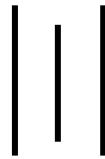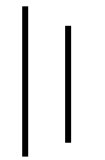has been prepared as approved by this Department in the prescribed format of the Faculty of Management. This thesis is forwarded for examination.

…………………………
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VIVA-VOCE- SHEET

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

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A COMPARATIVE STUDY OF DIVIDEND POLICY OF NABIL BANK LTD., STANDARD CHARTERED BANK LTD. & NEPAL INVESTMENT BANK LTD.

Has been accepted as a partial fulfillment of the requirement for the

Master's Degree in Business Studies (M.B.S)

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Date: …………………

DECLARATION

I hereby declare that the work of reported in this thesis entitled **"A Comparative Study of Dividend Policy of Nabil Bank Ltd., Standard Charterd Bank Ltd. And Nepal Investment Bank Ltd."** submitted to the office of the Dean, FOM, T.U. is my original work done in the form of partial fulfillment of the Masters in Business Studies under the supervision of Keshav raj Pantha. Saraswati Multiple Campus T.U.

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ACKNOWLEDGEMENT

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ABBREVIATION

A.D.	=	Anno Domini
AM	=	Arithmetic Mean
AML	=	Anti-Money Laundering
ATMs	=	Automatic Teller Machines
BAFIA	=	Banking and Financial Institution Act
B.S.	=	Bikram Sambat
C.V	=	Coefficient of Variation
DPR	=	Dividend Payout Ratio
DPS	=	Dividend per Share
DY	=	Dividend Yield
EBIT	=	Earning Before Interest and Tax
EPS	=	Earning Per Share
FY	=	Fiscal Year
GNP	=	Gross National Product
INGO	=	International Non-government Organization
JVBs	=	Joint Venture Banks
Km	=	Kilometer
KYC	=	Know Your Customer
Ltd.	=	Limited
MM	=	Modigliani & Miller
MPS	=	Market Price per Share
MVPS	=	Market Value per Share
NBL	=	Nepal Bank Limited
NEPSE	=	Nepal Stock Exchange
NGO	=	Non-Government Organization
NIC Bank	=	Nepal Industrial and Commercial Bank
NIBL	=	Nepal Investment Bank Limited

NIR	=	New Issue Ratio
NPAT	=	Net Profit after Tax
NRB	=	Nepal Rastra Bank
PE	=	Probable Error
PE Ratio	=	Price Earnings Ratio
ROSE	=	Return on Share holder's Equity
SBI	=	State Bank of India Bank
SCBNL	=	Standard Chartered Bank Nepal Limited
SD	=	Standard Deviation
SME Banking	=	Small Medium Entrepreneur Banking
Sq.Km	=	Square Kilometer

CHAPTER-I

INTRODUCTION

1.1General Background

Nepal is a landlocked kingdom boarding China to the north, and India to the west south and east .Nepal is developing land-locked country with diverse cultural and ethnic identity. It covers an area of 147181 Sq. Km. with an average width and length of 193 Km. and 885 Km respectively. It lies between two giant nations China and India. Nepal is divided into three diverse ecological zones; the Terai (the plain), the Hills and the Mountain with distinct resources, opportunities and problems. Administratively, the country divided into 5 development region, 14 zones, 75 districts, 3915 village development committees and 58 municipalities. It is a multi caste, multi-religious and multi ethnic country. Nepal's legal system is in flux because of its unstable political landscape and its new constitutions. Nepal ranks among the world's poorest country with a per capita income of around $562 in 2009/10. Based on national calorie/GNP criteria, an estimated 24.6% of the population is below the poverty line.

As a result of the liberalization policy of Nepal Government, foreign investors and internal investors were attracted to invest in Nepal in joint venture especially in banking business. This initiated the establishment of NABIL Bank Ltd. in 1984; Standard Chartered Bank Ltd. 1987 and Nepal Investment Bank Ltd. (NIBL) in 1986. establishment of commercial banks contributes significantly in the formation and mobilization internal capital and development efforts. They furnish necessary capital needed for trade and commerce of mobilization the dispersed saving of the individuals and institutions. The increase in the opening of the joint venture Bank (JVBs) caught a dramatic way after the liberalization and market oriented economic policy. Thought, JVBs are enjoying liberalization, Nepal Rastra Bank (NRB) has been managing them through its directives and guidelines.

One of the major reasons for which public are interested to invest money on the shares of banks or other institutions is for dividend. Normally, business running at profit is capable to pay it. The amount which is distributed as dividend should be adequate to meet the normal expectation of shareholders. Dividend refers to that portion of earnings of a firm that is distributed to the shareholders in return to their investment in the shares. It is important decision of financial management. By a dividend we mean some kind of consistent approach to the distribution versus retention decision, rather than making the decision on the purely ad hoc basis from period to period. It is thus rewarding to have clear understanding on the specifics dividend policy by the participants of the capital market.

There is no any uniformity in the dividend distribution practiced in Nepal among the different corporations. The Government is unable to received dividends from the public enterprises as documented in past several years' budget speeches and economic surveys published by Nepal Government, Ministry of Finance. Recently joint venture banks and some other public limited companies have shown new trend of paying dividend to shareholders there is also growing practice of paying bonus shares among some corporation of Nepal. Stock split is another aspect of dividend policy which is popular in the developed capital market but this aspect is almost neglected in the capital market of Nepal. An alternative form of dividend is share repurchase. If a firm has excess cash and insufficient profitable investment opportunities to justify the use of these funds, it is in the shareholders' interests to distribute the funds. The distributions can be accomplished either by the repurchase of share or by paying the funds out in increased dividends. It is thus share repurchase is often viewed as an alternative to paying dividends. "However, Nepal Company Act, 2063(2006), section 47 has prohibited company from purchasing its own shares." This provision of Nepal is against the theory of finance.

Some companies may pay whole earnings as dividend at the beginning to create good image in financial sector but later they may change their policy and announce a certain percentage of dividend payout term. The decision to keep some portion of earnings and to pay some portion of earnings as dividend is known as dividend

policy. The dividend payout ratio may be different but the common dividend payout ratio in 40% different studies reveal. It seems that the actual owners of the corporation are not treated rightly by not giving sufficient dividend.

Although the actual owners of the company are shareholders, they are paid low dividends in some companies whereas in some companies the dividend is not announced. But recently the trend of payment of dividend is increasing.

Dividend policy is one of the major decisions of financial management because it affects the financial structure, the flow of funds, corporate liquidity and investor's attitudes. After the successful completion of fiscal year having sufficient profit management decide to declare dividend to shareholders. The important aspect of dividend policy is to determine the amount of earning to be distributed to shareholders and the amount to be retained in the firm. It also determines the forms of dividend.

The research work will look into all relevant factors of dividend and dividend policy of commercial banks of NABIL, SCBNL and NIBL. These banks are selected for thesis writhing as the size of profit and dividends are comparatively high. They are running smoothly and cover sufficient period of the study.

1.2 Evolution of Banking Sector in Nepal

The growth of banking in Nepal is not so long. In comparison with other developing or developed country, the institutional development in banking system of Nepal is far behind. Like other countries goldsmiths, merchants and money lenders were the ancient bankers of Nepal. "Tejarath Adda" established during the tenture of then Prime Minister Ranoddip Singh (B.S. 1933) was the first step towards the institutional development of banking in Nepal. Tejarath Adda did not collect deposits from the public but gave loans to employees and public against the bullion.

Later "Tejartha Adda" was replaced by commercial bank 'Nepal bank Ltd', at the time of Rana Prime Minister "Juddha Shumser". In this way Nepal's banking history began with establishment of Nepal Bank Ltd on November 1937 A.D. Under Nepal

bank Act 1937 under 49 percent ownerships of public and remaining part under the ownership of government. Later with the growing necessity of the Commercial Banks in the world, the Nepal Bank Limited, the first commercial bank of Nepal in 1937 A.D replacing the older system of banking. In the present scenario different type of banks are being practiced in Nepal, but among them commercial bank play a vital role in the economic development of the country. Commercial bank called Nepal Bank Limited was established in 1937A.D. it was established under the Nepal Bank Act of 1936 A.D and the late King Tribhuvan Bir Bikram Shah Dev inaugurated this bank. At that time the authorized capital of Nepal Bank Limited (NBL) was 1crore divided into 100000 shares Rs100 each. Nepal Bank Limited had a responsibility of attracting people towards banking sector from predominant Sahu-Mahajan's transaction and of introducing other banking services as well. Being a commercial bank, it was natural that Nepal Bank Limited paid more attention to profit generating business. But, it is the duty of the government to look into the neglected sector therefore Nepal Bank Limited was established with 51% ownership of Government of Nepal and 49% of the equity participation from private sector. With the development of banking sector and to help the government formulating monetary policies, Nepal Rastra Bank is established under Nepal Rastra Bank Act 2012 the central bank of the country, Nepal. After it's established it issued the Nepali notes. The first five year plan was introduced in the country. NRB helped to make banking system more systematic and dynamic. However, as the central bank it was not logical for Nepal Bank Limited to go to unprofitable sectors, So to catch up with these Problems, the government established Rastriya Banijya Bank in 2022 B.S (1965 A.D), under Banijya Bank Act 1965 A.D as a fully state owned commercial bank.

When the government adopted liberal market oriented economic policy since mid – 1980's, Nepal allowed foreign banks on Joint Venture basis to operate in the country after getting the approval from Nepal Rastra Bank. These foreign joint venture banks are allowed maximum or 50% foreign equity participation. As a result Nepal Arab Bank was introduced, the first joint venture bank of Nepal was established in 1984 A.D (2041 B.S) The Bank was outcome of joint venture with Dubai Bank Ltd of

United Arab Emirates. Then after, Nepal Indosuez Bank, a joint venture bank with a Paris in 1986 A.D (2042 B.S) was established and later Standard Chartered Bank Nepal Limited, a joint venture bank with a bank of United Kingdom was established in 1987 A.D.(2043 B.S). The commercial banks including joint venture banks are all together 28 in number up to now (2010 A.D).which are Nepal bank Ltd, Rastriya Banijya Bank, Himalayan Bank, NABIL Bank, Nepal Investment Bank, Standard Chartered Bank, SBI Bank, Nepal Credit and Commerce Bank, Everest Bank, Lumbini Bank,, NIC Bank, Bank of Kathmandu, Nepal Bangladesh Bank, Kumari Bank, Laxmi Bank, Siddrartha Bank and Machhapuchhre Bank Ltd. etc.

One of the most important achievements of the growth of commercial banks is domestic saving. JVBs gave a new horizon to the financial Sector of the Country. They were expected to bring the foreign capital, technology, experience, healthy competition, expertise and skills in Nepal.

1.3 Brief Profiles of the Sample Banks

a) NABIL Bank Ltd.

Nabil Bank Limited, the first foreign joint venture bank of Nepal, started operations in July 1984. Nabil was incorporated with the objective of extending international standard modern banking services to various sectors of the society. Pursuing its objective, Nabil provides a full range of commercial banking services through its 19 points of representation across the kingdom and over 170 reputed correspondent banks across the globe. Nabil, as a pioneer in introducing many innovative products and marketing concepts in the domestic banking sector, represents a milestone in the banking history of Nepal as it started an era of modern banking with customer satisfaction measured as a focal objective while doing business. Operations of the bank including day-to-day operations and risk management are managed by highly qualified and experienced management team. Bank is fully equipped with modern technology which includes ATMs, credit cards, state-of-art, world-renowned software from Infosys Technologies System, Bangalore, India, Internet banking system and Tele banking system. The Chairman of Nabil Bank is Satyendra Pyara Shrestha.

b) Standard Chartered Bank Nepal Ltd (SCBNL):-

Standard Chartered Bank Nepal Limited has been in operation in Nepal since 1987 when it was initially registered as a joint-venture operation with the name of Nepal Greenlez Bank Ltd. Today the Bank is an integral part of Standard Chartered Group who has 75% ownership in the company with 25% shares owned by the Nepalese public. The Bank enjoys the status the largest international bank currently operating in Nepal. An integral part of the only international banking Group currently operating in Nepal, the Bank enjoys an impeccable reputation of a leading financial institution in the country.

Standard Chartered has a history of over 150 years in banking and operates in many of the world's fastest-growing markets with an extensive global network of over 1750 branches (including subsidiaries, associates and joint ventures) in over 70 countries in the Asia Pacific Region, South Asia, the Middle East, Africa, the United Kingdom and the Americas. As one of the world's most international banks, Standard Chartered employs almost 75,000 people, representing over 115 nationalities, worldwide. This diversity lies at the heart of the Bank's values and supports the Bank's growth as the world increasingly becomes one market.

With 18 points of representation, 23 ATMs across the country and with more than 350 local staff, Standard Chartered Bank Nepal Ltd. is in a position to serve its customers through an extensive domestic network. In addition, the global network of Standard Chartered Group gives the Bank a unique opportunity to provide truly international banking services in Nepal.

Standard Chartered Bank Nepal Limited offers a full range of banking products and services in Consumer banking, Wholesale and SME Banking catering to a wide range of customers encompassing individuals, mid-market local corporate, multinationals, large public sector companies, government corporations, airlines, hotels as well as the DO segment comprising of embassies, aid agencies, NGOs and INGOs.

The Bank has been the pioneer in introducing 'customer focused' products and services in the country and aspires to continue to be a leader in introducing new products in delivering superior services. It is the first Bank in Nepal that has implemented the Anti-Money Laundering policy and applied the 'Know Your Customer' procedure on all the customer accounts.

Corporate Social Responsibility is an integral part of Standard Chartered's ambition to become the world's best international bank and is the mainstay of the Bank's values. The Bank believes in delivering shareholder value in a socially, ethically an environmentally responsible manner. Standard Chartered throughout its long history has played an active role in supporting those communities in which its customers and staff live. It concentrates on projects that assist children, particularly in the areas of health and education. Environmental projects are also occasionally considered. It supports non-governmental organizations involving charitable community activities. The Group launched two major initiatives in 2003 under its 'Believing in Life' campaign- 'living with HIV/AIDS' and 'Seeing believes'.

Banker magazine has awarded Standard Chartered Bank (SCB) the prestigious 'Bank of the Year 2009' award for Nepal. The award reflects Standard Chartered's growth in Nepal, as a key part of its long-term strategic commitment to Asia.

The award comes on the back of a strong performance that the bank achieved during the fiscal year 2008-09. The bank has rewarded its shareholders by providing a cash dividend of 50 percent and issued bonus share of one for each two shares held.

c) **Nepal Investment Bank Ltd. (NIBL):-**

Nepal Investment Bank Ltd. (NIBL), previously Nepal Indosuez Bank Ltd., was established in 1986 as a joint venture between Nepalese and French partners. The French partner (holding 50% of the capital of NIBL) was Credit Agricole Indosuez, a subsidiary of one the largest banking group in the world.

With the decision of Credit Agricole Indosuez to divest, a group of companies comprising of bankers, professionals, industrialists and businessmen, had acquired on

April 2002 the 50% shareholding of Credit Agricole Indosuez in Nepal Indosuez Bank Ltd.

The name of the bank has been changed to Nepal Investment Bank Ltd. upon approval of bank's Annual General Meeting, Nepal Rastra Bank and Company Registrar's office with the following shareholding structure.

A group of companies is holding 50% of the capital.

Rastriya Banijya Bank is holding 15% of the Capital.

Rastriya Beema Sansthan is holding the same percentage.

The remaining 20% being held by the General Public (which means that NIBL is a Company listed on the Nepal Stock Exchange).

We believe that NIBL, which is managed by a team of experienced bankers and professionals having proven track record, can offer you what you're looking for. We are sure that your choice of a bank will be guided among other things by its reliability and professionalism.

1.4 Statement of Problem

Dividend policy is not clearly understood by a large segment of the financial community. It is not a straight forward and simple aspect of corporate finance. During the past 45 years' period research efforts in this area have led to the development of valuation models, seeking to establish the irrelevance of dividend payout on shareholders (Miller and Modigliani, 1961). "Miller and Modigliani's work raises the following question that how can investors benefit from a dividend when it is , in effect, paid rupee for rupee out of the value of their shares?". "Asqith Paul and David W. Mullins Jr. Signaling with Dividends, Stock Purchases and Equity Issues, Financial Management, (Autumn, 1980,) P-28." Moreover a number of behavioral models have also come out in course of time, attempting to categorize, explain and measure the different types of observed dividend practice. In this context, the dividend model is associated with the names of Linter (1956), Darling (1957) and Brittain (1966), among other seem to provide useful guidance in handing this

complicated decision problem.

In practice, every firm have some kinds of dividend policy, Different dividend policies are suitable for different firms. In general, it is assumed that there is relationship between dividend and stock price but the relation is not known, in an underdeveloped capital market like Nepal. Dividend distribution is not matching with the earnings of the commercial bank. Similarly, no proper relationship between dividend and market price of share exist. Returns of the listed companies lack the appropriate relationship with price. Companies with lower return record rigid price where as companies making sound return do not rigid in price of share. Thus returns of the company are not reflecting the market price of share.

In Nepal, there are only a few companies that pay dividend to shareholders. Commercial banks, especially joint venture banks, have sufficient earnings and are able to pay dividends. But they are not following the prevailing dividend policies. While earning is low they pay high dividend and sometimes when earning is high they pay low dividend. For example, all three sample banks have sufficient earnings (EPS) and profitability in each year. Finally, we cannot see the uniformity of dividend pay-out ratio in the sample banks.

Now, we know that all banks have sufficient earnings but they are not distributing the dividend in equal proportion. They have not followed the consistency in dividend distribution policy and we could not get uniformity of dividend pay-out ratio in these sample banks.

The followings are the research questions that have been examined for the purpose of this study:-

1. Are share prices affected by dividend per share in the sample banks?
2. Should the sample banks have uniformity in dividend distribution?
3. Are the sample banks guided by the specific dividend policy?
4. Is the sample any consistency in dividend per share and dividend payout ratio in the sample three banks?

5. Does the Dividend Policy affect DPS, EPS, DPR, PE Ratio, Liquidity Ratio and MVPS in Stated joint venture banks?

This study will try to answer the above- mentioned issues .

1.5 Objectives of the study

The basic objective of the study is to make comparative analysis of dividend policy of selected three banks. But the Specific objectives are:
1. To identify the dividend policy of Selected Banks.
2. To analyze the relationship of financial indicators such as DPS, EPS ,DPR, PE Ratio, Liquidity Ratio, Profitability Ratio and Market Value Per Share (MVPS)
3. To know if there is any uniformity among DPS, EPS and DPR on the three sample joint venture banks.
4. To find out the impact of dividend on share prices.
5. To provide necessary suggestions and recommendation that may be helpful to the formulation of the optimal dividend policy and maximize the stock price.

1.6 Significance of the Study

The finding of this research will be of worth to the shareholders to see the dividend policy of the three banks in comparison. So, this may be helpful for them in identifying the productivity of their investment and justify the rationale of their investment decision. Then it will also benefited by the management to point out the loopholes and suggest the remedies about the appropriate dividend policy.

Similarly, this research will also be beneficial to the policy makers from the comparative study of dividend policy. They can get important findings which are useful in policy making about dividend policy formulation.

Finally, the dividend policy of the joint venture banks is of great interest to the several outsiders. They are customers, financial agencies, stock brokers, interested person and scholars. I believe that except above, those JVBs will be benefited more

since the study is conduct on their dividend policy.

1.7 Limitations of the Study

This study tries to evaluate the dividend policy of joints venture of the banks. This research explain and analysis the subject matter with the help of well known or already established analytical methods and technique therefore as conclusion oriented research it doesn't much concern with fundamental and decision oriented research.

1. It covers the study period of 5 years from 2004/05 to 2008/09.
2. Only three commercial banks listed in Nepal stock Exchange are taken as the Sample Bank
3. The main focus is given to the quantitative aspects, qualitative factors are not considered.
4. Data related to cash dividend only are analyzed and interpreted.
5. There may be reporting error in the secondary data.

1.8 Chapter Plan

The study has been organized into five chapters; the titles of each of these chapters are as follows

Chapter One   :   Introduction.

Chapter Two   :   Review of Literature.

Chapter Three   :   Research Methodology.

Chapter Four   :   Presentation and Analysis of Data.

Chapter Five   :   Summary, Findings, Conclusion and
                                Recommendation.

The rationale behind this kind of organization is to follow a simple research methodology approach. The contents of each of the chapters of this study are briefly mentioned here.

Chapter I: contains the introductory part of the study. As already mentioned, this chapter describes the major issues to be investigated along with the general background, brief profiles of the sample banks statement of problem, objectives, significance of the study and finally limitation of the study.

Chapter II: is devoted to theoretical analysis and brief review of related and pertinent literature available. It includes a discussion on the conceptual framework and review of the major studies in general.

Chapter III: describes the research methodology employed in the study. This chapter deals with the research design, source of data, methods of analysis, analysis of financial indicators and variables, test of hypothesis, definition of statistical tools etc.

Chapter IV: deals with the presentation and analysis of data to indicated quantitative factors on dividend policy using statistical tools and techniques.

Chapter V: states summary, findings, conclusion and recommendations, this chapter presents the major findings and compares them with other empirical evidence to the extent possible and provides some suggestions. Finally bibliography and appendices are given in a prescribed form.

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CHAPTER-II
REVIEW OF LITERATURE

2) Conceptual Framework

The policy of a company in the division of its profit between to shareholders as dividend retention for its investment is known as dividend policy. There is a reciprocal relationship between retained earnings and cash dividends. If retained earnings are kept more by the company less will be dividend and vice versa. Dividend decision is one of the major decisions of managerial finance. It is in the sense that the firm has to choose between distributing profits to shareholder and return back in to the business. The decision depends up on the objective of the management for wealth maximization and profit maximization. The firm will use the net profit for paying dividends to the shareholders if the payment will lead to maximization of the wealth of the owners it not, it is better to retain them to finance investment programs. The relationship between dividend and value of the firm should therefore, be the criterion for decision making.

Most shareholders accept two forms of return from the purchase of common stock. These are capital gains and dividends. Capital gain may be defined as the market value of the common stock over time. The shareholders expect, at some point, a distribution of the firm's earning in the form of a dividend. Form mature and stable corporations, most investors expect regular dividends to be declared and paid on the common stock. This expectation takes priority over the desire to retain earnings to finance expansion and growth. So, shareholders expectation can be fulfilled through either capital gains or dividends. Financial management is therefore concerned with the activities of corporation that affect the well being of stockholders that well being can be partially measured by dividends received but a more accurate measure is the market value of stock. Since dividends would be more attractive to stockholder, one might think that there would be tendency for corporations to increase distribution of dividends. But one might equally pressure that gross dividend would be reduced somewhat, with an increase in net profit after tax, dividends still available to

stockholders and increase in retained earnings for the corporation.

2.1 Dividends

Dividends are paid in cash generally. Thus it reduces the cash balances of the corporation. Dividend policy affects the financial structure, the flow of funds, corporation liquidity and investors' attitudes. Thus, it is one of the central decision area related to policies seeking to maximize the value of firm's common stock.

2.2.1 Forms of Dividends

Cash dividend is the most popular form of dividend. Bank and corporation need to follow various types of dividend in view of the objective and policies which they implement. The type of dividend that bank and corporation follow is partly a matter of attitude of directors and partly a matter of a various circumstances and financial constraints that bound corporation dividend is being distributed in several forms, e.g. cash dividend, stock dividend, script dividend, property dividend and bond dividend.

a) Cash Dividend

Most Companies pay dividend in cash. Cash dividend is that which is distributed to the shareholders in cash out of the earnings of the company. Both total assets and net worth of company are reduced when cash dividend is distributed. The market price of share drops in most cases by amount of cash dividend distributed.

b) Stock Dividend

A stock dividend is the payment of existing owners of a dividend in is the firm of stock although stock dividends don't have a real value, firms pay stock dividend as a replacement for a supplement to cash dividend. If the declare dividend is provide in the form of share instead of paying in cash, the dividend is said to be stock dividend. From the providence of stock dividend and the dividend the current market price of shares decrease but it doesn't have any impact in the wealth of shareholders. A stock dividend simply is the payment of additional stock to stockholders nothing more than a recapitalization of the company a stockholders proportional ownership remains unchanged.

c) Property Dividend

If the declare dividend is provide in the form of property (assets) instead of cash, the dividend is said to be property dividend. This form of dividend may be followed when there are assets that are no longer necessary in operation of the business or in extra ordinary circumstance. Company's own products and securities of subsidiaries are the examples that have been paid as property dividend.

d) Scrip Dividend

When company has been suffering from the cash problem but has earned profit, scrip dividend is paid (issued). Scrip is a form of promissory note promising to pay then holder at specified later date. Under this type of dividend company issues and distributes to shareholders transferable promissory notes which may be interest bearing or not.

e) Bond Dividend

Bond dividend by its name is a dividend that is distributed to shareholders in forms of a bond. In other words, company declares dividend in forms of as own bond with a view to avoid cash outflows. Bond dividend helps to postpone the payment of cash. Though there are different forms of dividends, in general, the form of dividend popular in Nepal are cash and stock dividend. The form of dividend chosen for this study is cash dividend.

2.2.2 Stability of Dividend

Stability or regularity of dividends is considered as desirable policy by the management of most companies. Most of the shareholders also prefer stable dividends because all other things being the same, stable dividends have a positive impact on the market price of share. The term dividend stability refers to the consistency or lack of variability in the stream of dividend. By stability, we mean maintaining a position in relation to a dividend trend line, preferably one that is upward sloping. More precisely, stability of dividends refers to the amounts paid out regularly. Three distinct forms of such stability may be distinguished.

a) Constant Dividend Per Share

Constant dividend policy is based on the payment of a fixed rupees dividend in each year (period). A number of companies follow the policy of paying a fixed amount per share as dividend every year, irrespective of fluctuations in earnings. This policy imply when the dividend per share will be increased. When company reaches new levels of earnings and expects to maintain it, the annual dividend per share may be increased. It is easy to follow this policy when earnings are stable. If earnings pattern of a company shows wide fluctuations, it is difficult to maintain such policy. The dividend policy of paying a constant amount of dividend per year treats common shareholders somewhat like preference shareholders without giving any consideration to investment opportunities within the firm and the opportunities are available to shareholders. This policy is generally preferred by those persons and institutions that depend up on the dividend income to meet their living and operating expenses. This policy is believed to be the one that affects stock piece favorably.

b) Constant Pay-out Ratio

The ratio of divided to earnings is known as pay-out ratio. The policy to distribute a certain percentage of profit in every period is called constant pay-out ratio. With this policy the amount of dividend will fluctuate indirect proportion to earnings. It is related to the company's ability to pay dividends. If company incurs losses no dividend shall be paid regardless of shareholders.

c) Low Regular Plus Extra Dividend

The low regular plus extra dividend policy is compromise between the first two. Under this policy, a firm usually pays a constant dividend to shareholders and when small, additional or extra dividend is paid over and above the regular dividend. This type of dividend policy enables a company to pay constant amount of dividend regularly without a default and allows a great of flexibility for supplementing the income of shareholders only when company's earnings are higher than the usual, without committing itself to make larger payments as a part of the future dividend. Generally this type of policy is mostly followed by those companies whose

stockholder prefers at least a certain amount of regular dividends.

2.2.3 The Residual Theory of Dividend

Dividend policy can be viewed as one of a firm's investment decisions. A firm that behaves in this manner is said to be believe in the residual theory of dividends. According to this theory, Dividend policy is a residual from investment policy. Whether or not a company pays dividends depends on its investment policy. It assumes that the internally generated funds are comparatively cheaper than the funds obtained from external sources. The theory is based on the premise that investors prefer to have the firm retain and reinvested earnings exceeds the rate of return the investor could, himself, obtain on other investments of comparable risk. The dividend under a residual dividend policy equals the amount left over from earnings, no dividends are paid. If there is no any investment opportunity, then cent percent earrings are distributed to shareholders. Dividend is therefore merely a residual remaining after all equity investment needs are fulfilled.

Although the residual theory of dividends appears to make future analysis of dividend policy unnecessary, it is indeed cot clear that dividends are solely a means of disbursing excess funds. It would therefore be imprudent to conclude that there are no other implications of dividend policy and so this study shall take a closer look at the relationship between dividends and value.

2.2.4 Factors Affecting the Dividend Policy
a)   External Factors Affecting Dividend Policy
b)   Internal Factors Affecting Dividend policy
External Factors Affecting Dividend Policy

1) General state of economy:-

➢ In case of uncertain economic and business condition the management may like to retain whole or large part of earnings to build up reserve to absorb future shocks.

➢ In the period of depression the management may also retain a large part of its earnings to preserve the firm's liquidity position.

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- In period of prosperity the management may not be liberal in dividend payments because of availability of large profitable investment opportunities.
- In periods of inflation, the management may retain large portion of earnings to finance replacement of obsolete machines.

2) State of capital market:-
- Favorable market liberal dividend policy.
- Unfavorable market conservative dividend policy.

3) Legal restrictions:-
- Company Act has laid down various restriction regarding the declaration of dividend:
- Dividends can only be paid out of current or past profits of the company.

Money provided by the State\Central Government in pursuance of the guarantee given by the Government.
- Payment of dividend out of capital is illegal.
- A company cannot declare dividends unless, it has provided for present as well as all arrears of deprecation.

Internal Factors Affecting Dividend Decision:-
1) Desire of the shareholders:-
Though the directors decide the rate of dividend, it is always at the interest of the shareholders. Shareholders expect two types of returns:
- Capital Gains: i.e., an increase in the market value of shares.
- Dividends: regular return on their investment.

Cautious investors look for dividend because,
- It reduces uncertainty strength of the economy.
  Need for income: Some invest in share so as to get regular income to meet their living expenses.

2) Financial needs of the company:-

If the company has profitable projects and it is costly to raise funds, it may decide to retain the earnings.

3) Nature of earnings:-

A company which has stable earnings can afford to have an higher dividend payout ratio.

4) Desire to retain the control of management:-

Additional public issue of share will dilute the control of management. Liquidity Position:- Payment of dividend results in cash outflow. A company may have adequate earnings but it may not have sufficient funds to pay dividends.

2.1.5 Legal Provisions Regarding Dividend Practice

In Nepal, the act "Nepal Company Act-2006" makes some legal provisions for dividend payments. These provisions may be seen as under:

Section 2 (m): states that a bonus share (stock dividends) means share issued in the form of additional shares to stockholders by capitalizing the surplus from the profits or the reserve fund of a company. The term also denotes an increase in the paid up values of the shares after capitalizing surplus or reserve.

Section 47: has prohibited company from purchasing its own shares. This section states that no company shall purchase its own shares or supply loans against the security of its own shares.

Section 137: states that the company must inform the before issuing bonus shares under subsection (1), this may be dine only according to a special resolution passed by the general meeting.

Section 140: Dividend and subsection of this section are as follows:

Subsection (1): Except in the following circumstances, dividend shall be distributes among the shareholders within 45 days from the days of decision to distribute them.

a.   In case any law forbids the distribution of dividends.

b.   In case the right to dividend is disputed.

c.   In case dividends cannot be distributed within the time limit mentioned above owing to circumstances beyond anyone's control and without any fault on the part of the company.

Subsection (2): In case dividends are not distributed within the tike-limit mentioned in subsection (1), this shall be done by adding interest at the prescribed rate.

Subsection (3): Only the person whose name stands registered in the register of existing shareholders at the time of declaring the dividend shall be entitles to it.

The above indicates that Nepalese law prohibits repurchase of stock which is against the theory of finance. The reason for this kind of provision is not known.

2.3   Review of Major Studies in Foreign Perspective:

2.2.1   Van Horne and Mc Donald's Study

Van Horne & Mc Donald (1971) conducted a more detailed study on 'Dividend Policy and New Equity Financing'. The purpose of this study was to investigate the combined effect of dividend policy and new equity financing decision on the market value of the firm's common stocks. They explored same basic aspects of conceptual framework, and empirical tests were performed during year end 1968, for two industries, using a well known valuation model, i.e., a cross-section regression model. The required data were collected from 86 electric utility firms included on the COMPUSTAT utility data tape and 39 firms in the electronics and electronic component industries as listed on the COMPUSTAT industrial data type.

They tested two regression models for utilities industries.

First Model was,

$P_0/E_0 = a_0 + a_1(g) + a_2(D_0/E_0) + a_3(lev) + u$[18]

Where,

P_0/E_0 = Closing market price in 1968, divided by average EPS.

The Second Model was,

$$P_0/E_{0} = a_0 + a_1(g) + a_2(D_0/E_0) + a_3(lev) + a_4(Fa) + a_5(Fb) + a_6(Fc) + a_7(Fd) + u$$ [19]

Where,

Fa, Fb, Fc and Fd are dummy variables corresponding to "new issue ratio" (NIR) groups A through D.

It is noted that they had grouped the firms in five categories A, B, C, D and E by NIR. For each firm the value of dummy variables representing its NIR group is one and the values of remaining dummy variables are zero. Again, they tested the following regression equation for electronic components industry.

$$P_0/E_0 = a_0 + a_1(g) + a_2(D0/E0) + a_3(lev) + a_4(OR) + u$$ [20]

Where,

Lev = Financial risk, measured by long-term debt plus preferred stock dividend by bet worth as of the end of 1968.

OR = Operating risk, measured by the standard error for the regression of operating earnings per share on time for 1960 through 1968, and rest share as in first model above.

D0/E0 = Closing dividend per share divided by average EPS.

By using these models, they compared the result obtained for the firms which both pay dividends and engage in new equity financing with other firms in an industry sample. They concluded that for electric utility firms in 1968, share value was not adversely affected by new equity financing in the presence of cash dividends; expect for those in the lightest new issue group and it made new equity a more costly form of financing than the retention of earning. They also indicated that the payment of dividends through excessive equity financing reduces share prices.

2.2.5 Walter's Study

James E. Walter (1963) carried out a study on 'Dividend policy: it's Influence on the Value of the Enterprise' and argues that the choice of dividend policies usually affects the value of firm.

Walter argues that dividend policies almost always affect the value of the enterprise. The investment policy of a firm cannot be separated from its dividend policy which is just opposite of what MM said. The key argument in support of the relevance proposition of this model is the relationship between the return of firm's investment or its internal rate of return(r) and its cost of capital (k). As long as the internal rate of return (r) is greater than the cost of capital (k), the stock price will be enhanced by retention and will very inversely with dividend payout.

Basic assumptions of this model are:

➢ The firm has perpetual life.

➢ The value of EPS and DPS are assumed to remain constant forever in determining a given value.

➢ The firm's internal rate of return(r) and cost of capital (k) are constant.

➢ The firm distributes its entire earnings or retains it for reinvestment immediately.

➢ The firm finances all investment through retained earnings, that is debt or new equity is not issued.

Based on above assumption, Walter's formula to determine the market price per share is as follows:

Where,

$$P = \frac{DPS}{k} + \frac{r/k(EPS-DPS)}{k}$$

P   =Market price per share.

DPS   =Dividend per share.

EPS   =Earnings per share.

r   =Internal rate of return.

k   =Cost of capital.

According to Walter's model, the optimum dividend policy depends on the relationship between the firm's internal rate of return (r) and its cost of capital (k). Walter suggested different dividend policy for different types of firm, they are:

Growth Firm (r>k):

Growth firms are those firms which he expends rapidly because of sample investment opportunity; cost of capital or expected rate of return of shareholders.

This firm will maximize the value per share if they follow a policy of retaining all earning for investment. Thus, the correlation between dividend and stock price is negative such firm optimal dividend pay-out is zero.

Normal Firm (r = k):

The firms whose internal rates of return and cost of capital being equal are called normal firms. In such firms whether retains the profit or distributes dividend is matter of indifference. Means, firm's dividend pay-out ratio don't affect share price.

Declining Firm (r < k):

In contact of growth firm, if a firm doesn't have profitable investment opportunities, the shareholders will be better off if earnings are paid out to them so as to enable them to earn a higher rate of return using the funds elsewhere. In other words if firm's rate of return(r) is less than cost of capital (k) the relation between dividends and stock price is positive, i.e. increase in DPS yields increase in marker price per share. Thus, optimum payout ratio for a declining firm is 100 percent.

2.2.6   Modigliani and Miller Study

Modigliani & Miller's (1961), in their article 'Dividend Policy, Growth & valuation of shares' presented a new model of valuation and argued that dividend policy has no effect on the firm's share price. They developed the drastically new idea that dividend policy of a firm is irrelevant, as it does not affect the wealth of shareholders. This article is the most comprehensive argument for the irrelevant of dividend. In the history of finance, firstly, they declared that dividend policy does not affect the value

of the firm, i.e., dividend policy has no effect on the share prices of the firm. They argued that the value of the firm depends on the firm's earnings which depend on its investment policy. Therefore, as per MM theory. A firm's value is independent of 0dividend policy. MM's Hypothesis of irrelevance is based on following critical assumptions.

➢   There are no taxes.

➢   Risk and uncertainty doesn't exist.

➢   The firm operates in perfect Capital market.

➢   The firm has a fixed investment policy which is not subject to change.

They provided the proof on support of their argument in the following manner.

Step 1:

The market price of a share in the beginning of the period is equal to the present value of dividend paid at the end of the period plus the market price of the share at the end of the period.

Symbolically,

$P_0 = \dfrac{D_1 + P_1}{1 + K_e}$

Where,

P_0 =Market price at the beginning or at the zero period.

K_e =Cost of equity capital (assume constant).

D_1 =Dividend per share.

P_1 =Market price of the share at the end of the period.

Step 2:

Assuming that the firm doesn't resort to any external financing the market value of the firm can be computed as follows:

$nP_0 = \dfrac{n(D_1 + P_1)}{1 + K_e}$

Where,

n   = Number of equity shares at zero period.

Step 3:

If the firm's internal sources of financing its investment opportunities fall short of the funds required, and Dn is the number of new shares issued at the end of year 1 at price P_1, then,

$$nP_0 = \frac{nD1 + P1(n+Dn) - DnP1}{1+ke}$$

Where,

n   = No. of shares at the beginning

p_0 = Market price per share at the begging or zero period.

D_n = No. of equity shares issued at the end of the period.

P_1 = Market price per Share at the end of the period.

D_nP_1 = The amount obtain from the Sale of New Shares to finance Capital Budget.

Step 4:

If the firm were to finance all investment proposals, the total amount of new shares issued would be given by the following equation,

$DnP_1 = I - (E - nD_1)$

Or

$DnP_1 = I - E + nD_1$

Where,

DnP1 = the amount obtained from the sale of new shares to finance capital budget.

I= The total amount requirement of capital budget,

E= Earning of the firm during the period.

E- nD_1= Retained earnings.

Step 5:

By substituting the value of DnP1 from equation of step 4 to equation of Step 3.

we find,

$$nP_0 = \frac{nD_1 + P_1(n+D_n) - 1 + E - nD_1}{1+K_e}$$

or

$$nP_o = \frac{P_1(n+D_n) - I + E}{1+K_e}$$

Conclusion:

Modigliani and Miller concluded that dividend policy has no effect on the share price. So, there is no role of dividend in above equation.

In this way, according to Modigliani and Miller's study "It seems that under condition of perfect capital markets, rational investors, absence of tax discrimination between dividend income and capital appreciation, given the firm's investment policy, its dividend policy may have no influence on the market price of the share". However, the view that dividend is irrelevant is not justified, once the assumption is modified is consider the realities of the world. In practice, every firm follows one kind of dividend policy or another. The selection of a certain dividend policy depends on the age and nature of the firm.

2.2.7 Gordon's Study

Myron Gordon (1962) carried out study and concluded that stock price is affected by dividend payout. He developed a model and states that investors are indifferent between retained earnings and current dividend. In his study, supported and concluded that dividend policy affects the value of shares even in a situation in which the return on investment is equal to the capitalization rate that is ($r = ke$). It is assumed that investors have a preference for present dividends more than the future capital gain under the condition of uncertainty. This argument stresses that an increase in dividend pay-out ratio leads to increase in stock price for the reason that investors consider the dividend yield (D_1/p_0) is less risky than the expected capital gain. Hence, investors required rate of return increases as the amount of decreases. It is clear that positive relationship between the amount of dividend and stock prices.

Basic assumptions of this model are as follows:

- ➤ The internal rate of return (r) and cost of capital (ke) are constant.
- ➤ The firm and its steam of earnings are perpetual.
- ➤ The corporate taxes are ignored.
- ➤ The firm is an all equity firm (i.e. no debt exits.)
- ➤ No external financing is available so retained earnings would be used to finance any expansion.
- ➤ The retention ratio (b) once decided upon is constant. Thus growth rate
  g = b r is constant.
- ➤ 'Ke' must be greater than 'g' to get meaningful value.

According to Gordon, the market value of share is equal to present values of future streams of dividend. A simplified version of Gordon's model can be symbolically expressed as.

$$P = \frac{EPS(1-b)}{Ke-br}$$

Where,

P = Price of a share

EPS = Earnings per share

b = Retention ratio.

(l-b) = Dividend pay-out ratio.

Ke = Capitalization rate or cost of capital.

b.r. = Growth rate

According to this model following facts are revealed.

Growth Firm (r>ke):

Share price tends to decline in correspondence with increase in pay-out ratio or decrease in retention ratio i.e. high dividends corresponding to earning leads to decrease in share price. Therefore, dividend and stock prices are negatively correlated in growth firm.

Normal Firm (r = ke):

Share value remains constant regardless of change in dividend policies which means

dividends and stock prices are free from each other.

Declining Firm (r = ke):

Share price tends to rise in correspondence with rise in dividend pay-out ratio. It means dividend and stock prices are positively correlated with each other in declining firm.

2.3 Review of Major Studies in Nepalese Perspective:

Previous studies relating to Nepalese banking sector have been most important and relevant for my study. Some of the earlier studies about the dividend policy have been reviewed. Reference of these studies has become very useful for me to complete this dissertation.

2.3.1   Radhe S. Pradhan's study

Mr. Radhe S. Pradhan's (1990) has conducted a study on 'Stock Market Behavior in a Small Capital Market: A Case of Nepal, The Neplease Management Review' based on the data collected for 17 enterprises from 1986 to1990.

The major findings of this study are as follows:
1. Earnings, assets turn over and interest coverage ratio are more variable for the stock paying higher dividends.
2. Liquidity and leverage ratio are more variable for the stock paying lower dividends.
3. Positive relations between dividends pay out and turn over ratios.
4. Positive relationship between dividend payout and interest coverage.
5. Positive relationship between dividend payout and profitability.
6. Positive relationship between the ratio dividend per share to market price per share and interest coverage.
7. Positive relationship between dividend payout and liquidity.
8. Dividend per share and market price per share was positively correlated.
9. Higher the earnings on stocks, larger the ratio of dividends per share to market price per share.

2.3.2 Manohar Krishna Shrestha's study

Mr. Shrestha (1999) have carried out study on the topic of 'Bonus Share Issue Practices in Nepalese Corporate Firms: Empirical Study, Findings and Suggestions, Management Dynamics' based on the data collected from 1987 to 1998 for 12 corporate firms.

Major findings and suggestions of this study are as follows:

1.	The most popular bonus ratios prevalent in Nepalese corporate are, 1:2. 1:1, 1:0.5 and other than ratios specified above have been found negligible important that accounts for only 39% for remaining 12 bonus ratios.

2.	The amount of bonus issued showed increasing trend during the period under study. During the three sub-periods, on an average amount of bonus issue rises by 250% per sub-period.

3.	There is a trend to raise the additional equity capital by capitalizing the reverse and net profits by issuing bonus shares and stock dividends. The average ratio of bonus shares issue to equity capital is found above 0.5.

4.	The overall average of their bonus issue is noticed among Nepalese corporate practice. The no. of bonus issue made five times or more are found two corporate firms in number, NABIL and NIC during the study period.

5.	No consistency in bonus ratio is observed. Only 50% of the bonuses issuing corporate firms are found to follow the consistent policy in bonus issue. Among the corporate firms following the consistent policy of bonus issue are found to have made bonus issue is quick succession. Such corporate firms issued 15 times bonus shares out of 25 times in total in the time interval of one year which accounted for 60% of the cases. Bonus shares occurred at irregular in interval and on widely very ratios in 50% of the cased of the bonus issue.

6.	Large corporate firms are found to issue bonus shares more times than the small sized corporate firms. The overall average bonus ratios of the corporate firms with equity capital Rs. 50 and less than 100 million is found to as 0.78 which accounted for 10 times out of 36 times bonus issue.

7.	Corporate firms over than 20 years are found to have issued bonus shares

more times (19) compared to other corporate firms with lesser as which accounted 55% of the cases.

8. Corporate firms are suggested to have their bonus share issued plan towards the accomplishment of corporate goal.

9. Issue of bonus share must be in consistent with the growth and expansion scheme of the corporate firms and justified by increased earning and reduced risk in terms of investment and returns.

2.4.3   K.D. Manandhar's Study

Mr. Manandhar (2000) has carried out latest study on the topic of 'Preliminary Test of Lagged Structure of Dividend: Empirical Test, Case of Corporate Firms in Nepal, Management Dynamics' A Journal based on the data collected from 1987 to1998 for 7 Commercial Banks, 5 Finance and Insurance Companies, 2 Trading Companies, 2 Service Oriented Companies and 1 manufacturing Company.

Major findings of this study are as followings:

1. Significant relationship is found between change in dividend policy in terms of dividend per share and change in lagged earnings.

2. There is relationship between distribute lagged profit and dividend.

3. The difference is found significant between overall proportions of changed in dividend and due to increase in earnings per share during the study period.

4. In overall, increase in ESP has resulted to increase in the dividend payment in 66.6% of the cases while decrease in EPS resulted decrease in dividend payments which come to equal to 33.3% of the cases.

5. It is found that Nepalese corporate firms have followed the practice of maintaining constant dividend payment per share or increase it irrespective of change in earning per share as reflected by the total percentage of constant and increased dividend payment of 78.33% of the cases. In other wards forms are reluctant to decrease dividend payment.

6. In overall, Nepalese corporate firms are found reluctant to decrease dividend either keeping dividend payment constant or higher to take the advantages of information contents and signaling effects of dividend relating to the firm's

continued progress and performance, sound financial strength, favorable investment environment, lower risk, ability to maintain sustained dividend rate and finally to increase the market price of the stocks in the stock market.

2.4.4 Daya Sagar Timsina's Study

Daya Sagar Timsina (2010) carried out a research on 'A study on dividend policy and its impact on stock price of selected Commercial Banks' concluded that:

This study has covered the period of ten years being from 1999 to 2008. There are 26 commercial banks have been listed in NEPSE to date, however only 5 of them have been selected for analysis while conducting this study secondary data have been applied as well as some necessary information for analysis the data has been collected from some financial and managerial experts. Different financial and statistical tools have been applied for analyzing the data.

The major findings mentioned above led this study to conclude that there is noteable dividend Impact on market price of the share in most of the banks. In another words dividend plays an important role to change the market price of the shares. Besides this the following conclusions are made:

1) There is high degree positive relationship between DPS and EPS in most of the bank.

2) There is normal positive relationship between DPS and EPS in most of the banks.

3) While comparing the impact of EPS and lagged DPS on EPS, It is found that there is normal positive role of change in EPS to change the DPS but there is nominal or very less role of lagged DPS. CBL is highest of the firms.

4) While observing the effect of dependent variable, i.e. DPS and MPS, on its independent variable, i.e. DPS, EPS and lagged DPS it is not sufficient information and meaning that there is a notable role of others, managerial and environmental factors. Higher dividend payout ratio (D/P ratio) indicates that the firm is paying higher dividend to its shareholders and lower D/P ratio

implies that the firm is retaining its profit to profitable investment opportunities.

2.4.5 Upat Lal Shah's Study

Upat Lal Sah (2009) carried out a research on 'Cash dividend practice and its impact on share price in Nepal'. It covered 5years period (2004-2008) including commercial banks, manufacturing companies, development banks, insurance companies, financial institutions and hotels sectors. Its basic objectives were to evaluate the trend of cash dividend forecasting and payment by the Nepalese financial institution and to see and examine the impact of cash dividend on market price per share. To achieve these objectives, the information are interpreted and analyzed by using regression model and hypothesis test. Major finding of the study were as follows;

- Commercial banks of Nepal are seen the regular dividend paying financial institution.
- In average 90% companies pay less than 50% cash dividend. The company having good earning only have been paying regular cash dividend.
- The lack of financial knowledge and the market ineffiency has affected the market price of the share in all the firms. But it is theortically argued.

2.3.6 Drona Kumar Upadhayaya's Study

Mr. Drona Kumar Upadhayaya (2002) has written a thesis, 'Dividend Policy with respect to Insurance Company in Nepal' concluded that:-

1. Average earning per share and dividend per share of all concerned Insurance company are satisfactory.
2. Analysis indicates that there is the largest fluctuation in EPS and DPS, on the other hand, have relatively more consistency dividend per share in all the insurance company.
3. In spite of the good earning and earning potentials, insurance companies do not seem to be guided by a clearly defined policy.

4.	Share of the financial institution are actively traded and market prices are increasing.

5.	Insurance company represents a robust body of profit earning organization in comparison to the other sector such as manufacturing, trading etc.

6.	One of the most striking findings of this study is that no Insurance company sample for this stuffy has a clearly defined dividend strategy. On the other hand, there was significant relationship perceives between earning and dividend of expansion program.

## 2.5	Review of the policy Documents

### 2.4.1	Nepal Rastra Bank Act 2058

The Nepal Rastra Bank ,established in 1956, is the central bank of Nepal. It has seven offices, located at Biratnagar, Janakpur, Birgunj, Pokhara, Siddharthanagar, Nepalgunj and Dhangadhi.

It supervises the commercial banks in Nepal and guides monetary policy. Nepal Rastra Bank also oversees foreign exchange rates and the country's foreign exchange reserves. The bank is one of the principal owners of the Nepal Stock Exchange.

The central bank is known as bank of the bank in any economy. Generally, it regulates the financial sector, supervises their activities, manages and produces the national currency, formulates and implements foreign reserves policy and formulates and implements the monetary policy of the nation, but there are different ways by which people define and understand the central bank.

P.H Collin "Dictionary of Banking and Finance, 2003 Peter Collin Publishing, London, at 56" writes:- "The main government controlled bank in a country, which controls that country's financial affairs by fixing main interest rate, issuing currency, supervising the commercial banks and trying to control the foreign exchange rate." This is the meaning of central bank written in Dictionary of Banking and Finance. Though, this meaning does not cover all the aspects of central banking as it is in the present days but this covers most of the functions.

The product of central banking is the product of 20th century. It does not mean that there were no central banking activities before this time, but central bank as a kind of bank was first recognizing by U.S Congress through the passing of the Glass-Owen Bill, signed by President Woodrow Wilson on December 23, 1913.

In Nepal, the Nepal Rastra Bank was established as central bank in 14th Baishak, 2013 BS under the provision of the Nepal Rastra Bank Act, 2012 BS. Before this Nepal Bank Limited was doing both central banking and commercial banking functions. From the period of its establishment NRB is doing central banking business in the country. Nepal Rastra Bank Act, 2058 BS has substituted the old Act and modified the objectives and functions of NRB as per the change of time. The objectives of the new Act are intended to establish NRB as a policy focused central bank. Section 4 of the act writes following as objectives of NRB:-

- To form and manage monetary and foreign exchange policies for the sustainable development of economy and satiability in balance of payment.
- To develop secure, healthy and competent payment system.
- To maintain stability and liquidity of banking and finance sector.
- To Make regulation, inspection and supervision of banking and financial sector.
- To promote the banking and financial system of the country and increase people's faith upon it.

To achieve these objectives the following functions, duties and rights are vested upon NRB by section 5 of the Act:-

a.   Issuing bank notes and coins.

b.   Formation and implementation of monetary policy.

c.   Formation and implementation of foreign exchange policy.

d.   Determining the system of foreign exchange policy.

e.   Management and operation of foreign exchange reserve.

f.   Issuing the license for financial transaction to commercial banks and financial institutions and making regulation, inspection, supervision and follow up for

such transaction.

g.   Working as a banker and lender of last resort of banks and financial institutions.

h.   Working as a banker, advisor, and financial agent of the government.

i.   Establishing and maintaining the system for clearing and settlement and its regulation.

j.   Other functions to achieve the objectives of the Act.

This shows that, central banks are entrusted with different policymaking, supervisory/regulatory, banking and advisory functions.

2.4.3   Company Act 2063

2.4.2.1 Bank and Financial Institution Act, 2063 (BAFIA)

BAFIA is expedient to amend and consolidate forthwith the prevailing legislation relating to banks and financial institutions and more it timely in order to promote the trust of the general public in the overall banking and financial system of the country and protect and promote the rights and interests of depositors provide quality and reliable banking and financial in term diary services to the general public through healthy competition among banks and financial institutions minimize risks relating to the banking and financial sector boost and consolidate the economy of the state of Nepal by liberalizing the banking and financial sectors and make necessary legal provision relating to the establishment operation management and regulation of banks and financial institutions.

Broadly commercial banks can be involved in the business like deposit collection, credit creation, guarantee, letter of credit, remittance business and other services which come under the jurisdiction. Generally an economy can expect the following benefits firm and banking companies;

- The Intermediation Role.
- The Payments Role
- The Guarantee Role

- The Risk Management Role.

- The Saving /Investment Role.

- The Safekeeping/Certification Role

- The Agency Role.

Under intermediation role, a bank collets saving from the depositors who have surplus income and mobilizes it loan or advance to the needy person. Banks are also involved in the payment of different bills and negotiable instruments of their customers. Operation of payment system is another role played by banking companies. Likewise, banks provide different types of guarantee on behalf of their customer performing the role of guarantor. The management of risk associated with their business is another role expected from the banking companies. Perfect risk management by a bank in its business not only helps to individual bank but the whole financial sector also gets benefit. Likewise, management of collected deposit and its investment is another role of banking companies. Banks are also doing safekeeping of valuables of their customers. As an agent of its customer banking companies perform different roles on behalf of customer.

Considering the different roles of banking companies BFI Act, 2063 which is popularly known as Umbrella Act for banking sector has put commercial banks in 'A' class licensed institutions and has allowed performing all the business which as a banker can do. This Act determines the business for these category institutions that are same as internationally recognized business of commercial banks. Institutions in this category are also allowed to keep word 'Bank' in their name. Article 47(1) of BFI Act determines the activities for the class A licensed banking companies. These writes;

Subject to the memorandum and article of association, a class 'A' licensed institution may conduct the following types of financial transaction:

a. Accept deposit with or without interest, and refund such deposit.
b. Supply credit as prescribed by the Rastra Bank.
c. Deal in foreign exchange subject to current law.

d. Supply credit for hire-purchase, hypothecation, leasing housing and service enterprises.

e. Engage in merchant banking business subject to the directives of the Rastra Bank.

f. Arrange for jointly supplying credits on the basis of co-financing by joining hands with other licensed institution according to the agreement concluded for the purpose so as to divide the collateral pari passu.

g. Issuing guarantees on behalf of its customers, have such customers execute necessary bonds in consideration thereof, obtain security, and acquire their movable of immovable assets as collateral or on mortgage or the assets of third individuals as collateral.

h. Supply credit against the guarantee provided by any local or foreign bank or financial institution.

i. Issue, accept, pay, discount or deal in letters of credit, bills of exchange, promissory notes, cheques, traveller's cheques drafts or other financial instruments.

j. Accepts deposits, make payments and transfer funds through telephones, telex, fax, computers, magnetic tapes or similar other electronic means or equipments, subject to the directive issued by the Rastra Bank.

k. Issue and accept credit cards, debit cards, charge cards, other financial instruments and appoint agents to discharge functions relating subject to the directives issued by the Rastra Bank.

l. Accept; make payments and supply credit through automated teller machines and cash dispensing machines.

m. Grant overdraft to persons trusted by it.

n. Work as an agent of the Rastra Bank on conditions prescribed by it, and conduct governmental and other transactions on behalf of Government of Nepal.

o. Remit or transmit funds to different places within or outside the Kingdom of Nepal through bills of exchange, cheques or other financial instruments, deal in gold and silver bullion, shares, debentures, bonds etc. and collect dividends

accruing on shares, interest on promissory notes, debentures and bonds etc.

p. Arrange for safe deposit vaults.

q. Supply funds received from Government of Nepal or other local or foreign agencies as credit for the promotion of projects or manage such credit.

r. Obtain refinance credit from the Rastra Bank according to need or obtain or supply credit to or from other licensed institutions.

s. Mobilize capital through shares, debentures, bonds, loan-bonds, saving-bonds or other financial instruments subject to the limit prescribed by the Rastra Bank.

This list of the Act includes all the functions of the banking companies and Nepalese Commercial banks are allowed to do all such function. Though this Act allowed the commercial banks to do above mentioned functions, presently no any bank is performing all these functions.

Not only the list of function that banks and financial institutions having different class of license can do is included in the BFI Act. Section 48 makes a negative list for the bank and financial institution. According to this section commercial banks are not allowed to involve in following functions:

- 'A' licensed institution must not perform or arrange for performing the following functions:

a. Purchase or sell goods with commercial motives, or purchase and immovable asset except when it is required to do so for its own use.

   Prohibited that this clause shall not be deemed to have prejudiced the powers of licensed institutions of class B and D to purchase or sell, distribute and manage lands and buildings in connection with carrying on their business subject to section 47.

b. Advance loans against security of its own shares.

c. Advance loans or provide any facility to promoters, Directors, persons who have subscribed to one percent or more (of its) shares, the Executive Chief or any member of the family of any such persons is working as a Director or managing agent, or entitled to nominate a Director or has any financial

interest.

d. Supply loans to any individual, firms ,company or institution against the guarantee provided by the promoter, any director or the Executive chief.

e. Perform such other functions as are prescribed by the Rastra Bank as those which a licensed institution must not performed.

f. Invest in share capital of any other institution in an amount exceeding the limit prescribed by the Nepal Rastra Bank.

g. Perform any function that creates an artificial obstruction in the competitive atmosphere of the financial sector with the intention of deriving an unfair advantage.

• A licensed intuition must not provide any help to any person who has deposited in a deposit account funds earned by him/her through illegal means to hide, convert, pay or transfer such funds or to hide or lie about the origin or source thereof or to do anything for that purpose, in order to protect him/her from legal actions.

This provision of the Act prohibits commercial banks to be involved in the non banking business. This is necessary for the health of individual company and financial system as a whole.

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CHAPTER-III
RESEARCH METHODOLOGY

3.1 Introduction

The major objective of the study is to find out 'model of good fit' to explain the dividend policy on the sample commercial banks. To accomplish these objectives, the research methodology described in this chapter Research Methodology refers to the various sequential steps to adopt by a researcher in studying a problem with certain objectives in view. In other words, research methodology is a way to systematically solve the research problem. A focus is given to the research design, sources of data, population and sample, method of analysis, tools defined about certain financial indicators, test of hypothesis and statistical tools used.

3.2 Research Design

The research design is less descriptive but more prescriptive because the historical secondary data have been employed to analyses the using variables which is related to dividend policies of JVBs. For the analytical purpose , the annual reports published by the relative banks and financial statements of the banks published by Nepal Stock Exchange Ltd. were collected for the year 2004/05 to 2008/09. More about this will be elaborate and explain in following pages.

3.3 Sources of Data

Mainly the study is conducted on the basis of secondary data. The data relating to the dividend policy are obtained from Nepal Stock Exchange. The supplementary data and information are obtained from annual reports of concerned banks. Other information sources have been taken from Central Library Tribhuvan University, Saraswati Multiple Campus Library, Shanker Dev Campus library, American Library, Ministry of Finance and National Commission etc.

3.4   Population and Sample

There are many banks whose shares are traded activity in stock market; hence it is not possible to study all of them regarding the study topic. Therefore sampling will be done selecting firm population. The populations are as follows.

Table-3.1

Licensed Commercial Banks

S.N	Commercial Banks	Operation Year in A.D
1	Nepal Bank Ltd.	1937
2	Rastriya Banijaya Bank Ltd.	1966
3	Agriculture Development Bank Ltd.	1968
4	Nabil Bank Ltd	1984
5	Nepal Investment Bank Ltd.	1986
6	Standard Chartered Bank Ltd.	1987
7	Himalayan Bank Ltd.	1993
8	Nepal SBI Bank Ltd.	1993
9	Nepal Bangladesh Bank Ltd.	1993
10	Everest Bank Ltd	1994
11	Bank of Kathmandu Ltd.	1994
12	Nepal Credit & Commercial Bank Ltd.	1996
13	Lumbini Bank Ltd	1998
14	Nepal Industrial and Commercial Bank Ltd.	1998
15	Machhapuchhre Bank Ltd.	2000
16	Kumari Bank Ltd	2001
17	Laxmi Bank Ltd	2002
18	Siddhartha Bank Ltd.	2007
19	Global bank Ltd.	2007
20	Citizen Bank Ltd.	2007
21	Prime Commercial Bank Ltd.	2007
22	Bank of Asia Nepal Ltd.	2007
23	Sunrise Bank Ltd.	2007
24	NMB Bank Ltd.	2008
25	Development Credit Bank	2008
26	Kist Bank	2009
27	Janata Bank Ltd.	2010
28	Mega Bank Ltd	2010

(Source: www.nrb.org.np)

Similarly, other two new institutions are going to establish licensed 'A' Commercial Bank recently. After the establishment of new two Commercial Banks, there are 30 licensed 'A' Banks altogether. The newly established Banks are:

1. Commerz and Trust Bank

2. Civil Bank

From the above sample three Banks are to be selected as the sample Bank for the study. The names of these Banks are:

1.   NABIL Bank Ltd.

2.   Standard Chartered Bank Ltd. (SCBNL)

3.   Nepal Investment Bank Ltd. (NIBL)

3.5   Method of Analysis

Various financial and statistical tools have been used in this study. The analysis of data will be done according to pattern of data available. Mainly the analysis will be done by using financial tools and simple regression analysis.

The relationship between different variables related to study topic will be drawn out using financial and statistical tools. The various calculated results obtained through financial and statistical tools are tabulated under different headings. Then, they are compared with each other to interpret the results. In this study simple regression analysis has been used to study the influences of independent variables on a dependent variable. It helps in studying the effect and the magnitude of the effect of a single independent variable on one dependent variable. To determine whether the variable of DPS is related to dividend decision, the following regression model has been applied.

$Y = a + bX_1$

Where,

Y = Market Value per Share. (MVPS)

a = Intercept.

b = Reference of change.

X1 = Dividend per Share. (DPS)

This model has been applied to examine the relationship between the DPS and MVPS of the companies in the current fiscal year 2004/05 to 2008/09. Similarly the following models have been applied to determine whether the variable of EPS, DPS, PE Ratio, Dividend Yield, Liquidity Ratio, profitability Ratio on MVPS.

3.6   Analysis of Financial Indicators and Variables

I) Earnings per Share (EPS):

EPS is calculated to know the earning capacity and to make comparison between concerned banks.

EPS in defined as the result received dividing net profit after taxes by no. of common stock outstanding.

$$EPS = \frac{Net\ Profit\ after\ taxes}{No.of\ common\ stock\ outstanding}$$

II) Dividend per Share (DPS):

DPS indicates the part of earning distributed to the shareholders on per share basis and calculated through dividing the total dividend to equity shareholders by the total no. of equity shares.

$$DPS = \frac{Total\ Dividend}{No.of\ Comman\ Outstanding}$$

III) Dividend in Percent:

The ratio of dividend per share to the paid up price per ordinary share is called dividend percent.

$$Dividend\ in\ Percent = \frac{Dividend\ Per\ Share}{Paid\ Up\ Per\ Share}$$

IV) Dividend Pay-out Ratio (DPR):

DPR is calculated to indicate percentage of the profit on share that is distributed as

dividend. Using following DPR can calculate;

$$DPR = \frac{Dividend\ Per\ Share}{Earning\ Per\ Share}$$

And, Retention Ratio = 1- DPR

V) Price Earnings Ratio (PE Ratio)

PE Ratio reflects the price currently paid by the market for each rupee of currently reported earnings per share. It is calculated dividing the market value per share by earning per share.

$$PE\ Ratio = \frac{Market\ value\ Per\ Share}{Earning\ Per\ Share}$$

VI) Earning Yield and Dividend Yield

Earning Yield and Dividend Yield both are expressed in terms of the market value per share. Earning Yield and Dividend yield are two important profitability ratios from the point of view of the ordinary shareholders. The earning yield may define as the ratio of earning per share to the market value per ordinary share. Earning yield is calculated as:

$$Earning\ Yield = \frac{Earning\ Per\ Share}{Market\ Value\ Per\ Share}$$

Similarly the dividend yield reflects percentage relationship between dividend per share and market value per share. It is calculated through dividing the cash dividend per share by the market value per share. That is:

$$Dividend\ Yield = \frac{Dividend\ Per\ Share}{Market\ Value\ Per\ Share}$$

VII) Market Value per Share to Book Value per Share Ratio

This ratio indicates the price the market is paying for the price that is reported from the net worth of the banks or other words it is the price of the outsiders are paying for each rupee reported by the balance sheet of the banks. It is calculated dividing the market value per share by Book value per share

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$$\text{MVPS to BVPS Ratio} = \frac{\text{Market Value Share(MVPS)}}{\text{Book Value Per Share}}$$

VIII) Liquidity Ratio:

Liquidity ratio, expresses a company's ability to repay short-term creditors out of its total cash. It reflects the short term financial strength of the Organization .The denominator of a liquidity ratio is the company's current liabilities, i.e., obligations that the company must meet soon, usually within one year. The numerator of a liquidity ratio is part or all of current assets. Perhaps the most common liquidity ratio is the current ratio. Because current assets are expected to be converted to cash within one year, this liquidity ratio includes assets and liabilities of equal longevity. The liquidity ratio is the result of dividing the total current assets by total current liabilities with short-term borrowings. It shows the number of times short-term liabilities are covered by cash. If the value is greater than 1.00, it means fully covered. This ratio is used to know the capacity of the institution to repay its short term liability generally there are two types of liquidity ratios:

a) Current Ratio $= \dfrac{\text{current Assets}}{\text{Current Liabilities}}$

b) Quick Ratio $= \dfrac{\text{Current Assets other than stock and prepaid}}{\text{Current Liabilities}}$

IX) Profitability Ratio:

The profitability ratios are the basic bank financial ratios. Profitability ratios are the financial statement ratios which are used to measure on how well a business is performing in terms of profit. In other words, the profitability ratios give the various scales to measure the success of the firm. The profitability ratios can also be defined as the financial measurement that evaluates the capacity of a business to produce yield against the expenses and costs of business over a particular time period. If a company having a higher profitability ratio compared to its competitor, it can be inferred that the company is doing better than that particular competitor. The higher or same profitability ratio of a company compared to its previous period also indicates that the company is doing well. The return on assets, profit margin and

return on equity are the examples of profitability ratios. Overall these are known as Profitability Ratios. These Ratios are calculated:

a) Return on Assets $= \dfrac{NPAT\ with\ interest}{Total\ Assets} \times 100\%$

b) Net Profit Margin $= \dfrac{NPAT}{Net\ Sales} \times 100\%$

c) Return On Equity (ROSE) $= \dfrac{NPAT}{Shareholders\ Fund} \times 100\%$

d) Return on Capital Employed (ROCE) $= \dfrac{NPAT\ with\ Interest}{Capital\ employed} \times 100\%$

Where,

Capital Employed = Shareholders fund +Long term debt

3.8   Statistical Tools Used:

a)   Standard Deviation (σ):

The measurement of the scatterings of the mass of figures in a series about an average is known as dispersion. The standard deviation measures the absolute dispersion. The greater the amount of dispersion greater the standard deviation. A small standard deviation means a high degree of uniformity of the observation as well as homogeneity if a series, a large standard deviation means just opposite. In this way standard deviation is calculated for selected dependent and independent variables specified in the models presented above.

Standard Deviation denoted by σ is given by:

Standard Deviation $(\sigma) = \sqrt{\dfrac{\Sigma(x-\bar{x})^2}{n-1}}$

Where,

n =   No of observation in Series X

$\sum(X-\bar{X})^2 =$ Summation of square of deviation from given value to mean value

b) Coefficient of Variation(C.V):

C.V is the qualitative measure of the dispersion to compare more than two assets; coefficient of frequency variation is used. It is relative measurement of dispersion based on standard deviation coefficient of variation is given by following formula,

$$C.V = \frac{\sigma}{\overline{X}} \times 100\%$$

Where, σ = Standard Deviation

$\overline{X}$ = Arithmetic Mean

It represent the ratio of the standard deviation to the mean and it is a useful statistic for comparing the degree of variation from one data series to another, even if the means are drastically different from each other.

c) Coefficient of Correlation (r):

Correlation analysis is the statistical tools that we can use to describe the degree to which one variable is linearly related to another. The sufficient of correlation measures the degree of relationship between two sets of figures. In this study, simple coefficient of correlation is used to determine the relationship of different factors with dividend and other variables. The data related to dividend over different years are tabulated and their relationships with each others are drawn out. Karl Pearson's coefficient is used to study the extend or degree of correlation between the variables. If the values of the variables are directly proportional then the correlation is said to be positive. On the other hand, if the values of the variables are inversely proportional, the correlation is said to be negative, but the correlation coefficient always remains within the limit of +1 to -1. The formula for the calculation of coefficient is given below.

$$r = \frac{n\sum xy - \sum x.\sum y}{\sqrt{N\sum x2 - (\sum x)2}\sqrt{N\sum y2 - (\sum y)2}}$$

Where,

r = Coefficient of correlation

$\sum xy$ = Sum of the product of the observation is series x and y

$\sum x$ = Sum of the observation in series x

$\sum y$ = Sum of the observation in series y

$\sum x^2$ = Sum of the squares observation of x

$\sum y^2$ = Sum of the squares observation of y

N = Number of observation of x and y

'r' lies always between +1 and -1

When 'r' = +1, there is perfect positive correlation.

When 'r' = -1, there is perfect negative correlation.

When 'r' = 0, there is no correlation.

When 'r' lies between 0.7 to 0.999 (or -0.7 to –o.999) there is high degree

of positive or negative correlation.

When 'r' lies between 0.5 and 0.699, there is a moderate degree of correlation.

When 'r' is less than 0.5, there is low degree of correlation.

d)   Mean or Average (μ):

Simply mean or average is the set of observation that represents the entire data; its value lies somewhere in between the two extremes observation of the data. For this reason an average is frequently referred to as a measure of central tendency. The data related to dividend are tabulated and drawn out average (X) over different years. It is an envoy of the mass of homogeneous data.

The value of the AM is obtained by adding together all the items and by dividing this total by the number of items.

Mathematically,

Arithmetic mean (AM) is given by, $X = \dfrac{\sum X}{n}$

Where,

X = Arithmetic Mean

$\sum X$ = Sum of all the values of the variable X

n = Number of observations

e)   **Coefficient of Multiple Determinations (r^2):**

The coefficient of determination is a measure of the degree linear association or correlation between two variable one of which happens to be independent and other being dependent variable. In other words, r… measures the percentage total variation in dependent variable explained by independent variables. The coefficient of determination value can have ranging from zero to one. A value of one can occur only if the unexplained variation is zero which simply means that all the data points in the scatter diagram fall exactly on the regression line. It is more appropriate while verifying the results than the correlation coefficient and computed by square of the correlations coefficient as mentioned above.

$$r^2 = r \times r$$

f)   **Probable Error (P.E)**

The probable error of the coefficient of correlation denoted by P.E is the measure of testing the reliability of the calculated value of r. If be the calculated value of r from a sample of n pair of observations, then P.E is defined by ,

Symbolically it can calculated

$$P.E. = 0.6745 \; \frac{1-r2}{\sqrt{n}}$$

It is used in interpretation whether calculated value of r his significant or not.

i)   If r< P.E., it is not significant. So, perhaps there is no evidence of correlation.

ii)   If r>6P. E., it is significant.

In other cases, nothing can be concluded.

The probable error of correlation coefficient may be used to determine the limits within the population correlation coefficient are r±P.E.

Where,

P.E. = Probable Error

r = Coefficient of correlation

n = number of pairs observation

g)   Time Series Analysis

Time series analysis is one of the quantitative methods we use it to determine the pattern in data collected over the time. Time series analysis is used to detect the pattern of change in statistical information over the regular interval of time. Time series analysis helps us cope with uncertainty about the future. It is a very useful to analyze the financial performance as well as to forecast future trend. There are four kinds of change or variation involve in time series analysis they are secular, cyclical, fluctuation, seasonal in time series and irregular trend. Trend analysis is very useful tool. The study of trend allows to describe a historical pattern and to project past pattern or trends into the future. Knowledge of past can tell great about future. This method is most widely used in practice. Trend analysis describes the average relationship between two series where the one series relates to time and other Series the value of a variable. It generally shows that the line of best-fit or straight line is obtained or not. The line of best fit describes the change in a given series accompanying a unit change in time.

So, researcher is going to analyze the trend of Dividend Per Share, Earning Per Share, Dividend Pay-out Ratio, PE-Ratio, Dividend Yield and Liquidity Ratio with the help of this Trend Value Analysis using Least Square Method. On the basis of past five years and also future value of next 5 year is being forecasted.

For the calculation of the "Line of the best fit" following equations should be used

$Yc = a + bx$

Where,
Yc is used to designate the trend values to distinguish them from the
Actual y values. 'a' is the y intercept or the computed trend figure of the Y
Variable when x = 0. 'b' represents the slope of the trend line or the amount Y
Variable that is associated with a change of one unit in X variable. The X variable
Trend analysis represents the time.

3.8 Cash Flow Analysis

Cash flow analysis is one most vital element for measuring the comparative study of dividend policy. A cash flows statement is done through statement of cash flows. A cash flows statement is a statement of company's ability to generate cash from various activities such as operating, investing and financing activities and their need of cash.

To determine operating cash flow, you start with net income and add back expenses which did not result in inflows or outflows of cash. The most common non-cash expense is depreciation. When working with historical figures, adjusting net income with depreciation and other non-cash expenses is much simpler than determining all the revenues and expenses which require or provide funds. Next, you identify all the balance sheet accounts that are associated with operations and determine the change in the account from the end of the last period to the end of purchasing inventory or paying salaries is an obvious use of cash. In accounts receivables when you collect from your customers, you will receive cash, so a decrease is a source of cash. The opposite is true when you increase accounts receivable; it is a decrease in cash. Growing businesses need to closely watch their inventory and receivables so they don't find themselves in a cash crunch at a time when business is booming. Operating cash flow will include all the balance sheet accounts that are a part of normal operations. Trade receivables and payables as well as accrued expenses, prepaid expenses and other current assets that are a part of day-to-day operations are included in operating cash flow.

The remaining balance sheet accounts will either be investing activities or financing activities. You need to determine the change in each balance sheet account from the beginning of the period to the end of the period, and tally them up. That completes all the information that is needed to put together the cash flow statement.

It is statement which shows the inflows and outflows of Cash and cash equivalents during the year. There are two types of methods for preparation of cash flow statement:

1)   Direct Method

2)   Indirect Method

To complete my data analysis direct method is applied. In this method cash flow statement, does not begin with net income rather, it shows cash collection from customer and deducted cash used for various expenses. Following Steps involve under direct approach of cash flow statement.

3.8.1   Cash from Operating Activities

Operating activities include only transaction that returns to the calculation of net income. It involves the production or purchase and the sales of goods and services to customer. Cash flow from operating activities includes cash receipt and cash payment.

a) Cash Receipt

   i. Collection from customers for sales of goods and services

   ii. Interest and dividend received

   iii. Other receipt from operations as for examples, proceeds from settlement of litigation

b)   Cash Payment

     i.   Payment to suppliers of merchants and services

     ii.   Payment to employees

     iii.   Payment of interest and income tax

     iv.   Other expenditure relating to operating as for example, payment in settlement of litigation

3.8.2   Cash from Investing Activity

Determination of cash flows investing activities require to analyze the non- current items of comparatives balance sheet, additional information and non- cash expenses, non operating incomes and expenses in income statement relating to

   i. Investment in share and debenture

   ii. Intangible assets

iii.Short-term investment other than cash equivalents.

iv.Purchase and sale of fixed assets

3.8.3 Cash from Financing Activity

A company's transactions with its owners and long-term creditors are typically called financing activities. Also, financing activities include borrowing cash on short-term basis. For determination of cash flows from financing activities an item relating to:

i.Borrowing

ii.Deposits

iii.Other non current liabilities

iv.Issue of Shares

v.Issue / Redemption of Bonds / Debentures

3.9 Comparative Study of Dividend Policy in Commercial Banks

Independent Variable(X)   **Dependent Variable(Y)**

(Predictors or constant)

DPS

EPS

DPR

PE RATIO

DIVIDEND YIELD

LIQUIDITY RATIO

PROFITABILITY RATIO

MVPS

✳✳✳
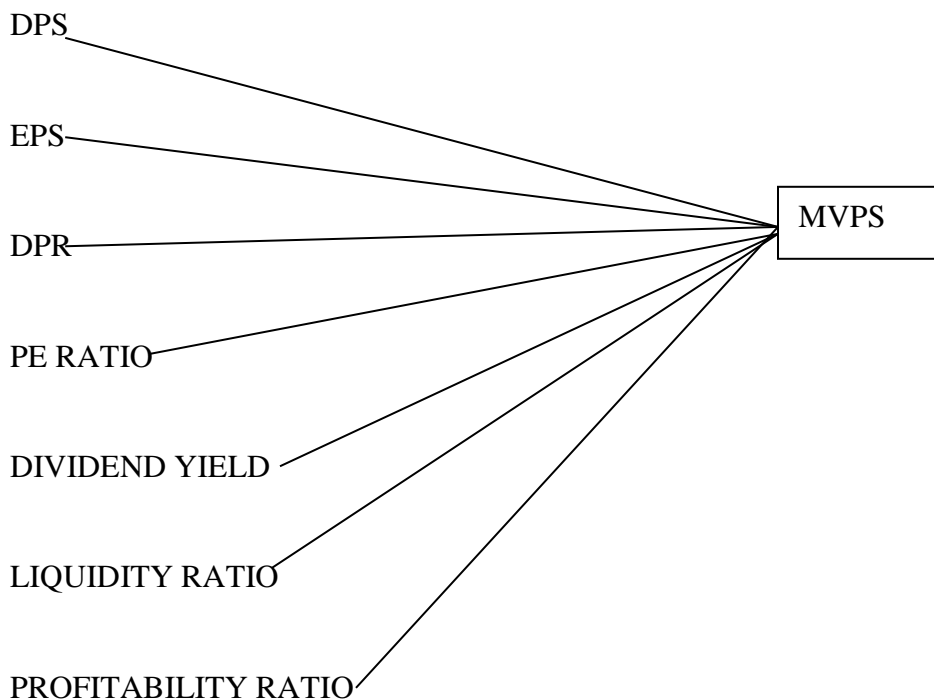
CHAPTER-IV

PRESENTATION AND ANALYSIS OF DATA

4.1 Introduction

The basic objective of the study has already been mentioned in the first chapter 'Introduction'. I already reviewed many important articles in the topic of 'Review of Literature'. In order to achieved these objective, several analytical tools and techniques are employed which are defined in the 'Research Methodology Chapter'. Now, in this chapter, the effort has been made to analyze the comparative dividend policy of JVBs and the attitude of management towards the optimum dividend decision in Nepal. My analysis is highly supported by the practices of dividend distribution by JVBs. That is why; I have taken the data of JVBs for elaboration, explanation and to come to conclusion.

This chapter of data presentation and analysis on dividend policy of joint venture banks begins with analysis of dividend per share, earning per share, dividend yield, price earnings ratio, dividend payout ratio and market value per share analysis. These financial indicators of concerned banks are compared with the help of statistical tools viz. Mean standard deviation and coefficient of variables which are calculated and interpreted. At last, regression analysis of some specific component has been made. The data are also presented in graph.

4.2. Analysis of Financial Indicators and Variables

4.2.1 Dividend per share Analysis

Table no. 4.1

Dividend Per Share (DPS)

Year	NABIL	SCBNL	NIBL	Poole Average
2004/05	70	120	12.50	67.50
2005/06	85	140	55.46	93.49
2006/07	140	130	30	100
2007/08	100	130	40.83	90.28
2008/09	85	100	20	68.33
Average( )	96	124	31.76	83.92
S.D(σ)	23.96	13.56	15.21	13.44
C.V	24.97	10.93	47.89	16.02

(Source: Annual Report of related Bank)

The above (Table No. 4.1) shows the impact on dividend on share price of the concerned JVBs from the year 2004/05 to 2008/09. In the year 2004/05, SCBNL paid the highest cash dividend Rs. 120 per share at all. On the other hand, NABIL paid Rs.70 and NIBL Rs.12.50 cash dividend per share. The average dividend per share at that year was 67.50

In the year 2005/06, SCBNL paid Rs.140 dividend per share, which was the highest cash dividend, NABIL paid Rs.85 and NIBL paid Rs.55.46 per share cash dividend. The pooled average was Rs. 93.49. The data related to the year 2006/07, illustrate that the DPS of the banks is comparatively more to their shareholders than the previous year. The pooled Average should Rs.100 cash dividend per share. This was comparatively higher than previous year. NABIL paid Rs. Paid Rs.140 which was the highest cash dividend for this year. SCBNL paid Rs.130 and NIBL paid Rs.30 per share cash dividend.

SCBNL paid Rs.130 dividend per share which was the highest cash dividend for the year 2007/08.NABIL paid Rs.100 and NIBL paid Rs.40.83 per share cash dividend in

this year. The pooled average of cash dividend in this year was Rs.90.28. In the year 2008/09 SCBNL paid Rs.100 which was the highest cash dividend. NABIL paid Rs. 85 and NIBL paid Rs 20 cash dividend per share. The pooled average of dividend per share at this year was 68.33.

We can observe considerable fluctuations in the DPS of the three banks in the year 2006/07. NABIL bank paid Rs.140 in the year 2006/07, which is the highest DPS. Same ad NIBL paid Rs.55.46 in the year 2005/06 which is highest than other. And the pooled average of DPS is highest in the year 2006/07, i.e. Rs.100 and the lowest pooled average was ars.67.50 which was lowest in the year 2004/05.

Here, S.D of NABIL bank is Rs.23.96, SCBNL is Rs.13.56 and NIBL is Rs 15.21. A small S.D measures a high degree of uniformity of observation as small as homogeneity of a series and vice versa. It is preferable to state the rate of fluctuation with the help of coefficient of variation (C.V) of above data, NABIL is 24.97%, SCBNL C.V is 10.93% and NIBL C.V is 47.89% paid cash dividend. The pooled average of C.V is 13.44. This shows that these JVBs have not followed the consisted dividend policy.

4.2.2 Earning Per Share Analysis

Table No 4.2

Earnings Per Share(EPS)

Year	NABIL	SCBNL	NIBL	Pooled Average
2004/05	105.49	143.14	39.50	96.04
2005/06	129.21	175.84	59.35	121.47
2006/07	137.08	167.37	62.37	122.27
2007/08	108.31	131.92	57.87	99.37
2008/09	106.76	109.99	37.42	84.72
Average(X)	117.37	145.65	51.30	104.77
S.D(σ)	13.45	19.75	10.61	14.78
C.V	11.20	13.56	20.67	14.11

(Source: Annual Report of related Bank)

The above (Table No. 4.2) shows the EPS of the concerned banks from 2004/05. Normally, the performance and the achievement of business organization are measured in terms of its capacity to generate earning. Higher earnings show higher strength while lower earnings show weaker strength of business organization.

To start from the year 2004/05, the table shows that the EPS of SCBNL was the highest, which amount to Rs. 143.14. While the EPS of NABIL and NIBL were comparatively low. The pooled average of 2004/05 EPS was Rs.96.04. In the year 2005/06, the EPS of SCBNL has increased considerably and it reached Rs.175.84. In this way, EPS of NABIL and NIBL have increased. In the other hand, pooled average also increased Rs, 121.47.

The data related to the year 2006/07 illustrate that the EPS of all three banks have been increased in a slow steady rate except SCBNL. The EPS of SCBNL and pooled average is in increasing rating i.e. Rs.122.27, respectively. In the year 2007/08, we found that the EPS of NABIL, SCBNL and NIBL have been decreased i.e. Rs.108.31, Rs.131.92 and Rs.57.87. On the other hand pooled averages also decrease i.e. 99.37. In the year 2008/09, the EPS of three banks are in decreasing rate. There is fluctuating in comparison to previous year. The pooled average is also in decreasing rating i.e. Rs.84.72.

Here, S.D of NABIL is Rs. 13.45, SCBNL is Rs. 19.75 and NIBL is Rs.10.61. A small S.D measures a high degree of uniformity of the observation as well as homogeneity of a series and vice versa. It is preferable to state the rate of fluctuations with the help of coefficient of variation of above data. The C.V of EPS of NABIL bank is 11.20%, SCBNL is 13.56% and NIBL is 20.67%.

The pooled average of C.V is 14.11%. By the observation of the above data, we know that SCBNL has the highest EPS. It is apparent that the general analysis of EPS cannot give true picture of a bank dividend policy. Therefore, it is necessary to measure the other necessary dividend tools as well.

4.2.3 Dividend Pay-out Ratio

Table No. 4.3

Dividend Pay Out Ratio(DPR)

Year	NABIL	SCBNL	NIBL	Pooled Average
2004/05	66.36	83.83	31.65	60.61
2005/06	65.78	79.62	93.45	79.62
2006/07	102.13	77.67	48.10	75.97
2007/08	92.33	98.54	70.55	87.12
2008/09	79. 62	90.92	53.45	74.66
Average(X)	81.24	86.12	59.44	75.60
S.D(σ)	14.30	7.70	21.06	8.66
CV	17.60	8.94	35.42	11.46

(Source: Annual Report of related Bank)

The above (Table No. 4.3) shows the dividend payout of the concerned banks from the year 2004/05 to 2008/09.

ASSUMPTION:

Conservative dividend policy	less than 30%
Moderate divided policy	30% - 60%
Aggressive dividend policy	More than 60%

In the year 2004/05, NABIL applied aggressive dividend policy and paid dividend 66.36%, NIBL is followed under moderate dividend policy i.e. 31.65% and SCBNL followed aggressive dividend policy .i.e. 83.83%. The pooled average of dividend pay-out ratio 60.61, it was under aggressive policy. In the year 2005/06, all three banks were under aggressive dividend policy i.e. NIBL 93.45%, SCBNL 79.62% and NABIL 65.78%.The pooled average also shows the aggressive dividend policy i.e. 79.62%. NABIL bank applied aggressive dividend policy i.e. 102.13% in the 2006/07 year; whereas SCBNL applied aggressive dividend policy i.e. 77.67% and NIBL

applied moderate dividend policy i.e. 48.10%. The pooled average showed aggressive dividend policy i.e 75.95%. In the year 2007/08, all the banks followed under aggressive dividend policy which was 92.33%, 98.54% and NIBL 70.55% respectively. The pooled average of dividend policy followed the aggressive dividend policy i.e. 87.14%.In the year 2008/09, NABIL and NIBL are aggressive dividend policy i.e. 79.62% and 90.92% whereas, NIBL followed moderate dividend policy i.e. 53.45% and the pooled average is 74.66% which is under aggressive dividend policy.

The average of NABIL and SCBNL banks are aggressive i.e. 81.24% and 86.12% respectively. Then, NIBL showed moderate dividend policy i.e. 59.44%. The pooled average comes 75.60% which is under the aggressive dividend policy. The calculation of coefficient of variation of the DPR of all three banks suggest that the DPR of SCBNL is more consistent i.e. 8.94%. The C.V of NABIL is 17.685% and NIBL is 35.42% respectively. The pooled average of DPR's C.V. comes 11.46%. This analysis helps us to assume that the DPR of SCBNL is soundest among the three banks.

4.2.4 Price Earnings Ratio (PE Ratio)

Table No 4.4

Price Earning Ratio (PE)

Year	NABIL	SCBNL	NIBL	Pooled Average
2004/05	14.27	16.38	20.25	16.97
2005/06	17.34	21.47	21.23	20.01
2006/07	36.84	35.25	27.63	33.24
2007/08	48.70	51.77	42.33	47.60
2008/09	45.89	54.64	37.1.	45.88
Average(X)	32.608	35.902	29.708	32.74
S.D(σ)	14.51	15.44	8.71	12.68
C.V	44.50	43.02	29.33	38.74

(Source: Annual Report of related Bank)

The above (Table No 4.4) depicts the price earnings ratio of the three banks. This study helps us by classifying the relationship between earning per share and market price per share. In the year 2004/05 all the three banks PE Ratio were normal, NIBL has the highest PE Ratio i.e. 20.25 than others bank. The pooled average of PE Ratio was 16.97 times.

In the year 2005/06 NABIL's PE Ratio is 17.34 time, SCBNL is 21.47 times and NIBL is 20.23 times. The pooled average of this year shows 20.01 times PE Ratio of 2006/07, NABIL, SCBNL and NIBL were in increasing trend than previous year. PE Ratio of NABIL is highest than other two banks i.e. 36.84 times. The pooled average of ratio is 33.24 times. In the year 2007/08, PE Ratio of all bank were increased frequently so that the pooled average of this year is also increased by 47.60 times.In the year 2008/09, PE Ratio of NABIL and NIBL bank decreased i.e. 45.89 times and 37.10 times. The SCBNL is in increasing trend i.e. 54.64 times. The pooled average of this year is 45.88 times which is decreased than the previous year i.e. 45.88 times.

On average, PE Ratio of NABIL, NIBL and SCBNL were 32.608, 35.902 and 29.708 respectively. The pooled average of the average is 32.74 respectively. It shows that the SCBNL has the highest PE Ratio as compared to the sample banks. The coefficient of variation analysis shows that the PE Ratio of NIBL is most consistent (29.33%) while other banks seem more fluctuating. The pooled average of PE Ratio C.V 38.74, it indicates that overall C.V. of these banks is also not so good.

4.2.5 Dividend Yield Analysis

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Table No. 4.5

Dividend Yield (D.Y.)

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Year	NABIL	SCBNL	NIBL	Pooled Average
2004/05	4.65	5.12	1.56	3.78
2005/06	3.79	3.71	4.40	3.97
2006/07	2.77	2.20	1.74	2.24
2007/08	1.90	1.90	1.67	1.82
2008/09	1.74	1.66	1.44	1.61
Average(X)	2.97	2.92	2.16	2.68
S.D(σ)	1.112	1.31	1.12	0.995
C.V	37.45	44.94	52.01	44.80

(Source: Annual Report of related Bank)

The above Table shows dividend yield analysis for the year 2004/05 to 2008/09. Dividend yield highly influences the market value per share because a change in dividend per share can bring effective change in the market value of the share. Therefore, before allocation of dividend to share holders the impact on market scenario and price fluctuation is to be studied and evaluated for the long run survival of the bank.

In the year 2004/05, the data related to dividend yield of NABIL 2.97%, SCBNL 2.92% and NIBL 2.68% acquire the shareholders.NABIL, SCBNL and NIBL increased dividend yield in the year 2005/06. The pooled average of DY decreased i.e. 2.77, 2.20 and 1.74.The pooled average of DY 3.97%, which showed comparatively higher than previous year. In the year 2007/08, NABIL's, SCBNL'S and NIBL's DY decreased i.e. 109%, 1.9%, 1.67% respectively. The pooled average of DY is 1.82% which is in decreasing rate.In the year 2008/09, NABIL, SCBNL and NIBL were decreased. The pooled average also decreases i.e. 1.61%.

In average NABIL dividend yield 2.92% is the highest at all SCBNL 2.92% and NIBL 2.16%. The coefficient of variation analysis shows that the NABIL's DY is the

most consistent (37.45%) while SCBNL (44.94%) seem consistent. in the way, NIBL 's DY coefficient (52.01%) seem flexible. In aggregate NABIL bank is efficient for distribution of dividend on the basis of market price of share.

4.2.6 Earning Yield Analysis

Table No 4.6

Earning Yield Ratio

Year	NABIL	SCBNL	NIBL	Pooled Average
2004/05	7.01	6.10	4.94	6.02
2005/06	5.77	4.66	4.71	5.05
2006/07	2.71	2.84	3.61	3.05
2007/08	2.05	1.93	2.36	2.11
2008/09	2.18	1.83	2.70	2.24
Average(X)	3.94	3.47	3.66	3.69
S.D(σ)	2.05	1.66	1.03	1.57
C.V	51.94	47.87	28.14	42.47

(Source: Annual Report of related Bank)

In above table-4.6, it shows earning yield ratio of Nabil, SCBNL and NIBL from 2004/05 to 2008/09. All three banks had decreasing rate of earning yield ratio. But Nabil had fast decreasing rate whereas NIBL had slow decreasing rate. In FY 2008/09 NABIL had 2.18 earning yield ratio whereas SCBNL and NIBL has 1.83 and 2.70 respectively. NIBL had high rate of earning in most of the fiscal year. The average earning yield of NABIL, SCBNL, NIBL are 3.94, 3.47, 3.66, respectively and standard deviations are 2.05, 1.66, and 1.03 respectively. The small standard deviations measures high degree of uniformity and homogeneity. So NIBL have high degree of uniformity on earning yield. NIBL have low percentage of C.V i.e. 28.14%. This analysis makes us to know NIBL have soundest earning yield then other Banks

4.2.7 Share Price Analysis (MVPS) :

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Table No 4.7

Share Price Analysis (MVPS)

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Year	NABIL	SCBNL	NIBL	Pooled Average
2004/05	1505	2345	800	1550
2005/06	2240	3775	1260	2425
2006/07	5050	5900	1729	4226.33
2007/08	5275	6830	2450	4851.67
2008/09	4899	6010	1388	4099
Average($\bar{X}$)	3794	4972	1525.4	3430.4
S.D(σ)	1590.37	1656.78	549.88	1236.71
C.V	41.92	33.32	36.05	36.05

(Source: Annual Report of related Bank)

The above table no.4.7 shows the market price per share of the concerned banks from the year 2004/05 to 2008/09.Market value per share means to evaluate value of shares in the market. In the year 2004/05, MPS of SCBNL was the highest at all Rs. 2345. The pooled average MPS for this year Rs. 1550.In the FY year 2005/06, SCBNL's MPS is Rs. 3775, which was greater than NABIL and NIBL i.e. Rs. 2240 and Rs.1260 Respectively The pooled average MPS in 2005/06 is Rs. 2425 which was greater than previous year.

In the year 2006/07, all three banks MPS were increasing then previous year i.e. NABIL's Rs. 5050, SCBNL's Rs. 5900 and NIBL's Rs.1729. The pooled average MPS was Rs. 4226.33 in 2006/07 which is in increasing trend than previous year.
In 2007/08, SCBNL's MPS was the highest Rs.6830, among all the banks. The pooled average is Rs.4851.67, which was highest in all years. SCBNL's MPS price decrease in the year 2008/09, other two banks are also decrease than previous year. SCBNL's MPS is highest than three all banks. The pooled average share price was Rs.4099, which is also decrease than previous year.

In average, SCBNL has the highest share price Rs.4972, ,The pooled average of the average is Rs.3430.4. The coefficient of variation analysis shows that SCBNL share price is the most consistent (33.32)% while that other NIBL (36.05%) and NABIL (41.92%) consistent. The pooled average of coefficient of variance seem 36.05%.

4.3 Statistical Tools

4.3.1 Coefficient of Correlation, Coefficient of Determination and Probable Error

Table-4.8

Coefficient correlation, coefficient of Determination & Probable Error

Of NABIL Bank

Variable	r	r^2	Probable Error(PE)	6 ×Probable Error(PE)	Remark
DPS	0.6595	0.4349	0.1704	1.0224	Insignificant
EPS	0.0804	0.0065	0.2997	1.7982	Insignificant
PE-RATIO	0.9631	0.9276	0.207	1.242	Insignificant
DPR	0.8702	0.7572	0.0219	0.1314	Significant
DIV.YIELD	0.9398	0.8832	0.0352	0.2112	Significant
LIQ.RATIO	0.8709	0.7585	0.0729	0.4374	Significant

Variable	r	r^2	Probable Error(PE)	6×Probable Error(PE)	Remark
DPS	-0.1499	0.2949	0.0225	0.135	Insignificant
EPS	-0.3636	0.2618	0.1322	0.7932	Insignificant
PE-RATIO	0.9136	0.0499	0.8347	5.0082	Insignificant
DPR	0.5334	0.2158	0.2845	1.707	Insignificant
DIV.YIELD	-0.9743	0.0151	0.95	5.7	Insignificant
LIQ.RATIO	-0.6426	0.0729	0.4129	2.4774	Insignificant

Table-4.10

Coefficient correlation, coefficient of Determination & Probable Error

Of NIBL Bank

Variable	r	r^2	Probable Error(PE)	6×Probable Error(PE)	Remark
DPS	-0.6642	0.4412	0.1686	1.0116	Insignificant
EPS	-0.509	0.2591	0.2235	1.341	Insignificant
PE-RATIO	0.8546	0.07303	0.08134	0.48804	Significant
DPR	0.0015	0.000002	0.3016	1.8096	Insignificant
DIV.YIELD	-0.4437	0.1969	0.2423	1.4538	Insignificant
LIQ.RATIO	0.2726	0.0743	0.2792	1.6752	Insignificant

The above table no.4.8, 4.9 and 4.10 depicts the relationship among DPS, EPS, DPR, PR.RATIO, DIVIDEND Yield and Liquidity Ratio on MVPS. Coefficient of correlation (r) between DPS and MVPS of NABIL Bank is positive, SCBNL Bank is negative and NIBL is also negative. In the same way correlation (r) between DPS of MVPS of NABIL Bank is positive. NABIL explains 65.95% of variation is

independent variable DPS on MVPS. On the other hand, NABIL Bank explains - 14.99% of variation is independent variable EPS on MVPS. In the other word, they are highly correlated. Although these figures alone are sufficient to depict the significance of the relationship, it is somewhat safe to say that the relationship between DPS and EPS on MVPS of the concerned banks are remarkable. But the figure indicate low degree of correlation on DPS of (-0.1499) which tends to zero.

To measure the significant of the relationships between DPS and EPS if MVPS of the three concerned bank, it would be more preferable to calculate probable error (PE) of correlation coefficient. The same table depicts that the coefficient of correlation (r) of all bank are not in same manner than the probable error of corresponding bank. I have mentioned in the above paragraph that the relationship between DPS and MVPS if NABIL Bank and NIBL are obviously insignificant and remaining SCBNL Bank is significant. The relationship between EPS and MVPS of NABIL Bank and NIBL Bank are insignificant and SCBNL Bank is significant.

Coefficient of determination is measured of the degree of linear association or correlation between two variables. Coefficient of determination between DPR and MVPS of three banks are as follows: DPR of NABIL Bank is 0.8702, SCBNL is 0.5334 and NIBL is 0.0015. All three banks show that the variations in the independent variable (DPR) are positive variations in MVPS. Since, NABIL Bank coefficient is greater than (PE) probable error therefore, the relationship between DPR and MVPS are insignificant.

Coefficient of correlation between PE Ratio and MVPS of NABIL, SCBNL and NIBL were positive i.e.0.9631, 0.9136 and 0.8546 degree of correlation is high. Since, correlation coefficient of NIBL is greater than probable error (PE), the relationship between PE Ratio and MVPS is significant. Whereas, NABIL and SCBNL's correlation coefficient is lesser than probable error (PE), the relationship between PE Ratio and MVPS is insignificant.

The coefficient determination between Dividend Yield and MVPS of NABIL,

SCBNL and NIBL are 0.9398, -0.9743 and -0.4437. The coefficient of correlation of these two banks SCBNL and NIBL indicate the low degree of negative correlation. And in the case of NABIL is high degree of positive correlation. As far as significant of relationship is concerned, the coefficient of correlation (r) of all NABIL Bank is high than the probable error (PE), Thus the relationship between dividend Yield and MVPS is obviously significant, whereas SCBNL and NIBL Bank's coefficient of correlation is low than the probable error, So the relationship between Dividend Yield and MVPS is insignificant.

The coefficient of correlation (r) between Liquidity Ratio and MVPS of NABIL is 0.8709, SCBNL is -.06426 and NIBL is 0.2726 respectively along with SCBNL explains -64.26% of variation in the Liquidity Ratio. The coefficient to SCBNL is negative and hence low degree of correlation of coefficient. In other hand, NABIL has relatively high degree of correlation of coefficient 87.09%. It shows that the variation in Liquidity Ratio explain 87.09% of variation in MVPS in the case of NABIL. As far as significant of relationship is concerned, it is difficult to say anything about it. Since coefficient is greater than PE in three cases, it is less than 6.

4.4 Cash Flow Statement

Table 4.11

Cash Flow Statement of NABIL Bank Ltd

From 2004/05 to 2008/09   **in million**

Particulars	FY 2004/05	FY 2005/06	FY 2006/07	FY 2007/08	FY 2008/09
A. Cash flow from Operating Activities	**1512**	**1031**	**544**	**1504**	**1726**
1. Cash Receipt	**1069**	**1572**	**2010**	**2445**	**3200**
1.1 Interest Income	129	1093	1518	1944	2578
1.2 Commission & Discount Income	185	138	151	156	180
1.3 Income from Foreign Exchange Transcation	–	–	210	196	252
1.4 Recovery of Loan Written off	–	–	44	51	–
1.5 Non- Operating Income	57	74	–	–	–
1.6 Exchange & Discount	72	–	–	–	–
1.7 Other Income	1336	83	88	97	144
2.Cash Payment	–	–	**(1383)**	**(1574)**	**(2125)**
2.1 Interest Expense	244	1015	(555)	(747)	(1162)
2.2 Staffs Expenses	200	357	(240)	(257)	(334)
2.3 Office Operating Expenses	190	220	(131)	(157)	–
2.4 Exchange flucation Loss	–	120	–	–	–
2.5 Non Operating Expense	–	228	–	–	–
2.6 Income tax Paid	703	89	(100)	(109)	(198)
2.7 Other Expenses	–	–	(356)	(304)	(430)
Cash flow from before change in Working Capital	–	–	**628**	**871**	**1076**
(Increase)/Decrease of Current Assets	–	–	**(4374)**	**(1831)**	**4819**
1.(Increase)/Decrease in Bank Balance	271	–	–	–	–
2.(Increase)/Decrease Money at Call	50	–	(1171)	(1389)	1399
3.(Increase)/Decrease Other short term Investment	1569	–	(2949)	(838)	133
4. (Increase)/Decrease Loan, advance & bill purchase	(2396)	–	(2627)	(5867)	(6251)
5.(Increase)/Decrease other assets	(51)	–	31	(37)	(100)
Increase/(Decrease) of Current Liabilities	–	–	**4290**	**8764**	**5468**
1.Increase/(Decrease) in Deposit	467	–	3995	8573	5433
2.Increase/(Decrease) in Certificates of Deposit	–	–	–	–	–
3.Increase/(Decrease) in short Term Borrowings	–	–	709	477	321
4.Increase/(Decrease) in Other Liabilities	118	–	(414)	(286)	287
B. Cash flow from Investing Activities	**(581)**	**–**	**225**	**(472)**	**(1084)**
1.(Increase)/Decrease in Long Term Investment	–	–	174	(173)	(1041)
2.(Increase)/Decrease in Fixed Assets	23	–	(27)	(374)	(131)
3. Interest Income from Long Term Investment	–	–	71	51	85
4. Dividend Income	–	–	0.1	2	2
5. Others	–	–	7	22	60
C. Cash Flow from Financing Activities	**256**	**–**	**–**	**240**	**60**
1.Increase/(Decrease) in Long term Borrowings	(213)	–	–	–	–
2.Increase/(Decrease) in Share Capital	–	–	–	240	–
3.Increase/(Decrease) in Refinancing/Facilities received	–	–	–	–	–
4.Other Liabilities	–	–	–	–	–
D.Income/(Loss) from Change in Exchange Rate in	–	–	–	–	–
E. Current Year's Cash Flow from all Activities	**(141)**	**–**	**770**	**1271**	**701**
F.Opening Cash and Bank Balance	**287**	**630**	**1399**	**2671**	**–**
G. Closing Cash and Bank Balance	**146**	**1399**	**2671**	**3372**	**–**

(Source: Annual Report of related Bank)

Table 4.12

Cash Flow Statement of Standard Chartered Nepal Bank Ltd.

| For the FY 2004/05 to 2008 | | | | in million |

Particulars	FY 2004/05	FY 2005/06	FY 2006/07	FY 2007/08	FY 2008/09
A. Cash flow from Operating Activities	**306**	**(659)**	**1093**	**(45)**	**6949**
1. Cash Receipt	**1552**	**715**	**1572**	**1862**	**2128**
1.1 Interest Income	1070	182	1072	1296	1480
1.2 Commission & Discount Income	–	220	224	272	239
1.3 Income from Foreign Exchange Transcation	–	283	237	255	352
1.4 Recovery of Loan Written off	–	2	1	5	24
1.5 Non- Operating Income	3	–	–	–	–
1.6 Exchange & Discount	–	–	–	–	–
1.7 Other Income	29	27	38	33	33
2.Cash Payment	**183**	**–**	**–**	**–**	**–**
2.1 Interest Expense	–	1373	1632	1621	–
2.2 Staffs Expenses	1247	300	398	475	1964
2.3 Office Operating Expenses	256	168	200	224	522
2.4 Exchange flucation Loss	148	188	208	207	250
2.5 Non Operating Expense	167	–	–	–	–
2.6 Income tax Paid	2	–	–	–	–
2.7 Other Expenses	673	450	496	331	–
Cash flow from before change in Working Capital	**–**	**265**	**330**	**385**	**441**
(Increase)/Decrease of Current Assets	**–**	**(659)**	**(69)**	**240**	**496**
1.(Increase)/Decrease in Bank Balance	920	(611)	(1352)	–	–
2.(Increase)/Decrease Money at Call	(41)	282	216	-4364	234
3.(Increase)/Decrease Other short term Investment	1658	–	–	-436	142
4. (Increase)/Decrease Loan, advance & bill purchase	(1729)	(791)	(1590)	(3255)	44
5.(Increase)/Decrease other assets	(862)	(102)	22	-673	–
Increase/(Decrease) of Current Liabilities	**–**	**3675**	**2504**	**4078**	**48**
1.Increase/(Decrease) in Deposit	(1826)	3698		5097	6551
2.Increase/(Decrease) in Certificates of Deposit	–		1586		6128
3.Increase/(Decrease) in short Term Borrowings	–	(28)	380	(349)	–
4.Increase/(Decrease) in Other Liabilities	117	–	–	–	286
5.Bills Payable	3	5	538	(670)	138
B. Cash flow from Investing Activities	**1670**	**-2241**	**-42**	**-17**	**-5590**
1.(Increase)/Decrease in Long Term Investment	–	(3145)	(715)	(324)	(6333)
2.(Increase)/Decrease in Fixed Assets	1	(48)	(33)	(14)	(24)
3. Interest Income from Long Term Investment	–	952	327	320	365
4. Dividend Income	–	0.9	0.2	1	2
5. Others	–	–	–	–	–
C. Cash Flow from Financing Activities	**(1968)**		**1**	**0.9**	**0.7**
1.Increase/(Decrease) in Long term Borrowings	(22)	–	–	–	–
2.Increase/(Decrease) in Share Capital	–	–	1	0.9	0.7
3.Increase/(Decrease) in Refinancing/Facilities received from	–	–	–	–	–
4.Other Liabilities	–	–	–	–	–
D.Income/(Loss) from Change in Exchange Rate in cash	**–**	**–**	**–**	**–**	**–**
E. Current Year's Cash Flow from all Activities	**8**	**165**	**745**	**29**	**1087**
F.Opening Cash and Bank Balance	**188**	**1111**	**1276**	**2021**	**2050**
G. Closing Cash and Bank Balance	**195**	**1276**	**2021**	**2050**	**3137**

(Source: Annual Report of Related Bank)

Table 4.13

Cash Flow Statement of Nepal Investment Bank (NIBL) Ltd

For the FY 2004/05 to 2008/09   in million

Particulars	FY 2004/05	FY 2005/06	FY 2006/07	FY 2007/08	FY 2008/09
A. Cash flow from Operating Activities	**513**	**–**	**–**	**–**	**–**
1. Cash Receipt	**1147**	**1450**	**1932**	**2642**	**3804**
1.1 Interest Income	887	1173	1585	2194	3268
1.2 Commission & Discount Income	94	116	164	215	263
1.3 Exchange Gain	103	1258		166	185
1.4 Recovery of Loan Written off	39	–	–	–	–
1.5 Non- Operating Income	–	–	–	–	–
1.6 Exchange & Discount	–	–	–	–	–
1.7 Other Income	26	36	47	66	88
2.Cash Payment	**(634)**	**898**	**(1244)**	**(1707)**	**(2589)**
2.1 Interest Expense	(355)	491	(685)	(992)	(1686)
2.2 Staffs Expenses	(97)	111	(145)		(226)
2.3 Office Overhead Expenses	(145)	154	(182)	(231)	301
2.4 Non Operating Expense	–	–	–	–	–
2.5 Income tax Paid	–	141	(231)	(298)	375
2.6 Other Expenses	–	101	–	–	–
Cash flow from before change in Working Capital	**–**	**553**	**687**	**934**	**–**
(Increase)/Decrease of Current Assets	**–**	**(4333)**	**5788**	**9775**	**1241**
1.(Increase)/Decrease in Bank Balance	–	–	–	–	–
2.(Increase)/Decrease Money at Call	(170)	70	293	363	(9886)
3.(Increase)/Decrease Other short term Investment	(72)	(1669)	885	(349)	(519)
4. (Increase)/Decrease Loan, advance & bill purchase	(3115)	(2725)	4591	(9760)	(9298)
5.(Increase)/Decrease other assets	(69)	9	18	(29)	(69)
Increase/(Decrease) of Current Liabilities	**–**	**4653**	**5445**	**100005**	**12273**
1.Increase/(Decrease) in Deposit	2730	4673	5562	9963	12246
2.Increase/(Decrease) in Certificates of Deposit	–	–	–	–	–
3.Increase/(Decrease) in short Term Borrowings	(12)	–	–	–	39
4. Increase/(Decrease) in Bills Payable	(42)	–	–	–	–
4.Increase/(Decrease) in Other Liabilities	162	-19	117	43	12
B. Cash flow from Investing Activities	**3247**	**(80)**	**(490)**	**(304)**	**(240)**
1.(Increase)/Decrease in Long Term Investment			17	25	–
2.(Increase)/Decrease in Fixed Assets	108	(81)	(473)	280	(237)
3. Interest Income from Long Term Investment	–	–	–	–	–
4. Dividend Income	–	0.2	0.2	0.8	1
5. Others	55	–	–	–	–
C. Cash Flow from Financing Activities		**203**	**251**	**452**	**802**
1.Increase/(Decrease) in Long term Borrowings(Bonds, Debentures etc.)	2793	250	250	250	802
2.Increase/(Decrease) in Share Capital	–	2848	1	202	–
3.Increase/(Decrease) in Refinancing/Facilities received from NRB	–	50	–	–	–
4. Dividend Paid	(44)	–	–	–	–
4.Other Liabilities	–	–	–	–	–
D.Income/(Loss) from Change in Exchange Rate in cash & Bank Balance					
E. Current Year's Cash Flow from all Activities	**59**	**996**	**105**	**1313**	**4163**
F.Opening Cash and Bank Balance	**315**	**1340**	**2337**	**2442**	**3755**
G. Closing Cash and Bank Balance	**374**	**2337**	**2442**	**3755**	**7915**

(Source: Annual Report of related Bank)

The most commonly used format for the cash flow statement is broken down into three sections: cash flows from operating activities, cash flows from investing activities, and cash flows from financing activities.

i)   Cash from Operating Activity

Operating activities include the production, sales and delivery of the company's product as well as collecting payment from its customers. This could include purchasing raw materials, building inventory, advertising, and shipping the product. Cash flow from operating includes all the **c**ash flow from transaction that is not defined as investing or financing activities.

While observing the operating activity of these three banks from the above Table, NABIL Bank is decreasing its operating activities in the year 2004/05, 2005/06, 2006/07, 2007/08 and 2008/09 i.e. 1512 million, 1031 million, 544 million, 1504 million and 1726 millions but NABIL Bank increased its operating activities in the year 2008/09 i.e. 1726 millions. While SCBNL operating activities is in fluctuating i.e. 2004/05 is 306 million, 2005/06 is (659) million , 2006/07 is 1093 million , 2007/08 is(45) million and 2008/09 is 6949 million. Whereas 2008/09 operating activities is highest than other year .Same as, NIBL Bank decreased its operating activities in the year 2004/05, 2005/06 and 2006/07 i.e. 1512 million, 1031 million, 544 million but it is in increasing rate in the year 2007/08 and 2008/09 i.e. 1504 million and 1726 million.

ii)   Cash from Investing Activity

Cash flow from investing activities includes capital expenditures – disbursements that are not charged to expense but rather are capitalized as assets on the balance sheet. It is used to determine the non- current item of comparative balance sheets.

These cash flows could include, Purchases of property, plant and equipment Proceeds from the sale of property, plant and equipment, Purchases of stock or other securities (other than cash equivalents), Proceeds from the sale or redemption of investments.

From the above Table, NABIL investing activities in the year 2004/05 is (581) million, 2007/08 is (472) million and 2008/09 is (1084) million. Which recover its investing activities in the year 2006/07 i.e. 225 million? Whereas, SCBNL investing activities in the year 2004/05 is 1670 million this is the highest. But, in rest of the year 2005/06 is (2241) million, 2006/07 is (42) million, 2007/08 is (17) million and in the year 2008/09 is (5590) million. SCBNL has the lowest investing activities. The data related to the sample bank NIBL illustrate that the investing activities of the year 2004/05 is the highest value i.e. 3247 million. But, in the year, 2005/06, 2006/07, 2007/08, 2008/09 was is in decreasing i.e. (80) million, (490) million, (304) million and (240) million.

iii)   Cash from Financing Activities

Financing activities include the inflow of cash from investors such as banks and shareholders, as well as the outflow of cash to shareholders as dividend as the company generates income. Other activities which impact the long-term liabilities and equity of the company are also listed in the financing activities section of the cash flow statement.

Financing activities include cash flows relating to the business's debt or equity financing: Proceeds from loans, notes, and other debt instruments, Installment payments on loans or other repayment of debts, Cash received from the issuance of stock or equity in the business, Dividend payments, purchases of treasury stock, or returns of capital.

From observing the above table, NABIL shows the financing activities only in the year 2004/05. But, rest of the year were nil. Same as, SCBNL shows its financing activities in the year 2004/05 is (1968) million, 2006/07 is 1 million, 2007/08 is 0.9 million and 2008/09 is 0.7 million. But, there is nill financing activities in the year 2005/06. Whereas, NIBL's financing activities were in the year 2004/05 is nill, 2005/06 is 203 million, 2006/07 is 251 million, 2007/08 is 452 and 2008/09 is 802 million.

4.5 Trend Series Analysis

i)   Trend Analysis of Dividend Per Share

Analysis of DPS is an important indicator to know the part of earning distributed to the shareholders on per share basis. So, researcher is going to analyze the trend movement of DPS whether the trend movement is satisfactory or not by taking the relevant data.

Table 4.14

The Actual and Trend Value of Dividend Per Share of NABIL Bank

For The FY 2004/05 to 2008/09

Fiscal Year	Actual Value	Trend Value
2004/05	70	87
2005/06	85	91.5
2006/07	140	96
2007/08	100	100.5
2008/09	85	105

Trend Value (see appendix 1)

Figure-4.1:

Actual and Trend value of Dividend per share of Nabil Bank ltd.
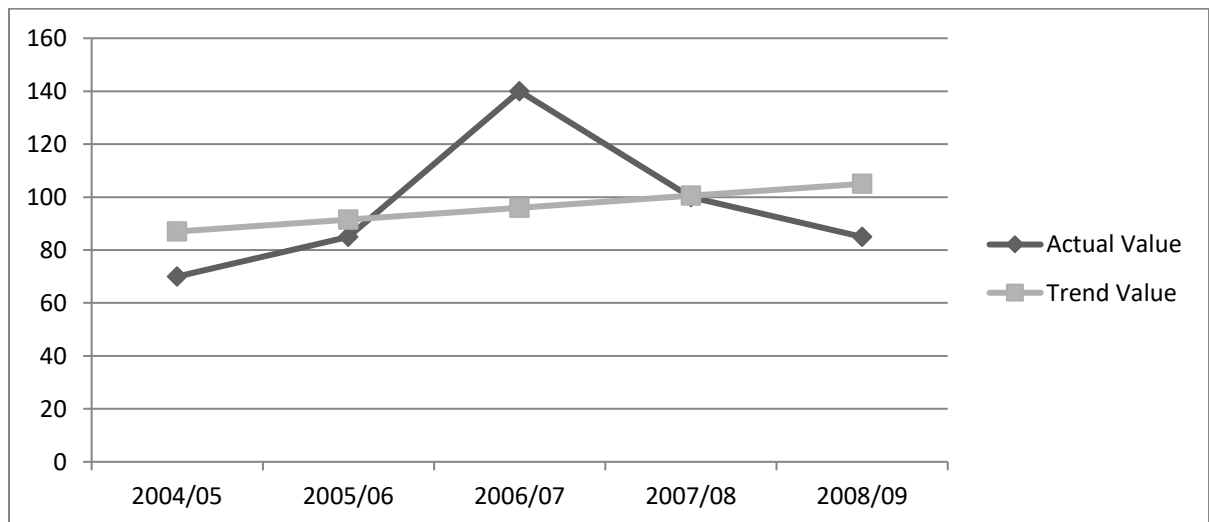
Table 4.15

The Actual and Trend Value of Dividend per Share of SCBNL Bank

For The FY 2004/05 to 2008/09

Fiscal Year	Actual Value	Trend Value
2004/05	120	134
2005/06	140	129
2006/07	130	124
2007/08	130	119
2008/09	100	114

Trend Value (see appendix 2)

Figure-4.2

Actual and Trend value of Dividend per share of SCBNL.
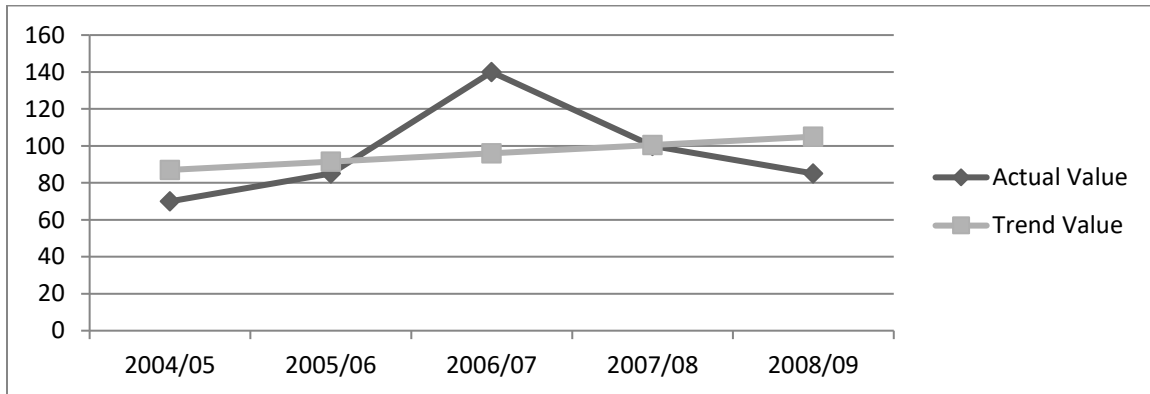
Table 4.16

The Actual and Trend Value of Dividend per Share of NIBL Bank

For The FY 2004/05 to 2008/09

Fiscal Year	Actual Value	Trend Value
2004/05	12.5	31.686
2005/06	55.46	31.723
2006/07	30	31.76
2007/08	40.83	31.797
2008/09	20	31.834

Trend Value (see appendix 3)

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Figure-4.3:

Actual and Trend value of Dividend per share of NIBL.
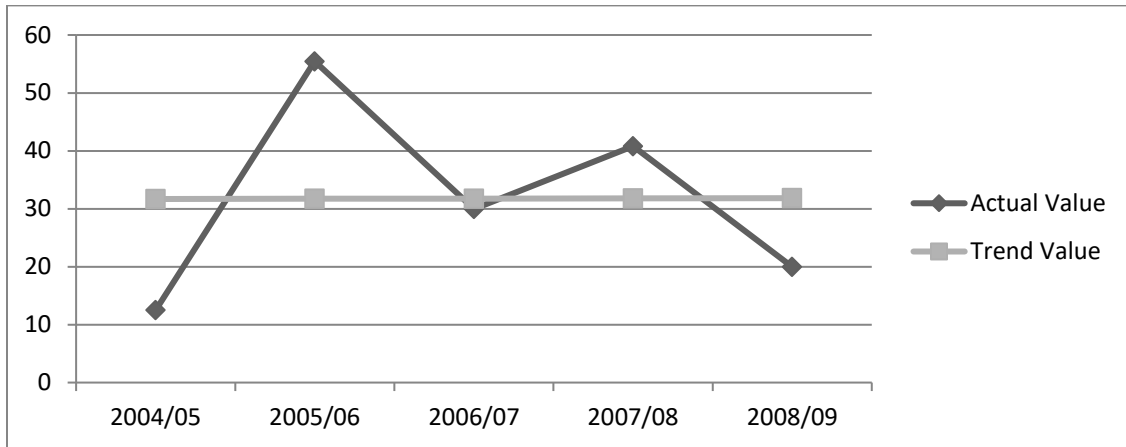
The trend equation of DPS if NABIL us Y=96+4.5x, SCBNL is Y=124+(-5)x and NIBL is 31.76+0.037x. Where, Y and x are denoted for DPS and time variable respectively. The Y intercept is the average amount of DPS of five year period. Y intercept of NABIL, SCBNL and NIBL are 96, 124 and 31.76 respectively. Slope trend of NABIL, SCBNL and NIBL were 4.5, -5, and 0.037 respectively. The slope trend of NABIL Bank's Fiscal Year 2004/05 to Fiscal Year 2013/14 is in increasing ratio. Whereas the slope trend of SCBNL DPS is in decreasing ratio. Same as the slope trend of NIBL Bank is in increasing ratio. In comparison to all three banks NABIL Bank has high increasing ratio than SCBNL Bank and NIBL Bank. The table clearly reveals that the actual amount of NABIL's DPS in the year 2004/05 was 70 then it reached to 85 in the year 2008/09. Similarly the trend value of DPS was 87 and had amount to 105 with annual increase of 4.5. Same as, the table defined that the actual amount of SCBNL's EPS in the year 2004/05 was 120 then it reached to 100 in the year 2008/09. Similarly, the trend value of EPS of SCBNL was 134 and had amount to 114 with annual increase of (-5). Whereas, NIBL table defined that the actual amount of NIBL's EPS in the year 2004/05 was 12.5 then it reached to 20 in the year 2008/09. Similarly, the trend value of EPS of NIBL was 31.686 and had amount to 31.834 with annual increase of 0.037.

ii) Trend Analysis of Earning Per Share

An analysis of the earning helps the management, shareholders and depositors to evaluate the performance of the banks, sustainability of earnings and to forecast growth of the bank. So, researcher is going to analysis the trend movement of EPS of five year

Table 4.17

The Actual and Trend Value of Earning Per Share of NABIL Bank

Fiscal Year	Actual Value	Trend Value
2004/05	105.49	121.042
2005/06	129.21	119.206
2006/07	137.08	117.37
2007/08	108.31	115.534
2008/09	106.76	113.698

Trend Value (see appendix 4)

Figure-4.4:

Actual and Trend Value of Earning Per Share of NABIL Bank

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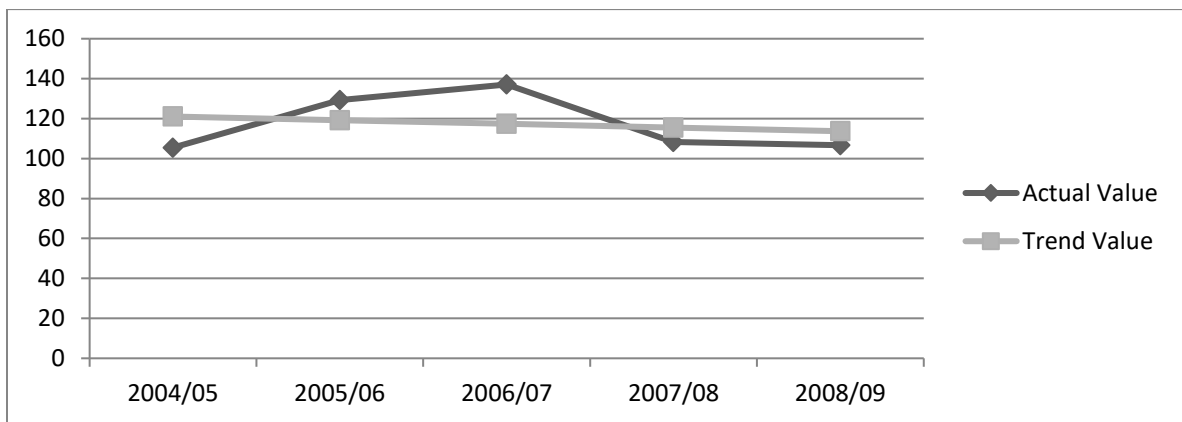
Table 4.18

Table 4.18

The Actual and Trend Value of Earning Per Share of SCBNL Bank

Fiscal Year	Actual Value	Trend Value
2004/05	143.14	167.694
2005/06	175.84	156.672
2006/07	167.37	145.65
2007/08	131.92	134.628
2008/09	109.99	123.606

Trend Value (see appendix 5)

Figure-4.5

Actual and Trend Value of Earning Per Share of SCBNL
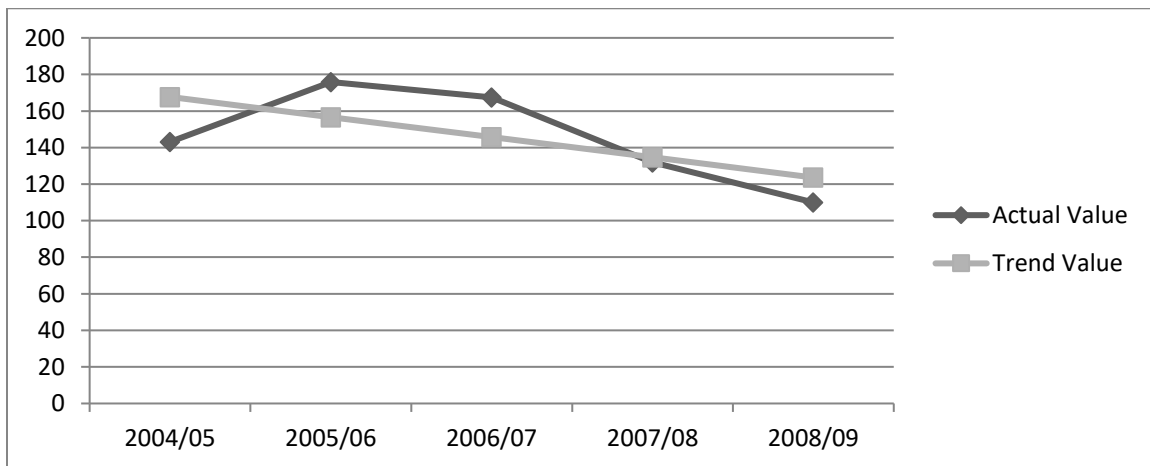
Table 4.19

The Actual and Trend Value of Earning Per Share of NIBL Bank

Fiscal Year	Actual Value	Trend Value
2004/05	39.5	51.61
2005/06	59.35	51.456
2006/07	62.37	51.302
2007/08	57.87	51.148
2008/09	37.42	50.994

Trend Value (see appendix 6)

Figure-4.6:

Actual and Trend Value of Earning Per Share of NIBL Bank.
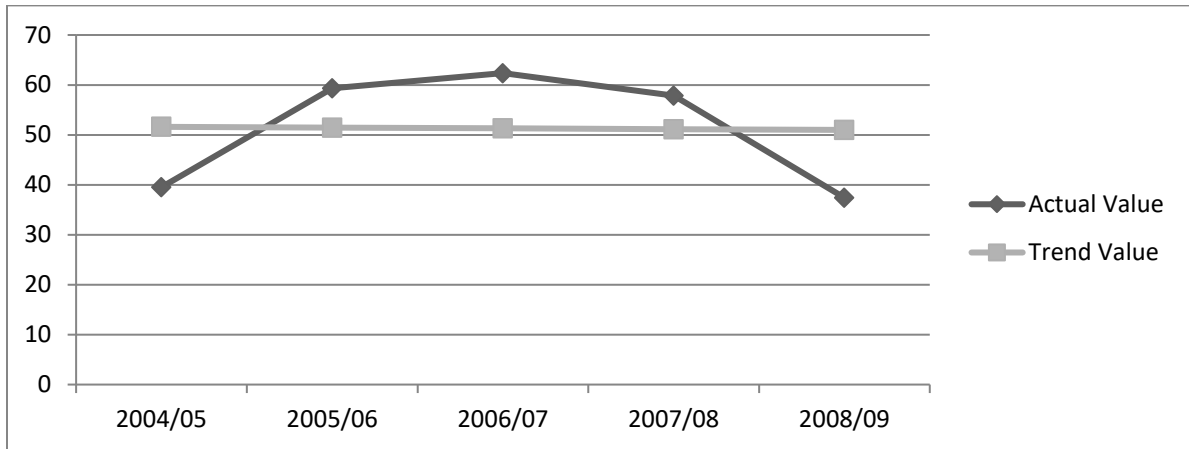
The trend equation of DPS of NABIL, SCBNL and NIBL is $Y=117.37+(-1.836)x$, $Y=145+(-11.022)x$ and $Y=51.301+(-0.154)x$. Where Y and x are denoted for EPS and time variable respectively. The Y intercept is the average amount of EPS of five year period. Y intercept NABIL, SCBNL and NIBL were 117.37, 145 and 51.301 respectively. The slope trends which indicate the EPS of all three banks were in decreasing trend. The table has defined that the actual amount of NABIL's EPS in the year 2004/05 was 105.49 then it reached to 106.76 in the year 2008/09. Similarly, the trend value of EPS of NABIL was 121.042 and had amount to 113.698 with annual increase of (-1.836). Same as, SCBNL table defined that the actual amount of SCBNL's EPS in the year 2004/05 was 143.14 then it reached to 109.99in the year 2008/09. Similarly, the trend value of EPS of SCBNL was 167.694and had amount to 123.606 with annual increase of (-11.022). Whereas, NIBL table defined that the actual amount of NIBL's EPS in the year 2004/05 was 39.5 then it reached to 37.42 in the year 2008/09. Similarly, the trend value of EPS of NIBL was 51.61and had amount to 50.994 with annual increase of (-0.154).

iii)   Trend Analysis of Dividend Pay Out Ratio

It analyze the amount of earnings paid out in dividends to shareholders. Investors can use the payout ratio to determine what companies are doing with their earnings The meaning behind Dividend payout ratio (DPR) is the money that is paid out in the form of dividends by the company to its shareholders. Here, researcher is trying to

analysis the trend movement of DPR of five year.

Table 4.20

The Actual and Trend Value of Dividend Pay Out Ratio of NABIL Bank

Fiscal Year	Actual Value	Trend Value
2004/05	66.36	70.63
2005/06	65.78	75.937
2006/07	102.13	81.244
2007/08	92.33	86.551
2008/09	79.62	91.858

Trend Value (see appendix 7)

Figure-4.7:

Actual and Trend Value of Dividend Pay Out Ratio of NABIL Bank
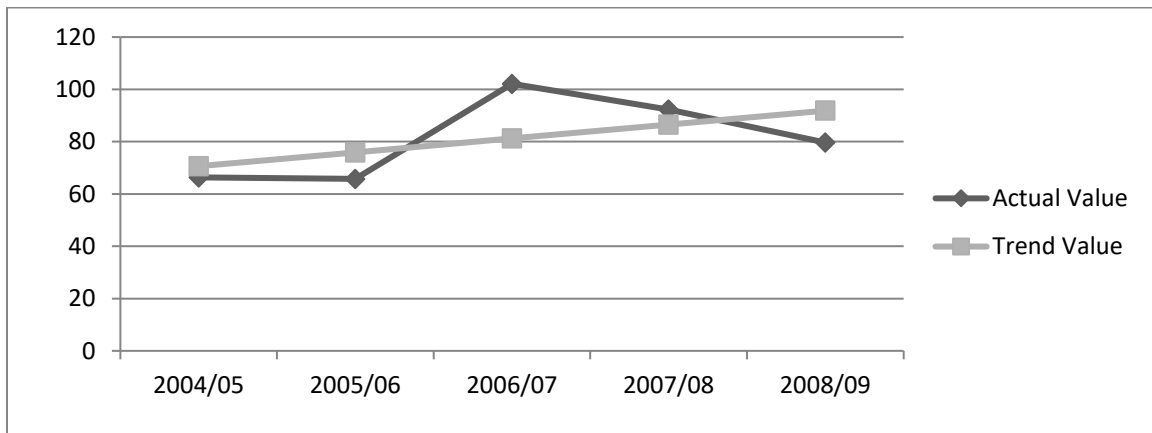
Table 4.21

The Actual and Trend Value of Dividend Pay Out Ratio of SCBNL Bank

Fiscal Year	Actual Value	Trend Value
2004/05	83.83	79.5
2005/06	79.62	82.81
2006/07	77.67	86.12
2007/08	98.54	89.43
2008/09	90.92	92.74

Trend Value (see appendix 8)

Figure-4.8:

Actual and Trend Value of Dividend Pay Out Ratio of SCBNL Bank
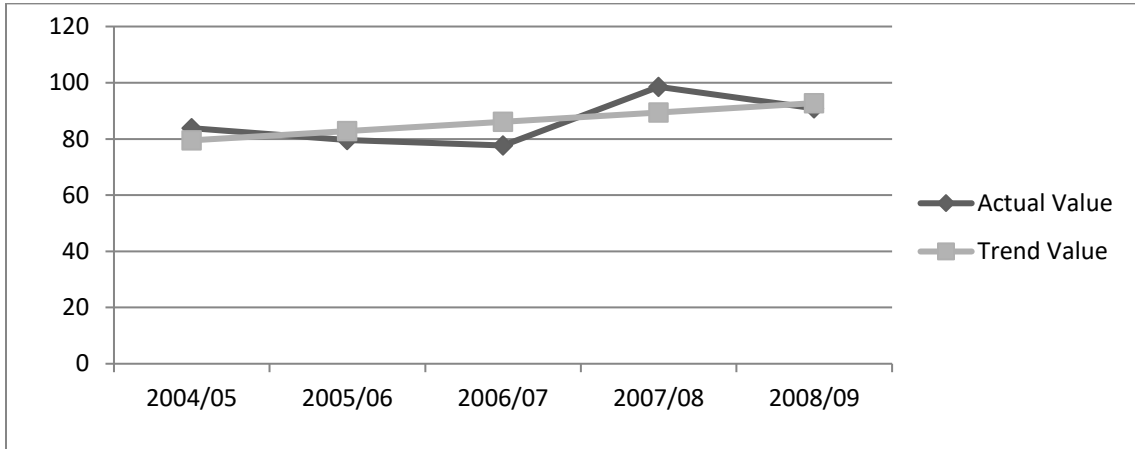
Table 4.22

The Actual and Trend Value of Dividend Pay Out Ratio of NIBL Bank

Fiscal Year	Actual Value	Trend Value
2004/05	31.65	75.3
2005/06	93.45	77.37
2006/07	48.1	79.44
2007/08	70.55	81.51
2008/09	53.45	83.58

Trend Value (see appendix 9)

Figure-4.9:

Actual and Trend Value of Dividend Pay Out Ratio of NIBL Bank
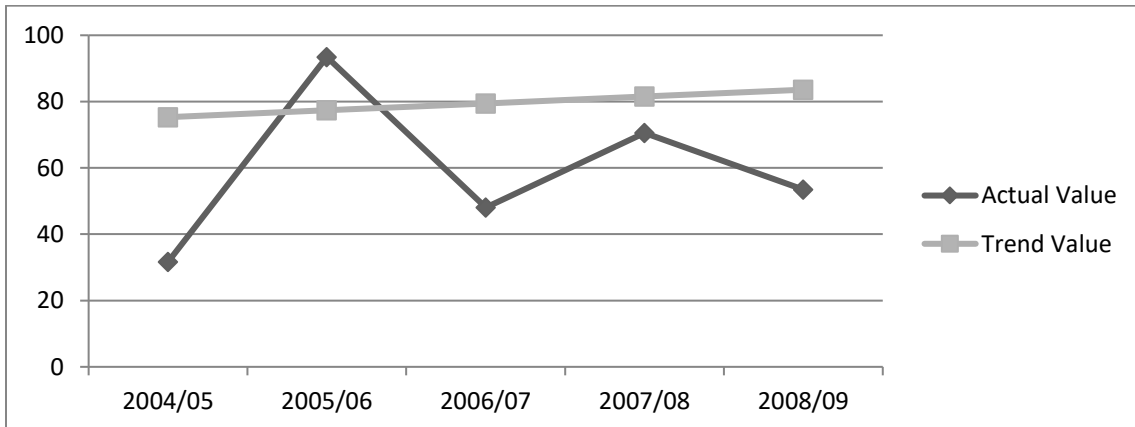
The trend equation of DPR of NABIL, SCBNL and NIBL is Y=81.244+5.307x, Y=86.12+3.31x and Y= 79.44+2.07x. Where Y and x are denoted for DPR and time variable respectively. The Y intercept is the average amount of DPR of five year period. Y intercept NABIL, SCBNL and NIBL were 81.244, 86.12 and 79.44 respectively. The slope trends which indicate the DPR of all three banks were in decreasing trend. The table has defined that the actual amount of NABIL's DPR in the year 2004/05 was 66.36 then it reached to 79.62 in the year 2008/09. Similarly, the trend value of DPR of NABIL was 70.63 and had amount to 91.858 with annual increase of 5.307. Same as, SCBNL table defined that the actual amount of SCBNL's DPR in the year 2004/05 was 83.83 then it reached to 90.92 in the year 2008/09. Similarly, the trend value of DPR of SCBNL was 79.5 and had amount to 92.74 with annual increase of 3.32 Whereas, NIBL table defined that the actual amount of NIBL's DPR in the year 2004/05 was 31.65 then it reached to 53.45 in the year 2008/09. Similarly, the trend value of DPR of NIBL was 75.3 and had amount to 83.58 with annual increase of 2.07.

iv)   **Trend Analysis of PE-Ratio**

PE-Ratio indicates how much investors are willing to pay per dollar of current earnings. As such, high PE-Ratio is associated with growth stocks (Investors who are willing to pay a high price for dollars of current earnings obviously expect high earnings in the future). In this manner, the PE-Ratio also indicates how expensive a particular stock is. It analyzes the current market price per share of the stock by earnings per share. Here, is the trend movement of PR-Ratio of five year that analyze by the researcher.

Table 4.23

The Actual and Trend Value of PE-Ratio of NABIL Bank

Fiscal Year	Actual Value	Trend Value
2004/05	14.27	13.33
2005/06	17.34	22.97
2006/07	36.84	32.61
2007/08	48.7	42.25
2008/09	45.89	51.89

Trend Value (see appendix 10)

Figure-4.10:

Actual and Trend Value of PE-Ratio of NABIL Bank
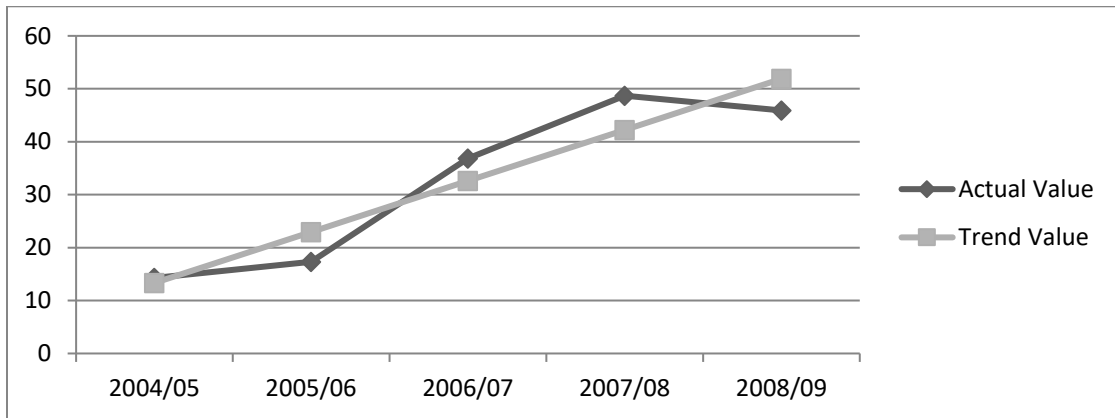
Table 4.24

The Actual and Trend Value of PE-Ratio of SCBNL Bank

Fiscal Year	Actual Value	Trend Value
2004/05	16.38	14.538
2005/06	21.47	25.22
2006/07	35.25	35.902
2007/08	51.77	46.584
2008/09	54.64	57.266

Trend Value (see appendix 10)

Figure-4.11:

Actual and Trend Value of PE-Ratio of SCBNL Bank
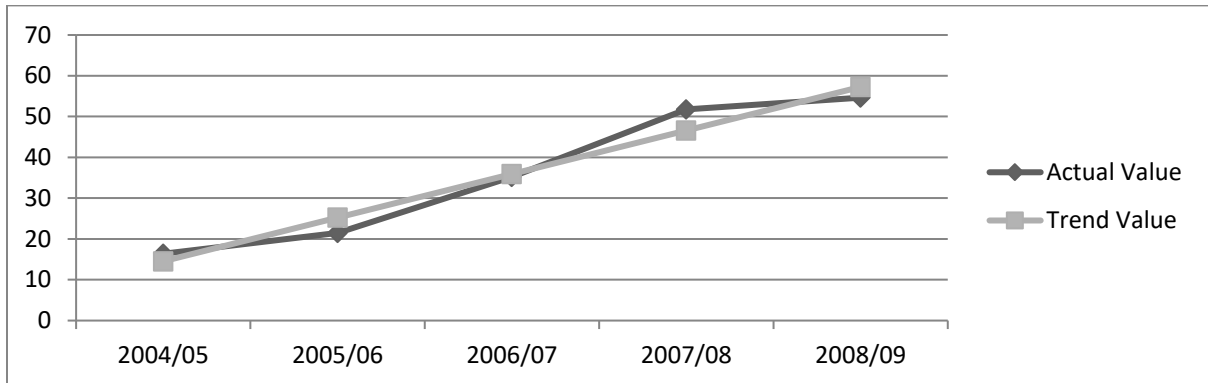
Table4.25

The Actual and Trend Value of PE-Ratio of NIBL Bank

Fiscal Year	Actual Value	Trend Value
2004/05	20.25	18.81
2005/06	21.23	24.26
2006/07	27.63	29.71
2007/08	42.33	35.16
2008/09	37.1	40.61

Trend Value (see appendix 11)

Figure-4.12:

Actual and Trend Value of PE-Ratio of NIBL Bank
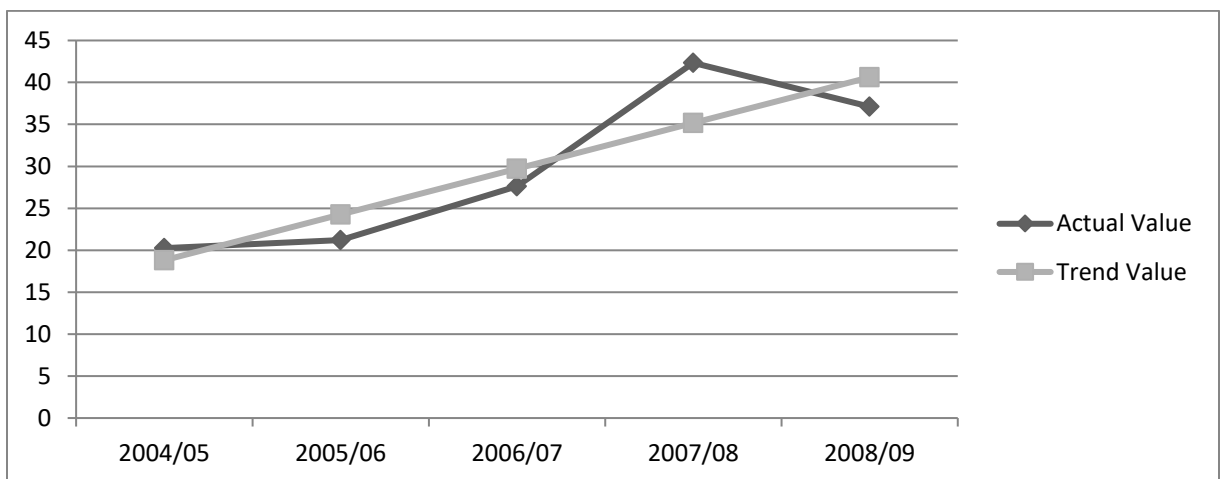
The trend equation of PE-Ratio of NABIL, SCBNL and NIBL is Y=32.61+9.46x, Y=35.902+10.682x and Y= 29.71+5.48x. Where Y and x are denoted for PE-Ratio and time variable respectively. The Y intercept is the average amount of PE-Ratio of five year period. Y intercept NABIL, SCBNL and NIBL were 32.61, 35.902 and 29.71 respectively. The slope trend which indicate that the PE-Ratio of all three banks' were in decreasing trend. The table has defined that the actual amount of NABIL's PE-Ratio in the year 2004/05 was 14.27then it reached to 45.89 in the year 2008/09. Similarly, the trend value of PE-Ratio of NABIL was 13.33 and had amount to 51.89 with annual increase of 9.46. Same as, SCBNL table defined that the actual amount of SCBNL's PE-Ratio in the year 2004/05 was 16.38 then it reached to 54.64 in the year 2008/09. Similarly, the trend value of PE-Ratio of SCBNL was 14.538 and had amount to 57.266 with annual increase of 10.682 Whereas, NIBL table defined that the actual amount of NIBL's PE-Ratio in the year 2004/05 was 20.25 then it reached to 37.1 in the year 2008/09. Similarly, the trend value of PE-Ratio of NIBL was 18.81 and had amount to 40.61 with annual increase of 5.48. From the above analysis, it can be conclude that all three banks are able to increase it PE-Ratio every year.

v)   Trend Analysis of Dividend Yield

It shows how much a company pays out in dividends each year relative to its share price. In the absence of any capital gains, the dividend yield is the return on investment for a stock. It tells us what percentage of our purchase price the company will return to us in dividends. Here, i have analyzed the trend movement of Dividend Yield of five years.

Table 4.26

The Actual and Trend Value of Dividend Yield of NABIL Bank

Fiscal Year	Actual Value	Trend Value
2004/05	4.65	4.512
2005/06	3.79	3.741
2006/07	2.77	2.97
2007/08	1.9	2.199
2008/09	1.74	1.428

Trend Value (see appendix 12)

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Actual and Trend Value of Dividend Yield of NABIL Bank
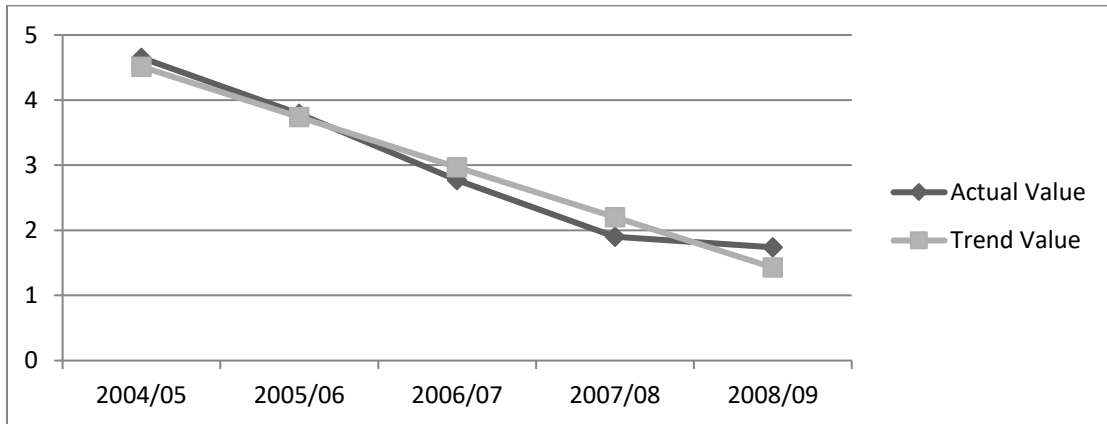
Table 4.27

The Actual and Trend Value of Dividend Yield of SCBNL Bank

Fiscal Year	Actual Value	Trend Value
2004/05	5.12	4.666
2005/06	3.71	3.793
2006/07	2.2	2.92
2007/08	1.9	2.047
2008/09	1.66	1.174

Trend Value (see appendix 13)

Figure-4.14:

Actual and Trend Value of Dividend Yield of SCBNL Bank
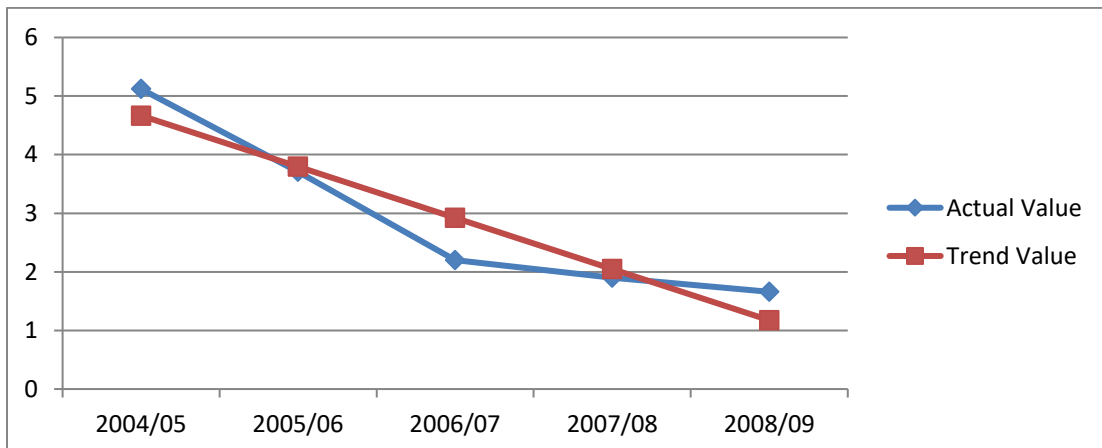
Table 4.28

The Actual and Trend Value of Dividend Yield of NIBL Bank

Fiscal Year	Actual Value	Trend Value
2004/05	1.56	2.76
2005/06	4.4	2.46
2006/07	1.74	2.16
2007/08	1.67	1.86
2008/09	1.44	1.56

Trend Value (see appendix 14)

Figure-4.15:

Actual and Trend Value of Dividend Yield of NIBL Bank
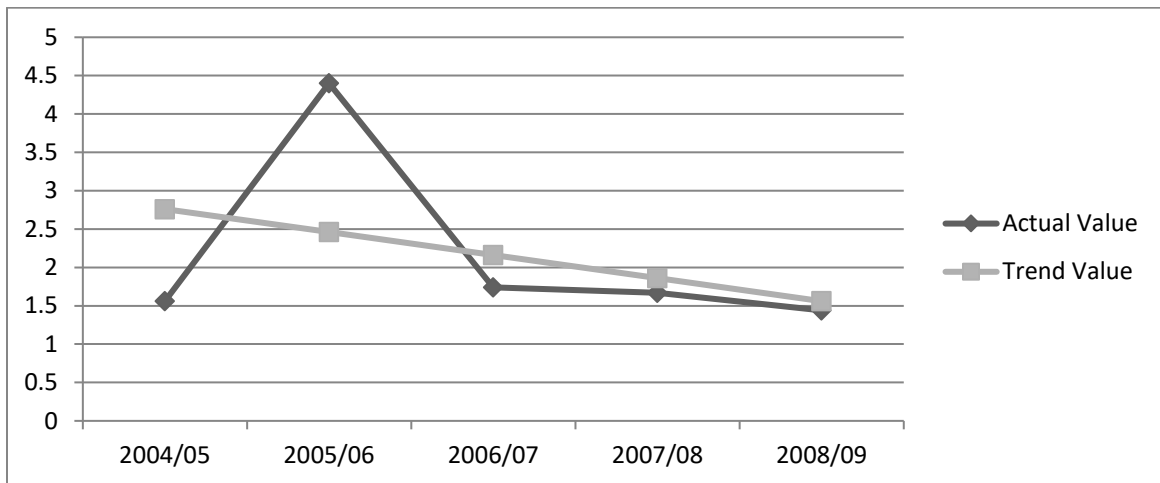
The trend equation of Dividend Yield of NABIL, SCBNL and NIBL is Y=2.97+ (-0.771) x, Y=2.92+ (-0.873) x and Y= 2.16+ (-0.30) x, where Y and x are denoted for Dividend Yield and time variable respectively. The Y intercept is the average amount of Dividend Yield of five year period. Y intercept NABIL, SCBNL and NIBL were 2.97, 2.92 and 2.16 respectively. The slope trend which indicate that the Dividend Yield of all three banks' were in decreasing trend. The table has defined that the actual amount of NABIL's Dividend Yield in the year 2004/05 was 4.65 then it reached to 1.74 in the year 2008/09. Similarly, the trend value of Dividend Yield of NABIL was 4.512 and had amount to 1.428 with annual increase of (-0.771). Same

as, SCBNL table defined that the actual amount of SCBNL's Dividend Yield in the year 2004/05 was 5.12 then it reached to 1.66 in the year 2008/09. Similarly, the trend value of Dividend Yield of SCBNL was 4.666 and had amount to 1.174 with annual decrease of (-0.873) Whereas, NIBL table defined that the actual amount of NIBL's Dividend Yield in the year 2004/05 was 1.56 then it reached to 1.44 in the year 2008/09. Similarly, the trend value of Dividend Yield of NIBL was 2.76 and had amount to 1.56 with decrease of (-0.30) From the above analysis, it can be conclude that all three banks are in decreasing trend.

vi)   Trend Analysis of Liquidity Ratio

A liquidity ratio measures a company's ability to pay its bills. It determines a company's ability to pay off its short-terms debts obligations. Generally, the higher the value of the ratio, the larger the margin of safety of the company possesses to cover short-term debts. I have analyzed the trend movement of the Liquidity Ratio of five year.

Table 4.29

The Actual and Trend Value of Liquidity Ratio of NABIL Bank

Fiscal Year	Actual Value	Trend Value
2004/05	3.83	2.996
2005/06	3.26	4.547
2006/07	6	6.098
2007/08	8.37	7.649
2008/09	9.03	9.2

Trend Value (see appendix 15)

Actual and Trend Value of Liquidity Ratio of NABIL Bank
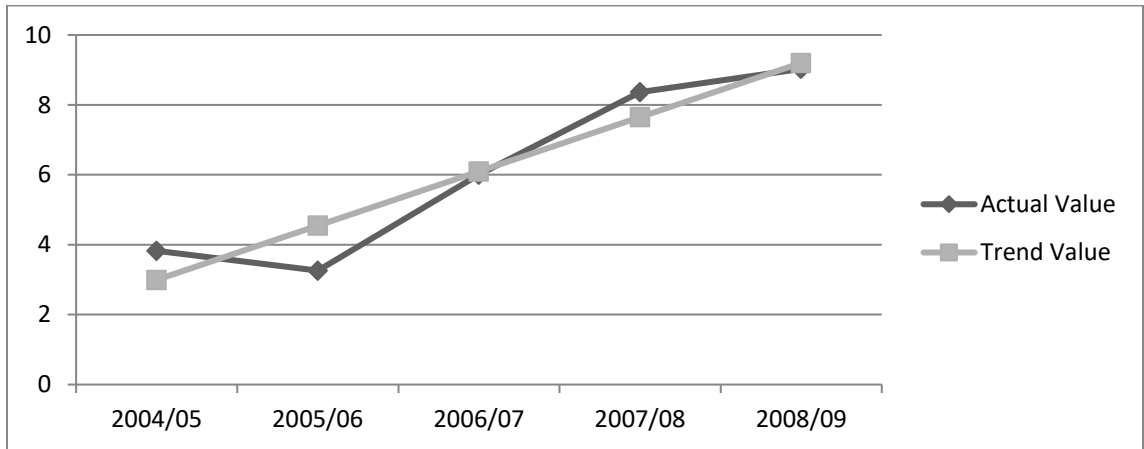
Table 4.30

The Actual and Trend Value of Liquidity Ratio of SCBNL Bank

Fiscal Year	Actual Value	Trend Value
2004/05	8.77	6.582
2005/06	6.86	6.802
2006/07	5.46	7.022
2007/08	5.84	7.242
2008/09	8.18	7.462

Trend Value (see appendix 16)

Figure-4.17:

Actual and Trend Value of Liquidity Ratio of SCBNL Bank
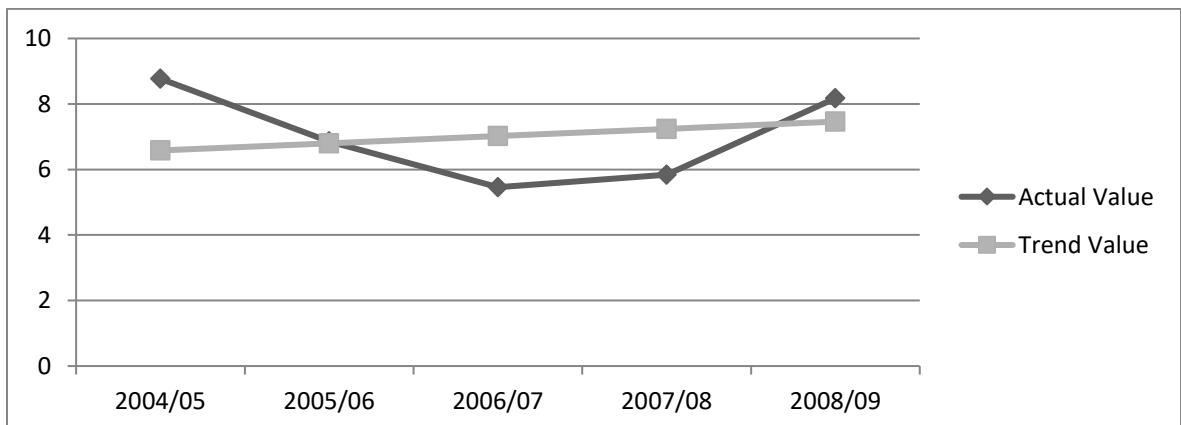
Table 4.31

The Actual and Trend Value of Liquidity Ratio of SCBNL Bank

Fiscal Year	Actual Value	Trend Value
2004/05	9.78	11.348
2005/06	13.61	11.184
2006/07	10.47	11.02
2007/08	10.91	10.856
2008/09	10.31	10.692

Trend Value (see appendix 17)

Figure- 4.18:

The Actual and Trend value of Liquidity Ratio of NIBL Bank
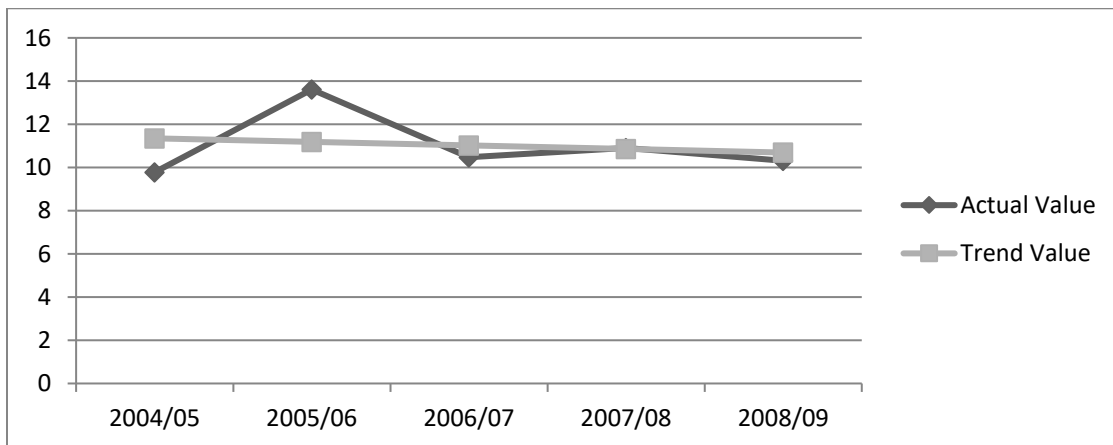
The trend equation of Liquidity Ratio of NABIL, SCBNL and NIBL is Y=6.098+1.551x, Y=7.022+0.22x and Y= 11.02+(-0.164)x, where Y and x are denoted for Liquidity Ratio and time variable respectively. The Y intercept is the average amount of Liquidity Ratio of five year period. Y intercept NABIL, SCBNL and NIBL were 6.098, 7.022 and 11.02 respectively. The slope trend which indicate that the Liquidity Ratio of all three banks' were in decreasing trend. The table has defined that the actual amount of NABIL's Liquidity Ratio in the year 2004/05 was 3.83 then it reached to 9.03 in the year 2008/09. Similarly, the trend value of Liquidity of NABIL was 2.996 and had amount to 9.2 with annual increase of 1.551. Same as, SCBNL table defined that the actual amount of SCBNL's Liquidity Ratio in

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the year 2004/05 was 8.77 then it reached to 8.18 in the year 2008/09. Similarly, the trend value of Liquidity Ratio of SCBNL was 6.582 and had amount to 7.462 with annual increase of 0.22 Whereas, NIBL table defined that the actual amount of NIBL's Liquidity Ratio in the year 2004/05 was 9.78 then it reached to 10.31 in the year 2008/09. Similarly, the trend value of Liquidity Ratio of NIBL was 11.348 and had amount to 10.692 with decrease of (-0.164) From the above analysis, it can be conclude that NABIL and SCBNL bank are in increasing trend except NIBL Bank

Table 4.32

Future Trend Analysis of DPS, EPS, DPR, PE-RATIO, Div. Yield, Liq. Ratio of NABIL Bank, SCBNL Bank and NIBL Bank.

a) **DPS**

NABIL

YEAR	x	Y=96+4.5x
2004/05	-2	87
2005/06	-1	91.5
2006/07	0	96
2007/08	1	100.5
2008/09	2	105
2009/10	3	109.5
2010/11	4	114
2011/12	5	118.5
2012/13	6	123
2013/14	7	127.5

SCBNL

YEAR	x	Y=124+(-5)x
2004/05	-2	134
2005/06	-1	129
2006/07	0	124
2007/08	1	119
2008/09	2	114
2009/10	3	109
2010/11	4	104
2011/12	5	99
2012/13	6	94
2013/14	7	89

NIBL

YEAR	x	Y=31.76+0.037x
2004/05	-2	31.686
2005/06	-1	31.723
2006/07	0	31.76
2007/08	1	31.797
2008/09	2	31.834
2009/10	3	31.871
2010/11	4	31.908
2011/12	5	31.945
2012/13	6	31.982
2013/14	7	32.019

b) EPS

NABIL

YEAR	x	Y=117.37+ (-1.836)x
2004/05	-2	121.042
2005/06	-1	119.206
2006/07	0	117.37
2007/08	1	115.534
2008/09	2	113.698
2009/10	3	111.862
2010/11	4	110.026
2011/12	5	108.19
2012/13	6	106.354
2013/14	7	104.518

SCBNL

YEAR	x	Y=145.65+ (-11.022)x
2004/05	-2	167.694
2005/06	-1	156.672
2006/07	0	145.65
2007/08	1	134.628
2008/09	2	123.606
2009/10	3	112.584
2010/11	4	101.562
2011/12	5	90.54
2012/13	6	79.518
2013/14	7	68.496

NIBL

YEAR	x	Y=51.302+ (-0.154)x
2004/05	-2	51.61
2005/06	-1	51.456
2006/07	0	51.302
2007/08	1	51.148
2008/09	2	50.994
2009/10	3	50.84
2010/11	4	50.686
2011/12	5	50.532
2012/13	6	50.378
2013/14	7	50.224

c) DPR

NABIL

YEAR	x	Y=81.244+ 5.307x
2004/05	-2	70.63
2005/06	-1	75.937
2006/07	0	81.244
2007/08	1	86.551
2008/09	2	91.858
2009/10	3	97.165
2010/11	4	102.472
2011/12	5	107.779
2012/13	6	113.086
2013/14	7	118.393

SCBNL

YEAR	x	Y=86.12+ 3.31x
2004/05	-2	79.5
2005/06	-1	82.81
2006/07	0	86.12
2007/08	1	89.43
2008/09	2	92.74
2009/10	3	96.05
2010/11	4	99.36
2011/12	5	102.67
2012/13	6	105.98
2013/14	7	109.29

NIBL

YEAR	x	Y=79.44+ 2.07x
2004/05	-2	75.3
2005/06	-1	77.37
2006/07	0	79.44
2007/08	1	81.51
2008/09	2	83.58
2009/10	3	85.65
2010/11	4	87.72
2011/12	5	89.79
2012/13	6	91.86
2013/14	7	93.93

d) PE RATIO

NABIL

YEAR	x	Y=32.61+ 9.46x
2004/05	-2	13.33
2005/06	-1	22.97
2006/07	0	32.61
2007/08	1	42.25
2008/09	2	51.89
2009/10	3	61.53
2010/11	4	71.17
2011/12	5	80.81
2012/13	6	90.45
2013/14	7	100.09

SCBNL

YEAR	x	Y=35.902+ 10.682x
2004/05	-2	14.538
2005/06	-1	25.22
2006/07	0	35.902
2007/08	1	46.584
2008/09	2	57.266
2009/10	3	67.948
2010/11	4	78.63
2011/12	5	89.312
2012/13	6	99.994
2013/14	7	110.676

NIBL

YEAR	x	Y=29.71+ 5.48x
2004/05	-2	18.81
2005/06	-1	24.26
2006/07	0	29.71
2007/08	1	35.16
2008/09	2	40.61
2009/10	3	46.06
2010/11	4	51.51
2011/12	5	56.96
2012/13	6	62.41
2013/14	7	67.86

e) DIVIDEND YIELD

NABIL

YEAR	x	Y=2.97+(-0.771)x
2004/05	-2	4.512
2005/06	-1	3.741
2006/07	0	2.97
2007/08	1	2.199
2008/09	2	1.428
2009/10	3	0.657
2010/11	4	-0.114
2011/12	5	-0.885
2012/13	6	-1.656
2013/14	7	-2.427

SCBNL

YEAR	x	Y=2.92+(-0.873)x
2004/05	-2	4.666
2005/06	-1	3.793
2006/07	0	2.92
2007/08	1	2.047
2008/09	2	1.174
2009/10	3	0.301
2010/11	4	-0.572
2011/12	5	-1.445
2012/13	6	-2.318
2013/14	7	-3.191

NIBL

YEAR	x	Y=2.16+(-0.30)x
2004/05	-2	2.76
2005/06	-1	2.46
2006/07	0	2.16
2007/08	1	1.86
2008/09	2	1.56
2009/10	3	1.26
2010/11	4	0.96
2011/12	5	0.66
2012/13	6	0.36
2013/14	7	0.06

NABIL

SCBNL

NIBL

YEAR	x	Y=6.098+1.551x
2004/05	-2	2.996
2005/06	-1	4.547
2006/07	0	6.098
2007/08	1	7.649
2008/09	2	9.2
2009/10	3	10.751
2010/11	4	12.302
2011/12	5	13.853
2012/13	6	15.404
2013/14	7	16.955

YEAR	x	Y=7.022+0.22x
2004/05	-2	6.582
2005/06	-1	6.802
2006/07	0	7.022
2007/08	1	7.242
2008/09	2	7.462
2009/10	3	7.682
2010/11	4	7.902
2011/12	5	8.122
2012/13	6	8.342
2013/14	7	8.562

YEAR	x	Y=11.02+(-0.164)x
2004/05	-2	11.348
2005/06	-1	11.184
2006/07	0	11.02
2007/08	1	10.856
2008/09	2	10.692
2009/10	3	10.528
2010/11	4	10.364
2011/12	5	10.2
2012/13	6	10.036
2013/14	7	9.872

4.6   Profitability Ratio

Table-4.33

Profitability Ratio of NABIL Bank, SCBNL Bank and NIBL Bank

For the FY 2004/05 to 2008/09

Year	NABIL	SCBNL	NIBL
2004/05	34.294	40.604	43.895
2005/06	22.606	24.945	38.405
2006/07	24.899	25.585	34.674
2007/08	30.998	25.148	34.648
2008/09	26.969	24.864	0.027

(Source: Annual report of related bank)

The above table 4.30 shows profitability ratio which indicates the degree of success in achieving desired profit level. A firm should earn profit to survive. Profit is the major thing that is to anal size to know the financial position of any firm. Profitability ratio indicates the degree of success in achieving desired profit level. In the year 2004/05, in term of profit net profit of NIBL Banks has performed better by 43.89%. In the year 2005/06, NIBL is having higher profitability ratio in comparison to three banks, i.e. 38.4%. Same as in the year 2006/07 and 2007/08, still NIBL Bank shows the

highest profitability ratio i.e. 34.67% and 34.65%. Whereas, in the year 2008/09, NABIL Bank is in highest profitability ratio, i.e. 26.97%.

4.7 Major findings of the Study

1. Dividends per share of all concerned banks are satisfactory. The pooled average of DPS to its share holders Rs.83.92. SCBNL paid the highest average DPS to its shareholders Rs. 124 and NIBL paid the lowest average DPS Rs.31.76.

2. Average earning per share for the period covered by the study is also satisfactory. The pooled average of EPS is Rs.104.77%. At the same time, average EPS of SCBNL is highest Rs.145.65 while the average EPS of NIBL is lowest of all Rs.51.30.

3. Analysis of coefficient of variation indicates that there are fluctuations in DPS. On the other hand, EPS of NABIL, SCBNL and NIBL has not large fluctuation in coefficient of variation.

4. Price earnings ratio illustrate that pooled average of PE Ratio is 32.74. At the same time, coefficient of variation of NABIL is the highly variation in the PE Ratio.

5. In average, SCBNL followed aggressive dividend payout ratio, on other hand, NABIL applied moderate pay-out ratio, and finally, NIBL followed conservative dividend pay-out Ratio. In other word, dividend payout ratio shows that none of the banks exhibit consistent. SCBNL is remarkable here in the sense of its DPR which is the highest and most consistent of all. All the same time, NIBL is the lowest DPR with more variation. The analysis of dividend payout ratio is one of the hallmarks of our study which help us to find out dividend payout dividend policy adopted by the mentioned banks.

6. From the coefficient of variation, the market value of shares in the market is fluctuating in all sample banks. The coefficient of variation of NIBL is most fluctuating and SCBNL is most consistent in market value per share (MVPS).

7. The pooled average of MVPS is 3430.4.

8. As far as dividend yield analyses are concerned, the highest dividend yield is

associated with NABIL, 2.97%, NIBL has the lowest dividend yield, on average. As for the pooled average show 2.68%, on the other hand, the highest variation in the dividend yield is associated with NIBL (52.01) and dividend yield of NABIL is more consistent (37.45).

9. Correlation between DPS and MVPS of NABIL Bank is positive but DPS and MVPS of SCBNL and NIBL is negative. Correlation between EPS and MVPS if NABIL Bank is positive, where as correlation between EPS and MVPS if SCBNL and NIBL is negative. Same as, correlation between PE-Ratio and MVPS of NABIL, SCBNL and NIBL were positive. Correlation between DPR and MVPS of all three banks are positive. But correlate between Divided Yield and MVPS of NABIL Bank is positive except other two banks. Same as, correlation between Liquidity Ratio of NABIL and NIBL Bank are positive but SCBNL is negative.

10. Cash flow analysis, as we know that cash is measure things for every enterprises entrepreneur should think about the cash availability before establishing any enterprises. So a business must have an adequate amount of cash to operate. As such decision makes must pay close attention to firm's cash position to change. There are different source cash inflow and different source where cash are used as cash. There are three parts in cash flows statement i.e. are cash flow from operating activity, cash flow from investing activity and cash flow from financing activity. Analyzing the cash statement of NABIL, SCBNL and NIBL I have found that NIBL bank is far better in maintaining its cash balance it can be depicted by net cash flow of five year In the fiscal year 2004/05 we can find 59 million where as in 2005/06 year bank is able to increase its balance of 996 millions where in 2006/07 year it net cash is 105 million which is in increasing trend. In year 2007/08 bank is able to raise its cash balance to 1313 million. In the year, 2008/09, the bank is still in increasing trend which is 4163 million. Analyzing the net cash flow of banks is in good conditions of bank it able to pay its debt whenever it need. NIBL bank is able to maintain its cash balance in regular trend. We found there is rapidly growth within 5 year study period.

In comparison to NIBL bank, in second, we found SCBNL's maintenance is also good. But we can found there is lots of fluctuation in maintaining its cash balance. In the year2004/05, SCBNL maintain very low cash balance i.e. 8 million. In the yeae2005/06, SCBNL increase little bit better than the previous year but 165 million. Same as in the 2006/07, bank is able to maintain its balance of 745 million. Which is highest than previous year. But in the year 2007/08, its net cash is highly decreases and reached to 29 million. In the year 2008/09, SCBNL us able to rise its cash balance up to 1087 million. Analyzing the cash flow of bank is in a good condition but not good than NIBL bank. It sizable to maintain its cash balance but there is lot of fluctuation.

On the other hand, NABIL bank not good to maintain its cash balance than NIBL bank and SCBNL bank. In the year 2004/05, we can found loss of (141) million where in the year 2005/06, there is NIL. In the year 2006/07, bank is able to increase its cash balance i.e. 770 million. Same as, in the year 2007/08, there is high increasing in cash balance where bank can maintain its balance of 1271 million. But in the year 2008/09, there is slightly decrease in its cash balance by 701 million. Analyzing the net cash flow of NABIL bank is not so good than other two banks

11. Profitability Ratio indicated the degree of success in achieving desired profit level. A firm should earn profit to survive. Profit is the major thing that is to analyze to know the financial position of any firm. Profitability ratio indicates the degree to success in achieving desired profit level. In the year 2004/05, in term of net profit NIBL has performed better by 43.89%. Same as, in the year, 2005/06, 2006/07, 2007/08 NIBL Bank is having higher profitability ratio in comparison to three banks. i.e. 38.4%, 34.67%, 34.65%. But in the year 2008/09, NABIL is able to earn highest profit then others three banks.

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CHAPTER-V
SUMMARY, CONCLUSIONS & RECOMMENDATIONS

This chapter focuses on some selected conclusion and recommendation on the basis of analysis which are derived from the three joint venture banks.

5.1 SUMMARY:

Dividend serves as a sample, comprehensive signal of management's interpretation of the firm's recent performance and its future prospects. Dividends refer to that portion of a firm's net earnings which are paid out to the share holders in return to their investment. Paying dividend to shareholders is an effective way to attract new investors to invest in shares.

Most of the things about dividend policy and brief introduction of this study have been already presented in the first chapter. In the second chapter, the available literatures related to dividend policy are reviewed. Moreover, research methodology is described in third chapter. All the available data are presented and analyzed in the fourth chapter. In the final chapter, an attempt has been made to present summary, conclusion and recommendation.

Among many commercial banks, three banks named by NABIL, SCBNL and NIBL are selected for study for the fiscal year 2004/05 to 2008/09.

The main objective of the study is to see the relationship of dividend per share, earning per share, dividend payout ratio, dividend yield, liquidity ratio and profitability ratio on market price per share. The study has revealed the following conclusions.

5.2 CONCLUSIONS:

The above mentioned major findings (i.e in 4.7) led this study conclude that the sample banks have got sufficient earnings but some of the banks are paying high dividend and others are paying low dividend. Other things remaining the same,

dividend per share is not more stable than the dividend payout ratio. That's why dividend per share and other variable have been highly fluctuated. Another interesting conclusion is that market price of share is attracted by dividend. Lastly, the sample banks have not clearly defined dividend policy.

In case of Trend Analysis the study of trend allows describing a historical pattern and projecting past pattern or trends into the future. So, trend analysis is done in this study to now the trend of past as well as future.

Trend Analysis of DPS of NABIL Bank and NIBL Bank shows that the trend of DPS is in increasing in past but SCBNL Bank shows that the trend of DPS is in decreasing in past. The increasing trend of NABIL Bank and NIBL Bank are 4.5 and 0.03 and decreasing trend of SCBNL Bank is (-5). This shows increasing trend of NABIL bank is high than others two Banks. The Trend shows that DPS of NABIL Bank and NIBL Bank are going to increasing in coming years.

Trend Analysis of EPS of three Banks is in decreasing trend i.e. NABIL by -1.836, SCBNL by -11.022, and NIBL by -0.154. This shows that there is decreasing trend in future too.

Trend Analysis of DPR of three Banks is in increasing trend i.e. NABIL by 5.307, SCBNL by 3.31, NIBL by 2.07. This trend shows all three banks can analyze the amount of earnings paid out in dividends to shareholders in future.

Same as, Trend Analysis of PE-Ratio of three banks are in increasing trend i.e. NABIL by 9.46, SCBNL by 10.682, NIBL by 5.48. This shows that in future these banks analyze the current market price per share of the stock by earnings per share.

Trend Analysis of Dividend Yield of all three banks is in decreasing trend. So, It tells us the purchase price return to us in dividend is low.

Trend Analysis of Liquidity Ratio of NABIL and SCBNL are in increasing trend by 1.551 and 0.22 whereas NIBL is in decreasing trend by -0.164. It shows NABIL and SCBNL ability to pay its bills is good in comparison to NIBL Bank.

5.3 RECOMMENDATIONS:

1. Most the banks have had great fluctuation in coefficient of variation (C.V) of DPS, EPS, DPR, Dividend Yield, Share Price and PE Ratio. It should be necessary decrease in fluctuation and become consistent in these variables.

2. The practices of dividend payment adopted by the banks are not stable. In many cases a small amount of dividend are paid without considering the risk free rate of return. Further the price of share on which the dividend is not paid on upward trend, this creates the problem to judge the true value of share in the market.

3. Payment of dividend is neither static nor constantly growing. It is highly fluctuating. Such way of paying dividend could not impress the market positively. So, these banks are advised to follow either static or constantly growing dividend payment policy. It would be better to fix and declare the amount of dividend in general meeting. This is not important only from the point of view of adequate return to shareholders but also to generate stable and increasing market value per share, long run survival of bank, efficient management and socially acceptable distribution of income.

4. Formulation of dividend policy will clearly guide the way on how to follow dividend distribution strategy. The policy should determine whether the company is going to adopt stable dividend policy, constant payout ratio or low regular plus extra dividends. When should be the long run dividend payout ratio, either it is pure residual policy, fixed dividend payout policy or smooth residual dividend policy should have been clearly explained by the dividend policy.

5. The legal rule for the treatment of dividend is must for the smooth growth of any enterprises as well as growth of national economy. Some of the companies are in position to pay dividend while considered some case. But some companies are suffering loss and there are efforts to minimize rather than payment of dividend. Therefore, the government should act in favor of investors and bind these companies by distinct rules.

6. Liquidity position of NIBL Banks is unsatisfactory, so it should consider its liquidity position as its ratio is below standard ratios.

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APPENDIX-1
Calculation of Trend Value of DPS of NABIL

</div>

Year	X	Actual Value(y)	x=X-3	x2	xy
2004/05	1	70	-2	4	-140
2005/06	2	85	-1	1	-85
2006/07	3	140	0	0	0
2007/08	4	100	1	1	100
2008/09	5	85	2	4	170
	N=5	**480**	**0**	**10**	**45**

$a = \frac{\Sigma y}{n} = \frac{480}{5} = 96$

$b = \frac{\Sigma xy}{\Sigma x2} = \frac{45}{10} = 4.5$

Therefore, Trend is calculated by substituting this value in the following formula,
Y = a + bx
Y = 96 + 4.5x

<div align="center">

APPENDIX-2
Calculation of Trend Value of DPS of SCBNL

</div>

Year	X	Actual Value(y)	x=X-3	x2	xy
2004/05	1	120	-2	4	-240
2005/06	2	140	-1	1	-140
2006/07	3	130	0	0	0
2007/08	4	130	1	1	130
2008/09	5	100	2	4	200
	N=5	**620**	**0**	**10**	**-50**

$a = \frac{\Sigma y}{n} = = \frac{620}{5}$

$b = \frac{\Sigma xy}{\Sigma x2} = \frac{50}{10} = -5$

Therefore, Trend is calculated by substituting this value in the following formula,
Y = a + bx
Y = 124 +(-5)x

Calculation of Trend Value of DPS of NIBL

Year	X	Actual Value(y)	x=X-3	x2	xy
2004/05	1	12.5	-2	4	-25
2005/06	2	55.46	-1	1	-55.46
2006/07	3	30	0	0	0
2007/08	4	40.83	1	1	40.83
2008/09	5	20	2	4	40
	N=5	158.79	0	10	0.37

$a = \frac{\Sigma y}{n} = \frac{158.79}{5} = 31.76$

$b = \frac{\Sigma xy}{\Sigma x2} = \frac{0.37}{10} = 0.037$

Therefore, Trend is calculated by substituting this value in the following formula,

Y = a + bx
Y = 31.76 +0.037x

APPENDIX-4
Calculation of Trend Value of EPS of NABIL

Year	X	EPS(y)	x=X-3	x2	xy
2004/05	1	105.49	-2	4	-210.98
2005/06	2	129.21	-1	1	-129.21
2006/07	3	137.08	0	0	0
2007/08	4	108.31	1	1	108.31
2008/09	5	106.76	2	4	213.52
	N=5	586.85	0	10	-18.36

$a = \frac{\Sigma y}{n} = \frac{586.85}{5} = 117.37$

$b = \frac{\Sigma xy}{\Sigma x2} = \frac{18.36}{10} = -1.836$

Therefore, Trend is calculated by substituting this value in the following formula,

Y = a + bx
Y = 117.37 +(-1.836)x

APPENDIX-5
Calculation of Trend Value of EPS of SCBNL

Year	X	Actual Value(y)	x=X-3	x2	xy
2004/05	1	143.14	-2	4	-286.28
2005/06	2	175.84	-1	1	-175.84
2006/07	3	167.37	0	0	0
2007/08	4	131.92	1	1	131.92
2008/09	5	109.99	2	4	219.98
	N=5	728.26	0	10	-110.22

$a = \dfrac{\Sigma y}{n} = \dfrac{728.26}{5} = 145.65$

$b = \dfrac{\Sigma xy}{\Sigma x2} = \dfrac{110.22}{10} = -11.022$

Therefore, Trend is calculated by substituting this value in the following formula,

$Y = a + bx$
$Y = 145.65 + (-11.022)x$

APPENDIX-6
Calculation of Trend Value of EPS of NIBL

Year	X	Actual Value(y)	x=X-3	x2	xy
2004/05	1	39.5	-2	4	-79
2005/06	2	59.35	-1	1	-59.35
2006/07	3	62.37	0	0	0
2007/08	4	57.87	1	1	57.87
2008/09	5	37.42	2	4	74.84
	N=5	256.51	0	10	-5.64

$a = \dfrac{\Sigma y}{n} = \dfrac{256.51}{5} = 51.302$

$b = \dfrac{\Sigma xy}{\Sigma x2} = \dfrac{5.64}{10} = -0.564$

Therefore, Trend is calculated by substituting this value in the following formula,

$Y = a + bx$
$Y = 51.032 + (-0.564)x$

APPENDIX-7
Calculation of Trend Value of DPR of NABIL

2004/05	1	66.36	-2	4	-132.72
2005/06	2	65.78	-1	1	-65.78
2006/07	3	102.13	0	0	0
2007/08	4	92.33	1	1	92.33
2008/09	5	79.62	2	4	159.24
	N=5	406.22	0	10	53.07

$a = \frac{\Sigma y}{n} = \frac{406.22}{5} = 81.244$

$b = \frac{\Sigma xy}{\Sigma x2} = \frac{53.07}{10} = 5.307$

Therefore, Trend is calculated by substituting this value in the following formula,

Y = a + bx
Y = 81.244+5.307x

APPENDIX-8
Calculation of Trend Value of DPR of SCBNL

Year	X	Actual Value(y)	x=X-3	x2	xy
2004/05	1	83.83	-2	4	-167.66
2005/06	2	79.62	-1	1	-79.62
2006/07	3	77.67	0	0	0
2007/08	4	98.54	1	1	98.54
2008/09	5	90.92	2	4	181.84
	N=5	430.58	0	10	33.1

$a = \frac{\Sigma y}{n} = \frac{430.58}{5} = 86.116$

$b = \frac{\Sigma xy}{\Sigma x2} = \frac{33.1}{10} = 3.31$

Therefore, Trend is calculated by substituting this value in the following formula,

Y = a + bx
Y = 86.12+3.31x

APPENDIX-9
Calculation of Trend Value of DPR of NIBL

Year	X	Actual Value(y)	x=X-3	x2	xy
2004/05	1	31.65	-2	4	-63.3
2005/06	2	93.45	-1	1	-93.45
2006/07	3	48.1	0	0	0
2007/08	4	70.55	1	1	70.55
2008/09	5	53.45	2	4	106.9
	N=5	297.2	0	10	20.7

$a = \frac{\sum y}{n} = \frac{297.2}{5} = 79.44$

$b = \frac{\sum xy}{\sum x2} = \frac{20.7}{10} = 2.07$

Therefore, Trend is calculated by substituting this value in the following formula,

Y = a + bx

Y = 79.44+2.07x

APPENDIX-10
Calculation of Trend Value of PE-Ratio of NABIL

Year	X	Actual Value(y)	x=X-3	x2	xy
2004/05	1	14.27	-2	4	-28.54
2005/06	2	17.34	-1	1	-17.34
2006/07	3	36.84	0	0	0
2007/08	4	48.7	1	1	48.7
2008/09	5	45.89	2	4	91.78
	N=5	163.04	0	10	94.6

$a = \frac{\sum y}{n} = \frac{163.04}{5} = 32.61$

$b = \frac{\sum xy}{\sum x2} = \frac{94.6}{10} = 9.46$

Therefore, Trend is calculated by substituting this value in the following formula,

Y = a + bx

Y = 32.61+9.46x

APPENDIX-11
Calculation of Trend Value of PE-Ratio of SCBNL

Year	X	Actual Value(y)	x=X-3	x2	xy
2004/05	1	16.38	-2	4	-32.76
2005/06	2	21.47	-1	1	-21.47
2006/07	3	35.25	0	0	0
2007/08	4	51.77	1	1	51.77
2008/09	5	54.64	2	4	109.28
	N=5	179.51	0	10	106.82

$a = \frac{\sum y}{n} = \frac{179.51}{5} = 35.902$

$b = \frac{\sum xy}{\sum x2} = \frac{10.682}{10} = 10.68$

Therefore, Trend is calculated by substituting this value in the following formula,

Y = a + bx

Y = 35.902+10.68

APPENDIX-12
Calculation of Trend Value of PE-Ratio of NIBL

Year	X	Actual Value(y)	x=X-3	x2	xy
2004/05	1	20.25	-2	4	-40.5
2005/06	2	21.23	-1	1	-21.23
2006/07	3	27.63	0	0	0
2007/08	4	42.33	1	1	42.33
2008/09	5	37.1	2	4	74.2
	N=5	**148.54**	**0**	**10**	**54.8**

$a = \frac{\sum y}{n} = \frac{148.54}{5} = 29.71$

$b = \frac{\sum xy}{\sum x2} = \frac{54.8}{10} = 5.48$

Therefore, Trend is calculated by substituting this value in the following formula,

Y = a + bx
Y = 29.71+5.48x

APPENDIX-13
Calculation of Trend Value of DIV. Yield of NABIL

Year	X	Actual Value(y)	x=X-3	x2	xy
2004/05	1	4.65	-2	4	-9.3
2005/06	2	3.79	-1	1	-3.79
2006/07	3	2.77	0	0	0
2007/08	4	1.9	1	1	1.9
2008/09	5	1.74	2	4	3.48
	N=5	**14.85**	**0**	**10**	**-7.71**

$a = \frac{\sum y}{n} = \frac{14.85}{5} = 2.97$

$b = \frac{\sum xy}{\sum x2} = \frac{7.71}{10} = 0.771$

Therefore, Trend is calculated by substituting this value in the following formula,
Y = a + bx
Y = 2.97+0.771x

APPENDIX-14
Calculation of Trend Value of DIV. Yield of SCBNL

Year	X	Actual Value(y)	x=X-3	x2	xy
2004/05	1	5.12	-2	4	-10.24
2005/06	2	3.71	-1	1	-3.71
2006/07	3	2.2	0	0	0
2007/08	4	1.9	1	1	1.9
2008/09	5	1.66	2	4	3.32
	N=5	**14.59**	**0**	**10**	**-8.73**

$a = \frac{\sum y}{n} = \frac{14.59}{5} = 2.92$

$b = \frac{\Sigma xy}{\Sigma x2} = \frac{8.73}{10} = 0.873$

Therefore, Trend is calculated by substituting this value in the following formula,

Y = a + bx

Y = 2.92+0.873x

APPENDIX-15
Calculation of Trend Value of DIV. Yield of NIBL

Year	X	Actual Value(y)	x=X-3	x2	xy
2004/05	1	1.56	-2	4	-3.12
2005/06	2	4.4	-1	1	-4.4
2006/07	3	1.74	0	0	0
2007/08	4	1.67	1	1	1.67
2008/09	5	1.44	2	4	2.88
	N=5	10.81	0	10	-2.97

$a = \frac{\Sigma y}{n} = \frac{10.81}{5} = 2.16$

$b = \frac{\Sigma xy}{\Sigma x2} = \frac{2.97}{10} = -0.30$

Therefore, Trend is calculated by substituting this value in the following formula,

Y = a + bx

Y = 2.16+(-0.30)x

APPENDIX-16
Calculation of Trend Value of LIQ. Ratio of NABIL

Year	X	Actual Value(y)	x=X-3	x2	xy
2004/05	1	3.83	-2	4	-7.66
2005/06	2	3.26	-1	1	-3.26
2006/07	3	6	0	0	0
2007/08	4	8.37	1	1	8.37
2008/09	5	9.03	2	4	18.06
	N=5	30.49	0	10	15.51

$a = \frac{\Sigma y}{n} = \frac{30.49}{5} = 6.098$

$b = \frac{\Sigma xy}{\Sigma x2} = \frac{15.51}{10} = 1.551$

Therefore, Trend is calculated by substituting this value in the following formula,

Y = a + bx

Y = 6.098+1.551x

APPENDIX-17
Calculation of Trend Value of LIQ. Ratio of SCBNL

Year	X	Actual Value(y)	x=X-3	x2	xy
2004/05	1	8.77	-2	4	-17.54
2005/06	2	6.86	-1	1	-6.86
2006/07	3	5.46	0	0	0
2007/08	4	5.84	1	1	5.84
2008/09	5	8.18	2	4	16.36
	N=5	35.11	0	10	-2.2

$a = \frac{\sum y}{n} = \frac{35.11}{5} = 7.022$

$b = \frac{\sum xy}{\sum x2} = \frac{2.2}{10} = -0.22$

Therefore, Trend is calculated by substituting this value in the following formula,

Y = a + bx

Y = 7.022+(-0.22)x

APPENDIX-18
Calculation of Trend Value of LIQ. Ratio of NIBL

Year	X	Actual Value(y)	x=X-3	x2	xy
2004/05	1	9.78	-2	4	-19.56
2005/06	2	13.61	-1	1	-13.61
2006/07	3	10.47	0	0	0
2007/08	4	10.91	1	1	10.91
2008/09	5	10.31	2	4	20.62
	N=5	55.08	0	10	-1.64

$a = \frac{\sum y}{n} = \frac{55.08}{5} = 11.016$

$b = \frac{\sum xy}{\sum x2} = \frac{1.64}{10} = -0.164$

Therefore, Trend is calculated by substituting this value in the following formula,

Y = a + bx

Y = 11.016+(-0.164)x

APPENDIX-19
Coefficient of Correlation of DPS of NABIL Bank

	X	Y	$x = X - \overline{X}$	$y = Y-\overline{Y}$	x^2	y^2	xy
	70	1505	-26.00	-2288.80	676.00	5238605.44	59508.80
	85	2240	-11.00	-1553.80	121.00	2414294.44	17091.80
	140	5050	44.00	1256.20	1936.00	1578038.44	55272.80
	100	5275	4.00	1481.20	16.00	2193953.44	5924.80
	85	4899	-11.00	1105.20	121.00	1221467.04	-12157.20
Total	480.00	18969.00			2870.00	12646358.80	125641.00
Mean	**96**	**3793.8**					

APPENDIX-20
Coefficient of Correlation of DPS of SCBNL Bank

	X	Y	$x = X - \overline{X}$	y = Y-$\overline{Y}$	x²	y²	xy
	120	2345	-4.00	-2627.00	16.00	6901129.00	10508.00
	140	3775	16.00	-1197.00	256.00	1432809.00	-19152.00
	130	5900	6.00	928.00	36.00	861184.00	5568.00
	130	6830	6.00	1858.00	36.00	3452164.00	11148.00
	100	6010	-24.00	1038.00	576.00	1077444.00	-24912.00
Total	620.00	24860.00			920.00	13724730.00	-16840.00
Mean	124	4972					

APPENDIX-21
Coefficient of Correlation of DPS of NIBL Bank

	X	Y	$x = X - \overline{X}$	y = Y-$\overline{Y}$	x²	y²	xy
	12.5	83.83	-19.26	-2.29	370.87	5.23	44.02
	55.46	79.62	23.70	-6.50	561.78	42.20	-153.97
	30	77.67	-1.76	-8.45	3.09	71.33	14.85
	40.83	98.54	9.07	12.42	82.30	154.36	112.71
	20	90.92	-11.76	4.80	138.25	23.08	-56.49
Total	158.79	430.58			1156.30	296.19	-38.87
Mean	31.758	86.116					

APPENDIX-22
Coefficient of Correlation of EPS of NABIL Bank

	X	Y	$x = X - \overline{X}$	y = Y-$\overline{Y}$	x²	y²	xy
	105.49	1505	-11.88	-2288.80	141.13	5238605.44	27190.94
	129.21	2240	11.84	-1553.80	140.19	2414294.44	-18396.99
	137.08	5050	19.71	1256.20	388.48	1578038.44	24759.70
	108.31	5275	-9.06	1481.20	82.08	2193953.44	-13419.67
	106.76	4899	-10.61	1105.20	112.57	1221467.04	-11726.17
Total	586.85	18969.00			864.46	12646358.80	8407.81
Mean	117.37	3793.8					

APPENDIX-23
Coefficient of Correlation of EPS of SCBNL Bank

	X	Y	$x = X - \overline{X}$	$y = Y - \overline{Y}$	x^2	y^2	xy
	143.14	2345	-2.51	-2627.00	6.31	6901129.00	6599.02
	175.84	3775	30.19	-1197.00	911.32	1432809.00	-36135.04
	167.37	5900	21.72	928.00	471.67	861184.00	20154.30
	131.92	6830	-13.73	1858.00	188.57	3452164.00	-25514.06
	109.99	6010	-35.66	1038.00	1271.78	1077444.00	-37017.16
Total	728.26	24860			2849.64308	13724730	-71912.92
Mean	**145.652**	**4972**					

APPENDIX-24
Coefficient of Correlation of EPS of NIBL Bank

	X	Y	$x = X - \overline{X}$	$y = Y - \overline{Y}$	x^2	y^2	xy
	39.5	83.83	-11.80	-2.29	139.29	5.23	26.98
	59.35	79.62	8.05	-6.50	64.77	42.20	-52.28
	62.37	77.67	11.07	-8.45	122.50	71.33	-93.48
	57.87	98.54	6.57	12.42	43.14	154.36	81.60
	37.42	90.92	-13.88	4.80	192.71	23.08	-66.69
Total	256.51	430.58			562.41	296.19	-103.87
Mean	**51.302**	**86.116**					

APPENDIX-25
Coefficient of Correlation of DPR of NABIL Bank

	X	Y	$x = X - \overline{X}$	$y = Y - \overline{Y}$	x^2	y^2	xy
	66.36	1505	-14.88	-2288.80	221.53	5238605.44	34066.50
	65.78	2240	-15.46	-1553.80	239.14	2414294.44	24027.96
	102.13	5050	20.89	1256.20	436.22	1578038.44	26236.99
	92.33	5275	11.09	1481.20	122.90	2193953.44	16420.58
	79.62	4899	-1.62	1105.20	2.64	1221467.04	-1794.84
Total	406.22	18969			1022.43052	12646358.8	98957.194
Mean	81.244	3793.8					

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APPENDIX-26
Coefficient of Correlation of DPR of SCBNL Bank

	X	Y	$x = X - \overline{X}$	y = Y-$\overline{Y}$	x²	y²	xy
	83.83	2345	-2.29	-2627.00	5.23	6901129.00	6005.32
	79.62	3775	-6.50	-1197.00	42.20	1432809.00	7775.71
	77.67	5900	-8.45	928.00	71.33	861184.00	-7837.89
	98.54	6830	12.42	1858.00	154.36	3452164.00	23083.79
	90.92	6010	4.80	1038.00	23.08	1077444.00	4986.55
Total	430.58	24860	1.4211E-14		296.19292	13724730	34013.49
Mean	**86.116**	**4972**					

APPENDIX-27
Coefficient of Correlation of DPR of NIBL Bank

	X	Y	$x = X - \overline{X}$	y = Y-$\overline{Y}$	x²	y²	xy
	31.65	83.83	-27.79	-2.29	772.28	5.23	63.53
	93.45	79.62	34.01	-6.50	1156.68	42.20	-220.93
	48.1	77.67	-11.34	-8.45	128.60	71.33	95.78
	70.55	98.54	11.11	12.42	123.43	154.36	138.03
	53.45	90.92	-5.99	4.80	35.88	23.08	-28.78
Total	297.20	430.58			2216.87	296.19	47.63
Mean	**59.44**	**86.116**					

APPENDIX-28
Coefficient of Correlation of PE-Ratio of NABIL Bank

	X	Y	$x = X - \overline{X}$	y = Y-$\overline{Y}$	x²	y²	xy
	14.27	1505	-18.34	-2288.80	336.28	5238605.44	41972.01
	17.34	2240	-15.27	-1553.80	233.11	2414294.44	23723.42
	36.84	5050	4.23	1256.20	17.91	1578038.44	5316.24
	48.7	5275	16.09	1481.20	258.95	2193953.44	23835.47
Total	45.89	4899	13.28	1105.20	176.41	1221467.04	14679.27
Mean	163.04	18969.00			1022.67	12646358.80	109526.41
	32.608	**3793.8**					

APPENDIX-29
Coefficient of Correlation of PE-Ratio of SCBNL Bank

	X	Y	$x = X - \overline{X}$	$y = Y-\overline{Y}$	x^2	y^2	xy
	16.38	2345	-19.52	-2627.00	381.11	6901129.00	51284.29
	21.47	3775	-14.43	-1197.00	208.28	1432809.00	17275.10
	35.25	5900	-0.65	928.00	0.43	861184.00	-605.06
	51.77	6830	15.87	1858.00	251.79	3452164.00	29482.74
	54.64	6010	18.74	1038.00	351.11	1077444.00	19450.04
Total	179.51	24860			1192.72228	13724730	116887.13
Mean	**35.902**	**4972**					

APPENDIX-30
Coefficient of Correlation of PE-Ratio of NIBL Bank

	X	Y	$x = X - \overline{X}$	$y = Y-\overline{Y}$	x^2	y^2	xy
	20.25	83.83	-9.46	-2.29	89.45	5.23	21.62
	21.23	79.62	-8.48	-6.50	71.88	42.20	55.07
	27.63	77.67	-2.08	-8.45	4.32	71.33	17.55
	42.33	98.54	12.62	12.42	159.31	154.36	156.82
	37.1	90.92	7.39	4.80	54.64	23.08	35.51
Total	148.54	430.58			379.60	296.19	286.57
Mean	**29.708**	**86.116**					

APPENDIX-31
Coefficient of Correlation of DIV. Ratio of NABIL Bank

	X	Y	$x = X - \overline{X}$	$y = Y-\overline{Y}$	x^2	y^2	xy
	4.65	1505	1.68	-2288.80	2.82	5238605.44	-3845.18
	3.79	2240	0.82	-1553.80	0.67	2414294.44	-1274.12
	2.77	5050	-0.20	1256.20	0.04	1578038.44	-251.24
	1.9	5275	-1.07	1481.20	1.14	2193953.44	-1584.88
	1.74	4899	-1.23	1105.20	1.51	1221467.04	-1359.40
Total	14.85	18969.00			6.19	12646358.80	-8314.82
Mean	**2.97**	**3793.8**					

APPENDIX-32
Coefficient of Correlation of DIV. Ratio of SCBNL Bank

	X	Y	$x = X - \overline{X}$	y = Y-$\overline{Y}$	x²	y²	xy
	5.12	2345	2.20	-2627.00	4.85	6901129.00	-5784.65
	3.71	3775	0.79	-1197.00	0.63	1432809.00	-948.02
	2.2	5900	-0.72	928.00	0.52	861184.00	-666.30
	1.9	6830	-1.02	1858.00	1.04	3452164.00	-1891.44
	1.66	6010	-1.26	1038.00	1.58	1077444.00	-1305.80
Total	14.59	24860			8.61048	13724730	-10596.23
Mean	**2.918**	**4972**					

APPENDIX-33
Coefficient of Correlation of DIV. Ratio of NIBL Bank

	X	Y	$x = X - \overline{X}$	y = Y-$\overline{Y}$	x²	y²	xy
	1.56	83.83	-0.60	-2.29	0.36	5.23	1.38
	4.4	79.62	2.24	-6.50	5.01	42.20	-14.54
	1.74	77.67	-0.42	-8.45	0.18	71.33	3.56
	1.67	98.54	-0.49	12.42	0.24	154.36	-6.11
	1.44	90.92	-0.72	4.80	0.52	23.08	-3.47
Total	10.81	430.58			6.31	296.19	-19.18
Mean	**2.162**	**86.116**					

APPENDIX-34
Coefficient of Correlation of LIQ. Ratio of NABIL Bank

	X	Y	$x = X - \overline{X}$	y = Y-$\overline{Y}$	x²	y²	xy
	3.83	1505.00	-2.27	-2288.80	5.14	5238605.44	5191.00
	3.26	2240.00	-2.84	-1553.80	8.05	2414294.44	4409.68
	6.00	5050.00	-0.10	1256.20	0.01	1578038.44	-123.11
	8.37	5275.00	2.27	1481.20	5.16	2193953.44	3365.29
	9.03	4899.00	2.93	1105.20	8.60	1221467.04	3240.45
Total	30.49	18969.00			26.97	12646358.80	16083.31
Mean	**6.098**	**3793.8**					

APPENDIX-35
Coefficient of Correlation of LIQ. Ratio of SCBNL Bank

	X	Y	$x = X - \overline{X}$	$y = Y - \overline{Y}$	x^2	y^2	xy
	8.77	2345	1.75	-2627.00	3.06	6901129.00	-4592.00
	6.86	3775	-0.16	-1197.00	0.03	1432809.00	193.91
	5.46	5900	-1.56	928.00	2.44	861184.00	-1449.54
	5.84	6830	-1.18	1858.00	1.40	3452164.00	-2196.16
	8.18	6010	1.16	1038.00	1.34	1077444.00	1202.00
Total	35.11	24860.00			8.26	13724730.00	-6841.77
Mean	7.022	4972					

APPENDIX-36
Coefficient of Correlation of LIQ. Ratio of NIBL Bank

	X	Y	$x = X - \overline{X}$	$y = Y - \overline{Y}$	x^2	y^2	xy
	9.78	83.83	-1.24	-2.29	1.53	5.23	2.83
	13.61	79.62	2.59	-6.50	6.73	42.20	-16.85
	10.47	77.67	-0.55	-8.45	0.30	71.33	4.61
	10.91	98.54	-0.11	12.42	0.01	154.36	-1.32
	10.31	90.92	-0.71	4.80	0.50	23.08	-3.39
Total	55.08	430.58			9.06	296.19	-14.12
Mean	11.016	86.116					

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