

## **An Impact of Profitability Indicators of Standard Chartered Bank Nepal Limited (SCBL)**

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### **Abstract**

*This study has complemented in the field of study of the dissertation research results of the study indicated the “Impact of Earning Per Share, Return on Assets, Return on Equity, Net Profit Margin and Price Earnings Ratio on Market Value Per Share of Standard Chartered Bank Nepal Limited (SCBL)” and Standard Chartered Bank Nepal Limited (SCBL) in overall financial profitability position and its statement and financial events in the real service life of service provide bank. This dissertation research report work is different from other research work as this work is on effectiveness utilization and management of profit in the expansion of bank challenges on a particular sector. The main objective of this study is to analyze the trend, structure of Earning Per Share, Return on Assets, Return on Equity, Net Profit Margin and Price Earnings Ratio on Market Value Per Share significance relation through hypothesis and the study made over the period 2017/18 to 2021/22 taken as a sample year. The statistical methods of trend analysis and descriptive statistics like mean, standard deviation, coefficient of variation and hypothesis test were used to analyze the study outcomes.*

**Keywords:** Earning Per Share (EPS), Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin (NPM), Price Earnings Ratio (P/E ratio) and Market Price Per Share (MPPS)

### **Introduction**

Financial statements are reports prepared by company to present the financial performance and position. They disclose the operating result base on Profit and loss and financial position of a concern. Financial information provided by financial statement is in the form of data. To make financial statements more meaningful and useful they need further analysis and interpretation. The process of reviewing, classifying, evaluating and interpreting the relationship between different heads of account of financial statements is known as financial statement analysis. This provides relevant information to the management and other interested persons and institutions to understand the result of performance and position of the entity.

Financial statements analysis helps to know solvency and profitability position of the organization for a given period of time. This supports to the management, creditors, lenders, and shareholders to make decision for future action. Management prepares future action plan on the basis of financial information obtain from financial statement analysis. Creditors decide whether

to supply goods on credit or not, lenders decide whether to grant loan or not only analyzing financial statement of the organization. Shareholders are interested on financial statement analysis to know profitability position of the organization and safety of their investment.

Financial statement analysis provides information whether sale made is enough for expected profit, profit earned is adequate to provide return on investment, interest and debt is payable out of profit or not etc. The main processes of financial statement analysis and interpretation are: re-arrangement of financial statement, comparison of different elements of accounts, analysis with reference to financial characteristics and interpretation of financial information.

### **Profile of Standard Chartered Bank Nepal Limited**

Standard Chartered Bank Nepal Limited has been in operation in Nepal since 1987 when it was initially registered as a joint-venture operation. Today, “the Bank is an integral part of Standard Chartered Group having an ownership of 70.21% in the company with 29.79% shares owned by the Nepalese public. The Bank enjoys the status of the only international bank currently operating in Nepal. We are a leading international banking group with a 160-year history in some of the world’s most dynamic markets. Our heritage and values are expressed in our brand promise, here for good. Our operations reflect our Purpose, which is to drive commerce and prosperity through our unique diversity. With 85,000 employees, we are present in 59 markets, and serve clients in a further 85. We are listed on the London and Hong Kong Stock Exchanges. With 14 points of representation, 23 ATMs across the country and more than 504 local staff, Standard Chartered Bank Nepal Limited is serving its clients and customers through a strategic domestic network. In addition, the global network of Standard Chartered Group enables the Bank to provide truly international banking services in Nepal. There are three pillars to the strategy: education, employability and entrepreneurship. It builds on the success of our earlier community programs while growing our ambition to ensure that we are reaching more young people across our markets. The Bank is also actively engaged with the communities in raising awareness around Financial Literacy, Environment, Health and Education including conducting relief activities for COVID-19 pandemic.”

### **Objectives of the Study**

Commercial banks are established with intention of earning profit so that the wealth their shareholder is maximized and earning depends upon efficient the mobilization resources. Therefore, ‘the main objectives of this study are to analyze, examine and interpret the financial position of Standard Chartered Bank Nepal Limited with the help of ratio analysis and other portfolios.

#### **The specific objectives of the study can be pointed out as follows:**

1. To analyze the comparative profitability position structure of Standard Chartered Bank Nepal Limited with the help of financial data.
2. To assess the comparative significance relation of profitability variables like, of Earning per Share, Return on Assets, Return on Equity, Net Profit Margin and Price Earnings Ratio on Market Value Per Share of Standard Chartered Bank Nepal Limited (SCBL).

## **Statement of the Problem**

Commercial Banks play vital role in economic growth of the country. As being a commercial institution, a commercial bank must make profit out of its operation for its survival and fulfillment of its responsibilities. The major activities of the commercial banks include mobilization of resources, which involves cost, and profitable deployment of the resources, generating income.

**In this context, this study will deal with the following issues:**

1. What is the profitability position structure of Standard Chartered Bank Nepal Limited?
2. *What is the significance relation of Earning Per Share, Return on Assets, Return on Equity, Net Profit Margin and Price Earnings Ratio on Market Value Per Share of Standard Chartered Bank Nepal Limited (SCBL)?*
3. What is the hypothetical relation among variables of Earning Per Share, Return on Assets, Return on Equity, Net Profit Margin and Price Earnings Ratio on Market Value Per Share of Standard Chartered Bank Nepal Limited (SCBL)?

## **Hypothesis**

Statistical analysts test a hypothesis by measuring and examining a random sample of the population being analyzed. All analysts use a random population sample to test two different hypotheses: the null hypothesis and the alternative hypothesis. The null hypothesis is the hypothesis the analyst believes to be true. Analyst believes the alternative hypothesis to be untrue making it effectively the opposite of a null hypothesis. This makes it so they are mutually exclusive and only one can be true. However, one of the two hypotheses will always be true.

### **Hypothesis: - 1**

H<sub>0</sub> (Null Hypothesis): That is there is no any relationship between Earning per Share and Market Value per share of Standard Chartered Bank Nepal Limited.

H<sub>1</sub> (Alternative Hypothesis): That is there is relationship between Earning per Share and Market Value per share of Standard Chartered Bank Nepal Limited.

### **Hypothesis: - 2**

H<sub>0</sub> (Null Hypothesis): That is there is no any relationship between Net profit margin and Market Value per share of Standard Chartered Bank Nepal Limited.

H<sub>1</sub> (Alternative Hypothesis): That is there is relationship between Net profit margin Market Value per share of Standard Chartered Bank Nepal Limited.

### **Hypothesis: - 3**

H<sub>0</sub> (Null Hypothesis): That is there is no any relationship between Return on Assets and Market Value per share of Standard Chartered Bank Nepal Limited.

H<sub>1</sub> (Alternative Hypothesis): That is there is relationship between Return on Assets and Market Value per share of Standard Chartered Bank Nepal Limited.

**Hypothesis: - 4**

H<sub>0</sub> (Null Hypothesis): That is there is no any relationship between Return on Equity and Market Value per share of Standard Chartered Bank Nepal Limited.

H<sub>1</sub> (Alternative Hypothesis): That is there is relationship between Return on Equity and Market Value per share of Standard Chartered Bank Nepal Limited.

**Hypothesis: - 5**

H<sub>0</sub> (Null Hypothesis): That is there is no any relationship between Price Earnings ratio and Market Value per share of Standard Chartered Bank Nepal Limited.

H<sub>1</sub> (Alternative Hypothesis): That is there is relationship between Price Earnings ratio and Market Value per share of Standard Chartered Bank Nepal Limited.

**Review of Literature**

Review of literature is the study of previous research or article or book in related field or topics for finding the past studies conclusion and deficiencies that may be known for further research. This chapter will help to check the chances of duplication in the present study. Thus the gap between the previous research and current research can be filled. Review of related studies is about the studies of previous thesis, related books and previous researches in similar topics. The last is research gap, which will describe the difference between the previous thesis and current thesis. The purposes of the literature review are as follows:-

**Conceptual Review**

Therefore, the chapter is categorized under three main heading. Conceptual framework is concern with fundamental of supportive text that will ensure the interpretation whether it is under the principles and doctrine of the theories related to the topic.

**Concept of Profitability**

Profit is essential for every enterprise to survive in the long run as well as to maintain capital adequacy through retain earning. It is also necessary to accept market for both debts and equity to provide funds for increased assistance to the productive sector (Robinson, 1951: p 21). Profit is the reward for entrepreneurship. It is the excess amount of revenue over total expenses and provisions. Profitability is the capacity to earn profit. Profitability is a very important element, which influences the overall activities of any kind of business. If there is no profit, it is impossible to run any organization. In the case of bank, if bank cannot earn profit, no one can expect that a bank makes their payment of interest on deposits maintain by them. Profit is the resource left to the firm for future growth and expansion or reward to be distributed to the entrepreneurs in the form of dividends etc. Banking and Financial Markets have tried to analyze a bank's profitability under and economic approach. They state, "To maximize profits bank should attract the interest rate paid on deposits", (Michael and Dennies, 1996: p 47).

Profit is the ultimate goal of every business house. They involve in business for making profit. Profit cannot achieve easily. It should be managed with better managerial skills. So profit is the planned and controlled output of management. By element, profit is the difference of revenue and costs, (Goet, et.al. 2010).

## **Profitability of Commercial Banks**

The major source of funds of the commercial bank is the public deposit. Commercial banks invest public deposits on those sectors that drive the maximum income or higher rate of return in their assets. Banks today are under great pressure to perform to meet the objectives of their stockholders, employees, depositors, and borrowing customers, while somehow keeping government regulators satisfied that the bank's policies, loans investment are sound. As other type of business entity, commercial banks are inspired by the profit. The main objectives of commercial banks are to maximize profit. Hence the investment or granting of loan and advance by them are highly influenced by profit margin. Generally the profit of commercial bank depends upon the interest rate of the bank, volume of loan provided, time period of loan, and nature of investment in different securities. However, the bank at the same time has to ensure that their investment is safe from default.

Although the banks have to invest in order to earn profits. But, at the same time have to set aside some of its fund in order to maintain their liquidity. As we all know the major source of bank's fund is public deposits, the bank has to be able to allow the depositors to withdraw their deposit in terms of need. Thus, the bank cannot invest all its funds in the profitable sectors. Thus, a successful bank is one who invests most of its funds in different earning asset standing safely from the problem of liquidity i.e. keeping cash reserves to meet the daily requirements of the depositors.

In conclusion, amongst all objectives, profit maximization is the ultimate objectives of Nepalese commercial banks. Profit earned by the firm is the main financial indicators of a business enterprise, (Robinson 1952: p 63).

## **The Financial Statements of Commercial Banks**

The financial statement of a commercial bank includes Balance Sheet, Profit and Loss Account, Cash Flow statement and other relevant disclosures.

### **Balance Sheet**

“Balance sheet may be defined as accounting statement of financial position of a business presented at specific point of time usually at the end of accounting period. The balance sheet consists of two parts namely financial outputs (uses of fund or assets) and the financial inputs (sources of fund or liabilities plus equity capital). The bank's balance sheet, list the assets, liabilities and equity capital (owners' funds) held by or invested in the bank on any given date. Assets represents uses of incoming funds to generated revenue for the bank; liabilities and net worth are sources of bank funds,” (Thapa, 2012).

### **Empirical Review**

Review of related studies is about the studies is about the studies of previous thesis, related books and previous researches in similar topics. The last is research gap, which will describe the difference between the previous thesis and current thesis. The purposes of the literature review are as follows:-

**Bhyshal, (2004).** A thesis entitled “Financial performance analysis of commercial banks in Nepal in the framework of camel” (A comparative study of Kumari Bank Ltd and Machhapuchhre Bank);

### **Objectives**

1. To analyze capital adequacy of KBL and MBL.
2. To assess the quality of assets of KBL and MBL.
3. To evaluate whether KBL and MBL is managing its expenses with respect to incomes
4. To study the trend of earning performance made by KBL and MBL.
5. To measure the liquidity position of KBL and MBL.

### **Major Findings**

1. Higher average return on equity ratio.
2. Higher average earning per share ratio.
3. Capital adequacy ratios meet the standard.
4. ROE below the benchmark (15%).
5. Net interest margin have met the benchmark (3 to 4%).
6. Earning per employee ratio is in increasing trend.

### **Recommendations**

1. Total capital adequacy ratio is adequate. It should maintain.
2. Assets quality ratio at satisfactory level.
3. Liquidity position is low so it should increase.
4. Total expenses to total income ratio is fluctuating. It should try to constant.

**Maharjan, A. (2021).** has completed the study “Profitability Analysis of commercial Banks (A case study of RB Bank And NB Bank)” , an unpublished master level thesis submitted to Shanker Dev Campus, Faculty of Management, T.U.

The specific objectives of the study are:

1. To analyze the profit and loss trend and growth of the bank over the period.
2. To evaluate the profitability and operating financial efficiency of Nepal Bank Ltd. and Rastriya Banijya Bank
3. To compare and analyze fund based interest income with fee based income of Nepal Bank Ltd. and Rastriya Banijya Bank in light of interest earning assets.

### **The study concludes that**

Both the banks showed poor performance. Both the banks have been able to lower their ratio and improve their performance. But the ratio showed that the NBL has high operating ratio than RBB which indicates the poor performance of NBL as the ratio of operating expenses was higher than the operating income. RBB and NBL had very low net interest margin. The net interest margin of RBB was higher the net interest margin of NBL. RBB and NBL had very high interest payout ratio. The main reason was due to high volume of NPAs and high cost deposits. The net operating margin of RBB was better than NBL but the ratio of RBB was very

inconsistent in comparison to NBL. But the ratio of NBL was very low and needed to be improved. Both the banks were in loss in foreign exchange income in the recent year. The RBB has higher interest expenses ratio than NBL, which indicates that RBB has maintained high cost deposit than NBL. Both the banks had very high staff expense ratio. The staff expense ratio of NBL was higher than RBB throughout the study period.

## **Research Methodology**

Research methodology is necessary for each research work. Research methodology is the way to solve the research problems systematically. The research methodology considers the logic behind the methods used in the context of research study and explains why particular method or technique is used. It also highlights about how the research problem has been defined, what data have been collected, what particular method has been adopted.

### **Research Design**

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. Research design is a plan structure and strategy of investigation conceived so as to obtain answer to research questions and to control variances. To achieve the objective of the study, descriptive and analytical research designs will be used. Some statistical and accounting tools will be applied to evaluate financial performance of the Banks.

### **Population and Sampling Design**

It is not possible to study all the data related with all bank of Nepal. There are altogether 20 listed Commercial Banks in our country and their stocks are traded actively in stock market. So the financial analysis of listed one bank is being compared with that average of the same, which are selected from population. From the above listed commercial banks are considered as population.

The selected samples are as follows:

Standard Charter Bank Limited

Total commercial Bank = 20

Sample size = 1

Sample size in percentage =  $\frac{1}{20} \times 100 = 5\%$

### **Natures and Sources of Data**

Generally this study is based on secondary data. The data relating to investment, deposit, loan and advances and profit are directly obtained from the balance sheet and profit and loss account of the concerned bank's annual reports published in their respective annual general meetings and website [www.nepalstockexchange.com](http://www.nepalstockexchange.com) and relevant bank's website. In addition to that some of the relevant data will also collect from the non bank financial statistics published by the non bank regulation department of Nepal Rastra Bank.

### **The secondary data of this research were collected from the following sources:**

1. Published and unpublished report
2. Articles and dissertations on the concerned subject
3. Annual report of Standard Charter Bank..
4. Various books written by expert, officers and scholars Publications, Speeches and Newspapers, such as Kantipur Daily, and so on.
5. Websites

The collected data through secondary sources have been tabulated in different ways according to the requirements of the study.

### **Data Collection Procedure**

As explain before, the main sources of secondary data are the annual reports of the banks published in their respective annual general meetings and website [www.nepalstockexchange.com](http://www.nepalstockexchange.com) and relevant bank's website. In addition to that some of the relevant data will also collect from the non bank financial statistics published by the non bank regulation department of Nepal Rastra Bank.

### **Method of Analysis**

To achieve the objectives of the study, various accounting, statistical and financial tools have been used in this study. The analysis of data is done according to pattern of data available. With the available tools and resources statistical tools such as Karl Pearson's coefficient of correlation, simple and multiple regressions analysis as well as corresponding hypothesis etc is use in the study. Similarly some strong accounting and financial tools such as ratio analysis and trend line analysis are also apply in this study.

The various calculated results obtained through financial and statistic tools are tabulated under different headings. Then they are compared with each other to interpret the results.

### **Financial Tools**

Financial tools basically help to identify the financial strengths and weaknesses of the firm by properly establishing relationships between the items of the balance sheet and the profit and loss account. In this study financial tool like profitability ratio analysis has been used.

### **Profitability Ratios**

Efficiency of a business is measured by the profitability. This ratio is concerned with profit .Profit is the difference between total revenues and total expenses. Profit is the ultimate output of a commercial bank and it will have no future if it fails to make sufficient profits .Therefore, the financial manager continuously evaluates the efficiency of the banks in terms of profit. The profitability ratios in this study are calculated to measure the operating efficiency and performance of two banks comparatively. Here profitability ratios are calculated and evaluated in terms of the relationship between net profit and assets. Profitability of the firms can be presented through the following different ways:

1. Net Profit to Total Income ,
2. Price Earnings Ratio (P/E),
3. Return on Assets (ROA)



4. Return on Equity (ROE)
5. Earnings per share

### Statistical Tools

In this study, some important statistical tools have been used to present and analyze the data for achieving the objectives. Such as coefficient of correlation between different variables, trend analysis of important variables as well as hypothesis test (t-statistic) has been used, which are presented below:

#### Arithmetic Mean or Average

The mean is defined as the sum of value is divided by number of items in the sample period. It is calculated by following formula:

$$\bar{X} = \frac{\sum x}{N}$$

Where,

$\bar{X}$  = Arithmetic Mean

$\sum x$  = Summation for Total Values of the Variable / Observation

N = Number of Items

#### Standard Deviation (S.D)

Karl Pearson first introduced the concept of standard deviation in 1983. Standard deviation is the positive square root of the arithmetic average of the squares of all the deviation measured from the arithmetic average of the series. The standard deviation measures the absolute dispersion of a distribution. Greater the amount of dispersion the greater the standard derivation i.e. greater will be the magnitude of the deviation of the values from their mean. A small standard deviation means a high degree of uniformity of the observation as well as homogeneity of a series. Standard Deviation is denoted by a Greek letter 'σ' (Sigma) and is calculated as follows.

$$\text{Standard Deviation } (\sigma) = \sqrt{\frac{\sum (X - \bar{X})^2}{N - 1}}$$

Where,

N = Number of items in the series.

$\bar{X}$  = Mean

X = Variable

#### Coefficient of Variation (C.V)

The coefficient of variation is the most commonly used measure of relative variation. It is used in such problems where the researcher wants to compare the variability of more than two less consistent, less uniform, more years. Greater, the value of Coefficient of Variation the variable or conversely consistent, more uniform, more stable and homogeneous.

$$CV = \frac{\text{Standard Deviation}}{\text{Mean}} \times 100$$

## Correlation coefficient (r)

Correlation is a statistical technique which can show whether and how strongly pairs of variables are related. For example, height and weight are related. An intelligent correlation analysis can lead to a greater understanding of our data. Correlation analysis only helps in determining the extent to which the two variables are correlated, but it does not tell us about cause and effect relationship.

Two variables are said to be 'correlation' when they are so related that the change in the value of one variable is accompanied by the change in the value of the other. The measure of correlation called the 'correlation coefficient' summarizes in one figure. The Karl Pearson's correlation coefficient is defined by

$$\text{Correlation coefficient (r)} = \frac{N \sum XY - \sum X \sum Y}{\sqrt{N \sum X^2 - (\sum X)^2} \sqrt{N \sum Y^2 - (\sum Y)^2}} = +1$$

Correlation coefficient lies between -1 and +1 when  $r=1$ , there is positive perfect correlation between the two variables. When  $r=-1$ , there is a negative perfect correlation. When  $r=0$ , the variables are uncorrelated and nearer the value of  $r$  to +1, closer will be relationship between two variables and nearer the value of  $r$  to 0, lesser will be the relationship.

## Coefficient of Determinants ( $r^2$ )

It is the square of correlation which is denoted by  $r^2$ . It describes what percentage change in dependent variable by the change of independent variables.

## Testing of Hypothesis

Statistical analysts test a hypothesis by measuring and examining a random sample of the population being analyzed. All analysts use a random population sample to test two different hypotheses: the null hypothesis and the alternative hypothesis. The null hypothesis is the hypothesis the analyst believes to be true. Analyst believes the alternative hypothesis to be untrue making it effectively the opposite of a null hypothesis. This makes it so they are mutually exclusive and only one can be true. However, one of the two hypotheses will always be true.

Under  $H_0$ , the value of  $t$  in  $t$ -test is given by,

$$\text{Calculated value of 't' Value} = \frac{r \sqrt{n-2}}{\sqrt{(1-r^2)}}$$

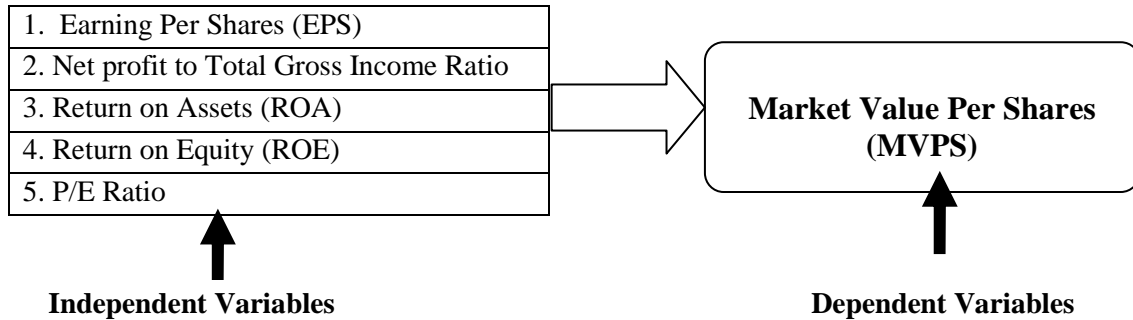
Where,  $r$  = Coefficient of correlation

$n$  = no. of observation

## Research Framework with Definition of Variables

The following are the research framework between EPS, P/E ratio, ROA, ROE, NPAT and Net profit to gross income with net worth. The net worth is base on EPS, P/E ratio, ROA, ROE, NPAT and Net profit to gross income with net worth. In general a condition net worth is depends upon EPS, P/E ratio, ROA, ROE, NPAT of sample bank.

## Research Framework



## Definition of Variables

Market price per share is depends upon EPS, P/E ratio, ROA, ROE, NPM and p/e ratio of sample bank. EPS, P/E ratio, ROA, ROE, NPM are independent variables its value effect on MPPS of every organization. The following are a financial term with multiple definitions in research frame work of sample banks.

### Earnings Per Share (EPS)

Earnings per share (EPS) are calculated as a company's profit divided by the outstanding shares of its common stock. The resulting number serves as an indicator of a company's profitability. It is common for a company to report EPS that is adjusted for extraordinary items and potential share dilution. The higher a company's EPS, the more profitable it is considered to be.

### Net Profit Margin (NPM)

The net profit margin, or simply net margin, measures how much net income or profit is generated as a percentage of revenue. It is the ratio of net profits to revenue for a company or business segment.

Net profit margin is typically expressed as a percentage but can also be represented in decimal form. The net profit margin illustrates how much of each dollar in revenue collected by a company translates into profit. Net profit margin measures how much net income is generated as a percentage of revenues received. Net profit margin helps investors assess if a company's management is generating enough profit from its sales and whether operating costs and overhead costs are under control. Net profit margin is one of the most important indicators of a company's overall financial health.

### Return on Assets (ROA)

The term return on assets (ROA) refers to a financial ratio that indicates how profitable a company is in relation to its total assets. Corporate management, analysts, and investors can use ROA to determine how efficiently a company uses its assets to generate a profit. The metric is commonly expressed as a percentage by using a company's net income and its average assets. A higher ROA means a company is more efficient and productive at managing its balance sheet to generate profits while a lower ROA indicates there is room for improvement.

## **Return on Equity (ROE)**

Return on equity (ROE) is a measure of financial performance calculated by dividing net income by shareholders' equity. Because shareholders' equity is equal to a company's assets minus its debt, ROE is considered the return on net assets.

ROE is considered a gauge of a corporation's profitability and how efficient it is in generating profits. The higher the ROE, the more efficient a company's management is at generating income and growth from its equity financing. Return on equity (ROE) is the measure of a company's net income divided by its shareholders' equity. ROE is a gauge of a corporation's profitability and how efficiently it generates those profits. The higher the ROE, the better a company is at converting its equity financing into profits. To calculate ROE, divide net income by the value of shareholders' equity. ROEs will vary based on the industry or sector in which the company operates.

## **Price-to-Earnings Ratio**

The price-to-earnings ratio is the ratio for valuing a company that measures its current share price relative to its earnings per share (EPS). The price-to-earnings ratio is also sometimes known as the price multiple or the earnings multiple. P/E ratios are used by investors and analysts to determine the relative value of a company's shares in an apples-to-apples comparison to others in the same sector. It can also be used to compare a company against its own historical record or to compare aggregate markets against one another or over time.

## **Market Value Per Share (MVPS)**

The market price per share of stock, or the "share price," is the most recent price that a stock has traded for. It's a function of market forces, occurring when the price a buyer is willing to pay for a stock meets the price a seller is willing to accept for a stock. Market price per share tells you the latest price for which a single share of a company's stock was sold. Forces of supply and demand push market prices up and down throughout the trading day. Market price per share is used to determine a company's market capitalization.

## **Result and Discussions**

This chapter is primarily concerned with presentation and analysis of data. In this study effort has been made to analyze the collected data by using financial and statistical tools as well as various graphical presentations. Likewise, comparative balance sheet and comparative profit and loss account from the year 2017/18 to 2021/22 of Standard Charter Bank Limited Study are presented in appendices.

### **Result**

The result is related with outcomes of analysis of data which is appears on analogical historical data.

### **The Profitability Position Structure of Standard Chartered Bank Nepal Limited with the Help of Financial Data**

Under this chapter various financial ratios related to profitability and fund mobilization are studied to evaluate and analyze the performance of Standard Charter Bank Limited Study of all types of ratio is not done .Only those ratios that are important form the point of view of profitability and the fund mobilization are calculate. The important ratios that are studied for this purpose are given below: Efficiency of a business is measured by the profitability. This

ratio is concerned with the profit. Profit is the difference between total revenues and total expenses. Profit is the ultimate output of a commercial bank and it will have no future if it fails to make sufficient profits. Therefore, the financial manager continuously evaluates the efficiency of the banks in terms of profit. The profitability ratios in this study are calculated to measure the operating efficiency and performance of two banks comparatively. Here profitability ratios are calculated and evaluated in terms of the relationship between net profit and assets. Profitability of the firms can be presented through the following different ways:

### Net profit to Total Gross Income Ratio

Net profit to total income ratio evaluate whether management has been capable to mobilizes and utilize the deposit in income generating sites. It also helps to know the overall performance and generation of profit of bank. This can be express as follows:

$$\text{Net profit to Total Gross income} = \frac{\text{Net profit}}{\text{Total Gross Income}} \times 100$$

**Table: 1**  
**Analysis of Net Profit to Gross Income Ratio**

| Fiscal Year        | X                   | (X- $\bar{X}$ ) | (X- $\bar{X}$ ) <sup>2</sup>    |
|--------------------|---------------------|-----------------|---------------------------------|
| 2017/18            | 46.79               | 4.75            | 22.56                           |
| 2018/19            | 46.72               | 4.68            | 21.90                           |
| 2019/20            | 39.97               | -2.07           | 4.28                            |
| 2020/21            | 34.42               | -7.62           | 58.06                           |
| 2021/22            | 42.30               | 0.26            | 0.07                            |
| Total              | $\Sigma X = 210.20$ |                 | $\Sigma(X- \bar{X})^2 = 106.87$ |
| Mean ( $\bar{X}$ ) |                     | 42.04           |                                 |
| S.D                |                     | 5.17            |                                 |
| C.V                |                     | 12.30%          |                                 |

(Sources: Appendix-I)

The Table 1 shows the ratio of Standard Charter Bank Limited have range in between 46.79 to 42.30 in 2017/18 to 2021/22 respectively with a mean ratio of 5.17. The ratio of Standard Charter Bank Limited is appeared in irregular Pattern. The highest ratio of Standard Charter Bank Limited is 46.79 recorded in year 2017/18 and the lowest ratio is 34.42 of Standard Charter Bank Limited in year 2020/21 respectively. So that it has lower net profit to total Gross income and it is more consistent in terms of consistency level. The table 1 shows that the standard deviation of net profits to Total Gross Income ratio Standard Charter Bank Limited is 5.17 which indicate that it is deviated by this figure. The coefficients of variations are 12.30% which indicate the risk of the Standard Charter Bank Limited.

This ratio can be presented by the help of diagram, which is shown below

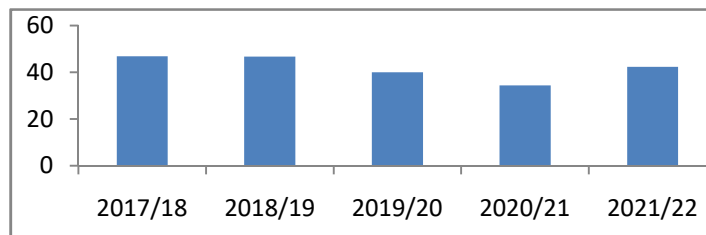


Figure No: 1 Net Profit to Total Income Ratio

## Price / Earning (P/E) Ratio

The price-earnings ratio (P/E Ratio) is the ratio for valuing a company that measures its current share price relative to its per-share earnings. Price-to-earnings ratio, commonly known as the P/E ratio, is one of the most widely used valuation metrics. Earnings are sometimes adjusted to exclude extraordinary events, since they are unlikely to repeat. When considering P/E ratios, it is important to understand if and how earnings have been adjusted and whether they are actual or projections.

The price-earnings ratio can be calculated as:

$$\text{Price-earnings ratio} = \frac{\text{Market Value per Share}}{\text{Earnings Per Share}} \times 100$$

**Table: 2**  
**Analysis of P/E**

| Fiscal Year       | X                   | (X - $\bar{X}$ ) | (X - $\bar{X}$ ) <sup>2</sup>    |
|-------------------|---------------------|------------------|----------------------------------|
| 2017/18           | 27.62               | 1.86             | 3.46                             |
| 2018/19           | 22.44               | -3.32            | 11.02                            |
| 2019/20           | 26                  | 0.24             | 0.06                             |
| 2020/21           | 36.16               | 10.4             | 108.16                           |
| 2021/22           | 16.56               | -9.2             | 84.64                            |
| Total             | $\Sigma X = 128.78$ | Nil              | $\Sigma(X - \bar{X})^2 = 207.34$ |
| Mean( $\bar{X}$ ) |                     | 25.76            |                                  |
| S.D               |                     | 7.20             |                                  |
| C.V               |                     | 27.95%           |                                  |

(Sources: Appendix-I)

The table 2 shows the P/E ratio of Standard Charter Bank Limited is fluctuating Trend. The ratio of Standard Charter Bank Limited is ranged in between the 27.62 to 16.56 in year 2017/18 to 2021/22 respectively with mean ratio of 25.76, The highest and lowest recorded ratio of Standard Charter Bank Limited are 36.16 and 16.56 in the year fiscal year 2020/21 and fiscal year 2021/22 respectively. The highest ratio indicates the stronger position of bank. The above table shows that the standard deviation of price-earnings ratio of Standard Charter Bank Limited is 7.20 which indicate that it is deviated by this figure. The coefficient of variation is 27.95% which indicate the risk of the sample banks.

**This ratio can be presented by the help of diagram, which is shown below:**

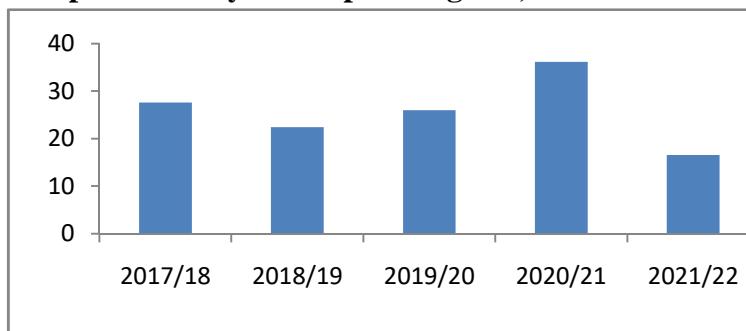


Figure No: 2 P/E Ratios

### Return on equity (ROE)

This ration measures the relationship between net profit and shareholder's equity. It indicates the firm's ability of generating profit per rupees of shareholders equity. Higher the ratio shows the more efficient the management and utilization of shareholder's fund and vice versa. It is calculated as;

$$ROE = \frac{\text{Net profit}}{\text{Total Equity}} \times 100$$

**Table: 3**  
**Analysis of Returns on Equity**

| Fiscal Year       | X                  | (X- $\bar{X}$ ) | (X- $\bar{X}$ ) <sup>2</sup> |
|-------------------|--------------------|-----------------|------------------------------|
| 2017/18           | 18.66              | 3.27            | 10.69                        |
| 2018/19           | 19.49              | 4.10            | 16.81                        |
| 2019/20           | 15.17              | -0.22           | 0.05                         |
| 2020/21           | 9.44               | -5.95           | 35.40                        |
| 2021/22           | 14.21              | -1.18           | 1.39                         |
| Total             | $\Sigma X = 76.97$ |                 | $\Sigma(X- \bar{X})^2=64.34$ |
| Mean( $\bar{X}$ ) |                    | 15.39           |                              |
| S.D               |                    | 4.01            |                              |
| C.V               |                    | 26.06%          |                              |

(Sources: Appendix-I)

The table 3 it is shows that ROE of Standard Charter Bank Limited. It is appeared in irregular in figures. The highest ratio is 19.49 of Standard Charter Bank Limited recorded in year 2018/19 with 9.44 is the lowest is in year 2021/22. The mean ratio of Standard Charter Bank Limited is 15.39 which defined that a better achieving on increasing a net profit by mobilizing on resources of shareholder's equity. On the other side, lower ratio indicates it less successful in earning a net profit by utilizing a shareholder's equity due to its lower ratio. The above table shows that the standard deviations of ROE of Standard Charter Bank Limited are 4.01 which indicate that it is deviated by this figure. The coefficients of variations are 26.06% which indicate the risk of the Standard Charter Bank Limited.

**This ratio can be presented by the help of diagram, which is shown below:**

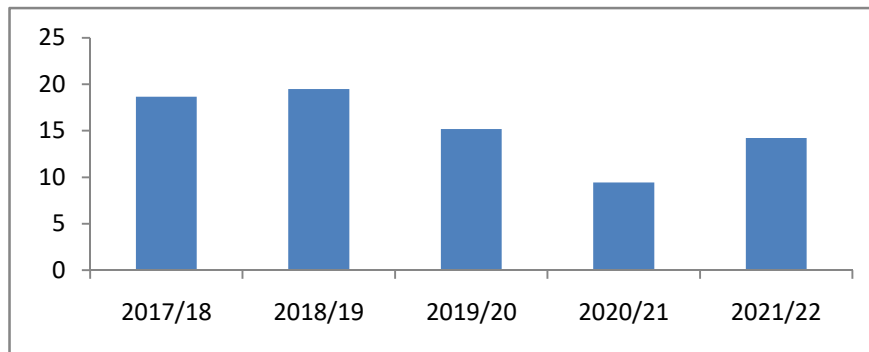


Figure No: 3 Return on Equity

**Return on assets (ROA):**

This ratio shows the relationship of net profit to total assets and helps in determining how efficiently the total assets have been used by the management. This ratio evaluates the present return on total assets. It acts as a guide for return expected on for future purchase of assets. Higher the ratio shows the more efficient operating of management and vice-versa. It is calculated as below:

$$ROA = \frac{NAPT}{Total\ assets} \times 100$$

**Table No: 4**  
**Analysis of Return on Assets**

| Fiscal Year       | X                 | (X- $\bar{X}$ ) | (X- $\bar{X}$ ) <sup>2</sup> |
|-------------------|-------------------|-----------------|------------------------------|
| 2017/18           | 2.61              | 0.61            | 0.37                         |
| 2018/19           | 2.61              | 0.61            | 0.37                         |
| 2019/20           | 1.71              | -0.29           | 0.08                         |
| 2020/21           | 1.22              | -0.78           | 0.60                         |
| 2021/22           | 1.83              | -0.17           | 0.03                         |
| Total             | $\Sigma X = 9.98$ |                 | $\Sigma(X- \bar{X})^2=1.45$  |
| Mean( $\bar{X}$ ) |                   | 1.996           |                              |
| S.D               |                   | 0.60            |                              |
| C.V               |                   | 30.06%          |                              |

*(Sources: Appendix-I)*

The table 4 the ROA ratio of Standard Charter Bank Limited has irregular in trend of sample year. The ratio of Standard Charter Bank Limited is ranged in between 2.61 to 1.83 for the year 2017/18 to fiscal year 2021/22 respectively with a mean ratio of 0.60. From the above trend it can be concluded that the higher ratio show the profit increasing in order in successful earning the net profit with efficient utilization of total assets. The above table shows that the standard deviations of Return on assets ratios of Standard Charter Bank Limited are 0.60 which indicate that it is deviated by this figure. The coefficient of variations is 30.06% which indicate the risk of the sample banks.

**This ratio can be presented by the help of diagram, which is shown below:**

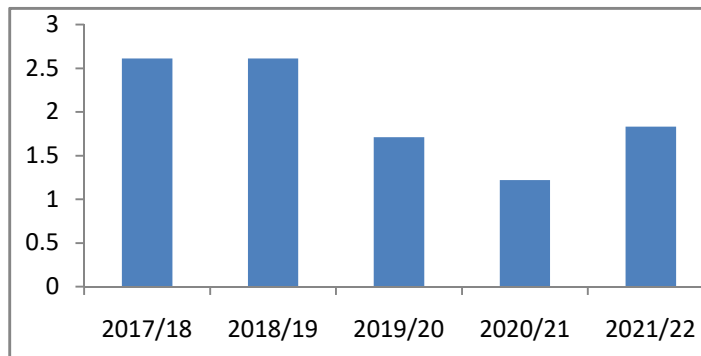


Figure No: 4 Return on Assets



## Earnings Per Share

The performance and achievement of a bank can be identified with the earning power of the bank. In general case, higher earning implies the strength if the bank. EPS is the widely quoted statistics in every investor's world. Every shareholder is much interested in the return on the share. A company is ingestible when the capital invested can earn adequate return per share. The ratio of earning available to the common shareholders to their outstanding share capital is express as,

$$\text{Earnings per share} = \frac{\text{Net Profit available to equity shareholder}}{\text{No. of ordinary share outstanding}} \times 100$$

**Table: 5**  
**Analysis of Earnings per Share**

| Fiscal Year       | X                   | (X - $\bar{X}$ ) | (X - $\bar{X}$ ) <sup>2</sup>    |
|-------------------|---------------------|------------------|----------------------------------|
| 2017/18           | 27.33               | 3.07             | 9.42                             |
| 2018/19           | 30.39               | 6.13             | 37.58                            |
| 2019/20           | 24.81               | 0.55             | 0.30                             |
| 2020/21           | 14.83               | -9.43            | 88.92                            |
| 2021/22           | 23.92               | -0.34            | 0.12                             |
| Total             | $\Sigma X = 121.28$ |                  | $\Sigma(X - \bar{X})^2 = 136.26$ |
| Mean( $\bar{X}$ ) |                     | 24.26            |                                  |
| S.D               |                     | 5.84             |                                  |
| C.V               |                     | 24.07%           |                                  |

(Sources: Appendix-I)

The table 5 shows that the earning per share of Standard Charter Bank Limited has Rs.27.33 and Rs.23.92 in the year 2017/18 in the year 2021/22 with an average of Rs.5.84. The earnings per share have been irregularly changes. The above table shows that the standard deviation of EPS ratios of Standard Charter Bank Limited Standard Charter Bank Limited is 5.84 which indicate that it is deviated by this figure. The coefficients of variations are 24.07% which indicate the risk of the Standard Charter Bank Limited

**This ratio can be presented by the help of diagram, which is shown below:**

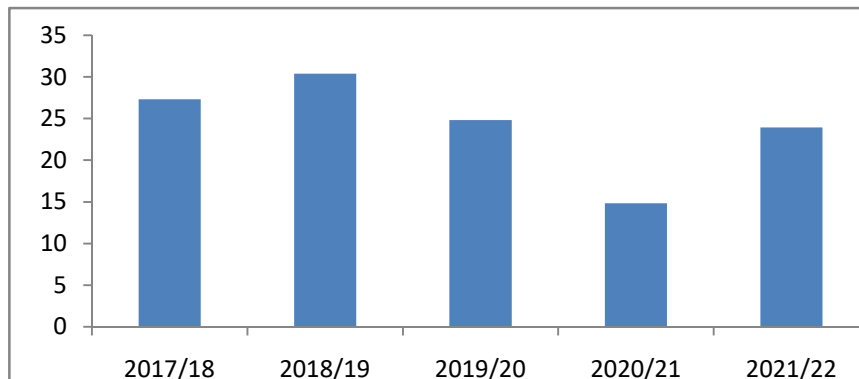


Figure No: 5 Earnings per Share

## Market Value Per Share (MVPS)

Market price per share simply refers to the most recent price of a single share in a publicly traded stock. This is not a fixed price it fluctuates throughout the trading day as various market forces push the price in different directions.

**Table: 6**  
**Market Value Per Share**

| Fiscal Year       | X (Rs)            | $(X - \bar{X})$ | $(X - \bar{X})^2$                  |
|-------------------|-------------------|-----------------|------------------------------------|
| 2017/18           | 755               | 141.40          | 19993.96                           |
| 2018/19           | 682               | 68.40           | 4678.56                            |
| 2019/20           | 645               | 31.40           | 985.96                             |
| 2020/21           | 590               | -23.60          | 556.96                             |
| 2021/22           | 396               | -217.60         | 47349.76                           |
| Total             | $\Sigma X = 3068$ | Nil             | $\Sigma(X - \bar{X})^2 = 73565.20$ |
| Mean( $\bar{X}$ ) |                   | 613.60          |                                    |
| S.D               |                   | 135.61          |                                    |
| C.V               |                   | 22.10%          |                                    |

*(Sources: Appendix-I)*

The table 6 shows that the Market Value Per Share of Standard Charter Bank Limited has Rs.755 to Rs.396 in the year 2017/18 in the year to 2021/22 with an average of Rs.613.60. The Market Value per Share has been decreasing order. The highest value is Rs 755 in the fiscal year 2017/18 and the lowest value is Rs 396 in the fiscal year 2021/22. The highest value shows the better performance of Standard Charter Bank Limited. It also shows the increase efficient management of Standard Charter Bank Limited. The above table shows that the standard deviation of Market Value per Share of Standard Charter Bank Limited Standard Charter Bank Limited is Rs 135.61 which indicates that it is deviated by this figure. The coefficients of variations are 22.10% which indicate the risk of the Standard Charter Bank Limited This ratio can be presented by the help of diagram, which is shown below:

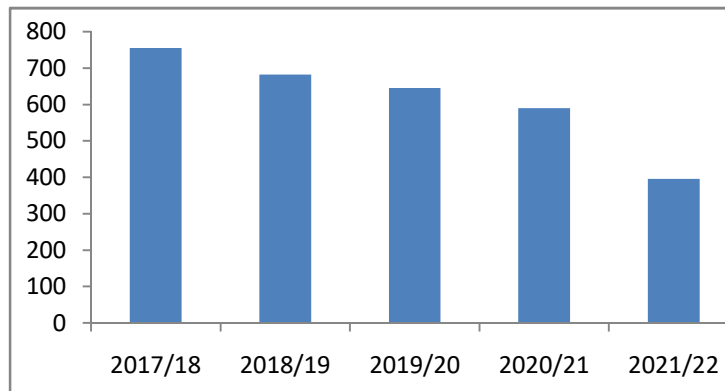


Figure No: 6 Market Value Per Share

### The Significance Relation of Research Variables of Standard Charter Bank Limited

A correlation coefficient is a statistical measure of the degree to which changes to the value of one variable predict change to the value of another. The correlation coefficient is a statistical measure of the strength of the relationship between the relative movements of two variables. In positively correlated variables, the value increases or decreases in tandem. The correlation coefficient analysis referred to the tool that is used in measuring the closeness of the relationship between two or more than two variables. The null hypothesis is the hypothesis the analyst believes to be true. Analyst believes the alternative hypothesis to be untrue making it effectively the opposite of a null hypothesis. This makes it so they are mutually exclusive and only one can be true. However, one of the two hypotheses will always be true.  $H_0$ : defendant is innocent;  $H_1$ : defendant is guilty.  $H_0$  (innocent) is rejected if  $H_1$  (guilty) is supported by evidence beyond “reasonable doubt.” Failure to reject  $H_0$  (prove guilty) does not imply innocence, only that the evidence is insufficient to reject it.

**Table: 7**  
**Correlation and t- test of EPS and MVPS**

| Particular                   | Result              |
|------------------------------|---------------------|
| Correlation Co-efficient (r) | 0.37                |
| Calculated ‘t’ Value         | 0.69                |
| Tabulated ‘t’ Value          | 3.182               |
| t- value Result              | ‘t’ Cal. < ‘t’ Tab. |
| Significance level           | No significance     |

(Source: Appendix-II)

The table 7 shows that the relations of EPS and MPPS of Standard Charter Bank Limited for five years sample period. The coefficient of correlation between EPS and MPPS of Standard Charter Bank Limited is for the fiscal year 2016/17 to 2021/22 is 0.37. The correlation coefficient is indicating low degree correlation between EPS and MVPS which Standard Charter Bank Limited. There are low effects on EPS and MPPS of Standard Charter Bank Limited. The coefficient of determination is 13.69% which shows that there is low relation between EPS and MPPS which means EPS depends or explains by MPPS is 13.69% and the remaining 86.31% explained by other factors like government policy, monetary policy, inflection rate, external environment, WTO policy, SAFTA policy and Organization policy through management decisions capability.

### Result of EPS and MPPS of Standard Charter Bank Limited

| The Analysis of EPS and MVPS Significance Test through Hypothesis |   |
|---|---|
| 1. Null hypothesis: $H_0: \mu_1 = \mu_2$ ;                        | There is no significant difference in EPS and MPPS  |
| 2. Alternative hypothesis: $H_1: \mu_1 < \mu_2$ ;                 | There is significant difference EPS and MPPS  |
| 3. Calculated value of t ( $t_{cal}$ ) = 0.69                     | The degree of freedom = 5 - 2 = 3 at the level of significance is 5% (assume as two tail test)  |
| 4. Comparative critical value:                                    | The tabulated value of the test statistic’s’ at 5% level of significance for 3 degrees of freedom under two tail test is 3.182.               |
| 5. Decision: No significant                                       | Calculated value of ‘t’ is less than tabulated value of ‘t’. Therefore, $H_0$ is accepted; i.e.; there is no significant between EPS and MPPS |

(Source: Appendix-III)

**Table: 8**  
**Correlation and t- test of ROA and MPPS**

| <b>Particular</b>            | <b>Result</b>       |
|------------------------------|---------------------|
| Correlation Co-efficient (r) | 0.53                |
| Calculated 't' Value         | 1.08                |
| Tabulated 't' Value          | 3.182               |
| t- value Result              | 't' Cal. < 't' Tab. |
| Significance level           | No significance     |

*(Source: Appendix-II)*

The table 8 shows that the relations of ROA and MPPS of Standard Charter Bank Limited for five years sample period. The coefficient of correlation between ROA and MPPS of Standard Charter Bank Limited is for the fiscal year 2017/18 to 2021/22 is 0.53. The correlation coefficient is indicating average degree positive correlation between ROA and MPPS which Standard Charter Bank Limited. There are average degrees positive correlation effects on between ROA and MPPS of Standard Charter Bank Limited. The coefficient of determination is 28.09% which shows that there is average degrees positive correlation between ROA and MPPS which means ROA depends or explains by MPPS is 28.09% and the remaining 71.91% explained by other factors like government policy, monetary policy, inflection rate, external environment, WTO policy, SAFTA policy and Organization policy through management decisions capability.

**Result of ROA and Market Price Per Shares of Standard Charter Bank Limited**

| <b>The Analysis of ROA and MPPS Significance Test through Hypothesis</b> |   |
|--|---|
| 1. Null hypothesis: $H_0: \mu_1 = \mu_2$ ;                               | There is no significant difference in ROA and MPPS  |
| 2. Alternative hypothesis: $H_1: \mu_1 \neq \mu_2$ ;                     | There is significant difference ROA and MPPS  |
| 3. Calculated value of t ( $t_{\text{cal}}$ ) = 1.08                     | The degree of freedom = 5 - 2 = 3 at the level of significance is 5% (assume as two tail test)  |
| 4. Comparative critical value:   | The tabulated value of the test statistic's' at 5% level of significance for 3 degrees of freedom under two tail test is 3.182.               |
| 5. Decision: No significant  | Calculated value of 't' is less than tabulated value of 't'. Therefore, $H_0$ is accepted; i.e.; there is no significant between ROA and MPPS |

*(Source: Appendix-III)*

**Table: 9**  
**Correlation and t- test of ROE and MPPS**

| <b>Particular</b>            | <b>Result</b>       |
|------------------------------|---------------------|
| Correlation Co-efficient (r) | 0.52                |
| Calculated 't' Value         | 1.05                |
| Tabulated 't' Value          | 3.182               |
| t- value Result              | 't' Cal. < 't' Tab. |
| Significance level           | No significance     |

*(Source: Appendix-II)*

The table 9 shows that the relations of ROE and MPPS of Standard Charter Bank Limited for five years sample period. The coefficient of correlation between ROE and MPPS of Standard

Charter Bank Limited is for the fiscal year 2017/18 to 2021/22 is 0.52. The correlation coefficient is indicating average degree positive correlation between ROE and MPPS which Standard Charter Bank Limited. There are average degrees positive correlation effects on between ROE and MPPS of Standard Charter Bank Limited. The coefficient of determination is 28.09% which shows that there is average degrees positive correlation between ROE and MPPS which means ROE depends or explains by MPPS is 27.04% and the remaining 72.96% explained by other factors like government policy, monetary policy, inflection rate, external environment, WTO policy, SAFTA policy and Organization policy through management decisions capability.

**Result of ROE and Market Price per shares of Standard Charter Bank Limited**

| The Analysis of ROE and MPPS Significance Test through Hypothesis |   |
|---|---|
| 1. Null hypothesis: $H_0: \mu_1 = \mu_2$ ;                        | There is no significant difference in ROE and MPPS  |
| 2. Alternative hypothesis: $H_1: \mu_1 \neq \mu_2$ ;              | There is significant difference ROE and MPPS  |
| 3. Calculated value of $t (t_{cal}) = 1.05$                       | The degree of freedom = $5 - 2 = 3$ at the level of significance is 5% (assume as two tail test)  |
| 4. Comparative critical value:                                    | The tabulated value of the test statistic's' at 5% level of significance for 3 degrees of freedom under two tail test is 3.182.               |
| 5. Decision: No significant                                       | Calculated value of 't' is less than tabulated value of 't'. Therefore, $H_0$ is accepted; i.e.; there is no significant between ROE and MPPS |

(Source: Appendix-III)

**Table: 10**  
**Correlation and t- test of NI to Gross Income Ratio and MPPS**

| Particular                   | Result              |
|------------------------------|---------------------|
| Correlation Co-efficient (r) | 0.37                |
| Calculated 't' Value         | 0.69                |
| Tabulated 't' Value          | 3.182               |
| t- value Result              | 't' Cal. < 't' Tab. |
| Significance level           | No significance     |

(Source: Appendix-II)

The table 10 shows that the relations of NI to Gross Income Ratio and MPPS of Standard Charter Bank Limited for five years sample period. The coefficient of correlation between NI to Gross Income Ratio and MPPS of Standard Charter Bank Limited is for the fiscal year 2017/18 to 2021/22 is 0.37. The correlation coefficient is indicating average degree positive correlation between NI to Gross Income Ratio and MPPS which Standard Charter Bank Limited. There are low degrees positive correlation effects on between NI to Gross Income Ratio and MPPS of Standard Charter Bank Limited. The coefficient of determination is 13.69% which shows that there is low degrees positive correlation between NI to Gross Income Ratio and MPPS which means ROE depends or explains by MPPS is 27.04% and the remaining 72.96% explained by other factors like government policy, monetary policy, inflection rate, external environment, WTO policy, SAFTA policy and Organization policy through management decisions capability.

### Result of NI to Gross Income Ratio and Market Price per shares of SCBL

| The Analysis of NI to Gross Income Ratio and MPPS Significance Test through Hypothesis |  |
|--|--|
| 1. Null hypothesis: $H_0: \mu_1 = \mu_2$ ;   | There is no significant difference in NI to Gross Income Ratio and MPPS  |
| 2. Alternative hypothesis: $H_1: \mu_1 \neq \mu_2$ ;                                   | There is significant difference NI to Gross Income Ratio and MPPS  |
| 3. Calculated value of $t (t_{\text{cal}}) = 0.69$                                     | The degree of freedom = $5 - 2 = 3$ at the level of significance is 5% (assume as two tail test)   |
| 4. Comparative critical value:   | The tabulated value of the test statistic's' at 5% level of significance for 3 degrees of freedom under two tail test is 3.182.                                    |
| 5. Decision: No significant  | Calculated value of 't' is less than tabulated value of 't'. Therefore, $H_0$ is accepted; i.e.; there is no significant between NI to Gross Income Ratio and MPPS |

*(Source: Appendix-III)*

**Table: 11**  
**Correlation and t- test of Price Earnings Ratio and MPPS**

| Particular                   | Result              |
|------------------------------|---------------------|
| Correlation Co-efficient (r) | 0.46                |
| Calculated 't' Value         | 0.90                |
| Tabulated 't' Value          | 3.182               |
| t- value Result              | 't' Cal. < 't' Tab. |
| Significance level           | No significance     |

*(Source: Appendix-II)*

The table 11 shows that the relations of Price Earnings Ratio and MPPS of Standard Charter Bank Limited for five years sample period. The coefficient of correlation between Price Earnings Ratio and MPPS of Standard Charter Bank Limited is for the fiscal year 2017/18 to 2021/22 is 0.46. The correlation coefficient is indicating average degree positive correlation between Price Earnings Ratio and MPPS which Standard Charter Bank Limited. There are low degrees positive correlation effects on between Price Earnings Ratio and MPPS of Standard Charter Bank Limited. The coefficient of determination is 21.16% which shows that there is low degrees positive correlation between Price Earnings Ratio and MPPS which means Price Earnings Ratio depends or explains by MPPS is 21.16% and the remaining 78.84% explained by other factors like government policy, monetary policy, inflection rate, external environment, WTO policy, SAFTA policy and Organization policy through management decisions capability.

### Result of Price Earnings Ratio and Market Price per shares of SCBL

| The Analysis of Price Earnings Ratio and MPPS Significance Test through Hypothesis |  |
|--|--|
| 1. Null hypothesis: $H_0: \mu_1 = \mu_2$ ;   | There is no significant difference in P/E and MPPS<br>There is significant difference P/E Ratio and MPPS |
| 2. Alternative hypothesis: $H_1: \mu_1 \neq \mu_2$ ;                               | The degree of freedom 3 at the level of significance is 5% (assume as two tail test)                     |
| 3. Calculated value of $t (t_{\text{cal}}) = 0.90$                                 | The tabulated value of the test statistic's' at 5% level of  |

|                                |   |
|--------------------------------|---|
| 4. Comparative critical value: | significance for 3 degrees of freedom under two tail test is 3.182.   |
| 5. Decision: No significant    | Calculated value of 't' is less than tabulated value of 't'. Therefore, Ho is accepted; i.e.; there is no significant between Price Earnings Ratio and MPPS |

(Source: Appendix-III)

The main findings of the study are carried out on the basis of the analysis of financial data of Banks which are as follows:

The Net Profit to Gross Income ratio of Standard Charter Bank Limited has range in between 46.79 to 42.30 in 2017/18 to 2021/22 respectively with a mean ratio of 5.17. The ratio of Standard Charter Bank Limited is appeared in irregular Pattern. The P/E ratio of Standard Charter Bank Limited is fluctuating Trend. The ratio of Standard Charter Bank Limited is ranged in between the 27.62 to 16.56 in year 2017/18 to 2021/22 respectively with mean ratio of 7.20, The ROE of Standard Charter Bank Limited. It is appeared in irregular in figures. The highest ratio is 19.49 of Standard Charter Bank Limited recorded in year 2018/19 with 9.44 is the lowest is in year 2021/22. The ROA ratio of Standard Charter Bank Limited has irregular in trend of sample year. The ratio of Standard Charter Bank Limited is ranged in between 2.61 to 1.83 for the year 2017/18 to fiscal year 2021/22 respectively with a mean ratio of 0.60. The earnings per share of Standard Charter Bank Limited has Rs.27.33 and Rs.23.92 in the year 2017/18 in the year 2021/22 with an average of Rs.5.84. The earnings per share have been irregularly changes. The Market Value Per Share of Standard Charter Bank Limited has Rs.755 to Rs.396 in the year 2017/18 in the year to 2021/22 with an average of Rs.613.60. The Market Value per Share has been decreasing order. The relations of EPS and MVPS of Standard Charter Bank Limited for five years sample period. The coefficient of correlation between EPS and MVPS of Standard Charter Bank Limited is for the fiscal year 2016/17 to 2021/22 is 0.37. The correlation coefficient is indicating low degree correlation between EPS and MVPS which Standard Charter Bank Limited. There are low effects on EPS and MVPS of Standard Charter Bank Limited. The coefficient of determination is 13.69% which shows that there is low relation between EPS and MVPS which means EPS depends or explains by MVPS is 13.69% and the remaining 86.31% explained by other factors like government policy, monetary policy, inflection rate, external environment, WTO policy, SAFTA policy and Organization policy through management decisions capability.

### Summary

Profitability analysis is one of the key tools for financial decision and assist in making plan before using sophisticated forecasting and budgeting procedure. The value of this approach is the quantitative relation, which can be used to diagnose strengths and weakness in a bank performance. Such analysis is considerable things for the bank's common stock holders, investors, bondholders and others. In this context, the profitability of Standard Charter Bank Limited has been analyzed as the bank is private sector modernize commercial bank among 20 commercial banks in Nepal at the present operating.

Profitability analysis of Standard Charter Bank Limited was done on the basis of their financial statements of various profitability ratios, profitability factors analysis with the help of tabular and graphic presentation along with their average were used to accomplish the objectives. This study is mainly based on the secondary data. Those data were first processed and analyzed. The analytical research design has been used.

### **Conclusions**

As per the objectives of the study and analysis made, following conclusion has been drawn:

The present study successfully explored the result to meet the stated objectives of the study and found meaningful. To find out the different profitability ratios related to performance researcher analyzed many related issues with respect to the latest profitability condition of Standard Charter Bank Limited.

1. To assess the financial soundness, most of the profitability ratios found satisfactory. The management teams in of these Standard Charter Bank Limited have introduced a number of plans, policies and manuals in order to strengthen the internal system.
2. These profitability policies include, among others, credit policy and guidelines in order to reform the credit management and formulate directive for the asset liability management. Also human resource plan, skill enhancement plan, portfolio status and plan, budget plan, strategic plan and anti-money laundering directive and trade and finance directive have been implemented.
3. To compare the soundness, the study reflects the management of Standard Charter Bank Limited is efficient and successful because net profit is continuously increasing in a sustainable manner over the study period.
4. The research result showed that a profitability position of Standard Charter Bank Limited was satisfactory and found relatively better because the most of the profitability practices scored the better position.
5. The tabulated value of the test statistic's' at 5% level of significance for 3 degrees of freedom under two tail test is 3.182. Calculated value of 't' is less than tabulated value of 't'. Therefore, Ho is accepted; i.e.; there is no significant between EPS, ROA, ROE, P/E ratio, net income to gross income ratio with MPPS.

From this, it can be concluded that the management of both banks are quite satisfactory. However it was found better in commercial banks because most of the ratio designed for the study supported this

### **Implications**

Based on the analysis of data, the following recommendations are made:

#### **To Develop Management Strategy**

The profitability analysis helps the cost management strategy would be ideal to reduce the various costs and increase the profitability. Standard Charter Bank Limited needs to take necessary to manage its assets for its existence in this competitive market. The Standard Charter



Bank Limited has not adopted any cost management strategy to have control over its cost of funding. The bank have very high potential of earning high profit than they made in the recent fiscal years so both the banks have to utilize their resources more efficiently for generating more profit margins. If resources were held idle, then the banks face high cost and cause the low profit margin.

### **To Increase Earnings**

The research result is recommended that Standard Charter Bank Limited should enhance its off-balance sheet operation, remittance and other fee-based activities to increase its earnings as it is very profitable and immediately realizable. The bank should follow the investment policy strictly to avoid the non-performing assets. It should increase investment in the government securities to trade off and stabilize the quality investment. The Standard Charter Bank Limited should seek reliable entrepreneurs and sectors to invest its limited funds of valuable depositors.

### **To Provides Safe and Good Returns**

The profitability tools help to manage risk inherent in the loans and advances is high. So, the complete dependence on the interest income is not an appropriate strategy. So, the Standard Charter Bank Limited should look to increase the fee-based income as it provides safe and good returns.

### **To the Help of Advertisement**

The profitability policy helps the staff of the Standard Charter Bank Limited must be empowered by providing training and knowledge about the bank so that customer will go better services. The Standard Charter Bank Limited has very high staff expense related to total operating expense. For the better mobilization of deposit and credit, Standard Charter Bank Limited must take the help of Advertisement.” It means special publicity campaign should be lunched to provide exposure of its service, which will help to boost up the banking habits and confidence among the people upon the bank through media house.

The Standard Charter Bank Limited needs to capture all the functional areas of the bank in restructuring process. The bank have very large network in the country, as the bank has to fulfill some social obligations to the rural areas and promoting the development of poor and disadvantage group” The operating expenses of Standard Charter Bank Limited although it couldn't make profit as made so; they should analyze other factors which maximize their profits.

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