

AN IMPACT OF FINANCIAL PERFORMANCE ON SHARE PRICE OF BANKS IN SRI LANKA

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A Project Report

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ABSTRACT

This study is designed to examine the Impact of Financial Performance on share price of Banks in Sri Lanka. Share price of the bank was used as the dependent variable for the study whilst the independent variables constituted some characteristic indicators that can affect the bank's Financial performance such as Earning per share, Dividend per share and Price earning ratio. Data was collected from 100 annual reports which are related to 20 Banks listed in Colombo stock exchange for five years from 2010 to 2014. Researcher use correlation analysis to measure the relationship between the variables and Descriptive statistics, Regression also used to analyze the data. According to the correlation analysis there is a positive relationship between the financial performance and the share price of the Banks. The findings of this study indicates that positive impact of Earning per share, Dividend per share and Price earning ratio on Share price in Banks in Sri Lanka. This provides decision makers with information about future share prices. The impact of Dividend per share and price earning ratio are also the factors that decision makers should pay close attention to protect their investment and earn more benefit through the investment in different Sri Lankan Listed companies.

Key words : Earning per share, Dividend per share, Price earning ratio, Share price

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