IMPACT OF DIVIDEND PAYOUT ON STOCK PRICE OF COMMERCIAL BANKS OF NEPAL

A dissertation submitted to the Office of Dean, Faculty of Management in partial fulfillment of requirement for the Master of Business Study

By

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Certification of Authorship

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled **IMPACT OF DIVIDEND PAYOUT ON STOCK PRICE OF COMMERCIAL BANKS OF NEPAL**. The work of this dissertation has not been submitted previously for the purpose of conferral of any degree nor has it been proposed and presented as part of requirements for any other academic purposes. The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declared that all information sources and literature used are cited in the reference section of the dissertation.

Dan Bahadur Shrestha

May 2025

Report of Research Committee

Mr. Dan Bahadur Shrestha has defended research proposal entitled **IMPACT OF DIVIDEND PAYOUT ON STOCK PRICE OF COMMERCIAL BANKS OF NEPAL**, successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Lecture, Dr. Dilliram Bhandari and submit the thesis for evaluation and viva voce examination.

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Dr. Dilliram Bhandari

(Supervisor)

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Dissertation Proposal Defended Date

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Dissertation Submitted Date

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Asso. Prof. Dr. Sajeeb Kumar Shrestha

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Dissertation Viva Voce Date

Approval Sheet

We have examined the dissertation entitled **IMPACT OF DIVIDEND PAYOUT ON STOCK PRICE OF COMMERCIAL BANKS OF NEPAL** presented by Mr. Dan Bahadur Shrestha for the degree of Masters of Business Studies. We hereby certify that the dissertation is acceptable for the award of degree.

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Any remaining errors are mine.

Dan Bahadur Shrestha

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Abbreviations

ADBL	:	Agriculture Development Bank Limited
DPR	:	Dividend Payout Ratio
EBL	:	Everest Bank Limited
EPS	:	Earnings per Share
HBL	:	Himalayan Bank Limited
KBL	:	Kumari Bank limited
MPS	:	market price of Share
NABIL	:	Nabil Bank Limiteed
P/E	:	Price Earnings Ratio
SD	:	Standard Deviations
TU	:	Tribhuwan Univercity

Abstract

The objective of research are to assess the current status of earnings per share, price-earnings ratio, dividend payout ratio and market price of share in the commercial banks of Nepal, to examine the relationship of earnings per share, price-earnings ratio, dividend payout ratio to the market price of share in the commercial banks of Nepal and to analyzed the impact of earnings per share, price-earnings ratio and dividend payout ratio to the market price of share in the commercial banks of Nepal. Descriptive and casual comparative research design has been used. The population of the research are all the commercial bank in Nepal. The sample bank is five selected based on purposive sampling. The correlation regression and descriptive statistics are used for result. The findings indicate that EPS and DPR have a significant effect on stock prices, while the P/E ratio shows a weak and statistically insignificant link to market prices. Specifically, an increase in EPS leads to a notable rise in stock prices, underscoring its importance in stock valuation. Additionally, a higher DPR is positively associated with stock prices, signaling investor confidence. However, the P/E ratio's minimal impact suggests that other factors, such as growth potential or market sentiment, may be more influential in stock valuation in the context of Nepal. This research provides valuable insights for investors, policymakers, and financial analysts, assisting them in making informed decisions within Nepal's developing banking sector. By examining the effects of dividend policies on stock price performance, the study contributes to the understanding of financial decision-making and investor behavior in emerging markets.

Keywords: Dividend Distributions, Market Price of Share and Commercial Bank

CHAPTER-I

INTRODUCTIONS

1.1 Background of the Study

Dividend distribution plays a crucial role in shaping investor sentiment and influencing stock prices, particularly within the commercial banking sector. In financial markets, dividends act as a fundamental means for companies to share profits with their shareholders. This relationship is especially significant in the banking industry, which holds a vital position in the broader economy. In the context of Nepal, commercial banks form the backbone of the financial system, and understanding the fluctuations in their stock prices is essential for evaluating financial stability and investor behavior (Joshi et al., 2023).

Dividend policy is one of the most widely discussed topics in financial literature due to its direct impact on investor behavior and stock market performance. Several classical theories offer different perspectives on how dividends influence firm valuation. Modigliani and Miller's Dividend Irrelevance Theory (1961) suggests that under perfect market conditions, dividend policy has no effect on a firm's value. On the other hand, the Bird-in-Hand Theory (Gordon, 1963) argues that investors value dividends more highly than uncertain capital gains. The Signaling Theory (Bhattacharya, 1979) posits that dividend announcements serve as indicators of a company's financial health and future prospects. Additionally, the Agency Theory (Jensen & Meckling, 1976) asserts that regular dividend payouts help reduce conflicts of interest between shareholders and company management.

In developing markets like Nepal, where financial infrastructure and investor sophistication are still evolving, the dividend policies of commercial banks play a particularly influential role in determining stock price movements. Nepalese investors, especially retail participants, often show a strong preference for dividend-paying stocks due to the regular income they provide. As retail investors constitute a large portion of the trading population on the Nepal Stock Exchange (NEPSE), the impact of dividend policies on stock prices becomes a subject of considerable interest and importance (Panta, 2020).

The Nepalese banking system is composed of commercial banks, development banks, and other financial institutions, all regulated by the Nepal Rastra Bank (NRB). Among these,

commercial banks dominate the financial sector, managing the majority of financial assets. NEPSE, the only stock exchange in the country since its establishment in 1993, sees a substantial portion of its market capitalization comprised of commercial bank stocks. These banks' dividend policies are influenced by various regulatory and economic factors, such as capital adequacy norms, liquidity conditions, and profitability levels (Chhetri, 2023).

Despite ongoing growth and reforms in Nepal's financial markets, stock prices remain highly volatile. Factors such as macroeconomic conditions, investor sentiment, and dividend policy continue to drive fluctuations. Given these dynamics, understanding the interplay between dividend distribution and stock prices is essential to assess the contribution of commercial banks to shareholder value and the stability of the capital market (Dahal et al., 2024).

Theoretical perspectives further enhance our understanding of this relationship. The Dividend Irrelevance Theory implies that dividend policy does not matter in ideal conditions, whereas the Bird-in-Hand Theory and Signaling Theory suggest that investors view dividends as indicators of a firm's reliability and financial strength. Agency Theory adds that dividend payouts can align the interests of managers and shareholders by reducing agency problems. These theories provide a conceptual foundation for evaluating the impact of dividend practices on market valuation.

In examining this issue, financial performance indicators such as Earnings Per Share (EPS), Price-to-Earnings (P/E) ratio, and Dividend Payout Ratio (DPR) are essential. EPS reflects a bank's profitability per share, with higher EPS often signaling strong financial performance and encouraging stock price appreciation. The P/E ratio measures investor expectations regarding future earnings, with a higher ratio indicating greater confidence in future growth. DPR reveals the proportion of profits distributed as dividends, with higher values appealing to income-seeking investors but also potentially raising concerns about future reinvestment and sustainability (Sharif et al., 2015).

This study focuses on commercial banks listed on NEPSE and applies a time-series analytical approach using data from the past decade. The goal is to examine trends and determine how key financial indicators EPS, P/E ratio, and DPR affect stock price movements (Panta, 2020). By assessing these relationships, the research aims to contribute empirical evidence that enhances understanding of how dividend policies influence stock valuation in Nepal's banking

sector.

In conclusion, dividend distribution continues to be a key determinant of stock price behavior among Nepalese commercial banks. Through an in-depth analysis of financial indicators and established financial theories, this study seeks to offer insights that are valuable for investors, analysts, and policymakers. By bridging the knowledge gap on this issue, the research contributes to a better understanding of the financial mechanisms that drive stock prices in Nepal's evolving capital market. Based on this context, the study is conducted under the title: "Dividend Distribution and Stock Price of Commercial Banks of Nepal."

1.2 Problem Statement

Dividend distribution plays a significant role in shaping investor perceptions and influencing stock price movements in financial markets. Within commercial banking institutions, dividends serve as a key method of distributing profits to shareholders, thereby impacting their investment decisions. The link between dividend payments and stock prices has been widely studied in financial literature. However, there is still a noticeable lack of focused research on this subject in the context of Nepalese commercial banks. Considering the critical role that banks play in Nepal's financial system, it is important for investors, policymakers, and analysts to understand how dividend policies can affect stock valuation (Joshi et al., 2023).

Stock prices are influenced by a combination of financial and non-financial variables, with dividend policy being a prominent factor. Various classical theories have been developed to explain how dividend decisions impact stock prices. The Dividend Irrelevance Theory (Modigliani & Miller, 1961) argues that in a perfect market, dividend policy has no effect on a firm's value. On the other hand, the Bird-in-Hand Theory (Gordon, 1963) suggests that investors prefer dividends to capital gains because they perceive immediate returns as less risky. The Signaling Theory (Bhattacharya, 1979) proposes that dividend announcements can provide vital signals about a company's financial strength and future outlook. Additionally, the Agency Theory (Jensen & Meckling, 1976) contends that dividends help reduce conflicts of interest between managers and shareholders by ensuring a fair distribution of profits.

Despite these theoretical frameworks, the real-world relationship between dividend policy and stock prices remains complex, especially in developing economies like Nepal. The Nepal Stock Exchange (NEPSE), the country's primary equity market, is still maturing and is marked by

high volatility, limited institutional investor involvement, and a dominance of retail investors. Since many Nepalese investors tend to favor dividend-yielding stocks, particularly from the banking sector, it becomes increasingly important to analyze how dividend policies influence stock price behavior (Pandey et al., 2024).

Although there is a substantial amount of international research exploring the connection between dividend distribution and stock valuation, there is a notable shortage of studies focusing specifically on the Nepalese banking sector. Much of the existing literature has examined general trends in the stock market, the influence of macroeconomic variables, or the role of financial performance metrics. However, there remains a gap in understanding how dividend-related ratios impact the valuation of commercial banks in Nepal. Moreover, most theoretical insights are drawn from the experiences of developed economies, which operate under vastly different market structures, regulatory systems, and investor behavior compared to Nepal (Dahal et al., 2024).

Another important research gap lies in the limited empirical studies that integrate multiple financial indicators to assess stock price fluctuations. While individual factors such as Earnings Per share (EPS), Price-to-earnings (P/E) ratio, and dividend payout ratio (DPR) have been analyzed independently in prior studies, there has been little comprehensive analysis combining these variables within the context of Nepalese commercial banks. This study aims to address this deficiency by evaluating the combined effect of these indicators on stock price dynamics within the banking sector (Pandey et al., 2024).

The central research problem addressed in this study is to determine how dividend distribution influences the stock prices of commercial banks in Nepal. Specifically, the study seeks to assess the impact of key financial metrics EPS, P/E ratio, and DPR on market share prices. These indicators have been chosen for their theoretical significance and practical value in understanding stock price behavior. The research problem is further clarified through a set of focused research questions, guiding the study's empirical investigation.

i. What is the current status of earnings per share, price-earnings ratio, dividend payout ratio and market price of share in the commercial banks of Nepal?
ii. Whether there is the relationship of earnings per share, price-earnings ratio, dividend payout ratio to the market price of share in the commercial banks of Nepal?

iii. Do earnings per share, price-earnings ratio and dividend payout ratio are impact on market price of share in the commercial banks of Nepal?

1.3 Objectives of the Study

The main objective of research is to analyze the impact of dividend distribution and stock price of commercial banks of Nepal. The objectives are more elaborated under.

i. To assess the current status of earnings per share, price-earnings ratio, dividend payout ratio and market price of share in the commercial banks of Nepal.
ii. To examine the relationship of earnings per share, price-earnings ratio, dividend payout ratio to the market price of share in the commercial banks of Nepal.
iii. To analyze the impact of earnings per share, price-earnings ratio and dividend payout ratio to the market price of share in the commercial banks of Nepal.

1.4 Hypothesis of the Study

The hypothesis are two types and they are null hypothesis and alternative hypothesis. The hypothesis is used for make a prediction of the future probable things. Here is the statement of hypothesis.

Hypothesis 1: There is the significant impact of earnings per share to the market price of share in the commercial banks of Nepal.

Hypothesis 2: There is the significant impact of price-earnings ratio to the market price of share in the commercial banks of Nepal.

Hypothesis 3: There is the significant impact of dividend payout ratio to the market price of share in the commercial banks of Nepal.

1.5 Rationale of the Study

Dividend distribution plays a significant role in financial markets by influencing investor perceptions and contributing to stock price volatility. Within the banking industry, dividends are a primary mechanism for allocating profits to shareholders, directly impacting investment decisions. Gaining a deeper understanding of how dividend policies affect stock prices is especially important for financial institutions, given their central role in maintaining economic stability. This research aims to examine the influence of dividend distribution on the stock prices of Nepalese commercial banks, with a focus on key financial indicators such as Earnings

Per Share (EPS), Price-to-Earnings (P/E) ratio, and Dividend Payout Ratio (DPR).

Commercial banks are at the core of Nepal's financial infrastructure, playing a crucial role in fostering economic development and ensuring financial security. They hold a dominant position on the Nepal Stock Exchange (NEPSE), making their stock valuations particularly significant for investors, regulators, and market participants. Since Nepalese investors often prefer stocks that offer regular dividends, a thorough investigation into the relationship between dividend policies and stock prices is necessary to support informed investment strategies and financial planning.

While dividend policy and its effect on stock valuation have been widely studied globally, there is a noticeable gap in research specific to Nepalese commercial banks. Most available studies tend to focus on broader aspects such as overall stock market performance or the general financial health of banks, without explicitly examining the impact of dividends on share prices. Given that dividend policies influence investor confidence and can shape market dynamics, analyzing their role within Nepal's banking sector can yield important insights for both investors and policymakers.

Nepal's stock market is marked by considerable volatility, low levels of institutional participation, and a high presence of individual retail investors. In such an environment, dividends can exert a strong influence on stock price movements. However, empirical evidence on how financial indicators like EPS, P/E ratio, and DPR affect stock valuation in Nepal remains scarce. This study addresses that gap by evaluating how these metrics collectively influence the pricing of commercial bank stocks in the country.

Understanding how dividend distribution affects stock prices is essential for a range of stakeholders. For investors, it supports more informed decisions by highlighting the role of dividends in stock valuation. For banks, it helps shape dividend policies that balance shareholder returns with financial stability. Moreover, for regulatory bodies such as the Nepal Rastra Bank and NEPSE, the findings can guide the development of market policies that reinforce investor trust and promote a stable financial environment.

Ultimately, the outcomes of this study will enrich the existing body of literature on dividend policy and stock price behavior, offering empirical insights from Nepal's banking industry. The research will also serve as a practical tool for financial analysts, institutional investors,

and policymakers seeking to better understand stock market dynamics and make evidence-based decisions in the context of Nepal's evolving financial sector.

1.6 Limitations of the Study

The research has certain limitations and they are provided here under.

i. The sample size was limited to a few commercial banks, and the findings may not fully represent the entire banking sector in Nepal.
ii. The study focused on quantitative data and did not include qualitative factors such as investor sentiment or macroeconomic conditions, which could further influence stock prices.
iii. The high volatility of Nepal's stock market could skew results, as stock prices may be impacted by factors unrelated to dividend policies, such as market speculation or political events.
iv. The study focuses primarily on EPS, P/E ratio, and DPR, potentially overlooking other relevant financial metrics or qualitative factors that may also influence stock prices.
v. The influence of government regulations or policies on dividend distribution and stock price behavior may not be fully addressed, despite their potential impact.

CHAPTER-II

LITERATURE REVIEW

This chapter provides a comprehensive overview of previous studies related to the financial determinants of stock prices, with a specific emphasis on Nepalese commercial banks. It reviews key academic contributions and theoretical frameworks, focusing on commonly examined variables including the price-to-earnings (P/E) ratio, book value per share, earnings per share (EPS), and dividends per share. Additionally, the chapter identifies existing gaps in the literature, such as the limited investigation into macroeconomic factors and the underrepresentation of other financial sectors like insurance and microfinance. The chapter concludes by discussing the shortcomings of current research methodologies and proposes the adoption of more sophisticated analytical techniques in future research.

2.1 Theoretical Review

Theory of Dividend Distributions

The theory of dividend distribution examines the various factors that guide a company's decision to allocate profits to shareholders through dividend payments. Several foundational theories have been developed to explain how and why firms determine their dividend policies:

Modigliani-Miller Theory

According to Modigliani and Miller (1961), in an ideal market free from taxes, transaction costs, and other distortions a company’s dividend policy has no bearing on its value or shareholder wealth. Whether profits are paid out as dividends or reinvested, the overall valuation of the firm remains unaffected. Investors, under this assumption, can create their preferred income stream by trading shares.

Bird-in-the-Hand Theory

In contrast to the Modigliani-Miller proposition, the Bird-in-the-Hand Theory, proposed by Gordon (1963), argues that investors prefer the certainty of dividend payments over the uncertainty of capital gains. This preference results in higher valuations for dividend-paying firms, as investors perceive dividends to be less risky and more reliable than future price appreciation.

Tax Preference Theory

Black and Scholes (1974) introduced the Tax Preference Theory, which suggests that investors may favor capital gains over dividends due to the tax advantages capital gains often provide. Since dividends are typically taxed more heavily, companies may retain earnings instead of distributing them, aligning with investors' desire for lower overall tax liabilities.

Signaling Theory

This theory views dividends as a communication tool through which firms signal their financial strength to the market. Bhattacharya (1979) and later Miller and Rock (1985) posited that consistent or increasing dividend payouts are interpreted as signs of a company's solid earnings prospects, while reductions in dividends may raise red flags about financial instability.

Agency Theory

Jensen and Meckling (1976) developed the Agency Theory, which proposes that dividends help mitigate conflicts of interest between managers and shareholders. By distributing excess profits as dividends, companies reduce the risk of managerial misuse of retained earnings for unproductive or self-serving projects, thereby aligning management's actions with shareholder interests.

Pecking Order Theory

Introduced by Myers (1984), the Pecking Order Theory suggests that companies prefer using internal funds over external financing. Firms with higher earnings are more likely to distribute dividends since they don't need to rely on debt or equity markets. However, dividend decisions are also influenced by the firm's capital structure and desire to maintain financial flexibility.

Theories of Stock Price Determination

The valuation of stock prices involves multiple theories and models that attempt to explain how market prices are formed, based on financial performance, risk factors, and external economic conditions:

Efficient Market Hypothesis (EMH)

Proposed by Fama (1970), the EMH asserts that stock prices fully reflect all available information at any given moment, making it impossible to consistently outperform the market using publicly accessible data. The theory is categorized into three forms:

Random Walk Theory

Originating from Bachelier (1900) and expanded by Fama (1965), the Random Walk Theory argues that stock price movements are random and cannot be accurately predicted. It suggests that price changes are primarily driven by unforeseen news and events, rendering technical analysis unreliable for forecasting.

Fundamental Analysis

Fundamental analysis involves evaluating a company's intrinsic value based on its financial statements and performance indicators such as earnings, dividends, debt, and growth potential. Pioneered by Graham and Dodd (1934), this approach uses tools like the Discounted Cash Flow (DCF) model to estimate a stock's true value, assuming that market prices eventually align with underlying fundamentals.

Technical Analysis

Developed from the work of Dow (1900), technical analysis relies on studying historical price and payout trends to predict future movements. It assumes that all relevant information is already reflected in price patterns, allowing analysts to identify trends and signals using charts, moving averages, and momentum indicators.

Behavioral Finance Theory

Explored by Kahneman and Tversky (1979), behavioral finance focuses on how cognitive biases and emotional responses impact investor behavior and market outcomes. This theory challenges traditional assumptions of rationality in markets, emphasizing phenomena such as herd behavior, overconfidence, and loss aversion that can cause mispricing, bubbles, or crashes.

Dividend Discount Model (DDM)

Proposed by Gordon (1959), the DDM values a stock by calculating the present value of its expected future dividends. It assumes that a stock's worth is directly tied to its ability to generate dividend income, adjusted for the required rate of return and dividend growth rate, making it particularly useful for valuing mature, dividend-paying firms.

Arbitrage Pricing Theory (APT)

Ross (1976) introduced APT as a multifactor model that explains stock prices through various macroeconomic variables such as interest rates, inflation, and GDP growth. Unlike the single-

factor Capital Asset Pricing Model (CAPM), APT allows for multiple sources of market risk, providing a more nuanced understanding of price movements.

Capital Asset Pricing Model (CAPM)

Developed by Sharpe (1964) and Lintner (1965), CAPM determines a stock's expected return based on its sensitivity to market risk (beta), the risk-free rate, and the market risk premium. This model is commonly used to assess whether a stock is fairly valued in relation to its risk exposure.

2.2 Empirical Review

Dahal et al. (2025) conducted an analysis of key financial factors specifically the price-to-earnings (P/E) ratio, book value per share (BVPS), dividend rate, earnings yield, and market-to-book (M/B) ratio and their influence on the market prices of Nepalese commercial banks. Utilizing descriptive statistics, correlation analysis, and multiple regression models, the study examined data from annual observations provided by all Nepalese commercial banks listed on the Nepal Stock Exchange. The findings indicated a significant positive relationship between market price and both the P/E ratio and BVPS, suggesting that these variables play a critical role in determining stock prices. While the M/B ratio, earnings yield, and dividend rate also demonstrated positive correlations, their impacts were less pronounced. These results underscore the importance of profitability and valuation metrics in guiding investors' decision-making processes in the Nepalese stock market.

Giri (2024) investigated how factors such as dividends per share (DPS), earnings per share (EPS), P/E ratio, and net worth per share influence the market price per share of commercial banks in Nepal. The study analyzed panel data from four commercial banks, consisting of 40 observations, to evaluate the correlation and influence of factors affecting stock price movements. The results revealed a significant positive correlation between the market price per share and the DPS, P/E ratio, and net worth per share, but a negligible effect of market price per share and EPS of commercial banks.

Pandey et al. (2024) explored the factors affecting the market price of Nepalese commercial banks. Utilizing bivariate correlation and regression models, data sourced from the annual reports and official publications of eight NEPSE-listed banks underwent comprehensive analysis facilitated by MS-Excel and SPSS. The results unveiled a significant positive

correlation between EPS and P/E ratio, indicating that as EPS increases, so does the P/E ratio, and consequently, the market price. However, the impact of BVPS and DPS on market prices was found to be negligible, suggesting that these factors exert minimal influence on market valuations. The primary inference drawn from the findings underscores the dominance of P/E ratio and EPS as pivotal determinants of share prices within Nepalese commercial banks.

Dahal et al. (2024) examined the impact of various financial variables on the pricing of commercial banks in Nepal. Key financial metrics analyzed include EPS, dividend yield, P/E ratio, earnings yield, BVPS, money supply, M/B ratio, and stock return. The research highlighted the importance of market financial ratios in the investment decisions of Nepalese investors. Using data from 10 out of 20 commercial banks listed on the Nepal Stock Exchange, spanning yearly observations from fiscal years, multiple regression models were employed to determine the relationships between these factors. The findings revealed that EPS, dividend yield, P/E ratio, BVPS, money supply, M/B ratio, and stock return are significantly positively correlated with the prices of commercial banks. Conversely, earnings yield shows a negative correlation. Despite the strong preference for price and profitability metrics, the study's limited sample size and focus on commercial banks may affect the generalizability of the results. This research provides critical insights, particularly emphasizing the importance of EPS, dividend yield, P/E ratio, and BVPS in guiding investors' financial decisions in Nepal.

Hutabarat (2024) studied the effects of corporate governance, leverage, profitability, and EPS on stock prices and firm value in the banking sector. The study sampled 15 banks from the infobank15 index, using financial statement data from 2018 to 2020, totaling 45 samples. The research employed descriptive analysis, linear regression, and significance testing. Results indicated that corporate governance, leverage, profitability, and EPS significantly impact stock price and firm value both individually and collectively.

Joshi et al. (2023) explored the factors that influence stock prices in the commercial banking business in Nepal. Descriptive and causal-comparative research design and purposive sampling technique used in this research examine how critical financial variables affect market prices per share (MPPS), including BVPS, EPS, DPS, and P/E ratio. There is a statistically significant but relatively small positive correlation between MPPS and BVPS. The results show that MPPS and EPS, DPS, and P/E ratio are significantly positively correlated. The model

demonstrates its robustness in capturing stock price changes by accounting for around 86.1% of the variation in MPPS. These observations offer insightful recommendations for experts and investors involved in Nepal's commercial banking sector.

Dhodary (2023) examined the determinants of stock prices in Nepalese commercial banks using a quantitative method followed by descriptive research to provide a precise study on selected variables. The data was pooled cross-sectional and collected from NEPSE-listed banks at a single point in time.

Shrestha et al. (2023) investigated the impact of various determinants on stock market prices in Nepalese commercial banks through a causal-comparative research design and a quantitative approach. The study utilized secondary data and convenience sampling to select commercial banks. Pearson's multiple correlations and linear regression analysis revealed that EPS and DPS negatively and insignificantly affect the market book ratio (MBR), indicating no impact on the stock market. Conversely, the P/E ratio has a positive but statistically insignificant effect on MBR. BVPS and the M/B ratio positively and significantly influence MBR, suggesting that increases in BVPS and M/B ratio significantly boost MBR.

Chhetri (2023) examined the factors affecting the share price of commercial banks in Nepal, considering the internal and external factors like size, EPS, P/E ratio, BVPS, return on assets (ROA), inflation, broad money supply, and gross domestic product on the stock price. The pooled cross-sectional data analysis has been undertaken in the study. The research design adopted in this study is causal-comparative type as it deals with the relationship of firms' specific and macroeconomic variables with market price per share. Regression analysis shows the relationship between the internal and external factors influencing the share price of listed commercial banks of Nepal.

Shrestha (2022) examined firm-specific factors influencing stock prices in Nepalese companies using unbalanced panel data from 47 NEPSE-listed firms. To determine the most appropriate regression model, the study applied the Breusch and Pagan Lagrangian multiplier test along with the Hausman test, concluding that the Fixed Effects model was best suited. The results showed that firm-level variables significantly affect the market-to-book ratio. In particular, firm size, dividend per share (DPS), and earnings per share (EPS) had a notable positive impact, while return on equity (ROE) and dividend yield (DY) had significant negative

effects. Book value per share (BVPS) had a positive but statistically insignificant effect, and return on assets (ROA) had an insignificant negative effect on share prices.

Wagle (2021) investigated variables that influence stock prices in Nepalese commercial banks using a descriptive and causal-comparative approach. The analysis utilized mean, standard deviation, correlation, and regression techniques. The study found that market-to-book ratio (M/B), price-to-earnings ratio (P/E), and earnings yield (E/Y) had a significant positive relationship with stock prices. Conversely, dividend yield (D/Y) was found to have a positive but statistically insignificant impact.

Huy et al. (2020) assessed how seven macroeconomic variables affect the stock price of a joint stock commercial bank. Using econometric analysis with EViews software, their model found that GDP growth, lending rates, and the risk-free rate significantly boosted the stock price of VCB. Additionally, a decrease in the exchange rate also positively influenced prices, though to a lesser extent.

Panta (2020) analyzed the relationship between the NEPSE Index and five macroeconomic indicators real GDP, broad money supply, interest rate, inflation, and exchange rate using an autoregressive distributed lag (ARDL) model and an accompanying error correction model (ECM). The findings revealed that in the long term, broad money supply, interest rate, inflation, and exchange rate significantly affected the NEPSE Index. In the short term, GDP, money supply, and exchange rate positively influenced the index, with only money supply maintaining a long-run positive effect.

Thapa (2019) explored determinants of stock prices in NEPSE-listed commercial banks using both primary (questionnaires) and secondary (financial statements) data analyzed through linear regression. The study concluded that EPS, DPS, regulatory effectiveness, investor sentiment, corporate reputation, and even chance events significantly and positively influenced share prices. On the other hand, interest rates and the P/E ratio were found to negatively impact stock prices. The study also emphasized the importance of market liquidity and both fundamental and technical analysis in market performance.

Bajracharya and Sawagvudcharee (2019) focused on factors affecting the share prices of Nepalese commercial banks using secondary data and a causal-comparative research design. The study demonstrated that internal indicators such as EPS, DPS, and the P/E ratio were

significantly positively correlated with market prices. However, the inflation rate, an external factor, showed a significant negative relationship with stock prices.

Baral and Pradhan (2018) assessed how dividend policy influences the share prices of commercial banks in Nepal. Using pooled cross-sectional data from top-performing and underperforming banks listed on NEPSE, the study employed descriptive statistics, correlation, regression, ANOVA, and the Wilcoxon Signed Rank Test. The findings showed that EPS and the P/E ratio had a positive influence on stock prices across all banks. For top gainers, the P/E ratio had the strongest effect, while for underperformers, the dividend payout ratio (DPR) was the most influential.

Mousavi and Karshenasan (2017) analyzed the factors affecting the value of bank stocks using tools such as Excel, SPSS, and EViews. After performing stationarity and model fitness tests (Im, Pesaran, and Shin; F-Limer; Hausman), they concluded that bank size, performance, inflation, and credit risk significantly impacted bank share values.

John (2015) studied the determinants of stock prices in Nigerian banks using linear regression and partial correlation. The analysis, conducted over two years, found that net asset value per share and the price-to-book value ratio had a consistent, strong influence on stock prices. While DPS and P/E ratio were significant in 2013, they were not in 2012, suggesting year-to-year variability in their influence.

Sharif et al. (2015) investigated share price determinants in the Bahrain financial market using panel data from companies listed on the Bahrain Stock Exchange. Employing pooled OLS regression with robust standard errors, as well as fixed and random effects models, the study examined eight firm-specific factors including ROE, BVPS, EPS, DPS, DY, P/E, debt-to-assets ratio, and firm size. The results indicated that ROE, BVPS, DPS, DY, P/E, and firm size significantly influenced market prices, highlighting their importance in investors' decision-making processes.

Narayan et al. (2014) explored stock price determinants in major Indian banks through panel data techniques and a Granger causality framework. The study found that stock prices, economic activity, interest rates, and exchange rates were panel-integrated. Economic growth and currency depreciation had a positive influence on share prices, while higher interest rates negatively impacted them.

Table 1

Summary of Empirical Review

Author and Date	Title	Methodology	Major Findings
Dahal et al. (2025)	Impact of Financial Indicators on Nepalese Commercial Bank Stock Prices.	By employing descriptive statistics, correlation analysis, and multiple regression techniques.	There is a notable positive correlation between market price and both the price-to-earnings ratio and book value per share, highlighting the important role these factors play in influencing stock prices. Although the market-to-book value ratio, earnings yield, and dividend rate also showed positive correlations, their effects were less significant.
Pandey et al. (2024)	Factors Affecting Stock Price Volatility of Commercial Banks in Nepal.	The analysis was conducted using bivariate correlation and regression models, with the data being processed through MS Excel and SPSS.	A strong positive correlation was observed between earnings per share and the price-earnings ratio. However, the influence of book value and dividend per share on market prices was found to be minimal, indicating that these factors have little effect on market valuations.
Giri (2024)	Factors affecting Stock Price Behaviour of Commercial Banks in Nepal Stock Exchange.	The study examined the panel data using correlation analysis.	The study found a significant positive correlation between Market Price Per Share and Dividends Per Share, Price-Earnings Ratio, and Net Worth Per Share, while the relationship between Market Price Per Share and Earnings Per Share was found to be minimal.
Dahal et al. (2024)	An Empirical Assessment of Factors Impacting Stock Prices of Nepalese Commercial Banks.	The multiple regression model used	Earnings per share, dividend yield, P/E ratio, book value per share, money supply, market-to-book value ratio, and stock return all exhibit a significant positive correlation with stock prices, while earnings yield demonstrates a negative correlation.
Hutabarat (2024)	Determinants of stock price and company value viewed from	This study employs descriptive analysis, linear regression, and significance testing.	Corporate governance, leverage, profitability, and earnings per share all significantly influence stock prices and company value,

	corporate governance, leverage, profitability, EPS		both independently and in combination
Joshi et al. (2023)	Stock Market Price and Its Determinants: A Case Study of Nigerian Banks.	Data analysis was conducted using descriptive statistics, correlation, and regression techniques.	A statistically significant, though relatively small, positive correlation was found between book value per share. Additionally, the Market Price Per Share (MPPS) shows a significant positive correlation with earnings per share, dividend per share, and price-earnings ratio
Dhodary (2023)	Determinants of stock market price in Nepalese commercial banks.	The study used quantitative methods, supported by descriptive research.	The price-earnings ratio was found to be zero for certain banks due to the lack of earnings per share. The share prices of Nepalese commercial banks show a positive correlation with book value per share, price-earnings ratio, return on equity, and dividends, and a negative correlation with firm size. All these independent variables, except firm size, are statistically significant. Book value per share (BVPS), price-earnings ratio (PE), return on equity (ROE), and dividends (DIV) have a positive and significant impact on the market-to-book ratio (MBR), while firm size has a significant negative effect on MBR.
Shrestha, Acharya and Dhaka (2023)	The internal financial determinants of stock price: Evidence from Nepalese commercial banks.	Pearson's correlation and linear regression analysis were used to analyze the data.	Earnings per Share (EPS) and Dividend per Share (DPS) have a negative and statistically insignificant effect on the Market Book Ratio (MBR), indicating that these factors do not impact the stock market. Similarly, the Price-Earnings ratio (P/E) shows a positive but statistically insignificant effect on MBR, suggesting that it does not influence MBR. In contrast, Book Value per Share (BVPS) and the

			Market-to-Book Value (MBV) ratio demonstrate a positive and statistically significant impact on MBR.
Chhetri (2023)	Factors affecting the share price of commercial banks in Nepal.	Correlation and regression used.	The connection between internal and external factors affecting the share prices of publicly listed commercial banks in Nepal.
Shrestha (2022)	Firm specific determinants of stock market price of Nepalese enterprises.	The Multiplier test and Hausman test were used to identify the appropriate regression model	Firm-specific factors play a key role in determining the market book ratio of Nepalese companies. The study finds that firm size, dividend per share, and earnings per share have a significant positive impact, while return on equity and dividend yield negatively affect the market book ratio. Additionally, book value per share has an insignificant positive effect, and return on assets has an insignificant negative effect on the market price of shares.
Wagle (2021)	Determinant of stock market prices in Nepal: A case of commercial banks.	The analysis was conducted using techniques such as mean, standard deviation, correlation, and regression analysis.	The Market-to-Book ratio, Price-Earnings ratio, and Earnings Yield ratio displayed a significant positive correlation with stock market prices, while the Dividend Yield ratio had a positive but negligible effect on the stock market price.
Huy et al. (2020)	Impact of selected factors on stock price: a case study of Vietcombank in Vietnam.	The regression model was used with Eview software to assess the impact of various factors.	An increase in GDP growth, lending rate, and risk-free rate significantly boosts the VCB stock price, with the highest impact coefficient. The second most influential factor is a decrease in the exchange rate.
Panta (2020)	Macroeconomic determinants of stock market prices in Nepal.	The study employed an error correction model.	The long-term variations of the NEPSE Index are strongly impacted by broad money supply, interest rates, inflation, and exchange rates. In the short term, GDP, money supply, and exchange rates have positive effects, with only the money supply continuing to maintain a

			positive relationship in the long term.
Thapa (2019)	Influencing factors of stock price in Nepal.	The data was examined using a basic linear regression model.	Earnings per share, dividend per share, effective regulatory frameworks, market sentiment, company reputation, and unexpected success have a strong positive correlation with share prices. In contrast, interest rates and the price-to-earnings ratio demonstrate a notable negative relationship with share prices.
Bajracharya and Sawagvudcharee (2019)	Internal and external factors influencing share prices of Nepalese commercial banks.	The correlation and regression has been used.	Internal factors such as earnings per share, dividend per share, and price-to-earnings ratio showed a positive and significant relationship with the market price per share. On the other hand, the external factor, inflation rate, had a negative and significant relationship with the market price per share.
Baral and Pradhan (2018)	Impact of dividend policy on share price of commercial bank in Nepal.	Descriptive analysis, correlation and regression analysis, ANOVA, and the Wilcoxon signed-rank test.	Except for DPR, other factors such as EPS and P/E ratio have a positive relationship with stock prices, with P/E being the most influential factor. On the other hand, EPS, P/E ratio, and DPR all positively influence the stock price, with DPR being the most significant factor affecting the share price.
Mousavi and Karshenasan (2017)	Factors affecting the value of bank shares in Tehran stock exchange.	The Shin test is applied to assess the reliability of variables, followed by the reporting of F-Limer fitness tests and Hausman tests. Finally, a regression model is applied to address the research questions.	The size of the bank, its performance, the inflation rate, and bank credit risk influence the market value of bank shares.
John (2015)	Factors influencing stock prices in commercial	Using linear regression model and partial correlation	The net asset value per share and price-to-book value ratio are highly correlated with stock market prices and have a

	banks of Nepal.		significant impact on stock prices. However, the dividend per share and price-to-earnings ratio were significant in 2013, but not in 2012.
Sharif et al. (2015)	Analysis of factors affecting share prices: The case of Bahrain stock exchange.	The OLS regression model is used.	The return on equity, book value per share, dividend per share, dividend yield, price-to-earnings ratio, and firm size are key factors influencing share prices in the Bahrain market.
Narayan et al. (2014)	The determinants of stock prices: new evidence from the Indian banking sector.	They use a panel Granger causality test.	Economic activity and currency depreciation contribute to an increase in share prices, while a rise in interest rates causes a decline in bank share prices.

2.3 Research Gap

Future research on the financial determinants influencing stock prices in Nepalese commercial banks should address several key gaps identified in the existing literature. While studies like Dahal et al. (2025) and Giri (2024) highlight the significant impact of price-to-earnings ratio, book value per share, and dividends per share, and Pandey et al. (2024) and Dahal et al. (2024) emphasize the relevance of earnings per share and price-to-earnings ratio, future studies should explore stock price determinants across other financial sectors, such as development banks, insurance companies, and microfinance institutions, which have received limited attention. Although profitability and valuation metrics are widely examined, the influence of macroeconomic variables like interest rates, inflation, exchange rates, and money supply on stock prices in the Nepalese context remains insufficiently studied.

In the research future research could incorporate investor sentiment, behavioral biases, and broader market dynamics, which are often overlooked in current models relying on secondary financial data from annual reports. The most existing studies employ traditional econometric methods, such as multiple regression and correlation analysis, while future research could benefit from advanced predictive techniques, including machine learning and time-series forecasting, to improve the accuracy and robustness of the findings. Addressing these gaps will provide a more comprehensive and nuanced understanding of stock price determinants in Nepal's financial sector, offering valuable insights for investors, policymakers, and financial

analysts moving forward.

CHAPTER-III

RESEARCH METHODOLOGY

This chapter outlines the methodology section of the study. The first section focuses on the research design, followed by a discussion of the population and sample, specifying the sample size. The third section elaborates on the nature and sources of data. Next, the chapter describes the methods of analysis, which include financial and statistical techniques. Finally, it concludes with the research framework and definitions of the variables, providing an outline of the research variables and their respective definitions.

3.1 Research Design

This study utilizes both descriptive and causal-comparative research designs to explore the relationship between dividend distribution and share market prices. The descriptive design is employed to provide an in-depth understanding by collecting comprehensive data on various variables. The causal-comparative design, on the other hand, examines the impacts and relationships between the dependent variable (market share price) and the independent variables, helping to identify significant patterns and correlations.

3.2 Population, Sample, and Sampling Design

The population of this research consists of the 20 commercial banks operating in Nepal as of mid-July 2024. Using purposive sampling, 5 commercial banks were selected for the sample. These banks were chosen based on the criteria that they have not merged with other banks in the past 10 years from the research date. The following are the three selected sample banks:

Table 2

Sample of the Companies

Bank	Periods	Observations
Agriculture Development Bank Limited	2015-2024	10
Kumari Bank limited	2015-2024	10
Nabil Bank Limiteed	2015-2024	10
Everest Bank Limited	2015-2024	10
Himalayan Bank Limited	2015-2024	10

Source: NEPSE

3.3 Nature and Sources of Data

In this section, the researcher explains the characteristics and sources of the data used in the

study. The data is divided into two main categories: primary and secondary. Primary data is obtained directly through various research activities, while secondary data comes from published and unpublished sources. Published sources include research articles, annual reports, newspapers, tax reports, and government policies. Unpublished sources include internal organizational documents such as decision records, meeting minutes, vouchers, and materials related to management and board decisions.

For this study, the data were gathered from the annual reports of the respective commercial banks. Since the data are collected from these reports, they are classified as secondary data.

3.4 Methods of Analysis

To achieve the study's objectives, a range of financial and statistical tools/methods were employed, including the following.

3.4.1 Financial Analysis

This involves assessing the company's strengths and weaknesses. Strengths contribute positively to the organization, while weaknesses represent challenges. Both aspects offer valuable insights for future planning and improvements. Various financial ratios are calculated to evaluate the company's financial position.

- Earnings Per share
- Price Earnings ratio
- Dividend Payout ratio
- Market price of share

Earnings Per share (EPS)

Earnings per Share (EPS) is a financial indicator that shows the portion of a company's profit allocated to each outstanding share of its common stock. It is a key measure of a company's profitability and is commonly used by investors to evaluate the company's financial health and make investment decisions.

The formula to calculate Earnings per Share (EPS) is

EPS = Net Profit After Tax / Total Number of Shares

Price-Earnings Ratio (P/E Ratio)

The Price-Earnings Ratio (P/E ratio) is a valuation tool used to assess a company's stock price

in relation to its earnings per share (EPS). It reflects how much investors are willing to pay for each dollar of earnings.

The formula to calculate the Price-Earnings Ratio (P/E ratio) is
P/E ratio = Market Price / Earnings per Share (EPS)

Dividend Payout Ratio

The dividend payout ratio is a financial metric that indicates the percentage of a company's earnings paid out to shareholders as dividends. It highlights how much of the company's profits are shared with shareholders versus retained for reinvestment or other purposes.

The formula is
Dividend Payout Ratio = Earnings per Share / Dividend per Share

Market Price of Shares

The market price of a share refers to the price at which a stock is traded in the market at any given time. It is influenced by supply and demand, and reflects factors such as the company's financial performance, investor sentiment, and overall market conditions.

3.4.2 Statistical Analysis

Descriptive Statistics

Descriptive statistics encompass various measures, such as mean, standard deviation, coefficient of variation, minimum, and maximum, among others. The mean, often referred to as the average or most common value in a dataset, represents the central tendency in a probability distribution, along with the median and mode. It is also known as the expected value. On the other hand, standard deviation measures the degree of variation or dispersion within a dataset. It is calculated as the square root of variance and indicates how much each data point deviates from the mean.

Arithmetic Mean

The arithmetic mean, or average, is computed by adding all the values in a dataset and dividing the sum by the total number of observations. It offers a central representation of the data, typically near the middle of the range. This measure is commonly known as a central tendency because it shows the central point of the dataset. In this study, the arithmetic mean is used to analyze data for sample banks over a period of ten fiscal years. It is calculated as

Mean $(\overline{X}) = \frac{\sum X}{n}$

Where, $\overline{X}$ = Mean

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

n = Variable involved

Standard Deviation (σ)

Standard deviation measures the degree of variation or spread within a dataset. It is calculated by taking the square root of the variance, which involves determining how much each data point deviates from the mean. It is represented by the symbol (**σ**)

Standard Deviation S.D $= \sqrt{\frac{\sum(X-\overline{X})^2}{n}}$

Where,

X=variables

$\bar{X}$ = mean

n= No. of Period

Minimum

The minimum value represents the smallest data point within a dataset, often considered the lowest point of the distribution for a specific variable in the study. It is the value that is less than or equal to all other data points. When the data is arranged in ascending order, the minimum value will be the first number. Each dataset has only one minimum value, as it is the unique smallest value in that particular set.

Maximum

The maximum value refers to the largest data point in a dataset, often known as the highest point in the data distribution for a specific variable in the study. It is the value that is greater than or equal to all other data points. When the data is ordered in ascending fashion, the maximum value will be the last number. Each dataset has only one maximum value, as it stands as the largest in that specific set.

Correlation Analysis

The relationship between variables was analyzed using the Pearson correlation coefficient, which ranges from -1 to +1. A coefficient of -1 indicates a perfect negative correlation, where the variables move in opposite directions. A coefficient of +1 signifies a perfect positive

correlation, meaning the variables move in the same direction.

Regression Analysis

Regression analysis is a statistical method used to examine the relationship between one dependent variable and several independent (predictor) variables. The primary goal is to predict changes in the dependent variable based on changes in the independent variables. It shows how well the independent variables can predict the dependent variable. In multiple regression, the coefficient of determination indicates the proportion of variance in the dependent variable that is explained by the model. The multiple regression equation for this study can be expressed as follows:

Model

$MPS = \beta 0 + \beta 1 \times EPS + \beta 2 \times P/E + \beta 3 \times DPR + e$

Where,

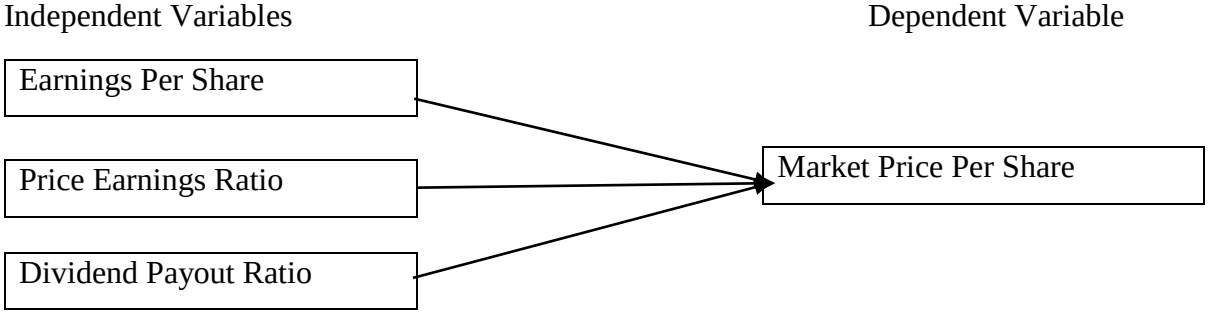
MPS: market price of Share

EPS=Earnings per Share

P/E=Price Earnings Ratio

DPR: Dividend Payout Ratio

3.5 Research Framework and Definition of Variables



Source: Baral and Pradhan (2018)

Figure 1: *Research Framework*

Operational Definitions

Dependent Variables

Market Price of Shares

The market price of shares reflects the current trading value of a company's stock on the stock exchange, driven by the forces of supply and demand. A variety of factors influence share

prices, including the financial health of the company, earnings per share, dividend policies, overall market conditions, economic climate, and investor perceptions. Strong earnings, revenue growth, and favorable industry trends can lead to price increases, while economic declines, poor financial performance, or negative news can cause prices to drop. Additionally, external factors such as interest rates, inflation, and government regulations play a significant role in shaping stock prices. Investor psychology, such as speculation, herd behavior, and biases, also contributes to fluctuations in stock prices. Understanding these factors is crucial for investors to make informed decisions. Since stock prices are influenced by both fundamental data and speculative elements, they tend to be volatile, making stock market investments both promising and risky (Sharif et al., 2015).

Independent Variables

Earnings per Share

Earnings per Share (EPS) is a key financial metric that indicates a company's profitability by showing the portion of net income attributed to each outstanding share of common stock. It is calculated by dividing the company's net income by the total number of outstanding shares. A higher EPS typically signals strong financial performance and profitability, making the stock more attractive to investors. EPS is influenced by factors such as revenue growth, cost management, share buybacks, and broader economic conditions. Companies with consistent EPS growth are often seen as financially stable and capable of providing better returns to shareholders. However, EPS alone does not provide a complete picture of a company's financial health, so investors often evaluate it in combination with other financial metrics before making investment decisions (John, 2015).

Price-Earnings Ratio

The Price-to-Earnings (P/E) ratio is a widely used financial metric to assess a company's valuation by comparing its market price per share to its earnings per share (EPS). It is calculated by dividing the current stock price by the EPS, reflecting how much investors are willing to pay for each unit of earnings. A high P/E ratio typically indicates that investors expect strong future growth, while a low P/E ratio may suggest that the stock is undervalued or that the company has weaker growth prospects. The P/E ratio is influenced by factors such as market conditions, company performance, industry trends, and investor sentiment. It is often used to compare companies within the same industry, helping investors determine if a stock is

overvalued or undervalued. However, the P/E ratio should not be considered in isolation, as it does not account for factors like growth potential, debt levels, or market risks, so other financial indicators should also be taken into account (Mousavi & Karshenasan, 2017).

Dividend Payout Ratio

The Dividend Payout Ratio is an important financial metric that indicates the percentage of a company's earnings distributed to shareholders as dividends. It is calculated by dividing the total dividends paid by the company's net income or by dividing dividends per share by earnings per share (EPS). A higher payout ratio suggests that the company is distributing a significant portion of its profits to shareholders, which may appeal to income-focused investors. A lower payout ratio, on the other hand, indicates that the company is retaining more earnings for reinvestment and future growth. The optimal payout ratio depends on industry norms and company strategies, with established firms typically offering higher ratios, while growth-focused companies tend to reinvest profits. However, an excessively high payout ratio may indicate financial strain, especially if earnings decline. Investors typically analyze the dividend payout ratio in conjunction with other financial metrics to assess the sustainability of a company's dividend policy and overall financial stability (Shrestha et al., 2023).

CHAPTER-IV

RESULT AND DISCUSSION

This chapter is dedicated to analyzing and interpreting the research results. It presents the findings obtained from the collected data and applies statistical techniques to test the research hypotheses. The chapter begins with a descriptive analysis of the sample demographics, followed by inferential analysis using appropriate statistical methods. The results are then assessed in relation to the research objectives, offering insights into the connections between the study variables. This chapter provides the foundation for drawing conclusions and making recommendations based on the empirical data.

4.1 Results

The results of the study are presented through both financial and statistical analyses. The financial analysis evaluates key indicators and trends related to the study variables, providing a quantitative assessment of performance, profitability, and other financial metrics. In parallel, the statistical analysis utilizes various methods, such as descriptive statistics, correlation analysis, regression models, and hypothesis testing, to explore the relationships between the variables.

4.1.1 Financial Analysis

Financial analysis involves evaluating various ratios for each bank, along with calculating the mean, standard deviation, and coefficient of variation for each variable at the bank level.

Earnings Per share (EPS)

Earnings per share (EPS) is a financial measure that indicates the share of a company's profit allocated to each outstanding common stock share. It serves as a key indicator of a company's profitability and is commonly used by investors to evaluate its financial performance and make investment choices. The formula for calculating Earnings per Share (EPS) is: EPS = Net profit after tax / Total number of shares. Additionally, the mean, standard deviation, and coefficient of variation are also calculated for this metric

Table 3

Earnings Per share

Year/ Bank	ADBL	KBL	NABIL	EBL	HBL
2024	19.2	0.02	22.9	31.47	5.72
2023	7.42	1.97	23.67	31.43	9.18
2022	14.41	17.54	18.64	26.3	18.26
2021	29.13	14.2	33.57	19.91	28.07
2020	31.45	12.08	36.16	29.71	27.6
2019	42.88	14.81	50.57	38.05	32.44
2018	36.91	15.54	51.84	32.78	23.11
2017	31.59	13.29	59.86	32.48	35.15
2016	52.79	26.53	59.27	40.33	33.55
2015	78.83	16.24	57.24	78.04	43.03
Mean	34.46	13.22	41.37	36.05	25.611
S.D	20.52	7.57	16.21	15.8	11.73
C.V(%)	59.57	57.26	39.2	43.8	45.83

Source: *Appendix- 1&2*

Table 3 present the earning per share of the commercial bank from 2015 to 2024. The ten-year data from the five commercial bank and each bank mean, standard deviation and coefficient of variations. Here the highest mean in the Nabil bank limited is 41.37 and lowest mean KBL is 13.22. The highest standard deviation in the ADBL is 20.52 and lowest standard deviation is 7.57 in the KBL. The highest coefficient of variation is 59.57% in the ADBL and lowest in the NABIL is 39.2%. The result shows that the ADBL is more fluctuating earning per share and NABIL bank limited is less fluctuating of earning per shares.

Price-Earnings Ratio

The Price-Earnings ratio (P/E ratio) is a financial metric used to assess a company's stock price in relation to its earnings per share (EPS). It shows how much investors are willing to pay for each dollar of earnings. The formula for calculating the Price-Earnings Ratio (P/E ratio) is: P/E ratio = market price / Earnings per Share (EPS). Additionally, the mean, standard deviation, and coefficient of variation are calculated for each bank.

Table 4

Price Earnings Ratio

Year/ Bank	ADBL	KBL	NABIL	EBL	HBL
2024	15.38	8746.31	22.88	17.8	35.71
2023	31.54	83.55	25.31	17.91	23.18
2022	22.98	10.89	44.21	16.69	16.39
2021	16.44	26.13	40.48	37.06	17.25
2020	12.24	15.39	21.15	22.72	19.57
2019	9.54	14.85	15.82	17.5	17.02
2018	8.51	13.68	18.6	20.23	23.84
2017	13.77	24.61	25.44	41.66	25.21
2016	14.55	11.87	39.55	83.94	26.4
2015	5.48	23.41	33.37	27.17	34.86
Mean	15.043	897.06	28.68	30.26	23.94
S.D	7.53	2758.02	9.99	20.76	6.95
C.V(%)	50.10	307.44	34.86	68.59	29.02

Source: *Appendix- 1&2*

Table 4 present the price earnings ratio of the commercial bank from 2015 to 2024. The ten-year data from the five commercial bank and each bank mean, standard deviation and coefficient of variations. Here the highest mean in the KBL bank limited is 897.06 and lowest mean ADBL is 15.043. The highest standard deviation in the KBL is 2758.02 and lowest standard deviation is 6.95 in the HBL. The highest coefficient of variation is 307.44% in the KBL and lowest in the HBL is 29.02%. The result shows that the KBL is more fluctuating price earnings ratio and HBL bank limited is less fluctuating of price earnings ratio.

Dividend Payout Ratio

The dividend payout ratio is a financial metric that shows the proportion of a company's earnings distributed to its shareholders as dividends. It reflects the company's approach to either sharing its profits with shareholders or retaining them for reinvestment or other purposes. The formula to calculate the dividend payout ratio is: Dividend payout ratio Earnings per share / Dividend per share. Additionally, the mean, standard deviation, and coefficient of variation

are calculated for each bank.

Table 5

Dividend Payout Ratio

Year/ Bank	ADBL	KBL	NABIL	EBL	HBL
2024	54.84	0	87.33	0	0
2023	0	0	46.47	65.31	0
2022	90.21	71.26	222.63	78.63	165.49
2021	72.26	61.06	126.3	51.83	109.08
2020	50.2	115.89	102.37	35.44	94.21
2019	69.96	71.1	110.77	65.7	104.81
2018	57.03	54.69	108.02	61.01	113.28
2017	66.63	95.93	110.25	101.6	78.63
2016	39.87	83.3	101.23	173.56	81.49
2015	20.03	71.3	75.43	44.84	77.06
Mean	52.103	62.45	109.08	67.79	82.40
S.D	26.49	37.27	45.73	45.85	50.36
C.V(%)	50.846	59.68	41.93	67.64	61.12

Source: *Appendix- 1&2*

Table 5 present the dividend payout ratio of the commercial bank from 2015 to 2024. The ten-year data from the five commercial bank and each bank mean, standard deviation and coefficient of variations. Here the highest mean in the NABIL bank limited is 109.08 and lowest mean ADBL is 52.103. The highest standard deviation in the HBL is 50.36 and lowest standard deviation is 26.49 in the ADBL. The highest coefficient of variation is 67.64% in the EBL and lowest in the NABIL is 41.93%. The result shows that the EBL is more fluctuating dividend payout ratio and NABIL bank limited is less fluctuating of dividend payout ratio.

Market Price of Shares

The market price of a share represents the value at which a stock is traded in the market at any given moment. It is shaped by supply and demand factors, reflecting elements such as the company's financial health, investor sentiment, and broader market conditions. The mean, standard deviation, and coefficient of variation are also calculated for each bank.

Table 6

Market price of Shares

Year/ Bank	ADBL	KBL	NABIL	EBL	HBL
2024	294	153.7	524	560	204.2
2023	233.9	165	599.2	563	212.8
2022	331	191	824	439	299.2
2021	479	371	1359	738	484
2020	385	186	765	675	540
2019	409	220	800	666	552
2018	314	199	921	663	551
2017	435	327	1523	1353	886
2016	768	315	2344	3385	886
2015	432	380	1910	2120	1500
Mean	408.09	250.77	1156.92	1116.2	611.52
S.D	147.025	87.72	606.47	944.62	393.14
C.V(%)	36.027	34.98	52.421	84.62	64.29

Source: *Appendix- 1&2*

Table 6 present the market price of share of the commercial bank from 2015 to 2024. The ten-year data from the five commercial bank and each bank mean, standard deviation and coefficient of variations. Here the highest mean in the NABIL bank limited is 1156.92 and lowest mean KBL is 250.77. The highest standard deviation in the EBL is 944.62 and lowest standard deviation is 87.72 in the KBL. The highest coefficient of variation is 84.62% in the EBL and lowest in the KBL is 34.98%. The result shows that the EBL is more fluctuating market price of share and KBL bank limited is less fluctuating of market price of share.

4.1.2 Descriptive Analysis

Descriptive analysis, utilizing the minimum, maximum, mean, and standard deviation, provides an overview of the data distribution. The minimum and maximum values establish the range of the data, representing its lowest and highest points. The mean shows the average value, indicating the central tendency. The standard deviation measures the extent of variation or dispersion around the mean. Together, these metrics give a comprehensive view of the data's

distribution and variability.

Table 7

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Market Price of the Share	50	153.70	3385.00	708.70	635.04
Earnings Per Share	50	.02	78.83	30.14	17.51
Price Earnings Ratio	50	5.48	8746.31	199.0	1233.53
Dividend Payout Ratio	50	.00	222.63	74.76	44.92
Valid N (listwise)	50				

Source: Appendix- 1&2

Table 7 present the descriptive statistical analysis of the commercial bank from 2015 to 2024. The ten-year data from the five commercial bank and each bank mean, standard deviation and coefficient of variations.

The minimum value is 153.70, while the maximum value is 3385.00. The average market price is 708.70, with a standard deviation of 635.04, indicating a high degree of variation in the market prices. The EPS ranges from a minimum of 0.02 to a maximum of 78.83, with an average of 30.14 and a standard deviation of 17.51. This suggests moderate variability in earnings across the sample. The P/E ratio has a wide range, from 5.48 to 8746.31. The average P/E ratio is 199.00, with a high standard deviation of 1233.53, showing considerable dispersion in the data. The payout ratio ranges from 0.00 to 222.63, with an average of 74.77 and a standard deviation of 44.93. This indicates variability in how companies are distributing dividends.

The overall the result is fluctuating in nature and they are fluctuating of each of the variables.

4.1.3 Correlation Analysis

Correlation analysis examines the relationship between two or more variables to determine the strength and direction of their connection. The correlation coefficient, ranging from -1 to 1, indicates a strong positive relationship when close to 1, a strong negative relationship when near -1, and no significant relationship when near 0. This analysis helps identify whether and how variables are connected, providing useful insights into their interdependencies.

Table 8

Correlation Analysis

		MPS	EPS	PE	DPR
MPS	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	50			
EPS	Pearson Correlation	.613**	1		
	Sig. (2-tailed)	.000			
	N	50	50		
PE	Pearson Correlation	-.119	-.250	1	
	Sig. (2-tailed)	.409	.080		
	N	50	50	50	
DPR	Pearson Correlation	.392**	.146	-.238	1
	Sig. (2-tailed)	.005	.311	.096	
	N	50	50	50	50

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

Source: Appendix- 1&2

Table 8 present the correlation an analysis of the commercial bank from 2015 to 2024. The ten-year data from the five commercial bank and each bank 10 years of observation and in total 50 observations.

A strong positive correlation of 0.613 exists between the market price of the share and eps, which is statistically significant (sig value = 0.000). This indicates that as eps increases, the market price of the share also tends to increase.

The correlation is weak and negative (-0.119) and not statistically significant (sig value = 0.409), suggesting there is no meaningful connection between the market price of the share and the p/e ratio.

A moderate positive correlation of 0.392 is found between the market price of the share and dividend payout ratio, which is statistically significant (sig value = 0.005). This implies that higher dividend payouts are linked to higher share prices.

The market price of the share has a significant positive correlation with both earnings per share

and dividend payout ratio, but no significant relationship with the price earnings ratio.

4.1.4 Multiple Regression Analysis

Multiple regression analysis is a statistical technique used to examine the relationship between a single dependent variable and multiple independent variables. It helps identify how various predictors influence the dependent variable. In this method, a linear equation is formed, with the dependent variable represented as a function of the independent variables. The coefficients indicate the impact of each independent variable, while the p-values assess their statistical significance.

Table 9

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.692[a]	.479	.445	472.92

a. Predictors: (Constant), Dividend Payout Ratio, Earning Per Share, Price Earnings Ratio

Source: Appendix- 1&2

Table 9 present model summary of the commercial bank from 2015 to 2024. The ten-year data from the five commercial bank and each bank 10 years of observation and in total 50 observations. In the table R-squared value is 0.479, indicating that about 47.9% of the variation in the dependent variable is accounted for by the independent variables they are dividend payout ratio, earnings per share, and price earnings ratio. The remaining 52.1% variation are made by other variable which are not included in this research.

Table 10

ANOVA of the Study

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9472492.441	3	3157497.480	14.118	.000[b]
	Residual	10288244.719	46	223657.494		
	Total	19760737.160	49			

a. Dependent Variable: Market Price of the Share
b. Predictors: (Constant), Dividend Payout Ratio, Earning Per Share, Price Earnings Ratio

Source: *Appendix- 1&2*

Table 10 present ANOVA of the study in the commercial bank from 2015 to 2024. The ten-year data from the five commercial bank and each bank 10 years of observation and in total 50

observations. The significance value of 0.000, which is below the 0.05, shows that the regression model is statistically significant. Therefore, the regression model effectively explains the variation in the Market Price of the Share.

Table 11

Regression Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-298.187	176.822		-1.686	.098
	Earnings Per Share	21.451	4.001	.592	5.361	.000
	Price Earnings Ratio	.055	.058	.107	.953	.346
	Dividend Payout Ratio	4.672	1.555	.331	3.005	.004

a. Dependent Variable: Market Price of the Share

Source: *Appendix- 1&2*

Table 11 present regression coefficient of the study in the commercial bank from 2015 to 2024. The ten-year data from the five commercial bank and each bank 10 years of observation and in total 50 observations.

For Earnings Per Share (EPS), the unstandardized beta is 21.451, meaning that a one-unit increase in EPS is associated with an increase of 21.451 units in the Market Price of the Share, assuming all other factors are constant. The p-value of 0.000 indicates that this relationship is statistically significant.

For Price Earnings Ratio (P/E), the unstandardized beta is 0.055, indicating that for each one-unit increase in P/E, the Market Price of the Share increases by 0.055 units, with other variables held constant. However, the p-value of 0.346 suggests that this relationship is not statistically significant.

For Dividend Payout Ratio, the unstandardized beta is 4.672, meaning that a one-unit increase in the Dividend Payout Ratio is expected to lead to an increase of 4.672 units in the Market Price of the Share, with other factors constant. The p-value of 0.004 indicates that this relationship is statistically significant.

In conclusion, EPS and Dividend Payout Ratio have statistically significant effects on the Market Price of the Share, while P/E does not.

4.1. 5 Summary of Hypothesis Result

Here in the table presented the summary of the hypothesis with statement and remark.

Table 12

Summary of the Hypothesis

Hypothesis Statement	Remark
Hypothesis 1: There is the significant impact of earnings per share to the market price of share in the commercial banks of Nepal.	Accepted
Hypothesis 2: There is the significant impact of price-earnings ratio to the market price of share in the commercial banks of Nepal.	Rejected
Hypothesis 3: There is the significant impact of dividend payout ratio to the market price of share in the commercial banks of Nepal.	Accepted

4.2 Discussion

EPS exhibits a moderate level of variation, ranging from 0.02 to 78.83, with an average of 30.14 and a standard deviation of 17.51. The broad range suggests that earnings performance varies significantly across companies in the sample, indicating that some companies outperform others, which could influence their stock prices in different ways. The positive correlation of 0.613 between EPS and market price aligns with financial theory, where higher earnings are typically associated with higher stock prices, as investors tend to see companies with stronger earnings as more valuable and capable of generating returns.

The P/E ratio in the sample spans from 5.48 to 8746.31, with an average of 199.00 and a standard deviation of 1233.53, reflecting considerable variation. Some companies are valued at much higher multiples compared to their earnings, while others are valued lower. The weak and statistically insignificant negative correlation of -0.119 between market price and P/E ratio suggests that, in this case, the market price is not significantly influenced by the P/E ratio, contrary to typical financial theory. This may be due to the market prioritizing other factors such as growth potential, market conditions, or investor sentiment, which can sometimes overshadow the P/E ratio in stock valuation.

The dividend payout ratio ranges from 0.00 to 222.63, with an average of 74.77 and a standard deviation of 44.93, showing notable variability in dividend distributions. The moderate positive correlation of 0.392 between market price and the dividend payout ratio suggests that companies with higher dividend payouts tend to have higher stock prices. This aligns with the findings of Dahal et al. (2025), Giri (2024), and Pandey et al. (2024), who highlighted the role of dividends in shaping investor behavior and influencing stock prices in Nepalese commercial banks. A stable dividend policy can signal financial stability, attracting investors seeking consistent income.

The unstandardized beta coefficients provide additional insights into the relationships between these variables and market price. The beta coefficient for EPS of 21.451 indicates that an increase in EPS is likely to significantly raise the market price, holding other factors constant. This relationship is statistically significant with a p-value of 0.000, emphasizing the importance of earnings in driving stock prices. In contrast, the P/E ratio's low beta coefficient of 0.055, along with a non-significant p-value of 0.346, indicates that the P/E ratio has minimal impact on stock price in this sample, deviating from traditional market theory. Lastly, the dividend payout ratio's beta coefficient of 4.672 shows a positive and statistically significant relationship with the market price, with a p-value of 0.004, aligning with previous research on the role of dividends in stock price determination (Dahal et al., 2025; Giri, 2024).

The findings are largely consistent with studies by Dahal et al. (2025), Giri (2024), and Pandey et al. (2024), who found that EPS and dividend payout ratio are significant factors in determining stock prices in Nepalese commercial banks. These studies reported positive correlations between stock prices and both EPS and dividend payouts, reinforcing the idea that investors value profitability and dividends. However, the weak and insignificant relationship between the P/E ratio and market price in this study contrasts with some earlier research, such as Dahal et al. (2024), which found a stronger correlation between the P/E ratio and market prices. This difference may be attributed to variations in sample size, data range, or market conditions during the study periods.

CHAPTER-V

SUMMARY AND CONCLUSION

This chapter presents the main findings, conclusions, and implications of the study regarding the impact of earnings per share (EPS), price-earnings (P/E) ratio, and dividend payout ratio (DPR) on stock prices in Nepalese commercial banks. It provides a summary of the research outcomes, linking them to the study's objectives and theoretical framework. Furthermore, the chapter examines the practical relevance for investors, bank management, policymakers, and financial analysts, while suggesting potential areas for future research.

5.1 Summary

This study investigates the influence of dividend distribution on the stock prices of commercial banks in Nepal, specifically exploring the relationship between key financial indicators earnings per share (EPS), price-earnings ratio (P/E ratio), and dividend payout ratio (DPR) and their effect on market share prices. Dividends are a vital factor in shaping investor sentiment and market performance, particularly in Nepal’s banking sector, which is central to the country's financial system.

Guided by classical financial theories, including Dividend Irrelevance Theory, Bird-in-Hand Theory, Signaling Theory, and Agency Theory, the research examines how these theories explain the role of dividends in determining stock prices in Nepalese commercial banks. While global studies have explored the relationship between dividend distribution and stock prices, there is limited research on Nepalese banks. This study aims to fill that gap by analyzing the combined impact of EPS, P/E ratio, and DPR.

The objective of research are to assess the current status of earnings per share, price-earnings ratio, dividend payout ratio and market price of share in the commercial banks of Nepal, to examine the relationship of earnings per share, price-earnings ratio, dividend payout ratio to the market price of share in the commercial banks of Nepal and to analyzed the impact of earnings per share, price-earnings ratio and dividend payout ratio to the market price of share in the commercial banks of Nepal. The objective is based on the research question and they are what is the current status of earnings per share, price-earnings ratio, dividend payout ratio and market price of share in the commercial banks of Nepal? Whether there is the relationship

of earnings per share, price-earnings ratio, dividend payout ratio to the market price of share in the commercial banks of Nepal? Does earnings per share, price-earnings ratio and dividend payout ratio are impacted on market price of share in the commercial banks of Nepal? Descriptive and casual comparative research design has been used. The population of the research are all the commercial bank in Nepal. The sample bank is five selected based on purposive sampling. The correlation regression and descriptive statistics are used for result. The findings indicate that EPS and DPR have a significant effect on stock prices, while the P/E ratio shows a weak and statistically insignificant link to market prices. Specifically, an increase in EPS leads to a notable rise in stock prices, underscoring its importance in stock valuation. Additionally, a higher DPR is positively associated with stock prices, signaling investor confidence. However, the P/E ratio's minimal impact suggests that other factors, such as growth potential or market sentiment, may be more influential in stock valuation in the context of Nepal.

This research provides valuable insights for investors, policymakers, and financial analysts, assisting them in making informed decisions within Nepal's developing banking sector. By examining the effects of dividend policies on stock price performance, the study contributes to the understanding of financial decision-making and investor behavior in emerging markets.

5.2 Conclusion

The first objective of research is to assess the current status of earnings per share (EPS), price-earnings (P/E) ratio, dividend payout ratio (DPR), and market price of shares in the commercial banks of Nepal. It is found that the current status of EPS, P/E ratio, DPR, and market prices of shares in Nepalese commercial banks varies considerably across different banks. Larger commercial banks typically have higher EPS and DPR, reflecting their stronger financial performance. However, the P/E ratios display inconsistency, with some banks showing higher ratios that may suggest market overvaluation, while others have lower ratios, indicating potential undervaluation or slower growth. The market prices of shares tend to fluctuate according to these factors, with banks exhibiting better EPS and DPR generally experiencing higher stock prices. In conclusion the research found that EPS, P/E ratio, DPR, and market prices of shares in Nepalese commercial banks vary across different banks. Larger banks generally exhibit stronger financial performance, reflected in higher EPS and DPR, while P/E ratios show inconsistency.

The second objective of research is to examine the relationship of earnings per share (EPS), price-earnings (P/E) ratio, and dividend payout ratio (DPR) to the market price of shares in the commercial banks of Nepal. It is found that the strong positive relationship was found between EPS and market prices of shares, suggesting that higher earnings result in higher stock prices. Similarly, the DPR showed a positive correlation with stock prices, indicating that increased dividend payouts are associated with greater investor confidence and higher stock prices. In contrast, the relationship between the P/E ratio and stock prices was weak and statistically insignificant, indicating that the P/E ratio does not significantly affect the market price of shares in Nepalese commercial banks. Inclusion the study discovered a strong positive relationship between EPS and market prices of shares, as well as a similar positive correlation between DPR and stock prices, indicating that higher earnings and dividend payouts contribute to greater investor confidence. In contrast, the P/E ratio showed a weak and statistically insignificant relationship with stock prices.

The third objective of research is to analyze the impact of earnings per share (EPS), price-earnings (P/E) ratio, and dividend payout ratio (DPR) on the market price of shares in the commercial banks of Nepal. It is found that the EPS and DPR were found to have a significant positive effect on the market price of shares. An increase in EPS leads to a substantial rise in stock prices, highlighting its importance in stock valuation. Similarly, a higher dividend payout ratio positively impacts market prices, signaling strong financial stability and investor confidence. However, the P/E ratio showed a minimal impact on stock prices, suggesting that other factors such as growth prospects or market sentiment may play a more important role in determining stock price movements in Nepalese commercial banks. In conclusion the research revealed that both EPS and DPR have a significant positive impact on stock prices, with increases in these factors leading to higher market prices. However, the P/E ratio had minimal impact, suggesting that other factors may play a more significant role in influencing stock price movements in Nepalese commercial banks.

5.3 Implications

The implication of the research is point out in the following:

i. EPS and DPR are crucial for assessing stock price trends in Nepalese commercial banks. Investors should prioritize these factors when making investment choices.
ii. Banks should concentrate on improving EPS and DPR to enhance stock prices and

build investor trust.

iii. The P/E ratio may not be the most effective measure for evaluating Nepalese banks. Policymakers should reconsider its role in the regulatory process.

iv. Analysts should give more attention to EPS and DPR to evaluate the growth and stability of Nepal's banking sector.

v. Future researcher used it as a reference of their academic and nonacademic research.

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APPENDIX

Appendix 1: Data collected from Annual Report of the Sample Bank

1. Agriculture Bank Limited

Year (ADBL)	MPS	EPS	PE	DPS	DPR=DPS/EPS
2024	294	19.2	15.38	10.53	54.84
2023	233.9	7.42	31.54	0	0
2022	331	14.41	22.98	13	90.21
2021	479	29.13	16.44	21.05	72.26
2020	385	31.45	12.24	15.79	50.20
2019	409	42.88	9.54	30	69.96
2018	314	36.91	8.51	21.05	57.03
2017	435	31.59	13.77	21.05	66.63
2016	768	52.79	14.55	21.05	39.87
2015	432	78.83	5.48	15.79	20.03

2. Kumari Bank Limited

Year (KBL)	MPS	EPS	PE	DPS	DPR=DPS/EPS
2024	153.7	0.02	8746.31	0	0
2023	165	1.97	83.55	0	0
2022	191	17.54	10.89	12.5	71.26
2021	371	14.2	26.13	8.67	61.056
2020	186	12.08	15.39	14	115.89
2019	220	14.81	14.85	10.53	71.10
2018	199	15.54	13.68	8.5	54.69
2017	327	13.29	24.61	12.75	95.93
2016	315	26.53	11.87	22.1	83.30
2015	380	16.24	23.41	11.58	71.30

3. Nabil Bank Limited

Year (Nabil)	MPS	EPS	PE	DPS	DPR=DPS/EPS
2024	524	22.9	22.88	20	87.33
2023	599.2	23.67	25.31	11	46.47
2022	824	18.64	44.21	41.5	222.63
2021	1359	33.57	40.48	42.4	126.30
2020	765	36.16	21.15	37.02	102.37
2019	800	50.57	15.82	56	110.77
2018	921	51.84	18.6	56	108.02
2017	1523	59.86	25.44	66	110.25
2016	2344	59.27	39.55	60	101.23
2015	1910	57.24	33.37	43.18	75.43

4. Everest Bank Limited

Year (EBL)	MPS	EPS	PE	DPS	DPR=DPS/EPS
2024	560	31.47	17.8	0	0
2023	563	31.43	17.91	20.53	65.31
2022	439	26.3	16.69	20.68	78.63
2021	738	19.91	37.06	10.32	51.83
2020	675	29.71	22.72	10.53	35.44
2019	666	38.05	17.5	25	65.70
2018	663	32.78	20.23	20	61.01
2017	1353	32.48	41.66	33	101.60
2016	3385	40.33	83.94	70	173.56
2015	2120	78.04	27.17	35	44.84

5. Himalayan Bank Limited

Year (HBL)	MPS	EPS	PE	DPS	DPR=DPS/EPS
2024	204.2	5.72	35.71	0	0
2023	212.8	9.18	23.18	0	0
2022	299.2	18.26	16.39	30.22	165.49
2021	484	28.07	17.25	30.62	109.08
2020	540	27.6	19.57	26	94.21
2019	552	32.44	17.02	34	104.81
2018	551	23.11	23.84	26.18	113.28
2017	886	35.15	25.21	27.64	78.63
2016	886	33.55	26.4	27.34	81.49
2015	1500	43.03	34.86	33.16	77.06

Appendix 2: Result Calculation from SPSS

Correlations

		Market Price of the Share	Earnings Per Share	Price Earnings Ratio	Dividend Payout Ratio
Market Price of the Share	Pearson Correlation	1	.613**	-.119	.392**
	Sig. (2-tailed)		.000	.409	.005
	N	50	50	50	50
Earnings Per Share	Pearson Correlation	.613**	1	-.250	.146
	Sig. (2-tailed)	.000		.080	.311
	N	50	50	50	50
Price Earnings Ratio	Pearson Correlation	-.119	-.250	1	-.238
	Sig. (2-tailed)	.409	.080		.096
	N	50	50	50	50
Dividend Payout Ratio	Pearson Correlation	.392**	.146	-.238	1
	Sig. (2-tailed)	.005	.311	.096	
	N	50	50	50	50

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

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.692[a]	.479	.445	472.92441

a. Predictors: (Constant), Dividend Payout Ratio, Earning Per Share, Price Earnings Ratio

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9472492.441	3	3157497.480	14.118	.000[b]
	Residual	10288244.719	46	223657.494		
	Total	19760737.160	49			

a. Dependent Variable: Market Price of the Share

b. Predictors: (Constant), Dividend Payout Ratio, Earning Per Share, Price Earnings Ratio

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-298.187	176.822		-1.686	.098
	Earnings Per Share	21.451	4.001	.592	5.361	.000
	Price Earnings Ratio	.055	.058	.107	.953	.346
	Dividend Payout Ratio	4.672	1.555	.331	3.005	.004

a. Dependent Variable: Market Price of the Share

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Market Price of the Share	50	153.70	3385.00	708.7000	635.04358
Earnings Per Share	50	.02	78.83	30.1432	17.51302
Price Earnings Ratio	50	5.48	8746.31	199.0008	1233.53402
Dividend Payout Ratio	50	.00	222.63	74.7665	44.92792
Valid N (listwise)	50				

Descriptive Statistics[a]

	N	Mean	Std. Deviation
Market Price of the Share	10	408.0900	147.02522
Earnings Per Share	10	34.4610	20.52998
Price Earnings Ratio	10	15.0430	7.53766
Dividend Payout Ratio	10	52.1030	26.49274
Valid N (listwise)	10		

a. Name of the Bank = Agriculture Bank Limited

Descriptive Statistics[a]

	N	Mean	Std. Deviation
Market Price of the Share	10	250.7700	87.72796
Earnings Per Share	10	13.2220	7.57127

Price Earnings Ratio	10	897.0690	2758.02530
Dividend Payout Ratio	10	62.4526	37.27435
Valid N (listwise)	10		

a. Name of the Bank = Kumari Bank Limited

Descriptive Statistics[a]

	N	Mean	Std. Deviation
Market Price of the Share	10	1156.9200	606.47119
Earnings Per Share	10	41.3720	16.21890
Price Earnings Ratio	10	28.6810	9.99864
Dividend Payout Ratio	10	109.0800	45.73781
Valid N (listwise)	10		

a. Name of the Bank = Nabil Bank Limited

Descriptive Statistics[a]

	N	Mean	Std. Deviation
Market Price of the Share	10	1116.2000	944.62771
Earnings Per Share	10	36.0500	15.80083
Price Earnings Ratio	10	30.2680	20.76182
Dividend Payout Ratio	10	67.7920	45.85949
Valid N (listwise)	10		

a. Name of the Bank = Everest Bank Limited

Descriptive Statistics[a]

	N	Mean	Std. Deviation
Market Price of the Share	10	611.5200	393.14798
Earnings Per Share	10	25.6110	11.73789
Price Earnings Ratio	10	23.9430	6.95041
Dividend Payout Ratio	10	82.4050	50.36986
Valid N (listwise)	10		

a. Name of the Bank = Himalayan Bank Limited

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