DETERMINANTS OF STOCK PRICE OF DEVELOPMENT BANKS IN NEPAL

A Dissertation Submitted to the Office of the Dean, Faculty of Management in Partial Fulfillment of the Requirements for the Master of Business Studies (MBS)

By

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CERTIFICATE OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled **"DETERMINANTS OF STOCK PRICE OF DEVELOPMENT BANKS IN NEPAL".** The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees 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 declare that all information sources and literature used are cited in the reference section of the dissertation.

Dan Bahadur Baniya

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Date of submission: July, 2024

REPORT OF RESEARCH COMMITTEE

Mr. Dan Bahadur Baniya has defended research proposal entitled **"DETERMINANTS OF STOCK PRICE OF DEVELOPMENT BANKS IN NEPAL"** Successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per the suggestion and guidelines of supervisor Asso. Prof. Dr. Kapil Khanal and submit the thesis for evaluation and vice-voce examination.

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APPROVAL SHEET

We have examined the dissertation entitled **DETERMINANTS OF STOCK PRICE OF DEVELOPMENT BANKS IN NEPAL** presented by Mr. Dan Bahadur Baniya candidate for the degree of Master of Business Studies (MBS Semester) and conducted the Viva- Voce examination of the candidate. We hereby certify that the dissertation is the worthy of acceptance.

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Dan Bahadur Baniya
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ABBREVIATIONS

BVPS	Book value per share
Co.	Company
D/Y	Dividend Yield
DPR	Dividend Payout Ratio
DPS	Dividend per Share
P/E	Price Earnings Ratio
BPS	Book Value Per Share
EPS	Earnings Per Share
F/Y	Fiscal Year
GDP	Gross Domestic Product
JBBL	Jyoti Bikash Bank Limited
LBBL	Lumbini Bikash Bank Limited
MBBL	Muktinath Bikash Bank Limited
GBBL	Garima Bikash Bank Limited
KSBBL	Kamana Sewa Bikash Bank Limited
MPS	Market Value per Share
MV	Market Value
MV/BV Ratio	Market Value to Book Value Ratio
NEPSE	Nepal Stock Exchange Limited
NRB	Nepal Rastra Bank
NSM	Nepal Stock Market
SEBON	Securities Board of Nepal
SEC	Securities Exchange Centre
T.U.	Tribhuvan University

ABSTRACT

The purpose of this study is to identify the stock prices of development banks in Nepal by investigating, analyzing, and explaining the factors that influence them. The research intends to elucidate the relationship between key financial indicators such as book value per share (BVPS), dividend per share (DPS), earnings per share (EPS), price-to-earnings (P/E) ratio, and the market price per share to book value per share (MPS/BVPS) ratio on the stock prices of these banks. By conducting a comprehensive analysis, the study seeks to provide insights into the dynamics governing the stock market performance of the Nepalese banking sector. This study utilizes Bivariate Correlation and linear multiple regression models to evaluate the effect of these explanatory variables on the dependent variable. Data are gathered from the annual reports of selected development banks, reports from the Nepal Rastra Bank, and various other official and unofficial publications. The analysis uses appropriate financial and statistical tools within a descriptive and causal-comparative research design. The research utilizes data collected from ten development banks listed on the Nepal Stock Exchange (NEPSE) for the fiscal years 2069/70 to 2078/79, employing a convenience sampling method. The data were compiled and analyzed using MS-Excel and SPSS. This study examines the relationship between BVPS, DPS, EPS, the P/E ratio, and the MPS/BVPS ratio on the market prices of Nepalese development banks through descriptive statistics, correlation, and regression analysis.The study concludes that BVPS, DPS, EPS, P/E ratio, and return on equity have a significant positive relationship with market price.

Keywords: Market price per share, book value per share, dividend per share, price-earnings ratio, earnings per share, market price per share to book value per share ratio.

CHAPTER-I
INTRODUCTION

1.1 Background of the study

A stock is a type of security that signifies ownership in a company and entitles the shareholder to a portion of the company's assets and earnings. There are two types of stock: preferred stock and common stock. Common stock generally grants the owner dividends and voting rights at shareholder meetings. In contrast, preferred stock generally does not grant voting rights but offers a higher claim to assets and earnings. For example, preferred stockholders receive priority in the event of a company's bankruptcy and liquidation, as well as in dividend payments, over common stockholders. Stock is also known as shares or equity. Companies usually sell shares of stock to raise funds for various purposes, such as financing new ventures, expanding their business, investing in training and development, and reducing loans and debt. Stock offers potential returns to investors in two main ways: capital appreciation and dividends.

Capital market is a market for securities where business enterprise and government raised long term funds. It is a type of market where traded securities having more than one year maturity period. It has two type of market such as primary market and secondary market. The primary market is that part of the capital market that deals with issuance of new securities. Startup venture, government or public sector organization can raised fund through the sale of new stock issue. New issue stock is called initial public offering (IPO) in primary market and it is also called new market. The secondary market is the financial market where existing issued securities traded. In secondary market, the stock sale and transfer one investor to another investor. Secondary market is vital to an efficient and modern capital market. It is the only way to create liquidity for the stock holder. Secondary markets mesh the investor's preference for liquidity with the capital user's preference to be able to use the capital for an extended period of time.

Equity capital market trading in Nepal began on January 13, 1994, which was 26 years ago. However, the concept of the capital market in Nepal originated in 1937 with the issuance of

shares by Biratnagar Jute Mills Ltd. and Nepal Bank Ltd. (Ghimire & Mishra, 2018). The Securities Exchange Center (SEC) was established in 1976 to facilitate and promote capital market growth. Initially, the SEC was the sole capital market institution, handling brokerage, underwriting, managing public issues, market making for government bonds, and other financial services. It opened its secondary trading floor for government bonds in 1981. Corporate share trading began under the Securities Exchange Act of 1984, but it was very limited. The transition to a full-fledged stock market occurred when the SEC was converted into the Nepal Stock Exchange (NEPSE) Limited in 1993, with the NEPSE trading floor officially opening on January 13, 1994. In June 1993 Security Board of Nepal (SEBON) was established as a market regulator. SEBON is the supreme body to regulate the Nepalese securities market. The main objective of SEBON is to promote and protect the interest of investors by regulating the securities market, to monitor and control the entire capital market. Its primary functions include granting licenses to stock exchanges and securities businesses, as well as monitoring the activities carried out by NEPSE.

The NEPSE index is the benchmark index that is taken as the measure of performance of overall listed companies. Normally the stock market index is taken as the economic barometer of a country. Growth in the stock index is normally considered as a good sign since it implies the investors are confident about the future prospect of the economy. Decline in the stock index is considered as a bad sign since it indicates that the investors are pessimistic about the future prospect of the economy. The rise and fall in index occur due to various macroeconomic and microeconomic variables in the economy. Any factor that influences cash flows of firms or discount rate will have an impact on share price in the stock market. (Shrestha & Subedi, 2015) Mainly the stock prices determine by the law of demand and supply but the other quantitative and qualitative factor involve determining the stock price.

The price of stock generally effects by market demand and supply. Earnings per share, dividend payout ratio, price-earnings ratio, book value per share, firm size, cash flow per share, NRB policy, fiscal policy, monetary policy, governance of the company, interest rate, political environment, economic growth, news, rumors, employment, and many other factors

are the main determinants of share price. It is extremely valuable to have understanding of these aspects and how they could affect share prices because it will enable investors to make smart investment choices and businesses to raise their market worth. Shiller (1985) found that stock prices are not stable and fluctuate excessively in relation to the news about fundamentals, such as dividend and bonus, due to the irrational investors in the market. Thus, understanding the impact of various fundamental variables on stock price is very much helpful to investors as it will help them in making profitable investment decisions. This research analysis the characteristics and factors that affect the stock price of development banks in the setting of Nepal. As a result, the primary goal of this study is to examine the relationships between firm-specific variables and market price per share of Nepalese development banks, as well as to identify the factors impacting share price. It specifically examines the relationships between earnings per share, dividends per share, the price-earnings ratio, book value per share, and market price per share.

The establishing of Nepal Bank Limited, the country's first commercial bank, in 1937 A.D. represented the beginning of the development of modern banking in Nepal. Before Nepal Rastra Bank (NRB) was established in 1956 A.D., Nepal Bank Ltd. served as both the country's commercial bank and central bank. The Nepal Industrial Development Corporation (NIDC), the nation's first agency for providing development financing, was created by the Nepalese government in 1959. NIDC sought to offer financial support and assistance to industrial firms, particularly those in the private sector. The Nepal Industrial Development Corporation Limited (NIDCL), formerly known as the NIDC, was established as a public limited company in 1992. NIDCL was able to turn into a full-fledged development bank as a result of this process. As a specialized development bank, the Agricultural Development Bank (ADBN) was established in 1968 to provide financial support and services to the agricultural sector. ADBN aimed to promote agribusiness in rural development, and the productivity of agriculture in Nepal. In Nepal, the development bank industry has been essential in supporting entrepreneurship, supporting economic growth, and assisting infrastructure development. The Nepal Rastra Bank (NRB) which is the central bank of the nation supervises and regulates the development banks in Nepal. Development banks fall under the authority of the NRB's monetary, regulatory, and supervisory policies, which it

develops and puts into practice. The Development Bank Act of 1995 and its following changes serve as the primary legal foundation for development banks in Nepal. Under the power granted by this act, the NRB supervises development banks to make sure they conform by financial regulations, risk management principles, capital adequacy standards, and other relevant legislation. The capital structure, shareholding pattern, cash reserve ratio, interest rates determination, sector of investment and proportion of a development banks is totally effected by NRB policies. Now, there are 17 development banks operating in Nepal.

1.2 Statement of the Problems

Investors should choose their investments logically. Understanding how to analyze common stock is crucial for this goal. For rational investing decisions, the investor's attitude and perceptions are also important. Financial institutions and other market intermediaries manipulate and take advantage of many investors since they don't know the rules of the securities market. Not just the general public, but especially university graduates and postgraduates, are incapable of analyzing risk and return when choosing which stocks to buy. The absence of institutions to give proper information about the available investment possibilities is a challenge that investors are also encountering in the context of Nepal. This kind of issue has been resolved in some way since the advent of NEPSE in 1993 AD. But the Nepalese people also have the issue of overestimating the risk of stock investments compared to the actual risk, which causes them to feel uncertain about whether to invest in stocks or not. As a result, neither investors nor the national economy benefit from this situation. According to theory, the intrinsic value of a stock, which is determined by factors like dividend yield, necessary rate of return, and growth, is what determines its market price. In an efficient market, where both the buyer and seller are fully informed about the company's facts and figures, the stock price equals its intrinsic value. So, although market price and financial success are related, the situation here differs greatly from that. To invest in common stock, courage and faith are intermediate variables because there may be various questions on an individual investor's mind at the moment of investment. There are 17 listed development banks in Nepal. Similar to that, neither in the context of Nepal nor in other nations is there sufficient research on this subject. This has made it more difficult for researchers to do research; hence the study addresses the following issues:

- What are the major factors that determine the stock price of Nepalese development banks?
- What is the relationship among earnings per share, dividend per share, book value per share, price earnings ratio and share price of Nepalese development banks?
- Do earnings per share, book value per share, dividend per share and P/E ratio of the company affect the stock price?
- What is the impact of earnings per share, book value per share, dividend per share and P/E ratio of the company stock price?

1.3 Objective of the Study

The primary aim of this thesis is to identify the factors influencing the stock prices of development banks in Nepal. The specific objectives of the study are as follows:

i) To assess the factors influencing the share price of Nepalese development banks.
ii) To examine the relationship among dividend per share, earnings per share, book value per share, price earnings ratio and share price of Nepalese development banks.
iii) To analyze the impact of price earnings ratio, book value per share, earnings per share and dividend per share on the share price of Nepalese development bank.

1.4 Rationale of the Study

This thesis is prepared to analyze the determinants of stock price of development bank in Nepal. This study will be usable and valuable to the various parties or group, institution and individual. This study will be useful for the following groups and individual:

i) It is also useful for further researcher for reference.
ii) It will useful to researcher for conduct another research report.
iii) It will be useful for competitors, shareholders, customers, customers etc.
iv) The research will give the investor crucial and practical information.
v) The management will find it beneficial.
vi) The parties involved in the companies' direct or indirect relationships will also profit from this study.
vii) This study will address the MBS, T.U. criterion that is only partially satisfied.

And this study will be equally useful to the other readers, student of related subject and other people who is concern with banking field.

1.5 Limitation of the Study

This study is conducted as a partial fulfillment of the requirements for a Master's degree in Business Studies (MBS). Like all research, this study is subject to certain limitations. The scope is constrained by the period covered and the sources and nature of the data used. Some of the specific limitations of this study include:

i) This study based on only five development bank out of 17 development bank currently operating in Nepal. So, the findings and conclusion obtained may not be applicable for other sectors of companies listed in NEPSE.
ii) This study has covered only the last five fiscal year data from 069/70 to 078/79.
iii) The study relies solely on secondary data, drawing from the bank's annual reports, books, financial statements, authorized company websites, and other publications.
iv) The year-end closing market price is taken as a base for the analysis.

CHAPTER –II
REVIEW OF LITERATURE

This chapter entails a review of literature relevant to the study. The objectives are to examine foundational literature on the factors influencing the share prices of Nepalese development banks, referencing various theories, and to review empirical evidence from previous research.

The literature review involves understanding and assimilating concepts related to the chosen topic. Its primary purpose is to gain knowledge and assist researchers in identifying existing studies in their field and determining what gaps remain. Globally, there are numerous research papers, articles, books, and journals focused on the stock market. Various key determinants of stock prices in different stock exchanges have also been identified. In this chapter, the researcher examines various sources such as books, magazines, journals, research papers, and unpublished theses that influence stock prices in Nepalese development banks. The chapter is divided into three sections: the first section provides a conceptual review, the second section reviews journals and articles, and the third section investigates previous literature in the context of Nepal.

2.1 Conceptual Review

A conceptual review is a comprehensive analysis and synthesis of the fundamental ideas, theories, and key concepts within a specific field or subject. It involves identifying, defining, and organizing these core concepts while providing explanations and contextualizing them within the subject's historical and theoretical framework. Conceptual reviews play a vital role in academic research and literature, offering readers a foundational understanding of a topic, aiding scholars in gaining deeper insights, and promote critical analysis and discussion within a given discipline. These reviews serve as valuable resources for both beginner learners and experienced researchers, contributing to the ongoing development of knowledge in various academic fields.

2.1.1 Securities

Securities are financial instruments that represent various forms of ownership, debt, or claims on assets and they are important components of the global financial system. They encompass a wide range of investment opportunities or including stocks, which provide ownership stakes in companies, and bonds, which represent debt obligations. Stocks may offer potential for capital appreciation and dividends, while bonds provide regular interest payments and the return of the principal amount at maturity. Securities also extend to investment vehicles like mutual funds and exchange-traded funds (ETFs) that allow investors to access diversified portfolios, as well as derivatives, which derive their value from underlying assets and are often used for hedging or speculation. Securities markets, such as stock exchanges and bond markets facilitate the trading of these instruments, making it possible for companies to raise capital and investors to diversify their holdings and seek returns on their investments while adhering to regulatory safeguards to maintain market integrity and protect investors.

2.1.2 Securities Market

Stock market refers to the place where financial assets are purchased and sold by owners and the investors. Nepalese financial system is characterized by small but a growing capital market. There are two types of market: -The primary market and the secondary market.

a. Primary Market

The Primary Market is the place where companies issue initial public offerings (IPO) and the investors buy the shares of the company at par value. It is done to generate huge fund requirement and every public can purchase it at the minimum price and become investors. The primary market is the mechanism through which a firm can raise additional capital by selling stocks, bonds and other securities. All securities are first traded in primary market and the proceeds from the sale of securities go to the issuing firm. These new issues of stocks typically are marketed to the public by investment bankers. This new market is called primary market. Primary market issues can be subdivided into seasoned and unseasoned issue.

i. Seasoned Issue

This involves the issue of more of an existing security which is already trading in the market. The shares are already well known to investors and trades in the marketplace, and they have an established track record.

ii. Unseasoned Issue

It has no track record. They are issues of completely new securities and are often referred to as initial public offering (IPOs) as unseasoned issues have no established trading history in the markets they are more difficult to value than seasoned issues.

b. Secondary Market

The secondary market is for outstanding securities. Its main function is to provide liquidity to the buyers of the securities. This market remains as a center to convert stocks, bonds and other securities into cash immediately. Since, it provides liquidity to the securities; the investors are encouraged to buy securities in the primary market. Nepal Stock Exchange (NEPSE) is an example of secondary market in Nepal. It is further categorized into the first market, over the counter market, third market, fourth market and bond market.

i. The First Market

Also referred to as the organized stock exchange, this market consists of physical locations where securities are traded according to established rules and regulations. As such, these stock markets are registered with a government agency, and only the securities of listed insurance companies are traded here.

ii. Over The counter Market

The market where the securities of the companies not listed in the stock exchange are traded is called over- the- counter market (OTC). Since the transactions are made informally, this market is also known as impersonal or curbs market.

iii. Third Market

The third market refers to the trading of any securities in OTC market that are listed in organized stock exchange. It is notable that trading hours in the third market is not fixed like

organized stock exchange. it is made up of securities dealers making markets anywhere on a few hundred securities. Thus third market brokers are the market makes who are in direct competition with the specialist that make markets on the organized exchange.

iv. Fourth Market

The fourth market refers to those institutional investors and wealthy investors who buy and sell securities directly from each other. Thus, its participants completely bypass normal dealer services. It is essentially a communication network among institutional investors that trade large blocks without the aid of a brokerage house.

v. Bond Trading

Bond market is the market of long term bond issued by corporations. Corporate bonds are riskier that of government bonds. However, bonds are less risky than the stocks of the same corporation. Bonds are traded in the over the counter market and organized stock exchange. In Nepal, Some companies have issued the bonds/ debentures. Nepal bond market is dominated by the bonds of commercial banks.

2.1.3 Common Stock

Common stocks entitle holders to the residual income of a corporation and grant them legal control over the corporation through voting rights. These investments carry a high risk due to their low claim priority during liquidation. When investors purchase common stock, they receive a certificate of ownership, which specifies the number of shares bought and their per-share value. Common stock serves as a source of long-term financing and represents ownership equity. These certificates are legal documents, marketable as financial instruments. As residual owners, common stockholders' claims to income and assets are secondary to those of creditors and preferred shareholders, resulting in a lower return on investment compared to lenders and preferred shareholders. Common stock can be issued with or without par value, although the par value is merely a nominal figure in the corporate charter with little economic impact. Companies should not issue stock below par value, as shareholders who purchase below this value would be liable to creditors for the difference.

In Nepal, under the Nepal Company Act 2000 AD, common stocks must have a par value, set at either Rs. 10 or Rs. 100. Common stocks have significant investment and speculative characteristics. Their investment value and average market price tend to increase steadily as the company's net worth grows through the reinvestment of undistributed earnings. However, common stocks often experience irrational and excessive price fluctuations in both directions due to speculative behavior driven by hope, fear, and greed.

2.1.3.1 Features of Common Stock

Common stocks possess several distinct features, which are briefly described below:

Par Value:

The nominal price mentioned on each certificate for common stock is known as the par value. While some common stocks may be issued without a par value, it is usually set below the stock's current market value. The par value of a stock indicates that the purchaser's original investment in the business at the time of acquiring them.

Claim on Income and Assets:

The company's earnings are governed by a residual claim held by common stockholders following the payment of all expenditures, interest, taxes, and preferred dividends. Additionally, they are entitled to a residual claim on the company's assets upon liquidation, and they will only be paid after flavored shareholders and creditors have been paid.

Voting Rights:

The authority to vote in elections for directors and to approve amendments to the memorandum of association, including changes to the authorized capital or business objectives of the firm, is vested in common shareholders.

Limited Liability:

The actual owners of the corporation are the common shareholders, although their liability is capped at the amount they have invested in shares. They are not obligated to make additional

contributions in the case of financial hardship or liquidation once they have paid for their shares in full, which encourages investment by reducing the possibility of losses.

Pre-emptive Rights:

To retain their proportionate share ownership in the firm, existing shareholders may buy more shares at a subscription price from the corporation in proportion to their present ownership. The cost to exercise these rights is typically less than their present market worth.

Right to Control:

By exercising their right to vote, common stockholders may exercise control over the company by influencing important corporate decisions, especially when it comes to the election of the board of directors.

Dividend Entitlement:

Dividends, or the portions of the company's earnings given to shareholders, are possible for common stockholders. Dividends are usually set by the board of directors and are contingent upon the profitability and financial stability of the firm.

Marketability:

While common stocks are marketable securities, shareholders can purchase and sell them on stock exchanges, presenting them with liquidity.

Potential for Capital Gains:

Common stockholders can benefit from capital gains if the market price of the stock increases over time, reflecting the company’s growth and financial performance.

Residual Ownership:

The common shareholders have the status of residual owners of the company, which means that their claims to income and assets are made after all other obligations, such as loans and preferred dividends, have been fulfilled.

Pre-emptive Rights:

Current shareholders have the opportunity to purchase new shares issued by the company in proportion to their current ownership at a subscription price. This preemptive right permits shareholders to retain their proportional ownership in the company. Rights are the opportunity to purchase a specific number of new shares at a fixed price over a set period of time, usually at a lower price than the current market value.

Right to Control:

Common shareholders, as the true owners of the firm, exercise control over it through the election of the board of directors.

2.1.4 Market Share Price

The definition of the market is one of the most essential analytical tools for examining and evaluating an institution's competitive restrictions as well as the impact of its behavior on the competition. Market definition is a complex task in addition; there is broad agreement that in some cases its appropriateness can be called into question. The main concerns relate to the limited value of even accurately calculated market shares and concentration measures in specific kinds of markets Market definition serves goals in identifying the scope of competition in a market.

Market share is the price offered to the public by the companies for subscribing issued shares in the primary of secondary market. In case of IPO, generally the price of per share is one hundred rupees. Whereas, the stock price per share varies with different insurance companies and the market conditions in the secondary market. The primary goal of market definition is to assess the presence, creation, or enhancement of market power, which is defined as a firm's ability to maintain prices above the long-term competitive level. Market shares of the respective firms indicate their market strength. Additionally, market definition helps identify relevant competitors and is valuable in assessing the risk of potential coordinated effects in mergers. Identifying the competitive landscape also allows for the examination of other relevant competition issues, such as potential barriers to entry. Even when the necessary data for the hypothetical monopolist test is unavailable, this test offers a coherent conceptual framework for defining the relevant market.

Market definition's importance goes beyond analyzing competition concerns: it is used as a foundation for calculating fines, estimating effects on trade between EU member states, and has served as a procedural model for other legal areas. The stock market is driven by supply and demand, much like any market. When a stock is sold, a buyer and seller exchange money for share ownership. The price for which the stock is purchased becomes the new market price. When a second share is sold, this price becomes the newest market price, etc. The more demand for a stock, the higher it drives the price and vice versa. The more supply of a stock, the lower it drives the price and vice versa. So while in theory, a stock's IPO is at a price equal to the value of its expected future dividend payments, the stock price fluctuates based on supply and demand.

Several factors influence the valuation of stocks:

i. Demand and Supply:

The demand and supply of stocks play a crucial role in determining stock valuation. When demand for a stock exceeds supply, driven by factors such as positive company news, strong earnings, or favorable economic conditions, the stock price tends to rise due to increased buying pressure. Conversely, when supply outstrips demand, perhaps due to negative news, poor performance, or market downturns, the stock price falls as sellers outweigh buyers. The stock price reaches equilibrium where demand equals supply, but any shifts in either can disrupt this balance, leading to price fluctuations. Economic indicators, company performance, and market sentiment are key factors influencing these dynamics, guiding investor decisions and impacting stock prices.

ii. Bank Rate:

The bank rate, or interest rate, impacts the demand for funds and securities. A lower bank rate leads to higher demand for funds, which in turn increases the demand for securities. Conversely, a higher bank rate results in lower demand for funds and thus lower demand for securities.

iii. Market Players:

The actions of market participants also affect security prices. When there are more bulls (investors expecting prices to rise) than bears (investors expecting prices to fall), security prices tend to increase. Conversely, when bears outnumber bulls, security prices tend to decrease.

iv. Dividend Announcements:

Dividends serve as a signal for share price movements. Announcements of dividends generally lead to an increase in share prices. However, if the announced dividend rate is lower than investors' expectations, share prices may decline. Conversely, if the dividend rate meets or exceeds expectations, share prices are likely to increase.

v. Return on Assets

Return on assets shows the percentage of how profitable a company's assets are in generating revenue. If company can earn more revenue, it can generate more profit then they will distribute more dividend as a result share price would increase.

vi. Return on Equity

The Return on equity is a measure of the profitability of a business in relation to the equity. Return on equity directly affects the Market Price of Share. If the company's ROE is increasing trend the MPS will also increase.

vii. Earnings per Share:

Earnings per share (EPS) measure how much profit a company earns for each share of its stock and are a commonly used indicator to gauge corporate value. A higher EPS typically leads to an increase in the market price of the share.

viii. Management Profile:

The management profile greatly impacts a company's success and, consequently, its share prices. If the management team consists of well-educated, experienced professionals with a proven track record of success, share prices tend to be higher. Conversely, if the company is taken over by a management team with a poor reputation, the share price is likely to fall.

ix. Trade Cycle:

Trade cycles refer to the cyclical variations in economic activity. During boom periods, share prices reach their highest levels, while during depressions, they hit their lowest. Share prices tend to rise gradually during recovery phases and decline during recessions.

x. Speculation:

When speculation in the market or in a specific stock is high, the share price will experience significant fluctuations. Conversely, when speculation is low, share price fluctuations will be more stable.

xi. Political factors.

Share prices are influenced by political issues such as the ideology of the ruling party, government policy, and international relations.

xii. Industrial Relation

If there is an enjoyable working atmosphere between management and employees, productivity will be high, which will increase profits. Share prices would rise as a result. When there are frequent strikes and lockouts at a company with weak labor relations, the business performs poorly. Share prices would consequently decrease.

xiii. Stability of Government:

A stable government fosters business confidence, leading to new investments and expansion of existing businesses. This results in higher production, sales, and profits, which drive up share prices. Conversely, government instability discourages new investments, reducing demand, production, and profits, which causes share prices to drop.

xiv. General Market Sentiments:

Market sentiments significantly influence share prices. Optimistic market players tend to buy more, driving prices up, while pessimistic sentiments lead to increased selling, pushing prices down.

xv. Actions of Institutional Investors:

Institutional investors, such as mutual funds, investment trusts, and pension funds, significantly impact share prices due to their substantial funds. When they buy shares, prices rise, and when they sell, prices fall.

xvi. Level of Foreign Investment:

The level of foreign institutional investors (FIIs) greatly influences share prices. Increased foreign investment leads to higher share prices, while a decrease or sale of foreign investments causes the market to decline.

xvii. Returns Offered by Other Markets:

High returns in Indian markets attract institutional investors, increasing demand and share prices. Conversely, attractive returns in other countries lead investors to sell their Indian securities and invest elsewhere, causing share prices in India to drop.

xviii. Availability of Credit:

Easy access to credit encourages borrowing for investment in the markets, increasing demand and share prices. Conversely, restricted credit limits borrowing and lowers demand for shares, leading to a decrease in prices.

xix. Effective Regulation:

Transparent and effective stock market regulation boosts investor confidence, leading to more buying and higher share prices. Ineffective regulation and market scams erode investor confidence, causing panic selling and a decline in share prices.

There are various factors affecting market stock price. Besides, these factors there are also some other influencing factors for stock price determination. They are the internal factors of the organization such as: ROA, ROE, DPS, EPS, BVPS, PE ratio, Debt ratio, company age and so on. This thesis is based on analysis of these internal factors to find out the result.

2.2 Empirical Review

The independent studies available on the topic of determinants of stock prices for development banks in Nepal are reviewed here. This thesis includes a detailed analysis to test the relationship between various variables and market stock prices. It is based on a thorough study of numerous books, journals, articles, websites, and previous theses. Here, I summarize some previous thesis reviews that focus primarily on the determinants of stock prices. It is noted that stock prices fluctuate in response to economic news, and macroeconomic variables significantly explain market prices. Several studies have been conducted to identify the factors influencing stock prices in different stock markets, which are reviewed as follows:

Dhodary (2023) investigated the factors affecting stock prices of Nepalese commercial banks using a quantitative methodology and descriptive research for detailed analysis. The study collected pooled cross-sectional data from NEPSE-listed banks for the fiscal years 2011/12 to 2020/21. Ten commercial banks were selected to represent the 26 commercial banks in the target population. The research focused on variables such as book value per share (BVPS), price-to-earnings (P/E) ratio, firm size, dividend payment, return on equity (ROE), and market price per share (MPS). Statistical analyses, including descriptive statistics, correlation, and multiple regression analysis, were employed. Findings showed that while the book value per share and firm size of Nepalese commercial banks exhibited steady growth, profitability, dividends, and market stock performance were highly volatile. The P/E ratio was zero in some years due to the absence of earnings per share for certain banks. The study found that the share prices of Nepalese commercial banks had a positive correlation with book value per share (BVPS), price-to-earnings (P/E) ratio, return on equity (ROE), and dividend payments, but a negative correlation with firm size. Among the independent variables, all except firm size were statistically significant. The regression analysis indicated that BVPS, P/E ratio, ROE, and dividend payments had a positive and significant effect on market price per share (MPS), while firm size had a significant negative effect on MPS.

Shrestha, Acharya, and Dhakal (2023) investigated the internal financial factors affecting stock prices of Nepalese commercial banks. Their study aimed to assess how various determinants influence stock market prices, using a causal-comparative research design and a quantitative approach. The researchers utilized secondary data and selected banks through

convenience sampling. Out of the 26 commercial banks in Nepal, they chose 4—Himalayan Bank Ltd., Sunrise Bank Ltd., Citizen Bank International Ltd., and Prime Commercial Bank Ltd.—for their 10-year study covering 2010/11 to 2019/20. Data analysis included Pearson's multiple correlations and linear regression. The results indicated that earnings per share (EPS) and dividend per share (DPS) had a negative and statistically insignificant effect on market price per share (MPS), suggesting that EPS and DPS do not affect stock prices. Additionally, the price-to-earnings (P/E) ratio had a positive but statistically insignificant effect on MPS. Conversely, book value per share (BVPS) and the market-to-book value ratio had a positive and statistically significant effect on MPS, suggesting that increases in BVPS and the market-to-book value ratio lead to significant increases in MPS.

Kattel and Pradhan (2023) examined how firm-specific factors affect the stock prices of Nepalese insurance companies. The study used stock return and market price per share as dependent variables and investigated independent variables including premium growth, return on assets, return on equity, dividend per share, earnings per share, price-to-earnings (P/E) ratio, and company size. Analyzing secondary data from 20 insurance companies with 140 observations from the fiscal year 2014/15 to 2020/21, the researchers sourced data from the annual reports of Rastriya Beema Samiti, NEPSE publications, and the annual reports of the selected insurance companies. Regression models were used to evaluate the significance and impact of these factors on stock prices. The study found that earnings per share (EPS) positively influenced both market price per share and stock return, indicating that higher EPS leads to higher market prices and returns. The P/E ratio also positively affected the market price per share, suggesting that a higher P/E ratio results in higher market prices. Company size had a positive impact on market price per share, with larger companies generally having higher prices. Return on equity (ROE) similarly had a positive effect on both market price per share and stock return, meaning higher ROE results in increased market prices and returns. Premium growth was found to positively affect both market price per share and stock return, indicating that rising premiums lead to higher market prices and returns. Additionally, dividend per share was shown to positively impact the market price per share, with increases in dividends leading to higher market prices.

Maskey (2023) investigated the factors affecting the market share prices of life insurance companies listed on the Nepal Stock Exchange (NEPSE). The study utilized panel data from all life insurance companies on NEPSE for the period from 2012/13 to 2017/18. Both descriptive and inferential statistics were used for data analysis, with hypotheses tested through regression coefficients from a multiple regression model. The research highlighted earnings per share, dividend per share, price-to-earnings ratio, company age, and dividend yield as key factors influencing share prices. The study concluded that dividends have a significant effect on investment decisions among Nepalese investors and emphasized the importance of a company's dividend policy in shaping investor behavior in Nepal.

Chhetri (2023) investigated the factors influencing the share prices of Nepalese commercial banks. The study used market price per share as the dependent variable, while firm-specific independent variables included earnings per share, price-to-earnings ratio, book value per share, return on assets, and firm size. External factors considered were inflation, broad money supply, and real gross domestic product. Data were gathered from banking and financial statistics, annual reports from Nepal Rastra Bank, and the annual reports of selected banks, covering a panel dataset of 13 out of 21 commercial banks in Nepal over an 11-year period from 2012 to 2022. The research used both descriptive and causal-comparative methods with secondary data. Multiple regression models were applied to evaluate the effects of firm-specific factors on the share prices of Nepalese joint venture commercial banks. The results showed that earnings per share, price-to-earnings ratio, book value per share, and return on assets significantly impact share prices, whereas firm size had an insignificant effect on these banks' share prices.

Darami et al. (2022) investigated the factors affecting the share prices of commercial banks listed on Bursa Malaysia. The study analyzed banks traded on the Malaysian stock exchange from 2011 to 2020, using data from the banks' annual reports and applying regression models. The findings indicated that earnings per share, dividend payout ratio, dividend yield, and bank size have a statistically significant positive impact on share prices. Conversely, the price-to-earnings ratio was found to significantly negatively affect share prices. The study concluded that dividend yield, earnings per share, and price-to-earnings ratio are the key factors influencing the share prices of commercial banks listed on Bursa Malaysia.

Ratna (2022) explored the factors influencing stock market decisions made by investors. The study utilized both qualitative and quantitative data to analyze stock price determinants in the Indonesian stock market, collected through surveys and interviews. A total of 400 investors participated in an online questionnaire survey, and a subset of these investors was interviewed. Descriptive and analytical research methods were employed to analyze and interpret the data. The results indicated that fundamental analysis plays a crucial role in investment decision-making. Additionally, market psychology and herd behavior were found to impact investment choices. Investors exhibited varying degrees of risk tolerance based on their individual risk profiles and investment goals. This research offers valuable insights for investors and professionals in the Indonesian stock market, helping them to develop more informed and data-driven investment strategies.

Thapa (2022) examined the impact of dividend patterns on stock prices in commercial banks. The study concentrated on five banks: Agriculture Development Bank Limited (ADBL), Nabil Bank Limited (NABIL), Nepal Investment Bank Limited (NIBL), Mega Bank Limited (MBL), and Sunrise Bank Limited (SBL). It investigated how last year's earnings per share (EPS), dividend per share (DPS), and asset growth (GA) as independent variables affected the market price of shares (MPS), which was the dependent variable. Data were sourced from the annual reports of these banks for fiscal years 2013/14 through 2020/21. The findings revealed that the dividend per share (DPS) has the most substantial positive effect on the market price of shares. Asset growth (GA) also had a positive impact on the market price, though it was minimal. Earnings per share (EPS), similarly had a notable positive impact on the market share price of the banks.

Kandel (2022) explored the effect of dividends on the share prices of commercial banks in Nepal. The study used both descriptive and analytical research methods and randomly chose twelve commercial banks out of a total of 27 for the sample. To determine an adequate sample size, the study used a sampling calculator developed by Daniel (1999). Secondary data were gathered from bank websites and the Nepal Rastra Bank (NRB) website, covering a ten-year period from fiscal year 2011/12 to 2020/21. Market price per share (MPS) served as the dependent variable, with earnings per share (EPS), dividend per share (DPS), dividend payout ratio (DPR), and dividend yield (DY) as independent variables. The data were

analyzed using a correlation matrix and multiple panel data regression models, including fixed-effect and random-effect models. The Hausman test suggested that the random-effect model was more suitable for capturing the relationships among the variables. The correlation matrix analysis indicated that DY had a negative correlation with MPS, whereas EPS, DPS, and DPR were positively correlated with MPS. The random-effect model demonstrated a significant positive relationship between DPS and MPS, and a positive but insignificant relationship between DPR and EPS with MPS. Additionally, it revealed a significant negative relationship between DY and MPS. Overall, the study concluded that dividends do influence the share prices of commercial banks in Nepal.

Riwayati and Aviliani (2022) investigated the impact of return on assets, return on equity, and earnings per share on stock prices. The research, which is explanatory and utilizes quantitative methods, focused on state-owned banking companies selected through purposive sampling. Secondary data from financial statements of these banks, sourced from the Indonesia Stock Exchange, were analyzed using descriptive statistics and panel data regression with Eviews 12. The findings revealed that return on assets and earnings per share significantly and positively affect stock prices, whereas return on equity had no impact on the stock prices of state-owned banks.

Saud (2021) investigated the factors affecting stock price fluctuations of commercial banks in Nepal. The study aimed to analyze and interpret changes in share prices for these banks. Utilizing a descriptive and causal-comparative research design, the study focused on seven commercial banks and covered the fiscal years 2012/13 to 2018/19. Data were sourced from the banks' annual reports, the Nepal Stock Exchange, and the annual supervision reports of the Securities Board of Nepal. Analysis was carried out using correlation and multiple regression methods with SPSS version 25. Market price per share (MPS) was treated as the dependent variable, while earnings per share (EPS), dividend per share (DPS), book value per share (BVPS), and price-to-earnings ratio (P/E Ratio) were the independent variables. The findings showed a positive association between MPS and EPS, P/E ratio, and BVPS, whereas there was a negative association with DPS. Significant positive correlations were found between MPS and all independent variables (EPS, DPS, BVPS, and P/E Ratio). The study also identified earnings, book value, dividend payments, paid-up capital, price-to-

earnings ratio, and political stability as key determinants of share prices on the NEPSE. The researcher recommended that the government implement stricter regulations and establish a mechanism for prompt action against fraudulent companies to enhance the share market.

Katuwal (2021) examined the factors affecting the market price of Nepalese commercial banks. The study utilized bivariate correlation and linear multiple regression models to evaluate how various explanatory variables impact the market price. Data were obtained from the annual reports of selected banks, Nepal Rastra Bank, and other official and unofficial sources. A descriptive research design was employed, with analysis performed using financial and statistical tools such as MS-Excel and SPSS. The research focused on six commercial banks listed on the Nepal Stock Exchange (NEPSE) for the fiscal years 2012/13 to 2019/20. It investigated the relationships between earnings per share (EPS), book value per share (BVPS), price-to-earnings ratio (P/E Ratio), return on assets (ROA), and bank size with the market price per share (MPS). Findings revealed that BVPS, EPS, and P/E Ratio have a positive significant relationship with MPS, while ROA has a positive but insignificant impact. Bank size showed a negative and statistically insignificant relationship with MPS.

Niroula (2021) explored stock price behavior in Nepalese commercial banks using MPS as the dependent variable and variables like EPS, P/E Ratio, Dividend Yield (DY) ratio, bank size, Return on Equity (ROE), BVPS, and ROA as independent variables. Secondary data from annual reports of 18 banks, sampled from a population of 27, were analyzed over a five-year period (2015/16 to 2019/20) using descriptive and analytical methods with SPSS version 23. The study revealed that earnings per share (EPS), price-to-earnings ratio (P/E Ratio), and bank size had a positive and statistically significant impact on market price per share (MPS), whereas the effects of other variables were minimal.

Wagle (2021) examined determinants of stock market prices for commercial banks in Nepal from 2015/16 to 2019/20. Using a descriptive and causal-comparative research design, the study analyzed 130 observations from 26 banks. It employed mean, standard deviation, correlation, and regression analysis techniques. The results indicated that Market-to-Book (M/B) ratio, Price-Earnings (P/E) ratio, and Earnings Yield (E/Y) ratio had a significant positive impact on stock market prices, whereas Dividend Yield (D/Y) ratio had a positive

but insignificant effect. The findings are valuable for investors, bankers, academics, and government authorities seeking insights into stock market returns and trends in Nepal.

Poudel (2021) investigated the impact of dividends on the market price of Nepalese life insurance companies. Data were gathered from four life insurance companies listed on NEPSE for FY 2014/15 to FY 2018/19 using a convenience sampling method. The study analyzed the relationships between EPS, DPS, Dividend Payout Ratio (DPR), Earnings Yield, and Dividend Yield on market price using MS-Excel and SPSS, employing descriptive statistics, correlation, regression, and ANOVA tests. It concluded that DPS has a significant positive impact on market price, while Dividend Yield has a significant negative impact.

Arsal (2021) assessed the effect of EPS and DPS on company value on the Indonesian Stock Exchange for the period 2014-2017. Data from six food industry companies were analyzed using multiple regression models. The study found that EPS had a significant positive impact on company value, while DPS did not have a substantial effect on company value. The results indicated that company value is influenced by both EPS and DPS when considered together. The study suggests that investors should use EPS for investment decisions and that companies should develop dividend policies and strategies to enhance company value.

Salawudeen and Ibrahim (2021) examined the impact of the dividend payout ratio on share prices of industrialized firms listed on the Nigerian stock exchange between 2008 and 2019. Panel regression analysis was used, focusing on 51 out of 63 firms. The study found that dividend payout ratio, growth, and age significantly impacted stock prices, while leverage and firm size had a significant negative impact. Profitability had an insignificant impact. The study recommends that Nigerian firms adjust their dividend policies to meet shareholder needs, which could attract more investors and increase shareholder wealth.

Bhattarai (2020) examined the factors influencing the market share price of Nepalese commercial banks from 2013/14 to 2017/18. Utilizing data from 12 selected banks and macroeconomic variables from economic surveys, the study employed descriptive, correlation, and causal-comparative research methods. Analysis using pooled OLS and Fixed Effects Models revealed that the Dividend Payout Ratio had a significant negative relationship with market share price, whereas Dividend Yield and earnings per share (EPS)

were positively and significantly associated. Bank size, GDP growth rate, and inflation did not have a significant impact on market share price. The study suggested enhancing the management of bank-specific factors to mitigate negative effects on share prices.

Neupane (2020) investigated the financial health of Nepalese commercial banks to understand how financial ratios can predict stock prices. The study sampled 27 commercial banks using data from the fiscal year 2065/066. The research focused on five independent variables: earnings per share (EPS), price-earnings ratio (P/E Ratio), dividend per share (DPS), return on equity (ROE), and book value per share (BVPS), with the market price per share (MPS) as the dependent variable. Data were collected from the banks' financial statements and the Nepal Stock Exchange (NEPSE). Descriptive statistics, correlation analysis, and multiple regression models were used to evaluate the impact of these variables on stock prices. The findings indicated that the price-to-earnings (P/E) ratio and earnings per share (EPS) significantly positively affect stock prices on NEPSE. This suggests that investors in Nepal can rely on P/E Ratio and EPS to predict stock prices. Overall, the study concludes that these financial variables are crucial for guiding investment decisions on NEPSE, with P/E Ratio and EPS showing a high level of reliability in influencing stock prices.

Bhatta (2020) investigated how dividend policies affect the stock prices of commercial banks in Nepal. The study focused on various aspects of dividend policy, including earnings per share (EPS), dividend per share (DPS), dividend payout ratio, price-earnings ratio (P/E Ratio), and dividend yield ratio, to understand their impact on market price per share (MPS). Data from Nepal Rastra Bank and the annual reports of commercial banks for the fiscal years 2010/11 to 2018/19 were analyzed. Using descriptive research methods, correlation analysis, and multiple regression models, the study examined the relationships between these dividend-related variables and stock prices. The findings revealed a positive relationship between MPS and EPS, DPS, and P/E Ratio, while a negative relationship was observed with the dividend payout ratio and dividend yield ratio. Significant correlations were found between MPS and DPS, dividend payout ratio, and P/E Ratio, whereas the correlations with EPS and dividend yield ratio were not significant. The study suggests that firms should provide clear information about their dividend policies to help investors make informed

decisions. Investors should factor in dividend-related metrics when making investment choices.

Khatiwada (2020) investigated the factors affecting the share prices of insurance companies listed on the Nepal Stock Exchange from 2011/12 to 2017/18. Data were obtained from the annual reports of the selected insurance companies and analyzed using regression models. The study found that earnings per share (EPS) and price-earnings ratios had a significant positive relationship with share prices, while dividend yield showed a significant negative relationship. The study concluded that market price per share, EPS, dividend per share, cash dividend ratio, dividend yield ratio, and price-earnings ratio are key determinants of share prices for insurance companies in Nepal.

Goet and Kharel (2020) examined how variables such as Dividends Per Share (DPS), Earnings Per Share (EPS), Price-Earnings Ratio (PER), and Net Worth Per Share affect the Market Price Per Share of Nepalese commercial banks. The study utilized panel data from four commercial banks over ten years (2011/2012-2020/2021), with 40 observations in total. The findings indicated that while EPS had a significant positive correlation with DPS and PER, it had only a minimal positive effect on the Market Price Per Share, EPS, and Net Worth Per Share of these banks.

Chundali (2020) explored the factors affecting share price movements in Nepalese commercial banks, examining both primary and secondary data sources. The study utilized a descriptive research design and convenience sampling to gather data. Primary data were collected via questionnaires from respondents, while secondary data were sourced from the annual reports of the banks under study. Various statistical methods, including mean, standard deviation, coefficient of variance, and correlation coefficients, were employed to analyze the data. The findings indicated that many respondents believe a range of factors influence share price movements, with political conditions, earnings per share, dividend distribution patterns, book value, and regulatory factors being significant. The study highlighted the significant volatility in share prices among Nepal's commercial banks and found that dividends per share, earnings per share, and book value per share significantly positively affect share prices. However, the secondary data analysis showed inconsistent results regarding the relationship between market price per share and other factors such as

EPS, DPS, DY, BVPS, and the P/E ratio. Additionally, environmental factors such as political instability, regulatory changes, and financial aspects also significantly affect share prices.

Shrestha (2020) investigated how earnings per share (EPS) and stock dividends affect the share prices of commercial banks in Nepal. The study aimed to evaluate the current status of share prices in the commercial banking sector and to outline relevant market conditions. Utilizing secondary data from the annual reports of two commercial banks for the fiscal years 2011/12 to 2018/19, the research analyzed the relationships between dividends per share (DPS), EPS, price-to-earnings ratio (P/E ratio), and book value per share (BVPS) with the market price per share (MPPS). The study employed statistical tools including correlation, regression analysis, and probability error assessments. Findings revealed that both EPS and DPS have a positive relationship with MPPS. Additionally, while DPS and EPS significantly influence share prices, other factors such as the P/E ratio and BVPS also positively affect stock prices. The study concludes that investing in shares can be profitable as the market price and dividends distributed by companies increase.

Silwal and Napit (2019) explored the factors influencing stock prices in Nepalese commercial banks. The study used pooled cross-sectional data from ten banks listed on the Nepal Stock Exchange. By applying correlation and causal-comparative research designs, the researchers identified that book value per share, price-to-earnings ratio, and return on equity positively influence stock prices. While dividend yield also positively impacts stock prices, its effect is relatively minor. In contrast, the size of the bank negatively influences stock prices and is statistically insignificant. The study highlights that among these factors, book value per share is the most significant determinant of stock prices in Nepal.

Jermittiparsert et al. (2019) investigated the role of financial ratios in assessing risk and return as determinants of stock prices in the ASEAN region. Their sample included ten firms from Malaysia, Indonesia, Thailand, and Singapore. Using multiple regression techniques, the study revealed that the price to earnings ratio and return on equity are key variables with a significant impact on determining stock prices in these markets.

Dutta et al. (2018) the study investigated the main factors affecting the price-to-earnings (P/E) ratios of manufacturing companies listed on the Dhaka Stock Exchange. By using descriptive statistics, correlation analysis, and regression methods, the results showed that dividend yield, leverage, size, and net assets per share significantly influence P/E ratios. Specifically, dividend yield and company size negatively impact the P/E ratio, whereas leverage and net assets per share positively affect it. This study provides valuable insights for fundamental analysts and decision-makers evaluating the variations in P/E ratios among manufacturing firms in Bangladesh.

Arkan (2016) evaluated how financial ratios from financial statements can forecast share price trends in today's markets. Analyzing data from 15 companies across three sectors over nine years (2005-2014) in the Kuwaiti financial market, the study used a multiple regression model with the STEPWISE method to refine the predictors. The findings revealed that certain financial ratios, particularly return on assets (ROA), return on equity (ROE), and net profit ratio, exhibit strong and significant relationships with stock price trends, especially within the industrial sector.

Flora (2015) investigated the factors affecting stock prices in Indonesia, highlighting that institutions aim to maximize profits within the shortest possible time. Companies adopt various strategies to meet their financial goals, including raising capital through investments. Attracting investors is crucial for corporate finance, as capital markets identify those with surplus funds seeking investment opportunities. In Indonesia, the banking sector plays a vital role, especially given its resilience during the 2008 global financial crisis and its subsequent growth. The banking industry is integral to national development, with state-owned banks drawing significant investor interest. Unlike typical industrial firms, banks have unique operational structures, leading investors to consider different factors when evaluating them. The study concluded by recommending investments in Bank Mandiri, Bank BNI, and Bank BRI, as financial ratios demonstrated their significant influence on stock prices.1

Table 1

Summary of Empirical Review

S.N.	Author	Title	Methodology	Findings

1.	Dhodary, (2023)	Determinants of stock price of Nepalese commercial banks.	Descriptive research design used.	The results indicate that Book Value per Share (BVPS), Return on Equity (ROE), price-to-earnings ratio, an d dividends have a positive and significant effect on Market Price per Share (MPS). Conversely, Firm Size (FS) has a significant but negative impact on MPS.
2.	Shrestha, Acharya and Dhakal (2023)	The internal financial determinants of stock price: Evidence from Nepalese commercial banks.	A causal-comparative research design has been utilized.	The study found that earnings per share (EPS) and dividend per share (DPS) have a negative and statistically insignificant impact on the market price per share (MPS), suggesting that these factors do not influence the stock market. The price-to-earnings (P/E) ratio also has a positive but statistically insignificant effect on MPS. In contrast, book value per share (BVPS) and the market-to-book value ratio both have a positive and statistically significant impact on MPS. This implies that increases in BVPS and the market-to-book ratio will lead to a notable rise in MPS.
3.	Kattel and Pradhan, (2023)	Impact of firm specific factors affecting stock price of Nepalese insurance	Descriptive and casual comparative research design	The study demonstrated that earnings per share positively affect both the market price per share and stock returns. Similarly, the price-to-earnings ratio positively influences the market price per

		companies		share. Additionally, company size has a favorable impact on the market price per share, suggesting that larger companies tend to have higher market prices per share. Return on equity also positively affects both the market price per share and stock returns. Furthermore, premium growth and dividend per share both positively influence the market price per share.
4.	Maskey, (2023)	Specific Determinants of Share Prices: A case study of Life Insurance companies	Descriptive, Inferential statistics research design has been used.	This research found that earnings per share, dividend per share, price-to-earnings ratio, company age, and dividend yield are key factors influencing share price.
	Hewamana, Siriwardhane, D., and Rathnayake, A. (2022).	Determinants of Stock Price Volatility	The study employed a systematic literature review (SLR) method to examine the theoretical and empirical foundations of the variables affecting	The main finding of this study is that GDP, inflation, money supply, exchange rates, earnings, and dividend payments are highly significant factors influencing stock price volatility.

			stock price volatility.	
5.	Thapa, (2022)	Determinants of share price of Nepalese commercial banks	Descriptive and casual comparative research design has been utilized.	The study found that the price-earnings ratio has a significant positive relationship with share price, indicating a correlation between P/E ratio and market price per share. Conversely, dividend yield was found to have a significant negative relationship with share price, showing a strong inverse correlation. Additionally, earnings per share and dividend per share were not significant factors affecting share price, as no correlation was observed between share price and these variables.
6.	Darami, A. bt I., Shahidan, A. S. B., & Romli, N. bt. (2022)	The Determinants of Share Price on Commercial Banks in Bursa Malaysia	Regression modeling has been used.	The study found that earnings per share, dividend payout ratio, dividend yield, and bank size all have a statistically significant positive relationship with share price. However, the price-to-earnings ratio was found to have a statistically significant negative relationship with share price. The key takeaway is that dividend yield, earnings per share, and price-to-earnings ratio are crucial factors in determining the share price of commercial banks listed on the

				Malaysian stock exchange.
7.	Bhurtel, (2022)	Analysis of the Determinants of Market stock price movements: Empirical study of Nepalese Commercial Banks.	Descriptive and analytical research design has been used.	The study's findings over the past decade indicated that earnings per share, dividend per share, book value per share, and price-to-earnings ratios all have a significant positive association with share price. There is a notable relationship between EPS, DPS, BVPS, and P/E ratio with the market price per share.
8.	Thapa, (2022)	Dividend patterns of Commercial Banks and its Effect on Stock Price.	Descriptive research design has been used.	The results indicate that dividend per share (DPS) has the most substantial positive impact on the market price per share of commercial banks. Growth in assets (GA) also has a significant but minimal positive effect on the market price. Additionally, earnings per share (EPS) positively and significantly influence the market price per share of commercial banks.
9.	Kandel, (2022)	The Effect of Dividend on Stock Price: Evidence from Nepalese Commercial Banks	Descriptive and analytical research design has been used.	The correlation matrix reveals that dividend yield (DY) is negatively correlated with market price per share (MPS), while earnings per share (EPS), dividend per share (DPS), and dividend payout ratio (DPR) are positively correlated with MPS. The random effects model

				further shows a significant positive relationship between DPS and MPS, and a positive, though insignificant, relationship between DPR and EPS with MPS. In contrast, DY shows a significant negative relationship with MPS. Therefore, the analysis concludes that dividends have an impact on the share price of commercial banks in Nepal.
11.	Riwayati & Aviliani, (2022)	Analysis relates to the impact of Financial Performance on Banking Stock Prices.	Explanatory research design has been used.	The results indicated that return on assets and earnings per share significantly positively affect stock prices. However, return on equity does not impact stock prices for state-owned banking companies.
12.	Katuwal, (2021)	Factors influencing the share price of Nepalese commercial banks	Descriptive research design.	The study finds that book value per share, earnings per share, and the price-to-earnings ratio have a significant positive effect on the market price. Return on assets has a positive, though not statistically significant, impact on the market price. Furthermore, company size shows a negative and statistically insignificant relationship with the stock price of Nepalese commercial banks.
13.	Saud, (2021)	Stock price fluctuations of	Descriptive and casual	The study results show a significant positive correlation between the

		Nepalese commercial banks.	comparative research design	independent variables—earnings per share (EPS), dividends per share (DPS), book value per share (BVPS), and price-to-earnings ratio (P/E ratio)—and the dependent variable, which is the market price per share (MPS).
14.	Rai, (2021)	Stock price behaviors of commercial banks in Nepal.	Descriptive and casual-comparative research design was used.	The results reveal that dividend per share and return on assets has a negative and significant impact on the stock price of Nepalese commercial banks. Conversely, the dividend payout ratio has a positive and significant effect on the stock price of these banks.
15.	Niroula, (2021)	Behavior of stock price of Nepalese commercial banks.	Descriptive and analytical research design has been used.	The results indicate a positive and statistically significant impact of earnings per share, dividend per share, book value per share, price-earnings ratio, and bank size on market price per share. Other variables show negligible effects.
16.	Wagle, (2021)	Determinants of stock market prices in Nepal: A case of commercial banks	Descriptive and casual comparative research design was used.	The findings revealed that the Market-to-Book ratio (M/B), Price-Earnings ratio (P/E), and Earnings Yield ratio (E/Y) have a significant positive association with stock market prices. However, the Dividend Yield ratio (D/Y) has a positive but statistically insignificant impact on stock market

				prices.
17.	Poudel, (2021)	Impact of Dividend on Share Price of Nepalese Life Insurance Company	Descriptive research design has been used.	The study concludes that Dividend Per Share (DPS) has a significant positive relationship with the market price of shares of Nepalese life insurance companies, whereas Dividend Yield (DY) has a significant negative relationship with the market price of these shares.
18.	Shammout, (2020)	The impact of stock characteristics on its market price in Jordanian commercial banks.	Descriptive statistics and regression analysis has been used.	The study revealed that stock characteristics significantly influence the market price at Jordanian commercial banks. Specifically, the Book Value Ratio, Dividends Per Share, Market-to-Book Ratio, Price-Earnings Ratio, and Yield Per Share all have a statistically significant impact on the market price. In contrast, Earnings Per Share and Dividend Payout Ratio do not show a statistically significant effect on the market price at these banks.
19.	Shrestha, (2020)	Effect of earning per share and stock dividend on share price fluctuation of private commercial	Descriptive Research design has been used.	The study discovered that both Earnings Per Share (EPS) and Dividends Per Share (DPS) are positively related to Market Price Per Share (MPPS). Furthermore, it concluded that in addition to DPS and EPS, other factors like the

		banks.		Price-Earnings (P/E) Ratio and Book Value Per Share (BVPS) also have a positive impact on stock prices.
20.	Chundali, (2020)	Stock Price Movement of Commercial Banks in Nepal.	Descriptive research design has been used.	The study's findings from the past five years show that Dividend Per Share (DPS), Earnings Per Share (EPS), and Book Value Per Share (BVPS) significantly positively affect share prices. However, the secondary data analysis highlighted inconsistencies in how commercial banks' performance relates to Market Price Per Share (MPS) with EPS, DPS, Dividend Yield (DY), BVPS, and Price-Earnings (P/E) Ratio. Moreover, other external factors also impact the market price of shares.
21.	Goet and Kharel, (2020)	Factors Influencing Stock Price Variability of Commercial Banks in Nepal.	Descriptive and casual-comparative research design has been used.	The key findings of this study are that Earnings Per Share (EPS) have a significant positive relationship with Dividends Per Share (DPS) and Price-Earnings Ratio (P/E Ratio). However, EPS shows only a negligible positive relationship with Market Price Per Share (MPS) and Net Worth Per Share of commercial banks.
22.	Khatiwada, (2020)	Factors Affecting the	Descriptive and	The results revealed that Earnings Per Share (EPS) and Price-Earnings

		Share Price of Nepalese Insurance Companies.	Explanatory research design has been used.	Ratio (P/E Ratio) have a significant positive association with share price. In contrast, Dividend Yield (DY) demonstrated a significant inverse association with share price.
23.	Bhatta, (2020)	Impact of Dividend Policy on Stock Price of Commercial Banks in Nepal.	Descriptive Research Design has been used.	The study's findings indicate a positive relationship between Market Price Per Share (MPS) and Earnings Per Share (EPS), Dividend Per Share (DPS), and Price-Earnings Ratio (P/E Ratio). Conversely, Dividend Payout Ratio and Dividend Yield Ratio have a negative relationship with MPS. Significant correlations were observed between MPS and DPS, Dividend Payout Ratio, and P/E Ratio. However, there was no significant correlation between MPS and EPS or between MPS and Dividend Yield Ratio.
24.	Bhattarai, (2020)	Determinants of share price of commercial banks in Nepal.	Descriptive, correlational and casual comparative research design was used.	The study found that Dividend Payout Ratio has a negative and statistically significant impact on Market Share Price. In contrast, Dividend Yield, Earnings Per Share (EPS), and Price-Earnings Ratio (P/E Ratio) all have a positive and statistically significant relationship with Market Share Price. The size of the bank, GDP growth rate, and

	inflation rate were found to have no significant effect on determining Market Share Price.

2.3 Research Gap

Research gap refers to the gap between previous research and this research. Many research studies have been conducted by the different students, experts and researcher about the determents of stock price in Nepalese stock market. The review of above relevant literature has contributed to enhance the fundamental understanding and knowledge, which is required to make this study meaningful and purposeful. Although some previous MBS students have conducted their thesis on similar topics, there is a fundamental distinction between those studies and the present research. The previous researcher ware research on commercial bank and insurance company but present researcher has conduct research on development bank currently operating in Nepal. Most of the previous studies reviewed were based on less than five years of data. In contrast, this research utilizes data spanning five years for analysis. Additionally, previous research often involved more than ten sample firms. The present researcher has taken five sample banks for the research. Previous studies have tried to establish a relationship between market price of shares (MPS) and other variables namely return on book value per share (BVPS), dividend per share (DPS), dividend yield (DY), debt to total assets ratio (DA), firm size and firm age. Here, we find similarity in previous and current researches; however, the current research concentrates on only five independent variables: Earnings per Share (EPS), Book Value per Share (BVPS), Dividend per Share (DPS), and Price-to-Earnings (P/E) Ratio. It has been conducted with reference to five sample firms, providing clear insights for investor's interested in common stock investments in listed development banks operating in Nepal. The research aims to avoid allegations of duplicating previous studies on similar topics by ensuring originality.

CHAPTER-III
RESEARCH METHODOLOGY

3. Research Methodology

Research methodology refers to the structured approach used to solve problems by systematically gathering, analyzing, and interpreting data. It encompasses the methods and procedures employed to collect data and the sources utilized for obtaining it. In this study, the researcher included details on research methodology, research design, population and sample, types of data, data collection procedures, data collection methods, and data analysis techniques.

3.1 Research Design

A detail plan that is prepared to search answer of the research problem is known as research design. It incorporates the blue print for the collection, measurement and analysis of data. Analyzing the relationships between market price per share, earnings per share, dividend per share, book value per share, and other financial indicators is the main objective of this study. This research uses a descriptive and causal comparative research design. Based on ten years of data, from the fiscal year 2069/2070 to the fiscal year 2078/2079, descriptive approaches and some statistical tools have been utilized to evaluate the facts and establish the causes affecting the stock prices of development banks in NEPSE.

3.2 Population and Sample, and Sampling design

Population refers to the total numbers of events, activities, number, persons etc. of the desired area of research. The population for this study comprises 17 development banks currently operating in Nepal. The entire development bank performs under the rule, regulations and directives of Nepal Rastra Bank. Representative portion of the population is selected for the study that is knows sample. In this study, the researcher should select five development banks out of 17 devlopment banks as samples which are jyoti development bank, garima development bank, lumbini development bank, kamana sewa development bikash bank and muktinath development bank.

3.3 Types of Data and Sources

Information or facts collected through record, observation and measurement is known as data. Data are the essential to provide the evidence to the research. Data collection is important work for research. For the purpose of obtaining an accurate and reliable result from this research, mainly secondary data have been collected. All publicly available and practicable information has been collected. Secondary sources are used for collecting secondary data. The information collected from books, journals, and articles relevant to the study, bank annual reports, and their websites, are the secondary sources of data.

3.4 Data Collection Procedure and Analysis

Data collection procedure is defined as the method of data collecting, measuring and analyzing accurate insights for research using standard validated technique. Researcher went to the websites of samples bank and gets the important information. This study mainly based on secondary data which is collected from books, journals, published data, official data, financial statement of related field etc. The researcher obtained the primary annual reports of the bank directly from its website. The analyzed data is presented through various tables, charts, and diagrams, accompanied by supportive interpretations.

3.5 Data Analysis Tools/Techniques

Data collected from secondary sources which are evaluated and interpreted so as to achieving the result. There are many tools and technique used to analysis the determinants of stock price. In this topic, the data are presented, calculated and analyzed. For this purpose the secondary data has used. Various statistical tools such as average/arithmetic mean, standard deviation, coefficient of variation, correlation coefficient and regression analyses to find out the objective. Earnings per share, dividends per share, price-to-earnings ratio, and book value per share are the financial metrics employed in the analysis.

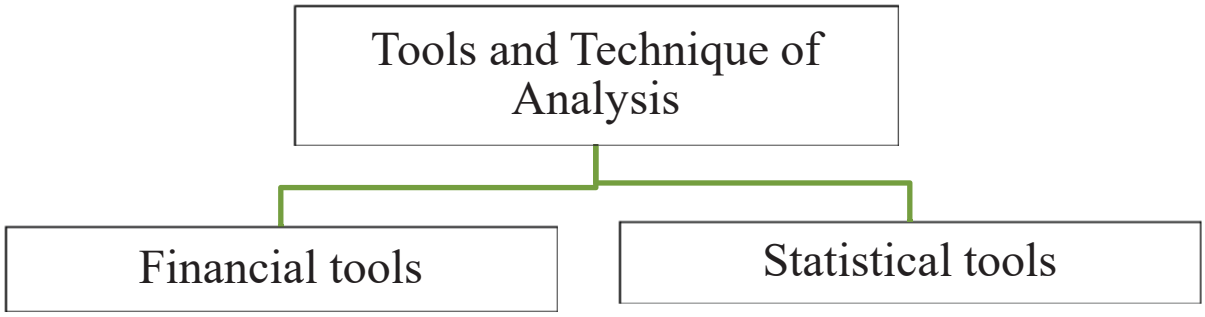

Figure 1

Data Analysis Tools

3.5.1 Financial Tools

Financial analysis is the process of identifying the financial strengths and weaknesses of the organization by properly establishing relationships between the items of the balance sheet and the profit and loss account. This research utilized various financial tools to analyze and interpret the data, with a primary focus on market price per share (MPS), earnings per share (EPS), book value per share (BVPS), dividends per share (DPS), and the price-to-earnings (P/E) ratio.

a) Earnings Per Share

Earnings per share (EPS), also known as net income per share, is a market indicator that measures the net income earned for each share of stock that is outstanding. Essentially, it represents the amount of profit each share would receive if all profits were distributed to shareholders at the end of the year. EPS is a key profitability metric and is generally considered more favorable when higher, as it indicates greater company profitability and more earnings available for distribution to shareholders. Although many investors may not place significant emphasis on EPS alone, a higher EPS often leads to an increase in the company's stock price. Due to various factors that can affect this ratio, investors typically consider it but do not rely on it solely for making investment decisions. It is calculated as follows:

$$Earning\ per\ share = \frac{net\ profit\ after\ tax}{Total\ no.of\ share}$$

b) Dividend per Share

Dividends per share represent the portion of a company's profits that is allocated to shareholders. This figure is crucial for both shareholders and investors. Shareholders value it because dividends provide a return on their investment in the company. Investors use this ratio to assess the financial health and performance of a company. A dividend per share specifically refers to regular dividend payments, excluding any one-time distributions. It is calculated using the following formula:

$$Dividend\ per\ share = \frac{Total\ dividend\ proposed}{Total\ no.of\ shaare}$$

c) Market Price per Share

The market value per share, or fair market value of a stock, is the current price at which a stock can be bought or sold in the market. It represents the prevailing price of a single share of stock. As the stock market and broader economy fluctuate daily, stock prices can vary accordingly. This market value is influenced by both the overall economic conditions and investors' forecasts and expectations. It is calculated as follows:

$$Market\ Price\ per\ share = \frac{Market\ capitalization}{Total\ no.of\ share\ outstanding}$$

d) Book Value per Share

Book value per share (BVPS) is a ratio that compares a company's common shareholders' equity to the number of shares outstanding. It represents the amount shareholders would receive if the company were liquidated. Essentially, BVPS measures the equity available to shareholders relative to the number of shares in circulation. If the market value per share is below the book value per share, it might suggest that the stock is undervalued. Thus, BVPS can be an indicator of a company's stock value, though it should be considered alongside

other factors like cash flows and product sales. This metric is primarily used by investors rather than internally within the company.

$$Book\ value\ per\ share = \frac{Total\ paid\ up\ capital + resurve\ and\ surplus}{Total\ no.\ of\ share\ outstanding}$$

d) Price Earnings Ratio

This ratio illustrates the connection between earnings per share and market value per share, assessing the firm's profitability. A higher ratio indicates greater management efficiency, while a lower ratio suggests less efficiency. The ratio is calculated by:

$$\text{Price earning ratio} = \frac{\text{market price per share}}{\text{current earning per share}}$$

f). Market Value per Share to Book Value per Share Ratio

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

$$\text{MVPS to BVPS} = \frac{\text{Market Value Per Share}}{\text{Book Value PerShare}}$$

3.5.2 Statistical Tools

Statistical tools are methods or instruments used to analyze data collected from various sources. In statistics, there is a wide array of tools available for analyzing different types of data. In this study, the researcher has employed the following statistical tools for data analysis.

a) Arithmetic Mean

The mean is a value that represents a set of values and provides an indication of their central tendency within the distribution. The value of arithmetic mean lies in between the two extreme observations of the entire data. The value of the AM is obtained by adding together all the items and by dividing this total by the number of items.

Mathematically,

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

Where,

$\bar{X} = \text{Arithmetic Mean}$

$\sum X = \text{Sum of all the values of the variable X}$

n = Number of observations

b) Standard Deviation

Standard deviation is defined as the positive square root of the mean as square of the deviation takes from the arithmetic mean. It indicates the ranges and size of deviance from the middle or mean. It measures the absolute dispersion. Higher the standard deviation Higher will be the variability and vice versa. Dispersion measures the variation of the data from the central value. In other words, it helps to analyze the quality of data regarding its variability. It is calculate as:

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

Where,

$X = \text{Veriables}$

$\overline{X} = \text{Mean or average}$

$n = \text{number of item in the series}$

c) Coefficient of Variation

Karl Pearson created this measurement to assess the degree of relative dispersion. The coefficient of variation (CV) is a statistical measure of the dispersion of data points in a data series around the mean. The coefficient of variation represents the ratio of the standard

deviation to the mean, and it is a useful statistic for comparing the degree of variation from one data series to another, even if the means are drastically different from one another (Westfall, 2020). It is calculated as the standard deviation divided by the expected return, which measures risk per unit of return. To compare the variability between two or more series, CV is a more appropriate statistical tool.

Mathematically,

$$\mathrm{CV} = \frac{\sigma}{\overline{\mathrm{X}}} \times 100$$

Where,

CV = Coefficient of variation

σ =Standard deviation

$\overline{\mathrm{X}} = \text{Mean or average}$

d) Correlation Coefficient (r)

The correlation coefficient define is a statistical measure that show the strength and direction of a linear relationship between two variables. It is denoted by the symbol "r" and the correlation lies between the ranges from -1 to 1. A positive value of the correlation coefficient indicates a positive linear relationship which means the one variable increases then the other tends to also increase. In other words, a negative value indicates a negative linear relationship which indicating that as one variable increases, the other tends to decrease. A correlation coefficient of 1 or -1 implies a perfect linear relationship, while a value of 0 indicates no linear correlation. The magnitude of the correlation coefficient reflects the strength of the relationship with values closer to 1 or -1 indicating a stronger correlation. It's important to note that correlation does not imply causation; a high correlation between two variables does not necessarily mean that one variable causes the other to change. Correlation provides a measure of association, but additional analysis is required to establish causation. By Karl Pearson, the simple correlation coefficient (between two variables, say X and Y) is given by,

$$\text{Correlation (rxy)} = \frac{\mathrm{N}\sum \mathrm{XY} - \sum \mathrm{X}.\sum \mathrm{Y}}{\sqrt{\mathrm{N}\sum \mathrm{X}^2 - (\sum \mathrm{X})^2}\sqrt{\mathrm{N}\sum \mathrm{Y}^2 - (\sum \mathrm{Y})^2}}$$

Where,

rxy is the correlation between two variables X and Y, ‘r’ always lies in between +1 and -1

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

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

When ‘r’ = 0, there is no correlation.

e) Coefficient of Determination

The coefficient of determination define is a statistical tool that shows the proportion of the variance in the dependent variable that is explained by the independent variables in a regression model. In another words, coefficient of determination represents the goodness of fit of the model and indicates the extent to which the variability in the response variable can be attributed to the predictor variables. The coefficient of determination value ranges from 0 to 1, where 0 indicates that the model does not explain any variance, and 1 signifies a perfect fit where the model accounts for all the variability. The higher coefficient of determination value suggests a better fit of the model to the data. So, the coefficient of determination does not provide information about the appropriateness of the model in predicting future observations or the significance of individual predictors. Therefore, while is a valuable measure of overall model performance, it is often used in conjunction with other statistical metrics for a comprehensive evaluation of regression models. The coefficient of determination is defined as the ratio of explained variance to the total variance.

$$\text{Cofficient of Determination } (\text{R})^2 = \frac{\text{explaind variance}}{\text{total variance}}$$

f) Regression Analysis

Regression analysis is a statistical method used to estimate the unknown value of one variable based on the known value of another variable. The variable with the known value is referred to as the independent variable, while the variable to be predicted is called the dependent variable. It is used to determine whether the dependent variable is influenced by the given independent variable or not. In this study, the market price per share is the dependent variable, while earnings per share, dividend per share, price-to-earnings ratio, and book value per share are the independent variables. The regression model for this study has been made by researcher as:

MPS = $\beta 0 + \beta 1EPS + \beta 2DPS + \beta 3P/E\ RATIO + \beta 4BVPS + \beta 5MPS\ to\ BVPS$

Where,

MPS = Market price per share

$\beta 0$ = Intercept

$\beta 1$ = Coefficient of EPS

EPS= Earnings per share

$\beta 2$ = Coefficient of DPS

DPS= Dividend per share

$\beta 3$ = Coefficient of P/E Ratio

P/E Ratio= Price earnings ratio

$\beta 4$ = Coefficient of BVPS

BVPS= Book value per share

3.5.3 Conceptual Framework

Conceptual framework shows relationship between dependent variable and independent variable, which are in frequent use in researches regarding capital market and finance.

Dependent Variable

A dependent variable is what we experiment and what is affected during the experiment. It is called depended because it depends on the Independent variables.

Independent Variable

An independent variable is the variable that is changed or control is a scientific experiment to test the effect on the depended variables.

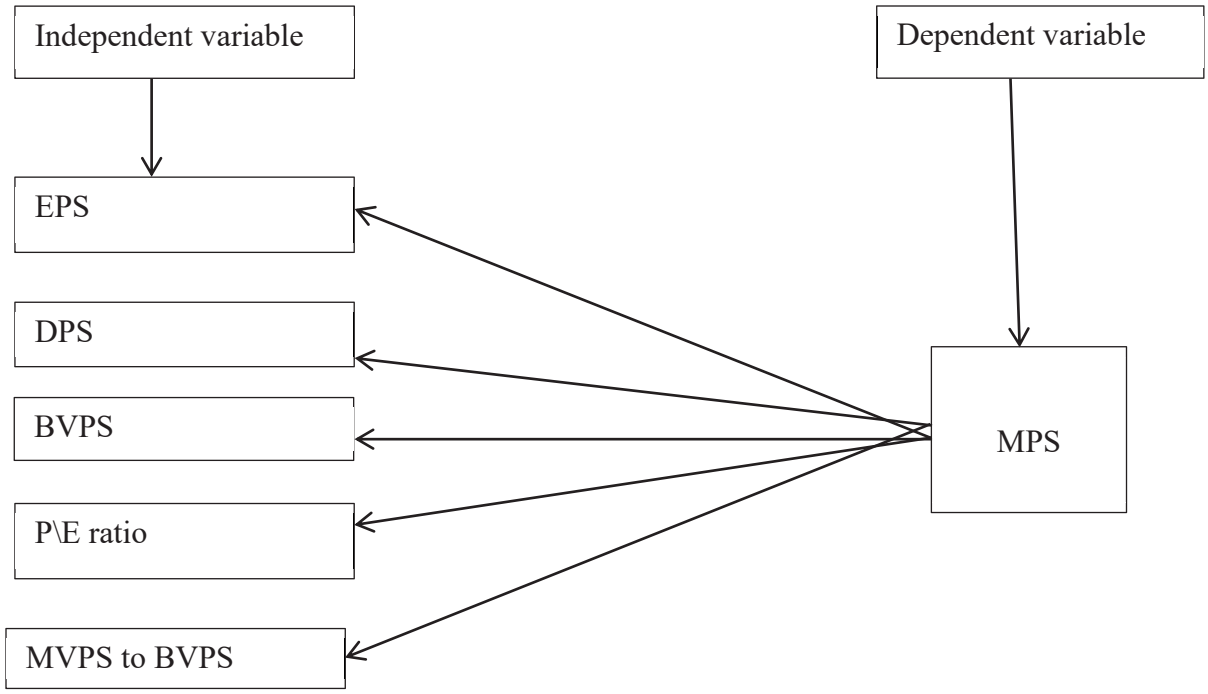

Figure 2
Conceptual Framework

Source: Pradhan, (2023)

Above figure shows that the conceptual framework where dependent variable is market price per share (MPS) and independent variables are dividend per share (DPS), earnings per share (EPS), book value per share (BVPS)and PE ratio and market price per share to book value per share ratio (MVPS to BVPS).

CHAPTER-IV
DATA PRESENTATION AND ANALYSIS

4. Introduction

Data presentation is a process of reforming raw data collected from various sources through table, chart and diagram. In this chapter, the researcher present and analysis the data collected from secondary sources. Since the conclusions to be drawn and the recommendations to be made from this study, the presentation and interpretation of data analyzed here. This chapter is the main body part of this study. The data is based on secondary data which is collected from the annual report of the selected banks. Such collected data are presented in systematic formats and analyzed using different appropriate tools and techniques that have been used in this chapter. The chapter is split into two sections: the first section focuses on analyzing data related to the stock market, and the second section presents the key findings from this analysis.

4.1 Analysis of Financial Indicator

The financial indicator is a qualitative or quantitative tool that is used to find out the financial performance, health or condition of organization. In this research, the financial indicator are market price per share, earning price per share, book value per share, price earnings ratio dividend per share and market price per share to book value per share.

4.1.1 The Analysis of the Market Price per Share

The market price per share is the present trading price of a company's stock in the open market. This value is essential for investors as it reflects the perceived worth of a company's shares at any given time. Several factors influence the market price, including the company's financial performance, the overall business cycle, and prevailing market conditions. For investors, understanding the market price per share is crucial for making informed decisions about buying or selling shares. A rising market price may indicate positive investor sentiment and strong company fundamentals, while a declining price may raise concerns about

financial health or market trends. Ultimately, the market price per share serves as a vital metric in assessing investment opportunities and strategies.

The researcher analysis the market price per share (MPS) for five entities which are JBBL, LBBL , MBBL, GBB, and KSBB over a span of ten fiscal years. The MPS of every development bank has fluctuated over the period. The mean values reveal that MBBL has the highest average output at 589.29, significantly surpassing the other entities, while GBBL and KSBBL show moderate averages of 304.4 and 217.89, respectively. In terms of variability, KSBBL exhibits the highest coefficient of variation (C.V.) at 83%, indicating substantial fluctuations in its performance over the years. LBBL also shows considerable variability with a C.V. of 71%, suggesting it is similarly influenced by external factors. Conversely, GBBL's performance is the most stable with a C.V. of 36%, indicating consistent results. Overall, while MBBL leads in average output, the variability in performance among the entities highlights the differing levels of stability and predictability in their financial outcomes which could be critical for decision-making and future forecasting.

4.1.2 The Analysis of Earning Per Share

Earnings per Share (EPS) are a key financial metric that indicates the amount of a company's earnings attributable to each outstanding share of common stock. Investors closely track EPS trends over time, as changes can reflect shifts in a company's financial health and profitability. As a crucial indicator of a company’s performance, EPS plays an essential role for investors seeking to make informed decisions in the financial markets. Understanding EPS helps investors gauge a company's growth potential and overall financial stability.

The researcher analysis the Earnings per Share (EPS) for five banks which BBL, LBBL, MBBL, GBBL, and KSBBL over several fiscal years. The EPS of every development bank has fluctuated over the period. JBBL shows a mean EPS of 13.42, indicating relatively stable performance with a low coefficient of variation (C.V.) of 25%. In contrast, LBBL has the lowest mean EPS at 11.25, coupled with a high standard deviation of 12.88, highlighting significant variability in its earnings. MBBL stands out with the highest mean EPS of 30.70, reflecting strong profitability and a moderate C.V. of 30%, suggesting some consistency in performance. GBBL, with a mean EPS of 21.94 and the lowest C.V. of 19%, demonstrates

stable earnings over the years. KSBBL shows a mean EPS of 18.46 and a C.V. of 42%, indicating moderate variability. Overall, MBBL emerges as the most consistently profitable bank, while LBBL's high variability raises concerns about its financial stability, making EPS trends crucial for investors assessing these banks' performance.

4.1.3 The Analysis of Dividend per Share

Dividend per Share reflects the total dividend paid to common stockholders over a particular year. It is calculated by dividing the total dividends paid to shareholders by the number of outstanding shares. DPS is a crucial metric, as the amount of dividends issued by a corporation directly impacts shareholder income. In this analysis, both cash dividends and stock dividends from the selected banks were considered. A consistent or increasing DPS is often viewed favorably by investors, as it indicates a company's commitment to returning value to its shareholders and suggests stable financial health. Thus, DPS not only serves as a key performance indicator for evaluating a company’s profitability but also plays a significant role in influencing investor sentiment and stock market performance.

By observing the table all of the sample banks paid out attractive dividends based on their earnings throughout the ten years. JBBL has a mean DPS of 10.37, indicating a relatively consistent payout to shareholders, though with moderate variability (C.V. of 27%). LBBL, on the other hand, has a mean DPS of 7.28 and exhibits high variability with a C.V. of 112%, suggesting inconsistent dividend payments. MBBL stands out with a mean DPS of 22.53, reflecting a strong commitment to shareholder returns and a moderate C.V. of 40%, indicating some fluctuations in its dividend policy. GBBL shows a mean DPS of 17.59 and a lower C.V. of 22%, indicating stable dividend distributions. KSBBL has a mean DPS of 16.78 with a C.V. of 43%, suggesting moderate variability in dividends. Overall, MBBL demonstrates the strongest performance in terms of dividend payouts, while LBBL's high variability raises concerns about its reliability as a dividend-paying stock, making DPS a crucial metric for investors assessing these banks' financial health.

4.1.4 The Analysis of Price Earnings Ratio

The Price Earnings (P/E) ratio is a crucial financial metric used to evaluate a firm's stock valuation in relation to its profitability. It is calculated by dividing the market share price by the earnings per share (EPS). This ratio serves as an important tool for investors, helping them determine whether a stock is overvalued or undervalued. A high P/E ratio may indicate that investors expect significant growth in the future, while a low P/E ratio could suggest that the stock is undervalued or that the company is facing challenges.

From the analysis of the average P/E ratio, standard deviation, and CV have been presented. By observing the above table MBBL has the highest average P/E ratio is 19.313 which suggest that high risk associated with the investor. LBBL exhibits the lowest average P/E ratio at 8.931, suggesting minimal risk associated to investing in the bank's stock. Additionally, JBBL, GBBL, and KSBBL appear undervalued, with P/E ratios below 25 times. Meanwhile, LBBL has the highest coefficient of variation (CV) at 163%, with significant volatility in the bank's earnings multiples. Whereas GBBL's CV is 35% which is lower than other sample banks and it suggests that the bank's earnings multiples experience low volatility.

4.1.5 Analysis of Book Value per Share

Book Value per Share (BVPS) represents the theoretical net asset value assigned to each outstanding share of common stock, calculated from the company's financial statements. Investors often compare BVPS to the market price per share to assess whether a stock is undervalued or overvalued. Additionally, tracking changes in BVPS over time can reveal trends in a company's financial stability and its effectiveness in using assets to enhance shareholder value. A rising BVPS generally indicates good financial health, while fluctuations can signal potential issues or shifts in operational efficiency, making it a crucial metric for investors evaluating a company's long-term viability.

The Book Value Per Share (BVPS) data for JBBL, LBBL, MBBL, GBBL, and KSBBL reveals important insights into each bank's financial health. JBBL has a mean BVPS of 123.53, indicating stable asset value, with a low coefficient of variation (C.V.) of 6%,

reflecting consistent performance. LBBL, with a mean BVPS of 130.10, shows higher variability (C.V. of 40%), suggesting fluctuations in asset management and financial stability. MBBL stands out with a mean BVPS of 148.96 and a low C.V. of 7%, indicating strong asset utilization and stability. GBBL has a mean BVPS of 137.53 and a very low C.V. of 5%, demonstrating reliable asset performance. KSBBL's mean BVPS of 123.58, with a C.V. of 9%, indicates moderate consistency. Overall, MBBL appears to have the strongest position in terms of asset value, while LBBL's high variability raises concerns about its financial stability, emphasizing the importance of BVPS in assessing the banks' intrinsic values.

4.1.6 The Analysis of MPS/BVPS

The MPS to BVPS ratio, or Market Price per Share to Book Value per Share ratio, is an important metric used to compare a company's market price with its book value. This ratio helps investors determine whether a stock is overvalued or undervalued. When the MPS/BVPS ratio is less than 1, it may indicate that the stock is undervalued, suggesting potential investment opportunities. A ratio equal to 1 suggests the stock is fairly valued, while a ratio greater than 1 may indicate that the stock is overvalued, reflecting high investor expectations. Overall, this ratio serves as a valuable tool for assessing the market's perception of a company's value in relation to its net assets.

The MPS to BVPS ratio data for JBBL, LBBL, MBBL, GBBL, and KSBBL banks indicates varying levels of market perception relative to their book values. JBBL has a mean ratio of 1.66, suggesting a moderate valuation above its book value, with a relatively high coefficient of variation (C.V.) of 46%, indicating some volatility. LBBL's mean ratio of 1.68 shows similar trend with a C.V. of 50% reflecting fluctuating investor confidence. MBBL stands out with a significantly higher mean ratio of 3.92 demonstrating strong market expectations and a C.V. of 52%, indicating substantial variability in its valuation. GBBL's mean ratio of 2.20 suggests solid market perception while KSBBL with a mean of 1.71 and a high C.V. of 78%, indicates considerable uncertainty among investors. Overall, MBBL appears to have the most favorable market valuation relative to its book value while KSBBL's high variability raises questions about its stability in the market.

4.2 Descriptive Statistics

Table 2

Summary Statistics of Study Variables

Variables	Maximum	Minimum	Mean	Std. Deviation	C.V	Kurtosis
MPS	1307	0	306.12	234.28	76.53%	6.2078
EPS	43.1	-12.42	19.15	10.42	54.38%	1.9736
DPS	40	0	14.91	8.36	56.04%	0.8186
BVPS	190	58	132.74	25.08	18.89%	1.6807
P/E Ratio	39.18	-15.14	14.28	9.56	66.95%	1.6764
MPS/BVPS	8.15	0	2.24	1.46	65.38%	5.1238
N=50						

Sources: Microsoft Excel

The table displays the Market Price per Share (MPS), Earnings per Share (EPS), Dividends per Share (DPS), Price-to-Earnings (P/E) Ratio, and Book Value per Share (BVPS) for the sample banks over a ten-year period. It provides descriptive statistics, including the mean, standard deviation, minimum, and maximum values for these variables, covering five development banks from the fiscal year 2069/70 to 2078/79. Market Price per Share (MPS) shows a maximum of 1307 and a minimum of 0 with a mean of 306.12 and a high standard deviation of 234.28 resulting in a coefficient of variation (C.V.) of 76.53%. The kurtosis of 6.2078 indicates a leptokurtic distribution suggesting the presence of extreme values. Earnings per Share (EPS) range from -12.42 to 43.1 with a mean of 19.15 and a standard deviation of 10.42 leading to a C.V. of 54.38%. The kurtosis of 1.9736 suggests a slightly platykurtic distribution indicating fewer extreme values than a normal distribution. Dividend per Share (DPS) has a maximum of 40 and a minimum of 0, with a mean of 14.91 and a standard deviation of 8.36, resulting in a C.V. of 56.04%. The kurtosis of 0.8186 indicates a platykurtic distribution reflecting light tails and fewer outliers. Book Value per Share (BVPS) varies from 58 to 190 with a mean of 132.74 and a standard deviation of 25.08 resulting in a C.V. of 18.89%. The kurtosis of 1.6807 suggests a slightly platykurtic distribution. Price/Earnings (P/E) Ratio ranges from -15.14 to 39.18, with a mean of 14.28 and a standard deviation of 9.56, resulting in a C.V. of 66.95%. The kurtosis of 1.6764

indicates a slightly platykurtic distribution. MPS/BVP has a maximum of 8.15 and a minimum of 0 with a mean of 2.24 and a standard deviation of 1.46 resulting in a C.V. of 65.38%. The kurtosis of 5.1238 indicates a leptokurtic distribution suggesting a significant presence of outliers. The given table shows that the standard deviation is highest for the dependent variable MPS and the lowest standard deviation for the independent variable which is the MPS/BVPS

4.3 The Relationship between BVPS, DPS, EPS, P/E and MPS/BVPS to MPS

This section examines the relationship between Earnings Per Share (EPS), Dividends Per Share (DPS), Price-to-Earnings (P/E) Ratio, Book Value Per Share (BVPS), and the ratio of Market Price Per Share (MPS) to BVPS with the Market Price Per Share (MPS) for each listed development bank in the sample. Here, MPS is considered the dependent variable, while EPS, DPS, P/E Ratio, BVPS, and the MPS-to-BVPS ratio are treated as independent variables. The analysis involves correlation techniques to assess how EPS, DPS, P/E Ratio, and BVPS influence MPS. Simple correlation and the coefficient of determination are used to evaluate the impact of these variables on MPS. Additionally, multiple regression analysis is applied to measure the extent of influence that the independent variables have on the dependent variable. The calculated t-values are compared to tabulated t-values at a 95% confidence level to determine the significance of the effects of the independent variables on MPS.

4.3.1 Correlation Analysis

Table 3

Relationship Of MPS with EPS, DPS, BVPS, P/E Ratio and MPS/BVPS

Variable	MPS	EPS	DPS	BVPS	P/E ratio	MPS/BVPS
MPS	1					
EPS	.600**	1				
DPS	.487**	.799**	1			
BVPS	.450**	.623**	.551**	1		
P/E Ratio	.648**	.333*	0.161	.529**	1	

MPS/BVPS	.973**	.502**	.380**	0.255	.568**	1

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

* Correlation is significant at the 0.05 level (2-tailed).

Source: SPSS Software Version 29

The correlation coefficients with market price per share (MPS) which is dependent variable and other financial metrics (DPS, EPS, BVPS, P/E Ratio and MPS/BVPS) as independent variables. The correlation coefficient between MPS and EPS is 0.600 which indicates a moderate positive relationship that suggesting when earnings per share increase, the market price per share tends to increase as well. This means higher earnings can make a company more attractive to investors, potentially driving up its stock price. The correlation coefficient between MPS and DPS is 0.487 which indicate a moderate positive relationship but it is weaker than the correlation between MPS and EPS. This suggests that while higher dividends per share can lead to a higher market price per share. Investors may value earnings more heavily than dividends in their valuation of the stock price. The correlation coefficient between MPS and BVPS is 0.450. This indicates a moderate positive relationship that a higher book value per share is associated with a higher market price per share. The book value per share provides a measure of a company's net asset value and higher book values can be a sign of a strong financial position which can attract investors. The correlation coefficient between MPS and P/E Ratio is 0.648 which indicates a strong positive relationship. A higher P/E ratio is associated with a higher market price per share. The P/E ratio is a measure of the market's expectations of a company's future earnings growth and higher P/E ratios often reflect greater investor confidence in a company's future prospects thus driving up the stock price. The correlation coefficient between MPS and MPS/BVPS is 0.973. This indicates an extremely strong positive relationship that suggesting the market price per share increases when the ratio of market price to book value per share also increases. The strongest correlations are with MPS/BVPS (0.973) and P/E Ratio (0.648) and followed by EPS (0.600), DPS (0.487), and BVPS (0.450). These correlations suggest that MPS is most closely related to the MPS/BVPS ratio and the P/E Ratio which reflecting the market's valuation of the company's stock price relative to its book value and earnings expectations. The correlation coefficient of market price per share with earning per share,

dividend per share, book value per share, price earnings ratio and market price to book value is significant at a 1 percent level of significance.

4.3.2 Regression Analysis

The regression analysis aims to assess the impact of independent variables on the dependent variable, MPS. The independent variables considered in this study include EPS, DPS, P/E ratio, BVPS,. The regression model is structured as follows: MPS is predicted as a function of EPS, DPS, P/E ratio, BVPS, and MPS/BVPS ratio, represented by coefficients b1, b2, b3, and b4, respectively, along with an intercept 'a'. This analysis seeks to determine the extent to which changes in EPS, P/E ratio, BVPS, MPS/BVPS ratio influence variations in MPS providing insights into the factors driving market price dynamics in the context under study. The regression model equation given is:

MPS=a+b1EPS+b2DPS+ b3BVPS+ b4P/E ratio+b5MPS/BVPS ratio

Table 4

Summary Output

Multiple R	R Square	Adjusted R Square	Standard Error	Observations
0.9956	0.9911	0.9901	23.5041	50

Source: Microsoft excel

The summary output presents the multiple correlation coefficient (R), R-square (coefficient of determination), adjusted R-square, and standard error based on 50 observations. The R-square value is 0.9911, indicating that 99.11% of the variation in the market price per share of Nepalese development banks can be explained by EPS, DPS, BVPS, and the P/E ratio. The remaining 0.89% (100% - 99.11%) is due to other factors not included in this study.

Similarly, the adjusted R-square value of 0.9901 shows that 99.01% of the variability in the market price per share of Nepalese development banks is explained by EPS, DPS, BVPS, and the P/E ratio after accounting for degrees of freedom. These findings highlight a significant relationship between the dependent and independent variables, demonstrating that EPS, DPS, BVPS, and the P/E ratio significantly impact the stock prices of Nepalese development banks.

The standard error of estimation, measured at 23.5041, indicates the extent of fluctuation in the observed data points relative to the regression line, reflecting the factors influencing the stock prices of Nepalese development banks.

Table 5

ANNOVA

Model	Degree of freedom	Sum of square	Mean of square	F	Significance F
Regression	5	2720049	544009.7	984.7346	0.0000
Residual	44	24307.49	552.443		
Total	49	2744356			

Source: Microsoft excel

The ANOVA table show comprehensive overview of the regression model's effectiveness in explaining the variation in the dependent variable (MPS). The model has 5 degrees of freedom for the regression component, reflecting the number of predictors used: BVPS, P/E Ratio, DPS, EPS, and MPS/BVPS. The sum of squares for regression is 2720049 which quantify the amount of variation in MPS that is explained by the predictors. This is further divided by the degrees of freedom to obtain a mean square for regression of 544009.7.

Similarly, the residual component which represents the variation not explained by the model has 44 degrees of freedom. The sum of squares for residuals is 24307.49 and the mean square for residuals calculated as the sum of squares divided by the degrees of freedom is 552.443. This provides an estimate of the average variance that remains unexplained by the model.

There is a significant association between bank-certain criteria as well as the price of the bank's stock. The F-value of 984.7346 exceeds the p-value of 0.0000, indicating that the model's overall fit is robust. This suggests that using EPS, DPS, P/E Ratio, and BVPS to estimate the market price per share of banks is reliable for explaining share price fluctuations. The regression analysis results confirm that the chosen independent variables—EPS, DPS, P/E Ratio, and BVPS—are indeed associated with the price of bank shares. As a

result, the model is statistically relevant in forecasting how EPS, DPS, P/E Ratio, and BVPS affect the development bank market price per share.

Table 6

Result of Regression

variable	*Coefficients*	*Standard Error*	*t Stat*	*P-value*
Intercept	-263.7628	21.5636	-12.2319	0.0000
EPS	-0.4405	0.6108	-0.7213	0.4746
DPS	1.7334	0.6983	2.4822	0.0169
BVPS	1.6408	0.2109	7.7804	0.0000
P/E Ratio	1.1887	0.5314	2.2367	0.0304
MPS/BVPS	142.1093	3.3047	43.0016	0.0000

Source: Microsoft excel

Above table show that the constant term represents the estimated value of MPS when all independent variables (EPS, DPS, BVPS, P/E Ratio) are zero. In this case, it is -263.7628. The very low p-value (0.0000) indicates that this intercept is statistically significant suggesting that even without any EPS, DPS, BVPS, or P/E Ratio and there is still a significant estimated value for MPS of Nepalese development bank. The EPS has a coefficient of -0.4405 indicating that a unit increase in EPS of Nepalese development bank is associated with a decrease of 0.4405 units in MPS of Nepalese development bank when other variable remind unchained. However, the p-value of 0.4746 suggests that this relationship is not statistically significant at the conventional level of significance (typically 0.05). The DPS has a coefficient of 1.7334 indicating that a unit increase in DPS of Nepalese development bank is associated with an increase of 1.7334 units in MPS of Nepalese development bank when other variable remaining same. The p-value of 0.0169 indicates that this relationship is statistically significant which suggesting that higher dividends per share tend to increase MPS. The BVPS has a coefficient of 1.6408 indicating that a unit increase in BVPS of Nepalese development bank is associated with an increase of 1.6408 units in MPS of Nepalese development bank when other elements remind unchained. The very low p-value (0.0000) indicates that this relationship is highly statistically significant which suggesting that higher book value per share strongly influences higher MPS. The P/E Ratio has a

coefficient of 1.1887 which indicating that a unit increase in the P/E Ratio Nepalese development bank is associated with an increase of 1.1887 units in MPS of Nepalese development bank when other variable remind same. The p-value of 0.0304 suggests that this relationship is statistically significant, though it is less significant compared to DPS and BVPS. MPS/BVPS Ratio has a coefficient of 142.1093 which indicating that a one-unit increase in the MPS/BVPS ratio of Nepalese development bank is associated with an increase of 142.1093 units in MPS of Nepalese development bank when other parameter remaining constant. The very low p-value (0.0000) confirms the statistical significance of this relationship.

From this table, we find following result:

i. An insignificant negative relationship between MPS and EPS (p-value = 0.4746, which is less than 0.05).

ii. According to the regression analysis, there is a significant positive relationship between MPS and DPS. (P-value = 0.0169, which is less than 0.05).

iii. The regression results show a significant positive relationship between BVPS and MPS, with a p-value of 0.000, which is below the 0.05 threshold.

iv. The analysis also reveals a significant positive relationship between the P/E ratio and the MPS of Nepalese development banks, with a p-value of 0.0304, which is less than 0.05.

v. Similarly, there is a significant positive relationship between MPS/BVPS ratio and MPS of Nepalese development banks (p-value = 0.0000, which is less than 0.05).

4.4 Findings

i. In terms of market price per share (MPS) of Muktinath development bank Limited (MBBL) boasts the highest average share price at NPR589.29, while jyoti development bank limited has the lowest at NPR 208.82.

ii. Analysis of Earnings per Share (EPS) reveals that all studied of development banks have positive and also negative average EPS. MBBL leads with an average EPS of NPR30.703 while lumbini development bank shows the lowest average EPS at NPR 11.248.

iii. Muktinath development bank has highest average dividend per share which is rs. 22.527 And lowest dividend per share of lumbini development bank has rs. 7.276. MBBL demonstrates the strongest performance in terms of dividend payouts while LBBL's high variability raises concerns about its reliability as a dividend-paying stock making DPS a crucial metric for investors assessing these banks' financial health.

iv. The Book Value per Share (BVPS) across all banks ranges from NPR 148.963 to NPR 123.53. Muktinath Development Bank exhibits the greatest fluctuation in BVPS, whereas Jyoti Development Bank shows the least fluctuation during the study period.

v. Muktinath development bank also leads in Price/Earnings (P/E) ratio with an average of 19.313 which indicating higher investor valuation per unit of earnings. Lumbini development Bank has the lowest P/E ratio at 8.931.

vii. According to market price per share to book value per share ratio, the highest mean value has muktinath development bank which is 3.92 times and lowest mean value has jyoti development bank which is 1.66 times. MBBL appears to have the most favorable market valuation relative to its book value.

viii. Bivariate correlation analysis indicates that MPS is positively correlated with EPS, DPS, P/E ratio, BVPS, MPS/BVPS ratio which suggesting that increases in these factors lead to higher MPS.

ix. MPS shows a strong positive correlation with EPS (0.60), highlighting that higher EPS tends to drive higher MPS.

x. Positive correlation between MPS and P/E ratio (0.65) suggests that a higher P/E ratio contributes to higher MPS.

xi. MPS correlates strongly with BVPS of 0.45 indicating BVPS as a significant determinant of stock prices in Nepalese development bank.

xii. Positive correlation between MPS and DPS of 0.49 suggests that larger banks tend to have higher MPS.

xiii. The R-square value of 0.9911 indicates that 99.11% of the variation in the market price per share of Nepalese development banks can be explained by EPS, DPS, BVPS, and the P/E ratio. The remaining 0.89% (100% - 99.11%) is attributed to other factors not included in this study.

xiv. The ANOVA test results indicate that the regression analysis demonstrates a relationship between the selected independent variables—EPS, DPS, P/E Ratio, and BVPS—and the price of bank shares. Consequently, the model is statistically significant for predicting how these variables influence the market price per share of development banks.

xv. Multiple regression analysis shows positive coefficients for DPS, P/E ratio, BVPS, and MPS/BVPS, while EPS has a negative coefficient.

xvi. Significance tests (P-values) indicate that DPS, P/E ratio, BVPS and MPS/BVPS ratio significantly affect MPS at the 5% level with P-values less than 0.05 and EPS has insignificant impacts on MPS with P-values exceeding 0.05.

4.5 Discussion

This study utilized descriptive and multiple regression analyses to examine the factors affecting the market share prices of Nepalese development banks, following a thorough research methodology. Secondary data were collected from the annual reports of selected development banks. Various financial and statistical tools were applied to analyze the data and derive meaningful results. This approach enabled a comprehensive examination of factors determining the market share prices which providing valuable insights into the financial dynamics and stock market valuation within Nepal's banking sector.

The correlation analysis indicates strong positive relationships between MPS and EPS (0.60), followed by BVPS (0.45), P/E ratio (0.65), and DPS (0.49). These correlations are statistically significant at the 5% level. Furthermore, EPS shows significant positive correlations with BVPS, DPS, and P/E ratio. Similarly, DPS shows a significant positive correlation with both BVPS and the P/E ratio. Additionally, the P/E ratio has a notable positive association with BVPS.

The correlation analysis shows that EPS exhibits the positive correlation with MPS. This finding aligns with previous studies by Shrestha (2020), Chundali (2020), Arsal (2021), and Niroula (2021), but contrasts with the findings of Shrestha, Acharya, and Dhakal (2023). Similarly, MPS and DPS are positively correlated, consistent with research by Dhodary (2023), Kandel (2022), and Thapa (2022), and in contrast with Rai (2021). Additionally, MPS and P/E ratios show a positive correlation as observed in studies by Shrestha (2020) and Thapa (2022). Likewise, MPS and BVPS exhibit a significant positive relationship, supported by Saud (2021), Khatiwoda (2020), and Katuwal (2021), while conflicting with the findings of Nalurita (2019).

The regression analysis indicates that the beta coefficient for EPS has -0.4405 indicating that a unit increase in EPS of Nepalese development bank is associated with a decrease of 0.4405 units in MPS of Nepalese development bank assuming all other factors remain constant. Similarly, the beta coefficient for DPS is 1.7334, suggesting that a Re. 1 change in DPS results in a Rs. 1.7334 change in MPS under unchanged conditions. Moreover, the beta coefficient for P/E ratio is 1.1887, indicating that a Rs. 1 change in the P/E ratio of a development bank leads to a Rs. 1.887 change in MPS with other variables held constant. Lastly, the beta coefficient for BVPS is 1.6408, signifying that a Rs. 1 change in BVPS leads to Rs. 1.6408 change in MPS, assuming no changes in other variables.

From the regression analysis the findings of Shrestha, Acharya, and Dhakal (2023), shows that EPS and DPS have a negative and statistically insignificant effect on the market price per share (MPS). In this research has insignificant relationship between MPS and EPS. In contrast, this research establishes that DPS, P/E Ratio, BVPS and MPS/BVPS ratio positively and significantly influence MPS. Furthermore, the analysis highlights that both P/E Ratio and BVPS are positively associated with MPS. These findings are consistent with the research of Dhodary (2023), Saud (2021), Katuwal (2021), Silwal and Napit (2019), Kattel and Pradhan (2023), and Thapa (2022). This conclusion underscores that increases in P/E Ratio and BVPS tend to correspond with upward movements in the MPS of development banks.

The discovery that BVPS has a significant positive relationship with MPS aligns with the research of Bhattarai (2020), Silwal and Napit (2019), and Tandon, Malhotra, and Technology (2013). These studies suggest that BVPS is a critical factor influencing stock

prices, likely because it indicates strong financial performance and a solid historical track record.

Similarly, the finding of a positive and significant relationship between EPS and MPS is consistent with the results of Bhattarai (2020), Silwal and Napit (2019), Pradhan and Dahal (2016), Almumani (2014), and Arshad, Arshad, Yousaf, and Jamil (2015). These studies highlight EPS as a key determinant of MPS, reflecting a company's profitability and making it more attractive to investors seeking higher returns.

Moreover, the positive significant association between the P/E ratio and MPS is supported by Bhattarai (2020) and Pradhan and Dahal (2016). This relationship suggests that a higher P/E ratio often indicates favorable investor expectations for future earnings growth. Investors typically prefer stocks with higher P/E ratios, anticipating better returns now and in the future, which in turn drives up stock prices.

CHAPTER-V
SUMMARY AND CONCLUSION

This final chapter encapsulates the summary, conclusions, and implications drawn from the research findings based on secondary data analysis. It presents the factual outcomes and insights derived from the study. In addition to summarizing and concluding the research, the chapter discusses the practical implications for relevant individuals and organizations.

5.1 SUMMARY

This chapter summarizes the whole body of research and concentrates on the study's key conclusions. The study's goal was to look at the internal variables influencing Nepalese development banks' stock prices. Through accomplishing this, the study could contribute a significant contribution to the limited body of knowledge about corporate finance in the context of Nepal. The study's goal is to provide extensive information on the marketplace for determine stock price. Additionally, the chapter addressed the study's limits, importance, and structure.

The primary objective of the study is (1) to determine the factors influencing the share price of Nepalese development banks, (2) to examine the relationship among dividend per share, earnings per share, book value per share, price earnings ratio and share price of Nepalese development banks, (3) to analyze the impact of price earnings ratio, book value per share, earnings per share and dividend per share on the share price of Nepalese development bank. The major objective of this thesis is to identify factors affecting stock price of development bank in Nepal.

Chapter two explores theoretical literature on securities markets and stock prices, discussing various stock valuation models and theories. This section also reviews numerous international articles and theses on factors affecting bank share prices. Furthermore, the chapter critically examines major issues and identifies gaps that this study aims to address concerning factors influencing the market share prices of Nepalese commercial banks.

Chapter three outlines the research design, target population, sample design, data collection procedures, instruments used, and methods of data analysis and presentation. The study selected a sample of 5 development banks (Jyoti Development Bank, Lumbini Development Bank, Garima Development Bank, Muktinath Development Bank, and Kamana Sewa Development Bank) from a total population of 17 development banks, using a convenient sampling method based on specific eligibility criteria. Both descriptive and causal-comparative research designs were utilized to achieve the study's objectives.

Chapter four presents and analyzes the empirical results of the factors influencing the share prices of commercial banks. The data were analyzed using appropriate financial, descriptive, and analytical tools, with interpretations and comments included where necessary. This chapter also highlights the study's key findings.

5.2 Conclusion

Examining the factors that affect the share prices of development banks has gained growing importance. Furthermore, identifying factors that influence share prices is a topic of significant interest, especially within the banking industry. Development bank shares present attractive investment opportunities for Nepalese investors as they are more actively traded compared to other sectors in Nepal. This research specifically examined the effects of earnings per share, dividends per share, the price-earnings ratio, book value per share, and the market price per share to book value per share ratio on the share prices of development banks listed on the Nepal Stock Exchange Limited.

The study result from 2069/70 to 2078/79 indicate that earnings per share, dividend per share, price-earnings ratio, and book value per share, market price per share to book value per share ratio are significantly positively correlated with share price movements. This means that an increase in earnings per share, dividend per share, price-earnings ratio, book value per share and market price per share to book value per share ratio tends to lead to higher share prices and vice versa. However, earnings price per share show no explanatory power in influencing stock price movements. Therefore, increases or decreases in earning price per share do not guarantee corresponding changes in share prices. The study concludes that the

share prices of Nepalese development banks are primarily influenced by earnings per share, the price-earnings ratio, dividends per share, and book value per share.

The findings of this study offer fresh insights from a Nepalese perspective, which are valuable for market participants. Consequently, these results are especially advantageous for equity investors and fund managers, as they can utilize these key factors to estimate stock returns and accurately predict share prices.

5.3 Implication

Based on the investigation results and relevant considerations the following appropriate suggestions have been implemented:

Implication for Improvement

i. Based on the research findings, portfolio analysts and investors can use the information to identify key factors for making investment decisions when predicting stock market prices. The study indicates that before investing in development bank stocks and investors should take into account EPS, DPS, P/E ratio, and BVPS.

ii. This study investigated the internal factors affecting the share prices of development banks listed on NEPSE. The chosen variables were firm-specific and may not be the only determinants of share prices. Future research is recommended to explore whether macroeconomic variables also influence the stock prices of companies listed on NEPSE.

iii. EPS, DPS, P/E ratio, and BVPS alone may not adequately account for risk-adjusted returns. Investors should expand their evaluation criteria beyond these metrics when assessing corporate performance. Other essential factors to consider include corporate governance, the company's cost of capital, and the non-performing loan ratio. It is recommended that investors engage in both fundamental and technical analysis before making stock investments and ensure they undertake only reasonable risks.

iv. The research revealed that investors encounter limited options within investment sectors. Despite, Nepal having various major industries banks and financial companies dominate the Nepalese stock market. NEPSE and SEBON should develop policies to encourage the inclusion of emerging industries, such as manufacturing, trading, and real estate, into NEPSE

listings. This would expand the market scope and offer investors a wider range of investment opportunities.

v. The analysis shows a strong correlation between a bank's financial health and its dividend policy with further research underscoring the importance of dividend announcements in evaluating a bank's worth before investing in its shares. Therefore, investors are advised to consider dividends when making stock investments, as this helps them make informed decisions, manage risk, and align their investment strategies with their financial objectives.

vi. Although the stock market remains largely unfamiliar to most of the population, there is a need for a focused effort to increase public awareness. It is recommended to create a dedicated department within NEPSE or establish a separate institution responsible for analyzing, informing and promoting awareness among potential new investors about shares and the stock market. This could be achieved through various methods, including seminars, advertisements, conferences, and print and broadcast media. Additionally, researchers could use event study methodologies to examine the impact of specific events, such as regulatory changes, financial announcements, or geopolitical developments, on the stock prices of Nepalese development banks.

v. The market share price of selected development banks fluctuates over time, so it is recommended that they address the relevant factors influencing stock determinants. As the market value per share of these banks varies. So, it is advised that they closely monitor the variables associated with stock influencing factors.

Implications for Future Researcher

i. This study primarily focuses on Nepalese development banks. Consequently, future research can be extended to other banking institutions such as commercial banks, insurance corporations, finance corporations, as well as the manufacturing, hotel, and hydro sectors.

ii. In this study, the sample size and period are limited due to time constraints. Therefore, future research can be conducted with a larger sample size and over a longer period.

iii. This study based on secondary data and does not include primary data. Therefore, future researchers might consider incorporating both primary and secondary data in their studies.

iv. This study focused on specific bank-related independent variables; however, other macroeconomic factors such as fiscal policy, economic policy, money supply, interest rates, political conditions, exchange rates, and bank credit could also be examined to reach a more comprehensive conclusion.

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APPINDIX-1

Jyoti Development Bank Limited

MPS	EPS	DPS	BVPS	P/E Ratio	MPS/BVPS
91	9.47	12.6	113.69	12.14	0.80
207	7.94	7	114.19	26.07	1.81
164	12.16	9	115.61	13.49	1.42
169	16.45	11.64	124.65	10.27	1.36
207	10.73	10	119	19.29	1.74
141	13.34	6.8	121.47	10.57	1.16
163	17.14	15.5	129.25	9.51	1.26
166	13.97	10	128.86	11.88	1.29
478	17.27	12.75	136.44	27.68	3.50
302.2	15.7	8.4	132.09	19.25	2.29

APPENDIX-2

Lumbini Development Bank Limited

FY	MPS	EPS	DPS	BVPS	P/E Ratio	MPS/BVPS
2069\70	109	-12.42	0	68	-8.77	1.60
2070\71	158	-10.16	0	58	-15.14	2.72
2071\72	155	17.27	0	75	9.15	2.07
2072\73	152	17.24	0	92.5	8.82	1.64
2073\74	78	8.71	0	136.47	8.95	0.57
2074\75	146	15.19	17.07	161	9.61	0.91
2075\76	197	28.38	20	190	6.94	1.04
2076\77	181	13.94	10	164	12.99	1.10
2077\78	585	14.93	13.69	182	39.18	3.21
2078\79	341	19.4	12	174	17.58	1.96

APPENDIX-3

Muktinath Development Bank Limited

FY	MPS	EPS	DPS	BVPS	P/E Ratio	MPS/BVPS
2069\70	264	40.09	27.5	162.64	6.6	1.62
2070\71	630	41.32	40	162.12	15.25	3.89
2071\72	564	35.99	23.63	152.02	15.67	3.71
2072\73	1307	43.1	34	160.34	30.32	8.15
2073\74	971	32.09	21.05	148.43	30.26	6.54
2074\75	378	22.2	19.21	139.62	17.03	2.71
2075\76	370	27.94	17.6	145.18	13.24	2.55
2076\77	312	16.56	11.25	134.53	18.84	2.32
2077\78	657	24.02	17.58	141.98	27.37	4.63
2078\79	439.9	23.72	13.45	142.77	18.55	3.08

APPENDIX-4

Garima Development Bank Limited

FY	MPS	EPS	DPS	BVPS	P/E Ratio	MPS/BVPS
2069\70	155	27.77	25	144.29	5.58	1.07
2070\71	345	27.87	21.05	140	12.38	2.46
2076\77	223	17.82	14.21	134.21	12.51	1.66
2071\72	305	20.33	20.04	137.2	15.01	2.22
2072\73	356	25.82	20.8	141.32	13.79	2.52
2073\74	296	15.83	15	127.86	18.69	2.32
2074\75	218	17.43	13.75	124.95	12.51	1.74
2075\76	224	21.32	17	135.94	10.51	1.65
2077\78	544	22.75	16	145.49	23.91	3.74
2078\79	378	22.49	13	144.03	17.21	2.62

APPENDIX-5

Kamana Sewa Development Bank Limited

FY	MPS	EPS	DPS	BVPS	P/E Ratio	MPS/BVPS
2069\70	126	25.01	15	113	5.04	1.12
2070\71	340	27.52	21	115	12.35	2.96
2071\72	337	29.22	22.6	116.66	11.54	2.89
2072\73	0	17.01	21.58	117.56	0	0.00
2073\74	0	15.96	26.39	121	0	0.00
2074\75	141	12.64	17.5	115	11.16	1.23
2075\76	160	11.2	13.6	128	14.28	1.25
2076\77	145	4.71	4.86	126	30.77	1.15
2077\78	580	22.56	20.44	144.73	25.71	4.01
2078\79	349.9	18.78	4.87	138.89	18.63	2.52

APPENDIX-6

Analysis of Market Price Per Share

FY	JBBL	LBBL	MBBL	GBBL	KSBBL
2069\70	91	109	264	155	126
2070\71	207	158	630	345	340
2071\72	164	155	564	223	337
2072\73	169	152	1307	305	0
2073\74	207	78	971	356	0
2074\75	141	146	378	296	141
2075\76	163	197	370	218	160
2076\77	166	181	312	224	145
2077\78	478	585	657	544	580
2078\79	302.2	341	439.9	378	349.9
Mean	208.82	210.2	589.29	304.4	217.89
Stander deviation	109.13	148.93	327.52	110.60	181.24

C.V	52%	71%	56%	36%	83%

APPENDIX-7

Analysis of Earning Price Per Share

FY	JBBL	LBBL	MBBL	GBBL	KSBBL
2069\70	9.47	-12.42	40.09	27.77	25.01
2070\71	7.94	-10.16	41.32	27.87	27.52
2071\72	12.16	17.27	35.99	17.82	29.22
2072\73	16.45	17.24	43.1	20.33	17.01
2073\74	10.73	8.71	32.09	25.82	15.96
2074\75	13.34	15.19	22.2	15.83	12.64
2075\76	17.14	28.38	27.94	17.43	11.2
2076\77	13.97	13.94	16.56	21.32	4.71
2077\78	17.27	14.93	24.02	22.75	22.56
2078\79	15.7	19.4	23.72	22.49	18.78
Mean	13.42	11.248	30.703	21.943	18.461
Stander deviation	3.30	12.88	9.18	4.25	7.76
C.V	25%	115%	30%	19%	42%

APPENDIX-8

Analysis of Dividend Per Share

FY	JBBL	LBBL	MBBL	GBBL	KSBBL
2069\70	12.6	0	27.5	25	15
2070\71	7	0	40	21.05	21
2071\72	9	0	23.63	14.21	22.6
2072\73	11.64	0	34	20.04	21.58
2073\74	10	0	21.05	20.8	26.39
2074\75	6.8	17.07	19.21	15	17.5

2075\76	15.5	20	17.6	13.75	13.6
2076\77	10	10	11.25	17	4.86
2077\78	12.75	13.69	17.58	16	20.44
2078\79	8.4	12	13.45	13	4.87
Mean	10.37	7.276	22.527	17.585	16.784
Stander deviation	2.76	8.12	9.03	3.94	7.29
C.V	27%	112%	40%	22%	43%

APPENDIX-9

Analysis Of Book Value Per Share

FY	JBBL	LBBL	MBBL	GBBL	KSBBL
2069\70	113.69	68	162.64	144.29	113
2070\71	114.19	58	162.12	140	115
2071\72	115.61	75	152.02	134.21	116.66
2072\73	124.65	92.5	160.34	137.2	117.56
2073\74	119	136.47	148.43	141.32	121
2074\75	121.47	161	139.62	127.86	115
2075\76	129.25	190	145.18	124.95	128
2076\77	128.86	164	134.53	135.94	126
2077\78	136.44	182	141.98	145.49	144.73
2078\79	132.09	174	142.77	144.03	138.89
Mean	123.53	130.097	148.963	137.529	123.584
Stander deviation	7.99	51.49	9.98	6.97	10.84
C.V	6%	40%	7%	5%	9%

APPENDIX-10

Analysis of P/E ratio

FY	JBBL	LBBL	MBBL	GBBL	KSBBL
2069\70	12.14	-8.77	6.6	5.58	5.04
2070\71	26.07	-15.14	15.25	12.38	12.35
2071\72	13.49	9.15	15.67	12.51	11.54
2072\73	10.27	8.82	30.32	15.01	0
2073\74	19.29	8.95	30.26	13.79	0
2074\75	10.57	9.61	17.03	18.69	11.16
2075\76	9.51	6.94	13.24	12.51	14.28
2076\77	11.88	12.99	18.84	10.51	30.77
2077\78	27.68	39.18	27.37	23.91	25.71
2078\79	19.25	17.58	18.55	17.21	18.63
Mean	16.02	8.931	19.313	14.21	12.948
Stander deviation	6.68	14.54	7.75	4.96	10.10
C.V	42%	163%	40%	35%	78%

APPENDIX-11

Analysis of MPS/BVPS

FY	JBBL	LBBL	MBBL	GBBL	KSBBL
2069\70	0.80	1.60	1.62	1.07	1.12
2070\71	1.81	2.72	3.89	2.46	2.96
2071\72	1.42	2.07	3.71	1.66	2.89
2072\73	1.36	1.64	8.15	2.22	0.00
2073\74	1.74	0.57	6.54	2.52	0.00
2074\75	1.16	0.91	2.71	2.32	1.23
2075\76	1.26	1.04	2.55	1.74	1.25
2076\77	1.29	1.10	2.32	1.65	1.15
2077\78	3.50	3.21	4.63	3.74	4.01

2078\79	2.29	1.96	3.08	2.62	2.52
Mean	1.66	1.68	3.92	2.20	1.71
Stander deviation	0.76	0.83	2.03	0.73	1.33
C.V	46%	50%	52%	33%	78%

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