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Effect of Capitalization on Financial Performance: Experience from Nigerian Deposit Money Banks

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Abstract:

This study assesses the relationship between capitalization and performance of Nigerian commercial banks. Specifically, the study intends; to evaluate the relationship between the capital adequacy and return on equity of Nigerian commercial banks; to determine the relationship between capital adequacy and earnings per share of Nigerian commercial banks and to determine the relationship between capital adequacy and net income of Nigerian commercial banks. Ex post facto design and Time series data were adopted. Data for study was collected from six years annual reports and accounts of commercial banks in Nigeria. Formulated hypotheses were tested with Pearson Correlation with aids of SPSS Version 20.0. Based on this, the study found that there is a negative significant relationship between return on equity. Also there is a significant relationship between earnings per share and net income of the bank. Based on this, the study recommends that Freedom to function efficiently as business organizations should also be given to deposit money banks; hence banks are being compelled to meet up and maintain the stipulated capital standard and requirements.

Key words: capitalization, financial performance and Nigerian commercial banks

INTRODUCTION

Bank capital has been a matter of discussion over the decades because of its importance in the banks. In fact many banks go out of their way increase their capital even without the prompting of the Central Bank, Nigeria Apex Bank. Any retained earnings at the end of an accounting year is added to capital as reserve. Central Bank of Nigeria (CBN) often regulates the capital position of banks in order to strengthen them and save them from financial distress (Onaolapo 2006).

Following the implementation of the policy, an unprecedented process of recapitalization has taken place in Nigerian banking sector shrinking the number of commercial banks from 89 - 25 banks. Prior to the reformation, the state of the Nigerian banking sector was very weak. It was fragile and marginal being plagued by persistent illiquidity, unprofitable operations, poor asset base and intermittent failures. It was expected that the reform should promote efficiency, better banking performance, operational stability, profitability and reduce bank failures (Bakare, 2011).

Existing literature on bank capitalization and performance are not settled. There are evidences that capital of Nigerian banks has been inadequate and this has affected the stakeholders, performance of banking firms and contribution to the economy. Amala (2005) affirm that the current structure of the banking system has prompted tendencies towards banking effectiveness and efficiency particularly at the retail level.

There was a mixed reaction from the previous empirical studies like, Onaolapo (2008); Adegbaju (2008); Bakare, (2011); Kanu and Isu, (2013); Mujahid, Zuberi, Rafiq, Sameen and Shakoor, (2014); Ezike and Oke (2013) and Berger and

Bouwman (2011) found positive/significant relationship between banks capital and their performance. On the other hand, Akhalumeh, (2011); Olalekan and Adeyinka, (2013) and Ikpefan, (2013) on his study that ended in 2010 found that the overall capital adequacy ratios of the study shows that Shareholders Fund/Total Assets (SHF/TA) which measures capital adequacy of banks (risk of default) have negative impact on capital adequacy of bank on ROA between 1986 to 2006. The results from these studies were uncertain and were ended in 2010, which are the periods before the recent bank reform in Nigeria. However, there is need to investigate these results using the periods after the recent bank capitalization. Based on this, the study set out to examine the significant relationship between bank capitalization and bank performance in Nigeria.

OBJECTIVE OF THE STUDY

This study wishes to determine the significant relationship between bank capitalization and bank performance in Nigeria. The specific objectives of this study are:

1. To evaluate the relationship between the capital adequacy and return on equity of Nigerian deposit money banks.
2. To determine the relationship between capital adequacy and earnings per share of Nigerian deposit money banks.
3. To determine the relationship between capital adequacy and net income of Nigerian deposit money banks.

FORMULATIONS OF HYPOTHESES

1. H_O: There is no relationship between capital adequacy and return on capital of Nigerian deposit money banks.
2. H_O: There is no relationship between capital adequacy and earning per share of Nigerian deposit money banks.

3. H_O: There is no relationship between capital adequacy and net income of Nigerian deposit money banks.

REVIEW OF RELATED LITERATURE

Conceptual Frameworks

Bank Capitalization and Profitability

Profit is the essential prerequisite of a competitive banking institution and the cheapest source of funds. It is not merely a result, but also a necessity for successful banking in a period of growing competition and uncertainty in financial markets. The basic desire of a bank's management is to make profit, as the essential requirement for conducting any business (Bobáková, 2003).

Bank profitability is typically measured by return on assets (ROA), return on equity (ROE), and/or net interest margins (NIM). For any bank, ROA depends on the bank's policy decisions as well as uncontrollable factors relating to the economy and government regulations. Many regulators believe ROA is the best measure of bank profitability (Hassan & Bashir, 2003).

Earlier studies on capital adequacy as a determinant of profitability of banks revealed that a high capital adequacy ratio should signify a bank that is operating over-cautiously and ignoring potentially profitable trading opportunities (Goddard, Molyneux, and Wilson 2004), which implies a negative relationship between equity to asset ratio and bank performance. At the same time, banks with higher equity to asset ratio will normally have lower needs of external funding and therefore higher profitability (Pasiouras & Kosmidou, 2007).

Yu Min-The (2006), defined the adequate capital for banks as the level at which the deposit insuring agency would

breakeven in guaranteeing the deposits of individual banks with premium the banks pay. An option of theoretical framework was employed in his study for measuring fair capital adequacy holdings for a sample of depository institutions in Taiwan, during 1985-1992. Except for the 1989, most banks in their sample proved to be inadequately capitalized so that capital infusion is required.

Bobáková (2003), agreeing that capital influences bank profitability, argues that in the arithmetical sense the yield on own capital grows, ceteris paribus, as the capital proportion declines, since a given volume of capital supports a higher volume of assets. Banking business thrives on public confidence. To win and retain such public confidence, a bank must be able to convince the public of its stability and display its readiness to repay customers' deposits and accommodate genuine credit needs of Customers (Anyanwaokoro, 2001). Improved capital helps to accomplish this. A bank with adequate capital will surely gain more public confidence than a poorly capitalized bank. This is why Janson (2005) emphasizes that a financial institution needs to hold capital to attract depositors and also be ready to pay interest on deposit and dividend on shares.

Many economists and banking experts maintain that capital raised by issuing common stock is often viewed as the strongest type of buffer against losses (Isu, 2009 and Rubinstein, 2012). In the case of Nigeria, banking regulation became very important because of the high incidence of banking failures in the 1930s, 1940s and 1950s, hence the introduction of the Banking Ordinance of the 1952. However, regulators mandate capital requirement for banks to ensure that in the event of an unexpected decline in asset value perhaps resulting from a financial down turn, the bank sectors' ability to meet its obligations will not be impaired (Isu, 1991).

Insufficient capital might cause enlightened depositors to restrain from placing their deposits in the bank; and enlightened investors may also refrain from investing in it. This has adverse effects on the bank's profitability. Based on the foregoing arguments, it is widely believed that overall bank returns would be enhanced by increased capital position. The positive correlation between returns and capital has also been demonstrated by Furlong and Keeley (1989), Keeley and Furlong (1990), Berger (1994); Kwan and Eisenbeis (2005). Bank regulators increase banks' minimum capital requirements in order to increase profitability and minimize risk of distress in the banking sector.

However, contrary to the foregoing arguments of a positive correlation between returns and capital, Hughes and Mester (1997) actually discovered that higher levels of capital are associated with higher variable costs. It has also been argued that whether more capital decreases the risk of bankruptcy depends on what happens to the asset portfolio when new capital is introduced. Adegbaju and Olokoyo (2008) and Lorenz (1986), argue that some capital resulted in increased profitability, and for most, the effect was neutral. Some had negative effects in operational efficiency, profitability improvement and resources maximization.

Based on the foregoing review of the existing literature pertaining to the impact of capital in bank profitability, it is clear that the debate regarding the nature and extent of this role remains inconclusive. It has been emphasized that capital is not the only factor that significantly determines the extent of profitability of a bank.

Bank Capital

The banking business of modern times is done in an atmosphere of intense competition, and it has often been argued that a key to banking survival is bank capitalization

(Diamond & Rajan 2000). However, Almazan (2002) has argued that bank expertise also play a key role in the survival of banks. He developed a model on the rebalancing of the optimal capital-expertise balance for banks so as to provide an answer about the effects of deregulation. The model shows that highly capitalized banks benefit when competing with poorly capitalized banks after regulatory shocks that decreases capital requirements or otherwise cause the capital at low- and high-capital banks to increase proportionally, increase the riskless interest rate or eliminate geographic restrictions. It also shows that low-capital banks have stronger incentive for financial specialization than banks with more financial strength. Previous research has extensively analyzed the role of banks capital and identified four such roles: bank capital can reduce an excessive tendency by banks to take risks, bank capital can serve as a cushion against insolvency problems; bank capital can signal the risk preferences of a bank and bank capital can act as a tool that allows a bank to offer lower rates without affecting its incentives to monitor. A central intuition to be captured in the model is that banks have different kinds of expertise and that the cost of monitoring a project is reduced if a bank has strong expertise in the line of business of a product. Almazan (2002) concludes in his study by noting that the joint consideration of capital and expertise leads to some novel conclusion about efficiency. In addition, this analysis has provided several comparative static results that can be translated into testable empirical implications. Specifically, highly capitalized banks should benefit when competing with those that are poorly capitalized after (i) a decrease in capital requirements or some other regulatory shocks that cause both banks capital to increase proportionally (ii) technological improvements that reduce monitoring costs by intermediaries (iii) an increase in the interest rate due to tightening of monetary policy, and (iv) a lifting of geographical restrictions.

Earnings per Share:

EPS is one of the measures of managerial efficiency as well as firm performance. The debate on whether EPS has any predictive power on stock prices is not very clear in financial literature. Some analysts believe that, EPS has predictive power on stock prices. This argument holds the view that, EPS has influence on stock prices. While the other argument is that, only positive information regarding EPS cause the demand for a stock which result to increase in stock prices. When viewed over long periods the share prices are directly related to EPS of the firm. Over short periods, especially for younger or small firms, the relationship between stock prices and EPS is quite unmatched (NSEC, 2006).

Empirical Framework

Many studies have developed theoretical frameworks and conducted empirical tests to explain how firms chose between debt and equity and their relative proportion in firm financing.

Adegbaju (2008) examined the effectiveness of recapitalization on the performances of 20 Nigerian banks. He discovered that while few banks recorded appreciable improvements in their performances, majority of the banks remain the same or even worse off.

Akhalumeh, (2011) examines the adequacy of bank capitalization in Nigeria. The study uses secondary data to analyze capital adequacy in Nigerian banks. The results of the study show that the covering of depositors in the banks by equity capital is grossly inadequate suggesting that in the event of a major banking crisis, the banks will not be able to survive, which is ominous for the overall economy.

Bakare, (2011) examined the trend and the growth implications of bank capitalization in Nigeria. The secondary data used for the study were processed using sample test technique for difference between two means and the E-view for

windows electronic packages. Test of difference of mean was used in order to compare the means of the variables before and after recapitalization to see if there is any significant difference between the two periods. The findings showed that there is a significant difference between the two means and hence the two periods. The result indicated that post recapitalization mean at 21.58 is higher than the pre recapitalization mean of 15.09, implying that banks are more adequately capitalized and less risky after the programme. This result also indicated that recapitalization has low but significant influence on the growth of Nigerian economy compare to other variables in the model. The study strongly supported the need for the government to sustain the recapitalization policy.

Olalekan and Adeyinka, (2013), examine the effect of capital adequacy on profitability of deposit- taking banks in Nigeria. It seeks to assess the effect of capital adequacy of both foreign and domestic banks in Nigeria and their profitability. The paper present primary data collected through questionnaires involving a sample of 518 distributed to staff of banks with a response rate of 76%. Also published financial statement of banks were used from 2006 - 2010. The findings for the primary data analysis revealed a non-significant relationship but the secondary data analysis showed a positive and significant relationship between capital adequacy and profitability of bank. This implies that for deposit- taking banks in Nigeria, capital adequacy plays a key role in the determination of profitability. It was discovered that capitalization and profitability are indicators of bank risk management efficiency and cushion against losses not covered by current earnings.

Mujahid, Zuberi, Rafiq, Sameen and Shakoor, (2014) examines the impact of capital structure on bank performance. The study spreads empirical work on capital structure determinants of banks within country and foreign country.

Multiple reversion models are useful to evaluate the relationship between capital structure and banking performance. Performance is measured by return on assets, return on equity and earnings per share. Determinants of capital structure contains long term debt to capital ratio, short term debt to capital ratio and total debt to capital ratio. Results of the study validated a positive relationship between factors of capital structure and performance of banking industry.

Ikpefan, (2013) investigates the impact of bank capital adequacy ratios, management and performance in the Nigerian commercial bank (1986 - 2006). The objectives of this paper are: to determine to what extent bank capital adequacy ratios impact on bank performance and also to investigate the extent to which operation expenses has impacted on the return on capital. The study captured their performance indicators and employed cross sectional and time series of bank data obtained from Central Bank of Nigeria (CBN) and Annual Report and Financial statements of the sampled banks. The formulated models were estimated using ordinary least square regression method. The overall capital adequacy ratios of the study shows that Shareholders Fund/Total Assets (SHF/TA) which measures capital adequacy of banks (risk of default) have negative impact on ROA. The efficiency of management measured by operating expenses indices is negatively related to return on capital.

On the study Berger and Bouwman (2011), the paper addresses capital adequacy issues empirically by formulating and testing hypotheses regarding the effect of capital on three dimensions of bank performance – survival, market share, and profitability – during financial crises and normal times. The study distinguish between two banking crises and three market crises that occurred in the U.S. over the past quarter century. The study observed two main results. First, capital helps banks of all sizes during banking crises. Higher capital helps these banks increase their probability of survival, market share, and

profitability during such crises. Second, higher capital improves the performance of small banks in all three dimensions during market crises and normal times as well, but the effect on medium and large banks during these periods is less pronounced. Overall, their results suggest that capital is important for small banks at all times and is important for medium and large banks primarily during banking crises.

Anarfo, (2015), examined the relationship between capital structure and bank performance in Sub-Sahara Africa. This study has employed the use of panel data techniques to analyze the relationship between capital structure and bank performance. The performance variables used in the study were return on asset (ROA), Return on equity (ROE) and net interest margin (NIM). The results from Levin-Lin-Chu and Im-pesaran-shin unit root test show that all the variables were stationary in levels. The study hypothesized negative relationship between capital structure and bank performance. The results also indicate that capital structure does not determine bank performance but rather it is performance that determines banks capital structure.

In the study of Ezike and Oke (2013), the objective of their study is to investigate the impact of the adoption of the Capital Adequacy Standards on the performance of Nigerian banks. The study involved the use of ordinary least squares (OLS) estimation technique to examine and determine the effect of the independent variables – loans and advances, shareholders' funds, total assets and customer deposits – on the dependent variables – Earnings per share (EPS) and profit after tax. The results of the analysis showed that capital adequacy standards exert a major influence on bank performance. In addition, the impact of the Nigerian monetary authority on the new capital requirements was found to be complemented with the adoption of the Basle accord framework.

George and Dimitrios (2004) applied non-parametric analytic technique (data envelopment analysis, DEA) in measuring the performances of the Greek banking sector with respect to capital adequacy. He proved that data envelopment analysis can be used as either an alternative or complement to ratio analysis for the evaluation of an organization's performance with attention to macroeconomics indicators.

Abreu and Mendes (2001) also trace a positive impact of equity level on profitability. Goddard et al. (2004) supports the prior finding of positive relationship between capital/asset ratio and bank's earnings. Again the direction of the relationship between bank capital and bank profitability cannot be unanimously predicted in advance.

Onaolapo (2008) found that recapitalization has improved the financial health of the banks. Sani discovered a positive and significant relationship between recapitalization policy and economic growth in Nigeria. Adegbaju (2008) discovered that while few banks recorded appreciable improvements in their performances, majority of the banks remain the same or even worse off. Akhalumeh, (2011) results of the study show that the covering of depositors in the banks by equity capital is grossly inadequate suggesting that in the event of a major banking crisis, the banks will not be able to survive, which is ominous for the overall economy. Bakare, (2011) showed that there is a significant difference between the two means and hence the two periods studied. The result indicated that post recapitalization mean at 21.58 is higher than the pre recapitalization mean of 15.09, implying that banks are more adequately capitalized and less risky after the programme. Kanu and Isu, (2013) study identified long run positive relationship between capitalization and profitability.

Olalekan and Adeyinka, (2013), on their findings for the primary data analysis revealed a non-significant relationship but the secondary data analysis showed a positive and

significant relationship between capital adequacy and profitability of bank.

Mujahid, Zuberi, Rafiq, Sameen and Shakoor, (2014) Results of the study validated a positive relationship between factors of capital structure and performance of banking industry. Ikpefan, (2013) The overall capital adequacy ratios of the study shows that Shareholders Fund/Total Assets (SHF/TA) which measures capital adequacy of banks (risk of default) have negative impact on ROA.

Berger and Bouwman (2011), overall, their results suggest that capital is important for small banks at all times and is important for medium and large banks primarily during banking crises. Anarfo, (2015), results indicate that capital structure does not determine bank performance but rather it is performance that determines banks capital structure. Ezike and Oke (2013), the results of the analysis showed that capital adequacy standards exert a major influence on bank performance.

There was a mixed reaction from the previous empirical studies like, Onaolapo (2008); Adegbaju (2008); Bakare, (2011); Kanu and Isu, (2013); Mujahid, Zuberi, Rafiq, Sameen and Shakoor, (2014); Ezike and Oke (2013) and Berger and Bouwman (2011) found positive/significant relationship between banks capital and their performance. On the other hand, Akhalumeh, (2011); Olalekan and Adeyinka, (2013) and Ikpefan, (2013) on his study that ended in 2010 found that the overall capital adequacy ratios of the study shows that Shareholders Fund/Total Assets (SHF/TA) which measures capital adequacy of banks (risk of default) have negative impact capital adequacy of bank on ROA between 1986 to 2006. The results from these studies were uncertain and were ended in 2010, which are the periods before the recent bank reform in Nigeria. However, there is need to investigate these results using the periods after the recent bank capitalization.

METHODOLOGY

Research Design

Ex post facto and time series research design which is the aspect of statistic that involves the various techniques of describing data collections has been adopted for the purpose of this research.

The population of this study covered the twenty one commercial banks in Nigeria. These commercial banks are as follows; Access bank plc, Diamond bank plc, First bank plc, Skye bank plc, FCMB plc, GTB plc, Zenith bank plc, Sterling bank plc, UBA plc, Fidelity bank plc , Stanbic IBTC, Union bank plc, Unity Bank Plc, Wema bank plc. Enterprise/ Heritage bank plc, Key stone bank plc, Mainstream bank plc, Eco bank Plc, Citibank plc, Savannah Bank plc and Standard Chartered Bank plc.

The researcher used simple sampling techniques to select thirteen commercial banks in Nigeria that the researcher was able to get their recent accounts for the study.

METHOD OF DATA ANALYSIS

In answering the question of whether bank capital obvious concepts such as rate of Capital Adequacy (CA), determines banks performance in Nigeria, the study employs return on equity (ROE) earnings per share (EPS) and Net income (NI) as the three dependent variables that measures bank performance. The data collected for the study will be analyzed using Pearson Correlation with the aid of statistical package for social sciences (SPSS) 20.0.

Decision Rule

The decision for the acceptance and rejection of alternative hypothesis and null hypothesis depends on the coefficient of determination (R) tested at 5% significance level.

DATA PRESENTATION AND INTERPRETATION

Data Presentation (see appendix)

Test of Hypotheses

Hypothesis One

H_O: There is no relationship between capital adequacy and return on equity of Nigerian commercial banks.

H_I: There is a relationship between capital adequacy and return on equity of Nigerian commercial banks.

Correlations

		Capital adequacy	Return on equity
Capital adequacy	Pearson Correlation	1	-.548
	Sig. (2-tailed)		.261
	N	6	6
Return On equity	Pearson Correlation	-.548	1
	Sig. (2-tailed)	.261	
	N	6	6

Undoubtedly, from the above figure, correlation coefficient of -0.548 indicates negative or no correlation between capital adequacy and return on equity of the banks. As a result, the strength between the two is very weak. This is also proved with the help of coefficient of determination as it is just the square of the correlation i.e. r value. Thus, return on equity of the banks explains almost negligible percentage of variance in capital adequacy. It means that correlation coefficient is not significant at the 0.05 level. The study reject alternative hypothesis and accept null hypothesis which states that there is no relationship

between capital adequacy and return on equity of Nigerian commercial banks.

Hypothesis Two

H_O: There is no relationship between capital adequacy and earning per share of Nigerian commercial banks.

H_I: There is a relationship between capital adequacy and earning per share of Nigerian commercial banks.

Correlations

		Capital adequacy	Earnings per share
Capital adequacy	Pearson Correlation	1	.431
	Sig. (2-tailed)		.394
	N	6	6
Earnings per share	Pearson Correlation	.431	1
	Sig. (2-tailed)	.394	
	N	6	6

Indeed, from the above figure, correlation coefficient of 0.431 indicates a positive correlation between capital adequacy and earnings per share of the banks. To get an idea of how much variance the two variables share, the coefficient of determination (R) is calculated. R is 0.431 x 0.431 = 0. 0.1858. It implies that EPS of the banks help to explain 19% of the variance in capital adequacy. From the above result, the study discovers that the confidence level between capital adequacy and earnings per share of the banks is not high. It means that correlation coefficient is significant at 0.05 levels. Therefore, we accept alternative hypothesis which states that there is a relationship between capital adequacy and earnings per share of Nigerian commercial banks.

Hypothesis Three

H_O: There is no relationship between capital adequacy and net income of Nigerian commercial banks.

H_O: There is a relationship between capital adequacy and net income of Nigerian commercial banks.

Correlations

		Capital adequacy	Net income
Capital adequacy	Pearson Correlation	1	.093
	Sig. (2-tailed)		.861
	N	6	6
Net income	Pearson Correlation	.093	1
	Sig. (2-tailed)	.861	
	N	6	6

Indeed, from the above figure, correlation coefficient of 0.093 indicates a positive correlation between bank deposit and net income of the banks. To get an idea of how much variance the two variables share, the coefficient of determination (R) is calculated. R is 0.093 x 0.093 = 0.009. It implies that income of the banks help to explain 9% of the variance in capital adequacy. From the above result, the study discovers that the confidence level between capital adequacy and net income of the banks is very low. It means that correlation coefficient is significant at 0.05 levels. Therefore, we accept alternative hypothesis which states that there is a relationship between capital adequacy and net income of Nigerian commercial banks.

DISCUSSION OF FINDINGS

The analysis of the variables in relation to the capital adequacy, the study discovered that out of three hypotheses tested, hypothesis one indicates a negative result while hypotheses two and three shows positively correlated with capital adequacy of the banks in Nigeria. Hypothesis one shows correlation coefficient of -0.548 while hypotheses two and three indicates a positive correlation (.431 and .093 respectively) between capital adequacy, Earnings per share and net income of the banks.

This result is in line with that of Olalekan and Adeyinka, (2013); and Berger and Bouwman (2011), on their findings for the primary data analysis revealed a non-

significant relationship but the secondary data analysis showed a positive and significant relationship between capital adequacy and profitability of bank. Ikpefan, (2013) result shows that overall capital adequacy ratios of the study shows that Shareholders Fund/Total Assets (SHF/TA) which measures capital adequacy of banks (risk of default) have negative impact on ROA.

CONCLUSION AND RECOMMENDATIONS

Conclusion

This study has explored the relationship between bank capital and performance in the Nigerian commercial banks. The essence of this study is to ascertain how bank capital in Nigeria; can provoke performance by banks in the area of profit generation. Our overall observations emanating from the statistical test results, that capital is a veritable tool to banks in terms of realizing their objectives of profit maximization and increasing the wealth of the shareholders.

From our tested hypotheses employing Pearson Correlation, the results of the tests carried out under this study accept the Null Hypotheses which indicates that there is no significant relationship between capital adequacy and return on equity of the banks. While in the tests carried out on hypotheses two and three, alternative hypotheses were accepted this indicates that there is a significant relationship between capital adequacy, EPS and Net in income of the banks. This means that improved profitability leads to increased capital. It was discovered that when there are increases in the capital bases of banks, profit performance also tends to increase but the wealth of the shareholders are still not up to expectation.

Recommendations

Based on the analyses and findings in this study,

1. Effective machinery should put in motion by Apex bank on examination and control of banks in the nation.
2. Freedom to function efficiently as business organizations should also be given to deposit money banks, hence banks are being compelled to meet up and maintain the stipulated capital standard and requirements.
3. Apex Bank of Nigeria should reinforce the regulatory provisions that governing Nigerian banking system and those banks that go contrary should be sanction.

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Table 1: Capital Adequacy Extracted from Bank Financial Statements

S/N	Banks	2014	2013	2012	2011	2010	2009
1	Access bank plc	0.078	0.062	0.431	0.481	0.209	0.844
2	Diamond bank plc	0.075	0.051	0.197	0.011	0.916	0.064
3	First bank plc	0.082	0.205	0.955	0.950	0.147	0.948
4	FCMB plc	0.076	0.078	0.547	0.506	0.217	0.197
5	GTB plc	0.805	0.845	0.963	0.907	0.966	0.960
6	Zenith bank plc	0.121	0.129	0.209	0.236	0.156	0.153
7	Sterling bank plc	0.956	0.963	0.964	0.942	0.646	0.973
8	UBA plc (M)	0.912	0.064	0.360	0.432	0.092	0.089
9	Fidelity bank plc	0.099	0.094	0.941	0.935	0.229	0.953
10	Wema bank plc	0.009	0.005	0.752	0.789	0.011	-0.411
11	Unity bank plc	0.029	-0.117	-0.035	-0.099	-0.097	-0.319
12	Eco bank plc	0.139	0.064	0.059	0.052	0.164	0.207
13	Union bank plc	0.697	0.707	0.686	0.301	-0.305	-0.338

Source: Bank audited account, 2009-2014

Table 2: Return on Equity Extracted and Computed from Financial Statements

S/N	Banks	2014	2013	2012	2011	2010	2009
1	Access bank plc	0.162	0.128	0.156	0.021	0.097	0.152
2	Diamond bank plc	0.206	0.277	0.252	-0.295	0.081	0.072
3	First bank plc	0.235	0.110	0.211	0.154	0.154	0.162
4	FCMB plc	0.057	0.046	0.095	-0.119	0.056	0.031
5	GTB plc	0.267	0.322	0.348	0.265	0.210	0.180
6	Zenith bank plc	0.223	0.199	0.215	0.142	0.122	0.097
7	Sterling bank plc	0.151	0.147	0.160	0.084	0.140	-0.408
8	UBA plc	0.202	0.197	0.210	-0.219	0.020	0.122
9	Fidelity bank plc	0.478	0.055	0.132	0.062	0.038	0.035
10	Wema bank plc	0.045	0.039	(3.943)	(1.208)	1.094	(0.262)
11	Unity bank plc	0.118	(0.800)	0.120	0.055	0.281	(2.207)
12	Eco bank plc	0.114	0.069	0.132	0.257	0.022	(0.062)
13	Union bank plc	0.053	0.027	0.046	(0.429)	(0.868)	(1.337)

Source: Bank audited account, 2009-2014

Table 3: EPS Extracted from Financial Statements

S/N	Banks	2014	2013	2012	2011	2010	2009
1	Access bank plc	1.34	1.15	1.69	0.76	0.72	1.41
2	Diamond bank plc	1.80	1.75	(1.53)	0.45	(0.34)	0.48
3	First bank plc	1.49	3.70	2.33	1.85	1.00	1.50
4	FCMB plc	0.04	0.30	0.66	(0.71)	0.45	0.21
5	GTB plc	2.80	3.17	2.90	1.77	1.65	1.65
6	Zenith bank plc	2.70	2.66	3.05	1.32	1.03	0.73
7	Sterling bank plc	0.50	0.52	0.44	0.53	1.28	0.16
8	UBA plc	1.49	1.61	1.44	(0.51)	0.80	0.60
9	Fidelity bank plc	0.20	0.27	0.25	0.21	0.20	0.8
10	Wema bank plc	0.05	0.08	(0.42)	(0.42)	1.54	(1.16)
11	Unity bank plc	1.50	(58.74)	1.60	6.97	3.748	(1.01)
12	Eco bank plc	23.4	0.21	(12.23)	69.29	0.12	(0.64)
13	Union bank plc	0.50	0.30	0.19	(12.51)	8.74	(5.39)

Source: Bank audited account, 2009-2014

Table 4: Net Income Extracted from Financial Statements

S/N	Banks	2014	2013	2012	2011	2010	2009
1	Access bank plc	39,941,126	26,211,844	36,353,643	13,660,448	12,931,441	22,885,794
2	Diamond bank plc	8,340,872	29,754,522	23,073,427	-22,187,848	6,522,455	6,931,127
3	First bank plc	39,941,126	26,211,844	36,353,643	13,660,448	12,931,441	22,885,794
4	FCMB plc	22,133,257	16,001,155	10,546,683	-11,567,744	7,322,322	3,465,812
5	GTB plc	93,431,604	85,545,510	85,263,826	51,653,251	39,604,024	30,777,257
6	Zenith bank plc	92,479,000	83,414,000	279,042,000	37,141,000	33,335,000	18,365,000
7	Sterling bank plc	9,004,973	8,274,864	6,953,539	4,644,220	4,178,493	-6,660,406
8	UBA plc	47,907,000	37,371,000	47,375,000	-16,385,000	2,167,000	12,889,000
9	Fidelity bank plc	11,247,000	11,064,000	17,924,000	5,828,000	5,959,000	2,298,000
10	Wema bank plc	2,372,445	1,596,531	-4,989,816	-8,116,213	16,238,533	-2,094,692
11	Unity bank plc	10,692,475	-22,582,339	6,180,061	2,693,859	12,487,552	-15,855,855
12	Eco bank plc	29,733,000	11,658,000	7,805,000	19,344,000	1,619,000	64,600,000
13	Union bank plc	20,486,000	5,121,000	3,170,000	-76,711,000	118,016,000	-281,373,000

Source: Bank audited account, 2009-2014