

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

There has been a wide and considerable attention among researchers, scholars, governments and international agencies on corporate governance since high profile collapse of a number of large corporations in the United States of America. In Nigeria, the corporate governance issue has even become more relevant because of the poor performance of the financial sector: banking and stock market during the period of the global financial crisis. During this period: 2007-2009, the Nigerian banking system which expanded rapidly in the growth era liberalization, experienced its own fair share of the crisis. Some banks collapsed in the process with its ripple effect on the economy. This raises the question of corporate governance mechanisms and banking sector in Nigeria. Most of the corporate scandals revolved around accounting fraud involving directors and managers of corporations. The corporate crises and scandals have resulted in a loss of confidence in corporate financial reporting, leaving business management in a difficult position (Ejubekpokpo and Esuiké, 2013). According to Uwuigbe and Fakile (2012), revelations of corporate fraud all over the world in the past years and the historical antecedents in financial practices have indicated that financial crisis is the direct consequence of poor corporate governance. Corporate Governance is defined as rules and regulations that ensure that a company is governed in a transparent and accountable manner such that the company survives and meets the expectation of its shareholders, creditors and other stakeholders (Akpan & Amran, 2014). According to McIntyre, Murphy and Mitchell (2007), corporate governance is not just corporate management; it

also involves a fair, efficient and transparent administration to meet certain well-defined objectives. It is a system of structuring, operating and controlling a company with a view to achieving strategic goals to satisfy shareholders, creditors, employees, customers etc. and complying with the legal and regulatory requirements, apart from meeting environmental and local community needs.

An important theme of corporate governance is the nature and extent of accountability of particular individuals in the organization and mechanisms that try to reduce or eliminate the principal-agent problem (Akingunola, Olusegun & Adedipe, 2015). Corporate governance is set out to improve management oversight and increases disclosure and quality of reported financial information as well as the information asymmetry between managers and capital providers (Coles, McWilliams, & Sen, 2001). Hermalin and Weisbach (2003) posit that the overall effect of corporate governance could be the strengthening of investors' confidence in the economy of a particular country, sub-region, or region. The increasing incidence of corporate fraud relating to exaggerated and overstated accounts have informed the renewed global emphasis on the need for effective corporate governance. Such incidence raised concerns in the United States with the collapse of the energy corporation Enron in 2001 which filed for bankruptcy after adjusting its accounts. WorldCom, Global Crossing and Rank Xerox are other companies in the United States with similar problems. In Europe, big corporations such as Parmalat, Hollinger Inc., Adeptia Communications Company and Tyco International Limited, revealed significant and deep-rooted problems in their corporate governance leading to financial scandals (Oki & Maimako, 2015).

There is a plethora of literatures which attributed the collapse of the financial institutions in developing economies like Nigeria to poor corporate governance standard, corruption and lack of transparency. For instance, the country witnessed a near collapse of the financial sector in the early 1990s through the occurrence of failed banks and other financial institutions. In a bid to curb this menace, the Failed Banks (Recovery of Debt) and Financial Malpractice in Banks Act 1993 was promulgated to facilitate the prosecution of those who contributed to the failure of banks and to recover the debt owed to the failed banks. Financial institutions such as Savannah Bank and Societe Generale Bank of Nigeria were few of the deposit money banks affected. Several reasons which included the ineffectiveness of the board as well as the ineptitude and instability of the management; the false and unreliable returns to the regulatory authorities; the insolvent and deteriorating financial position of the banks and the urgent need to protect the interest of depositors, both existing and prospective and the banking system and the inability of the bank to respond to various regulatory initiatives were adduced as reasons for the financial crisis in the defunct banks (Uwuigbe, 2011). In a related case, the operating license of Peak Merchant Bank was revoked due to poor corporate governance practices by the Central Bank of Nigeria because of the over bearing influence of the Chairman who was also the majority shareholder of the bank. There was also a reported case of persistent liquidity problem; poor asset quality; significant insider abuses; poor track of profitability; unseriousness, inability and unwillingness of shareholders to recapitalize; reckless granting of credits; complete absence of focus and lack of corporate governance being perpetuated by the sanctioned banks.

The big hammer also fell on the directors of five Nigerian banks namely Oceanic Bank, Intercontinental Bank, Union Bank, Afri Bank, Fin Bank, and Equatorial Trust Bank (Osugwu, 2013). The reasons were due to lack of good corporate governance in detecting deep rooted mismanagement and the existence of large cases of insider lending to directors and their relations, unsecured margin loans and other toxic debts which were already threatening the financial wellbeing of the banks. Laeven and Levine (2009) emphasized the importance of corporate governance of banks in developing economies and observed that: first, banks have an overwhelmingly dominant position in the financial system of a developing economy and are extremely important engines of economic growth; second, as financial markets are usually underdeveloped, banks in developing economies are typically the most important source of finance for majority of firms; third, as well as providing a generally accepted means of payment, banks in developing countries are usually the main depository for the economy's savings.

Hettes (2002) observes that banking supervision cannot function if there is no existence of correct corporate governance since experience emphasizes the need for an appropriate level of responsibility, control and balance of competences in each bank. Hettes (2002) explained further on this by observing that correct corporate governance simplifies the work of banking supervision and contributes towards cooperation between the management of a bank and the banking supervision authority. Deposit Money Banks play a dominant role in the growth of any economy. A functional and dynamic banking system is a fundamental requirement for economic development. As an important segment of the tertiary sector of an economy, deposit money

banks act as the backbone of economic growth and prosperity by acting as a catalyst in the process of development. They inculcate the habit of saving and mobilize funds from numerous small households and business firms spread over a wide geographical area. There is an increase in corporate governance issues and a need for ensuring the sustainability of deposit money banks based on the reality that they have profound impact on the economy (Abdulazeez, Adeyeye, Ndibe & Yahaya, 2016). In the light of the foregoing, this study seeks to examine the effects of corporate governance on financial performance of deposit money banks in Nigeria.

1.2 Statement of the Problem

Corporate governance has received considerable attention in recent years from academics, market participants and regulators owing to the collapse of financial institutions considered to be strong during the global meltdown in 2007 – 2009. It has become a global aphorism that the quality of corporate governance makes an important difference to the soundness and unsoundness of financial institutions. However, there are conflicting issues surrounding the connection between corporate governance and effective performance of firms. First, literature provides conflicting results on the relationship between corporate governance practice and firm financial performance with some studies showing a positive relationship, others negative and still others showing that there is no relationship between the two variables. Empirical findings emanating from the studies of Uwuigbe (2011) and Ajala, Amuda and Arulogun (2012) specifically stated that board size and composition as measure of corporate governance have negative relationship with financial performance of banks in Nigeria surrogated by return on assets, but the recent study by Adigwe, Nwanna and John (2016) contradicted the

assertion of Uwuigbe (2011) and Ajala, Amuda and Arulogun (2012) following the existence of a negative relationship between board composition and performance of banks in Nigeria. Harun (2017) empirical proved that educational level of board members, frequency of board meeting, ownership and audit committee have positive relationship with financial performance of banks in Ethiopia. However, it is amazing to observe that Kajanathan (2012) reported that board audit committee and frequency of board meetings has a negative relationship with banks' performance in Sri Lanka.

Secondly, in terms of the effect of corporate governance on financial performance of banks, empirical findings still report mixed results. In Ethiopia, Harun (2017) showed that board gender diversity has no significant effect on financial performance, but in the same Ethiopia, Getahum (2013) established that board gender diversity, audit committee and large shareholding have positive and significant effect on performance of banks. Following Harun (2017), empirical result of Aulia (2013) evidenced that corporate governance has no significant effect on banks performance in Indonesia. It is more confusing as Mambondiani (2011) stated that banks with insider ownership concentration in Zimbabwe suffered corporate governance weaknesses which resulted in problems such as related party transaction, frauds, tunnelling and abuse of depositors' funds. Furthermore, from the empirical literature in the context of Nigeria, the conventional measure of financial performance of banks are return on assets and return on equity - thus the need to expand the surrogate for measuring financial performance of deposit money banks through net income growth, earnings per share and net profit margin. Again, board age seems rarely researched in the developing

world where youths are agitating for leadership roles in political and business circles. In the light of the inconsistencies in empirical findings and the gap noticed in empirical studies reviewed, there is the need to further re-examine the effect of corporate governance on financial performance of deposit money banks in Nigeria.

1.3 Objectives of the Study

The broad objective of this study is to examine the effect of corporate governance on financial performance of selected deposit money banks quoted on Nigerian Stock Exchange. Specifically, the study seeks to:

1. Examine the effect of corporate governance on return on assets of deposit money banks in Nigeria.
2. Ascertain the effect of corporate governance on return on equity of deposit money banks in Nigeria.
3. Assess the effect of corporate governance on net income growth of deposit money banks in Nigeria.
4. Determine the effect of corporate governance on earnings per share of deposit money banks in Nigeria.
5. Evaluate the effect of corporate governance on net profit margin of deposit money banks in Nigeria.

1.4 Research Questions

The study provided answers to the following research questions:

1. To what extent has corporate governance defined in terms of board ownership affected return on assets of deposit money banks in Nigeria?
2. To what degree has corporate governance described by block shareholding affected return on equity of deposit money banks in Nigeria?

3. To what extent has corporate governance measured by board independence affected net income growth of deposit money banks in Nigeria?
4. To what extent has corporate governance explained by board age affected earnings per share of deposit money banks in Nigeria?
5. To what extent does corporate governance defined by board audit committee affect net profit margin of deposit money banks in Nigeria?

1.5 Hypotheses of the Study

In order to answer the research questions and achieve the research objectives, the study has postulated the following hypotheses in the null form:

1. Corporate governance defined in terms of board ownership has no significant effect on return on assets of deposit money banks in Nigeria.
2. Corporate governance described by block shareholding has no significant effect on return on equity of deposit money banks in Nigeria.
3. Corporate governance measured by board independence has no significant effect on net income growth of deposit money banks in Nigeria.
4. Corporate governance explained by board age has no significant effect on earnings per share of deposit money banks in Nigeria.
5. Corporate governance defined by board audit committee has no significant effect on net profit margin of deposit money banks in Nigeria.

1.6 Scope of the Study

The study focused only on the banking industry. The choice of the banking industry is due to the fact that the banking sector performs a crucial role in the growth and stability of the economy by lubricating the economy through money supply, loans and investments hence, corporate governance problems and transparency issues are considered very important. The period of examination of the study covers thirteen (13) years 2005 to 2017 (post bank's

consolidation). The choice of this period is on the argument that the soft copies of the annual reports of these banks are easily accessible in their websites and thus require going to the banks' headquarters for hardcopies. The study also considers five key explanatory corporate governance variables which are board ownership, block shareholding, board independence, board age and board audit committee. The dependent variable is financial performance which is measured in terms of the return on bank's total assets, return on equity, net income growth, earnings per share and net operating income.

1.7 Limitations of the Study

The decomposition of the data with respect to the financial performance measures will serve as a major limitation. This is on the fact that converting the raw financial data as contained in the banks' statement of financial position may not reflect the operational performance of the banks in reality.

Another major limitation is that the study relied on data which are secondary in nature extracted from the financial statements and footnotes of the sampled banks. It was, therefore, assumed that such data obtained from these sources are largely accurate enough. In addition, the data so collected have been subjected to scrutiny to ensure reliable results. Furthermore, the interpretation of the regression result is based only on the postulations of the stakeholder's theory as it relates to corporate governance and deposit money banks' financial performance.

1.8 Significance of the Study

A study of this nature, however attractive it may look is useless if it is not relevant to the environment in which it is carried out or if it does not

contribute to knowledge. Therefore, this study on effect of corporate governance on financial performance of deposit money banks in Nigeria will be of immense benefit to the country in general and to the following in particular:

Financial Managers: This study will help financial managers to make improved corporate governance decisions in their operations. It will provide and add new knowledge to financial managers as a benchmark in making their own decision on the banks' performance.

Researchers: This study will contribute to existing literature regarding the effect of the various components of corporate governance on the performance of Nigerian deposit money banks. It will also add to existing debate on the effect of corporate governance choices on banks' financial performance in the context of an emerging economy like Nigeria.

Investors and Shareholders: This study will help investors in benchmarking the performance and compliance to corporate governance codes of their banks to its peers in the industry.

Regulators: It will provide insights as to the degree of compliance to its codes and principles on corporate governance. This study will also provide the policy makers an alternative basis for measuring performance vis-a-vis compliance to codes of corporate governance.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Conceptual Review

2.1.1 Concept of Corporate Governance

There has been no generally accepted definition or classification of corporate governance. However, the definitions of corporate governance given by researchers are not significantly different (Adigwe, Nwanna & John, 2016; Daniya, Adeyeye, Ndibe & Yahaya, 2016; Uwuigbe & Fakile, 2012; Ujunwa, 2012; Osuagwu, 2013; CBN, 2006; SEC, 2017). The different definitions could be attributed to divergent economic, social and ethical world views about the concept of corporate governance. Consequently, researchers and policy makers tend to define the concept from the perspectives of their ethical, political, economic and legal viewpoints. It is noteworthy that two major views have emerged on the concept of corporate governance. The first being the narrow view commonly referred to as the Anglo-Saxon perspective. The Anglo-Saxon viewpoint sees corporate governance as dealing with the relationship between corporate managers and shareholders. Proponents of the narrow view of corporate governance posit that providers of finance (shareholders) bear unique relation to the firm (Dorgan & Smyth, 2002). They maintain that the whole of their investment is sunk and potentially placed at risk. According to Schleifer and Vishny (1997), the productive resources financed by the shareholders normally remain the property of the corporation; it is therefore argued that in view of the risk faced by shareholders in the world of an incomplete contract and rent seeking by agents' ex-post, fiduciary duties should be owed to shareholders to compensate for their risk. Following from this viewpoint, Schleifer and Vishny (1997) define corporate governance

as the ways in which suppliers of finance to corporations assure themselves of getting a return on their investment.

This narrow perspective definition of corporate governance however suffers a major setback because it reduces corporate governance to a single problem, namely; how the owners of capital are able to protect their investment. It does not address the interest of other stakeholders. The second view is commonly referred to as broad view or Franco-German paradigm which takes a holistic approach to the concept. It considers the interest of stakeholders, i.e., shareholders, creditors, managers, directors, customers, society, government and legal regulatory or agencies. Daily, Johnson, and Dalton (1999) adopt a broad perspective to the concept of corporate governance. They describe Corporate Governance (CG) as representing the determination of the broad uses to which organizational resources will be deployed and the resolution of conflicts among myriad participants in organizations. The broad perspective proposes the firm as a nexus of specific investments and a combination of mutually specialized assets and people as against the nexus of contract approach. The idea is to include other stakeholders in the quasi rents generated by firms. Adams and Mehran (2005) canvases for an institutional and moral approach to corporate governance to encompass quantitative and qualitative issue of productivity in the complex decision process involving insiders and outsiders. They assert that corporate governance has a major indirect effect on the socioeconomic growth and development nexus of a country due to the impact finance and investment decisions have in the development process and thus the quality of life of the people. As a result, corporate governance has to go beyond the functional

framework of focusing on a rule-based environment or the quantitative aspects. This is germane because it is in the presence of this rules-based society that the recent corporate scandals of financial institutions in Nigeria such as Oceanic Bank and Intercontinental Bank have accrued. In other words, the rules-based system has not effectively blocked the self-interest tendencies inherent in human behaviour. The greatest challenge is to develop the culture of qualitative governance anchored on moral and cultural values, history to ensure trust, honesty and integrity in running institutions.

For the purpose of this study and consistent with previous studies, the definition derived by the Organization for Economic Co-operation and Development (OECD) is used. The OECD (2004) defines corporate governance as a set of relations between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set and the means of attaining those objectives and monitoring performance are determined. It is the system of rules, practices and processes by which a company is directed and controlled. It essentially involves balancing the interests of a company's many stakeholders, such as shareholders, management, customers, suppliers, financiers, government and the community.

Corporate governance was conceptualized into board ownership structure, board audit committee, board independence, board age and block shareholding. The relationship between these concepts of corporate governance and financial performance are discussed in subsequent section in this chapter.

2.1.2 Corporate Governance Reporting Practices and Financial Performance

Traditionally, the main medium for communicating Corporate Governance practices has been through company annual reports. It is believed that a strong, informative and transparent system of corporate disclosure is of paramount importance for the efficient and effective allocation of resources as well as integrity of financial markets (Subramanyam & Dasaraju, 2014). In the view of Neifar and Haliou, (2013), high-quality corporate disclosure helps investors and other capital market participants by enabling them to make proper assessment of the potential risks and rewards of alternative investments. Well-informed investment decision-making by capital market participants leads to efficient allocation of capital, which promotes productivity and economic growth. A strong disclosure regime is a pivotal feature of market-based monitoring of corporate conduct and is central to the ability of shareholders to exercise their voting rights effectively.

Experience in countries with large and active equity markets shows that disclosure can also be a powerful tool for influencing the behaviour of companies and for protecting investors. A strong disclosure regime can help to attract capital and maintain confidence in capital markets. Shareholders and potential investors require access to regular, reliable and comparable information in sufficient detail for them to assess the stewardship of management and make informed decisions about the valuation, ownership and voting of shares (Qeisari & Ahmadi, 2016; Collet & Hrasky, 2001; Gupta, Nasir & Gogula, 2003). Why then should one care about the disclosure of governance practices? The effect of corporate governance practices of firms on financial performances have thrown up diverse results and conclusions from researches in developing and developed worlds. Swati and Rashesh

(2012) attempted to analyze the level of corporate governance norms being adhered to by major IT companies of India as per the guidelines of International Financial Corporation and the Corporate Governance norms of Securities and Exchange Board of India. They tried to develop a conceptual understanding of correlation between various parameters of companies' transparency, disclosures and provided comparative average scores of last three years of performance on a score card adopted. It is an empirical analysis of the corporate governance dimensions of high and low-performing companies with the phase of the research based on the data gathered from the annual report disclosures of the companies. The sample was selected on the basis of Market capitalization for the assessment year 2011-12. The authors found varied levels of differences in disclosures and transparency levels of Indian IT companies. The analysis showcases the fact that different companies have different weight age on parameters analyzed as per Clause 49 of SEBI's listing agreement.

Oki and Mamaiko (2015) investigated the impact of corporate governance disclosure practices on bank performance in Nigeria. The study used secondary data from the annual reports of banks listed on the Nigerian stock exchange. Empirically, the study used panel regression technique to determine the influence of corporate governance disclosure practices on the performance of banks in Nigeria. The regression result indicates that the extent of disclosure is positively related with performance, that is, banks that had higher degree of disclosure also posted better performance. Dessai and Bhanumurthy (2010) in their study made an attempt to evaluate the corporate governance and disclosure practices followed by 30 SENSEX companies by

examining the annual reports for the financial year which ended by 31st March 2009. The major thrust of this study is on Composition of Board of Directors, Audit Committee and Shareholders Grievance Committee. The study found that corporate governance and disclosure practices followed by SENSEX companies are very good with an exception of just one or two items. Another study undertaken by Bhasin (2010), identified the differences in disclosure pattern of financial information and governance attributes. A sample of 90 companies from BSE 100 index, had been taken. The data with respect to disclosure score had been collected from the annual reports of the companies for the financial year 2003-04. The study used the Standard & Poor's "Transparency and Disclosure Survey Questionnaire" for collection of data. The study finally concluded that "there were no differences in disclosure pattern of public/private sector companies, as far as financial transparency and information disclosure were concerned. Similarly, Gupta (2006) traced out the differences in CG practices of few local companies of an automobile industry. The data with respect to governance practices had been collected from the annual report of the companies for the year 2004-05. The study "did not observe significant deviations of actual governance practices. Gompers, Ishii and Metrick (2003) suggest, the evidence of a positive association between corporate governance and firm performance and supported the assertion by linking it with the agency explanation. Studied governance practices include board composition, size and shareholder activities. Uwuigbe (2011) in a study observed between the level of governance items disclosed by the banks and ROE which is the proxy for performance. The regression result revealed that a positive significant relationship occurs between the disclosure level and banks

financial performance and concluded that banks who disclose more on governance issues are more likely to do better than those that disclose less.

2.1.3 Audit Committee and Financial Performance

As the complexity of the financial structure increases, the heterogeneity within audit committee regarding educational and functional miscellany becomes more important. Professional experience and education are primarily expected in the departments of human resources, investment, and finance, accounting or marketing (Mahadeo, 2011). Corporate governance continues to evolve with new topics; more scrutiny of the role of the board and board committees; and a continued path for enhanced board, management, and investor relations. Many boards still struggle with fundamental questions, such as understanding the role of the board audit committee in the company's corporate governance program and what the committee's role is with regard to specific oversight areas (Okeaholam & Akinbode, 2003). The board audit committee assists in the oversight of the integrity of the company's financial statement, compliance with legal and other regulatory requirements, assessment of qualification and independence of external auditors, and performance of the company's internal audit function as well as that of external auditors. Members of the committee are expected to have basic financial literacy and should be able to read financial statements. At least one member should have knowledge of accounting or financial management (OECD, 2004; Ejuvbekpokpo & Esuiké, 2014). Audit committee is an extension of board development programs, and should maintain an education program to keep their members informed of the latest technical accounting, governance, and broader business issues.

Board audit committees are expected to provide oversight as to whether internal auditors are performing appropriate activities, are independent and objective, have adequate resources, and are monitoring risk and controls proactively. Board audit committees should be satisfied that a company's financial reports reflect a fair and balanced picture of operating results and financial position. This requires an ability to understand financial statements and the accounting methods used to generate the results and disclosures (Abdulazeez, Adeyeye, Ndibe & Yahaya, 2016). Many studies on board characteristics are silent on the educational qualification of board audit committee members. Educational qualification of audit committee members is important for decision making. A number of studies have been carried out in the developed world on board audit committee with diverse results. However, in developing countries like Nigeria, more focus has been on audit committee size, independence and experience. In comparison to board diversity, only a few empirical studies analyse the influence of educational and professional education on corporate performance. Cannella and Lubatkin (2008) distinguish between intra- personal functional diversity (within-member breadth of functional experience) and dominant functional diversity (heterogeneity in the functional areas in which each top management team (TMT) member has served the longest in an audit committee) and found that intrapersonal functional diversity has a positive impact on firm performance. Yermack (2006) found that share price reactions to director's professional qualification, especially in the area of accounting and finance. Haniffa & Cooke (2002) found a positive relationship between accounting education of board audit committee members and disclosure of information. Simons (1999)

show that educational diversity has a positive but not significant effect on both, change in profitability and sales growth, whereas functional background diversity has a negative impact. Additionally, they find that open discussion among board audit committee members has a moderating effect on (acts as a moderator between) diversity and performance. A culture of open discussion combined with both, educational as well as functional background heterogeneity has a positive impact on firm performance (Camelo & Hernández, 2010). Mahadeo (2011) distinguish between the degree of prior professional experience and education. On the one hand a significantly positive correlation between audit committee size and educational diversity and on the other hand between educational diversity and gender diversity was derived. In contrast to prior research results, their study tests the hypothesis that higher educational diversity decreases the corporate performance (based on ROE). Possible explanations for the negative correlation are communication and coordination problems due to different professional experiences. The efficiency of the business administration would be impaired by long-lasting discussions in the context of decision- making and potential “block construction”.

Professional education and expertise can also be attributed to prior job positions and employments. Board audit committee members, who were appointed internally, have gained more precise firm knowledge than outsiders. Eulerich, Velte, and Uum (2014) investigate the connection between the proportion of audit committee members and ROE. In their results, Eulerich, Velte, and Uum summarize that companies with experienced and professionally qualified audit committee members, create high ROE. Studies

such (Klein, 2002; Coleman-Kyereboah, 2007) in favour of educated and experienced audit committee posited that when more experienced people are involved in checking the activities of managers, wrongdoings will be reduced and performance will be enhanced. However, other researchers like (Kajola, 2008) reported that there is no positive relationship between audit committee size, experience or educational background and the performance of firms. Ujunwa (2012) finds a positive and significant relationship between directors in audit committee with PhD and company's financial performance in Nigeria using data from 122 listed companies on the Nigerian Stock Exchange from 1991 to 2008.

2.1.4 Board Independence and Financial Performance

Board independence refers to a corporate board with majority of outside directors. The degree of involvement of independent directors in the board of director's oversight function over the management of companies from management is considered an important factor in corporate governance mechanism. It is believed that companies dominated by outside or independent directors are more vigilant in monitoring behaviours and decision making of the company (Fama & Jensen, 1993). According to Kamardin (2011), the reason is that shareholders' interest could be well protected by outside directors than the inside directors. They bring in more skills and knowledge to the company which increases expertise necessary for strategy implementation. For independent directors to perform their duties well they must be free from management's influence. The effective monitoring by independent directors reduces agency costs and increase company performance (Ejubekpokpo & Esuik, 2013). Heravia, Saat, Karbhari, and Nassir (2011) assert that the presence of non-executive directors on board

gives greater weight to board`s deliberations and judgment. However, Bebeji, Mohammed and Tanko (2015) argue that in carrying out their duties of monitoring, independent directors face great challenge as they are not directly affiliated with the management. They maintain that the fact that independent directors are on board does not guarantee good governance control. It may be possible some independent directors are appointed to just fulfil the minimum regulatory requirements. Some of them may not be truly independent from the firm`s executives who hire them or they might have developed strong friendship with the top management over the period they have served on the board. It is in view of this and to ensure board independence that SEC (2006) spelt out conditions for appointment of independence directors as follows:

- Is one that is free from any relation with the company that may affect his ability to make independent judgments?
- Is not a partner or an executive of the company`s statutory audit firm, equal or consulting firms that associate with the company for three years preceding his appointment;
- Should have no business dealings that could impair his capacity to act in an independent manner;
- Should not be a vendor, supplier or customer of the company;
- Is one who is not a member of the immediate family of an individual who is or has been in the employment of the company for the past three years
- Has not served the company in any capacity or been employed by the company for the preceding three financial years;
- Is not a representative of a shareholder that has ability to control management and;

- Should not be one whose shareholding both direct and indirect does not exceed 1% of the company's paid up capital.

Conflicting empirical evidence has evolved with respect to board composition in the recent past. There exist mixed results from empirical studies on the effects of board composition and performance. Fama and Jensen (1983) argue that outside directors have the incentive to act as monitors of management because they want to protect their reputations as effective, independent decision makers. An independent board of directors has fewer conflicts of interest in monitoring managers, even if the presence of outside directors entails additional costs to the firm (fees, travel expenses, etc). However, De Andres and Vallelado (2008) highlight, that an excessive proportion of nonexecutive directors could damage the advisory role of boards, since executive directors facilitate the transfer of information between directors and management and give information and knowledge that outside directors would find difficult to gather.

Romano and Guerrini (2012) found that the higher the percentage of independent directors on the board, the lower the likelihood of financial fraud, arguing that a higher relative weight of independent directors appears to ensure more effective control. Hermalin and Weisbach (1991) posited that the proposition of board composition is to help reduce agency problem. From this position, a positive relationship is expected between a firm's performance and the proportion of outside directors sitting on the board. Tornyeva and Wereko (2012) found a significant positive relationship between independent board and a firm's financial performance. But the relationship between the two variables as studied by Duchin (2010) seems to be complex as the nature of

the relationship between board composition and firms' performance depends on the cost of acquiring information. On the contrary, Adams and Mehran (2008) and Pathan and Skully (2010), find no significant relationship between board independence and firms' performance. Kajola (2008) also examined corporate governance and firms' performance on some Nigerian listed banks between 2000 and 2006 and found no significant relationship between board composition and a firm's performance. However, He (2008) finds significant negative relationship between independent board and firms' performance.

2.1.5 Board Ownership and Financial Performance

Ownership structure is another main mechanism of corporate governance that can play an important role in improving corporate performance or otherwise. Ownership structure ranges from individual to collective; this causes new problems in the area of financial resource management (Morey, Gottesman, Baker & Godridge, 2008). Ahmad and Mensur (2012) and Uwuigbe (2011) considered it as agency problem and opine that this may cause conflict of interest and agency problems. Oki and Maimako (2015) pointed out that potential conflicts of interest arise between corporate managers and dispersed shareholders when managers do not have an ownership interest in the firm. As such shares held by the managers in a firm help to align the interests between shareholders and managers. When the manager's interests coincide more closely with those of shareholders, the conflicts between the shareholders can 'entrench' the controlling power over the firm's activities, leaving external or small shareholders with difficulty in controlling the actions of such ownership.

Adigwe, Nwanna and John (2016) studied the effect of corporate governance mechanism on the financial performance of deposit money banks

in Nigeria. The study applied the OLS methodology and the findings suggested that banks perform better when the directors have equity ownership. Having a stake in the bank compels the directors to do their best for a better performance of the bank. Gugong, Arugu and Dandago (2014) also posit that managerial ownership reduces manager–shareholder conflicts in stock ownership by board members (both executive and non-executive). To the extent that executive board members own part of the firm, they develop shareholder-like interests and are less likely to engage in behaviour that is detrimental to shareholders. Discussions on the relationship between shareholders structure (ownership structure) and the performance of firms has continued to be a subject of intense debate in the field of financial management. Till now, different aspects of ownership structure are considered, for instance being managerial or non-managerial shareholders, shareholders concentration or dispersion, being whole or retail, being internal (domestic) or being foreign shareholders, being institutional or individual shareholders (Gugong, Arugu & Dandago , 2014; Abdulazeez, Adeyeye, Ndibe & Yahaya, 2016).

Several studies conducted on board shareholding and firms' performance used different methodologies and threw up mixed result. Some find positive relationship, others find negative relationship and a few results show no relationship at all between board equity ownership and firms' performance. Adigwe, Nwanna and John (2016), Bharbra et al. (2003) found a significant positive relationship between directors' equity ownership and firm performance. Morck, Shleifer and Vishny (1988) find that firm performance first rises as ownership increases up to 5%, then falls as

ownership increases up to 25% and then rises slightly at higher ownership levels. They support the theory that managers tend to allocate the firm's resources in their own best interests, which may conflict with those of shareholders. McConnell and Servaes (1990) provide further evidence on the relation between the distribution of equity ownership and firm value and find a significant curvilinear relation between Q and the fraction of shares owned by corporate insiders. Specifically they find that Q first increases, then decreases as share ownership is concentrated in the hands of managers and board members. A possible explanation for the nonlinearity in the ownership–performance relationship is that managers become entrenched when possessing a very high percentage of ownership. Alternative governance mechanisms, such as the corporate control market, become less effective when managers become entrenched. Leech and Leahy (1991) find that profitability differences between ownership-controlled (closely-held) firms compared to management-controlled (diffusely-held) firms are only marginal. Such differences are unlikely to be economically meaningful. In contrast to this notion, Akpan and Amran (2014) find no link between ownership structure and firm performance, and assert that there is little support for the divergence of interests between managers and shareholders. Moreover, Conyon and Leech (1994) examine, among other things, the mitigating role of ownership concentration in the pay-for-performance relationship. They find a weak relationship between pay and performance, while ownership is found to be insignificant in mitigating this relationship. Garba and Abubakar (2014) in their study found a negative and significant relationship between board ownership and performance of insurance companies in Nigeria. Their results

also reveal that, when Tobin's Q is used as a measure of firms' performance under FGLS model, director ownership has a significant nonlinear negative impact on firms' performance. That is, as directors' ownership increases, firms' performance increases up to a given threshold, beyond which, any further increase in the ownership will lead to a decrease in the performance.

2.1.6 Board Age and Financial Performance

Board age is another dimension in which corporate governance mechanism can be measured. This has become imperative as age can be considered a proxy for the extent of experience and risk-taking manner. Datta (2005) suggest that youthful managers are more inclined to undertake risky strategies, and firms with young managers will experience higher growth than their counterparts with older managers. This can be understood since older managers tend to be more risk averse (Barker & Mueller, 2002) and "may be at a point in their lives at which financial security and career security are important. The consideration of a wide range of age within board composition is also expected to affect the company's performance positively. In prior literature, boards are often distinguished by age and functions. Thereby, the eldest part of the board has the necessary experience, while the middle-aged part assumes the responsibility and the youngest members are prepared for their management position in order to ensure the future of the company. In a digital age, it is also argued that younger managers possess the potentials to process new ideas, zeal to brace up to new challenges and lower willingness to accept status quo, and less interest in career stability (Cheng, Chan & Leung, 2010). Datta (2005) also assert that youthful directors and executives tend to aspire higher by seeking international connection in business diversification,

mergers and financial consolidation in the management and organization theory.

There are a limited number of studies that investigate the relationship between age diversity on the board or top management team and financial performance, and they report different results. Indeed, some researchers provide evidence that older CEO or board chairman is positively associated with higher financial performance. For instance, Cheng, Chan Leung. (2010) indicate that older chairmen have significant impacts on some performance measures, namely ROA, cumulative returns, and abnormal returns. Older executives tend to have richer experiences and practices, which accumulate into skill-based competencies heterogeneity and marketing performance. McIntyre et al. (2007) examine age diversity within boards of S&P500 as well as TSX Competitive Index companies. Hereby, the hypotheses that a low and high level of age diversity decreases the corporate performance are tested. McIntyre, Murphy & Mitchell (2007) assume that a “moderate” level would increase the performance. A significant positive effect of age diversity was determined on the basis of the Tobin’s Q ratio, but not by using the performance figures Economic Value Added (EVA) and Return on Assets (ROA). Furthermore, the hypothesis that the financial performance increases due to higher average age is rejected (McIntyre, Murphy & Mitchell., 2007). Ararat (2010), based on the data of Turkish firms, find that age diversity has a significant influence on return on equity (ROE), but not on Tobin’s Q. On the other hand, Oxelheim and Randøy (2005) and Eklund, Palmberg and Wiberg (2009) fail to find significant impacts of average age of board members on Tobin’s Q in Nordic and Swedish markets, respectively. Kang (2007) analysed

the top 100 Australian companies and value experience and expertise of older board members as more important than dynamics and potential creativity of young professionals. Thereby, a positive relation between age diversity and board size was proven. In contrast however, Richard & Shelor (2002) identify a negative relation between age diversity and corporate performance. According to Richard and Shelor (2002) age diversity in top management shows a curvilinear impact on sales growth. For low and medium levels of age diversity, the relationship between age diversity and sales growth is positive. For high levels of age diversity, there is a negative impact on sales growth. Furthermore, the authors conclude that context plays an important moderating role regarding the impact of age diversity on firm performance. Innovation and environmental complexity have a positive moderating effect on the relationship between age diversity and firm performance.

2.1.7 Block Shareholding and Financial Performance

Block shareholding is another corporate governance mechanism for preventing managers from deviating too far from the interests of the owners. Large investors have the incentives to acquire information and monitor managers. They can also elect their representatives to the board of directors and thwart managerial control of the board. Large and well-informed shareholders could be more effective at exercising their voting rights than an ownership structure dominated by small, comparatively uninformed investors. Also, they could effectively negotiate managerial incentive contracts that align owner and manager interests than poorly informed small shareholders whose representatives, the board of directors, can be manipulated by the management. However, concentrated ownership raises some corporate governance problems. Large investors could exploit business relationships

with other firms they own which could profit them at the expense of the bank. In general, large shareholders could maximize the private benefits of control at the expense of small investors.

2.2 Theoretical Frameworks

Theoretical work on corporate governance has produced a number of theories as to the motivation of firms to report or disclose information on their corporate governance activities, most deriving from the broad theory called political economy theory which is defined as the social, political and economic framework within which human life takes place (Gray, Kouhy & Lavers, 1995). These theories help us to understand corporate reporting, by seeking to explain why many organizations publicly release information about their corporate performance, even with the general lack of regulation in this area. That is, it helps us understand what motivates entities to release this information voluntarily. After a review of the corporate governance reporting literatures, this study will examine and highlight the two overlapping theoretical perspectives which include the stakeholders' theory and agency theory. In order to examine the effect of corporate governance on financial performance of deposit money bank in Nigeria, we employ the Stakeholders' Theory as the theoretical framework for this study. The theories are very necessary and useful in that they will help elicit the implications of the relevant variables highlighted in the study.

2.2.1 Agency Theory

In its simplest form, agency theory explains the relationship between a principal and an agent. The theory explains the agency problems arising from the separation of ownership and control. It provides a useful way of explaining relationships where the parties' interests are at odds and can be brought more

into alignment through proper monitoring and a well-planned compensation system (Davis et al., 1997). In her assessment and review of agency theory, Eisenhardt (1989) outlines two streams of agency theory that have developed over time: Principal-agent and positivist. Principal-agent research is concerned with a general theory of the principal-agent relationship, a theory that can be applied to any agency relationship e.g. employer- employee or lawyer-client. Eisenhardt describes such research as abstract and mathematical and therefore less accessible to organisational scholars. This stream has greater interest in general theoretical implications than the positivist stream. On the other side, positivist researchers have tended to focus on identifying circumstances in which the principal and agent are likely to have conflicting goals and then describe the governance mechanisms that limit the agent's self-serving behaviour (Eisenhardt, 1989). This stream has focused almost exclusively on the principal- agent relationship existing at the level of the firm between shareholders and managers. For example, Jensen and Meckling (1976), who fall under the positivist stream, propose agency theory to explain, inter alia, how a public corporation can exist given the assumption that managers are self-seeking individuals and a setting where those managers do not bear the full effects of their actions and decisions.

The agency relationship explains the association between providers of corporate finance and those entrusted to manage the affairs of the firm. Jensen and Meckling (1976) define the agency relationship in terms of a contract under which one or more persons (the principal(s) engage another person (the agent) to perform some service on their behalf which involves delegating some decision-making authority to the agent. Agency theory supports the

delegation and the concentration of control in the board of directors and use of compensation incentives.

2.2.2 Stakeholders' Theory

Stakeholders have been identified as those groups who have an interest in the actions of the corporation. The stakeholder theory has been revisited and redefined stakeholders as any individual or group who has an interest in the firm because he (or she) can affect or is affected by the firm's activities (Freeman & Reed, 1983). Furthermore a stakeholder has been defined as 'any individual or group who can affect or is affected by the actions, decisions, policies, practices, or goals of the organization. Stakeholders can be identified by the legitimacy of their claims which is substantiated by a relationship of exchange between themselves and the organisation, and hence stakeholders include stockholders, creditors, managers, employees, customers, suppliers, local communities and the general public. Stakeholder theory suggests that an organisation will respond to the concerns and expectations of powerful stakeholders, and some of the response will be in the form of strategic disclosures.

A number of stakeholder theories have been developed overtime to explain, or to identify what the nature of the company's stakeholder interaction should be. Each offers insights into the motivations that potentially could influence management in their decision to interact with stakeholders in the decision to report information about the firm's activities. This view is supported by Blair (1995) who proposes that the goal of directors and management should be maximizing total wealth creation by the firm. The key to achieving this is to enhance the voice of and provide ownership-like incentives to those participants in the firm who contribute or control critical,

specialized inputs (firm specific human capital) and to align the interests of these critical stakeholders with the interests of outside, passive shareholders. Sundaram and Inkpen (2004) also suggest that “stakeholder theory attempts to address the question of which groups of stakeholder deserve and require management’s attention.

The stakeholder’s theory is the theoretical framework for this study on its basis that the theory postulated that firms create value and satisfy all stakeholders rather than the requirements of one or two groups within an organization. Stakeholder theory is true and the only way that a business manager can maximally serve the interests of shareholders and this is by serving the interests of all stakeholders. The stakeholders are those whose roles or relationship with an organization helps define the organization mission, purpose and contribute to the development, functioning, survival and success of the organization. Without their support, organization will cease to exist. Organization are motivated to become more socially responsible because their important stakeholders expect them to understand and address the social and community issues that are relevant to them

2.3 Empirical Review

2.3.1 Corporate Governance and Return on Assets

Adigwe, Nwanna and John (2016) appraised the effect of corporate governance mechanisms on the financial performance of banks in Nigeria. The study used secondary data derived from the audited financial statements of the sampled banks in Nigeria from 2006 to 2014. Ordinary Least Square (OLS) regression was used to find out the effect of corporate governance variables on banks’ performance. The study observed that board audit committee and directors’ equity interest have a positive and significant effect on financial

performance of banks; while board composition has a negative but significant effect on banks' financial performance. Xavier, Shukla, Oduor and Mbabazize (2015) examined the effect of corporate governance on financial performance of commercial banks in Rwanda. The study adopted a descriptive research design which assisted to examine the effect of corporate governance on financial performance of commercial banks. The population of the study was 120 composed by the senior managers of the commercial banks operating in Rwanda; and the sample size was 92 but only 76 responded to the questions asked which represents 84%. The key findings for this research were showing that board independence, board composition, institution ownership do not have an effect on financial performance since the majority of respondents have disagreed with the effect of corporate governance variables on the financial performance of commercial banks.

Ahmed, Ullah, Ahmed and Rahman (2016) explored the relationship between corporate governance structures and the resultant financial performance of listed Islamic banks of Dhaka Stock Exchange (DSE) in Bangladesh. The panel time series data were collected for the time period of 6 years (2009-2014) from all the listed Islamic banks to run an Ordinary Least Squared (OLS) regression model to examine whether the existing corporate governance mechanisms as well as several other internal and external indicators are significant in influencing the financial performance. Even though the model was consistent, the findings revealed that not many of the corporate governance variables were found to have a significant relationship with profitability. Kigera (2012) examined the effect of corporate governance on return on assets of Kenya commercial banks from 2006 to 2010. The study

applied the Ordinary Least Square method of estimation. Findings showed that not all the governance mechanisms were important in influencing performance if analysed individually. The result also disclosed that supervisory board and management were more prominent compared to the other mechanisms.

Guo, Langston and Hadley (2003) looked into the relationship between corporate governance and various financial performance variables and loan quality measures of economic contraction years and economic expansion years separately from 1990 to 2001. The empirical evidence supported the hypothesis that banks performance and assets quality are related to different corporate governance variables at different stages of business life cycle. Sakawa and Watanabel (2011) studied the relation between board size and composition and firm performance and its relations with financial systems and maintenance of foreign branches for a banking industry during 2006-2009. They found that banking firms with larger boards underperform their peers in terms of Tobin's Q and that no significant relation between the proportion of outside directors on the board and Tobin's Q. They also argued that banks with taxpayer money and foreign branches would make a larger board more desirable for these firms because they face the requirement of improving management. After accounting for these unique features of Japanese banks, they found that board structures of Japanese banking industry are well performed only in banks with taxpayer money. In addition, Tobin's Q is negatively correlated with board size in banks with foreign branches.

Naushad and Malik (2015) examined the effect of corporate governance denoted by board size, duality, agency cost etc. on the performance of selected 24 Gulf Cooperative Council (GCC) banks based on

the criteria of total assets for the financial year 2012-13. Tobin's Q and Return on total assets were adopted as a measurement of accounting and financial performance respectively. The results indicated that smaller boards are more capable for monitoring the management closely in GCC banking sector. Dual role of Chief Executive Officer (CEO) are likely to improve the GCC bank performance. The presence of block holders in ownership structure of GCC banks tends to have a positive effect on the performance of the banking sector. Abobakr (2017) investigated the effect of corporate governance variables: board size, non-executive directors, CEO duality, board male/female, board qualifications, and the block holders on banks' performance in Egypt measured with return on assets. The study used financial data of 25 Egyptian banks covering a period from 2006 to 2014. He used Generalised Least Square (GLS) Random Effects models to investigate for this relation to find that board size, CEO duality, capital adequacy ratio and bank size are positively affected by the bank performance. Findings revealed that revolution has a significant negative correlation with ROA, non-executive directors, women presentation, board qualifications, and the block ownership have no effect on bank performance.

Kaur (2014) ascertained the relationship between corporate governance and the performance of Indian banks. The study used a sample of thirteen banks for the financial year 2012-2013. Corporate governance scores were calculated by the formulation of comprehensive index constituting different parameters of corporate governance based on SEBI regulations, previous literature and the index formulated by earlier researchers. Scores obtained from the index are the independent variables. Whereas, Return on Assets is

used as a measure of performance and is the dependent variable of the study. Based on the regression results, different committees constituted by the banks are significantly related with their performance. Abdulazeez, Ndibe and Mercy (2016) determined the impact of corporate governance on the financial performance of all listed deposit money banks in Nigeria for a period of seven (7) years (after consolidation). Data for the study were quantitatively retrieved from the annual reports and accounts of the studied banks. Multicollinearity test was conducted via Pearson correlation and further confirmed through VIF test. Regression was used to analyse the data and it was found that larger board size contributes positively and significantly to the financial performance of deposit money banks in Nigeria.

Grove, Patelli, Victoravich and Pisum (2011) assessed whether corporate governance explains US bank performance during the period leading up to the financial crisis. The study adopted the factor structure by Larcker, Richardson, and Tuna (2007) to measure multiple dimensions of corporate governance for 236 public commercial banks. Findings disclosed that corporate governance factors explain financial performance better than loan quality. They found strong support for a negative association between leverage and both financial performance and loan quality. CEO duality is negatively associated with financial performance. The extent of executive incentive pay is positively associated with financial performance but exhibits a negative association with loan quality in the long-run. Results also depicted a concave relationship between financial performance and both board size and average director age. A weak evidence of an association of anti-takeover devices, board meeting frequency, and affiliated nature of committees with financial

performance. Felício, Rodrigues and Samagaio (2016) evaluated the role of commercial banks' governance mechanisms in financial performance and loan quality. The research draws upon corporate governance theory, agency theory, and information asymmetry. Fuzzy-set QCA was used to analyse a sample of 32 commercial banks listed in the UK. Results confirmed that different combinations of governance mechanisms can yield similar financial performance and loan quality.

Ahmed, Zannat and Ahmed (2017) studied the relationship between performances of commercial banks with corporate governance factor along with some internal and macroeconomic variables. Data covering the time period (2011-2014) using 29 listed commercial banks in the Dhaka Stock Exchange were considered through the Ordinary Least Squared (OLS) regression approach. Though the study showed a positive relation between corporate governance and performances of banks, the statistical insignificance of the relation raises concern regarding various issues of corporate governance in the financial sector of Bangladesh. Aldalayeen (2017) investigated the impact of corporate governance on the financial performance of selected Jordanian banks. The sample of the study consisted of five banks of Jordan. Multiple regression was used as the statistical tool to measure the impact of corporate governance on the financial performance of banks. Corporate governance score was taken as independent variable while ROA was used as dependent proxy variable of financial performance. The findings of the research highlighted that corporate governance score has a positive significant impact on the financial performance of Capital Bank of Jordan, Arab Bank,

and Bank Al-Etihad. However, significant impact was not found on the financial performance of Jordan Islamic Bank and Jordan Dubai Islamic Bank.

Ajala, Amuda and Arulogun (2012) examined the effects of corporate governance on the performance of Nigerian banking sector. The secondary source of data was sought from published annual reports of the quoted banks. In examining the level of corporate governance disclosure of the sampled banks, a disclosure index was developed and guided by the Central Bank of Nigeria code of governance. The Pearson Correlation and the regression analysis were used to find out whether there is a relationship between the corporate governance variables and firms performance. The study revealed that a negative but significant relationship exists between board size and the financial performance of these banks while a positive and significant relationship was also observed between directors' equity interest, level of corporate governance disclosure index and performance of the sampled banks. Ashfaq and Saeed (2017) investigated the impact of corporate governance index and earning management on firm performance by considering the financial sector of Pakistan. Generalized method of movement (GMM) was applied for the analysis of corporate governance index, loan loss provision, non-performing loans, borrowings from financial institutions and book value of equity to return on assets. The time period considered for the analysis started from 2005-2015 considering entire population of the banking industry of Pakistan. The analysis of the data unveiled that all variables show significant results except loan loss provision. Whereas, the results show a negative coefficient for loan loss provision which means that increase in provisions adversely affect the profitability.

Changezi and Saeed (2013) ascertained the impact of corporate governance framework on the performance of banks in Pakistan. The independent variables of study include director's remuneration, communication strategies, code of conduct and governance mechanism. Ten (10) branches of five major banks of Pakistan have been selected in this study. Response rate of 89% has been achieved in survey of 100 management respondents of selected banks. Through statistical analysis, it has been found that performance of banks also depends on the type of communication strategies, executive remuneration and Governance Mechanism. On the other hand, code of conduct does not influence on banks' performance. Mohammed (2012) considered the impact of corporate governance on the performance of banks in Nigeria. The study made use of secondary data obtained from the financial reports of nine (9) banks for a period of ten (10) years (2001- 2010). Data were analysed using multiple regression analysis. The study supported the hypothesis that corporate governance positively affects performance of banks.

Osisioma, Egbunike and Adeaga (2015) empirically assessed the impact of corporate governance on deposit money banks' performance in Nigeria in order to ascertain whether certain financial soundness indicators affect the performance (i.e. return on asset-ROA) of Deposit Money Banks-DMBs in Nigeria. These financial soundness indicators are: capital adequacy ratio (CAR), liquidity ratio (LR), loan to deposit ratio (LDR), deposit money bank lending rate (DMBLR), nonperforming loan to total credit (NPLTC), and cash reserve ratio (CRR). The population of the study comprised of 24 deposit money banks licensed by the Central Bank of Nigeria (CBN) and insured by

the Nigeria Deposit Insurance Corporation (NDIC) from 2006 to 2013. The study adopted Panel Survey research design. The study indicated that there is no statistical significant difference between corporate governance practices among the DMBs based on the perceptions of the shareholders and there is significant relationship between DMBs' performance and corporate governance proxy variables and also the corporate governance proxy variables have impacted both positively and negatively on DMBs' performance in Nigeria. Aulia (2013) evaluated the effect of Good Corporate Governance (GCG) on bank financial performances in Indonesia. Financial performance is estimated by Return on Asset (ROA), Operating Costs per Operating Income (BOPO), Capital Adequacy Ratio (CAR) and Non Performing Loan (NPL). The samples are 21 listed banks in 2005, 21 listed banks in 2007, and 20 listed banks in 2008. All banks are operating in Indonesia. Using regression method, the result shows that GCG is not the main factor affecting bank financial performances and there is no significant effect of GCG implementation on ROA, BOPO, CAR, and NPL ratio.

Tu, Son and Khanh (2014) studied the impact of corporate governance on performance of Vietnamese banks. The Corporate Governance Index was used to evaluate corporate governance of Vietnamese banks in the period of 2010-2012. The return on equity and return on assets was used to measure the bank performance. It was found that there is a significant gap between actual practices of corporate governance of Vietnamese banks and the international principles, a statistically significant difference in corporate governance of listed banks and non-listed banks in Vietnam. The authors also have found the positive correlation of disclosure, the role of the board of directors,

shareholders and shareholder meetings with bank performance in Vietnamese banks. Utama and Musa (2011) appraised the existence of causality between corporate governance practice and performance of commercial banks in Indonesia. The study also investigated the influence of age, capital adequacy, and type of commercial banks on bank performance and examine the influence of the bank size, foreign ownership, and listing status on corporate governance practice. The result showed that corporate governance practice, bank size and capital adequacy ratio have positive influences on bank performance in Indonesia. However, bank performance does not influence corporate governance practice.

Kusuma and Ayumardani (2016) investigated the effect of the corporate governance efficiency consisting of variables board director's size, board commissioner's size and Sharia supervisory board's size on the Islamic bank performance in Indonesia. Using purposive sampling, 11 Islamic banks were selected as the sample for the period of the year 2010 to 2014. The data were from the financial statements and annual reports of the Islamic banks. Regression using panel data were employed to analyse the relationship between the efficiency and bank's performance. The findings showed that the efficiency level of corporate governance of Indonesian Islamic banks improved significantly during the period of research. In addition, the corporate governance efficiency significantly correlated to the Islamic bank performance. Okiro, Aduda and Omor (2015) looked into the effect of corporate governance and capital structure on performance of firms listed at the East African community securities exchange: Kenya, Tanzania, Uganda, Rwanda and Burundi. A census survey was carried out on all the 98 listed

companies between 2009 and 2013 in Nairobi Securities Exchange, Uganda Securities Exchange, Dar es Salaam Stock Exchange and Rwanda Stock Exchange. Out of the 98 firms that were targeted, 56 were analysed constituting 57%. The findings revealed that there was a significant positive relationship between corporate governance and firm performance. The study also confirmed that there is a positive significant intervening effect of capital structure (leverage) on the relationship between corporate governance and firm performance.

Ene and Alem (2016) empirically investigated the effect of corporate governance on financial performance of banks in Nigeria. The effects of relative size of non-executive directors and the board size on return on investment (ROI) of a sample of 10 selected banks were investigated. Secondary data were sourced from the Nigerian Stock Exchange Fact Books issued for the years 2004-2013. The ordinary least square regression technique aided by SPSS 21 was employed in estimating the relationship between the selected variables. The study revealed that the relationship between corporate governance and bank performance in Nigeria is quite significant as a unit change in the board size and the relative size of nonexecutive directors increases the return on assets. Al-Baidhani (2016) assessed the effect of internal corporate governance mechanisms such as board structure, ownership structure, and audit function as well as other variables such as bank size and bank age on bank financial performance. The sample of the study comprises of both conventional and Islamic banks operating in the seven Arabian Peninsula countries, namely Yemen and the Gulf Cooperation Council (GCC) countries, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates.

Regression analysis (OLS) is used to test the aforementioned effect. The results of this study revealed that there is a significant relationship between corporate governance and bank profitability. Board meetings and bank age have positive and significant effects on ROE. Meanwhile, board independence and bank size have negative and significant effects on ROA. In addition, while bank age and board committees have positive effects on Profit Margin, ownership concentration has a negative effect on this profitability measure.

Herawanto and Maman-Kusman (2017) determined the influence of Corporate Governance and Ownership Structure on the profitability of Indonesian Banking. The population of the research was banking companies listed on the Indonesian Stock Exchange in 2008-2015. The purposive sampling method was used in the selection of samples to obtain a sample of 28 banking companies with total observations of 224 observational data for 4 years. Based on the hypothesis testing, the result showed that simultaneously Independent Audit Committee, Independent Commissioner and Foreign Ownership affect profitability (ROA) of the banking industry with the influence 30.25%, while the rest of 69.75% influenced by other variables not included in this model. Based on partial hypothesis testing, partially Independent Audit Committee does not affect Profitability (ROA), while Independent Commissioner and Foreign Ownership have partial influence on Profitability (ROA) of banking industry. Akingunola, Adekunle and Adedipe (2015) examined corporate governance and bank's performance in Nigeria. Their main objective was to evaluate the impact of corporate governance and bank's performance in Nigeria (post-bank's consolidation). They used earnings, return on equity and return on assets as variables. They employed the

ordinary least squares regression method to analyse their data. Their result shows that Bank deposits mobilized and credits created over these periods increased over the years but were more positively related to bank performance during the period of consolidation although not significant. Furthermore, managerial traits of managers employed in the bank seemed to be the major determinant factors of bank performance when they are positively embraced. They concluded that to minimize financial and economic crime in the system, banks must embrace fiduciary duty which include transparency, honesty and fairness (corporate governance codes) in dealing with all its stakeholders.

Osuagwu (2013) in a related study ascertain the implications of corporate governance on the performance of Deposit Money Banks in Nigeria in order to look inwardly the extent application of corporate governance code has enhanced the efficiency and effectiveness of the Nigerian banking industry. Also, the lingering problem of bank failure in Nigeria generated another concern with the existence of bunch of rules and regulations governing the operations of banking business were highlighted in the study. Descriptive research design was adopted reviewing corporate governance principles and theory to ascertain the problem at hand and to achieve the stated objectives. The study found among other things that noncompliance to corporate governance code in the Nigerian banking industry hampers banks performance. The position of the paper is that good corporate governance culture is non-negotiable since it has impact on the performance of existing banks in Nigeria. Doğan and Yildiz (2013) investigated the impact of board of directors' size on bank performance on a sample of 12 banks' data that were involved in the Istanbul Stock Exchange (ISE) over the period 2005-2010.

They mostly used the methods of regression and correlation in conducting the analyses of the research. The findings of the conducted analyses show negative and statistically significant results between such accounting-based performance indicators as Return on Assets (ROA) along with Return on Equity (ROE) and the banks' board of directors' size. The research also revealed the evidence of negative and statistically non-significant results between Tobin's Q as a market-based performance indicator and boards' size. At the same time the research identifies positive relationship between ROA and ROE with banks' "Free Float Ratio", whereas on the contrary, the relationship between ROA and ROE with "Number of Employees per Branch and Risk" was negative.

Akingunola and Olusegun (2013) carried out some estimated models. Binary probit was adopted to test the covariance matrix computed on structured questionnaire to bank's clients and it was discovered that the variables such as independence, reliance, and fairness helps in the effective performance of banks but the major significant ones in this consolidation period are accountability and transparency of bank's staff. Also, least square regression analysis was adopted to convey the relationship between bank deposits with bank credit. The estimation of the developed model found that banks total credit was positively related but not significantly determinant factors of bank's performance, and bank deposit was found to be positively related to bank performance but was insignificant in Nigerian economy. Based on the result, therefore, and view from bank's clients, it was cleared that corporate governance is needed for effective bank performance especially during the period of post consolidation in Nigeria. Ashenafi, Kalifa and Yodit

(2013) examined corporate governance and impact on bank performance in Ethiopia. A quantitative method of data analysis was employed which involved descriptive and inferential statistical analysis and multivariate regression analysis. The descriptive statistics were used to analyze the means and standard deviations of regression variables. In addition, before conducting regression analysis, various tests were conducted for Classical Linear Regression Model (CLRM) assumptions. The regression results show that explanatory variables such as capital adequacy ratio (CAR), board size (BDSZ), and existence of audit committee (AUDC) have statistically significant negative effect on bank performance while square of capital adequacy ratio (CAR) and bank size (BKSZ) have a statistically negative effect on performance measured using ROE. Ownership type (OWTP), loan loss provision (LLP) and loan to deposit ratio (LDR) are found to have no significant effect on bank performance.

Ayorinde, Toyin and Leye (2012) studied the effect of corporate governance on the performance of the Nigerian banking sector. The judgmental sampling technique was used in selecting the 15 listed banks out of 24 banks that met the consolidation date line of 2005. These banks were considered because they were listed in the Nigerian Stock Exchange market which therefore enables them to have easy accessibility to their annual reports which is the major source of their secondary data. A positive correlation was observed between the level of corporate governance items disclosed by the banks and return on equity which is the proxy for performance. This means that banks who disclose more on corporate governance issues are more likely to do better than those that disclose less. More so, a positive correlation was

observed between the directors' equity interest and corporate governance disclosure index. This indicates that individuals who form part of management of banks in which they also have equity ownership have a compelling business interest to run them well. This invariably is expected to improve the performance. But board size has strong negative correlation with return on equity. This implies that how large the size of a board is does not have a positive effect on the level of financial performance of commercial banks in Nigeria but a negative effect. Ahmad and Mensur (2012) examined corporate governance and financial performance of banks in the post-consolidation era in Nigeria. Data were sought from sixty annual reports of 12 banks for the period of 2006 – 2010. The independent samples t-test was employed to analyse data gathered for the study. Multiple regressions (Analysis of Variance) were used to further analyse hypotheses. Findings of the study revealed that dispersed equity holding does have an impact on the earnings and dividend of banks. Also, board size does not have an impact on profitability of banks. The existence of a chief compliance does not significantly enhance profitability of healthy banks in Nigeria. The study recommends the practice of restrictive equity holding in banks be upheld. Secondly, the need to strengthen managerial policies so that financial performance can be improved is important as the stress test conducted by CBN and NDIC revealed only a positive operational performance. Also, the compliance status needs to be identified in banks that are yet to comply with this provision, so that efficiency and effectiveness in management is complimented with other internal controls.

Uwuigbe (2011), researched on corporate governance and financial performance of banks in Nigeria. The study made use of secondary data in establishing the relationship between corporate governance and financial performance of the 21 banks listed in the Nigerian Stock Exchange. A panel data regression analysis method was adopted in analysing the relationship that exists between corporate governance and the financial performance of the studied banks. The Pearson correlation was used to measure the degree of association between variables under consolidation. From the analysis, an inverse correlation between board size and ROE was seen. This indicates a significant negative effect of board size on the financial performance of the listed banks. The study also discovered that outside directors do have significant but negative impact upon bank performance as measured in terms of ROE (Regression result showed a negative association between the variables). The more banks' equity owned by the directors, the better the banks' financial performance (a strong significant positive correlation). And that banks who disclose more on corporate governance issues are more likely to do better than those that disclose less (a positive correlation). In a similar study, Uadiale (2010) examined the impact of board structure on corporate financial performance in Nigeria. The study investigated the composition of boards of directors in Nigerian firms and analysed whether board structure has an impact on financial performance, as measured by return on equity (ROE) and return on capital employed (ROCE). Based on the extensive literature, four board characteristics (board composition, board size, board ownership and CEO duality) were identified as possibly having an impact on corporate financial performance and these characteristics are set as the independent

variables. The Ordinary Least Squares (OLS) regression was used to estimate the relationship between corporate performance measures and the independent variables. Findings from the study show that there is a strong positive association between board size and corporate financial performance. Evidence also exists that there is a positive association between outside directors sitting on the board and corporate financial performance. However, a negative association was observed between directors' stockholding and firm financial performance measures. In addition, the study reveals a negative association between ROE and CEO duality, while a strong positive association was observed between ROCE and CEO duality. The study suggests that large board size should be encouraged and the composition of outside directors as members of the board should be sustained and improved upon to enhance corporate financial performance.

Belkhir (2006) has researched the relationship between corporate governance and bank performance using the data from 260 banks in the Asian market. As a conclusion of his study, he finds statistically non-significant results between the bank performance and the board size, ownership structure and when the CEO (general manager) also is chairman (member) of the board of directors. Sanda, Mikalu and Garba (2005) conducted a study on "Corporate Governance's Mechanism and Firm Financial Performance in Nigeria." The study investigated the impact of three CG proxies that is board compositions, the size and power separation between chairman and CEO on three banks performance measures such as returns on equity, sales growth and Tobin's Q. The study utilizes Ordinary Least Square Regression model on a sample size of 11 out of 28 banks listed on the NSE as at 31st Dec, 2003. The

study finds that CG variable have significant impact on ROE and Tobin's Q. However, no significant impact was documented in relations to sales growth. The study recommends a maximum board size of ten (10), consistent with the view that large boards are less effective.

Adams and Mehran (2005) utilizing the data from 35 banks operating in the U.S. banking industry during the period 1959-1999, examined the relationship between the structure of the board size and the bank performance. In their studies they used Tobin's Q and return on assets (ROA) as dependent variables. And as a result of the analysis, they find a positive relationship between the number of members of the board of directors and the market-based bank performance indicator Tobin's Q. Finally, Main, Bruce and Buck, (1996) carried out a study on "Total Board Remuneration and Company Performances." They used secondary data based on financial statement of all the eighteen Ghanaian banks over eleven years period (1990 to 2001) to determine the relationship between board variables (boards' size, board composition, CEO duality and CEO tenure) and two performance variables (ROA and change in interest income). They found a significant relationship between dependent and independent variables.

2.3.2 Corporate Governance and Return on Equity

Pan (2014) investigated whether the bank corporate governance before the crisis has any effect on the bank performance during the crisis period of 2007-2008. Using dataset of 74 banks in Europe, identifying the crisis period from January 1, 2007 to December 31, 2008, the study found that ownership concentration and board independence have negative effects on bank performance during the crisis; CRO presence in board has a positive effect on bank performance during the crisis. Overall, this paper confirms the

correlation of bank corporate governance and bank performance during financial hardship. Filip, Vesna and Kiril (2014) investigated the relevance of board size, board composition and CEO qualities in the Macedonian banks and their performance. Banks performance measured by Return on assets (ROA), Return on equity (ROE), Cost-Income ratio and Capital adequacy ratio (CAR). They found that board size is only positively related to the bank's profitability measures by ROA. Further, the research indicated a negative association between board independence and ROA and ROE.

Hoque, Islam and Ahmed (2013) empirically examined the influence of corporate governance mechanisms on financial performance of 25 listed banking companies in Bangladesh over the period 2003 to 2011. Estimated results demonstrated that the general public ownership and the frequencies of audit committee meetings are positively and significantly associated with return on assets (ROA), return on equity (ROE) and Tobin's Q. Directors' ownership and independent directors have significant positive effects on bank performance measured by Tobin's Q. Ajanthan, Balaputhiran and Nimalathashan (2013) explored the relationship between corporate governance and banking performance and the impact of corporate governance on banking performance. This study focused on four aspects of corporate governance namely; Board Size (BS), Board Diversity (BD), Outside Directors Percentage (OSDP) & Board Meeting Frequency (BMF). Banking performance has been measured through Return on Equity (ROE) and Return on Assets (ROA). The results revealed that all variables of corporate governance are positively correlated with ROE in state banks as well as in private banks except BD and BMF other variables have strong negative relation with ROE, which is

significant at 5 percent level of significance. Similarly, except BMF other variables have negative relationship with ROA in state banks. Private Banks also show same relation except the variable BD. BD have strong negative relationship with ROA in state banks which is significant at 5 percent level of significance, but in private banks; positive relationship is denoted by BD which is not significant. Further corporate governance has a moderate impact on performance of both private and state banks.

In examining whether or not there is a relationship between corporate governance and the financial performance of the banks, Ogege and Boloupremo (2014) employed the regression analysis method to determine the relationship. The variables that were employed for corporate governance were board size, board composition (the ratio of non-executive directors to total directors), and corporate governance disclosure index, with return on equity on financial performance of banks. The study found board size both in terms of ROA and ROE has a positive relationship with the variables. Also, board composition in terms ROA and ROE follows the same trend as board size with a positive relationship. Arthur (2015) identified whether there was a relationship between corporate governance practices and performance of banks in Ghana. Nine (9) out of the twenty-eight (28) banks currently operating in the country were involved in this study. A scorecard approach was used to assess the corporate governance practices of the banks. Return on equity, return on assets, and earnings per share were selected as the performance indicators of the banks. The results of the study showed a weak, positive correlation between corporate governance and both return on equity

and earnings per share. However, a weak negative correlation was found between corporate governance and return on assets.

Srairi (2015) investigated the impact of the level of corporate governance disclosure on bank performance by constructing a corporate governance disclosure index (CGDI) for 27 Islamic banks operating in five Arab Gulf countries. Using content analysis on the banks' annual reports for 3 years (2011-2013), the composite index construction uses information on six important corporate governance mechanisms, namely board structure, risk management, transparency and disclosure, audit committee, Sharia supervisory board and investment account holders. The results demonstrate that Islamic banks with higher levels of corporate governance disclosure report high operating performance measured by return on assets and return on equity. Using a sample of 73 banks from 11 European countries, Belhaj and Mateus (2016) examined the relationship between corporate governance measures more specifically the board size and composition, the gender diversity and the CEO duality on the European bank performance. During the period 2002-2011, results showed that the board size and the gender diversity have a positive and significant impact on bank performance. Large board of directors with more female members led to better bank performance, whereas, the board composition and the CEO duality have no significant effect in explaining the bank performance for the European countries. During the global financial crisis, findings showcased that the board size and the board composition are negatively and significantly correlated to the bank performance. Smaller boards of directors with less number of independent (non-executive) directors have outperformed the ones with larger boards and more independent directors

during the crisis. However, the gender diversity and the CEO duality have no significant impact on the European bank performance.

Darweesh (2015) determined the relationship between corporate governance mechanisms, financial performance, and market value in the Kingdom of Saudi Arabia's 116 firms from 2010 to 2014. Financial performance was measured by return on assets and return on equity, while market value was measured by Tobin's Q. Corporate governance mechanisms involved in this study were board size, board independence, board committees, ownership structure, and executive compensation. The findings of multiple regression tests revealed a statistically significant relationship between corporate governance. Sakilu and Kibret (2015) assessed the determinants of the financial performances of commercial banks in Ethiopia from an internal corporate governance practices perspective using time series data covering the period of 2008-2013. Financial performance was measured by ROA and ROE of the banks. The study finds that qualified directors in the board, directors with prior experience in banking, chief executive officer compensation and existence of risk management committee in the board have a statistically and positive effect banks performance in terms of ROA and ROE.

Akpan and Rilman (2012) evaluated the relationship between corporate governance and banks profitability in Nigeria. The study discovered that good corporate governance and not assets value determine the profitability of banks in Nigeria. Odili, Ezeudu and Orikara (2015) studied the effect of corporate governance on the performance of commercial banks in Nigeria from 2006-2014. The study selected 10 out of the population of 21 consolidated commercial banks in Nigeria using stratified and proportional sampling

technique and the data were analysed using the ordinary least square estimation method. Return on Equity (ROE) was used as proxy for banking sector performance, while Board Independence (BI), Board Size (BS), Director Shareholding (DSH) and Audit Committee Meetings (ACM) are the proxies for corporate governance. The findings revealed that Board Independence, Directors' Shareholding and Audit Committee Meetings had positive and significant effects on banking sector's performance while Board Size showed negative and also significant effect on the performance of the banking sector in Nigeria.

Dzingai and Fakoya (2017) appraised the effect of corporate governance structures on firm financial performance. The secondary data of selected Johannesburg Stock Exchange (JSE), Socially Responsible Investment (SRI) Index-listed mining firms' sustainability reports, and integrated annual financial statements are used. Using panel data analysis of the random effects model, we determined the relationship between board independence and board size and the return on equity (ROE) for the period 2010–2015. Results indicated a weak negative correlation between ROE and board size, and a weak, but positive, correlation between ROE and board independence. Additionally, there was a positive, but weak, correlation between ROE and sales growth, but a negative and weak relationship between ROE and firm size. Shungu, Ngirande and Ndlovu (2014) investigated the impact of corporate governance on the performance of commercial banks in Zimbabwe. Using data gathered from 2009-2012, for a sample of five commercial banks, it applies multi-regression model, to assess the causal relationship between corporate governance measures (board size, board

composition, internal board committees and board diversity) and bank performance. The results indicated unidirectional causal relationship from corporate governance to bank performance. In addition, there was a positive relationship between board composition, board diversity and commercial bank performance, although a negative relationship appears between board size, board committees and bank performance.

Okoye, Evbuomwan, Achugamonu and Araghan (2016) empirically determined the effect of corporate governance on the profitability of banking sector in Nigeria. Return on equity (ROE) and return on assets (ROA) were adopted as proxies for banking sector profitability while capital adequacy ratio (CAR), liquidity ratio (LQR) and ratio of non-performing loans to total loans (NPL) were adopted as proxies for corporate governance. Inflation rate was introduced as a control variable. Empirical evidence from the study showed significant impact of corporate governance on the profit performance of the Nigerian banking sector. Ermina (2010) ascertained the relationship between bank performance, Corporate Governance and other financial elements. The study used a sample of 79 banks from Europe, Canada, America, Australia and Japan covering the four year period 2004-2008. Findings of the study depicted a negligible negative relationship between bank performance and Corporate Governance, while it showed a strong relationship between bank performance, Leverage and Sales growth, as it was expected. Also, they found a positive correlation between inside shareholders and bank performance indicating that the more shares held by insiders like officers, directors and large shareholders the better the performance.

Kirimi (2016) employed panel data for the period 2008-2015, generalized method of moment (GMM) estimation technique to estimate the effect of corporate governance on the financial performance of banks in Kenya. The empirical findings indicate that corporate governance variables, board size, and non-executive directors do not influence performance of Kenyan banks. The results of this study went ahead to establish that Kenyan banks corporate governance practices are not at par with each other. Bebeji, Mohammed and Tanko (2015) analysed the effects of board size and board composition on the performance of Nigerian banks. The financial statements of five banks were used as a sample for the period of nine years and the data collected were analysed using the multivariate regression analysis. The paper found that board size has significant negative impact on the performance of banks in Nigeria. On the other hand, board composition has a significant positive effect on the performance of banks in Nigeria. This signifies that an increase in Board composition would lead to a decrease in ROE and ROA.

Thuraisingam (2013) identified the relationship between corporate governance and company performance of financial service industry of Sri Lanka from financial year 2008-2011. There were 33 banks, finance and insurance organizations listed in the CSE as at 1st April 2007. Out of these, 20 organizations have been selected randomly as the sample of the study. The governance variables and performance variables are tested under Simple Linear Regression model to identify any relationships. The three variables related to Corporate Governance are included in this study (Board size, board composition and Audit Committee) while performance of the firms is measured by return on assets (ROA) and return on equity (ROE), the study

however could not provide a significant relationship between the two performance measures and corporate governance. Bussoli, Gigante and Tritto (2015) investigated the influence of corporate governance of the banks that operate in the cooperative credit system on performance and quality of loans, over the years 2010-2011-2012. The analysis is conducted on a sample composed of 48 Italian banks, divided into 24 cooperative banks and 24 popular banks. The methodology of analysis was based on multivariate OLS (ordinary least squares) regression models. The main results refer to the presence of significant relationships between board dimension and the quality of loans and among the number of committees and performance and the quality of loans. The presence of a significant and negative relationship between the board dimension and the ratio of impaired loans to gross loans indicates the possibility that enlargement of board dimension allows a better quality of loans.

2.3.3 Corporate Governance and Net Income Growth

Georgantopoulos and Filos (2017) ascertained the impact of a large number of corporate governance mechanisms on the performance of Greek banks, employing widely accepted variables in the literature of corporate governance econometric models. Results indicated that system GMM models are more suitable methodological tools than pooled OLS and fixed effects models to address well-known econometric problems, such as endogeneity, simultaneity and unobserved heterogeneity of individual banks. The findings, as derived from the application of GMM models, imply that increasing the board size and the number of independent directors can both have positive impact on the performance of Greek banks, but only up to a certain point. Thus, bank efficiency will increase as board size and the proportion of

independent directors grow up to a point where these relationships hit a maximum from which bank performance decreases. Finally, the dual appointment of a CEO as Chairman appears to affect negatively two out of four proxies of bank performance.

Onakoya, Ofoegbu and Fasanya (2012) evaluated the impact of corporate governance on bank performance in Nigeria during the period 2005 to 2009 based on a sample of six selected banks listed on the Nigerian Stock Exchange market making use of pooled time series data. From the findings, they observed that corporate governance have been on the low side and have impacted negatively on bank performance. The study, therefore, contended that strategic training for board members and senior bank managers should be embarked or improved upon, especially on courses that promote corporate governance and banking ethics.

Based on a sample of 14 banks listed on Amman Stock Exchange market over the period 1997 to 2006, Bino and Tomar (2008) explored the relationship between corporate governance (namely: ownership structure, board composition, and board size), and bank performance using a linear regression analysis. The results showed that ownership structure and board composition have a strong impact on the bank performance. Results also indicated that banks with institutional majority ownership have the highest performance and that as manager's and board members' ownership percentages increase, the bank becomes more efficient. Surprisingly, board size (number of members) has no effect on bank's performance.

2.3.4 Corporate Governance and Earnings per Share

Abdul-Qadir and Kwanbo (2012) studied the impact of compliance with corporate governance code on the performance of the banks considered

healthy by the Central Bank. The twelve banks considered healthy are the study sample. Data covering the period 2006-2010 were extracted from their financial statements. The study employed two techniques (t-test and ANOVA) to test for the three hypotheses formulated from the mathematical model outlined for the study. Findings revealed an impact of dispersed equity on the profitability of banks. However for board size, findings are mixed; a large board size relates to profitability but does not significantly impact on financial performance.

Dincer and Dincer (2013) examined the relation between corporate governance and firm value in an emerging market and assess the corporate governance practices of listed banks in Istanbul Stock Exchange (ISE). Using main measures used in other studies such as ownership, board structure and disclosure practices as corporate governance indicators and ROA and earnings per share for performance, the regression showed that banks with lower governance ratings deliver higher share value due to their higher risk, while banks with higher governance ratings generate lower share value because of their lower risk. The result suggests that earnings per share fairly reflect the higher risk of poorly governed firms and lower risk of well-governed firms.

Arshaad, Yousaf, Shahzadi and Mustansar (2014) determined the relationship between corporate governance practices and firms performance banking sector of Pakistan. The study applied the Mann-Whitney U-test for the comparison of the 3 commercial banks that practice good corporate governance and 3 commercial banks that did not practice good corporate governance. The study used four financial ratios to measure the performance of the banks. The ratios which are used in paper are ROA (Return on asset),

ROE (Return on equity), EPS (Earning per share) and PM (Profit margin). The time period for which financial performance is measured is from 2008-2012 at end it is concluded that there is no significant difference in the performance between commercial banks that practice good governance and commercial banks that practice weak governance.

By using corporate governance data on 22 publicly traded Turkish companies, Gurarda, Ozsoz and Ates (2016) estimated the determinants of corporate governance ratings for these companies with a focus on ownership structure. The results showed that company earnings, financial risk and firm size positively influence the corporate governance ratings (CGR) that Turkish firms receive. In the meantime, there was evidence of some weak evidence that family ownership has a negative and foreign ownership has a positive impact on CGR scores.

Gadi, Emesuanwu and Shammah (2015) assesses the impact of corporate governance (CG) on microfinance bank's financial performance in Nigeria. It utilizes secondary data which were obtained from the annual reports and accounts of the twenty three microfinance banks. The data generated for the study were analysed using Pearson correlation coefficient, ordinary least square regression. The Pearson correlation shows that significant relationship exists between Earnings per share (EPS) and corporate governance (Board Composition and Composition of Board Committees) while the regression analysis shows that no significant relationship exists between corporate governance and bank's financial performance. However, there are areas of non-compliance which include the appointment of Executive

Directors and Managing Directors and sometimes Chief Executive Officer as Board committee members.

Alam and Akhter (2017) evaluated the effect of corporate governance mechanisms on performance of commercial banks in Bangladesh. To conduct the study, 140 observations are collected by taking 14 sample banks for a period of 10 years ranging from 2006 to 2015. Four corporate governance tools such as Board Size, Board Independence, Internal Audit Committee Members and Capital Adequacy Ratio are taken as independent variables and Return on Asset, Return on Equity and Earnings per share are taken as dependent variable to measure bank performance. Correlation Analysis and Multiple regressions were used for analysis and the result showed that Board size, number of independent directors and number of internal audit committee members are inversely related to bank performance. Regression results also showed that a linear relationship exists between capital adequacy ratio and return on asset but nonlinear relation between CAR and other two performance measures return on equity and earnings per share.

Malik, Wan, Ahmad, Naseem and Rehman (2014) studied the relationship between board size and firm performance. This relationship is tested in the light of Pareto Approach for Pakistani banking sector. For this purpose a sample of fourteen listed commercial banks of Pakistan were taken for analysis from 2008-2012 on the basis of their performance. Different econometric models are applied to test the relationship between bank performance variables and corporate governance practices in these banks. The results of this study were contradictory with the existing literature of corporate governance variables and firm performance. The most prominent result of this

paper is the significant positive relationship between board size and bank performance.

Ahmed (2017) explored whether or not Corporate Governance Index has an impact on financial performance of the UAE Islamic banks. Corporate Governance Index was developed from response of surveyed key persons about management, board of directors, shareholders, and Sharia board of bank. The sample consists of (6) Islamic banks working in UAE. Three hypotheses have been developed and tested by applying descriptive statistical methods, correlation, and regression analysis. The study revealed that there is a direct positive relationship between profitability measured either by Earnings per Share (EPS), Return on Equity (ROE), and corporate governance. However, there is an insignificant relationship between CGI and Returns on Asset (ROA). Finally, the study found a positive direct relationship between Corporate Governance Index and banks' financial performance.

2.3.5 Corporate Governance and Net Profit Margin

Berger, Clarke, Cull, Klapper and Udell (2005) jointly analysed the static, selection, and dynamic effects of domestic, foreign, and state ownership on bank performance. They argued that it is important to include indicators of all the relevant corporate governance effects in the same model, using data from Argentina in the 1990s. State-owned banks have poor long-term performance (static effect), those undergoing privatization had particularly poor performance beforehand (selection effect), and these banks dramatically improved following privatization (dynamic effect). However, much of the measured improvement is likely due to placing nonperforming loans into residual entities, leaving "good" privatized banks.

Felício, Ivashkovskaya, Rodrigues and Stepanova (2013) examined the relationship between corporate governance and performance in the largest European listed banks. The study is based on agency theory and we use a sample of 404 observations referring to 97 banks selected from the annual ranking of the 2,000 biggest companies in the world prepared by Forbes. The paper covered the period from 2006 to 2010. On the basis of the panel data analysis, we confirm that the variety of governance factors including board size, insider appointed, directors' age, board meetings and affiliated committees influence the performance of the banks measured by net operating income.

Oki and Maimako (2015) ascertained the impact of corporate governance disclosure practices on bank performance in Nigeria. The study used secondary data from the annual reports of banks listed on the Nigerian stock exchange. Empirically, the study used panel regression technique to determine the influence of corporate governance disclosure practices on the performance of banks in Nigeria. The regression result indicated that the extent of disclosure is positively related with performance - that is, banks that had higher degree of disclosure also posted better performance.

Ferede (2012) examined the impact of corporate governance mechanisms on firms' financial performance using five years data from the year 2007 to 2011 with a sample of eight Ethiopian commercial banks. Three financial performance indicators such as return on asset, return on equity and net interest margin were used. Corporate governance mechanisms considered in this study include board size, board gender diversity, board members educational qualification, board members business management and industry

specific experience, and audit committee size. The study controls the effect of size, leverage and growth of banks. The regression results showed that large size board and audit committee negatively influences financial performance; whereas board members educational qualification positively associated with financial performance. While industry specific experience of director positively related with return on asset, it has a negative effect on net interest margin. Finally, the percentage of female directors and board members business management experience does not have a significant effect.

2.4 Summary of Literature Review

From the literature reviewed, it can be observed that a plethora of investigations have been carried out on the subject corporate governance mechanism and disclosures. It is also to be seen that a number of the earlier studies have been carried out on developed economies (Adams, 2010; Rondoy, Oxelheim & Thomson, 2006; Adams & Mehran, 2005; Belkhir, 2006; Eulerich, Velte and van Uum, 2014). There are also some empirical studies in developing countries with a few of them focusing on Nigerian banking (Adigwe, Nwanna and John, 2016; Oki & Maimako, 2015; Uadiale, 2010; Al-Musalli & Ismail, 2012; Doğan & Yildiz, 2013; Abdulazeez, Adeyeye, Ndibe & Yahaya, 2016; Garba & Abubakar, 2014; Akingunola & Olusegun, 2013). The findings emanating from these studies are mixed. However, the bulk of the studies have shown that financial performance of banks improved by virtue of good corporate governance practice by the banks and the code of corporate governance by the regulatory agencies. Nevertheless, only few of the studies revealed that financial performance of the banks are independent of corporate governance practice, especially in emerging economies.

WEBOMETRIC ANALYSIS OF EMPIRICAL REVIEW SUMMARY

AUTHORS/YEARS	TOPIC/PERIODS	VARIABLES	METHOD OF ESTIMATION	MAJOR FINDINGS
Ahmed, S. U., Ahmed, S. P., Ullah, G. M. W. & Rahman, A. (2016)	An Empirical Study on Corporate Governance and Islamic Bank Performance: A Case Study of Bangladesh; 2009-2014	Number of directors, Number of Independent Directors, Number of Board Meetings, Director Fees, Ownership Control	Panel Ordinary Least Square	Corporate governance mechanisms in Islamic banks are not quite as strong as they should be, hinting at possible market and management inefficiencies.
Kigera, M. H. (2012)	Assessment of Corporate Governance and Return on assets of Commercial Banks in Kenya; 2006 to 2010	Return on assets, Supervisory Board Committees, Share Ownership, audit independence	Ordinary Least Square	It is not conclusive to say that governance mechanisms are directly related to the improvement in the performance of banks
Guo, R., Langston, V. & Hadley, L. (2003)	Business cycle, corporate governance, and bank performance; 1990-1991 and 2001 recession	Return on assets, CEO Dominance, Institutional Ownership, Board Characteristics, revenue ratio, Tobin's Q	Ordinary Least Square	Bank performance and asset quality are related to different corporate governance variables for different stages of business cycle
Sakawa, H. & Watanabel, N. (2011)	Corporate Board Structures and Performance in the Banking Industry: Evidence from Japan; 2006-2009	Return on assets, Ratio of total capital to total assets, Tobin's Q, CEO ownership board size, managerial ownership,	Panel Ordinary Least Square	Banking firms with larger boards underperform their peers in terms of Tobin's Q and that no significant relation between the proportion of outside directors on the board and Tobin's Q.
Naushad, M. & Malik, S. A. (2015)	Corporate Governance and Bank Performance: A Study of Selected Banks in GCC Region; 2012-2013	Tobin's Q, Return on Total Assets, Board Size, CEO Duality, Block Ownership	Ordinary Least Square (OLS)	Smaller boards are more capable for monitoring the management closely in GCC banking sector. Dual role of CEO improve the GCC bank performance.
Abobakr, M. G. (2017)	Corporate Governance and Banks' Performance: Evidence from Egypt; 2006 to 2014	Board size, non-executive directors, CEO duality, board female, board qualifications, block holders. return on assets, return on equity	Generalised Least Square (GLS) Random Effects models	Board size, CEO duality, capital adequacy ratio and bank size positively affect the bank performance.
Kaur, J. (2014)	Corporate Governance and Financial Performance: A Case of Indian Banking Industry; 2012-2013	Return on Assets, Board composition and procedures, Shareholders' right, Non mandatory recommendations, Audit, remuneration and Shareholders' / Investors Grievance Committee.	Ordinary Least Square (OLS)	Different committees constituted by the banks are significantly related with their performance.
Abdulazeez, D. A., Ndibe, L. & Mercy, A. M. (2016)	Corporate Governance and Financial Performance of Listed Deposit Money Banks in Nigeria	Board size, Board composition, Audit committee size, CEO duality, Return on asset	Pearson correlation and VIF test.	Larger board size contributes positively and significantly to the financial performance of deposit money banks in Nigeria.

Grove, H., Patelli, L., Victoravich, L. M. & Xu, P. (2011)	Corporate Governance and Performance in the Wake of the Financial Crisis: Evidence from US Commercial Banks; 2006–2008	Future excess return, return on assets, Block Ownership, Board Size, Insider Representation, CEO Duality, Average Director Age, Busy Directors, Board Meeting Frequency	Multiple regression model	They found strong support for a negative association between leverage and both financial performance and loan quality. CEO duality is negatively associated with financial performance
Felício, J. A., Rodrigues, R. & Samagaio, A. (2016)	Corporate Governance and the Performance of Commercial Banks: A Fuzzy-Set QCA Approach	Block holders, board size, affiliated directors, and busy directors, return on assets, loan quality	Fuzzy-Set QCA Technique	Different combinations of governance mechanisms can yield similar financial performance and loan quality.
Ahmed, S. P., Zannat, R. & Ahmed, S. U. (2017)	Corporate Governance Practices in the Banking Sector of Bangladesh: do they really matter? (2011-2014)	Return on assets, Corporate governance score, Size of bank, Risk,	Ordinary Least Squared (OLS)	Positive relation between corporate governance and performances of banks
Aldalayeen, B. (2017)	Does Corporate Governance Affect the Financial Performance? Analysis of Findings from Jordanian Banks	Return on assets, Corporate governance score,	Multiple regression	Corporate governance score has a positive significant impact on the financial performance of Capital Bank of Jordan, Arab Bank, and Bank Al-Etihad.
Adigwe, P. K., Nwanna, I. O. & John, E. I. (2016)	Effect of Corporate Governance Mechanism on the Financial Performance of Banks in Nigeria; 2006 to 2014	Return on assets, Board audit committee, board composition, directors' interest	Ordinary Least Squared (OLS)	Board audit committee and directors' equity interest have a positive and significant effect on financial performance of banks
Xavier, M. S., Shukla, J., Oduor, J. & Mbabazize, M. (2015)	Effect of Corporate Governance on the Financial Performance of Banking Industry in Rwanda: (a case study-Commercial Banks in Rwanda)	Return on assets, board size, board composition CEO duality, institutional ownership	ANOVA	No effect between corporate governance using board size, board composition CEO duality as well as institutional ownership are not predictors of financial performance
Ajala, O. A., Amuda, T. & Arulogun, L. (2012)	Evaluating the Effects of Corporate Governance on the Performance Of Nigerian Banking Sector	Return on Assets, Board Size, Directors' Equity Interest, Corporate Governance Disclosure Index	Partial regression	A negative but significant relationship exists between board size and the financial performance of these banks while a positive and significant relationship was also observed between directors' equity interest
Ashfaq, S. & Saeed, M. A. (2017)	Financial Performance of Banking Industry of Pakistan: The Role of Corporate Governance Index and Earnings Management Practices	Board size, Audit committee, Non-executive directors, Independent director, Inside director, CEO duality, Director's meetings	Generalized method of movement (GMM)	All variables show significant results except loan loss provision. Whereas, the results show a negative coefficient for loan loss provision which means that increase in provisions adversely affect the profitability
Changezi, N. I. & Saeed, A. (2013)	Impact of Corporate Governance Framework on the Organizational Performance	ROA, Governance Mechanism, Communication Strategies	Ordinary Least Squared (OLS)	Performance of banks depends on the type of communication strategies, and Governance Mechanism.

Mohammed, F. (2012)	Impact of Corporate Governance on Banks Performance in Nigeria; 2001-2010	Return on asset, non-performing loan to total credit	Multiple regression analysis	The study supported the hypothesis that corporate governance positively affects performance of banks.
Osisioma, C. B., Egbunike, P. A. & Adeaga, J. C. (2015)	Investigating the Impact of Corporate Governance on Banks' Performance in Nigeria: A Field Experiment; 2006 to 2013	return on asset, capital adequacy ratio, liquidity ratio, loan to deposit ratio, deposit money bank lending rate	Ordinary Least Squared (OLS)	Significant relationship between DMBs' performance and corporate governance proxy variables and also the corporate governance proxy variables have impacted both positively and negatively on DMBs' performance
Aulia, R. B. (2013)	The Effect of Good Corporate Governance Practices on Bank Financial Performances	Return on Asset, Operating Costs per Operating Income, Capital Adequacy Ratio, Non-Performing Loan, GCG Composite Index	Regression method	GCG is not the main factor affecting bank financial performances and there is no significant effect of GCG implementation on ROA, BOPO, CAR, and NPL ratio
Tu, T. T. T., Son, N. H. & Khanh, P. B. (2014)	Testing the Relationship between Corporate Governance and Bank Performance – An Empirical Study on Vietnamese Banks; 2010-2012	Return on equity, return on assets, corporate governance index	Probit Regression method	There is a significant gap between actual practices of corporate governance of Vietnamese banks and the international principles, a statistically significant difference in corporate governance of listed banks and non-listed banks in Vietnam.
Utama, C. A. & Mus, H. (2011)	The Causality between Corporate Governance Practice and Bank Performance: Empirical Evidence from Indonesia	Return on equity, CG Practices of Based on Output of Composite Index	Pearson Correlation and Probit Regression	Corporate governance practice, bank size and capital adequacy ratio have positive influences on bank performance in Indonesia.
Kusuma, H. & Ayumardani, A. (2016)	The Corporate Governance Efficiency and Islamic Bank Performance : An Indonesian Evidence; 2010 to 2014	Return on asset board director's size, commissioner size and sharia supervisory board's size	Regression using panel data	Efficiency level of corporate governance of Indonesian Islamic banks improved significantly during the period of research
Okiro, K., Aduda, J. & Omoro, N. (2015)	the Effect of Corporate Governance and Capital Structure on Performance of Firms Listed at the East African Community Securities Exchange; 2009 and 2013	Leverage, Return on Assets, Corporate Governance index	Ordinary Least Squared (OLS)	There is a positive significant intervening effect of capital structure (leverage) on the relationship between corporate governance and firm performance
Ene, E. E. & Alem, I. E. B. (2016)	The Effect of Corporate Governance on Bank's Financial Performance in Nigeria; 2004-2013	Profit after tax, Return on investment, Board Size, Board Composition	Ordinary Least Squared (OLS)	The relationship between corporate governance and bank performance in Nigeria is quite significant as a unit change in the board size and the relative size of non-executive directors increases the return on assets.
Al-Baidhani, A. (2016)	The Effects of Corporate Governance on Bank Performance: Evidence from the Arabian Peninsula	ROE, ROA, Profit Margin, Board meetings, audit function ownership structure	Ordinary Least Squared (OLS)	There is a significant relationship between corporate governance and bank profitability.
Herawanto, E. T. & ,	The Influence of Corporate	Return on Assets,	Ordinary Least	Based on partial hypothesis

Maman-Kusman, N. E. (2017)	Governance and Ownership Structure on Profitability; 2008-2015	Independent Audit Committee, Independent Commissioner and Foreign Ownership.	Squared (OLS)	testing show that partially Independent Audit Committee does not affect Profitability (ROA) while Independent Commissioner and Foreign Ownership have partial influence to Profitability (ROA) of banking industry.
Pan, M. (2014)	Bank corporate governance and its performance during the crisis of 2007-2008: evidences from 74 banks in Europe	Return on equity, Ownership concentration, Board independence, CRO presence	Ordinary Least Squared (OLS)	Ownership concentration and board independence have negative effects on bank performance during the crisis. CRO presence in board has positive effect on bank performance during the crisis.
Filip, F., Vesna, M. & Kiril, S. (2014)	Corporate Governance and Bank Performance: Evidence from Macedonia	Return on assets (ROA), Return on equity, Cost-Income ratio and Capital adequacy ratio, board size, board composition and CEO qualities	Ordinary Least Squared (OLS)	Board size is only positively related to the bank's profitability measures by ROA. Further, the research indicates negative association between board independence and ROA and ROE.
Hoque, M. Z., Islam, R. & Ahmed, H. (2013)	Corporate Governance and Bank Performance: The Case of Bangladesh; 2003 to 2011	Return on assets, return on equity, Tobin's Q, Directors' ownership, independent directors	Dynamic panel Regression model	General public ownership and the frequencies of audit committee meetings are positively and significantly associated with ROA, ROE and Tobin's Q
Ajanthan, A., Balaputhiran, S. & Nimalathashan, B. (2013)	Corporate Governance and Banking Performance: a Comparative Study between Private and State Banking Sector in Sri Lanka	Board Size, Board Diversity, Outside Directors Percentage, Board Meeting Frequency, Return on Equity, Return on Assets.	Ordinary Least Squared (OLS)	Corporate governance are positively correlated with ROE in state banks as well as, in private banks except BD and BMF other variables have strong negative relation with ROE, which is significant at 5% level of significance.
Ogege, S. & Boloupremo, T. (2014)	Corporate Governance and Financial Performance of Banks: Evidence from Nigeria	Return on assets, return on equity, Size of the Board, Composition of the Board, Corporate Governance Disclosure Index	Ordinary Least Squared (OLS)	The study found board size both in terms of ROA and ROE has a positive relationship with the variables.
Arthur, E. E. (2015)	Corporate Governance and Performance of Banks in Ghana	Return on assets, return on equity, earnings per share, Board Composition, Board Committees, Director Remuneration	Ordinary Least Squared (OLS)	A weak, positive correlation between corporate governance and both return on equity and earnings per share
Srairi, S. (2015)	Corporate Governance Disclosure Practices and Performance of Islamic Banks in GCC Countries; 2011-2013	Return on assets, return on equity, Tobin's Q, Corporate Governance Disclosure Index	Ordinary Least Squared (OLS)	Islamic banks with higher levels of corporate governance disclosure report high operating performance measured by return on assets and return on equity.

Belhaj, S. & Mateus, S. (2016)	Corporate Governance Impact on Bank Performance Evidence from Europe; 2002-2011	Tobin Q, return on equity, return on assets, Board size and composition, gender diversity and the CEO duality	Panel OLS Data Method	Board size and the gender diversity have a positive and significant impact on bank performance. Large board of directors with more female members led to better bank performance
Darweesh, M. S. (2015)	Correlations Between Corporate Governance, Financial Performance, and Market Value; 2010 to 2014	Tobin Q, return on equity, return on assets, board size, board independence, board committees, ownership structure, and executive compensation	Panel OLS Data Method	A statistically significant relationship between corporate governance mechanisms and both corporate financial performance and market value.
Sakilu, O. B. & Kibret, B. G.(2015)	Determinants of the Financial Performances of Commercial Banks in Ethiopia: from Internal Corporate Governance Practices Perspective; 2008-2013	Return on equity, return on assets, board size, female director in the board, audit committee	Ordinary Least Squared (OLS)	directors in the board, directors with prior experience in banking, chief executive officer compensation and existence of risk management committee in the board have a positive effect on ROA and ROE
Akpan, E. S. & Riman, H. B. (2012)	Does Corporate Governance affect Bank Profitability? Evidence from Nigeria	Return on assets, Return on equity, Non-performing Loans, Size of Board of Directors, Number of Shareholders	Ordinary Least Squared (OLS)	Good corporate governance and not assets value determine the profitability of banks in Nigeria.
Odili, O., Ezeudu, I. J. & Orikan, C. P. (2015)	Does Corporate Governance Influence Banking Sector Performance in Nigeria?	Return on Equity, Board Independence, Board Size, Director Shareholding, Audit Committee Meetings	Ordinary Least Squared (OLS)	Board Independence, Directors' Shareholding and Audit Committee Meetings had positive and significant effects on banking sector's performance
Dzingai, I. & Fakoya, M. B. (2017)	Effect of Corporate Governance Structure on the Financial Performance of Johannesburg Stock Exchange (JSE)-Listed Mining Firms; 2010-2015	Board independence, board size, return on equity	Panel data analysis of the random effects model	A weak negative correlation between ROE and board size, and a weak, but positive, correlation between ROE and board independence.
Shungu, P., Ngirande, H. & Ndlovu, G. (2014)	Impact of Corporate Governance on the Performance of Commercial Banks in Zimbabwe; 2003-2012	Return on equity board size, board composition, internal board committees and board diversity	Multi-regression model	There a positive relationship between board composition, board diversity and commercial bank performance
Okoye, L. U., Evbuomwan, G. O., Achugamonu, U. & Araghan, I. (2016)	Impact of Corporate Governance on the Profitability of the Nigerian Banking Sector	Return on equity, return on assets, capital adequacy ratio, liquidity ratio, ratio of non-performing loans to total loans	Ordinary Least Squared (OLS)	There is significant impact of corporate governance on the profit performance of the Nigerian banking sector.
Ermina, P. (2010)	Corporate Governance and Bank Performance in Europe; 2004-2008	Return on equity, return on assets, board of directors, audit quality, anti-takeover mechanisms compensation,	Panel Data Analysis	Negligible negative relationship between bank performance and Corporate Governance, while we observed strong relationship between bank performance,

		ownership, Tobin Q,		Leverage and Sales growth
Kirimi, J. M. (2016)	The Relationship between Bank Corporate Governance and Performance of Kenyan Banks; 2008-2015	Return on equity, board size, Gender, non-executive directors, Annual board meetings	Generalized Method of Moment (GMM)	Corporate governance variables, board size, and non-executive directors do not influence performance of Kenyan banks
Bebeji, A., Mohammed, A. & Tanko, M. (2015)	The effect of board size and composition on the financial performance of banks in Nigeria	Return on asset, return on equity, Board composition, Board size	Ordinary Least Squared (OLS)	Board size has significant negative impact on the performance of banks in Nigeria
Thuraisingam, R. (2013)	The Effects of Corporate Governance on Company Performance: Evidence from Sri Lankan Financial Services Industry; 2008-2011	Return on asset, return on equity, Board size, board composition, Audit Committee	Simple Linear Regression model	No significant relationship between the two performance measures and corporate governance.
Bussoli, C., Gigante, M. Tritto, M. B. (2015)	The Impact of Corporate Governance on Banks Performance and Loan Quality: Evidence From Italian Cooperative Banks	Return on average assets, return on average equity, number of committees, total capital ratio	Ordinary Least Squared (OLS)	Presence of significant relationships between board dimension and the quality of loans and among the number of committees and performance and the quality of loans
Georgantopoulos, A. G. & Filo, I. (2017)	Corporate governance mechanisms and bank performance: evidence from the Greek banks during crisis period	Return on average assets, return on average equity, net interest margin, Board size, Gender diversity, CEO duality, director independent, Foreign directors	Generalized Method of Moment (GMM)	Increasing the board size and the number of independent directors can both have positive impact on the performance of Greek banks, but only up to a certain point.
Onakoya, A. B. O., Ofoegbu, D. I. & Fasanya, I. O. (2012)	Corporate Governance and Bank Performance: A Pooled Study of selected Banks in Nigeria; 2005 to 2009	Profit after tax, corporate governance score index	Pooled-Time Series Ordinary Least Square (OLS)	Corporate governance have been on the low side and have impacted negatively on bank performance
Bino, A. & Tomar, S. (2008)	Corporate Governance and Bank Performance: Evidence from Jordanian Banking Industry; 1997 to 2006	Return on Assets, Return on Equity, Market to Book Ratio, Ownership Structure, Board Composition, Board Size	Linear regression analysis	Ownership structure and board composition have a strong impact on the bank performance. Banks with institutional majority ownership have the highest performance
Abdul-Qadir, A. B. & Kwanbo, M. L. (2012)	Corporate Governance and Financial Performance of Banks in the Post-Consolidation Era in Nigeria; 2006-2010	Earnings per share, Dividend per share, Profit before tax margin, Profit after tax margin Equity Holdings, Board Size, corporate governance compliance statue	t-test and ANOVA	Findings revealed an impact of dispersed equity on the profitability of banks. Board size, findings are mixed; a large board size relates to profitability but does not significantly impact on financial performance.
Dincer, B. & Dincer, C. (2013)	Corporate Governance and Market Value: Evidence from Turkish Banks	Earnings per share, ownership, board structure and disclosure practices	Ordinary Least Squared (OLS)	Banks with lower governance ratings deliver higher share value due to their higher risk, while banks with higher governance ratings generate lower share value because of their lower risk
Arshaad, A. R., Yousaf, S., Shahzadi,	Corporate Governance Practices and Firms	Return on asset, Return on equity,	Mann Whitney U test	No significant difference in the performance between

K. & Mustansar, E. (2014)	Performance: A Case of Banking Sector of Pakistan; 2008-2012	Earning per share, Profit margin, corporate governance score		commercial banks that practice good governance and commercial banks that practice weak governance
Gurarda, S., Ozsoz, E. & Ates, A. (2016)	Corporate Governance Rating and Ownership Structure in the Case of Turkey; 2008 to 2012	Earnings per share return on assets, return on equity, corporate governance scores	Ordinary Least Squared (OLS)	Company earnings, financial risk and firm size positively influence the corporate governance ratings (CGR) that Turkish firms receive
Gadi, D. P., Emesuanwu, C. E. & Shammah, Y. (2015)	Impact of Corporate Governance on Financial Performance of Microfinance Banks in North Central Nigeria	Earnings per share, return on assets, Board Composition, Composition of Board Committees	Pearson correlation and OLS	No significant relationship exists between Earnings per share (EPS) and corporate governance (Board Composition and Composition of Board Committees)
Alam, M. R. & Akhter, F. (2012)	Impact of Corporate Governance on Performance of Commercial Banks in Bangladesh; 2006 to 2015	Return on Asset, Return on Equity, Earnings per share, Board Size, Board Independence, Internal Audit Committee Members, Capital Adequacy Ratio	Correlation Analysis and Multiple regressions	Board size, number of independent directors and number of internal audit committee members are inversely related to bank performance. A linear relation exists between capital adequacy ratio and return on asset
Malik, M., Wan, D., Ahmad, M. I., Naseem, M. A. & Rehman, R. U. (2014)	Role Of Board Size In Corporate Governance And Firm Performance Applying Pareto Approach, Is It Cultural Phenomena? 2008-2012	Return on equity, return on asset, earning per share, board size, number of meetings held, size of audit committee, and number of shareholders	Pearson Correlation and OLS	The results of this study are contradictory with the existing literature of corporate governance variables and firm performance. It is concluded in the findings that a large board size can enhance the bank performance in Pakistani scenario.
Ahmed, I. E. (2017)	The Impact of Corporate Governance on Islamic Banking Performance: The Case of UAE Islamic Banks; 2011 to 2016	Earnings per Share, Return on Equity, Returns on Asset, board size, presence of female board members, duality of the CEO, presence of block shareholders	Kolmogorov Smirnov Z and Spear man's Correlation Analysis	there is a direct positive relationship between profitability measured either by Earnings per Share (EPS), Return on Equity (ROE), and corporate governance
Felício, J. A., Ivashkovskaya, I., Rodrigues, R. & Stepanova, A. (2013)	Corporate governance and performance in the largest European listed banks during the Financial crisis; 2006 to 2010	Board size, insider appointed, directors' age, board meetings, affiliated committees, net interest margin	Panel data analysis	Board size, insider appointed, directors' age, board meetings and affiliated committees influence the performance of the banks.
Oki, E. U. & Maimako, S. S. (2015)	Corporate Governance Disclosure Practices and Bank Performance in Nigeria: An Empirical Investigation	Capital Adequacy Ratio, net profit margin	Ordinary Least Squared (OLS)	The extent of disclosure is positively related with performance that is banks that had higher degree of disclosure also posted better performance.
Ferede, Y. (2012)	The Impact of Corporate Governance Mechanisms on Firm's Financial Performance: Evidence from Commercial Banks in Ethiopia; 2007 to 2011	board size, board gender diversity, audit committee size educational qualification	Ordinary Least Squared (OLS)	banks with effective corporate governance mechanisms improve financial performance depending on the measure used

2.5 Critique of Literature

The empirical studies reviewed applied different statistical tools in an attempt to evaluate the effect of corporate governance variables on measures of financial performance of the banks. However, the study on the effect of corporate governance on financial performance of banks in Rwanda by Xavier, Shukla, Odour and Mbabazize (2015) has a very serious methodological issue. The result of the study revealed that board independence, board composition and institutional ownership do not have significant effect on Rwandan's commercial bank performance, the use of survey approach is very poor and subject to bias when the financial statement of these banks are available in their websites. Again, using questionnaire in a study of this pedigree is illogical and does not withstands the test of contemporary revolution in statistical methodology of time series analysis in finance literature. The works of Changezi and Saeed (2013) and Kimaite (2016) were also faulted on their use of questionnaire as the instrument of data collection. Studies in the context of Nigeria have measured financial performance with return on assets, return on equity, profit after tax and net profit margin but the aspect of how much shareholders would earn by virtue of their stocks being traded on the floor of the exchange is often neglected. As a result, there is need for a research in this area regarding corporate governance and financial performance of deposit money banks in Nigeria.

2.6 Gap in Literature

One of the gaps noticed which this research seeks to fill is that board age seems rarely researched in the developing world where youths are agitating for leadership roles in political and business circles. This study also added block shareholding by individuals or corporate entities to ascertain how it affects the

banks financial performance of deposit money banks within the period under investigation. In addition, it was cautiously observed that return on assets, return on equity, net operating income/profit after tax and net profit margin are the predominant measures of financial performance of deposit money banks in Nigeria. This study improved on existing literature by incorporating earnings per share as a proxy for financial performance of deposit money banks in Nigeria.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

This study adopted a panel ex-post facto research design. Panel data is a preferred method of longitudinal data analysis because it allows for a number of regression analyses in both spatial (units) and temporal (time) dimensions (Echekoba, 2017). According to Kothari and Garg (2014) this type of research design has been frequently used in the social and management sciences as a tool for quantitative analysis. It is difficult for the researcher to manipulate the data as they are available in the financial statement of the banks. The combination of time series with cross-section data made possible by the use of panel data regression technique, usually improves the degree of freedom and quantity of data which may not be possible when using only one of them (Gujarati, 2004).

3.2 Population of Study

The population of this study consisted of fifteen (15) Deposit Money Banks quoted on the Nigerian Stock Exchange. The choice of deposit money banks was due to the fact that the banking sector performs a crucial role in the growth and stability of the economy by lubricating the economy through money supply; loans and investments hence corporate governance problems and transparency issues are considered very important.

3.3 Sample Size and Sampling Techniques

A sample is precisely a part of the population. The procedure for drawing samples from a population is known as sampling. For the purpose of the study, a purposive/judgement sampling technique which is a type of non-probability sampling technique was utilized in selecting the sample size. The technique

has been described as the most fundamental method of non-probability sampling. The technique is well suited for determining the sample in a study of this nature. There are fifteen (15) deposit money banks listed on the floor of the Nigerian Stock Exchange as at March, 2018 (NSE Market Report, March 30th 2018). A sample size of ten (10) banks were purposively selected and utilized for the study. Another factor considered in selecting the banks were based on their assets. In other words, the ten (10) selected banks are the richest banks quoted on the exchange in terms of assets (NSE, Market Report, 2018). The ten (10) banks constitute 67% of the total deposit money banks quoted on the Nigerian Stock Exchange thus considered a good representation of the entire population of the study. The sampled banks are: Access Bank, Diamond Bank, Fidelity Bank, First Bank of Nigeria, First City Monument Bank, Guarantee Trust Bank, Sterling Bank, United Bank for Africa, Wema Bank and Zenith Bank.

3.4 Sources of Data

Data which are secondary in nature were used in the study. The secondary data were retrieved from financial statements and footnotes of the sampled banks. Annual reports are broadly viewed as the main official and legal document, which are produced on a regular basis and act as an important place for the presentation of a firm's communication within political, social and economic systems and are the most publicized by companies. The secondary data were obtained from the financial statements of the sampled listed banks for the period 2005 - 2017.

3.5 Model Specification

To test the hypotheses developed, a linear and multivariate modified regression model of Uwuigbe (2011) was adopted and modified. Uwuigbe

(2011) expresses the banks' financial performance as a function of corporate governance characteristics and disclosure practices, and stated originally as follows:

$$FinPer = f(BodBsh, BodAud, BodInd, BodOwn, BodAge) \dots \dots \dots 3.1$$

Where:

FinPer = Financial Performance

BodBsh = Board Block Shareholding

BodAud = Board Audit Committee

BodInd = Board Independence

BodOwn = Board Ownership Structure

BodAge = Board Age

By incorporating the five measurement of financial performance of deposit money banks in Nigeria, equ.3.1 was written as:

$$ROA = f(BodOwn, Bsh, BodInd, BodAge, BodAud, Bsize, Bds) \dots \dots \dots 3.2$$

$$ROE = f(BodOwn, Bsh, BodInd, BodAge, BodAud, Bsize, Bds) \dots \dots \dots 3.3$$

$$NIG = f(BodOwn, Bsh, BodInd, BodAge, BodAud, Bsize, Bds) \dots \dots \dots 3.4$$

$$EPS = f(BodOwn, Bsh, BodInd, BodAge, BodAud, Bsize, Bds) \dots \dots \dots 3.5$$

$$NPM = f(BodOwn, Bsh, BodInd, BodAge, BodAud, Bsize, Bds) \dots \dots \dots 3.6$$

To avoid the effect of any outlier and ensure easy interpretation of the coefficients, the models are transformed in log-linear econometric format as:

Model 1

$$\begin{aligned} \log ROA_t = & B_o + \log a_1 BodOwn_t + \log a_2 Bsh_t + \log a_3 BodInd_t + \log a_4 Age_t \\ & + \log a_5 BodAud_t + \log a_6 Bsize_t + B_7 Bds_t + \delta t \dots \dots \dots 3.7 \end{aligned}$$

Model 2

$$\begin{aligned} \log ROE_t = & B_o + \log a_1 BodOwn_t + \log a_2 Bsh_t + \log a_3 BodInd_t + \log a_4 Age_t \\ & + \log a_5 BodAud_t + \log a_6 Bsize_t + B_7 Bds_t + \delta t \dots \dots \dots 3.8 \end{aligned}$$

Model 3

$$\text{LogNIG}_t = B_o + \text{Loga}_1\text{BodOwn}_t + \text{Loga}_2\text{Bsh}_t + \text{Loga}_3\text{BodInd}_t + \text{Loda}_4\text{Age}_t + \text{Loga}_5\text{BodAud}_t + \text{Loga}_6\text{Bsize}_t + B_7\text{Bds}_t + \delta t \dots\dots\dots 3.9$$

Model 4

$$\text{LogEPS}_t = B_o + \text{Loga}_1\text{BodOwn}_t + \text{Loga}_2\text{Bsh}_t + \text{Loga}_3\text{BodInd}_t + \text{Loda}_4\text{Age}_t + \text{Loga}_5\text{BodAud}_t + \text{Loga}_6\text{Bsize}_t + B_7\text{Bds}_t + \delta t \dots\dots\dots 3.10$$

Model 5

$$\text{LogNPM}_t = B_o + \text{Loga}_1\text{BodOwn}_t + \text{Loga}_2\text{Bsh}_t + \text{Loga}_3\text{BodInd}_t + \text{Loda}_4\text{Age}_t + \text{Loga}_5\text{BodAud}_t + \text{Loga}_6\text{Bsize}_t + B_7\text{Bds}_t + \delta t \dots\dots\dots 3.11$$

Where:

ROA = Return on Assets

ROE = Return on Equity

NOI = Net Income Growth

EPS = Earnings per Share

NPM = Net Profit Margin

FinPer = Bank’s financial performance

BodOwn = Board Ownership

BodAud = Board Audit Committee

BodInd= Board Independence

BodAge = Board Age

Bsh = Board Block Shareholding

Bsize = Banks’ Size

Bds = Banks’ Debt Structure

e = Stochastic or disturbance term.

t = Time dimension of the variables

β₀ = Constant or intercept

B₁₋₅ = Coefficients to be estimated or the coefficients of slope parameters

Description of Variables

The dependent variable for the study is deposit money banks' financial performance which was broken down into Return on Assets (ROA), Return on Equity (ROE), Net Income Growth (NIG), Earnings per Share (EPS) and Net Profit Margin (NPM). The independent variables are the indicators of corporate governance mechanism through Board Ownership (BodOwn) Board Independence (BodInd) Board Audit Committee (BodAud), Board Age (BodAge) and Board Block Shareholding (BodBsh). The control/moderating variables are Bank's Size (Bsize) and Bank's Debt Structure (BDS). They were included in the model to take into consideration other factors that may affect financial performance of deposit money banks in Nigeria in exclusion of corporate governance.

ROA is the return on assets: Return on assets is the net income divided by total assets and gives an idea of the banks' earnings via utilization of available assets. Higher return on assets is a suggestion that a bank is adequately and efficiently utilizing its assets. Adigwe, Nwanna and John (2016), Abobakr (2017), Ene and Alem (2016) have applied this corporate governance proxy.

ROE is the return on Equity: This is defined as net income divided by total equity capital and shows the bank's ability to channel available funds to competing profit-making ventures. Return on equity can be considered as the price, or the cost of attracting deposits. Return on equity as a measure of financial performance is available in the works of Odili, Ezeudu and Orikara (2015) and Hoque, Islam and Ahmed (2013).

NIG is net income growth: Net income growth is the total earnings from banking operation less operating expenses and other charges excluding corporate tax. A positive net income growth is an indication that revenue

exceeds operating expenses while a negative net operating income is an evidence that operating expenses are greater than total revenue. Gogantopoulous and Filos (2017) and Onakoya, Ofoegbu and Fasananya (2012) affirm the use of net income growth in a study of this nature.

EPS is earnings per share: Earnings per share represents the portion of a company's earnings, net of taxes and preferred stock dividends, that is allocated to each share of common stock. The figure can be calculated simply by dividing net income earned in a given reporting period (usually quarterly or annually) by the total number of shares outstanding during the same term. Alam and Akhter (2017) and Ermina (2010) value the utilization of earnings per share to evaluate a firm's financial performance.

NPM is net profit margin: This accounting based performance measure can be tagged as forward looking because profit for the period is measured against sales for the current period. Profit margin is calculated as profit after tax divided by turnover or net sales. The essence is that it provides information on the percentage of profit that sales are able to generate. Net profit margin in the context of banking industry financial performance was seen in the work of Ferede (2012).

BodOwn is board ownership: Board ownership structure is expressed as the ratio of shares held by directors of the firm to total outstanding shares. In other words, board ownership measures the proportion of share ownership of board members of the total issued share capital of the companies. Adigwe, Nwanna and John (2016), Ene and Alem (2016) and Uadiale (2016) have recognised the important of this variable in corporate governance study.

BodAud is board audit committee: Board audit committee is a division or sub group of the board committee who are charged with the execution of auditing task of the board. Board audit committee in the context of this work is the ratio of independent directors to total of the committee as set up by the firm. Audit committee was used in the studies of Mohammed and Tank (2015), Shungu, Ngirande and Ndlovu (2014) and Ogege and Bolupremo (2014).

BodInd is board independence: Board composition is the proportion of independent directors to the total number of directors. Boards mostly compose of executive and non-executive directors. Board independence is proxied as the percentage of non-executive directors over the total board size. Pan (2014), Vesna and Kiril (2014) and Ermina (2010) support the use of board independence as a measure of corporate governance.

BodAge is board age: Board age is measured in terms of average age of the board members to determine a younger board member or older board member. For the purpose of this study, an average board age of 45 years and below is considered a younger board member Federe (2012) asserts that the age of the board of directors is an important determinant of a bank's performance.

Bsh is board block shareholding: Block shareholding is individuals or corporate entities with a very large shareholding in the bank. From the agency cost perspective, small shareholders will bear serious consequences from block shareholders who may abuse the power how to run a business. Block shareholding was applied in the studies of Gogantopoulous and Filos (2017) and Onakoya, Ofoegbu and Fasananya (2012).

BSIZE is bank size: The size of a bank is pertinent in determining the extent to which companies perform. In studying the effect of corporate governance firm performance, bank size is often introduced as a control variable. Bank size as applied in the context of this research work is natural logarithm of total assets. Size as a determinant of banks' financial performance was seen in the work of Federe (2012).

BDS is Firm Debt Structure: Leverage or debt ratio has often featured in capital structure related researches and is also a control variable because the decision of a bank to introduce debt which is a financing decision is studied in the process of financial management. Capital structure influencing the financial performance of banks was upheld in the work of Pan (2014), Vesna and Kiril (2014) and Ermina (2010).

3.6 Method of Data Analysis

To determine the effect of corporate governance on deposit money banks performance, the study applied a panel data analysis. Before estimating the models, diagnostic tests of heteroscedasticity, serial correlation, Ramsey RESET Test, Multi-collinearity and normality test were conducted. This is to ensure that the models are in line with basic econometric assumptions. The panel regression model took the form of the fixed effects model, random effects model and the pooled ordinary least square model in order to establish the most appropriate regression with the highest explanatory power that is better suited to the data set employed in the study i.e. a balanced panel - the pooled ordinary least squares in the first instance. However, in view of the weaknesses associated with it, the fixed effects model and random effect model to capture the performance of the firms is considered in the study. In

order to choose the most appropriate model of interpretation, the Hausman specification test was conducted.

The Hausman specification test is the conventional test of whether the fixed or random effects model should be used. The question is whether there is significant correlation between the unobserved unit of observation specific random effects and the independent variables. If no such correlation exists, then the random effects model may be more appropriate. But when such a correlation exists, the fixed effects model would be more suitable because the model would be inconsistently estimated.

3.6.1 Panel Unit Root Test

In an attempt to estimate the relationship between corporate performance and corporate governance of deposit money banks in Nigeria, the first task is to test for the presence of unit root. This is necessary in order to ensure that the parameters are estimated using stationary time series data. Thus, this study seeks to avert the occurrence of spurious results. To do this, both the Levin, Lin and Chu (LLC) Test and Breitung panel unit root tests were employed. The null hypothesis of the LLC test is that the variable is stationary. The null hypothesis of stationarity is accepted only when the p-value is less than 0.05. On the other hand, the Breitung panel unit root test method differs from LLC in two distinct ways. First, only the autoregressive portion (and not the exogenous components) is removed when constructing the standardized proxies. Second, the proxies are transformed and detrended.

3.6.2 Granger Causality Test

The Granger Causality test was used to examine the effect of the various corporate governance variables on financial performance of deposit money banks. The Granger (1969) causality approach helps to examine to what extent

of the current corporate governance can be explained by past values of deposit money banks financial performance and then to check whether adding lagged values of deposit money banks financial performance can improve the explanation. When deposit money banks financial performance helps in the prediction of corporate governance, then corporate governance is said to be Granger caused by deposit money banks financial performance. Alternatively, corporate governance is said to be Granger caused by deposit money banks financial performance when the coefficients on the lagged of deposit money banks financial performance are statistically significant.

3.6.3 Kao Residual Co-integration Test

Kao panel Co-integration test is an Engle-Granger based co-integration for panel data. Kao (1999) noted that the null hypothesis of no co-integration for panel data exists in two tests. The first is a Dickey-Fuller types test while the other is an Argumented Dickey-Fuller type test.

3.6.4 Johansen Fisher Panel Co-integration

This step seeks to identify the number of co-integrating relationships that exist among these variables. This study applied the Johansen Fisher panel co-integration methodology that was developed for testing co-integration relationship for panel data analysis. This test identifies the number of stationary long-run relationships that exist among the set of integrated variables. It offers two tests, the trace test and the eigenvalue test, with a view to identifying the number of co-integrating relationships.

3.7 Criteria for Result Interpretation

The criteria for judging interpretation of result and discussion of findings for this research were all based on three global statistics criteria namely, Adjusted R-Squared, F-Statistic and Durbin Watson test of autocorrelation. The

satisfaction by a model of these three global statistics as well as relative use of model, inferences from such estimated model cannot be statistically relied upon.

3.7.1 Coefficient of Determination (R^2): It measures the proportion of the total variation in the dependent variable that is jointly explained by the linear influence of the explanatory variable. The value of R^2 lies between zero and one, i.e., $0 < R^2 < 1$ with values close to 1 indicating a good degree of fit.

3.7.2 F^* Statistic: The F-statistic is used to test whether or not there is a significant relationship between the dependent and independent variable in the regression equation. If the probability at which the F- values significant is less than the chosen level of significance, then we accept that there is a significant relationship between the dependent and independent variables in the regression equation.

3.7.3 Durbin Watson Statistic: The Durbin-Watson test for autocorrelation compare the calculated d^* value from the regression residuals with the d_L and d_U in the Durbin Watson tables and with their transforms $(4-d_L)$ and $(4-d_U)$. The result of the serial correlation LM test overrides the Durbin Watson test of autocorrelation. The serial correlation LM test is superior and preferred to Durbin Watson in testing autocorrelation.

3.8 A Priori Expectation

The interpretation of the result of the analysis was based on the premise of the Stakeholder's Theory as it relates to the nexus between corporate governance and financial performance of deposit money banks. The higher the percentage of independent or outside director is the better the performance of the firm (Mak and Kusnadi, 2005). Thus, a positive relationship exists between board composition and bank performance. The concentration of ownership depicts a

negative relationship with net profit margin and return on equity but a positive relationship with return on assets. The higher the concentration of director ownership, the lesser the profit margin and return on equity but the greater the return on assets. Audit committees that are independent from management should improve the firms' reporting system and the quality of reported earnings because they are not subject to potential conflicts of interest that reduce their monitoring capacity. Table 1 shows the expected signs of the independent variables.

Table 1: Supposed Signs of the Independent Variables in the Models

Symbol	Variable	Substitution	Supposed Signs
BodOwn	Board Ownership	Corporate Performance	-
BodAud	Board Audit Committee	Corporate Performance	+
BodInd	Board Independence	Corporate Performance	+
BodAge	Board Age	Corporate Performance	+
Bsh	Board Block Shareholding	Corporate Performance	+

Source: Researcher's Assumption based on the Postulation of the Stakeholder's Theory

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Presentation of Data

The mean data of the selected deposit money banks as computed by E-views 9.0 software via the criteria of *Mean Plus SD Bound* are condensed in this subsection. The annual reports of the banks spanning from 2005 to 2017 provided the data used in the analysis. The average data return on assets, return on equity, net income growth, earnings per share and net profit margin are presented in Table 2, whereas Table 3 details the data for board ownership, audit committee, independence, age, block shareholding, bank size and debt structure from 2005 to 2017.

Table 2: Return on Assets, Return on Equity, Net Income Growth, Earnings per Share, Net Profit Margin, Bank Size and Bank Debt Structure from 2005 to 2017

Year	Return on Assets (%)	Return on Equity (%)	Net Income Growth (%)	Earnings per Share (Kobo)	Net Profit Margin (%)	BSize (₦'000)	BDS (%)
2005	1.10	-4.25	7.00	92.00	-11.00	145,000,000	83.80
2006	1.24	9.24	90.00	84.00	12.00	334,000,000	84.00
2007	2.84	14.49	66.00	115.00	23.00	511,000,000	83.60
2008	0.58	5.53	-9.00	77.00	10.00	844,000,000	83.60
2009	1.60	4.75	-415.00	50.00	7.00	833,000,000	83.80
2010	2.07	11.71	-0.00	69.00	22.00	920,000,000	79.90
2011	0.46	4.99	-105.00	23.00	4.00	1,150,000,000	86.00
2012	2.08	14.46	84.00	106.00	23.00	1,350,000,000	79.50
2013	2.10	12.69	12.00	129.00	29.00	1,490,000,000	75.10
2014	1.92	11.67	-108.00	94.00	25.00	1,700,000,000	78.80
2015	1.88	10.37	1.00	106.00	25.00	1,500,000,000	68.80
2016	1.95	8.14	-5.00	103.00	29.00	1,710,000,000	69.30
2017	1.84	8.73	-1.00	120.00	27.00	1,860,000,000	69.20

Source: Annual Reports of selected Deposit Money Banks from 2005 to 2017; and output data from e-views 9.0.

4.1.1 Trend in Deposit Money Banks Performance Indicators

Return on Assets

Deposit money banks' mean return on assets was 1.10% in 2005, which had risen by 60.21% by the end of 2007 to settle at 2.84% before depreciating to 0.58% in the following year - 2008. The return on assets continued to depreciate from 2001 to 2004. From 2005 to 2011, as shown in Table 2, Fig. 1 and 2, return on assets gradually decline from 1.10% in 2005 to 0.46% in

2011. From 2013 to 2017, return on assets was on the depreciating end with the exception of 2016 when it was 1.84%.

Table 3: Board Ownership, Audit Committee, Board Independence, Board Age and Block Shareholding from 2005 to 2017

Year	Board Ownership (%)	Audit Committee (%)	Board Independence (%)	Board Age (Year)	Block Shareholding (%)
2005	11.00	50.00	41.90	44.90	70.80
2006	11.30	51.00	35.80	45.40	68.20
2007	10.70	51.00	34.40	47.10	70.40
2008	10.00	50.00	38.80	47.70	76.00
2009	12.10	50.00	34.00	48.90	75.80
2010	10.80	50.00	42.00	49.60	78.40
2011	9.50	50.00	40.30	50.40	80.00
2012	8.40	50.00	41.30	52.00	77.80
2013	8.30	50.00	35.80	52.60	80.60
2014	7.00	50.00	38.70	52.50	81.70
2015	9.90	50.00	56.00	53.50	80.10
2016	8.90	50.00	59.70	53.90	76.90
2017	10.00	50.00	57.80	54.70	79.20

Source: Annual Reports of selected Deposit Money Banks from 2005 to 2017; and output data from e-views 9.0.

Return on Equity

The average return on deposit money banks' shareholder wealth has been on the positive angle relative to return on assets. From -4.25% in 2005, it rose to reach 11.70% at the end of 2010 but fell sharply in 2011 to 4.99%. Between 2012 and 2017 average return on equity fell from 14.46% to 8.73%. Fig. 3 and 4 illustrate the trend in return on equity over the period reviewed.

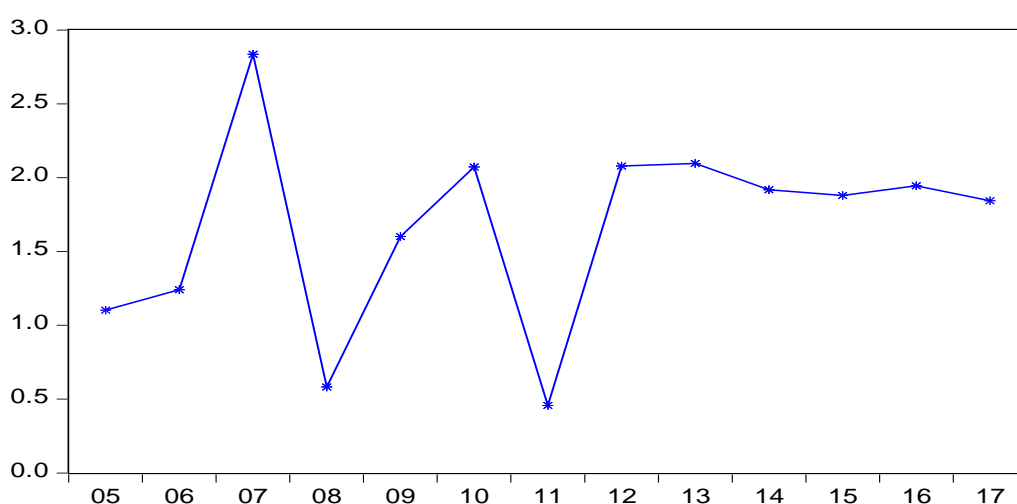


Fig. 1: Graphical Trend in Return on Assets from 2005 to 2017

Source: Selected Deposit Money Banks Annual Reports from 2005 – 2017; and output data from e-views 9.0

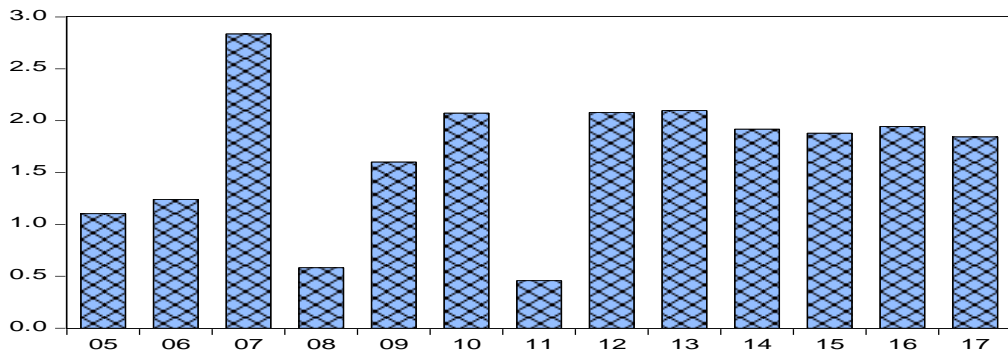


Fig. 2: Bar Chart Trend in Return on Assets from 2005 to 2017

Source: Selected Deposit Money Banks Annual Reports from 2005 – 2017; and output data from e-views 9.0

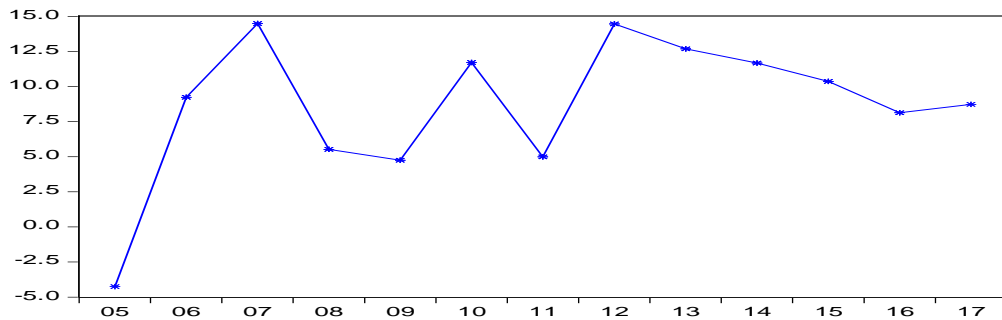


Fig. 3: Graphical Trend in Return on Equity from 2005 to 2017

Source: Selected Deposit Money Banks Annual Reports from 2005 – 2017; and output data from e-views 9.0

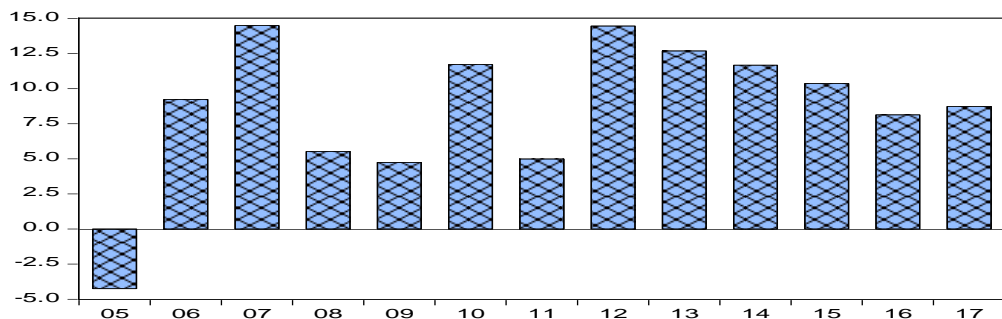


Fig. 4: Bar Chart Trend in Return on Equity from 2005 to 2017

Source: Selected Deposit Money Banks Annual Reports from 2005 – 2017; and output data from e-views 9.0

Net Income Growth

Table 2, Fig.5 and Fig. 6 show the trend in mean net income growth of selected deposit money banks. There is a lot of fluctuation in net income growth of deposit money banks. It witnessed positive growth from 2005 to 2007: from 7.00% to 66.00%, while 2008 to 2011 were characterized by negative growth. The net income growth at the end of the year 2017 was -1.00% as against -5.0% in 2016.

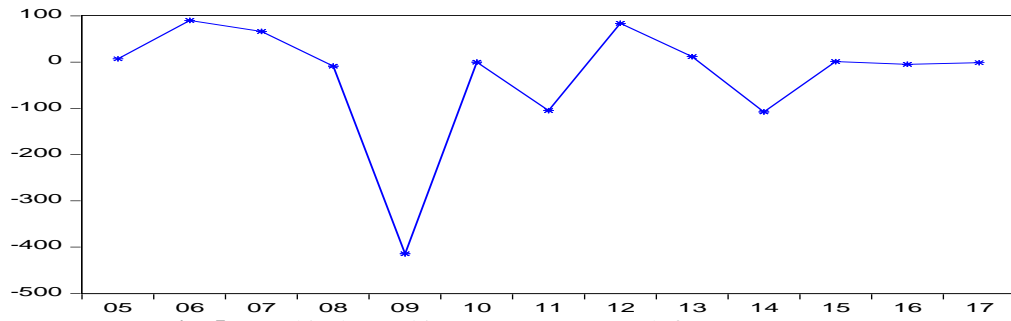


Fig. 5: Graphical Trend in Net Income Growth from 2005 to 2017

Source: Selected Deposit Money Banks Annual Reports from 2005 – 2017; and output data from e-views 9.0

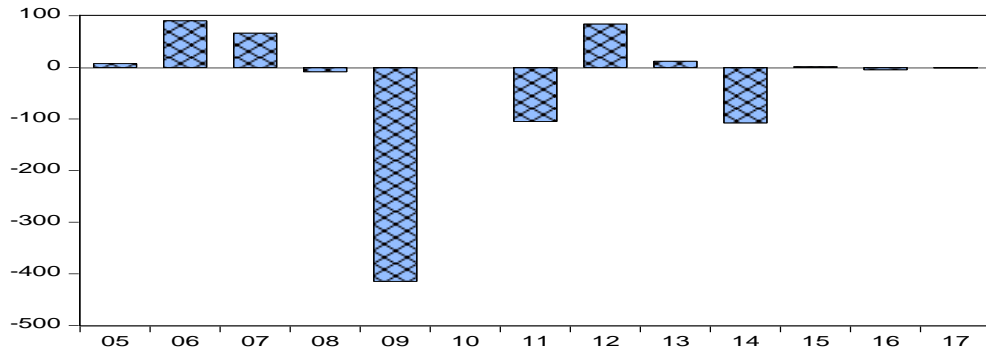


Fig. 6: Bar Chart Trend in Net Income Growth from 2005 to 2017

Source: Selected Deposit Money Banks Annual Reports from 2005 – 2017; and output data from e-views 9.0

Earnings per Share

The earnings per share of the selected deposit money banks have been considerable stable with less fluctuation within the period of this study. The earnings per share was 92 kobo in 2005. It appreciated 115 kobo in 2007 before declining to 23 kobo in 2011. In 2012, it rebounded to 106 kobo but sharply went down to 94 kobo in 2014. However, it appreciated to 120 kobo in 2017. Fig 7 and 8 reveal the trend in earnings per share from 2005 to 2017.

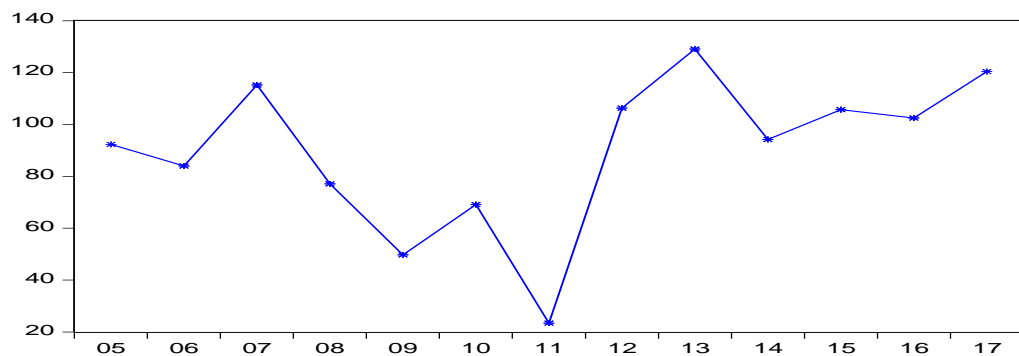


Fig. 7: Graphical Trend in Earnings per Share from 2005 to 2017

Source: Selected Deposit Money Banks Annual Reports from 2005 – 2017; and output data from e-views 9.0

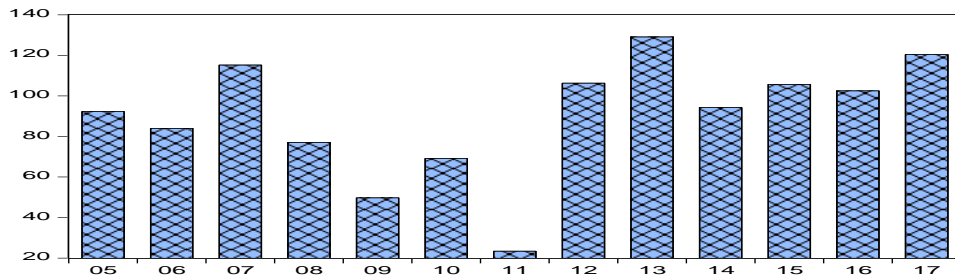


Fig. 8: Bar Chart Trend in Earnings per Share from 2005 to 2017

Source: Selected Deposit Money Banks Annual Reports from 2005 – 2017; and output data from e-views 9.0

Net Profit Margin (NPM)

The net profit margin of the ten selected deposit money banks quoted on the Nigerian Stock Exchange have experienced some sort of variation from 2005 to 2017. In 2007, the net profit margin stood at 23.00%. In 2009, it dropped to 7.00%. This became worst in 2011 as the net profit margin dipped down to all time low to stand at 4.00%. It rebounded sharply to 23.00% in 2012, and appreciated further to 29.00% in 2013. In 2015, it declined to 27.00% from 29.00% in 2016. The trend in net profit margin is depicted in Fig. 9 and Fig. 10.

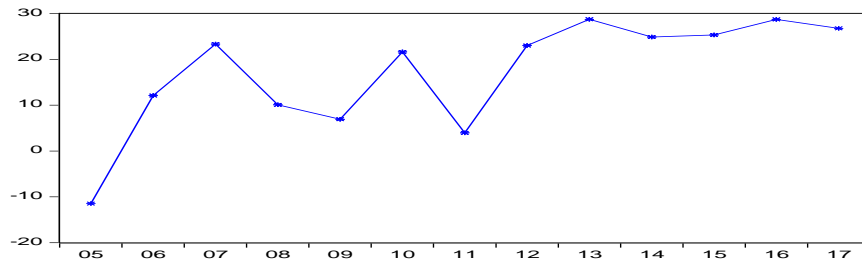


Fig. 9: Graphical Trend in Net Profit Margin from 2005 to 2017

Source: Selected Deposit Money Banks Annual Reports from 2005 – 2017; and output data from e-views 9.0

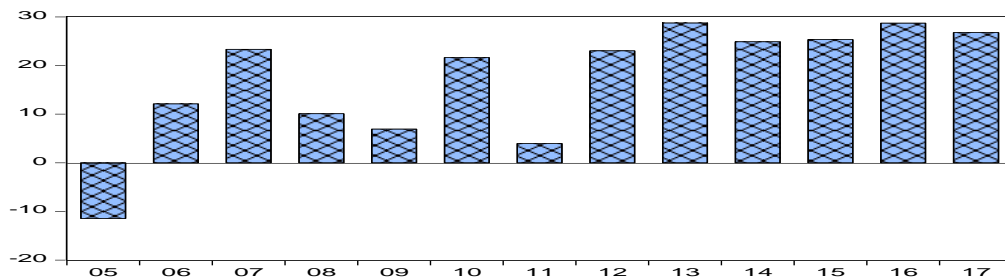


Fig. 10: Bar Chart Trend in Net Profit Margin from 2005 to 2017

Source: Selected Deposit Money Banks Annual Reports from 2005 – 2017; and output data from e-views 9.0

4.1.2 Trend in Deposit Money Banks Corporate Governance Indices and Control/Moderating Variables Board Ownership Structure (BDOS)

The board ownership structure has revealed that it is only marginal share of the banks that are held by banks management, while the bulk shareholding are held by outsiders. In 2005, the shares held by management of the bank was 11.00%. It rose to 11.30% in 2006, and 12.10% in 2009. It decline to 9.50% in 2011, and slumped further to 7.00% in 2014. The board ownership structure rose to 10.00% in 2017. Fig. 11 and 12 unveil the variation in board ownership structure.

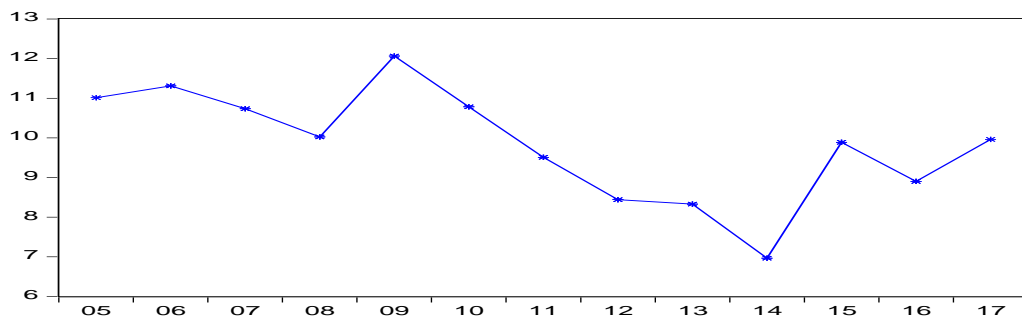


Fig. 11: Graphical Trend in Board Ownership Structure from 2005 to 2017
Source: Selected Deposit Money Banks Annual Reports from 2005 – 2017; and output data from e-views 9.0

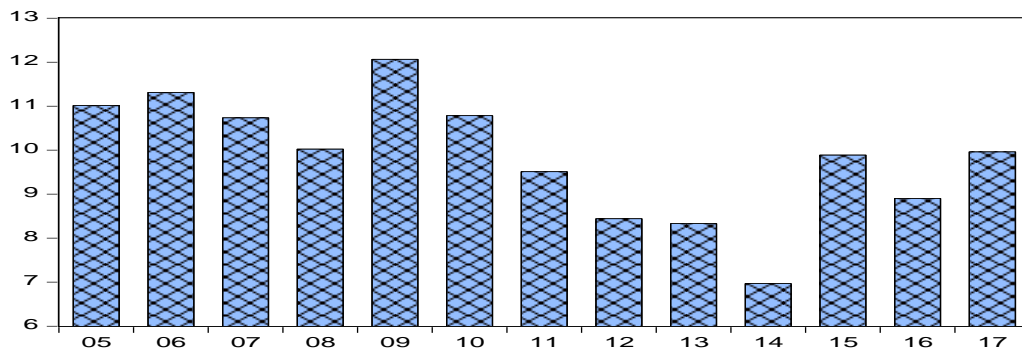


Fig. 12: Bar Chart Trend in Board Ownership Structure from 2005 to 2017
Source: Selected Deposit Money Banks Annual Reports from 2005 – 2017; and output data from e-views 9.0

Board Audit Committee

The board audit committee in 2006 was 50%. However, with the corporate governance measure introduced by the Central Bank of Nigeria for all the deposit money banks, the audit committee now comprises equal representation from both management and shareholders of the banks thus, signifying a 50%

for board audit committee from 2007 to 2017. Fig. 13 and 14 show the stability in board audit committee from 2007 to 2017.

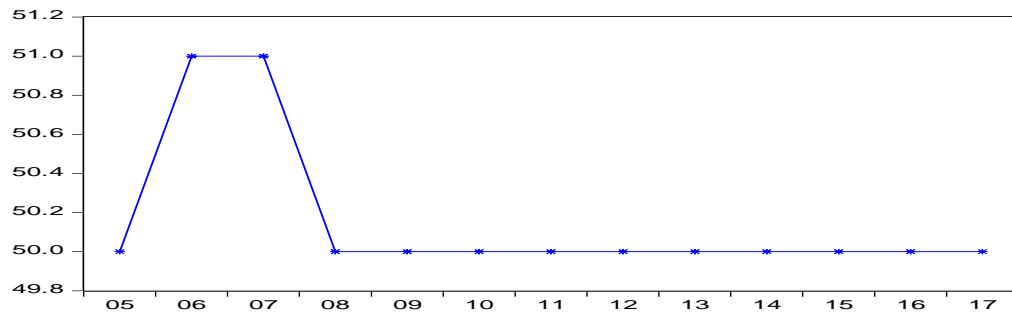


Fig. 13: Graphical Trend in Board Audit Committee from 2005 to 2017

Source: Selected Deposit Money Banks Annual Reports from 2005 – 2017; and output data from e-views 9.0

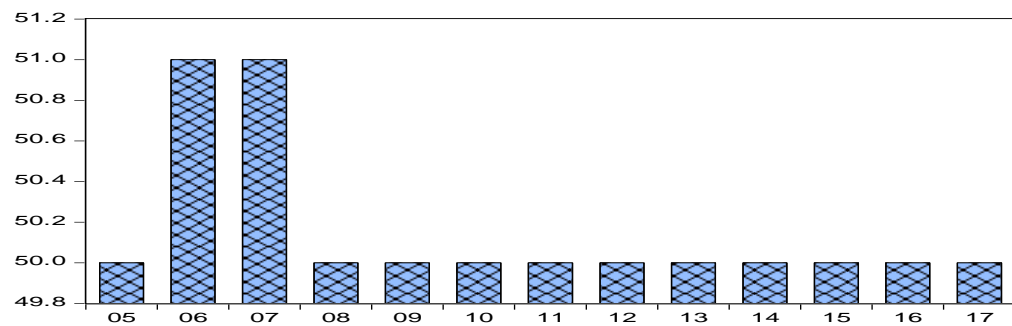


Fig. 14: Bar Chart Trend in Board Audit Committee from 2005 to 2017

Source: Selected Deposit Money Banks Annual Reports from 2005 – 2017; and output data from e-views 9.0

Board Independence

The board composition which otherwise determines the independence of the board was 41.9% in 2005. It declined to 34.40% in 2007 then appreciated to 38.80% in 2008 then slumped to 34.00% in 2009. It increased marginally to 42.00% in 2010 but decline marginally to 40.30% in 2011. It again increased to 56.00% in 2013, and 59.70 in 2016 before falling to 57.80% in 2017. Fig. 15 and 16 entail the changes in board composition within the period of the study.

Board Age

Board age was approximated to 45 years in 2005 which remains same in 2006 after the consolidation exercise of 2005. From 2005 to 2010, the board age ranges from 45 to 50 years. However, from 2011 to 2017, age of directors on

the selected deposit money banks ranges from 50 to 55 years. The board age trend is shown in fig. 17 and 18.

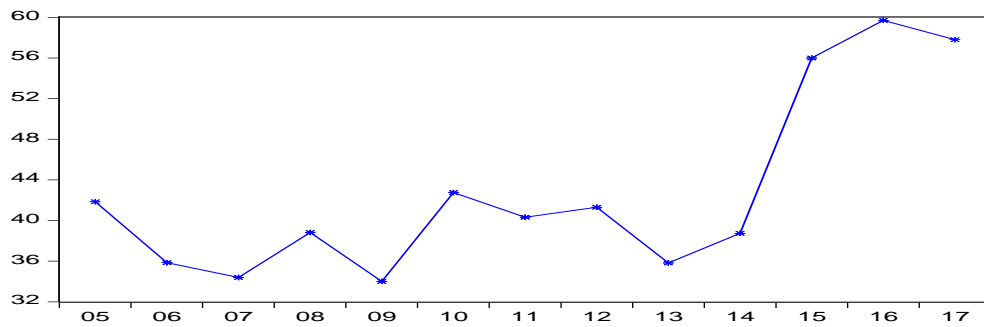


Fig. 15: Graphical Trend in Board Independence from 2005 to 2017

Source: Selected Deposit Money Banks Annual Reports from 2005 – 2017; and output data from e-views 9.0

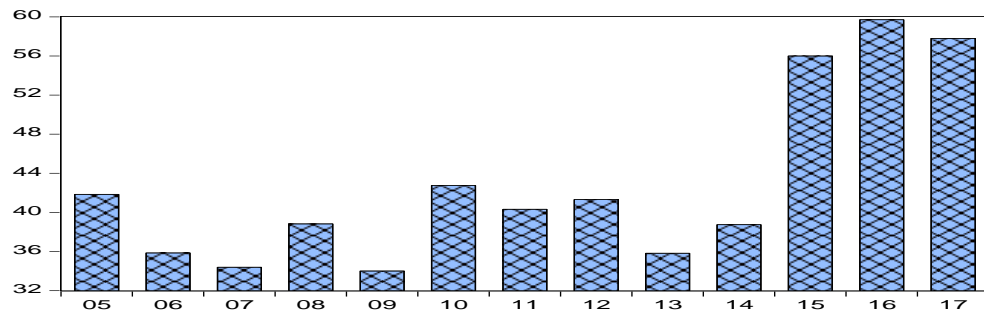


Fig. 16: Bar Chart Trend in Board Independence from 2005 to 2017

Source: Selected Deposit Money Banks Annual Reports from 2005 – 2017; and output data from e-views 9.0

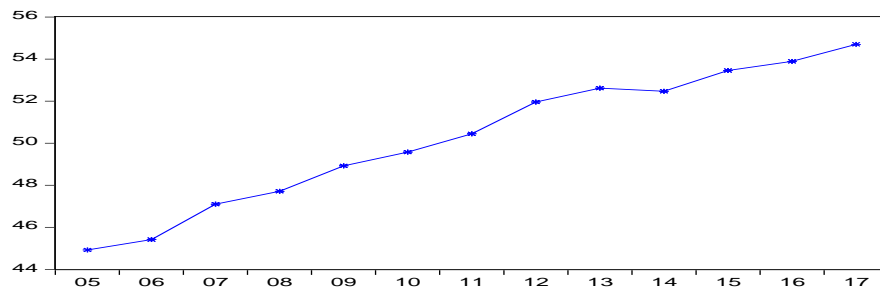


Fig. 17: Graphical Trend in Board Age from 2005 to 2017

Source: Selected Deposit Money Banks Annual Reports from 2005 – 2017; and output data from e-views 9.0

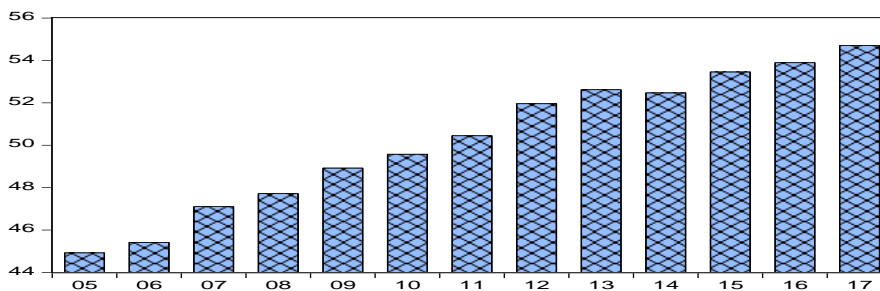


Fig. 18: Bar Chart Trend in Board Age from 2005 to 2017

Source: Selected Deposit Money Banks Annual Reports from 2005 – 2017; and output data from e-views 9.0

Block Shareholding

Block shareholdings that is, individuals, institutions or corporate entity holding shares of more than 1,000,000 constitutes over 68.00% of the shareholdings of deposit money banks in Nigeria. In 2005, the block shareholding constitutes 70.80% of the total shares issued by the banks. It swelled to 80.00% in 2011. There was a reduction in block shareholding in 2012 as it dropped to 77.80%. However, it depreciated to 76.90% in 2016 but marginally rose to 79.60% in 2017. Fig. 19 and 20 give an insight of the trend in block shareholdings from 2005 to 2017.

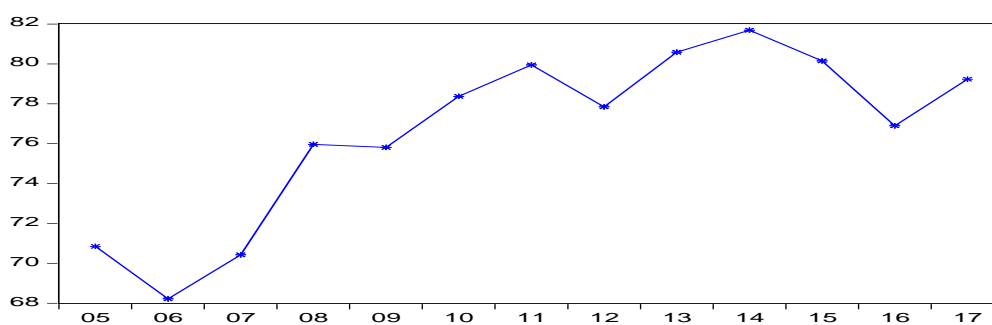


Fig. 19: Graphical Trend in Block Shareholding from 2005 to 2017

Source: Selected Deposit Money Banks Annual Reports from 2005 – 2017; and output data from e-views 9.0

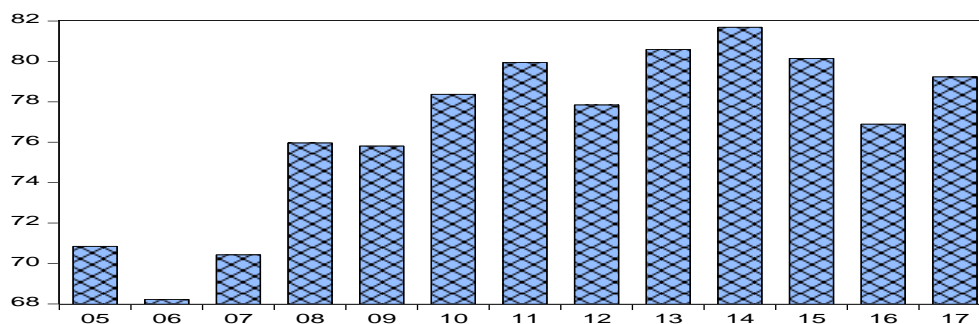


Fig. 20: Bar Chart Trend in Block Shareholding from 2005 to 2017

Source: Selected Deposit Money Banks Annual Reports from 2005 – 2017; and output data from e-views 9.0

Banks' Size

The total assets of the banks which was used to measure the size of the banks shows that there has been increase in the assets of the banks, especially after the consolidation exercise of 2005. In 2005, the total assets of the banks stood at 145 million. It rose to 334 million in 2006, and 511 million in 2007. It

increased to 1,350 million in 2012, and appreciated to 1,700 million in 2014. The total assets of the banks rose to 1,860 million in 2017. Fig. 21 and 22 unveil the variation in the total assets of the selected deposit money banks from 2005 to 2017.

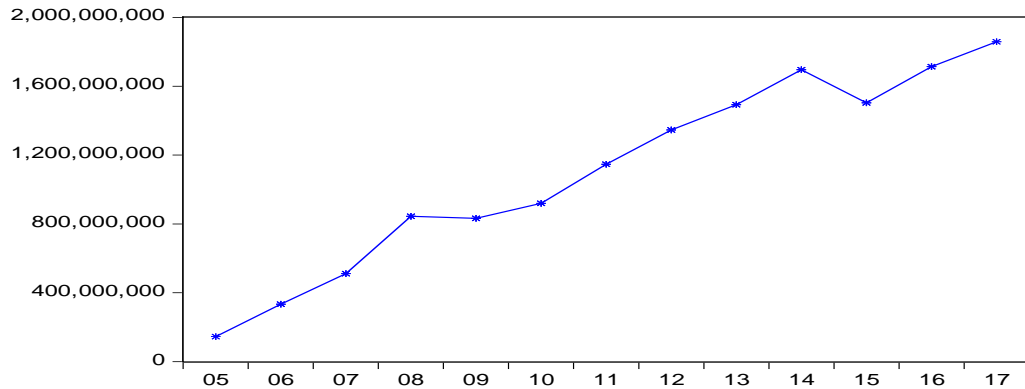


Fig. 21: Graphical Trend in Bank Size from 2005 to 2017

Source: Selected Deposit Money Banks Annual Reports from 2005 – 2017; and output data from e-views 9.0

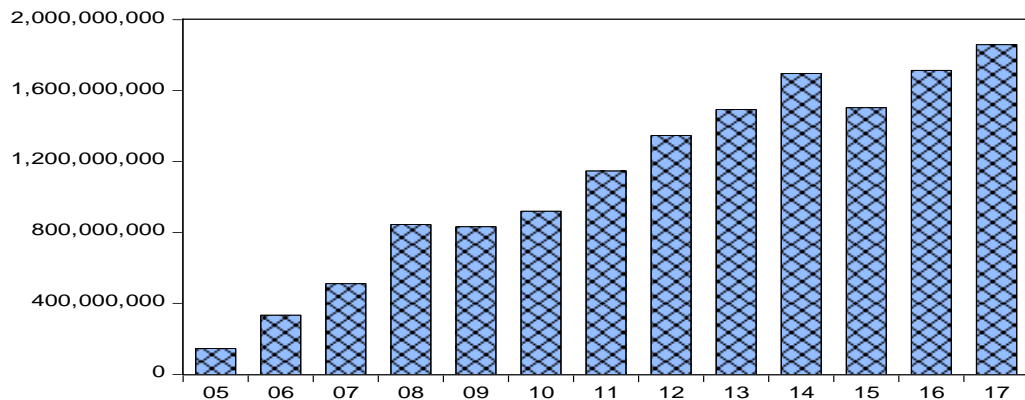


Fig. 22: Bar Chart Trend in Bank Size from 2005 to 2017

Source: Selected Deposit Money Banks Annual Reports from 2005 – 2017; and output data from e-views 9.0

Bank Debt Structure

The debt structure of the deposit money banks in Nigeria was 83.80% in 2005 but rose to 84.0% in 2006. From 2005 to 2010, the debt structure ranges from 84.00% to 79.90%. However, from 2011 to 2017, debt structure of the selected deposit money banks ranges from 86.00% (which is the highest in the distribution) to 69.20%. The trend in debt structure is shown in fig. 23 and 24.

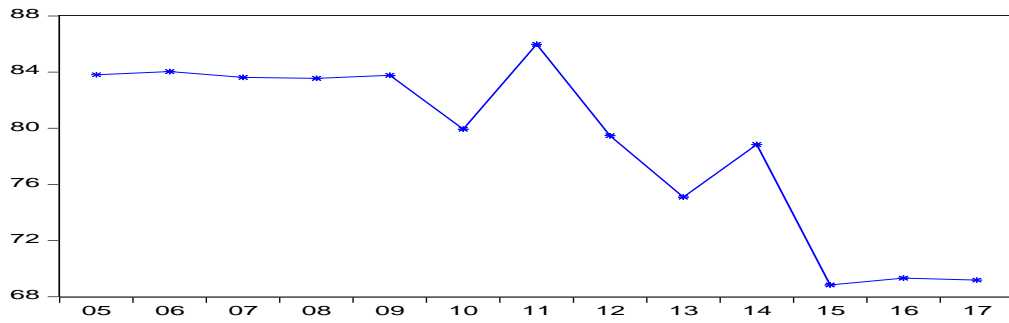


Fig. 23: Graphical Trend in Banks' Debt Structure from 2005 to 2017

Source: Selected Deposit Money Banks Annual Reports from 2005 – 2017; and output data from e-views 9.0

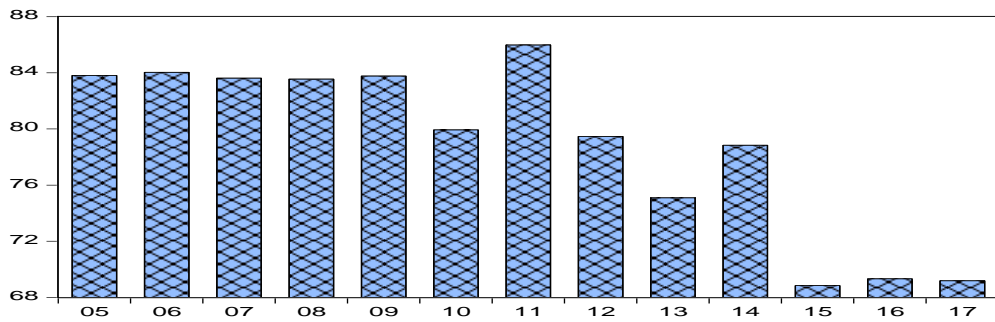


Fig. 24: Bar Chart Trend in Banks' Debt Structure from 2005 to 2017

Source: Selected Deposit Money Banks Annual Reports from 2005 – 2017; and output data from e-views 9.0

4.2 Descriptive Statistics of Data

Table 4 shows the descriptive statistics of the variables. It shows the total number of observations, mean, median, maximum, minimum, standard deviation and sum of mean deviation. The mean values of the independent variables: ROA, ROE, NIG, EPS, NPM, BODOWN, BODAUD, BODIND, BODAGE, BSH, BSIZE and BDS are 1.67, 8.654923, -29.41, 89.92, 17.24, 9.84, 50.15, 42.88, 50.24 76.62, 1.10 and 78.88 respectively. The median of the study variable are 1.71, 10.59, 17.70, 56.50, 19.32, 5.87, 50.00, 46.67, 50.47, 79.21, 7.50 and 84.74 for ROA, ROE, NIG, EPS, NPM, BODOWN, BODAUD, BODIND, BODAGE, BSH, BSIZE and BDS respectively. The maximum values of the series are 20.08 for ROA, 40.30 for ROE, 601.28 for NIG, 548.00 for EPS, 94.63 for NPM, 44.15 for BODOWN, 60.00 for BODAUD, 90.00 for BODIND, 60.80 for BODAGE, 95.97 for BSH, 4.43 for BSIZE and 136.53 for BDS, while the minimum values are -24.80, -162.49, -

2650.90, 573.00, 299.18, 0.00, 50.00, 6.67, 35.00, 0.09, 19435289 and 0.79
ROA, ROE, NIG, EPS, NPM, BODOWN, BODAUD, BODIND, BSH,
BSIZE and BDS respectively. The standard deviation of the variables are 3.53
for ROA, 19.17 for ROE, 288.74 for NIG, 123.23 for EPS, 36.13 for NPM,
11.53 for BODOWN, 1.24 for BODAUD, 20.17 for BODIND, 5.54 for
BODAGE, 15.39 for BSH, 1.02 for BSIZE and 21.54 for BDS.

Table 4: Descriptive Statistics of Data

	Mean	Median	Maximum	Minimum	Std. Dev.	Skewness	Kurtosis	Jarque-Bera	P-value	Obs
ROA	1.665846	1.710000	20.08000	-24.80000	3.529535	-2.406211	32.14459	4726.403	0.00000	130
ROE	8.654923	10.58500	40.30000	-162.4900	19.16638	-5.807258	50.89928	13158.37	0.00000	130
NIG	-29.40938	17.69500	601.2800	-2650.900	288.7427	-6.272909	55.34536	15694.43	0.00000	130
EPS	89.92308	56.50000	548.0000	-573.0000	123.2287	-0.358574	9.602714	238.9299	0.00000	130
NPM	17.23738	19.31500	94.63000	-299.1800	36.13190	-5.205856	47.17828	11159.00	0.00000	130
BODOWN	9.841231	5.870000	44.15000	0.000000	11.52918	1.675907	4.738386	77.22345	0.00000	130
BODAUD	50.15385	50.00000	60.00000	50.00000	1.235530	7.875000	63.01563	20853.83	0.00000	130
BODIND	42.87623	46.67000	90.00000	6.670000	20.17461	-0.164773	2.651832	222.4486	0.00000	130
BODAGE	50.24585	50.46500	60.80000	35.00000	5.542050	-0.364695	2.514803	401.5689	0.00000	130
BSH	76.61569	79.20500	95.97000	0.090000	15.39414	-2.142269	10.57873	410.5528	0.00000	130
BSIZE	1.10E+09	7.50E+08	4.43E+09	19435289	1.02E+09	1.147986	3.702347	31.22591	0.00000	130
BDS	78.88038	84.74000	136.5300	0.790000	21.54794	-2.402523	9.823695	377.2778	0.00000	130

Source: Output data from E-views 9.0

The measure of asymmetry of the distribution of the series around its mean that is, skewness of all the variables are negative with the exception of BODOWN, BSIZE and BODAUD suggesting that all the variables in the model are not positively skewed towards normality. The Kurtosis that measures the peakedness of the distribution of the variables are more than 3.0 except BODIND and BODAGE. This evidences that all the variables are leptokurtic in nature except BODIND and BODAGE. The p-values of the Jarque-Bera for all the variables are significant at 5% level meaning that all the variables are not normally distributed and free from any outlier that may affect the regression output.

4.3 Panel Unit Root Test

4.3.1 Levin, Lin and Chu (LLC) Test

The LLC test was performed at level and first difference at individual intercept and individual intercept and trend. The null hypothesis of the LLC test is that

the variable is stationary. The null hypothesis of stationarity is accepted only when the p-value is less than 0.05. The result of the LLC test in Tables 6 and 7 performed in level form at individual intercept and individual intercept and trend disclose that all the variables have no unit root. This is expected due to the nature of secondary data as contained in the annual reports of the deposit money banks

Table 6: LLC Test Result at Level: Individual Intercept

Variables	LLC Test Statistic	Pooled Coefficient	Pooled t-Stat.	Remark
ROA	11.9846 (1.00)	-1.07640	-9.607	Not Stationary
ROE	-2.62804 (0.04)**	-0.99955	-9.535	Stationary
NIG	-2.50589 (0.04)**	-1.26126	-9.918	Stationary
EPS	-3.18804 (0.04)**	-0.76777	-6.800	Stationary
NPM	2.76240 (0.99)	-0.97775	-8.795	Not Stationary
BODOWN	-1.84667 (0.03)**	-0.39807	-5.233	Stationary
BODAUD	1.12767 (0.87)	-1.28571	-3.674	Not Stationary
BODIND	-0.53971 (0.29)	-0.51210	-4.940	Not Stationary
BODAGE	-1.16576 (0.12)	-0.08037	-2.246	Not Stationary
BSH	-22.6734 (0.00)*	-0.57762	-22.422	Stationary
BSIZE	1.14680 (0.87)	-0.00881	-0.307	Not Stationary
BDS	-3.64488 (0.00)*	-0.74670	-8.010	Stationary

Source: Computer Output using E-view 9.0.

Note: The optimal lag for LLC test is selected based on the Schwarz Info Criteria (SIC), p-values are in parentheses where (*) and (**) denote significance at 1% and 5% respectively.

Table 7: LLC Test Result at Level: Individual Intercept and Trend

Variables	LLC Test Statistic	Pooled Coefficient	Pooled t-Stat.	Remark
ROA	14.3176 (1.00)	-1.16322	-9.979	Not Stationary
ROE	-0.18533 (0.43)	-1.10255	-9.810	Not Stationary
NIG	-0.61175 (0.27)	-1.37714	-10.277	Not Stationary
EPS	-3.72244 (0.00)*	-1.28567	-9.631	Stationary
NPM	4.12594 (1.00)	-1.07971	-9.284	Not Stationary
BODOWN	-2.68139 (0.00)*	-0.83544	-7.400	Stationary
BODAUD	-3.07724 (0.00)*	-1.26832	-8.035	Stationary
BODIND	-3.16078 (0.00)*	-0.91723	-8.401	Stationary
BODAGE	-2.98398 (0.00)*	-0.75777	-7.208	Stationary
BSH	-20.1275 (0.00)*	-0.73277	-23.655	Stationary
BSIZE	-0.25067 (0.40)	-0.73621	-6.652	Not Stationary
BDS	-4.97029 (0.00)*	-1.00574	-11.018	Stationary

Source: Computer Output using E-view 9.0.

Note: The optimal lag for LLC test is selected based on the Schwarz Info Criteria (SIC), p-values are in parentheses where (*) and (**) denote significance at 1% and 5% respectively.

The LLC unit root result in Tables 8 and 9 at individual intercept and individual intercept and trend of first difference show that the p-values of LLC test statistic for all the variables are significant at 5% level of significance. The null hypothesis that the variables have unit root at first difference is accepted.

Hence, all the variables are stationary at first difference at the 5% level of significance and integrated of order one i.e. $I(1)$.

Table 8: LLC Test Result at First Difference: Individual Intercept

Variables	LLC Test Statistic	Pooled Coefficient	Pooled t-Stat.	Remark
ROA	-4.76194 (0.00)*	-1.61244	-12.931	Stationary
ROE	-4.90276 (0.00)*	-1.64172	-12.253	Stationary
NIG	-3.16012 (0.00)*	-2.01444	-12.724	Stationary
EPS	-6.93022 (0.00)*	-1.80789	-11.745	Stationary
NPM	-4.72360 (0.00)*	-1.52206	-11.565	Stationary
BODOWN	-5.40286 (0.00)*	-1.48717	-11.359	Stationary
BODAUD	-6.43184 (0.00)*	-1.96974	-9.424	Stationary
BODIND	-3.45930 (0.00)*	-1.45545	-9.955	Stationary
BODAGE	-5.97012 (0.00)*	-1.46179	-10.583	Stationary
BSH	-10.8515 (0.00)*	-0.87389	-14.397	Stationary
BSIZE	-3.18116 (0.00)*	-1.28532	-8.461	Stationary
BDS	-8.86990 (0.00)*	-1.38951	-13.053	Stationary

Source: Computer Output using E-view 9.0.

Note: The optimal lag for LLC test is selected based on the Schwarz Info Criteria (SIC), p-values are in parentheses where (*) and (**) denote significance at 1% and 5% respectively.

Table 9: LLC Test Result at First Difference: Individual Intercept and Trend

Variables	LLC Test Statistic	Pooled Coefficient	Pooled t-Stat.	Remark
ROA	-8.34006 (0.00)*	-1.94881	-12.269	Stationary
ROE	-3.24086 (0.00)*	-1.68034	-12.540	Stationary
NIG	-0.82897 (0.00)*	-2.07811	-13.214	Stationary
EPS	-5.97795 (0.00)*	-1.80315	-12.147	Stationary
NPM	-5.75937 (0.00)*	-1.58838	-12.141	Stationary
BODOWN	-6.20860 (0.00)*	-1.71921	-13.800	Stationary
BODAUD	-8.34006 (0.00)*	-1.94881	-12.269	Stationary
BODIND	-2.49509 (0.00)*	-1.77908	-11.276	Stationary
BODAGE	-6.38227 (0.00)*	-1.79611	-13.288	Stationary
BSH	-4.68151 (0.00)*	-1.16387	-13.295	Stationary
BSIZE	-3.44763 (0.00)*	-1.49716	-9.621	Stationary
BDS	-7.23669 (0.00)*	-1.43620	-13.613	Stationary

Source: Computer Output using E-view 9.0.

Note: The optimal lag for LLC test is selected based on the Schwarz Info Criteria (SIC), p-values are in parentheses where (*) and (**) denote significance at 1% and 5% respectively.

4.3.2 Breitung Unit Root Test

The Breitung method differs from LLC in two distinct ways. First, only the autoregressive portion (and not the exogenous components) is removed when constructing the standardized proxies. Second, the proxies are transformed and detrended. Consequently, the test was only performed level and first difference at individual intercept and trend only. The null hypothesis of the Breitung unit root test is that the variable is stationary which must be accepted if the p-value is less than a specified level of significance but not more than 10% level of

significance. However, 5% level of significance was utilized for the financial structure and financial surrogates. Table 10 depicts the result of the level form test at individual intercept and trend while Table 11 that of first difference at individual intercept and trend.

Table 10: Breitung Unit Root Test at Level: Individual Intercept and Trend

Variables	Breitung t-Statistic	Pooled Coefficient	Pooled t-Stat.	Remark
ROA	-2.21230 (0.00)*	-0.26835	-2.212	Stationary
ROE	-4.43518 (0.00)*	-0.56582	-4.435	Stationary
NIG	-5.20530 (0.00)*	-0.81768	-5.205	Stationary
EPS	-3.25384 (0.00)*	-0.41279	-3.254	Stationary
NPM	-0.72291 (0.23)	-0.05941	-0.723	Not Stationary
BODOWN	0.79681 (0.79)	0.05947	0.797	Not Stationary
BODAUD	-0.07610 (0.47)	-0.01256	-0.076	Not Stationary
BODIND	0.42822 (0.67)	0.02776	0.428	Not Stationary
BODAGE	0.79739 (0.79)	0.02993	0.797	Not Stationary
BSH	0.93052 (0.82)	0.07385	0.931	Not Stationary
BSIZE	0.18818 (0.57)	0.00728	0.188	Not Stationary
BDS	-1.83027 (0.03)**	-0.14597	-1.830	Stationary

Source: Computer Output using E-view 9.0.

Note: The optimal lag for LLC test is selected based on the Schwarz Info Criteria (SIC), No spectral estimation method for Breitung unit root test, p-values are in parentheses where (*) and (**) denote significance at 1% and 5% respectively.

Table 11: Breitung Test at First Difference: Individual Intercept and Trend

Variables	Breitung t-Statistic	Pooled Coefficient	Pooled t-Stat.	Remark
ROA	-2.96231 (0.00)*	-0.46775	-2.962	Stationary
ROE	-3.62545 (0.00)*	-0.63579	-3.625	Stationary
NIG	-6.15763 (0.00)*	-1.19746	-6.158	Stationary
EPS	-3.98877 (0.00)*	-0.69167	-3.989	Stationary
NPM	-3.26735 (0.00)*	-0.46641	-3.267	Stationary
BODOWN	-3.26735 (0.00)*	-0.46641	-3.267	Stationary
BODAUD	-4.00507 (0.00)*	-0.00096	-0.005	Stationary
BODIND	-4.82863 (0.00)*	-0.14506	-0.829	Stationary
BODAGE	-5.77888 (0.00)*	-0.94921	-5.779	Stationary
BSH	-2.06699 (0.04)**	-0.10909	-1.067	Stationary
BSIZE	-2.29040 (0.01)*	-0.35688	-2.290	Stationary
BDS	-2.87710 (0.00)*	-0.48494	-2.877	Stationary

Source: Computer Output using E-view 9.0.

Note: The optimal lag for LLC test is selected based on the Schwarz Info Criteria (SIC), No spectral estimation method for Breitung unit root test, p-values are in parentheses where (*) and (**) denote significance at 1% and 5% respectively.

The panel unit root test in Tables 8, 9 and 11 emphasise that all the variable are stationary at first difference. The result of the panel unit root test through LLC and Breitung shows that all the variables are stationary at first difference and free from stationarity defect associated with most time series data, hence

permitting for the testing of the long run co-integration relationship between the variables.

4.4 Diagnostic/Preliminary Test

4.4.1 Autocorrelation Test

Using the pooled form of the data, the serial correlation test was performed in a bid to detect the presence of autocorrelation. Autocorrelation in any estimated model may cast a dent to the reliability of the regression output. The serial correlation test in Table 12 dispels that the p-values of the f-statistics statistic are insignificant at 5% level of significance which is an indication the variables are serial uncorrelated.

Table 12: Serial Correlation LM Test

Regression Estimates	T-statistic	P-value
ROA →BODOWN+BODAUD+BODIND+BODAGE+BSH+BSIZE+BDS	0.122969	0.7260
ROE →BODOWN+BODAUD+BODIND+BODAGE BSH+BSIZE+BDS	0.155031	0.6490
NIG →BODOWN+BODAUD+BODIND+BODAGE BSH+BSIZE+BDS	0.585416	0.4460
EPS →BODOWN+BODAUD+BODIND+BODAGE BSH+BSIZE+BDS	0.180797	0.0625
NPM →BODOWN+BODAUD+BODIND+BODAGE BSH+BSIZE+BDS	0.029985	0.8630

Source: Output data from Gretl

4.4.2 White Test of Heteroskedasticity

This is Language Multiplier (LM) test for autoregressive conditional heteroskedasticity in the residuals. The rationale behind choosing this heteroskedasticity specification was based on the fact that in many financial time series, the magnitude of residuals appears to be related to the magnitude of recent residuals. The p-value of the Chq. statistic Table 13 for all the models are insignificant at 5% level of significance, suggesting that the models have no heteroskedasticity issue.

Table 13: White Heteroskedasticity test

Regression Estimates	T-statistic	P-value
ROA →BODOWN+BODAUD+BODIND+BODAGE BSH+BSIZE+BDS	36.41339	0.19485
ROE →BODOWN+BODAUD+BODIND+BODAGE BSH+BSIZE+BDS	0.326460	0.06559
NIG →BODOWN+BODAUD+BODIND+BODAGE BSH+BSIZE+BDS	9.979774	0.99978
EPS →BODOWN+BODAUD+BODIND+BODAGE BSH+BSIZE+BDS	43.26788	0.05548
NPM →BODOWN+BODAUD+BODIND+BODAGE BSH+BSIZE+BDS	42.10948	0.07004

Source: Output data from Gretl

4.4.3 Ramsey RESET Test

The Ramsey RESET test determine how well the models were fitted. This is because if non-linear combinations of the independent variables have any power in explaining the dependent variable, the model is not well specified. The p-values as depicted T-statistic in Table 14 are insignificant at 5% level of significance. The alternate hypothesis that the models are well specified could not be rejected.

Table 14: Ramsey Reset Specification

Estimates	T-statistic	P-value
ROA →BODOWN+BODAUD+BODIND+BODAGE BSH+BSIZE+BDS	3.09155	0.08120
ROE →BODOWN+BODAUD+BODIND+BODAGE BSH+BSIZE+BDS	3.72425	0.05600
NIG →BODOWN+BODAUD+BODIND+BODAGE BSH+BSIZE+BDS	2.96492	0.08760
EPS →BODOWN+BODAUD+BODIND+BODAGE BSH+BSIZE+BDS	1.17803	0.28000
NPM →BODOWN+BODAUD+BODIND+BODAGE BSH+BSIZE+BDS	0.54774	0.46100

Source: Output data from Gretl

4.4.4 Test for Multicollinearity

The correlation matrix estimation is a way of detecting multi-collinearity in any model. The presence of multi-collinearity between the independent variable results in biased regression output. The correlation matrix in Table 15 indicates that the highest correlation between the independent variables is - 0.62 for BODAUD and BSH. The correlation of 0.62 between board audit committee and block shareholding is within the acceptable range of no high correlation. In this regard, this study concludes that there is no multi-collinearity issue between the corporate governance indices that are applied in this study.

Table 15: Correlation Matrix

	ROA	ROE	NIG	EPS	NPM	BODOWN	BODAUD	BODIND	BODAGE	BSH	BSIZE	BDS
ROA	1.0000	0.80736	0.0838	0.42579	0.79662	-0.237909	-0.026339	-0.067369	0.144425	-0.03045	0.1294	-0.13607
ROE	0.8074	1.00000	0.1023	0.49755	0.85195	-0.215704	0.022064	-0.037375	0.135506	-0.12832	0.2452	0.00747
NIG	0.0838	0.10227	1.0000	0.08971	0.10204	0.111946	0.038823	-0.067833	-0.113304	0.04836	-0.120	-0.05500
EPS	0.4258	0.49755	0.0897	1.00000	0.39556	-0.181550	-0.043708	0.026512	0.264122	-0.15481	0.4904	0.05805
NPM	0.7966	0.85195	0.1020	0.39556	1.00000	-0.35190	-0.01230	0.054438	0.250662	-0.06973	0.1346	-0.32589
BODOWN	-0.238	-0.2157	0.1119	-0.18155	-0.35190	1.000000	0.057509	-0.038641	-0.261773	0.12636	-0.171	-0.03039
BODAUD	-0.026	0.02206	0.0388	-0.04371	-0.01230	0.057509	1.000000	-0.163000	-0.198024	-0.62351	-0.102	0.04964
BODIND	-0.067	-0.03738	-0.068	0.02651	0.05444	-0.038641	-0.163000	1.000000	0.455384	0.20292	0.1214	-0.30838
BODAGE	0.1444	0.13551	-0.113	0.26412	0.25066	-0.261773	-0.198024	0.455384	1.000000	0.13788	0.5209	-0.28220
BSH	-0.030	-0.12832	0.0484	-0.15481	-0.06973	0.126356	-0.623505	0.202916	0.137882	1.00000	0.0062	-0.11795

Source: Output data from E-views 9.0

4.5 Panel Co-integration Test

The result of LLC and Breitung unit root test in Tables 8, 9 and 11 have proven that all the variables were integrated of order one i.e. 1(1), and have no stationarity defect that affect the regression result, thus ascertaining the presence of long run relationship becomes permissible. The co-integration relationship between the variables were estimated using the Kao's and Pedroni residual co-integration tests as it applies to panel data.

4.5.1 Kao Residual Co-integration Test

The structural criteria for estimation of the Kao panel Co-integration test is based on Engle-Granger. Kao (1999) noted that the null hypothesis of no co-integration for panel data exists in two tests. The first is a Dickey-Fuller types test while the other is an Argumented Dickey-Fuller type test. Table 16 depicts the Kao's co-integration test for financial performance indices of deposit money banks and corporate governance mechanism in Nigeria.

Table 16: Kao Residual Co-integration Test

Models Estimated	Argumented Dickey-Fuller	
	t-Statistic	Prob.
ROA →BODOWN + BODAUD + BODIND + BODAGE + BSH+BSIZE+BDS	-15.57007	0.0000
ROE →BODOWN + BODAUD + BODIND + BODAGE + BSH+BSIZE+BDS	-15.43969	0.0000
NIG →BODOWN + BODAUD + BODIND + BODAGE + BSH+BSIZE+BDS	- 7.304394	0.0000
EPS →BODOWN + BODAUD + BODIND + BODAGE + BSH+BSIZE+BDS	-16.610052	0.0000
NPM →BODOWN + BODAUD + BODIND + BODAGE + BSH+BSIZE+BDS	-14.16200	0.0000

Source: Computer output data using E-views 9.0

Notes: The ADF is the residual-based ADF statistic. The null hypothesis is no co-integration. () and (**) indicate that the estimated parameters are significant at the 1% and 5% level respectively.*

The p-values of the t-statistics for all the model are significant at 5% level of significance, which is the rejection of the null hypothesis of no co-integration for financial performance indices of deposit money banks and corporate governance. Put differently, return on assets, return on equity, net income growth, earnings per share and net profit margin related in long run with

corporate governance variables of board ownership structure, audit committee, independence, age and block shareholding.

4.5.2 Pedroni Residual Co-integration

The Pedroni Residual co-integration is a panel co-integration test for heterogeneous panels with multiple regressors. The null hypothesis of Pedroni's test is no co-integration, and the test allows for unbalanced panels, including heterogeneity in both the long-term co-integration vectors. There are seven panel co-integration statistics, first part is based on the within dimension approach, including the panel ν statistic, the panel ρ Statistic, the panel PP statistic and the panel ADF statistic; the second part is based on the between-dimension approach, including the group ρ statistic, the group PP statistic and the group ADF statistic.

Table 17: Pedroni Co-integration Result for ROA, BODOWN, BODAUD, BODIND, BODAGE, BSH, BSIZE and BDS

	T-Statistic	Prob.**
Within Group		
Panel ν -Statistic	-7.279942*	0.0000
Panel ρ -Statistic	-9.637274*	0.0000
Panel PP -Statistic	-8.826638*	0.0000
Panel ADF -Statistic	-2.618138*	0.0044
Between Group		
Group ρ -Statistic	1.082336	0.8604
Group PP -Statistic	-10.33267*	0.0000
Group ADF -Statistic	-2.865277*	0.0021

Source: Computer output data using E-views 9.0

Note: The variance ratio test is right-sided, while the others are left-sided. () and (**) indicate that the estimated parameters are significant at the 5% and 1% levels respectively.*

Table 18: Pedroni Co-integration Result for ROE, BODOWN, BODAUD, BODIND, BODAGE, BSH, BSIZE and BDS

	T-Statistic	Prob.**
Within Group		
Panel ν -Statistic	-9.835071*	0.0000
Panel ρ -Statistic	-8.155881*	0.0000
Panel PP -Statistic	-1.724903*	0.0423
Panel ADF -Statistic	-3.515340*	0.2032
Between Group		
Group ρ -Statistic	1.654312	0.9510
Group PP -Statistic	-1.790921*	0.0367
Group ADF -Statistic	-0.336096	0.3684

Source: Computer output data using E-views 9.0

Note: The variance ratio test is right-sided, while the others are left-sided. () and (**) indicate that the estimated parameters are significant at the 5% and 1% levels respectively.*

In Tables 17 – 21, most of the estimate results of the Pedroni’s Residual panel co-integration tests indicate that the null of no co-integration can be rejected at the 5% significant level. This is indication that financial performance of deposit money banks are related with corporate governance in the long run.

Table 19: Pedroni Co-integration Result for NIG, BODOWN, BODAUD, BODIND, BODAGE, BSH, BSIZE and BDS

	T-Statistic	Prob.**
Within Group		
Panel v -Statistic	-9.186963*	0.0000
Panel ρ -Statistic	-10.25159*	0.0000
Panel PP -Statistic	-15.064607*	0.0000
Panel ADF -Statistic	-16.205003*	0.0000
Between Group		
Group ρ -Statistic	1.759876	0.9608
Group PP -Statistic	-19.996737*	0.0000
Group ADF -Statistic	-20.037169*	0.0000

Source: Computer output data using E-views 9.0

Note: The variance ratio test is right-sided, while the others are left-sided. (*) and (**) indicate that the estimated parameters are significant at the 5% and 1% levels respectively.

Table 20: Pedroni Co-integration Result for EPS, BODOWN, BODAUD, BODIND, BODAGE, BSH, BSIZE and BDS

	T-Statistic	Prob.**
Within Group		
Panel v -Statistic	-7.267685*	0.0000
Panel ρ -Statistic	-5.220094*	0.0000
Panel PP -Statistic	-2.478327*	0.0066
Panel ADF -Statistic	-0.743718	0.2285
Between Group		
Group ρ -Statistic	1.725133	0.9577
Group PP -Statistic	-2.697116*	0.0035
Group ADF -Statistic	-0.610781	0.2707

Source: Computer output data using E-views 9.0

Note: The variance ratio test is right-sided, while the others are left-sided. (*) and (**) indicate that the estimated parameters are significant at the 5% and 1% levels respectively.

Table 21: Pedroni Co-integration Result for NPM, BODOWN, BODAUD, BODIND, BODAGE, BSH, BSIZE and BDS

	T-Statistic	Prob.**
Within Group		
Panel v -Statistic	-9.097739*	0.0000
Panel ρ -Statistic	-8.430923*	0.0000
Panel PP -Statistic	-7.137932*	0.0000
Panel ADF -Statistic	0.348424	0.6362
Between Group		
Group ρ -Statistic	-9.957658*	0.0000
Group PP -Statistic	-7.449640*	0.0000
Group ADF -Statistic	0.702813	0.7589

Source: Computer output data using E-views 9.0

Note: The variance ratio test is right-sided, while the others are left-sided. (*) and (**) indicate that the estimated parameters are significant at the 5% and 1% levels respectively.

That notwithstanding, the results in Tables 17 – 21, are inconsistent; some statistics are significant, but there are some exceptional results, such as the panel and group versions of *ADF*-statistic and the group *rho*-statistic. Because the data applied in this paper are panel data, the varied results can be caused by the different relationships between indices of financial performance and corporate governance mechanism of deposit money banks.

4.6 Vector Error Correction Mechanism

Establishing the presence of a long run relationship between financial performance of deposit money and corporate governance mechanism calls for the determination of the short run dynamics through the Vector Error Correction Model (VECM). The essence of the VECM is to ascertain if or not all the variations in the dependent variable were as a result of the co-integrating vectors trying to return to equilibrium and the error correction term that captures this variation. On the long run linkage between return on assets and corporate governance, the error correction coefficient in Table 22, did not show the expected negative sign though significant, expressing that there is no tendency by the model to correct and move towards the equilibrium path following disequilibrium in each period. Only 164% of the error generated in the previous year is corrected in the current year.

Table 22: VECM Result: ROA, BODOWN, BODAUD, BODIND, BODAGE, BSH, BSIZE and BDS

Variables	Coefficient	Standard Error	T-Statistic
C	0.311615	0.30776	1.01253
D(ROA(-1))	-0.190959	0.06556	-2.91272
D(BODOWN(-1))	0.006516	0.05527	0.11789
D(BODAUD(-1))	-0.107590	0.29470	-0.36509
D(BODIND(-1))	-0.016209	0.01697	-0.95527
D(BODAGE(-1))	-0.044549	0.11346	-0.39263
D(BSH(-1))	-0.010313	0.03342	-0.30856
D(BSIZE(-1))	-9.44E-10	8.2E-10	-1.14623
D(BDS(-1))	0.028918	0.01872	1.54444
ECM (-1)	1.64E-05	0.00205	0.00797

Source: Computer analysis using E-views 9.0.

For return on equity and corporate governance long run relationship, Table 23 infers that the error correction coefficient showed the expected negative sign expressing that there is a tendency by the model to correct and move towards the equilibrium path following disequilibrium in each period and by implication error correction is taking place. Only 0.6% of the error generated in the previous year is corrected in the current year. Table 24 shows that for net income growth and corporate governance long run nexus. The error correction coefficient shows the expected negative sign but insignificant expressing that there is a tendency by the model to correct and move towards the equilibrium path following disequilibrium in each period. Only 0.7% of the error generated in the previous year is corrected in the current year as evidenced by ECM (-1) coefficient of -0.007661.

Table 23: VECM Result: ROE, BODOWN, BODAUD, BODIND, BODAGE, BSH, BSIZE and BDS

Variables	Coefficient	Standard Error	T-Statistic
C	0.564821	1.60277	0.35240
D(ROE(-1))	-0.200584	0.06346	-3.16103
D(BODOWN(-1))	-0.239835	0.28891	-0.83014
D(BODAUD(-1))	-0.024275	1.52859	-0.01588
D(BODIND(-1))	-0.052873	0.08806	-0.60045
D(BODAGE(-1))	0.508850	0.59563	0.85430
D(BSH(-1))	-0.026142	0.17461	-0.14972
D(BSIZE(-1))	-3.70E-09	4.3E-09	-0.86246
D(BDS(-1))	0.165581	0.09609	1.72318
ECM (-1)	-0.006420	0.01053	-0.60945

Source: Computer analysis using E-views 9.0.

Table 24: VECM Result: NIG, BODOWN, BODAUD, BODIND, BODAGE, BSH, BSIZE and BDS

Variables	Coefficient	Standard Error	T-Statistic
C	52.16560	44.1594	1.18130
D(NIG(-1))	-0.498600	0.08474	-5.88388
D(BODOWN(-1))	3.058178	7.94651	0.38485
D(BODAUD(-1))	-14.94979	42.2327	-0.35399
D(BODIND(-1))	1.155450	2.43176	0.47515
D(BODAGE(-1))	-13.15969	16.3654	-0.80412
D(BSH(-1))	0.028261	4.80748	0.00588
D(BSIZE(-1))	-3.17E-07	1.2E-07	-2.71677
D(BDS(-1))	4.860494	2.61660	1.85756
ECM (-1)	-0.007661	0.01347	-0.56879

Source: Computer analysis using E-views 9.0.

Table 25: VECM Result: EPS, BODOWN, BODAUD, BODIND, BODAGE, BSH, BSIZE and BDS

Variables	Coefficient	Standard Error	T-Statistic
C	9.981854	12.5959	0.79247
D(EPS(-1))	-0.307567	0.09425	-3.26338
D(BODOWN(-1))	0.914516	2.26140	0.40440
D(BODAUD(-1))	-1.321801	12.0346	-0.10983
D(BODIND(-1))	-0.180732	0.69546	-0.25988
D(BODAGE(-1))	2.344114	4.66807	0.50216
D(BSH(-1))	-1.195894	1.36811	-0.87412
D(BSIZE(-1))	-3.81E-08	3.4E-08	-1.11780
D(BDS(-1))	1.317605	0.75693	1.74073
ECM (-1)	-0.000882	0.00203	-0.43420

Source: Computer analysis using E-views 9.0.

For earnings per share and corporate governance long run relationship, Table 25 dispels that the error correction coefficient depicted the expected negative sign expressing that there is tendency by the model to correct and move towards the equilibrium path following disequilibrium in each period and by implication no significant error correction is taking place based on t-statistic of -0.43420. As can be seen in Table 26 based on the association between net profit margin and corporate governance in Nigeria, the ECM (-0.000155) unveils the supposed negative sign which creates the impression that 0.015% of error generated in the past period is addressed in present year, however, this is not statistically significant at 5% level of significance..

Table 26: VECM Result: NPM, BODOWN, BODAUD, BODIND, BODAGE, BSH, BSIZE and BDS

Variables	Coefficient	Standard Error	T-Statistic
C	4.496448	2.72753	1.64854
D(NPM(-1))	-0.140727	0.06303	-2.23260
D(BODOWN(-1))	0.151346	0.48919	0.30938
D(BODAUD(-1))	-0.643500	2.60966	-0.24658
D(BODIND(-1))	-0.032201	0.15084	-0.21348
D(BODAGE(-1))	-0.143730	1.00848	-0.14252
D(BSH(-1))	-0.108915	0.29630	-0.36758
D(BSIZE(-1))	-1.39E-08	7.3E-09	-1.91373
D(BDS(-1))	0.308451	0.16810	1.83491
ECM (-1)	-0.000155	0.00043	-0.36460

Source: Computer analysis using E-views 9.0.

4.7 Panel OLS Analysis of Corporate Governance and Financial Performance of Deposit Money Banks in Nigeria

This analysis of the panel OLS relationship between corporate governance and financial performance of the selected deposit money banks in Nigeria was analysed. The pooled OLS, fixed and random effect were the estimation approach used. The fixed and random effect estimations, period fixed and random effect specification were performed. This is based on the fact that all the deposit money banks operate in the same country with no difference in industry attributed specific conditions and ratios. The result of the panel OLS estimations for the models are detailed in Tables 27 – 31. The global and relative utility of the models were adopted in interpreting the output of the regression estimates.

4.7.1 Return on Assets and Corporate Governance Model Relative Utility

The Hausman test in Table 27 suggests the preference of the random effect estimation to fixed effect due to insignificant p-value of the Chi-square. There is an insignificant positive relationship between return on assets and age of directors of the board of deposit money banks in Nigeria, whereas board ownership structure, audit committee, independence and block shareholding have insignificant negative relationship with return on assets. . The coefficient of the constant 7.196817 indicates that if corporate governance variables are held constant, deposit money banks' return on assets would rise by 719.68%. A unit rise in the age of the board results in 2.02% increase in return on assets. Return on assets would depreciate by 0.88%, 8.04%, 0.9% and 0.8% following a unit rise in board ownership structure, audit committee, independence and block shareholding. For the control/moderating variables, there is a positive significant relationship between the size of the bank and return on assets,

while there is a significant negative relationship between capital/debt structure and return on assets. Invariably, a unit increase in banks' total assets and debt structure lead to 524% rise and 2.66% depreciation in return on assets respectively.

Table 27: Panel OLS Regression Result Return on Assets and Corporate Governance

Variables	Pooled OLS		Fixed Effect		Random Effect	
	Coefficient	Prob.	Coefficient	Prob.	Coefficient	Prob.
C	6.728812	0.5673	9.275830	0.4350	7.196817	0.5372
BODOWN	-0.009045	0.6227	-0.007369	0.6867	-0.008816	0.6277
BODAUD	-0.070067	0.7335	-0.132663	0.5234	-0.080357	0.6937
BODIND	-0.010035	0.3770	-0.006737	0.5757	-0.009595	0.3977
BODAGE	0.020251	0.7195	0.024683	0.6681	0.020209	0.7180
BSH	-0.008015	0.6481	-0.005053	0.7766	-0.007745	0.6564
BSIZE	5.03E-10	0.0544	6.96E-10	0.0146	5.24E-10	0.0449
BDS	-0.026346	0.0162	-0.029778	0.0091	-0.026609	0.0146
R-squared	0.127096		0.232359		0.130374	
Adjusted R-squared	0.064184		0.086507		0.067698	
S.E. of regression	2.099556		2.074363		2.080073	
Sum squared resid	489.3030		430.2980		480.2641	
Log likelihood	-254.6020		-246.8918			
F-statistic	2.020214		1.593118		2.080132	
Prob(F-statistic)	0.050317		0.072454		0.043585	
Durbin-Watson stat	1.882383		1.791944		1.867988	
Hausman Specification Test						
	Chi-Sq. Statistic		8.611971			
	P-value		0.376100			

Source: Computer output data using E-views 9.0

Note: Periods included: 12, Cross-sections included: 10, Total Number of Observations: 120

Model Global Utility

The adjusted R-square value of 0.067698 shows that the explanatory variables jointly accounted for 6.78% variations in return on assets of deposit money banks within the period of the study. The F-statistic which determine the overall significance joint influence of the independent variables shows that corporate governance and moderating variables significantly explained the variations in return on assets as the p-value is significant at 5% level ($0.04 < 0.05$). The Durbin Watson statistic of 1.89 which is the traditional test of autocorrelation is within the acceptable range of no autocorrelation in a model.

4.7.2 Return on Equity and Corporate Governance

Model Relative Utility

From the Hausman test in Table 28, the random effect is favoured as the p-value of the Chi-square is insignificant at 5% level. The result discloses that corporate governance reflected by audit committee, independence and block shareholding have insignificant negative relationship with return on equity. On the other hand, board ownership structure and age have insignificant positive relationship with return on equity of deposit money banks. According to the constant coefficient of 33.18963, keeping board ownership structure, audit committee, independence, age and block shareholding, shareholders wealth would be 3,318%. Increasing audit committee, independence and block shareholding by a unit leads to 34.12%, 3.66% and 11.49% depreciation in shareholders wealth. Subsequently, increasing board ownership structure and age by one percent, return on equity would be up by factor of 6.02% and 4.20% respectively.

Table 28: Panel OLS Regression for Return on Equity and Corporate Governance

Variables	Pooled OLS		Fixed Effect		Random Effect	
	Coefficient	Prob.	Coefficient	Prob.	Coefficient	Prob.
C	33.18963	0.6112	51.70416	0.4342	33.18963	0.6078
BODOWN	0.060172	0.5530	0.082920	0.4126	0.060172	0.5492
BODAUD	-0.341287	0.7650	-0.768974	0.5059	-0.341287	0.7628
BODIND	-0.036579	0.5596	-0.010971	0.8688	-0.036579	0.5558
BODAGE	0.042034	0.8930	0.077140	0.8090	0.042034	0.8919
BSH	-0.114883	0.2395	-0.112202	0.2589	-0.114883	0.2350
BSIZE	3.63E-09	0.0137	4.65E-09	0.0038	3.63E-09	0.0129
BDS	-0.045214	0.4498	-0.066569	0.2851	-0.045214	0.4454
R-squared	0.134441		0.235178		0.134441	
Adjusted R-squared	0.072059		0.089862		0.072059	
S.E. of regression	11.64138		11.52916		11.64138	
Sum squared resid	15042.90		13292.16		15042.90	
Log likelihood	-460.1428		-452.7189			
F-statistic	2.155112		1.618388		2.155112	
Prob(F-statistic)	0.036362		0.065946		0.036362	
Durbin-Watson stat	1.842646		1.846575		1.842646	
Hausman Specification Test						
	Chi-Sq. Statistic		10.950898			
	P-value		0.2045000			

Source: Computer output data using E-views 9.0

Note: Periods included: 12, Cross-sections included: 10, Total Number of Observations: 120

The size of the banks still exhibited a positive significant relationship with return on equity as against banks' debt structure that showed a negative insignificant relationship. Consequently, wealth of shareholders would increase by 363% owing to a unit increase in banks' total assets, while a percentage increase in debt structure of the banks' leads to 4.52% decline in shareholders' wealth.

Global Utility of the Model

The F-statistic values of 2.155112 with a p-value of 0.036362 show that the corporate governance variables jointly and significant explained the changes in return on equity of deposit money banks. Going by the adjusted R-squared of 0.072059, it is crystal clear that the explanatory variables accounted for only 7.21% changes in return on equity. It is also observe from the Durbin Watson statistic of 1.84 that the variables in the model are free from autocorrelation problem and inference deduced is reliable in statistical terms.

4.7.3 Net Income Growth and Corporate Governance

Model Relative Utility

The Hausman test in Table 29 suggests the acceptability of the random effect estimation as a result of insignificant p-value of the Chi-square. The result in Table 29 unveils that two corporate governance variables: board independence and age have insignificant negative relationship with net income growth of deposit money banks, while board ownership structure, audit committee and block shareholding have positive relationship with net income growth. The size of the banks and debt structure have insignificant negative relationship with net income growth. The coefficient of the constant -543.6161 means that if corporate governance variables are held constant, deposit money banks' net income growth would decline by 543.62%. A unit increase in board ownership

structure, audit committee and block shareholding would result in a corresponding increase in net income growth by a factor of 187.82, 123.03 and 182.62 respectively. Conversely, increasing board independence and age by a unit would result in 128.50 and 261 factor depreciation in net income growth. Increasing the bank size and debt structure by a percentage would lead to 172 and 71 factor appreciation in net income growth of deposit money banks in Nigeria.

Table 29: Panel OLS Regression for Net Income Growth and Corporate Governance

Variables	Pooled OLS		Fixed Effect		Random Effect	
	Coefficient	Prob.	Coefficient	Prob.	Coefficient	Prob.
C	-742.2842	0.6317	-225.6488	0.8816	-543.6161	0.7126
BODOWN	1.661955	0.4861	2.152072	0.3395	1.878171	0.4025
BODAUD	17.02429	0.5325	5.106536	0.8476	12.30275	0.6355
BODIND	-0.863505	0.5611	-1.982519	0.1879	-1.285000	0.3707
BODAGE	-3.444387	0.6209	-1.581084	0.8160	-2.609665	0.6933
BSH	1.848630	0.4046	1.740890	0.4229	1.826163	0.3869
BSIZE	-1.18E-08	0.7278	-2.91E-08	0.4156	-1.72E-08	0.6025
BDS	-0.960823	0.5082	-0.226007	0.8749	-0.710129	0.6078
R-squared	0.035547		0.235724		0.041217	
Adjusted R-squared	-0.019791		0.103712		-0.013795	
S.E. of regression	291.5858		273.3598		279.0131	
Sum squared resid	10372721		8219815.		9497495.	
Log likelihood	-918.1271		-903.0061			
F-statistic	0.642366		1.785631		0.749231	
Prob(F-statistic)	0.720073		0.033162		0.630793	
Durbin-Watson stat	2.279186		2.270761		2.275993	
Hausman Specification Test						
	Chi-Sq. Statistic		12.098300			
	P-value		0.0974000			

Source: Computer output data using E-views 9.0

Note: Periods included: 12, Cross-sections included: 10, Total Number of Observations: 120

Global Utility of the Model

The adjusted R-square value of -0.013795 shows that the explanatory variables jointly and negatively accounted for only 1.38% variations in net income growth of deposit money banks within the period of the study. The F-statistic reveals that corporate governance variables insignificantly explained the variations in net income growth as the p-value of F-statistic is insignificant at 5% level. It could be deduced from the Durbin Watson statistic of 2.2 that the model is free from autocorrelation.

4.7.4 Earnings per Share and Corporate Governance

Model Relative Utility

From the Hausman test in Table 30, the random effect is favoured as the p-value of the Chi-square is insignificant at 5% level. The result depicts that board ownership structure, audit committee, independence, age and block shareholding have insignificant negative relationship with earnings per share. The coefficient of the constant 340.7749 unveils that if corporate governance variables are held constant, earnings per share of deposit money banks would up by 340.77 kobo. A unit increase in board ownership structure, audit committee, independence and block shareholding would result in a corresponding decrease in earnings per share by a factor of 45.10, 411, 42.0, 15.08 and 80.28 respectively. In terms of the control variable, a positive significant relationship was observe for earnings per share and size of the banks, while a negative insignificant relationship exists between debt structure of the banks and earnings per share.

Global Utility of the Model

The F-statistic of 9.575219 with a p-value of 0.00 show that variables corporate governance jointly and significant explained the changes in earnings per share. Judging by the adjusted R-squared of 0.365678, it is crystal clear that the explanatory variables accounted for only 36.57% changes in earnings per share. It is also observed from the Durbin Watson statistic of 2.1 that the variables in the model are free from autocorrelation problem and inference deduced is reliable in statistical terms.

Table 30: Panel OLS Regression for Earnings per Share and Corporate Governance

Variables	Pooled OLS		Fixed Effect		Random Effect	
	Coefficient	Prob.	Coefficient	Prob.	Coefficient	Prob.
C	340.7749	0.5458	439.0956	0.4474	340.7749	0.5468
BODOWN	-0.451086	0.5992	-0.421084	0.6265	-0.451086	0.6001
BODAUD	-4.114959	0.6754	-6.808074	0.4999	-4.114959	0.6762
BODIND	-0.420440	0.4353	-0.404612	0.4859	-0.420440	0.4364
BODAGE	-0.150796	0.9555	0.304593	0.9126	-0.150796	0.9556
BSH	-0.802277	0.3395	-0.637894	0.4591	-0.802277	0.3407
BSIZE	4.17E-08	0.0033	4.99E-08	0.0026	4.17E-08	0.0034
BDS	-0.482940	0.3541	-0.579892	0.3001	-0.482940	0.3553
R-squared	0.408321		0.464331		0.408321	
Adjusted R-squared	0.365678		0.362554		0.365678	
S.E. of regression	99.92360		100.1693		99.92360	
Sum squared resid	1108304.		1003390.		1108304.	
Log likelihood	-718.1236		-712.1568			
F-statistic	9.575219		4.562232		9.575219	
Prob(F-statistic)	0.000000		0.000000		0.000000	
Durbin-Watson stat	2.123497		2.051489		2.123497	
Hausman Specification Test						
	Chi-Sq. Statistic		9.292441			
	P-value		0.318200			

Source: Computer output data using E-views 9.0

Note: Periods included: 12, Cross-sections included: 10, Total Number of Observations: 120

4.7.5 Net Profit Margin and Corporate Governance

Model Relative Utility

As can be seen in Table 31, the random effect estimation is preferred owing to the insignificant p-value of the Hausman test. It is evidence from Table 31 that board ownership structure, audit committee, independence and block shareholding have insignificant negative relationship with net profit margin, whole age of the board of director related insignificantly and positively with net profit margin. When board ownership structure, audit committee, independence, age and block shareholding are kept constant, net profit margin would be 0.96%. A percentage increase in board ownership structure, audit committee, independence and block shareholding lead to 41.67%, 83.96%, 15.05% and 16.68% decline in net profit margin of deposit money banks but increasing board age by the same margin would result to 29.81%.

Table 31: Panel OLS Regression for Net Profit Margin and Corporate Governance

Variables	Pooled OLS		Fixed Effect		Random Effect	
	Coefficient	Prob.	Coefficient	Prob.	Coefficient	Prob.
C	108.2693	0.3069	140.1112	0.1969	111.1254	0.2959
BODOWN	-0.420008	0.0147	-0.382284	0.0280	-0.416760	0.0157
BODAUD	-0.776651	0.6747	-1.490984	0.4315	-0.839608	0.6511
BODIND	-0.150416	0.1404	-0.152078	0.1647	-0.150450	0.1430
BODAGE	0.295657	0.5598	0.331524	0.5267	0.298087	0.5580
BSH	-0.165948	0.2939	-0.173158	0.2870	-0.166830	0.2929
BSIZE	4.49E-09	0.0569	4.36E-09	0.0900	4.48E-09	0.0595
BDS	-0.605847	0.0000	-0.576869	0.0000	-0.603164	0.0000
R-squared	0.404248		0.461976		0.402229	
Adjusted R-squared	0.361311		0.359751		0.359147	
S.E. of regression	18.87975		18.90278		18.79748	
Sum squared resid	39565.38		35731.51		39221.32	
Log likelihood	-518.1657		-512.0504			
F-statistic	9.414886		4.519226		9.336241	
Prob(F-statistic)	0.000000		0.000000		0.000000	
Durbin-Watson stat	1.695813		1.606546		1.688316	
Hausman Specification Test						
	Chi-Sq. Statistic		6.766746			
	P-value		0.562000			

Source: Computer output data using E-views 9.0

Note: Periods included: 12, Cross-sections included: 10, Total Number of Observations: 120

Global Utility of the Model

The adjusted R-square value of 0.359147 shows that the explanatory variables jointly accounted for only 35.91% variations in net profit margin. The F-statistic shows that corporate governance measured with board ownership structure, audit committee, independence, age and block shareholding significantly explained the variations in net profit margin as the p-value (0.00) of F-statistic (9.33) is significant at 5% level. Durbin Watson value of 1.68 is still within the acceptable range of no autocorrelation in the estimated model.

4.8 Variance Decomposition

In an effort to determining which of the financial performance indices that is largely influenced by corporate governance variables, the variance decomposition was performed. The result in Table 32 shows that the independence of the board exerts greater influence on deposit money banks' return on assets compared to other indices of corporate governance applied in this study. In the second place is block shareholding, while board age, audit

committee and ownership took the third, fourth and fifth place respectively. It is worthy to note that fluctuations in return on assets was more explained by variations in return on assets itself. The size of the banks exerted greater influence on return on assets compared to debt structure. For the variations in return on equity, Table 33 depicts that board age explained more of the changes in return on equity compared to board ownership, audit committee, independence and block shareholding. Variation in return on equity was attributed majorly to change in return on equity itself compared to variables corporate governance. For the control variables, size of the banks is stronger in explaining the changes in shareholders' wealth relative to capital structure.

Table 32: Variance Decomposition of ROA

Period	S.E.	ROA	BODOWN	BODAUD	BODIND	BODAGE	BSH	BSIZE	BDS
1	2.148965	100.0000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
2	2.188214	97.43444	0.345237	0.028639	1.843694	0.002867	0.221462	0.123661	3.72E-06
3	2.214955	95.11235	0.487013	0.058533	1.980320	0.897945	1.203861	0.244937	0.015047
4	2.229931	93.83977	0.480722	0.067201	1.953885	1.590670	1.675422	0.256676	0.135650
5	2.239170	93.07623	0.507465	0.081570	1.964898	2.003735	1.929436	0.265208	0.171460
6	2.246058	92.50854	0.522092	0.096496	2.022886	2.201172	2.153555	0.315819	0.179443
7	2.253189	91.92923	0.545370	0.119554	2.051844	2.356716	2.290588	0.459569	0.247134
8	2.260482	91.35087	0.569829	0.142079	2.102397	2.465075	2.390242	0.649159	0.330350
9	2.268338	90.74103	0.596329	0.165540	2.146195	2.568378	2.453716	0.890791	0.438021
10	2.276656	90.10709	0.624398	0.188326	2.194086	2.669899	2.493344	1.159825	0.563031

Source: Computer analysis using E-views 9.0

Table 33: Variance Decomposition of ROE

Period	S.E.	ROE	BODOWN	BODAUD	BODIND	BODAGE	BSH	BSIZE	BDS
1	11.14163	100.0000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
2	11.50471	94.34740	0.039748	0.096878	1.176985	0.644162	0.196706	3.131685	0.366433
3	11.82814	89.37861	0.161907	0.119026	1.296913	1.879586	2.274645	4.458269	0.431046
4	11.99627	86.89100	0.177435	0.117128	1.357455	2.478119	3.231285	5.225562	0.522011
5	12.09175	85.52447	0.228882	0.115838	1.412203	2.791333	3.882344	5.531079	0.513855
6	12.14560	84.77171	0.261035	0.119075	1.428249	2.924122	4.285640	5.689453	0.520716
7	12.18263	84.26624	0.291102	0.127552	1.450374	3.005637	4.533320	5.765848	0.559922
8	12.21040	83.89815	0.314547	0.135594	1.467459	3.064441	4.677712	5.815117	0.626976
9	12.23332	83.60345	0.335002	0.141044	1.484538	3.119257	4.756479	5.852399	0.707830
10	12.25366	83.34824	0.352026	0.144556	1.500611	3.177209	4.794312	5.886926	0.796122

Source: Computer analysis using E-views 9.0

Table 34: Variance Decomposition of NIG

Period	S.E.	NIG	BODOWN	BODAUD	BODIND	BODAGE	BSH	BSIZE	BDS
1	313.8559	100.0000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
2	319.3935	97.12737	0.110125	0.022239	0.452837	0.339162	0.483187	0.299085	1.165996
3	326.7106	93.37259	0.105778	0.024360	0.433804	1.423544	0.583005	0.623862	3.433059
4	328.3402	92.45049	0.112234	0.039166	0.472626	2.312204	0.577270	0.622747	3.413263
5	328.6199	92.30079	0.112065	0.040345	0.496534	2.394743	0.584467	0.637945	3.433107
6	328.8107	92.19367	0.115847	0.040678	0.508225	2.449609	0.601757	0.643348	3.446866
7	328.9628	92.11331	0.118407	0.041486	0.525882	2.470042	0.614254	0.667460	3.449158
8	329.1213	92.03027	0.121497	0.042846	0.547048	2.475894	0.623838	0.712631	3.445973
9	329.3005	91.93570	0.124198	0.044568	0.569782	2.476804	0.631043	0.775482	3.442419
10	329.5035	91.82840	0.126756	0.046573	0.592881	2.476165	0.635637	0.853668	3.439923

Source: Computer analysis using E-views 9.0

Table 35: Variance Decomposition of EPS

Period	S.E.	EPS	BODOWN	BODAUD	BODIND	BODAGE	BSH	BSIZE	BDS
1	104.6730	100.0000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
2	115.8748	93.70423	0.309287	0.241191	1.139963	0.774600	1.852650	0.922871	1.055214
3	123.2022	88.12848	0.326010	0.311430	1.782541	2.555842	3.128739	2.634431	1.132525
4	128.8035	83.21732	0.299177	0.285093	2.244478	3.837699	4.200297	4.526647	1.389286
5	132.3489	79.72289	0.291381	0.270170	2.563929	4.877554	4.981622	5.885821	1.406635
6	134.8835	77.35270	0.284500	0.260694	2.755883	5.478062	5.562688	6.906207	1.399263
7	136.6343	75.70325	0.283856	0.259546	2.907257	5.867447	6.008841	7.601012	1.368793
8	137.9059	74.55475	0.286335	0.261763	3.015910	6.106265	6.335596	8.095380	1.343999
9	138.8547	73.72378	0.290370	0.264598	3.103384	6.270238	6.569704	8.444378	1.333553
10	139.5919	73.10299	0.295392	0.266924	3.173170	6.393085	6.729138	8.700128	1.339170

Source: Computer analysis using E-views 9.0

Table 36: Variance Decomposition of NPM

Period	S.E.	NPM	BODOWN	BODAUD	BODIND	BODAGE	BSH	BSIZE	BDS
1	20.75337	100.0000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
2	22.06333	96.92236	0.015860	0.149819	0.609287	0.087301	0.257266	1.956370	0.001733
3	22.66528	93.04008	0.515411	0.446690	0.627112	0.811055	0.654274	3.479299	0.426080
4	23.07495	90.25246	0.724898	0.581621	0.733953	1.492326	0.956522	4.751220	0.506996
5	23.54378	87.10413	0.995362	0.671073	0.983714	2.193619	1.136768	6.140209	0.775122
6	23.99916	84.23676	1.179288	0.733255	1.388418	2.721686	1.297120	7.498832	0.944642
7	24.49145	81.32614	1.347709	0.804233	1.840984	3.218957	1.426490	8.897793	1.137690
8	24.99863	78.52064	1.485599	0.876752	2.355566	3.662245	1.543028	10.24626	1.309912
9	25.52582	75.78803	1.606266	0.948844	2.891839	4.089088	1.645434	11.55275	1.477745
10	26.06858	73.15334	1.709554	1.015843	3.444770	4.502310	1.736696	12.80096	1.636526

Source: Computer analysis using E-views 9.0

The revelation in Table 35 unveils that block shareholding was more influential in the variation in earnings per share of the banks. This is followed by board age, independence, ownership structure and audit committee was the least in discussing the variation in net income growth. For the moderating variables, the size of the banks was greater in explaining the changes in earnings per share relative to capital structure. Finally, from Table 36, board age caused the most changes in net profit margin of deposit money banks in

Nigeria within the period studied. This is seconded by the independence of the board, while block shareholding, ownership structure and audit were in third, fourth and fifth place respectively.

4.9 Impulse Response Function

Determination of how changes in corporate governance mechanism of the deposit money banks affect financial performance as measured by return on assets, return on equity, net income growth, earnings per share and net profit margin, the impulse response function was estimated. The result in Table 37 indicates that return on assets responds negatively to any change in board ownership and block shareholding both in the short and long run, while the reverse (positive) is the case for audit committee of the banks, independence and age. For the moderating variables, return on assets responds positively to capital structure and size of the banks in short run but negatively in the long run. With the result in Table 38, wealth of the shareholders responds negatively to board independence and block shareholding but positively to board audit and age both in the short and long run. Return on equity responds positively to size of the banks and capital structure only in the short run but negatively in the long run.

Table 37: Impulse Response of ROA

Period	ROA	BODOWN	BODAUD	BODIND	BODAGE	BSH	BSIZE	BDS
1	2.148965	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
2	0.217682	0.128573	-0.037031	-0.297122	0.011716	-0.102977	0.076950	-0.000422
3	-0.028316	-0.085803	0.038734	0.094201	0.209562	-0.220131	0.078073	0.027166
4	0.005615	-0.003371	0.021680	-0.001917	0.187201	-0.155725	0.027328	0.077506
5	-0.021501	-0.039234	0.027353	0.036864	0.146176	-0.115878	-0.023103	-0.043029
6	0.010892	-0.029912	0.027896	0.059434	0.102856	-0.109098	-0.051334	-0.021347
7	0.016462	-0.036732	0.034664	0.046035	0.092752	-0.087452	-0.086019	-0.059111
8	0.026577	-0.037806	0.034501	0.057084	0.079452	-0.076460	-0.099191	-0.065830
9	0.033538	-0.039576	0.035464	0.054787	0.078692	-0.064159	-0.112534	-0.075217
10	0.038036	-0.040991	0.035265	0.057391	0.078949	-0.054604	-0.119504	-0.081517

Source: Computer analysis using E-views 9.0

Table 38: Impulse Response of ROE

Period	ROE	BODOWN	BODAUD	BODIND	BODAGE	BSH	BSIZE	BDS
1	11.14163	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
2	0.860782	-0.229367	0.358087	-1.248134	0.923365	-0.510252	2.035940	0.696423
3	0.410243	0.417021	0.195694	-0.506562	1.333053	-1.709381	1.446474	0.343584
4	0.011999	0.169798	0.045135	-0.372927	0.967801	-1.211535	1.132604	0.384933
5	0.022960	0.281606	0.028419	-0.333571	0.717599	-1.013034	0.752920	-0.009013
6	0.076523	0.224540	0.079290	-0.205191	0.481994	-0.803492	0.553009	-0.129726
7	0.115775	0.216739	0.116851	-0.213781	0.383826	-0.637340	0.405749	-0.250755
8	0.148353	0.192164	0.113375	-0.187876	0.328683	-0.495972	0.335431	-0.322128
9	0.170301	0.179926	0.094423	-0.183796	0.314965	-0.379584	0.297277	-0.352865
10	0.182360	0.165020	0.077307	-0.177562	0.320242	-0.283728	0.284597	-0.368915

*Source: Computer analysis using E-views 9.0***Table 39: Impulse Response of NIG**

Period	NIG	BODOWN	BODAUD	BODIND	BODAGE	BSH	BSIZE	BDS
1	313.8559	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
2	-24.00446	10.59911	4.763053	21.49300	-18.60071	22.20156	-17.46721	34.48852
3	-24.16572	-0.752446	-1.820778	1.045433	-34.25641	11.37492	-18.99488	-49.74921
4	1.632142	2.844123	-4.027670	6.817842	-31.19676	-0.202960	-2.336148	-3.912338
5	2.858940	0.155333	1.159662	-5.165934	-9.663455	2.971890	-4.190042	-5.262983
6	0.027656	2.056460	-0.640676	-3.641876	-7.894563	4.407643	2.577389	-4.380011
7	2.289915	1.698882	-0.956685	-4.428951	-4.955924	3.758364	5.170688	-2.434661
8	2.473312	1.863096	-1.231638	-4.845238	-2.985812	3.319937	7.044542	-0.382748
9	2.456438	1.752779	-1.384804	-5.029720	-1.977020	2.923953	8.306350	0.460978
10	2.544406	1.715719	-1.495417	-5.083416	-1.618305	2.414806	9.269621	1.376468

*Source: Computer analysis using E-views 9.0***Table 40: Impulse Response of EPS**

Period	EPS	BODOWN	BODAUD	BODIND	BODAGE	BSH	BSIZE	BDS
1	104.6730	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
2	40.31384	6.444211	5.690754	-12.37184	10.19830	-15.77196	11.13164	11.90307
3	28.19915	-2.820726	3.858323	-10.84000	16.85053	-15.03827	16.61207	5.497301
4	20.71724	0.387483	0.163133	-10.08952	15.77154	-14.89761	18.73796	7.653996
5	12.58625	-1.185133	0.159970	-8.759981	14.75386	-13.25704	16.73284	3.987761
6	10.42869	-0.849484	0.325545	-7.231137	11.92855	-11.80924	15.01700	2.861172
7	7.731574	-1.110077	1.012339	-6.431209	9.936558	-10.47547	12.74922	0.981412
8	6.772881	-1.209299	1.152279	-5.550987	8.118047	-9.117030	10.97978	-0.251915
9	5.962661	-1.236867	1.110902	-4.978433	6.902843	-7.859630	9.409904	-1.230832
10	5.510977	-1.254799	0.998156	-4.468658	6.067043	-6.674808	8.195696	-1.957572

*Source: Computer analysis using E-views 9.0***Table 41: Impulse Response of NPM**

Period	NPM	BODOWN	BODAUD	BODIND	BODAGE	BSH	BSIZE	BDS
1	20.75337	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
2	6.411439	0.277855	0.853993	-1.722194	0.651898	-1.119084	-3.086005	-0.091846
3	2.480297	-1.603290	1.251162	0.505583	1.934305	-1.452155	-2.889680	-1.476618
4	1.609791	-1.100908	0.895627	0.828487	1.944076	-1.316027	-2.724766	-0.714621
5	1.508167	-1.287496	0.789280	1.242926	2.052683	-1.099175	-2.955969	-1.263748
6	1.530692	-1.129086	0.709531	1.594963	1.875197	-1.081513	-3.025635	-1.069664
7	1.627791	-1.136554	0.775104	1.745298	1.905910	-1.041941	-3.190843	-1.176206
8	1.697256	-1.095446	0.809357	1.917779	1.891618	-1.042275	-3.265019	-1.166977
9	1.763552	-1.087167	0.838608	2.030177	1.938209	-1.038387	-3.352896	-1.201022
10	1.821684	-1.073181	0.849124	2.137140	1.988269	-1.039697	-3.423101	-1.221822

Source: Computer analysis using E-views 9.0

From Table 39, net income growth responds negatively to board audit and age, while positively to ownership structure and block shareholding in short and long run. Net income growth responds negatively to capital structure both in the short and long run, whereas it responds negatively to size of banks in the short run only but positive in the long run. Any variation in independence of the board would cause a positive change in net income growth only in the short run but negatively in the long run. It is evidence in Table 40 that in the short and long term, earnings per share is affected negatively by any change in board ownership, independence and block shareholding but positively for board audit committee and age. The size of the banks would affect earnings per share positively both in the short and long run, while capital structure influences earnings per share positively in the short run but negatively in the long run. Finally, from Table 41, net profit margin of deposit money banks in Nigeria responds positively to board age of the board, audit committee and independence but negatively to ownership of the board and block shareholding that is, individuals or corporate entities with block shareholding in the banks. The control variables via capital structure and size of the banks affects net profit margin both in short and long run.

4.10 Granger Causality Effect Result

To examine the effect of corporate governance on financial performance of deposit money banks in Nigeria measured by return on assets, return on equity, net income growth, earnings per share and net profit margin, the granger causality test was utilized. The idea of using granger causality over the panel ordinary least square regression premises that the granger causality test is structured to depict the ability of one variable to predict another. This is unlike the OLS that only reveals relationship but cannot unveil the predicting

power of one variable on the other. Table 42 reveals that it is only the age of board of directors of deposit money banks that has significant effect on return on assets. This is based on the fact that there is a unidirectional causal relationship between board age and return on assets of banks. Causality flows from board age to return on assets of banks at 5% level of significance. It is obvious that board ownership structure, audit committee, independence and block shareholding have no significant effect on return on assets of deposit money banks as there is no evidence of causality flowing from either direction.

Table 42: Granger Causality Test for Return on Assets and Corporate Governance

Null Hypothesis:	Obs	F-Statistic	Prob.	Remarks
BODOWN does not Granger Cause ROA	120	1.06041	0.3052	No Causality
ROA does not Granger Cause BODOWN		0.57288	0.4506	No Causality
BODAUD does not Granger Cause ROA	120	0.02298	0.8798	No Causality
ROA does not Granger Cause BODAUD		0.10821	0.7428	No Causality
BODIND does not Granger Cause ROA	120	0.20398	0.6524	No Causality
ROA does not Granger Cause BODIND		0.43582	0.5104	No Causality
BODAGE does not Granger Cause ROA	120	6.72083	0.0107	Causality
ROA does not Granger Cause BODAGE		0.56745	0.4528	No Causality
BSH does not Granger Cause ROA	120	1.44194	0.2323	No Causality
ROA does not Granger Cause BSH		0.12961	0.7195	No Causality
BSIZE does not Granger Cause ROA	120	2.92435	0.0899	No Causality
ROA does not Granger Cause BSIZE		0.21955	0.6403	No Causality
BDS does not Granger Cause ROA	120	0.07036	0.7913	No Causality
ROA does not Granger Cause BDS		0.16070	0.6892	No Causality

Source: Computer analysis using E-views 9.0.

Table 43: Granger Causality Test for Return on Equity and Corporate Governance

Null Hypothesis:	Obs	F-Statistic	Prob.	Remarks
BODOWN does not Granger Cause ROE	120	0.03915	0.8435	No Causality
ROE does not Granger Cause BODOWN		1.55561	0.2148	No Causality
BODAUD does not Granger Cause ROE	120	0.39850	0.5291	No Causality
ROE does not Granger Cause BODAUD		0.35019	0.5551	No Causality
BODIND does not Granger Cause ROE	120	0.41480	0.5208	No Causality
ROE does not Granger Cause BODIND		0.08778	0.7675	No Causality
BODAGE does not Granger Cause ROE	120	5.01975	0.0269	Causality
ROE does not Granger Cause BODAGE		0.95691	0.3300	No Causality
BSH does not Granger Cause ROE	120	5.52932	0.0204	Causality
ROE does not Granger Cause BSH		0.16913	0.6816	No Causality
BSIZE does not Granger Cause ROE	120	5.18271	0.0246	Causality
ROE does not Granger Cause BSIZE		0.36574	0.5465	No Causality
BDS does not Granger Cause ROE	120	3.00348	0.0857	No Causality
ROE does not Granger Cause BDS		0.18615	0.6669	No Causality

Source: Computer analysis using E-views 9.0.

From Table 43, the age of directors in the board and individuals/entities with block shareholding have significant effect on the return on equity of deposit money banks. There is a one way causal relationship between return on equity, board age and block shareholding at a significance level of 5%. Deposit money banks' return on equity is not affected by ownership structure, audit committee and independence. The size of the banks' board was found to have significant effect on return on equity as the p-value of 0.0246 is significant at 5% level of significance.

Table 44: Granger Causality Test for Net Income Growth and Corporate Governance

Null Hypothesis:	Obs	F-Statistic	Prob.	Remarks
BODOWN does not Granger Cause NIG	120	1.73271	0.1906	No Causality
NIG does not Granger Cause BODOWN		0.03407	0.8539	No Causality
BODAUD does not Granger Cause NIG	120	0.27872	0.5985	No Causality
NIG does not Granger Cause BODAUD		0.01637	0.8984	No Causality
BODIND does not Granger Cause NIG	120	0.11312	0.7372	No Causality
NIG does not Granger Cause BODIND		0.38701	0.5351	No Causality
BODAGE does not Granger Cause NIG	120	3.78773	0.0540	No Causality
NIG does not Granger Cause BODAGE		0.19284	0.6614	No Causality
BSH does not Granger Cause NIG	120	0.00030	0.9862	No Causality
NIG does not Granger Cause BSH		0.33383	0.5645	No Causality
BSIZE does not Granger Cause NIG	120	2.13615	0.1465	No Causality
NIG does not Granger Cause BSIZE		7.13473	0.0086	Causality
BDS does not Granger Cause NIG	120	0.00209	0.9636	No Causality
NIG does not Granger Cause BDS		3.53203	0.0627	No Causality

Source: Computer analysis using E-views 9.0.

Table 45: Granger Causality Test for Earnings per Share and Corporate Governance

Null Hypothesis:	Obs	F-Statistic	Prob.	Remarks
BODOWN does not Granger Cause EPS	120	0.65112	0.4213	No Causality
EPS does not Granger Cause BODOWN		0.05878	0.8089	No Causality
BODAUD does not Granger Cause EPS	120	0.78583	0.3772	No Causality
EPS does not Granger Cause BODAUD		0.62836	0.4296	No Causality
BODIND does not Granger Cause EPS	120	0.06386	0.8009	No Causality
EPS does not Granger Cause BODIND		1.99385	0.1606	No Causality
BODAGE does not Granger Cause EPS	120	5.03273	0.0268	Causality
EPS does not Granger Cause BODAGE		0.18328	0.6694	No Causality
BSH does not Granger Cause EPS	120	4.61081	0.0338	Causality
EPS does not Granger Cause BSH		1.07498	0.3020	No Causality
BSIZE does not Granger Cause EPS	120	6.14905	0.0146	Causality
EPS does not Granger Cause BSIZE		7.46655	0.0073	Causality
BDS does not Granger Cause EPS	120	3.36053	0.0693	No Causality
EPS does not Granger Cause BDS		0.00932	0.9232	No Causality

Source: Computer analysis using E-views 9.0.

With inference from Table 44, at a significance level of 5%, there is no causal relationship between financial performance of deposit money banks as

measured by net income growth and the board ownership structure, audit committee, independence, age and block shareholding. In other words, net income growth is not influenced significantly by corporate governance mechanism of board ownership structure, audit committee, independence, age and block shareholding. An amazing finding from Table 44 is that it is the growth in net income of the banks that determines the number of branches as well as the assets of the banks. In Table 45, earnings per share of deposit money banks is significantly affected by changes in age of board of directors as well as block shareholding. This is adduced based on the existence of unidirectional causal relationship observed between earnings per share, board age and block shareholding. Board ownership structure, audit committee and independence do not determine the earnings per share of banks in Nigeria. In addition, there is a bidirectional relationship between earnings per share and size of the banks. This is to say that it is the size of the banks that determines the amount of money that banks pay as dividend on one hand, while on the other hand, earnings per share of the banks determines the amount of branches to be established as well as their assets.

Table 46: Granger Causality Test for Net Profit Margin and Corporate Governance

Null Hypothesis:	Obs	F-Statistic	Prob.	Remarks
BODOWN does not Granger Cause NPM	120	3.54668	0.0621	No Causality
NPM does not Granger Cause BODOWN		0.79392	0.3747	No Causality
BODAUD does not Granger Cause NPM	120	0.13330	0.7154	No Causality
NPM does not Granger Cause BODAUD		0.15533	0.6942	No Causality
BODIND does not Granger Cause NPM	120	1.36931	0.2443	No Causality
NPM does not Granger Cause BODIND		1.72130	0.1921	No Causality
BODAGE does not Granger Cause NPM	120	13.1719	0.0004	Causality
NPM does not Granger Cause BODAGE		1.26266	0.2634	No Causality
BSH does not Granger Cause NPM	120	1.91827	0.1687	No Causality
NPM does not Granger Cause BSH		0.03239	0.8575	No Causality
BSIZE does not Granger Cause NPM	120	0.86459	0.3544	No Causality
NPM does not Granger Cause BSIZE		0.06632	0.7972	No Causality
BDS does not Granger Cause NPM	120	5.24450	0.0238	Causality
NPM does not Granger Cause BDS		0.01432	0.9050	No Causality

Source: Computer analysis using E-views 9.0.

In the light of the result in Table 46, it only the age of board of directors that determines the variation in net profit margin of deposit money banks in Nigeria. The reason is that there is a one way relationship between net profit margin and board age which is significant at 5% level of significance. Put differently, board age has significant effect on net profit margin of deposit money banks. The size of the banks via total assets is an important determinant of the net profit margin of deposit money banks in Nigeria as there is unidirectional causal relationship between net profit margin and bank size, causality runs from bank size to net profit margin at 5% significance level.

4.11 Hypotheses Testing

Hypothesis Decision Criteria: If the p-value of F-statistic in granger causality test is less than 0.05, the null hypothesis is rejected. On the other hand, if the p-value of F-statistic in granger causality test is greater than 0.05, the null hypothesis is accepted.

4.11.1 Hypothesis One

Restatement of Research Hypothesis

H₀: Board ownership has no significant effect on return on assets of deposit money banks in Nigeria.

H₁: Board ownership has significant effect on return on assets of deposit money banks in Nigeria.

Table 47 unveils that the p-value of the f-statistic for board age is significant at 5% level of significance, while that of board ownership, audit committee, independence and block shareholding are insignificant 5% level of significance. This is an indication that board ownership structure has no significant effect on return on equity of deposit money banks in Nigeria

Consequently, the null hypothesis is accepted, whereas the null hypothesis is rejected.

Table 47: Test of Hypothesis One

Estimated Model	f-statistic	P-value	Decision
ROA→BODOWN+BODAUD+BODIND+BODAGE+BSH			
BODOWN	1.06041	0.3052	Accept H ₀ and Reject H ₁
BODAUD	0.02298	0.8798	
BODIND	0.20398	0.6524	
BODAGE	6.72083	0.0107	
BSH	1.44194	0.2323	

Source: Granger Causality Output in Table 42

4.11.2 Hypothesis Two

Restatement of Research Hypothesis

H₀: Block shareholding has no significant effect on return on equity of deposit money banks in Nigeria.

H₁: Block shareholding has significant effect on return on equity of deposit money banks in Nigeria.

As can be seen in Table 48, there is only a causal relationship between return on equity, board age and block shareholding, whereas no evidence of causality between return on equity, board ownership, audit committee and independence. This implies that it is block shareholding and age of the board that have significant effect on return on equity of deposit money banks in Nigeria. With this result, the null hypothesis that block shareholding has no significant effect on return on equity of deposit money banks in Nigeria is rejected, while the alternate hypothesis is accepted.

Table 48: Test of Hypothesis Two

Estimated Model	f-statistic	P-value	Decision
ROE→BODOWN+BODAUD+BODIND+BODAGE+BSH			
BODOWN	0.03915	0.8435	Reject H ₀ and Accept H ₁
BODAUD	0.39850	0.5291	
BODIND	0.41480	0.5208	
BODAGE	5.01975	0.0269	
BSH	5.52932	0.0204	

Source: Granger Causality Output in Table 42

4.11.3 Hypothesis Three

Restatement of Research Hypothesis

H₀: Board independence has no significant effect on net income growth of deposit money banks in Nigeria.

H₁: Board independence has significant effect on net income growth of deposit money banks in Nigeria.

From the causality output in Table 49, it is vivid that board ownership, audit committee, independence, age and block shareholding have no significant effect on net income growth of deposit money banks owing to the fact that the p-values of 0.1906, 0.5985, 0.7372, 0.0540 and 0.9862 are higher than 0.05. Therefore, the null hypothesis that board independence has no significant effect on net income growth of deposit money banks in Nigeria is accepted, and the alternate hypothesis is rejected.

Table 49: Test of Hypothesis Three

Estimated Model	f-statistic	P-value	Decision
NIG→BODOWN+BODAUD+BODIND+BODAGE+BSH			
BODOWN	1.73271	0.1906	
BODAUD	0.27872	0.5985	
BODIND	0.11312	0.7372	
BODAGE	3.78773	0.0540	Accept H ₀ and Reject H ₁
BSH	0.00030	0.9862	

Source: Granger Causality Output in Table 43

4.11.4 Hypothesis Four

Restatement of Research Hypothesis

H₀: Board age has no significant effect on earnings per share of deposit money banks in Nigeria.

H₁: Board age has significant effect on earnings per share of deposit money banks in Nigeria.

The hypothesis output in Table 50 depicts that causality flows from board age and block shareholding to earnings per share at 5% level of significance. By implication, board age and block shareholding have significant effect on

earnings per share. In this regard, the null hypothesis that board age has no significant effect on earnings per share of deposit money banks in Nigeria is rejected, whereas alternate hypothesis is accepted.

Table 50: Test of Hypothesis Four

Estimated Model	f-statistic	P-value	Decision
EPS→BODOWN+BODAUD+BODIND+BODAGE+BSH			
BODOWN	0.65112	0.4213	
BODAUD	0.78583	0.3772	
BODIND	0.06386	0.8009	
BODAGE	5.03273	0.0268	Reject H ₀ and Accept H ₁
BSH	4.61081	0.0338	

Source: Granger Causality Output in Table 44

4.11.5 Hypothesis Five

Restatement of Research Hypothesis

H₀: Board audit committee has no significant effect on net profit margin of deposit money banks in Nigeria.

H₁: Board audit committee has significant effect on net profit margin of deposit money banks in Nigeria.

With inference from the hypothesis outcome in Table 51, there is unidirectional relationship between board age and net profit margin of deposit money banks in Nigeria. Invariably, board age has significant effect on net profit margin of deposit money banks in Nigeria, while there is no significant effect of board ownership structure, board audit committee, board independence and block shareholding on net profit margin of banks. Hence, the null hypothesis is accepted, whereas the alternate is rejected.

Table 51: Test of Hypothesis Five

Estimated Model	f-statistic	P-value	Decision
NPM→BODOWN+BODAUD+BODIND+BODAGE+BSH			
BODOWN	3.54668	0.0621	
BODAUD	0.13330	0.7154	Accept H ₀ and Reject H ₁
BODIND	1.36931	0.2443	
BODAGE	13.1719	0.0004	
BSH	1.91827	0.1687	

Source: Granger Causality Output in Table 45

4.12 Discussion of Findings

Table 27 reveals that there is a negative relationship between board independence and return on assets of deposit money banks in Nigeria. This may be attributed to the fact that the appointment of members into the board are majorly based on friendship rather than experience. In the Nigerian banking sector, most directors use their power to influence management decisions and undermine the proper functioning of the board, thereby affecting firm performance negatively. These findings agree with the agency theory that as board size becomes large, the agency problem related to director freeriding increases and will give the managers the spaces to pursue their own interests instead of aligning the interests of the shareholders which lowers the firm's performance. This supports the findings of Adigwe, Nwanna and John (2016) and Abobakr (2017) but disagrees with Ene and Alem (2016) and Uadiale (2016). The result on the relationship between board independence and return on assets discloses that a higher independence of the board would lead to appreciation in performance of banks in Nigeria expressed via return on assets.

In Table 28 there was evidence of positive relationship between board ownership structure, age of the board of directors and return on equity of deposit money banks. This favours the agency cost theory that the greater the share board members have in the firm, the greater the costs they will incur for not maximising the wealth of shareholders. Hence, aligning the interests between principals and agents resolves for the agency problem and achieves the main goal of the shareholders, which is value maximization, consequently affecting firm performance positively. This is in line with Odili, Ezeudu and Oriara (2015), Hoque, Islam and Ahmed (2013) and Ermina (2010). The negative relationship between independence of the board affirms the study of

Pan (2014), Vesna and Kiril (2014), Ogege and Bolupremo (2014) but disagree with Shungu, Ngirande and Ndlovu (2014) and Mohammed and Tank (2015).

There is a positive influence of board audit committee on net income growth of banks in Nigeria as evidenced in Table 29 favours the notion that the purpose of board audit committee is to increase the truth worthiness of the financial reports by auditing of financial statements. This is in unison with Geogantopoulous and Filos (2017). It is also in agreement with Onakoya, Ofoegbu and Fasanya (2012) who noted that directors and board audit committees that are independent from management should improve the firm's reporting system and the quality of reported earnings because they are not subject to potential conflicts of interest that reduce their monitoring capacity. Invariably, the current composition of board audit committee of three members within the management and three from shareholders as stipulated by the Central Bank of Nigeria corporate governance code for commercial banks in Nigeria has positive effect on net profit margin.

The negative nexus between earnings per share and block shareholding in Table 30 is in unison with the work of Alam and Bangledesh (2017) that block shareholding decreases financial performance of banks. Nevertheless, disagree with the result of Ermina (2010). The negative relationship between block shareholding and earnings per share supports the agency theory that higher ownership concentration could induce the prioritisation of self-interest by large shareholders and the consequent expropriation of a firm's resources resulting in decreased firm performance. The negative relationship between board independence and earnings per share might be that non-executive

directors are not involved in day to day affairs of the banks; this will undermine their ability to monitor and advise the board because of the lack of the information that they have which will reduce the non-executive director ability to apply their function efficiently.

The negative relationship between block shareholding and net profit margin is evidence that block shareholding does not increase the net profit margin of banks operating in Nigeria. This supports the work of Ferede (2012), and it agrees with the perspective of the agency theory that block shareholders are able to dominate the executive and management structure of firms by filling key positions; such owner managers are in a position to execute activities that benefit them but which may be detrimental to the interests of minority shareholders and the firm's performance. Thus, the fundamental problem of concentrated ownership is the opportunities for nepotism that arise from it. This is in contrast to the stakeholder's theory which asserts that the sole responsibility of business is to increase profits. It is based on this premise that management are hired as the agent of the shareholders to run the company for their benefit.

The observed signs of the corporate governance variables were interpreted based on the supposed relationship of these variables and financial performance in accordance with the agency cost theory. The observed signs of the explanatory variables are presented in Tables Table 52 – 56.

Table 52: Return on Assets

Independent Variables	Supposed Signs	Observed Signs	Remarks
BODOWN	-	-	Accepted
BODAUD	+	-	Rejected
BODIND	+	-	Rejected
BODAGE	+	+	Accepted
BSH	+	-	Rejected
BSIZE	+	+	Accepted
BDS	-	-	Rejected

Source: Panel OLS Regression Result in Table 27

Table 53: Return on Equity

Independent Variables	Supposed Signs	Observed Signs	Remarks
BODOWN	-	+	Accepted
BODAUD	+	-	Rejected
BODIND	+	-	Rejected
BODAGE	+	+	Accepted
BSH	+	-	Rejected
BSIZE	+	+	Accepted
BDS	-	-	Rejected

Source: Panel OLS Regression Result in Table 28

Table 54: Net Income Growth

Independent Variables	Supposed Signs	Observed Signs	Remarks
BODOWN	-	+	Rejected
BODAUD	+	+	Accepted
BODIND	+	-	Rejected
BODAGE	+	-	Rejected
BSH	+	+	Accepted
BSIZE	+	-	Rejected
BDS	-	-	Rejected

Source: Panel OLS Regression Result in Table 29

Table 55: Earnings per Share

Independent Variables	Supposed Signs	Observed Signs	Remarks
BODOWN	-	-	Accepted
BODAUD	+	-	Rejected
BODIND	+	-	Rejected
BODAGE	+	-	Rejected
BSH	+	-	Rejected
BSIZE	+	+	Accepted
BDS	-	-	Rejected

Source: Panel OLS Regression Result in Table 30

Table 56: Net Profit Margin

Independent Variables	Supposed Signs	Observed Signs	Remarks
BODOWN	-	-	Accepted
BODAUD	+	-	Rejected
BODIND	+	-	Rejected
BODAGE	+	+	Accepted
BSH	+	-	Rejected
BSIZE	+	+	Accepted
BDS	-	-	Rejected

Source: Panel OLS Regression Result in Table 31

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

This research examined the effect of corporate governance on financial performance of deposit money banks in Nigeria by specifically examining the effect of board ownership structure, audit committee, independence, age and block shareholding on return on assets, return on equity, net income growth, earnings per share and net profit margin from 2005 to 2017. The findings of the study revealed the following:

1. Age of the board of director has significant effect on return on assets of deposit money banks. Board ownership structure, audit committee, independence and block shareholding have negative relationship with return on assets.
2. Age of the board of director and block shareholding have significant effect on return on equity. Board audit committee, independence and block shareholding have negative relationship with return on equity.
3. Corporate governance variables: board ownership structure, audit committee, independence, age and block shareholding have no significant effect on net income growth. Board ownership structure, audit committee and block shareholding are positively related with net income growth.
4. Age of the board of director and block shareholding have significant effect on earnings per share of deposit money banks. Board ownership structure, audit committee, independence and block shareholding have negative relationship with earnings per share.
5. Age of the board of director has significant effect on net profit margin of deposit money banks. Net profit margin is negatively related with board

ownership structure, audit committee, independence and block shareholding.

5.2 Conclusion

This study established the effect of corporate governance variables on financial performance of deposit money banks. Corporate governance is an important issue because of the rise in corporate scandal suffered by corporate organisations arising from insider abuse by management board, and other financial recklessness. All the deposit money banks in Nigeria are subject to the code of corporate governance for banks and financial institution developed by banker's committee in 2003 and the Securities and Exchange Commission Code of Corporate Governance of 2017 for banks that are quoted on the exchange.. This study concludes that corporate governance practice has significant effect on financial performance of deposit money banks in Nigeria.. As a result, good corporate governance practice should not be regarded as threat to entrepreneurial drive and spirit but a gauge to promoting integrity and transparency in financial reports.

5.3 Recommendations

This study set out to examine the effect of corporate governance on the financial performance of selected deposit money banks quoted on the Nigerian Stock Exchange in Nigeria. In view of the findings of this research the following recommendations beneficial to stakeholders are put forward:

- Appointment into the board should be on the basis of age and experience not on friendship since it positively relates to performance and to the probability of disciplinary management turnover in poorly performing banks.

- Corporate governance efforts should focus on ownership structure of the board. Board members should not be encouraged to earn too much stake in the ownership structure of the banks as it is negatively related with performance.
- The independence of the board audit committee should be enhanced by having more outside directors compared to inside/management directors in the board audit committee to promote greater transparency and accountability.
- The holding of block shares of the banks by individuals, institutional investors or agencies should be discouraged because block shareholding could induce the prioritisation of self-interest by block shareholders and the consequent expropriation of firm resources, resulting in decreased bank performance.
- Finally, all the disclosure items in the banks' corporate governance framework in Nigeria should be given equal weight to reduce subjectivity. Nevertheless, the Central Bank of Nigeria may place higher emphasis on certain elements of governance. Some aspects of governance should be considered to be a basic component or prerequisite to implementing others and thus should be given more weight.

5.4 Contribution to Knowledge

This study provides new empirical evidence on the effect of corporate governance on deposit money banks financial performance using up-to-date data and applying the granger causality methodology in addition to the traditional OLS technique. This study contributes to knowledge by introducing

new measures of corporate governance: board age and block shareholding which were skipped by previous researchers regarding corporate governance and deposit money banks performance nexus in Nigeria banking industry. In addition, the aspect of how much deposit money banks' shareholders would earn by virtue of their stocks being traded on the floor of the exchange which often is neglected was determined through earnings per share.

5.5 Suggestions for Further Studies

This study examined the effect of corporate governance on financial performance of deposit money banks in Nigeria using return on assets, return on equity, net income growth, earnings per share and net profit margin of banks as an element of deposit money banks in Nigeria. Further studies should extend to other non-bank financial institutions such as insurance companies, finance houses, brokerage firms, among others or the financial institution in totality. Furthermore, the analysis in this study was performed using data for the time frame 2005 to 2017. However, extending beyond this period and possibly using a quarterly data is suggested to confirm that the result of this research work was not influenced by the number of data observations.

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Appendix: Data for Analysis

Return on Assets (ROA), Return on Equity (ROE), Net Income Growth (NIG), Earnings per Share (EPS), Net Profit Margin (NPM), Bank Size (BSIZE) and Bank Debt Structure (BDS) of selected Banks from 2005 to 2017

Access Bank

Year	ROA (%)	ROE (%)	NIG (%)	EPS (Kobo)	NPM (%)	BSIZE (₦'000)	BDS (%)
2005	0.75	3.56	41.88	12.00	6.69	66,918,315	78.97
2006	0.36	2.62	31.97	7.00	5.57	174,553,866	83.45
2007	1.49	21.43	87.88	87.00	21.82	382,615,194	91.36
2008	1.34	9.39	62.11	173.00	27.92	1,031,842,021	83.33
2009	1.96	15.87	29.84	12.00	21.90	647,574,719	73.26
2010	0.78	6.41	-103.53	44.00	12.34	726,960,580	74.60
2011	4.20	2.81	-114.23	102.00	5.38	949,382,097	80.30
2012	2.63	15.07	85.35	157.00	20.74	1,515,754,463	84.32
2013	2.33	10.70	-36.64	157.00	14.32	1,704,094,012	85.61
2014	2.01	14.57	34.37	114.00	18.02	1,981,955,730	86.18
2015	2.73	18.28	39.36	174.00	21.81	2,411,944,061	85.06
2016	2.10	15.18	-2.88	237.00	19.34	3,094,960,515	86.38
2017	1.52	11.34	-20.26	184.00	13.37	3,499,683,979	86.58

Source: Access Bank Annual Report and Account 2005-2017

Diamond Bank

Year	ROA (%)	ROE (%)	NIG (%)	EPS (Kobo)	NPM (%)	BSIZE (₦'000)	BDS (%)
2005	2.02	12.20	29.99	27.00	20.79	124,994,957	83.43
2006	2.22	2.61	63.55	53.00	23.59	218,866,192	85.93
2007	1.96	2.27	41.37	90.00	26.74	312,249,721	82.74
2008	1.07	1.24	-70.56	48.00	10.41	603,326,540	80.61
2009	0.81	0.87	-70.46	-34.00	-12.15	650,891,836	82.09
2010	1.19	5.58	174.87	45.00	9.47	542,098,489	79.48
2011	-3.20	3.63	-128.52	-158.00	-22.53	714,063,960	88.22
2012	2.78	21.50	199.11	159.00	17.59	1,059,137,257	89.87
2013	2.20	21.51	22.45	206.00	17.71	1,354,930,871	89.80
2014	1.26	10.73	-34.90	144.00	11.55	1,750,270,423	88.25
2015	2.73	1.84	-82.62	17.00	2.40	1,555,183,067	86.62
2016	2.06	0.93	-17.58	9.00	1.74	1,662,508,825	87.29
2017	1.52	0.93	-17.58	9.00	1.74	1,662,508,825	87.29

Source: Diamond Bank Annual Report and Account 2005-2017

Fidelity Bank

Year	ROA (%)	ROE (%)	NIG (%)	EPS (Kobo)	NPM (%)	BSIZE (₦'000)	BDS (%)
2005	20.08	12.72	26.13	15.00	20.08	34,953,351	72.18
2006	2.64	27.32	60.89	20.00	27.33	119,985,801	78.67
2007	1.92	17.61	23.98	29.00	32.09	217,144,465	86.30
2008	0.46	1.78	67.97	46.00	4.51	533,122,233	74.52
2009	0.32	1.09	-465.42	5.00	6.66	434,053,000	70.20
2010	1.17	3.89	75.74	20.00	14.06	497,453,000	70.49
2011	0.53	2.59	-49.02	55.00	12.82	737,732,000	82.45
2012	1.96	11.08	78.18	68.00	48.69	914,360,000	82.34
2013	0.71	4.72	-132.15	27.00	25.06	1,081,217,000	84.88
2014	1.16	7.97	44.03	48.00	28.26	1,258,886,170	86.29
2015	1.12	20.52	0.78	48.00	22.84	1,231,722,000	85.10
2016	0.75	5.25	-42.84	34.00	15.72	1,298,141,000	85.72
2017	1.37	9.27	48.38	65.00	26.39	1,379,214,000	85.26

Source: Fidelity Bank Annual Report and Account 2005-2017

First Bank

Year	ROA (%)	ROE (%)	NIG (%)	EPS (Kobo)	NPM (%)	BSIZE (₦'000)	BDS (%)
2005	3.22	24.63	8.93	308.00	24.62	377,496,000	88.17
2006	2.97	26.33	32.72	269.00	26.21	540,129,000	88.71
2007	2.47	23.73	39.77	156.00	23.15	762,881,000	89.86
2008	2.62	8.97	13.12	223.00	23.33	1,165,461,000	70.84
2009	2.10	10.00	-2650.90	141.00	16.77	1,667,422,000	78.95
2010	1.58	7.73	96.03	98.00	15.36	2,037,209,000	79.60
2011	0.93	6.11	-39.35	71.00	9.17	2,471,438,000	84.74
2012	2.57	19.12	67.60	-3.00	22.70	2,770,674,000	86.57
2013	1.83	16.93	-19.84	216.00	17.50	3,246,579,000	89.20
2014	2.23	18.76	-1142.85	16.00	19.32	3,490,871,000	87.88
2015	0.77	0.79	-160.69	6.00	32.09	282,831,000	2.03
2016	2.81	2.89	70.96	21.00	59.04	266,903,000	2.70
2017	2.81	2.89	70.96	21.00	59.04	266,903,000	2.70

Source: First Bank Annual Report and Account 2005-2017

First City Monument Bank

Year	ROA (%)	ROE (%)	NIG (%)	EPS (Kobo)	NPM (%)	BSIZE (₦'000)	BDS (%)
2005	1.55	11.06	68.84	25.00	46.07	51,318,268	85.94
2006	2.21	4.77	86.23	61.00	2.21	106,611,289	88.22
2007	9.49	10.38	57.68	123.00	27.40	262,805,890	75.24
2008	0.68	2.72	-295.88	21.00	4.88	514,409,614	75.22
2009	0.15	0.52	48.22	6.00	2.00	460,081,094	72.15
2010	1.38	5.44	-81.42	45.00	12.66	529,839,021	74.71
2011	-1.74	-7.65	-170.93	-68.00	-15.05	593,114,362	80.27
2012	1.51	11.39	176.65	66.00	12.37	890,313,606	85.30
2013	4.11	4.11	-123.41	30.00	94.63	131,482,189	12.20
2014	4.10	4.13	-11.69	27.00	80.88	131,570,290	60.24
2015	1.95	1.97	175.55	13.00	60.10	129,378,261	0.79
2016	2.84	2.87	32.36	19.00	80.15	131,366,185	0.96
2017	1.16	1.18	-144.63	8.00	60.29	131,636,805	1.52

Source: First City Monument Bank Annual Report and Account 2005-2017

Guaranty Trust Bank

Year	ROA (%)	ROE (%)	NIG (%)	EPS (Kobo)	NPM (%)	BSIZE (₦'000)	BDS (%)
2005	3.18	15.93	23.90	110.00	22.37	185,151,243	81.65
2006	3.39	22.01	38.57	177.00	40.79	478,363,061	90.08
2007	5.32	29.74	33.32	290.00	50.88	714,345,349	77.45
2008	4.49	25.95	53.65	291.00	49.62	918,278,756	80.45
2009	4.39	25.28	-17.72	317.00	49.23	1,019,911,536	81.52
2010	2.89	21.44	37.91	145.00	36.17	1,083,304,116	80.02
2011	2.72	27.44	25.46	163.00	38.55	1,523,527,545	84.82
2012	3.55	17.75	39.42	165.00	38.41	1,620,317,223	82.32
2013	3.05	15.64	0.33	188.00	37.73	1,904,365,795	82.69
2014	2.34	12.65	8.44	128.00	20.93	2,126,608,312	82.62
2015	4.14	23.25	5.45	320.00	45.67	2,277,629,224	82.19
2016	4.85	26.60	25.65	431.00	55.98	2,613,340,074	81.75
2017	5.71	27.60	21.36	548.00	57.31	2,824,928,985	78.82

Source: Guaranty Trust Bank Annual Report and Account 2005-2017

Sterling Bank

Year	ROA (%)	ROE (%)	NIG (%)	EPS (Kobo)	NPM (%)	BSIZE (₦'000)	BDS (%)
2005	-24.80	-162.49	-96.33	9.00	-299.18	19,435,289	84.74
2006	0.88	3.65	601.28	9.00	7.73	120,574,714	63.78
2007	0.43	2.32	-54.94	6.00	2.95	304,394,000	76.21
2008	0.28	21.57	90.49	52.00	19.90	345,206,000	77.81
2009	-0.32	-30.01	-197.94	-53.00	-15.32	331,000,000	77.23
2010	1.61	15.88	259.35	33.00	13.75	372,612,000	79.19
2011	1.37	16.83	39.52	51.00	15.12	542,272,000	86.30
2012	1.28	15.97	7.26	44.00	10.82	72,508,000	13.86
2013	1.17	13.04	9.97	52.00	9.02	75,401,000	47.15
2014	1.10	10.63	8.11	42.00	8.67	75,671,000	35.43
2015	1.29	10.77	12.51	36.00	9.34	799,451,000	88.05
2016	0.62	6.05	-98.67	18.00	4.66	830,302,000	89.69
2017	0.79	8.22	38.73	29.00	6.36	1,068,797,000	90.35

Source: Sterling Bank Annual Report and Account 2005-2017

United Bank for Africa

Year	ROA (%)	ROE (%)	NIG (%)	EPS (Kobo)	NPM (%)	BSIZE (₦'000)	BDS (%)
2005	2.00	17.48	-45.44	186.00	17.91	168,056,000	99.28
2006	1.35	24.08	59.43	186.00	13.32	851,241,000	94.41
2007	1.76	11.76	40.83	241.00	19.17	1,102,348,000	85.05
2008	2.63	21.26	51.55	305.00	25.90	1,520,091,000	87.62
2009	6.89	27.07	-210.36	66.00	5.85	1,400,879,000	86.60
2010	0.12	0.96	-618.85	7.00	1.46	1,440,724,000	87.00
2011	-0.23	-2.06	-147.76	-51.00	-4.41	1,666,053,000	89.06
2012	2.63	23.11	107.37	144.00	40.94	1,933,065,000	88.60
2013	2.19	18.73	-4.72	141.00	37.15	2,217,417,000	88.30
2014	1.66	13.79	-25.02	122.00	26.88	2,338,858,000	87.95
2015	2.15	14.09	15.87	122.00	30.25	2,216,337,000	84.74
2016	1.87	12.16	-0.21	122.00	24.99	2,539,585,000	84.61
2017	1.45	10.54	-35.84	122.00	20.28	2,931,826,000	86.27

Source: United Bank for Africa Plc Annual Report and Account 2005-2017

Wema Bank

Year	ROA (%)	ROE (%)	NIG (%)	EPS (Kobo)	NPM (%)	BSIZE (₦'000)	BDS (%)
2005	0.86	3.48	-14.55	95.00	5.52	97,909,060	75.2
2006	-5.49	-32.46	-112.79	-66.00	-45.42	120,109,667	83.58
2007	1.54	10.14	358.49	25.00	9.66	165,081,532	84.75
2008	-10.51	-51.34	-121.89	-573.00	-90.18	128,906,532	125.30
2009	-1.47	-8.75	-457.05	-21.00	-12.87	142,785,723	136.53
2010	8.15	40.30	112.90	154.00	81.48	199,348,267	92.72
2011	-1.91	-10.91	-483.99	-63.00	-18.57	221,157,042	95.96
2012	-2.05	-12.25	16.10	-42.00	-16.41	245,704,597	99.48
2013	0.48	3.86	415.72	8.00	7.62	330,872,475	87.49
2014	0.62	5.42	32.71	6.00	9.42	382,562,312	88.56
2015	0.57	2.89	-4.37	6.00	4.96	385,388,304	88.39
2016	0.62	2.96	12.29	6.00	4.81	421,221,036	88.49
2017	0.60	4.63	-12.63	6.00	3.67	396,743,314	87.11

Source: Wema Bank Annual Report and Account 2005-2017

Zenith Bank

Year	ROA (%)	ROE (%)	NIG (%)	EPS (Kobo)	NPM (%)	BSIZE (₦'000)	BDS (%)
2005	2.17	18.94	27.46	136.00	20.50	327,717,000	88.54
2006	1.88	11.44	37.80	124.00	19.73	610,769,000	83.56
2007	1.98	15.52	34.38	105.00	19.63	883,941,000	87.24
2008	2.77	13.75	62.37	185.00	24.47	1,680,032,000	79.85
2009	1.18	5.59	-153.33	58.00	7.23	1,573,196,000	79.13
2010	1.86	9.51	44.91	100.00	19.68	1,768,853,000	81.51
2011	1.90	11.10	19.29	132.00	19.21	2,049,624,000	87.68
2012	3.93	21.87	60.02	305.00	34.33	2,436,886,000	82.03
2013	2.90	17.65	-14.85	266.00	26.80	2,878,693,000	83.58
2014	2.70	18.04	9.80	295.00	24.86	3,423,819,000	85.03
2015	1.35	9.28	8.08	315.00	23.77	3,750,327,000	85.42
2016	0.93	6.49	-26.84	128.00	20.83	4,283,736,000	85.61
2017	1.50	10.66	39.80	212.00	19.31	4,429,208,000	85.92

Source: Zenith Bank Annual Report and Account 2005-2017

Board Age (BodAge), Block Shareholding (Bsh), Board Ownership Structure (BodOwn), Board Independence (Bod Ind), Board Audit (BodAud) from 2005 to 2017

Access Bank

Year	BodAge	Bsh (%)	BodOwn (%)	BodInd (%)	BodAud (%)
2005	40.00	72.00	10.87	40.00	50.00
2006	41.00	0.16	11.96	16.67	60.00
2007	42.00	0.09	18.29	16.67	60.00
2008	42.00	51.31	12.56	21.43	50.00
2009	47.50	57.81	9.17	21.43	50.00
2010	48.50	62.22	10.98	14.29	50.00
2011	51.50	64.20	9.01	14.29	50.00
2012	52.50	66.26	8.58	6.67	50.00
2013	52.86	68.16	4.26	14.23	50.00
2014	55.22	69.77	7.02	12.50	50.00
2015	55.11	88.00	10.12	43.75	50.00
2016	55.10	88.70	9.76	46.67	50.00
2017	55.21	88.97	9.80	47.06	50.00

Source: Access Bank Annual Report and Account 2005-2017

Diamond Bank

Year	BodAge	Bsh (%)	BodOwn (%)	BodInd (%)	BodAud (%)
2005	35.00	84.15	15.27	50.00	50.00
2006	36.00	84.20	20.82	14.29	50.00
2007	39.00	84.31	9.42	14.29	50.00
2008	40.00	84.27	11.30	12.50	50.00
2009	41.00	85.90	38.09	14.29	50.00
2010	45.33	88.04	23.76	12.50	50.00
2011	46.33	88.65	24.66	12.50	50.00
2012	47.67	87.54	24.37	13.33	50.00
2013	48.67	88.61	20.66	12.50	50.00
2014	46.00	93.67	13.60	15.39	50.00
2015	46.00	94.25	30.99	58.33	50.00
2016	47.00	92.94	31.09	56.25	50.00
2017	47.00	92.94	31.09	56.25	50.00

Source: Diamond Bank Annual Report and Account 2005-2017

Fidelity Bank

Year	BodAge	Bsh (%)	BodOwn (%)	BodInd (%)	BodAud (%)
2005	47.00	84.98	5.87	7.14	50.00
2006	48.00	84.98	5.87	7.14	50.00
2007	49.00	80.34	7.32	7.69	50.00
2008	48.00	78.24	5.76	7.69	50.00
2009	40.00	70.87	4.76	7.69	50.00
2010	42.69	71.20	4.60	7.69	50.00
2011	42.67	74.83	4.73	11.77	50.00
2012	44.50	64.55	4.60	11.77	50.00
2013	45.50	64.74	4.43	11.77	50.00
2014	45.80	64.72	4.31	6.67	50.00
2015	47.00	77.59	4.31	40.00	50.00
2016	51.13	77.57	1.78	50.00	50.00
2017	52.13	77.84	1.52	41.67	50.00

Source: Fidelity Bank Annual Report and Account 2005-2017

First Bank

Year	BodAge	Bsh (%)	BodOwn (%)	BodInd (%)	BodAud (%)
2005	55.50	43.55	4.82	35.71	50.00
2006	52.67	84.98	5.87	46.67	50.00
2007	58.50	80.34	7.32	46.67	50.00
2008	58.50	78.24	5.76	46.67	50.00
2009	55.67	70.87	4.76	46.67	50.00
2010	56.67	71.20	4.60	42.86	50.00
2011	56.67	74.83	4.73	46.67	50.00
2012	57.67	64.55	4.60	62.50	50.00
2013	58.67	64.74	4.43	57.90	50.00
2014	56.00	64.72	4.31	86.00	50.00
2015	57.00	60.61	2.32	57.90	50.00
2016	55.71	60.24	2.29	90.00	50.00
2017	56.71	60.24	2.30	90.00	50.00

Source: First Bank Annual Report and Account 2005-2017

First City Monument Bank

Year	BodAge	Bsh (%)	BodOwn (%)	BodInd (%)	BodAud (%)
2005	49.25	89.15	6.46	70.00	50.00
2006	49.00	89.15	6.46	53.45	50.00
2007	50.00	89.15	5.12	38.33	50.00
2008	51.00	93.96	3.01	66.67	50.00
2009	52.00	86.00	8.49	15.39	50.00
2010	53.00	88.95	2.96	66.67	50.00
2011	54.43	89.93	0.97	66.67	50.00
2012	54.67	85.79	0.96	66.67	50.00
2013	56.00	90.25	1.05	15.39	50.00
2014	57.00	90.57	1.06	15.39	50.00
2015	58.00	90.24	1.07	90.00	50.00
2016	59.80	89.49	1.12	80.00	50.00
2017	60.80	89.25	2.10	83.33	50.00

Source: First City Monument Bank Annual Report and Account 2005-2017

Guaranty Trust Bank

Year	BodAge	Bsh (%)	BodOwn (%)	BodInd (%)	BodAud (%)
2005	48.00	54.46	12.21	50.00	50.00
2006	49.00	58.49	7.50	50.00	50.00
2007	50.00	61.67	7.23	41.67	50.00
2008	51.00	68.32	5.24	57.14	50.00
2009	52.00	71.28	4.40	50.00	50.00
2010	45.50	77.63	0.28	78.57	50.00
2011	45.67	77.63	0.28	50.00	50.00
2012	55.00	78.51	0.28	50.00	50.00
2013	55.00	79.87	0.25	50.00	50.00
2014	56.00	81.32	0.25	50.00	50.00
2015	57.00	81.80	0.26	50.00	50.00
2016	52.33	50.27	0.22	50.00	50.00
2017	53.33	73.51	0.16	50.00	50.00

Source: Guaranty Trust Bank Annual Report and Account 2005-2017

Sterling Bank

Year	BodAge	Bsh (%)	BodOwn (%)	BodInd (%)	BodAud (%)
2005	46.50	83.66	40.83	50.00	50.00
2006	47.50	83.66	40.83	50.00	50.00
2007	48.50	83.66	40.83	50.00	50.00
2008	44.33	87.81	43.34	50.00	50.00
2009	50.50	90.38	34.40	54.55	50.00
2010	51.50	90.73	42.91	58.33	50.00
2011	47.33	92.83	44.15	58.33	50.00
2012	48.33	92.80	39.54	54.55	50.00
2013	50.00	94.71	37.75	50.00	50.00
2014	50.50	95.97	28.16	61.54	50.00
2015	51.50	51.08	33.73	53.33	50.00
2016	52.50	51.89	22.50	53.33	50.00
2017	53.50	51.40	31.43	53.33	50.00

Source: Sterling Bank Annual Report and Account 2005-2017

United Bank for Africa Plc

Year	BodAge	Bsh (%)	BodOwn (%)	BodInd (%)	BodAud (%)
2005	42.00	46.99	7.83	28.57	50.00
2006	43.00	46.99	7.83	28.57	50.00
2007	44.00	72.20	6.56	50.00	50.00
2008	48.33	72.20	6.56	50.00	50.00
2009	49.33	79.70	6.57	50.00	50.00
2010	50.33	81.56	6.40	57.14	50.00
2011	53.00	82.54	6.08	36.84	50.00
2012	52.67	82.35	1.02	47.62	50.00
2013	55.50	83.26	0.98	42.11	50.00
2014	53.75	83.85	1.43	43.75	50.00
2015	54.75	85.16	6.52	50.00	50.00
2016	55.75	85.14	6.21	52.63	50.00
2017	56.75	85.35	7.16	52.63	50.00

Source: United Bank for Africa Annual Report and Account 2005-2017

Wema Bank

Year	BodAge	Bsh (%)	BodOwn (%)	BodInd (%)	BodAud (%)
2005	40.00	79.28	3.66	45.45	50.00
2006	41.00	79.28	3.66	50.00	50.00
2007	42.00	80.24	2.90	42.86	50.00
2008	46.00	71.82	0.05	33.33	50.00
2009	46.00	71.82	0.05	33.33	50.00
2010	47.00	78.08	0.03	42.86	50.00
2011	50.60	78.08	0.03	60.00	50.00
2012	50.30	78.64	0.10	58.33	50.00
2013	46.75	93.10	0.00	61.54	50.00
2014	47.60	93.10	0.00	41.67	50.00
2015	50.43	93.57	0.02	58.33	50.00
2016	51.43	93.64	4.54	64.29	50.00
2017	52.43	93.67	4.54	58.33	50.00

Source: Wema Bank Annual Report and Account 2005-2017

Zenith Bank

Year	BodAge	Bsh (%)	BodOwn (%)	BodInd (%)	BodAud (%)
2005	46.00	70.28	2.31	41.67	50.00
2006	47.00	70.28	2.31	41.67	50.00
2007	48.00	72.25	2.36	35.71	50.00
2008	48.00	73.49	6.67	42.86	50.00
2009	55.25	73.49	9.96	46.67	50.00
2010	55.25	74.14	11.32	46.67	50.00
2011	56.25	75.99	0.48	46.15	50.00
2012	56.25	77.48	0.36	41.67	50.00
2013	57.25	78.44	9.50	42.86	50.00
2014	56.80	79.22	9.52	54.55	50.00
2015	57.80	79.19	9.53	58.33	50.00
2016	58.14	79.10	9.52	53.85	50.00
2017	59.14	79.18	9.53	45.45	50.00

Source: Zenith Bank Annual Report and Account 2005-2017