Innovations

Banks Specific Characteristics and Corporate Performance of Deposit Money Banks in Nigeria

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Abstract: *This study provides a comprehensive empirical investigation into the effects of specific bank characteristics: total deposits, loan loss provisions, board size, and retained earnings on the corporate performance of Deposit Money Banks (DMBs) in Nigeria. It aims to resolve ambiguities in existing literature and offer context-specific insights for an emerging market economy. Employing an ex-post facto research design, panel data was meticulously extracted from the annual reports and financial statements of 15 important DMBs listed on the Nigerian Exchange Group (NGX) over a decade (2013–2022). The study utilized such econometric techniques as descriptive statistics, correlation analysis, and Ordinary Least Squares (OLS) regression. Critically, to address identified issues of heteroskedasticity and to generate the most efficient and reliable estimates, the models were re-estimated using Generalized Least Squares (GLS) with a heteroskedastic panel structure. Corporate performance was measured by Return on Assets (ROA) and Return on Equity (ROE). The GLS regression results revealed that total deposits exert a significant positive influence on both ROA and ROE, underscoring their role as a fundamental driver of profitability. Conversely, loan loss provisions have a significant negative impact on both performance metrics, highlighting the cost of poor credit quality. The study finds no statistically significant evidence that board size influences either ROA or ROE, suggesting governance quality outweighs sheer numbers. Interestingly, retained earnings have a significant negative effect on ROA but an insignificant effect on ROE, pointing to potential inefficiencies in the deployment of internal funds for asset growth, contrasted with their neutral effect on shareholder returns, possibly influenced by leverage. The findings offer strategic imperatives for Nigerian bank management: aggressively mobilize stable deposits, implement robust, technology-driven credit risk management frameworks to minimize non-performing loans, optimize board composition for effectiveness rather than size, and develop rigorous capital allocation strategies to ensure retained earnings are channeled into high-return investments. For regulators, the study reinforces the need for policies that strengthen risk-based supervision and encourage sound corporate governance practices beyond box-ticking. This paper contributes significantly to the body of knowledge by providing a contemporaneous, holistic, and methodologically robust analysis of key internal drivers of bank performance in Nigeria's unique and dynamic financial landscape. It moves beyond isolated variable examination and offers nuanced insights that are directly applicable for enhancing operational efficiency, strategic planning, and regulatory policy within the Nigerian banking sector and similar emerging economies.*

Keywords: *Bank Performance, Return on Assets, Return on Equity, Total Deposits, Loan Loss Provision, Board Size, Retained Earnings, Bank size, Nigerian Banking Sector, Panel Data, GLS Estimation.*

1.0. Introduction

Deposit Money Banks (DMBs) are financial institutions that primarily accept deposits from customers which can be withdrawn on demand or used for payment purposes. They primarily focus on gathering deposits from customers to fund their lending activities and generate revenue from interests earned on loan and investment. The importance of the banking sector in an economy cannot be overemphasized as it is the bedrock of every individual and society's development. Deposit money banks are the foremost channel of savings and its allocation to various economic units. Erulgen, Rjoub and Adalier (2020) posited that the banking sector facilitates a vital financial intermediation function by transferring deposits into productive investments. It is also the injection of cash which stimulates economic competence by mobilizing savings to investment channels. It serves as a bridge between savers and borrowers and executes all tasks concerned with the profitable and secure channelling of funds. Corporate performance refers to how well a company achieves its goals and objectives, and how effectively it utilizes its resources to create value for stakeholders. In the dynamic landscape of Nigeria's banking sector, understanding the interplay between a bank's specific characteristics and its corporate performance is crucial for stakeholders, policy makers and investors alike. Abu and Okpe (2016) opined that bank characteristics' review is particularly necessary in Nigerian banking because of the number of financial failures, frauds and questionable business practices which had adversely affected and still affect investors' confidence. Bank characteristics in this study focused on total deposits, total loan loss provisions, board size and retained earnings of deposit money banks as these formed the basic elements of banking operations. Deposit money banks are in constant need of funds to finance their business activities. These funds which are either internally or externally generated have their various consequences on the overall performance of banks in Nigeria. It is obvious that many financing sources are available in Nigeria, but corporate entities can conveniently access the three broadly available sources which include retained earnings, new equity and debt. Sega (2020) explained that the viable options here are obvious: either new equity or retention of earnings was preferred for firms with significantly high-growth potential. Akani and Akani (2018) reviewed that firms with growth potential would tend to maintain a high retained earnings ratio to net income, as retained earnings are the cheapest source of funding advocated by pecking order theory. Ajibola (2016) suggested that internal savings are the best source for financing the fixed assets-requirements of firms. Corporate savings are the most appropriate source of financing due to various considerations; for instance, firms are discouraged to go for new equity for the reason that new equity may cause the share price to fall (Abubakar & Musa, 2019).

Edem (2017) suggests that equity financing in turn diminishes the pro-rata share of cash flows available for dividends and reinvestment. The cost of raising funds

externally is significant, and market conditions may sometimes pose hardships for firms, causing them to go to the capital markets to raise funds. Therefore, firms prefer to continuously retain their profits to the maximum extent possible to maintain a steady dividend payout. This is believed to be a kind of financially cautious behavior of corporate finance managers, but it may ruin shareholder enrichment in the long run. Essentially, an entity that has the motive of raising funds externally must be willing to meet the demands of the lender. Bassey, Edom and Aganyi (2016) opined that the inconsiderable cost of sourcing funds through external means, such as interest payment on loans, debentures, and leases, dividends paid on shares, rent and royalty payment, repayment of loan sums, the redemption of redeemable debentures, redemption of redeemable preference shares, and so on serves as a huge hindrance to raising funds through this medium. Also, the additional disclosure requirements on these corporations, especially banks, further militate against their ability to raise funds externally (Jalloh, 2017).

Internal financing which involves a bank using its reserved profit does not require any financial obligation on the firm as the firm does not have to pay the transactional cost and other costs associated with raising external funds (Abiola, 2017; Abiola & Adesina, 2018). However, the use of revenue reserves goes contrary to the demands of shareholders for the increased dividend payout. Dividend payout issues had been a very pertinent decision in the current business environment and more especially on the performance evaluation of banks (Abolade & Ayeni, 2018). Dividend payout is the regulations and guidelines that a company uses to decide whether to make dividend payments to shareholders or to reserve such revenue. The dividend payment decisions of an entity are the primary element of any corporate policy which is the benefit of shareholders in return for investing their money in the organization. These factors according to Ajanthan (2013) include financing limitations, investment opportunities and choices, firm size, pressure from shareholders, and regulatory regimes.

Revenue reserve is the most important source of financing for the growth of a bank. Olarewaju and Adeyemi (2015) reveal that the level of internally sourced funds conveyed information about the growth prospects of companies. Banks that want to attain the highest possible growth pay lower dividends, reinvest more of their revenues, and provide a greater percentage of their total returns in the form of capital gains. Banks with a few investment opportunities paid more dividends than banks with lots of investment opportunities because they have profitable uses for the capital. So, growth is likely to place a greater demand on internally generated funds (Ogungbenle, 2021).

Other than the interest of shareholders that pressurizes banks to reduce their supposed revenue reserve in order to pay dividends to these shareholders, other factors affect the performance of Deposit Money Banks in Nigeria. Hence the main

objective of this study is to ascertain the effect of specific bank characteristics on corporate performance of Deposit Money Banks in Nigeria.

2.0. Review of Related Literature
2.1. Conceptual Review
2.1.1. Banks' Specific Characteristics
2.1.1.1. Total Bank Deposits
Van Dahm (1975), cited by Wolf & Pant (1996) defined deposits as funds placed in a financial institution by economic surplus units such as households, corporations, investors and government. By depositing money in a bank, customers expect the bank to safeguard their savings, to utilize them into productive investments for a satisfactory rate of return. To a bank, deposits are its main source of funding for which it uses to produce income.

2.1.1.2. Loans Loss Provision
Loan loss provision is a non-cash expense that banks need to account for as a result of likely future losses due to the default in loan repayment. It is a provision the banks make on the assumption that a certain percentage of loans will not be paid as and when due. Loan loss provision is a vital accounting decision that significantly determines the incomes and capital demands of banks (Curcio & Hasan; 2015).

2.1.1.3. Board Size
Board size is defined as the natural log of the number of directors on the board, with recommendations for an average size of not less than 9 members for better financial performance (Kajola, Adekunle & Adelotan, 2020). Board size is described as the number of board members in a company's organizational structure, impacting financial performance metrics like return on equity (ROE) Igbinosa, Akinuli, Popoola, & Adeola, (2024). Board size is noted to have a minimum of 7 and a maximum of 20 members.

2.1.1.4. Retained Earnings
Will Kenton,(2020) defined retained earnings as the amount of net income left over for the business after it has paid out dividends to its shareholders. Often, this profit is paid out to shareholders, but it can also be re-invested into the company for growth purposes. Retained earnings comprise the accumulated total earnings the firm generated over its history less accumulated dividend distributions (Ball, Gerakos, Linnainmaa & Nikolaev 2020).

2.1.2. Corporate Performance
Corporate performance refers to how well a company achieves its goals and objectives, and how effectively it utilizes its

resources to create value for stakeholders. Profitability is the first line of protection for a bank against unforeseen losses. It reinforces its capital base (Hacini et al. 2021).

2.1.3. Return on Asset
Return on Asset (ROA) measures how effectively the bank resources are managed to generate profit (Hassan and Bashir 2005). It is the ratio of net income to total assets

2.1.4. Return on Equity
Return on Equity (ROE) is a measure of financial performance that indicates how effectively a company uses equity to generate profits, emphasizing its importance in assessing shareholders value (Babajide et al. 2020).

2.2. Theoretical Review
This study on effect of bank's specific characteristics on corporate performance of deposit money banks in Nigeria was anchored mainly on the Pecking Order Theory by Myers and Majiluf (1984) and supported by other theories:

2.2.1. Pecking Order Theory
The pecking order theory by Myers and Majiluf is among the most influential theories of corporate leverage. It goes contrary to the idea of firms having a unique combination of debt and equity finance, which minimize their cost of capital. The theory suggests that when a firm is looking for ways to finance its long-term investments, it has a well-defined order of preference for the sources of finance it uses. It states that a firm's first preference should be the utilization of internal funds (i.e., revenue reserves), followed by debt and then external equity.

2.2.2. Shiftability Theory
The Shiftability Theory of bank liquidity was propounded by Harold Gilbert Moulton who asserted that if commercial banks maintain a substantial amount of assets that can be shifted on to the other banks without material loss in case of necessity, there is no need to rely on maturities. According to this view, for an asset to be perfectly shiftable, it must have to be transferable without capital loss when the need for liquidity arises.

2.2.3. Agency Theory
The agency theory concept was initially propounded and developed by Berle and Means in 1932. They argued that due to a continuous dilution of equity ownership of large corporations, ownership and control become more separated. This situation allows professional managers to pursue their interest instead of that of shareholders.

2.2.4. Resource Dependency Theory:

Resource Dependency Theory was proposed by Pfeffer and Salancik (1978). The resource dependency theory appreciates the strategic importance of other stakeholders besides the immediate shareholders in guaranteeing firms' access to resources through affiliation with various constituencies. The role of the board of directors under the resource dependency model is that of "Boundary – Spanners" who use their individual external network of contacts to attract all kinds of indispensable resources the firm needs to operate competitively and advance superior performance.

2.3. Empirical Review

This section analyses previous empirical studies in order to provide answers to the research topic.

2.3.1. Total Deposit and Corporate Performance

Ndyagyenda (2020) examined the relationship between credit risk management and the financial performance of the Bank of Africa. The study employed correlation and regression analysis. The study found that credit appraisal defines a bank's survival and profitability.

Madugba (2020) evaluates the recapitalization and performance of banks in Nigeria for the period 2000-2016, and the OLS results reveal that bank credit to the private sector has a positive and significant impact on ROE.

Kim and Park (2019) examined the relationship between retained Earnings, Total Deposits, and Bank Risk: Evidence from Korean Banks. This study employed regression analysis. The study found a positive relationship between retained earnings and total deposits, indicating that higher levels of total deposits were associated with increased retained earnings.

Smith and Johnson (2019) examined the Relationship between Total Deposits and Retained Earnings in Commercial Banks. The researchers employed regression analysis. Results showed that higher levels of total deposits were associated with increased levels of retained earnings, indicating the importance of deposit growth for the accumulation of earnings.

Hacini (2021) analysed the impact of liquidity risk management on the financial performance of selected conventional banks in Saudi Arabia for the period of 2002-2019. The study used the panel data method (Pool, Fixed-effects and Random-effects) for testing the study hypothesis. The results showed that liquidity risk has a significant negative impact on the financial performance.

Chinweoda et al. (2020) studied the effect of liquidity management on the performance of banks in Nigeria. Multiple linear regression was used to test the hypotheses. SPSS software was used to run the analysis. The findings from those banks disclosed that liquidity management has a positive and significant effect on their profitability.

In the study conducted by Adewusi and Adeleke (2020), they used pooled regression analytical methods to establish a positive and substantial relationship between banks' performance and liquidity risk management in Nigeria. They adopted the pool regression of ordinary least square method of multiple regression analysis. The findings established a positive and significant association between bank performance and liquidity risk management.

Effiong and Ejabu (2020) examined the effect of liquidity risk management on the financial performance of consumer goods companies. The study employed multiple regression analysis methods and findings showed that long-term debts, quick ratios, and cash defensive intervals have a significant effect on EPS and ROA…

Ujah, et al. (2017) examined the influence of earnings management and bank structure on bank performance. Using panel data regression models, the result shows that both earnings management and bank structure have a statistically significant negative effect on bank performance.

Gurung et al., (2023) analysed the influence of loan loss provision on the profitability of commercial banks in Nepal. The Fixed Effect (FE) panel regression model was used. Results found a negative and substantial connection between the provisions for loan losses with the Nepalese commercial banks' profitability.

Antwi, Salifu, & Sarkodie (2022) "Predicting Bankruptcy of Companies: Evidence from Ghanaian Listed Banks":
The study applies traditional financial ratios (like liquidity, solvency, profitability) and the Altman Z-score model to a sample of Ghana's listed banks, using their audited financial statements. The study found that Liquidity ratios are below expectations (banks had weak current/quick ratios). Solvency was poor and banks were highly leveraged.

Catherine (2020) empirically examined the influence of credit risk management on the bank of Africa profitability in Uganda using correlation and regression analysis. The result from the study showed a positive and significant relationship between credit risk management components and financial performance in the bank of Africa in Uganda.

Le, et al. (2020) examined factors affecting non-performing loans of commercial banks: the role of bank performance and credit growth which aimed to define aspects that impact non-performing commercial bank loans in Vietnam. It applied the regression of pooled ordinary least squares, fixed and random effects models, in particular, generalized least squares to confirm the stability of the regression model. The results show that non-performing loans this year will positively affect those in the next year. In addition, a raise in bank performance and credit growth also leads to the reduction in non-performing loans from banks.

Offor and Okwo (2023) examined board size and retained earnings of deposit money banks in Nigeria. Multiple regression and covariance analysis were used for data analysis. The findings showed that as the total assets, total deposits, and the number of branches are increasing, the banks' retained earnings also increase significantly and vice versa.

Yameen, Farrham & Tabash (2019) investigated the effect of corporate governance practices on firms' performance, with a special reference to the Indian tourism sector. The ordinary least square regression model was used for analysis. Findings showed that board directors' size negatively impacted the performance of Indian hotels, while board directors' composition positively affected the performance of Indian hotels.

Pugliese, Bezemer & Zatton (2019) examined the relationship between board composition, board size, and the performance of European IPOs. The study used Regression analysis. The study found that larger boards are associated with lower performance in European IPOs, suggesting a potential impact on retained earnings.

Al-Sharif (2020) examined the influence of dividend-payout policy on share price volatility in Islamic banks in Jordan. The study employed regression analysis. The findings revealed that retained earnings showed a positive relationship with price stability, though their impact was less pronounced than that of cash dividends.

Owiredu and Kwakye (2020) examined the influence of corporate governance principles on banks' financial performance in Ghana. Random effect model was used to analyze the data. This study found a significant positive relationship between board size and financial performance measured by ROA and ROE of banks in Ghana.

3.0 Methodology
The study employed an *ex post facto* research design since it relied on already published data. The study was carried out in Nigeria and specifically in the banking sector of the economy. The population consisted of the entire 26 Deposit Money Banks listed in the Nigerian exchange group covering the period from 2013 - 2022. A sample size of 15 Deposit Money Banks was used based on available data that met

the research needs. The study employed both *descriptive* and *inferential* statistical techniques to analyse the dataset. The correlation matrix was also constructed to identify the correlation between the dependent and independent variables. Lastly, OLS regression was used to validate the hypotheses. The model was fine-tuned and improved using GLS technique with a robust panel. Other preliminary diagnoses tests were also carried out to help determine the most appropriate model to employ. The hypotheses were tested at 5% level of significance. The goodness of fit of the model was tested using the Coefficient of Determination (R-squared) and analysis was done via STATA statistical software version 14.2.

4.0. Data Analysis/Results

Table 4.1:   Descriptive statistics

Variable	Obs	Mean	Std. Dev	Min	Max
Roa	150	.0366133	.0590093	-.0953183	.3594918
Roe	150	.161902	.4004909	-3.943182	1.295671
Bank deposit	150	8.836647	.904795	5.683683	10.2317
Loanlossprov	150	5.582362	2.850784	0	8.35418
Board size	150	13.22667	3.124157	6	21
Retained earn	150	4.592348	3.732789	0	8.563193
Retained earn	150	4.592348	3.732789	0	8.563193
Bank size	150	9.19996	.4836264	8.123172	10.45616

Table 4.1. Presents the summary statistics of the variables used in the study. The mean ROA is 3.66%, with a standard deviation of 5.9%, indicating moderate profitability on average but with significant variation across banks and time (from a loss of -9.53% to a high profit of 35.95%). The mean ROE is higher at 16.19%, but with an enormous standard deviation of 40.05%, pointing to extreme volatility in shareholder returns, with some banks experiencing severe losses (min: -394.32%) and others generating very high returns (max: 129.57%). The variables were transformed into natural logarithms where appropriate to reduce skewness and facilitate elasticity interpretation.

4.1.1 Normality test

Table 4.2: Shapiro-wilk W normality test

Variable	Obs	W	V	z	Prob>z
Roa	150	0.59766	46.814	8.720	0.00000
Roe	150	0.41706	67.829	9.560	0.00000
Bank deposit	150	0.74247	29.965	7.708	0.00000
Loanlossprov	150	0.65488	40.157	8.372	0.00000
Board size	150	0.98620	1.605	1.073	0.14162

| Retained earn | 150 | 0.74093 | 30.144 | 7.722 | 0.00000 |
| Bank size | 150 | 0.98728 | 1.480 | 0.888 | 0.18726 |

Source: SATA 14.2/Author (2025)

The Shapiro-Wilk test for normality assesses whether the data for each variable follows a normal distribution. The Shapiro-Wilk test rejected the null hypothesis of normality for most variables ($p < 0.05$). However, due to the large sample size (N=150), the Central Limit Theorem ensures that the regression coefficients will be asymptotically normally distributed, making the models robust to this violation.

4.2. Data Analysis

Before the OLS regression, some diagnostic tests were undertaken to ascertain whether the fundamental tenets of the OLS regression were consistent with the investigation's goals.

4.2.1. Correlation Analysis

The investigation used the Spearman Rank Correlation Coefficient (correlation matrix) to examine the relationship between the parameters, as shown below:

Table 4.3: Correlation Analysis
ROA ROE Bank Depo Loan Loss Prov Board Size Retined Earn Bank Size

	ROA	ROE	Bank Depo	Loan Loss Prov	Board Size	Retined Earn	Bank Size
Roa	1.0000						
Roe	0.5643	1.0000					
Bank deposit	0.3753	0.2529	1.0000				
Loanlossprov	0.0565	-0.0148	0.0899	1.0000			
Board size	-0.0272	-0.0474	-0.3685	0.1694	1.0000		
Retained earn	-0.2280	0.0267	0.2450	-0.3631	-0.2028	1.0000	
Bank size	0.5755	0.4263	0.4586	0.2690	0.0028	-0.0085	1.0000

Source: SATA 14.2/Author (2025)

From Table 4.3, the correlation analysis provides insights into the relationships between bank-specific characteristics and corporate performance indicators—return on assets (ROA) and return on equity (ROE). The strength and direction of these relationships are captured by the correlation coefficients, which range from -1 to 1, where values closer to 1 or -1 indicate strong relationships, while values near 0 suggest weak or no relationships.

4.2.2 Regression Analysis

The Ordinary Least Squares (OLS) regression analysis was conducted to examine the effects of bank-specific characteristics on the corporate performance of Deposit Money Banks (DMBs) in Nigeria. Specifically, the regression models evaluated how total deposits, loan loss provisions, board size, retained earnings, and bank size influence key performance indicators—Return on Assets (ROA) and Return on Equity (ROE). Model 1 investigated the impact of these variables on ROA, providing insights into how efficiently banks utilize their assets to generate profits. Model 2 explores their effect on ROE, measuring the profitability relative to shareholders' equity. The results offered valuable insights into the financial and operational factors that drive performance within Nigeria's banking sector.

Table 4.4. Variance Inflation Factor (VIF)

Variable		VIF	1/VIF
Bank deposit		1.64	0.611581
Bank size		1.39	0.717403
Loan loss prov		1.29	0.775448
Retained earn		1.27	0.788031
Board size		1.25	0.800580
Mean vif		1.37	

Source: SATA 14.2/Author (2025)

The Variance Inflation Factor (VIF) in table 4.4 assessed the presence of multicollinearity among the independent variables in the regression models. The mean VIF was 1.37, with all individual VIF values well below 10 (the highest was 1.64 for LDEPOSIT). This confirms that multicollinearity is not a concern and will not bias the regression estimates.

Table 4.5 Heteroskedasticity Test:
Breusch-Pagan / Cook-Weisberg test for heteroskedasticity

Ho: Constant variance Variable fitted values	Chi2(1)	Prob > chi2
Roa	130.64	0.0000
Roe	108.59	0.0000

Source: SATA 14.2/Author (2025)

The Breusch-Pagan/Cook-Weisberg test strongly rejected the null hypothesis of constant variance (Homoskedasticity) for both the ROA model (χ^2 = 130.64, p = 0.0000) and the ROE model (χ^2 = 108.59, p = 0.0000). This violation necessitates the use of GLS estimation to obtain efficient results.

Table 4.6. Ramsey's Reset Test

Ramsey RESET test using powers of the fitted values

Ho: model has no omitted variables	F(3, 141)	Prob > F
ROA	15.75	0.0000
ROE	1.66	0.1786

Source: SATA 14.2/Author (2025)

Ramsey's Reset test indicated omitted variable bias for the ROA model (F-stat=15.75, p=0.0000) but not for the ROE model (F-stat=1.66, p=0.1786). This further justifies the use of a more robust estimation technique like GLS and the inclusion of a control variable (Banksize) to mitigate this issue.

4.3 Regression Results and Hypotheses Testing:

Given the confirmed presence of heteroskedasticity, the results from the Generalized Least Squares (GLS) estimation are presented and used for inference. Table 4.7 shows the output for both models.

Table 4.7 GLS Regression Results:

Ind. Variables	Model 1: ROA		Model 2: ROE	
	Coefficient	PV	Coefficient	PV
Total deposit	0.2604	0.000	0.1630	0.001
Loan loss provisions	-0.0869	0.000	-0.0823	0.000
Board size	-0.0138	0.508	-0.0256	0.072
Retained earnings	-0.0614	0.000	-0.0144	0.183
Bank size	0.9905	0.000	1.2270	0.000
Constant	-14.3038	0.000	-13.8914	0.000
Wald x^2	131.42		330.51	
No of obs	147		147	
NOTE:		P< 0.01,	P> 0.05,	P<0.1

Source: SATA 14.2/Author (2025)

4.4 Hypotheses Testing:

H_{01} and H_{05} (Total Deposits): The coefficient for LDEPOSIT is positive and statistically significant at the 1% level in both Model 1 (β=0.2604, p=0.000) and Model 2 (β=0.1630, p=0.001). Therefore, H_{01} and H_{05} are rejected. This confirms that higher total deposits significantly improve both ROA and ROE.

H_{02} and H_{06} (Loan Loss Provision): The coefficient for LLP is negative and statistically significant at the 1% level in both models (β=-0.0869, p=0.000 for ROA; β=-0.0823,

p=0.000 for ROE). Therefore, H_{02} and H_{06} are rejected. This confirms that higher loan loss provisions significantly reduce both ROA and ROE.

H_{03} and H_{07} (Board Size): The coefficient for BOARDSIZE is negative but statistically insignificant in Model 1 (β=-0.0138, p=0.508). It is negative and marginally significant only at the 10% level in Model 2 (β=-0.0256, p=0.072). Given the standard 5% significance threshold, we fail to reject H_{03} and H_{07}. There is no strong evidence that board size affects performance.

H_{04} and H_{08} (Retained Earnings): The coefficient for LRE is negative and statistically significant at the 1% level in Model 1 (β=-0.0614, p=0.000). However, it is negative and statistically insignificant in Model 2 (β=-0.0144, p=0.183). Therefore, H_{04} is rejected, but we fail to reject H_{08}. Retained earnings have a significant negative effect on ROA but no significant effect on ROE.

5.0. Summary, Conclusion and Recommendations

The results provide compelling evidence and nuanced insights into the drivers of performance in Nigerian banks. The results of the study indicate that all proxies of the independent variable - total deposits, total loan loss provisions, board size and retained earnings are veritable components in achieving corporate performance. Several extant studies align with this submission: Kim & Park (2019), Gurung et al., (2023), Offor & Okwo (2023), Yameen et al., (2019), Pugliese et al., (2019), Le et al., (2020), Effiong and Ejabu (2020). This study underscores the need for DMB in Nigeria to reassess its governance structure especially the size of boards. Smaller board size may be more effective for quick and efficient decision making in order to enhance performance ensuring that corporate boards are optimally composed. Policy on retained earnings should be reevaluated. Clear project selection should be emphasized to ensure that the retained earnings positively contribute to the improved performance of the bank. Given the impact of loan loss provision on the performance of DMB in Nigeria, a robust framework for risk management must be maintained. Advanced analytical tools should be employed to ensure a more precise assessment of loan loss risk and then adequate provision made.

DMBs in Nigeria should optimise the strategies for deposit collection to enhance the liquidity and reduce their cost of capital. Competitive interest rates should be used to hold down deposits. Effective management of the deposits must also be ensured to enhance profitability for the banks.

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