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Profitability and Share Price of Listed Deposit Money Banks in Nigeria

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Abstract

Volatility of share prices (SPR) of listed Deposit Money Banks (DMBs) in Nigeria is a major concern to investors because they often suffer huge losses as against their expectations. Share prices volatility can result to low returns and increase uncertainty of future returns to investors. Thus, investors need information disclosed by management in the annual reports of DMBs to make investment decisions, therefore, this study investigated the impact of profitability on SPR of listed DMBs in Nigeria. The study utilised an ex post facto research design. The population of the study consists of all listed DMBs on the Nigerian Exchange Group (NGX). Purposive sampling technique was used to select 10 listed DMBs having the required data for the study from 2015 to 2024. The results of the Feasible Generalized Least Squares (FGLS) analysis revealed that the influence of return on assets (ROA) on SPR was positive and significant, while return on equity (ROE) has an insignificant positive influence on SPR. The study concluded that Profitability, represented by ROE and ROA, altogether significantly affects the SPR of listed DMBs in Nigeria. The study recommended that management of DMBs in Nigeria should boister ROA by managing bank assets efficiently in other to generate more profits from assets which will reinforce investor trust and driving up share demand thereby resulting in share price appreciation, and investors should take into consideration ROA, an indicator of profitability when conducting in-depth research before investing in shares of DMBs in Nigeria

Keywords: *Deposit money banks; profitability; return on assets; return on equity; share price.*

INTRODUCTION

Investors buy shares to earn dividends and to obtain profit from selling the shares at a higher price than their cost price. Thus, investors search for banks that have a high share price because it is an indication of future earnings. According to Handini and Susilo, 2025), high-value companies are more likely to attract investors and increase market confidence. Qabajeh et al. (2024) opined that investors buy shares of banks that have good financial position in order to get adequate returns on money they invested. As a result, bank management should have an efficient strategy to increase financial gain of shareholders. This study focused on DMBs in Nigeria because of their key roles in the Nigerian economy. DMBs in Nigeria connect depositors (surplus units) to those who need capital (such as businesses and individuals). However, DMBs in Nigeria are underperforming due to high non performing loans (NPLs) and weak corporate governance. Thus, the banking industry in Nigeria has experienced frequent regulatory changes in order to improve corporate governance and the health of banks.

The period 2004-2005 was the period of consolidation exercise. In 2004, there were 89 banks in Nigeria and some of these banks were under capitalised. On 6th July, 2004, the central Bank of Nigeria (CBN) informed all the banks to increse their minimum capital requirements from ₦2billion to ₦25billion and the deadline was 31st December, 2005. According to (Sanusi, 2012), this directive resulted to a reduction of banks in Nigeria from 89 banks to 25 stronger banks in 2005 and later to 24 stronger banks and this resulted to renewed investor confidence in the banking sector and adherence to corporate Governance by banks. The year 2010, marked a period of Nigerian banking sector stabilisation. The global economic crisis of 2008 led to reduction in crude oil price which resulted in sudden reduction in stock prices and this affected the statement of finacial position of many Nigerian banks. Many banks in Nigeria had NPLs. To prevent collapse of some banks, in July, 2010 the Nigerian government established Asset Management Corporation of Nigeria (AMCON) to buy NPLs of banks and to provide capital support to distressed banks. Ungersboeck and Runkel (2021) stated that NPLs of DMBs with face value of $26.8billion (₦4.02 trillion) was acquired by AMCON and also between 2010 and 2011. AMCON successfully injected US$15.3 billion (₦ 2.3 trillion) capital into 8 DMBs in Nigeria which enabled the banks to continue their business (Ungersboeck & Runkel, 2021a).

However, all these past reforms did not yield desired long term benefits due to many factors such as high cost of operations, ineffective supervision, inflation and poor infrastructure. To further ensure the financial soundness of banks, in March, 2024, the CBN announced new minimum capital threshold Nigerian banks. The minimum capital requirements for DMBs with regional licences, national licences, and international licences were increased from ₦ 10billion to ₦50billion, ₦25billion to ₦200billion and ₦50 billion to ₦500billion respectively. The deadline to comply was fixed on 31st March, 2026. On 1st April, 2026, the CBN announced that 33 banks successfully met the minimum capital requirements and banks were able to mobilised ₦4.65trillion in fresh capital thus strengthening its support for the economy (Central Bank of Nigeria [CBN], 2026).

According to (Olaoye & Ekundayo, 2022), accounting information is the most important factor considered by investors when making decisions regarding the purchase of shares in the capital market. (Indrayono, 2022) observed that profitability ratios, efficiency ratios, leverage ratios, liquidity ratios, and stock market ratios are the five major categories of accounting ratios. (Handini & Susilo, 2025) noted that profitability is a key accounting ratio that determines the value of a company. (Sohdi, 2024) also opined that investors can use profitability ratios to assess a firm's performance before investing in a company's shares. High profitability can increase a company's stock price. (Novita et al., 2022) stated that profitability is the ability of a company to generate enough profits. Profitability ratios such as ROE and ROA can be used to interpret the financial performance of a bank to enable investors to ascertain whether they will derive profits from shares acquired

Statement of the Problem: The share prices (SPR) of listed DMBs in Nigeria have experienced frequent fluctuations, creating uncertainty for investors regarding their expecetd financial returns. According to Osamor et al. (2025), shareholders and other stakeholders must understand fluctuations in share price to enable them make economic decisions and evaluate performance of companies. Thus, investors need information to predict future SPR of banks. Audu and Adegbola (2025), opined that accounting information can shed light on the financial performance of a firm, and investors can use accounting information to determine the future success and value of a firm. Anggraini et al. (2024) observed that measures of profitability such as ROA and ROE can be used to determine performance

of firms. Investors need to accurately forecast returns on SPR. Accounting information such as profitability ratios (ROE and ROA) can be used to forecast SPR so as to predict future returns.

Gap in Literature: The results of most studies that investigated the relationship between profitability and SPR of listed DMBs in Nigeria might not show current trends in the banking sector because the periods covered by most studies are not recent. For example, the study conducted by (Odinakachukwunwadiubu & Lilian, 2022) covered the years 2007 to 2017; Oladutire and Agbaje (2019) and covered the years 2009 to 2017; Haruna et al. (2024) covered the years 2012 to 2022; (Jacob et al., 2023) covered the years 2012 to 2021; and (Olaoye & Ekundayo, 2022) covered the years 2010 to 2019. Due to the dynamic nature of accounting information, it is important to carry out this study of what is known regarding the impact of profitability on SPR of listed DMBs in Nigeria. Furthermore, many studies conducted on the impact of Profitability on SPR yielded mixed results. While some (Heinz & Sibarani, 2025; Novita et al., 2022; Odinakachukwunwadiubu, & Lilian 2022; Osamor et al., 2025; Uzakah, 2025) reported that profitability has effect on share price, others such as (Agbo & Odo,., 2024; Awa, 2025; Haruna et al., 2024; Jacob et al., 2023; Oladutire & Agbaje, 2019; Olaoye & Ekundayo, 2022; Opuala-Charles & Nwiado, 2023; Peter et al., 2025) reported that profitability has no effect on SPR. These gaps highlight the need for further investigation. Therefore, the aim of this study is to examine the effect of profitability on the SPR of listed DMBs in Nigeria while controlling for the influence of size (FSS) and age (FAA) of the banks

Research Question: What is the effect of profitability on share price (SPR) of listed DMBs in Nigeria after controlling for FSS and FAA?

Research Objective: To examine the effect of profitability on SPR of listed DMBs in Nigeria after controlling for FSS and FAA.

Research Hypothesis: Profitability has no significant effect on SPR of listed DMBs in Nigeria after controlling for FSS and FAA.

LITERATURE REVIEW

Conceptual Review

Share Price: Apandi et al. (2024) opined that price that is reached at a specific time due to demand and supply between share buyers and sellers is called the stock price. (Indrayono, 2022) opined that share price is the point of equilibrium that happens between demand and supply of a particular share on a specific share trading day.

Profitability: According to Uzakah (2025) profitability is the ability of a business to earn enough money from its operations. (Handini & Susilo, 2025) opined that profitability implies how resources of a company is used in an efficient way to make profit while Novita et al. (2022) stated that the capacity of a firm to manage its assets in order to generate profits is termed profitability. According to (Sohdi, 2024), the basic determinant of share prices is profitability and it shows a company ability to earn profits from its business activities

Return on Assets: Oladutire and Agbaje (2019) observed that ROA is the most frequently used proxy of profitability and it provides insight into how well management uses its resources to obtain profits. According to Uzakah (2025), investors can use ROA to ascertain how well a company turns capital invested into net income and ROA is determined by dividing the net income of a firm by its total assets. A higher ROA implies increased asset utilization and a lower ROA implies decreased asset efficiency.

Return on Equity: According to Apandi et al. (2024), a firm with a high ROE, implies that the firm can generate returns that is adequate to its shareholders. (Osamor et al., 2025), also observed that ROE is an important proxy of profitability and it can be used by company stakeholders including the investors to assess the ability of a bank to generate enough income using its equity. A higher ROE implies that the firm is efficient in generating income specifically from equity

Theoretical Framework

Signaling Theory: This study is based on signaling theory (SIGTH) developed by Andrew Michael Spence in 1973. The theory is based on the concept of asymmetric information (ASYMIN). ASYMIN occurs when one party has better information than the other in a transaction. According to Spence (1973, as cited Olaoye and Ekundayo (2022)), the informed party can send a signal to the other party to communicate essential information. This study applies SIGTH to explain the effect of profitability on SPR. Management of DMBs can use profitability ratios to disclose financial information to investors which serves as signals to investors regarding bank prospects. According to Meliza et al. (2024)

signaling theory is used to transmit information regarding bank performance and bank prospects to stakeholders, including the investors. This study used signaling theory to investigate whether profitability ratios have significant effect on share prices.

Empirical Review

Awa (2025) explored the effect of accounting information represented by ROA and ROE on share price (SPR) of listed DMBs in Nigeria from 2013 to 2022. The results from ordinary least square (OLS) regression indicated that the relationship between ROA and SPR was negative but significant while ROE negatively associated with SPR and the relationship is insignificant.

Basri et al. (2025) assessed the influence of financial performance measured by ROE, ROA, Debt to assets ratio (DAR), and debt to equity (DER) on SPR of listed companies on the IDX during the period 2018-2022. The study reported that the relationship between ROA and SPR is positive but not significant, DER relationship with SPR is negative and significant, ROE relationship with SPR was positive and not significant. Qabajeh et al. (2024) studied the effect of profitability proxied by ROE, ROA, DER and debt ratio (DR) on SPR of banks in Jordan from 2015 to 2019. Regression analyses results showed that ROE and ROA are positively associated with SPR and the relationship is significant. Uzakah (2025) assessed the influence of profitability on SPR of listed consumer companies on the NGX from 2017 to 2021. The results indicated that the relationship between ROA and SPR was significant and positive while return on investment (ROI) exerted insignificant negative impact on SPR. However, the explanatory variables altogether, has significant effect on SPR which implies that profitability has impact on SPR.

Heinz and Sibarani (2025) explored the impact of DER, ROA and inflation on SPR of companies listed on Indonesia Stock Exchange (IDX) from 2020 to 2024. The study reported that ROA has positive and insignificant impact on SPR, DER and inflation have positive and insignificant effect on SPR while all the three explanatory variables altogether, has significant effect on SPR Osamor et al. (2025) analysed the influence of financial performance represented by DPS, ROE EPS and FSS on DMBs SPR in Nigeria during the period 2013-2022. The results from regression analysis indicated that ROE, DPS and FSS positively associated with SPR and the relationship was significant. The explanatory variables altogether have significant relationship with SPR

Jacob et al. (2023) explored the impact of financial performance on SPR of Nigerian listed DMBs from 2012 to 2021. The study reported that ROE was negatively associated with SPR and the relationship was not significant while ROA exerted positive and insignificant effect on SPR. However, all the measures of the independent variables simultaneously exerted significant effect on SPR. Oladutire and Agbaje, (2019) explored the relationship between ROA and SPR of listed DMBs in Nigeria from 2009 to 2017. The study reported that ROA has no significant influence on SPR. Olaoye and Ekundayo (2022) conducted a study on the relationship between accounting variables represented by EPS, DPS, ROA and book value per share (BVPS) and SPR of listed DMBs on NGX during the period 2010-2019. The results from Panel data analysis indicated that ROA was positively associated with SPR and the relationship was insignificant while EPS, BVPS and DPS

Significantly and positively affect SPR. However, all the measures of the independent variables simultaneously exerted significant effect on SPR. Novita et al. (2022) assessed the influence of profitability on SPR of 36 chosen consumer goods companies on IDX during the period 2010 to 2019. The study concluded that profitability represented by ROA, FSS and Capital structure positively associated with SPR and the relationship was significant. Apandi et al. (2024) assessed the influence of profitability on SPR of firms in manufacturing sector on IDX from 2019 to 2023. The panel data regression results indicated that ROE was negatively associated with SPR and the relationship is insignificant while the relationship between ROA and SPR was positive and insignificant. (Haruna et al., 2024) investigated the impact of profitability on SPR of DMBs in Nigeria. The results revealed that ROA and FAA negatively associated with SPR and the relationship was significant while the relationship between ROE and SPR was positive but insignificant

METHODOLOGY

The research design method was *ex-post facto.* All the listed DMBs on the Nigerian Exchange Group (NGX) as at 31st December, 2024 made up the study's population. The study selected ten listed DMBs using purposive sampling: First Bank of Nigeria limited, Access Bank Plc, Fidelity Bank Plc, Guaranty

Trust Bank limited, Stanbic IBTC Bank limited, Sterling Bank limited, United Bank for Africa (UBA), Wema Bank Plc, Zenith Bank Plc, and First City Monument Bank limited. Secondary data for the study were sourced from the audited annual reports of the selected listed DMBs from 2015 to 2024. The study used three groups of variables**.** The dependent variable is the share price (SPR), represented by market price per share, the independent variable, profitability, represented by ROE and ROA and control variables which are bank size (FSS) and bank age (FAA). Data analysis methods were descriptive statistics, correlation and regression analysis.

Measurement of Variables

The Table 1 indicates the description of variables

Table 1: Description of Variables

Variable	**Nature of variable**	**Measurement of variables**	**Source**
Share price (SPR)	Dependent	Year-end closing market price per share	(Heinz & Sibarani, 2025)
Return on asset (ROA)	Independent	Net Income/ Total Assets x 100	Uzakah (2025)
Return on equity (ROE)	Independent	Net Income / Total Equity x 100	Apandi et al. (2024)
Firm size (FSS)	Control	Natural log of total assets.	Opuala-Charles and Nwiado, (2023)
Age (FAA)	Control	Number of years that a Bank is listed on the NGX	Haruna et al. (2024)

Source: Authors' Compilation (2026)

Model Specification

This study's model is as follows:

$Y = \beta_O + \beta_1 X_1 + \beta_2 X_2 \ldots\ldots \beta_n X_n + e$

Where

Y = Dependent Variable

X = Independent Variable

e = Error term

β_0 = Intercept of Y.

$\beta_1, \beta_2 \ldots\ldots \beta_n$ = Regression coefficients of explanatory variables

The model was employed by Agyemang and Bardai (2022**).** This study substituted the measures of profitability and SPR into the model and obtained the following model:

$SPR_{it} = \beta_0 + \beta_1 ROAit + \beta_2 ROE_{it} + \beta_3 FSSit + \beta_4 FAA_{it} + e_{it}$

Where:

SPR_{it} = Market share price of listed DMB $_i$ in year t

ROA_{it} = Return on Asset of listed DMB $_i$ in year t

ROE_{it}= Return on Equity of listed DMB $_i$ in year t

FSS_{it} = Size of listed DMB $_i$ in year t

FAA_{it} = Age of listed DMB $_i$ in year t

e_{it} = Error term

β_0 = Intercept

$_i$ = Bank

$_t$ = Year

β_1 *to* β_2 = Coefficient of independent variables

β_3 *to* β_4 = Coefficient of control variables

RESULTS AND DISCUSSION

Descriptive Analysis

Table 2: Descriptive Statistics

	SPR	ROA	ROE	FAA	FSS
Mean	14.556	5.189	16.437	26.400	12.119
Maximum	69.650	64.952	72.269	54.000	13.442
Minimum	0.520	0.474	0.835	10.000	10.880
Std. Dev.	15.435	10.332	13.272	12.864	0.670
Observations	100	100	100	100	100

Source: Author's Computation (2026)

The descriptive statistics, Table 2. revealed that SPR average was ₦14.556 and the observed values for the variable spanned from a minimum value of 0.520 and a maximum value of 69.650. The variability around the mean revealed by standard deviation value was 15.435. The average ROA was 5.189 and smallest observed value was 0.474 while the largest was 64.952. The standard deviation of 10.332 indicates the extent of variability of the observations around the mean. The average ROE was 16.437 and the variable exhibited values within the range 0.835 to 72.269. The variability around the mean revealed by standard deviation value was 13.272. The average bank age was 26.400 and the variable ranged from 10 to 54. The variability around the mean revealed by standard deviation value was 12.864. The average FSS was 12.119 and the variable recorded a range of 10.880 to 13.442. A dispersion measure of 0.670 was recorded, indicating the spread of values around the mean

Correlation Analysis

Results of the Pearson correlation coefficient are as follow:

Table 3: Correlation Analysis

Correlation	SPR	ROA	ROE	FAA	FSS
SPR	1.000				
ROA	0.556	1.000			
	(0.000)				
ROE	0.687	0.710	1.000		
	(0.000)	(0.000)			
FAA	-0.125	-0.049	-0.041	1.000	
	(0.215)	(0.627)	(0.685)		
FSS	0.083	-0.358	0.302	0.115	1.000
	(0.410)	(0.000)	(0.002)	(0.255)	

Source: Author's Computation (2026)
Level of Significance: 5%

At the 5% level of significance, the results in Table 3 indicate that SPR is positively and significantly associated with ROA ($r = 0.556$, $p = 0.000$) and ROE ($r = 0.687$, $p = 0.000$). This implies that an increase in ROA and ROE will lead to a rise in net earnings available to shareholders and hence, a rise in SPR. The association between SPR and FAA is negative and statistically insignificant ($r = -0.125$, $p = 0.215$), and the association between SPR and FSS is positive and statistically insignificant ($r = -0.083$, $p = 0.410$). Furthermore, ROA is positively and significantly associated with ROE ($r = 0.710$, $p = 0.000$) and negatively and insignificantly associated with FAA ($r = -0.049$, $p = 0.627$). However, the association between ROA and FSS is negative but statistically significant ($r = -0.358$, $p = 0.000$). ROE has a negative and statistically insignificant association with FAA ($r = -0.041$, $p = 0.685$) but has a positive and statistically significant association with FSS ($r = 0.302$, $p = 0.002$). Finally, FAA is positively and insignificantly associated with FSS ($r = 0.115$, $p = 0.255$). Overall, none of the correlation

coefficients exceeds the threshold of 0.8 (Basrl et al., 2025), suggesting that there is no indication of multicollinearity among the variables.

Diagnostics Tests

The study conducted Hausman (HAUT) test to select either Fixed effect (FE) or random effect estimation models. The HAUT test results in Table 6 showed a probability value of 0.0016 which was lower than 5% significance level. This implies that FE is the estimation model that is appropriate.

Serial Correlation, Heteroscedasticity and Cross-Sectional Dependence Tests

In Table 4 the results of the test for heteroscedasticity using Breusch Pagan test indicated that the homoscedasticity assumption is rejected with p value of 0.000, which implies the existence of heteroscedasticity. The Wooldridge test for serial correlation equally rejects the assumption of no serial correlation with p value of 0.002, implying the existence of first-order serial correlation. In addition, the assumption of cross-sectional independence was rejected by Pesaran test, which indicates presence of cross-sectional dependence. The implication is that model violates the homoscedasticity, no serial correlation, and exogeneity assumptions. While the first two problems could be addressed by obtaining the static panel regression with robust standard error, all the three problems could only be achieved using panel feasible generalised least square (Panel FGLS) regression. Hence, the study employs panel FGLS .to estimate the effect of ROA, ROE, FSS and FAA on SPR.

Table 4: Serial Correlation, Heteroscedasticity and Cross-Sectional Dependence Test results summary

Test	**Type**	**Results**	**Remarks**
Heteroskedasticity	Breusch-Pagan	Chi2 = 47.11 Prob > Chi2 = 0.000	Heteroscedasticity detected
Serial Correlation	Wooldridge test for serial correlation	F= 18.328 Prob > F = 0.0020	First-Order serial correlation problem occurs
Cross Sectional Dependence	Pesaran	Stat = 7.011; Pr = 0.000	Cross-Sectional Dependence

Source: Authors' Computation (2026)

Test for Multicollinearity

The study utilised variance inflation factor (VIF) and Tolerance value (1/VIF) to test for multicollinearity. Table 5 below indicates the results of VIFs of each explanatory variables and their related tolerance values (1/VIF). According to Agyemang and Bardai, (2022), the benchmarks for VIF and 1/VIF are 10 and 0.10 respectively, that is, if the VIF is more than ten (10) or Tolerance value is less than 0.10, shows problem of Multicollinearity. In Table 5, VIF of each of the independent variables fall below 10 and 1/VIF of each of the independent variables is above 0.10. It indicates no problem of multicollinearity among the independent variables and coefficient estimates are reliable.

Table 5: Estimated Variance Inflation Factor

	VIF	1/VIF
ROA	7.561	0.132
ROE	7.297	0.137
FSS	4.202	0.238
FAA	1.048	0.954
Mean VIF	5.027	.

Source: Authors' Computation (2026).

Regression results

Table 6: Panel feasible generalized least square regression (FGLS) Regression results.

DEPENDENT VARIABLE: SPR	**Feasible Generalised Least Square (FGLS)**			
Variable	**Coefficient**	**Std. Err**	**t-stat**	**P Value**
Constant	-49.71	28.195	-1.76	0.078
ROA	0.474	0.228	2.08	0.037
ROE	0.225	0.120	1.87	0.062
FSS	4.154	2.451	1.70	0.090
FAA	0.140	0.116	1.21	0.228
Observations	100			
R-squared	0.849			
Adjusted R-squared	0.826			
F-Stat	21.17			
Prob of F- Stat	0.000			
Hausman Chi	17.41			
Prob Hausman Chi	0.0016			

Source: Author's Stata 17.0 Output (2026)

Interpretation of Regression results

$SPR_{it} = \beta_0 + \beta_1 ROAit + \beta_2 ROE_{it} + \beta_3 FSSit + \beta_4 FAA_{it} + e_{it}$

$SPR_{it} = -49.71 + 0.474 ROAit + 0.225 ROE_{it} + 4.154 FSSit + 0.140 FAA_{it}$

The FGLS panel regression results in Table 6 indicate that ROA exerted significant effect (t=2.08; p<0.05) on SPR suggesting that market share price increased with higher return on assets. The results also indicate that ROE exerted insignificant effect (t value of 1.87 and p value greater than 5 percent significance level) on SPR. The coefficients of variables indicated that. ROA and ROE are positively associated with SPR with coefficients of 0.474 and 0.225 respectively. The positive coefficient of ROA (0.474) indicates that for each 1% rise in ROA, SPR will rise by 0.474units, and the positive coefficient of ROE (0.225) indicates that each 1% rise in ROE, will lead to 0.225 units rise in SPR. The value of the adjusted R^2 of 82.6% implies that all the variables in the model (ROA, ROE, FSS and FAA) can only explain 82.6 % of changes in SPR of Nigerian listed DMBs and the remaining 17.4% can be interpreted by variables outside this study's model

The F statistic of 21.17 with a probability value of 0.000 indicates that the regression model is statistically significant at the 5% level. Therefore, the independent and control variables jointly have a significant influence on the SPR and the null hypothesis that profitability has no significant effect on SPR of listed DMBs in Nigeria after controlling for FSS and FAA is rejected.

DISCUSSION OF FINDINGS

The significant positive effect of ROA on SPR strengthened the signaling theory; when managers disclose strong ROA in their financial statements, it implies that managers are efficient in using bank assets to generate enough revenue. Such disclosures will result to a rise in demand for bank shares, which will lead to an increase in their SPR. This result corroborates the findings of Heinz and Sibarani, (2025); Novita et al. (2022); Qabajeh et al. (2024); and Uzakah (2025), who also obtained positive and significant effect of ROA on SPR. However, the result did not align with the study of (Haruna et al., 2024) which found that ROA has a negative and insignificant effect on SPR. The results of the FGLS in Table 6 also reveal that ROE has insignificant effect on SPR, the insignificant effect of ROE on SPR implies that investors may not rely on signals provided by ROE since high ROE is not often a sign of high financial performance of banks because excessive debts or reduction in equity can cause high ROE. This result aligned with the reports of Apandi et al. (2024); Awa (2025); Basri et al. (2025); and Jacob et al. (2023); who also obtained insignificant effect of ROE on SPR. However, this result differs from the findings of Osamor et al. (2025) and Haruna et al. (2024) who both found that ROE has a significant effect on SPR. The FGLS results also reveal that ROE has a positve influence on SPR. This result is consistent with Basri et al. (2025) results which found that the relationship between ROE and

SPR was positive, but negates the findings of Apandi et al. (2024) which reported that ROE has a negative relationship with SPR. The results further reveal that the two proxies of profitability used in this study, ROA and ROE, altogether has significant impact on SPR . This results corroborates the findings of Jacob et al. (2023); Novita et al. (2022); and Osamor et al. (2025) who reported that profitability significantly affects SHP , However, the result failed to support the findings of Oladutire and Agbaje (2019) which found that profitabilty has insignifant effect on SPR

CONCLUSION

The study investigated the effect of profitability on share price (SPR) of listed DMBs in Nigeria after controlling for FSS and FAA. The results revealed that profitability has significant effect on SPR of DMBs in Nigeria after controlling for FSS and FAA. This suggests that investors place considerable value on banks ability to generate profit. The individual significant tests indicated that ROA has a significant influence on SPR with a strong probability value less than 0.05 while ROE, FSS and FAA have insignificant effect on share price with probability values of 0.062, 0.090 and 0.228, respectively. This study contributes to the understanding of the variables that influence SPR by showing that profitability remains an important predictor even after controlling for FSS and FAA. The findings have practical implications for bank managers because this study discovered empirically that ROA is a significant driver of SPR, this will enable management of DMBs in Nigeria to use bank assets efficiently in order to increase net income. This study also provides empirical support for the signaling theory which is the theoretical framework of this study and givea credence to the theory for its wide usage in studies relating to profitabilty and SPR. Also, the models developed in this study can be used for predictions of SPR in the NGX. In addition, Investors will benefit from the findings of this study because it will assist them to make wise investment decisions thereby reducing potential losses in future. Other stakeholders that will find this study useful are researchers, financial consultants and regulators in the Capital market. In light of the findings, the study makes the following recommendations:

1. 1.Management of listed DMBs in Nigeria should boister ROA due to its significant positive effect on SPR, by managing assets of banks efficiently in other to generate more profits from assets which will reinforce investor trust and driving up share demand thereby resulting in share price appreciat**ion**.
2. Security and Exchange Commission (SEC), Financial Reporting Council of Nigeria (FRC), and other regulatory agencies of DMBs in Nigeria should ensure that Banks prepare their financial statements in line with the requirements of International Financial Reporting Standards which will results to transparent and high quality financial information
3. Investors should take into consideration indicators of profitability such as ROA when conducting in-depth research before investing in shares of DMBs in Nigeria

Future studies may extend this reaserch by including additional control variables such as macroeconomic variables including inflation rate, interest rate and exchange rate. In addition, this study considered only the banking sector; future research could focus on other sectors of the Nigerian economy such as oil and gas sector and manufacturing sector.

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