

**SUSTAINABILITY DISCLOSURES AND FINANCIAL PERFORMANCE
OF BANKS IN NIGERIA.**

BY

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UNIVERSITY OF BENIN

BENIN CITY

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**A PROJECT WRITTEN AND SUBMITTED TO THE DEPARTMENT OF
ACCOUNTING, FACULTY OF MANAGEMENT SCIENCES IN PARTIAL
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BENIN CITY.**

FEBRUARY,2025

DECLARATION

I declare that:

This thesis is based on a study undertaken by me in the Department of Accounting, Faculty of Management Science, University of Benin, Benin City, under the supervision Dr. S. Umanah of the department of Accounting, Faculty of Management Sciences, University of Benin, Benin City, Nigeria. This work has not been submitted for the award of any degree elsewhere. All ideas and views are products of my personal research and where the views of others have been expressed, they have been dully referenced and acknowledged.

OJUGBELI ELIZABETH ESOHE

Date

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CERTIFICATION

We certify that this work is an original work carried out by **OJUGBELI ELIZABETH ESOHE** with matriculation number **MGS1712704** in the Department of Accounting, University of Benin, Benin City.

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(Head of Department)

Date

DEDICATION

This project work is dedicated to Almighty God, who saw me through my academic journey in the Department of Accounting, Faculty of Management Sciences. To You be the glory for Your ever-abiding leadership and grace.

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I am extremely grateful to God Almighty for granting me the strength and wisdom to successfully complete this project.

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ABSTRACT

This study was undertaken to investigate the relationship between sustainability disclosures and banks' financial performance in Nigeria. In other that the objective in this research work might be achieved, research design employed in this study is the longitudinal research design. The population for this research work includes secondary data from annual reports of selected banks obtained from the Nigeria Stoke Exchange facts book from 2017 to 2023.

The study finds that governance disclosure has a negative and non-significant relationship with Return on Assets but a positive and significant relationship with Return on Equity, while Social disclosure has a negative and non-significant relationship with Return on Assets, Return on Equity. Additionally the study also finds that environment disclosure has a positive and non-significant relationship with Return on Equity but a negative and significant relationship with Return on Assets.

In light of these findings the study recommends that banks in Nigeria should adopt rationales for prudent venture and financial policies and make appropriate operational choices, in an effort to accomplish its set goals towards creation of income, augmenting profits and accomplishment of investors' objectives. The study further recommends that in the course of banks' lending activities to customers, active interest should be shown in knowing cumulatively what the customer's business is that the bank is financing. Finally the study recommends that to improve corporate governance, the value of the stock ownership of board

members must be put in mind, since it relates positively to both the probability of disciplinary management turnover and future operating performance in poorly performing banks.

CHAPTER ONE

1.1 BACKGROUND OF STUDY.

The term business refers to an organization or enterprising entity engaged in commercial, industrial, or professional activities

The purpose of a business is to organize some sort of economic production of goods or services. Businesses can be for-profit entities or non-profit organizations fulfilling a charitable mission or furthering a social cause. Businesses range in scale and scope from sole proprietorships to large, international corporations.(Hayes 2023)

Sustainability disclosure dates back to the historical beginnings of environmental reporting. The first sets of environmental reports were published in the late 1980s by companies in the chemical industry which had serious image problems, for instance, a huge PVC producer was denied permits to develop a site near Houston after residents organized to block the plant. Officials who supported the project privately conceded that the company and industry's image as dangerous and greedy made the difference in blocking what technically was an unobjectionable proposal. (Glendanique, 2017).

Now, non-financial disclosure such as sustainability disclosure is a fairly recent trend which has expanded over the last twenty years. Many companies now produce an annual sustainability report and there are a wide array of ratings and standard around. There are

varieties of reasons that companies choose to produce the reports, but at their core, they are tend to be vessels of transparency and accountability. Often they also tend to improve internal processes, engage stakeholders and persuade investors (Rossie, 2014). Sustainability report is the most important communication channel that an organization has its external and internal stakeholders (Bitlis,2016).

Financial performance is viewed as the assessment of the degree to which a corporation can utilize its assets to improve the earnings of the business. Assets in this context refer to items owned by the firm, and might not necessarily be tangible.

Otekunrin et al. (2019) averred that the Nigerian banking system is highly evident with poor liquidity management. This was the core reason why the Central Bank undertook a recapitalization process which raised the minimum capital base of banks from N2 billion to N25 billion.

Another study by Adebite et al (2022) investigated the relationship between sustainability disclosures and profitability in Nigerian banks. The findings revealed that banks with higher levels of sustainability disclosures experienced improved profitability, suggesting that sustainable practices can contribute to enhanced financial performance.

This reform compelled banks to partake in any merger/amalgamation in order to obtain the needed capital and acquire sound liquidity in 2005. Over time, not all banks were able to maintain the required capital standing and some had to merge with others or were liquidated. In 2018, for instance, Skye Bank transferred its assets and liabilities to Polaris Bank because of its inability to maintain sound financial performance evident by its failure to meet liquidity requirements.

Antoun et al. (2018) noted that there is an abundance of research concerning the performance of the banking sector. Most of these studies used banks' profitability as its outcome variable. Also, the predictors of the financial performance of banks were divided into three divisions: bank-specific factors, industry-specific factors, and macroeconomic factors. The bank-specific variables included business mix and diversification, deposits, size, and operating efficiency. According to Nyantakyi (2015), right from the mid-1980s, several countries in Africa have carried out financial sector reforms that were targeted at reorganizing and privatizing state-controlled banks as recommended by the IMF and World Bank structural adjustment policies (SAP).

The SAP(Structural Adjustment Program) was carried out along with supporting policies that reduced the entry and exit borders, interest and capital controls, and overturned some unprofitable standards in the banking sector. Notwithstanding the continued debate among experts on the overall economic benefits of SAP, the accord is that in the financial sector, these policies have directed the advent of more competent private deposit money banks which are directly placing financial resources into more creative sectors, aiding in risk-sharing and strengthening private sector expansion(Bello, 2016).

This research intends to study the impact of sustainability reporting on financial performance of listed banks in Nigeria. This can be done using certain indicators like social disclosure to measure sustainability whereas return on assets, earnings per share and return on equity could be used to measure financial performance. Again the research will establish a theoretical framework that can create link between sustainability and financial performance of banks.

1.2 STATEMENT OF THE RESEARCH PROBLEM

Organization who do not get involved in sustainability disclosure do not get the benefits it brings such as getting investors both far and wide to make important investment decisions in the organization. The scenario also does not provide the requisite atmosphere for stakeholders and investors to have knowledge of what the organization is up to. Standards have been put in place to ensure that banks in Nigeria get involved in sustainability disclosure. One of the standard and most widely accepted standard for sustainability disclosure down is the Global Reporting Initiative(GRI). The Global Reporting Initiative (known as GRI) is an international independent standards organization that helps businesses, governments, and other organizations understand and communicate their impacts on issues such as climate change, human rights, and corruption.

Since its first draft guidelines were published in March 1999,(Molken,2015) GRI's voluntary sustainability reporting framework has been adopted by multinational organizations, governments, small and medium-sized enterprises (SMEs), NGOs, and industry groups. Over 10,000 companies from more than 100 countries (including Nigeria) use GRI.

The problem areas that spurred the interest in researching on this topic, is specifically the sustainability reporting and financial performance studies are either inconclusive or contradictory, sometimes reporting negative or positive result of relationship between sustainability disclosure and financial performance. Therefore, this study was carried out to evaluate the effect of sustainability disclosure and financial performance of banks in Nigeria.

1.3 OBJECTIVES OF THE STUDY

The main objective of this study is to investigate the relationship between sustainability disclosures and bank's financial performance in Nigeria. The specific objectives of the research work are to:

1. Determine the relationship between governance and bank's financial performance in Nigeria.
2. Evaluate the relationship between social disclosure and Bank's financial performance in Nigeria.
3. Ascertain the relationship between environmental disclosures and bank's financial performance in Nigeria.

1.4 RESEARCH QUESTIONS

The research work attempts to contribute to already existing literature as regards sustainability disclosure and financial performance of banks in Nigeria by addressing and answering the following challenges raised.

1. Is there a significant relationship between the governance disclosures and the bank's financial performance?
2. Is there a significant relationship between the social disclosures and the bank's financial performance?
3. Is there a significant relationship between the environmental disclosures and the bank's financial performance?

1.5 RESEARCH HYPOTHESIS

The hypothesis listed below will be tested empirically during the course of the research and the result will guide the conclusion to be derived and the recommendation to be made.

H01 There is no significant relationship between governance disclosures and bank's financial performance in Nigeria.

H02 There is no significant relationship between social disclosures and bank's financial performance in Nigeria.

H03 There is no significant relationship between environmental disclosures and bank's financial performance in Nigeria.

1.6 SCOPE OF THE STUDY

This study is an attempt to empirically examine sustainability disclosure and bank's financial performance in Nigeria. This study intends to carry out investigation and financial performance from Nigerian banks. It is aimed at gaining in-depth knowledge into the concert of sustainability disclosure as it impacts on bank's financial performance in Nigeria. To achieve this, we rely on the financial statement published by Nigeria banks from 2017-2023.

1.7 SIGNIFICANCE OF STUDY

Stakeholders increased interest in the need for transparency in disclosure receive a general deal of attention. This benefit to be derived from this research work includes, firstly, the ignition of more awareness of sustainability disclosure of banks in Nigeria in addition to existing literature on the research work. This helps to make the importance and benefit of sustainability disclosure known so that different sector can adopt and practice it. Secondly, valuable reference to further studies in the area of this research, allows for the provision of better understanding on the importance of affective sustainability. The study will also give

assistance to existing stakeholders and potential investors to make judgement as regards investments.

CHAPTER TWO

LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 Financial Performance

Financial statements are written records that convey the business activities and the financial performance of a company (Murphy, 2023).

Financial statements are often audited by government agencies, accountants, firms, etc. to ensure accuracy and for tax, financing, or investing purposes. For-profit primary financial statements include the balance sheet, income statement, statement of cash flow, and statement of changes in equity. Non profit entities use a similar but different set of financial statements..

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenue. It is a general measure of a firm's overall financial health over a given period (Will, 2020). There are several means of measuring and evaluating firm's performance. These can be done through financial measure. For the purpose

of this study, return on asset, return on equity and Tobin's Q as a measure of financial performance would be adopted.

2.1.1.2 Return on Asset

Return on assets (ROA) is a financial ratio that measures a company's profitability by showing how much profit it generates with its total assets. A higher ROA indicates that a company is using its assets more efficiently to generate earnings.

One study by Wilson et al. (2020) examined the impact of financial performance on ROA in the banking sector. The study found a positive relationship between ROA and financial performance metrics such as net interest margin, cost efficiency, and loan loss provision. The authors concluded that improving financial performance can lead to higher ROA for banks. Another study by Abbas et al. (2021) investigated the influence of firm size and age on ROA. The study found that larger and older firms tend to have higher ROA compared to smaller and younger firms. This suggests that larger and more established companies are able to generate higher profits with their assets.

Another study by Archibald and Borde (2019), the authors explored the impact of industry specifics on ROA. The study found that industries with higher profit margins and lower asset turnover ratios tend to have higher ROA. This indicates that industry characteristics can influence a company's ability to generate profits with its assets.

Several studies have been conducted to explore the impact of ROA on the performance of banks in Nigeria. A study by Agenor and Akindele (2019) analyzed the relationship between ROA and financial performance of banks in Nigeria using data from 14 commercial banks over a period of 10 years. The study found a positive and significant correlation between ROA and profitability, suggesting that higher ROA leads to improved financial performance.

Similarly, Olatunji and Oladeji (2021) examined the impact of ROA on the performance of Nigerian banks by analyzing data from 16 banks over a period of 5 years. The study revealed that banks with higher ROA tend to have better financial performance, as measured by key indicators such as return on equity and net interest margin. Another study by Adenuga (2019) investigated the relationship between ROA and financial performance of Nigerian banks in the context of market competition. The study found that banks with higher ROA were able to outperform their competitors in terms of profitability and market share, highlighting the importance of efficient asset utilization in achieving sustainable growth in the banking industry.

In contrast, a study by Olanrele and Adepoju (2022) examined the impact of ROA on financial performance of Nigerian banks in the face of economic instability and regulatory changes. The study found that while ROA remained a significant indicator of profitability, other factors such as capital adequacy and loan quality also played a crucial role in determining the overall performance of banks in Nigeria.

2.1.1.3 Return on Equity

Return on equity measures the rate as return that the owner of common stock or a company receive on their shareholdings; it signifies how good the company is on generating return on the investment it received from its shareholders. It is a measure of financial performance calculated by dividing net income by shareholder's equity because shareholder's equity is equal to a company's assets. Investors use return on equity as a measure of how a company is using its money, the higher returns on equity indicate that the company is spending wisely and likely profitable.

2.1.2 Sustainability Disclosures

Sustainability disclosure has become increasingly important as stakeholders demand more information about companies' environmental, social, and governance (ESG) performance. Sustainability disclosure has gained significant attention in recent years as stakeholders increasingly demand transparency and accountability from businesses, including banks.

A study by Uwafiokun, Razak, and Yusoff (2019) examined the impact of sustainability disclosure on the financial performance of banks in Nigeria. The authors found a positive relationship between the level of sustainability disclosure and the financial performance of banks. They argue that by disclosing information on their environmental, social, and governance practices, banks can enhance their reputation, attract socially responsible investors, and improve their overall financial performance.

Similarly, a study by Okoye, Egbunike, and Uyanna (2020) also found a positive relationship between sustainability disclosure and financial performance in Nigerian banks. The authors suggest that banks that disclose information on their sustainability practices are perceived more positively by stakeholders, which can lead to increased customer loyalty, enhanced brand reputation, and ultimately, improved financial performance.

On the other hand, a study by Oseni, Afolabi, and Owoseni (2019) found mixed results regarding the relationship between sustainability disclosure and financial performance in Nigerian banks. The authors argue that while sustainability disclosure can potentially have a positive impact on financial performance through improved reputation and stakeholder engagement, the effect may vary depending on the specific context and practices of individual banks

2.1.2.1 Corporate Governance Disclosure

Corporate governance plays a significant role in the banking sector, particularly in developing economies like Nigeria. It encompasses the structures, policies, and practices that determine how a bank operates and interacts with stakeholders. The importance of corporate governance disclosures has gained prominence due to its potential impact on financial performance.

Corporate governance disclosure refers to the extent and nature of information provided to stakeholders regarding the governance framework of a corporation. In Nigeria, the Central Bank of Nigeria (CBN) mandates adherence to governance codes that aim to enhance transparency and accountability (Okpala & Inyama, 2021). Adequate disclosures are critical not just for regulatory compliance but for building trust with investors and enhancing the overall reputation of banks (Asogwa & Oranusi, 2020; Nwankwo, 2022).

Cognitive transparency is necessary for informed decision-making by stakeholders. Many studies have shown that effective corporate governance disclosures are positively correlated with financial performance, particularly in the banking sector (Abiola & Egbunike, 2021; Adewoye et al., 2020).

Research indicates that banks with robust governance frameworks and comprehensive disclosure practices often experience better financial performance metrics. For instance, findings by Ezeani et al. (2021) reveal that enhanced corporate governance disclosure significantly contributes to improved profitability and asset quality in Nigerian banks. Similarly, a study by Abubakar and Ahmad (2021) highlights a direct relationship between corporate governance practices and return on equity (ROE) and return on assets (ROA) in Nigerian banks. Additionally, the level of corporate governance disclosure can serve as an indicator of a bank's integrity and operational efficiency. Banks engaged in transparent

governance practices tend to attract more investments, leading to enhanced financial performance (Udeh & Iwu, 2020; Ogbeide, 2022).

Despite the established benefits, several challenges impede the effective implementation of corporate governance practices in Nigeria. Issues such as regulatory inadequacies, lack of enforcement of governance codes, and cultural attitudes towards governance practices contribute to the varied quality and frequency of disclosures (Osifor & Ofoegbu, 2021). Moreover, many banks are still reluctant to disclose sensitive information, impacting stakeholder trust and financial performance negatively (Emenyonu et al., 2021)

2.1.2.2 Social Disclosures

The relationship between social disclosures and financial performance has drawn increasing attention in the banking sector, particularly in developing economies like Nigeria. Social disclosures refer to the reporting of non-financial information that reflects a company's commitment to social responsibilities, including environmental, social, and governance (ESG) factors. Several studies have indicated a positive relationship between social disclosures and financial performance in the banking sector. For example, Ogechukwu & Okwori (2022) found that Nigerian banks with higher levels of social disclosure demonstrated better financial performance, as measured by return on assets (ROA) and return on equity (ROE). Their findings suggest that enhanced corporate social responsibility (CSR) practices can lead to improved profitability through customer loyalty and brand reputation.

The regulatory environment in Nigeria plays a vital role in shaping the social disclosures of banks. Nwagwu & Okoro (2021) highlighted that the Central Bank of Nigeria (CBN) guidelines encourage banks to engage in social responsibility initiatives. The study revealed that banks adhering to these regulations tended to exhibit superior financial performance,

thereby supporting the argument that regulatory frameworks can enhance the quality and quantity of social disclosures.

Another study conducted by Olofinisan & Oguniyi (2020) explored how stakeholder expectations influenced social disclosures in Nigerian banks. The researchers found that banks that actively engaged with stakeholders in their social responsibility efforts reported stronger financial outcomes. The study emphasized the importance of aligning social disclosures with stakeholder needs to achieve financial success. Despite the positive trends, there are several challenges. Ahmad & Ahmed (2023) pointed out issues such as lack of standardized reporting frameworks and the prevalence of greenwashing, where banks promote superficially beneficial activities without substantial impact. These challenges undermine the credibility of social disclosures and, consequently, their effects on financial performance.

2.1.2.3 Environmental Disclosures

Environmental disclosure refers to the process through which organizations, including banks, communicate their environmental impacts, policies, and performance to stakeholders. This practice has grown increasingly important as stakeholders demand transparency regarding corporate social responsibility (CSR) and sustainability initiatives. In Nigeria, the banking sector plays a significant role in the economy, making it essential to understand how environmental disclosure impacts financial performance. The banking industry in Nigeria has seen a rise in environmental concern, particularly as environmental degradation poses risks to the economy and society. Several banks have adopted policies aimed at promoting sustainability and have increased their environmental disclosure practices. A study by Obiora

and Ezeani (2020) revealed that Nigerian banks are increasingly acknowledging the significance of environmental issues and integrating them into their corporate strategies.

Financial performance in the banking sector can be measured using various indicators such as return on assets (ROA), return on equity (ROE), net profit margin, and other financial ratios. Researchers are keen to determine how environmental disclosure correlates with these performance measures.

Environmental disclosure can enhance stakeholder trust, leading to improved customer relationships and, subsequently, better financial performance. Abubakar & Abdul-Kareem (2021) found that increased transparency in environmental matters has a positive impact on customer loyalty and financial stability. Also Banks that actively engage in environmental disclosure are better positioned to manage risks associated with environmental sustainability, which can impact their financial performance. Emenyonu & Alabi (2021) reported that banks with robust environmental policies are less likely to face reputational risks that could adversely affect their profitability.

Additionally environmental disclosure may improve a bank's access to capital. According to a study by Udeh, Agbim, & Onwumere (2022), banks that practice enhanced environmental accountability often attract more investment, which positively influences their financial outcomes.

The Nigerian government and international accrediting bodies are increasingly mandating environmental disclosures. Ibadin et al. (2023) noted that compliance with these regulations not only mitigates risks but also leads to improved financial metrics, as banks avoid penalties and improve their standing with regulators. Furthermore environmentally responsible banks tend to have a better corporate image, which can enhance market competitiveness. Osagie &

Olabisi (2020) emphasized that banks that prioritize environmental disclosure often enjoy stronger brand loyalty and, consequently, better financial performance.

Despite the benefits, many Nigerian banks face challenges in practicing effective environmental disclosure because there is a lack of uniform guidelines for environmental reporting among banks in Nigeria, leading to inconsistent practices (Nwachukwu & Ezeani, 2021). Also some banks may perceive environmental disclosure as an added cost rather than an investment, which can hinder their willingness to adopt such practices (Ogunmade & Olaniyan, 2022).

2.2 Empirical Review

The foregoing is a review of empirical works on the relationship between sustainability disclosures and bank financial performance.

Festus et al. (2023) aimed to evaluate the effects of corporate social responsibility (CSR) on the financial performance of the oil and gas industry in Nigeria. The research employed an expost facto approach to gather secondary data for analyzing the correlation between CSR initiatives and financial performance within the Nigerian oil and gas sector. The study encompassed a population of twelve (12) entities, with a sample size of five (5) publicly quoted oil and gas companies selected using a judgmental sampling technique. The study's timeframe spanned from 2011 to 2020. The study adopted three financial performance indicators (Return on Equity - ROE, Return on Assets - ROA) as dependent variables. In terms of independent variables, the study employed a cost analysis method on reports to evaluate CSR, focusing on ethical contributions, economic earnings per share, and legal costs

associated with director remuneration, auditors' fees, tax payments, interest expenses, and staff costs.

The findings revealed that the economic, donation, and legal aspects of corporate social responsibility exhibited no significant impact on the return on assets (ROA) and return on equity (ROE) of oil and gas companies in Nigeria. Consequently, the study concluded that there was a lack of a significant relationship between corporate social responsibility initiatives and the financial performance of listed oil and gas firms in Nigeria. The study by Festus et al. (2023) is constrained by several limitations. These include a small and potentially non-representative sample size of only five quoted oil and gas companies, chosen through judgmental sampling, which could introduce bias.

The study is limited timeframe from 2011 to 2020 might not capture long-term trends or fluctuations. While using Return on Equity (ROE) and Return on Assets (ROA) as financial performance indicators, the study might overlook other essential metrics. The method of measuring CSR through cost analysis focusing on ethical, economic, and legal aspects might not encompass the entirety of CSR activities. Moreover, the findings' applicability could be limited to the specific context of the Nigerian oil and gas industry, and the study omits variables that could influence the relationship between CSR and financial performance. In light of these identified constraints, the current study aims to investigate how corporate social responsibilities impact the financial performance of banks listed in Nigeria.

This investigation spans a comprehensive timeframe of 14 years, ranging from 2009 to 2022. The study is designed to address the limitations previously mentioned, including aspects such as sample size adequacy and representation, refining sampling techniques, extending the time frame, considering various financial performance indicators, adopting a more encompassing approach to measuring CSR, acknowledging industry-specific factors, and enhancing the

applicability of findings. Ogunleye et al. (2023) examined the impact of value relevance of corporate social responsibility disclosures of listed food manufacturing companies in the Nigerian consumer goods sector. It specifically investigated how the share prices of listed food manufacturing companies respond to publications on each of the four components of corporate social responsibility disclosures as required by the GRI framework.

The social contract theory anchored the basis for this study. Census sampling technique was utilized for this study because all of the 9 listed food manufacturing companies in the consumer goods sector were observed. The annual reports, sustainability reports and NSE website for the ten-year period covering 2011-2020 were content analyzed for data on CSR and market price of share respectively. The hypotheses formulated were tested using multiple linear regression analysis. The study reveals that CSR disclosures are value relevant, however, human resources responsibility disclosures (the most disclosed component) has the least impact on the share prices, while in descending order of significance environmental responsibility disclosures (the least disclosed), community responsibility disclosure and customers and products responsibility disclosures have the most significant impact on the share prices of listed firms in the Nigerian food industry.

Ayon and Oyedokun (2022) conducted an exploration into the connection between Corporate Social Responsibility (CSR) and Financial Performance of specific Food and Beverage Companies listed on the Nigerian Stock Exchange. The study's timeframe spanned from 2016 to 2020. The research adopted a combination of descriptive and inferential statistical methods to portray the population and make broader inferences from the sample results. The study's population consisted of seventeen (17) food and beverage firms listed on the Nigerian Stock Exchange, and secondary data were analyzed using the Stata software. Content analysis was utilized as the analytical method. The study employed the coefficient of determination, R squared, to assess the significance of the regression model in elucidating the link between

corporate social responsibility practices as reported in annual reports and financial performance. Panel Least Squares Regression Analysis was utilized to test the hypotheses. The study considered various aspects of corporate social responsibility, including disclosure, community involvement, employee concerns, human rights protection, protection of stakeholders' interests, and product responsibility, as independent variables.

Financial performance was represented through Return on Capital Employed (ROCE) and Earnings Per Share (EPS). The outcomes unveiled that community involvement displayed a positive yet statistically insignificant association with return on capital employed, and likewise exhibited a positive but insignificant connection with earnings per share among food and beverage companies in Nigeria. In light of these findings, the study's recommendations included the suggestion that food and beverage companies should strive to enhance their corporate social responsibility disclosures, particularly focusing on those with comparatively lower levels of disclosure.

The study conducted by Ayon and Oyedokun (2022) is subject to several limitations. The study's relatively short timeframe of five years might not capture long-term trends. Additionally, the use of Return on Capital Employed (ROCE) and Earnings Per Share (EPS) as financial performance indicators might not encompass all aspects of financial performance. Consequently, the findings might not be widely applicable beyond the specific context of the Nigerian food and beverage industry. Supported by these constraints, the current study aims to investigate how corporate social responsibilities impact the financial performance of banks listed in Nigeria.

This investigation spans a comprehensive timeframe of 14 years, ranging from 2009 to 2022. The study is designed to address the limitations previously mentioned, including, extending the time frame, considering other financial performance indicators, acknowledging industry-specific factors, and enhancing the applicability of findings. Onipe and Ismaila (2022) conducted an investigation into the relationship between Corporate Social Responsibility (CSR) and Financial Performance in Nigeria.

The study employs a correlational research design, involving a population of 156 corporations and a sample of 112 corporations. A series of filters were applied, including requirements for companies to be listed before 2012 and maintain their listing in Nigeria until the end of 2021, having complete 10- year annual reports, and excluding companies quoted after 2021 or facing technical issues with the Exchange that relate to listing standards, regulatory filings, delisting, and restructuring.

Ultimately, the study uses 112 quoted corporations, generating 1,120 observations over a 10-year period. Financial performance, the dependent variable, is represented by an index based on return on assets, earnings per share, and return on equity. Corporate social responsibility (CSR), the independent variable, is proxied through human resource development, environmental efforts, community interventions, and new product research and development. The study also considers control variables such as firm size and leverage. The study's results indicate a positive and significant relationship between corporate social responsibility and corporate financial performance.

The study by Onipe and Ismaila (2022) gave a broader perspective of the impact of corporate social responsibility on the financial performance of companies. As good as it is on a wider sense since all metrics were culminated making the result from the finding not specifically directed towards banks considering the effect of the other companies metric on the findings.

Variables used to represent financial performance in this study might not be representative enough to be used as metric of measuring the financial performance of banks in Nigeria. Supported by these limitations, the current study aims to focus on corporate social responsibility initiatives with greater precision, addressing it with industry specifics rather than in a general sense.

Additionally, the study seeks to explore other financial performance metric for banks in Nigeria such as; Net Interest Margin and Tobin's Q to yield more applicable results concerning the impact of corporate social responsibility initiatives on the financial performance of listed banks in Nigeria. Oluyinka (2021) investigates the relationship between Corporate Social Responsibility and Financial Performance using a study sample consisting 12 Deposit Money Banks listed on Nigeria Stock Exchange for ten years, 2009-2018. Three (3) corporate social responsibilities initiatives were chosen: Community development, Education and Health and while financial performance was measured by Return on Asset (ROA).

Descriptive methods were used to assess the features of the variables, based on evaluating correlations and interdependences that exist between these variables. The study employed multiple linear regression, having carried out some diagnostic tests. One sample Kolmogorov test was employed for the normality test, Variance Inflation Factor and Durbin Watson for multicollinearity test and auto-correlation, respectively. Hausman's test was employed to select between fixed and random effect models, and the selections favored the random effect model. The study found out that CSR on Community Developments has a positive and significant effect on financial performance.

On the contrary, the study reveals that CSR on Education has an insignificant positive effect on financial performance, and CSR on Health has a negligible negative effect. The study recommends that management of Deposit money banks in Nigeria should not blindly engage in CSR activities, but should selectively select the CSR activities that can take care of all the stakeholders' interest. The study by Oluyinka (2021) was limited to only three specific CSR initiatives: Community development, Education, and Health. This limited selection might not encompass the full spectrum of CSR activities that banks engage in, potentially overlooking other important initiatives. The study spans a period of ten years, from 2009 to 2018. However, this timeframe might not be adequate to capture longer-term effects of CSR initiatives on financial performance.

The study also relies solely on Return on Asset (ROA) as the measure of financial performance. While ROA is a common metric, it might not capture all aspects of financial performance, and using additional metrics could provide a more comprehensive understanding. Based on these limitations, the study at hand considers additional variables with independent and dependent variables, time period from 2009-2022, with a good representation of banks financial performance measured as Net interest margin and Tobin's Q. Francesco et al. (2018) conducted an investigation into the influence of corporate social responsibility (CSR) knowledge on the financial performance of European banks within the context of the banking industry.

The study aimed to understand how the engagement of European banks in CSR activities affects their financial performance. Data were collected from various sources, with banks identified from the Thomson Reuters dataset and financial data sourced from the Worldscope database. CSR performance metrics were based on CSR scores provided by the asset database. The study encompassed a seven-year period, spanning from 2009 to 2015, with the exclusion of banks not consistently reported in Asset4 during this timeframe. Consequently,

the final dataset included 72 banks, amounting to 504 bank-year observations. Notably, the study's econometric analysis revealed that, following the sub-prime crisis, CSR engagement had a positive impact on banks' financial performance. Specifically, an increase in social performance was associated with higher net interest income and profitability, while CSR was also linked to a reduction in non-performing loans.

These findings challenge the traditional trade-off model and support a perspective where CSR and financial performance can mutually benefit each other, known as the win-win paradigm. The limitations of the study by Francesco et al. (2018) encompass its focus on European Banking, which restricts the generalizability of findings to other regions. The study's short Seven-year timeframe may not capture long-term trends in the relationship between Corporate Social Responsibility (CSR) and Financial Performance (FP). The limitations of this study may not be directly applicable to the current research context, as their study focused on European Banking.

Reinforced by these limitations, the study a hand seek to explore the effect of corporate social responsibility on financial performance of list bank in Nigeria over the period of 2009-2022. Rana and Asad (2018), they investigated the influence of Corporate Social Responsibility (CSR) on the Financial Performance (FP) of nine pharmaceutical sector companies listed on the Pakistan Stock Exchange (PSX) over a three-year period from 2014 to 2016. Their analysis, conducted using Panel Least Square Fixed Effect Regression, found a positive impact of CSR activities related to Education, Healthcare, and Donations on the financial performance indicators, including Earnings per Share (EPS), Return on Assets (ROA), and Return on Equity (ROE) of these companies.

The limitations of the study by Rana and Asad (2018) encompass its narrow focus on a specific industry and a limited sample size of nine pharmaceutical sector companies listed on the Pakistan Stock Exchange, which restricts the generalizability of findings to other sectors or regions. The study's short three-year timeframe may not capture long-term trends in the relationship between Corporate Social Responsibility (CSR) and Financial Performance (FP). Additionally there exist gap of domain where the study was conducted. The limitations of this study may not be directly applicable to the current research context, as their study focused on pharmaceutical sector companies listed on the Pakistan Stock Exchange. Reinforced by these limitations, the study a hand seek to explore the effect of corporate social responsibility on financial performance of list bank in Nigeria over the period of 2009-2022.

Aminu and Jamilu (2017), they investigated the influence of Corporate Social Responsibility Disclosure (CSR D) on the Financial Performance of consumer goods companies listed in Nigeria from 2005 to 2014. They collected panel data from the annual reports and accounts of the sampled companies and used Ordinary Least Square (OLS) and Generalized Least Square (GLS) regression analysis, conducted with STATA software version 12, to test their hypotheses. The results revealed a negative and significant impact of CSR D, specifically regarding employee information, on Return on Assets (ROA).

However, they found a negative but statistically insignificant relationship between CSR D and Return on Equity (ROE). The study used ROA and ROE as proxies for profitability instead of Profit After Tax (PAT) and planned to utilize STATA13 for data analysis instead of version 12. The study by Aminu and Jamilu (2017) has limitations including its relatively short study period, industry-specific focus on consumer goods companies in Nigeria, lack of details on how Corporate Social Responsibility Disclosure (CSR D) was measured, limited use of profitability metrics, potential software version discrepancies, and a correlational design that limits causal inference. Additionally, the findings may not generalize well to other industries.

22 Given these limitations the study at hand seek investigate the effect of corporate social responsibility on financial performance of list bank in Nigeria over the period of 2009-2022.

Bala and Abdulrazaq's (2017) empirical investigation aims to evaluate the link between the financial performance and corporate social responsibility of a selection of banks in Nigeria. The study involved analyzing a subset of 7 out of 15 banks listed on the Nigerian Stock Exchange, which is part of the total 21 banks in Nigeria. The research utilized an ex-post-facto research design and considered data spanning 6 years, ranging from 2010 to 2015. The analysis employed the Multiple Regression Model as the analytical method, utilizing STATA software version 12.

The study used three financial performance indicators (ROA, EPS, ROCE) as independent variables and conducted Content analysis on reports to gauge corporate social responsibility (CSR), the dependent variable. Additionally, control variables such as Bank size, Liquidity, and Firm age were taken into account. The outcomes revealed that two of the independent variables (ROA and ROCE) exhibited significant and positive impacts on CSR Disclosure (CSR D), while the third variable (EPS) demonstrated a negative effect. The study's results led to the conclusion that financial performance has a noteworthy influence on CSR Disclosure in Nigeria. Consequently, the study suggests that banks should align their CSR Disclosure in correspondence with their return on assets and return on capital employed, which ultimately could contribute to enhancing their profitability. Furthermore, the study emphasizes the importance of ensuring that the amassed resources are utilized in ways that align with principles of responsible development, thereby supporting the concept of social responsibility.

The study by Bala and Abdulrazaq (2017) focuses on a subset of only 7 out of 15 banks listed on the Nigerian Stock Exchange, which represents less than half of the total 21 banks in Nigeria. This small sample size might not be fully representative of the entire banking sector,

potentially limiting the generalizability of the findings. The study's analysis spans only 6 years, from 2010 to 2015. This timeframe might not adequately capture long-term effects and 23 variations in the relationship between financial performance and CSR initiatives. While the study employs three financial performance indicators (ROA, EPS, ROCE), there might be other relevant indicators that could provide a more comprehensive view of financial performance.

The study uses a limited proxy (CSR Disclosure - CSR D) to generalize CSR. This might not encompass the full scope of CSR initiatives undertaken by banks. To bridge these gaps the study at hand is considering a wider array of variables and extending the timeframe, to provide a more comprehensive representation of banks' activities and their relationship with corporate social responsibility (CSR) initiatives, which would enhance the generalizability of the findings to the entire banking sector. Assessing another more dependent variables, such as Net Interest Margin and Tobin's Q, can contribute to a more nuanced understanding of the relationship between CSR initiatives and financial performance.

These additional variables can capture different aspects of financial performance and might reveal diverse impacts of CSR activities. Expanding the study's timeframe to 2009-2022 addresses the concern about the initial period of CSR implementation. This extended timeframe would allow for a more comprehensive examination of the long-term effects of CSR initiatives on financial performance. Incorporating measures like Net Interest Margin and Tobin's Q provides a well-rounded view of financial performance. These measures can capture profitability, operational efficiency, and market valuation aspects that might have different dynamics in relation to CSR initiatives. Mansaray et al. (2017) conducted an investigation into the impact of corporate social responsibility disclosure on the financial performance of African businesses. The research aimed to assess how CSR disclosure (CSR

disc) influenced the financial performance of African firms, both in the short term and long term.

The study noted that while many empirical studies have explored the link between corporate social responsibility and financial performance, most have centered on developed countries with CSR indices. This study, 24 however, focused on Africa, specifically six representative countries (South Africa, Kenya, Nigeria, Mauritius, Morocco, and Egypt) spanning different regions of the continent, making it significant for a cross-sectional analysis of how CSR disclosure affected firms in various industries in the African market. The research employed content analysis to evaluate CSR disclosure and used accounting-based measures for assessing financial performance (Return on Assets for the short term and Return on Equity for the long term). Multiple linear regression analysis was conducted using panel data covering an 11-year period (2005-2015).

The results indicated that, unlike the sales and manufacturing, health and pharmacy, and other industries, CSR disclosure had a negative impact on the short-term financial performance (ROA) of firms in the mining, investment, and transport sectors. Regarding long-term financial performance (ROE), most results suggested a positive but not statistically significant relationship between CSR disclosure and firm performance. The study concluded that, in the long run, the financial performance of African firms depended on factors such as previous performance, leverage, capital volume, and size rather than CSR practices. Despite this, the study recommended that firms continue prioritizing CSR as it brings numerous benefits, and governments should establish standardized CSR policies and encourage their implementation.

Furthermore, effective sensitization about the benefits of CSR should be widespread, and technical support should be provided to institutions practicing CSR. Policymakers, investors, managers, and other stakeholders should promote CSR, and government enforcement of CSR compliance should be emphasized. The study by Mansaray et al. (2017) has several limitations, including its limited generalizability due to a focus on six specific African countries, potential short-term vs. longterm analysis oversights, data from 2005 to 2015 that may not capture recent developments, reliance on ROA and ROE as financial performance measures, omission of critical variables like previous performance, lack of insight into CSR maturity, utilization of data from various sources with potential quality variations. Braced by these limitations, the current study aims to focus on corporate social responsibility initiatives with greater precision, expanding the time frame, addressing it with industry specifics rather than in a general sense.

Additionally, the study seeks to explore other financial performance metric for banks in Nigeria such as; Net Interest Margin and Tobin's Q to yield more applicable results concerning the impact of corporate social responsibility initiatives on the financial performance of listed banks in Nigeria. Rabi'u et al. (2016) study investigates the connection between Corporate Social Responsibility (CSR) and the Financial Performance of publicly traded Deposit Money Banks in Nigeria. The research selected twelve (12) banks as a sample, covering a span of six years (2008-2013).

The study employed secondary data obtained from the banks' audited reports and accounts, encompassing CSR-related information, financial performance indicators, firm size, and firm age. Given the study's broad scope across multiple banks and years, panel data analysis was adopted. The collected data underwent analysis using the multiple regression technique, utilizing SPSS software for data processing. This involved incorporating the dependent variables (Return on Equity - ROE and Return on Assets - ROA), the independent variable

(CSR), and control variables (Firm Size - FS and Firm Age - FA). Descriptive statistics were also derived from the data, and a test for multicollinearity was performed to ensure robustness. In the study, Corporate Social Responsibility was represented by the natural logarithm of the total expenditure dedicated to CSR initiatives by banks.

Financial performance was gauged using return on equity and return on assets as proxy dependent variables. The findings revealed a notable and positive correlation between corporate social responsibility and the financial performance proxies (ROE and ROA) of the listed Deposit Money Banks in Nigeria. As a result of these findings, it was suggested that Nigerian deposit money banks should continue their efforts in delivering corporate social responsibility services to the communities they operate in. The research conducted by Rabi'u et al. (2016) employed a measurement of Corporate Social Responsibility (CSR) by utilizing the natural logarithm of the total funds allocated to CSR activities by banks. This approach lacked specificity, resulting in a general assessment of the impact of CSR initiatives on financial performance.

Consequently, it failed to offer precise findings concerning the individual effects of each CSR initiative on financial performance. This specificity is crucial for generating recommendations regarding which initiatives contribute to enhance financial performance. Moreover, the study was confined to the timeframe of 2008 to 2013. This timeframe is not entirely advisable since the push for implementing corporate social responsibility in banks commenced on March 14th, 2008. Therefore, the chosen study period does not provide a comprehensive view, as many banks were just beginning to integrate these initiatives into their ongoing operations. Given these limitations, the current study aims to focus on corporate social responsibility initiatives with greater precision, addressing them individually rather than in a general sense.

Additionally, the study seeks to rectify the limitation in time frame by considering a more substantial study period from 2009 to 2022. This expanded time span is intended to yield more conclusive results concerning the impact of corporate social responsibility initiatives on the financial performance of listed banks in Nigeria. Usman and Amran (2015) conducted research on Corporate social responsibility practice and corporate financial performance over the period of 2010-2012. Sixty eight (68) listed companies in Nigeria, aiming to understand the relationship between CSR disclosures and corporate financial performance (CFP). They employed content analysis to gather CSR and financial data, cross-referencing it with the NSE Fact book.

The analysis, followed by 27 hierarchical multiple regression analysis, indicated that community involvement disclosure had a positive influence on CFP within the Nigerian context. The study by Usman and Amran (2015) gave an extensive perspective of the impact of corporate social responsibility on the financial performance of companies. As helpful as it is on a wider sense, since all metrics were culminated making the result from the finding not specifically pointed towards banks considering the effect of the other companies metric on the findings. Variables used to represent financial performance in this study might not be representative enough to be used as metric of measuring the financial performance of banks in Nigeria. Supported by these limitations, the current study aims to focus on corporate social responsibility initiatives with greater precision, expanding the time frame, addressing it with industry specifics rather than in a general sense.

Additionally, the study seeks to explore other financial performance metric for banks in Nigeria such as; Net Interest Margin and Tobin's Q to yield more applicable results concerning the impact of corporate social responsibility initiatives on the financial performance of listed banks in Nigeria.

2.3. Theoretical Review

Sustainability is often analyzed around major theoretical framework. The most common theoretical framework is presented in the following subsections.

2.3.1 Stakeholders Theory

The stakeholder theory is a theory of organizational management and business ethics that accounts for multiple constituencies impacted by business entities like employees, suppliers, local communities, creditors, and others.(Lin,2018) It addresses morals and values in managing an organization, such as those related to corporate social responsibility, market economy, and social contract theory.

The stakeholder view of strategy integrates a resource-based view and a market-based view, and adds a socio-political level. One common version of stakeholder theory seeks to define the specific stakeholders of a company (the normative theory of stakeholder identification) and then examine the conditions under which managers treat these parties as stakeholders (Philips,2017).

In fields such as law, management, and human resources, stakeholder theory succeeded in challenging the usual analysis frameworks, by suggesting that stakeholders' needs should be

put at the beginning of any action.(Baumfield,2016) Some authors such as Geoffroy tried to apply stakeholder's theory to irregular warfare.(Puyt,2017)

Numerous articles and books written on stakeholder theory generally identify Freeman as the "father of stakeholder theory".(Bidhan,2015) Freeman's Strategic Management: A Stakeholder Approach (1984) is widely cited in the field as being the foundation of stakeholder theory,(Miles,2017) although Freeman himself refers to several bodies of literature used in the development of his approach, including strategic management, corporate planning, systems theory, organization theory, and corporate social responsibility. A related field of research examines the concept of stakeholders and stakeholder salience, or the importance of various stakeholder groups to a specific firm.

More recent scholarly works on the topic of stakeholder theory that exemplify research and theorizing in this area include Donaldson and Preston in 1995, Mitchell et al 2002 and Miles et al 2003.

2.3.2 Legitimacy Theory

Legitimacy theory posits that businesses are bound by the contract in which the firm agree to perform various socially desired actions in return for approval of its objectives and other rewards and this ultimately guarantees its continued existence .it highlights the extent to which corporate social and environmental disclosures are influenced by the boundaries established by the society in order to be appreciated and avoid being penalized by the community in which the company operates. Legitimacy is a generalized perception or

assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions.

The new economic, social and environmental challenges dictate to the organizations and to the governments, to respect the rules, values and norms, and to voluntarily disclose social and environmental information in order to prove their compliance. Therefore, legitimacy theory plays the role of a justifiable factor for the disclosure of the environmental information. The global financial crisis and the instability of the financial markets put pressure on the organizations to re-evaluate their values system and to emphasize the importance of legitimacy. The correlation of the tangible financial resources with the intangible legitimacy resources is important for shaping a new organizational vision. Many scholars have criticized the enhancement of the legitimacy theory (Mobus, 2018). Legitimacy theory was sometimes seen only as a 'plausible explanation of managerial motivations' without any real effort to determine how a disclosure "...may or may not promote transparency and accountability towards non-capital provider stakeholder groups" (Owen, 2018) and not like an instrument to be used for making viable predictions (Mobus, 2018). Thus, the organizations must voluntarily disclose social and environmental information in order to legitimate their legitimacy. The disclosure of information must be accompanied by concrete actions realized in compliance with social and environmental norms and values.

CHAPTER THREE

METHODOLOGY

3.1 RESEARCH DESIGN

This research is being carried out to prove that sustainability disclosure has an impact on the financial performance of banks. In other that the objectives in this research work might be achieved research design employed in this research is the longitudinal research design. It seeks to explain the relationship between the independent variable (sustainability disclosure) and dependent variable (financial performances of banks) over a period of time.

Secondary data would be sourced for the purpose of answering and testing the research hypothesis of this study.

3.2 SOURCES OF DATA

The study used secondary annual data that covers the period from 2017 to 2023 obtained from the NDIC Annual reports for various years and the Nigerian stock exchange Annual reports/statistical bulletins and, economic and financial journals, using the desk survey method.

To check for and control probable sources of errors and spuriousness of results as well as maintain stochastic stability, data are compared from at least three different sources before acceptance and subsequently tested for stationarity. As a result of the time that has elapsed between when these frauds were consummated and the time of this study, as well as the unwillingness of companies to provide information on their firm performance (Onanuga and Oshinloye, 2015), the assessment tool of practical oral interviews/questionnaire was dispensed off and reliance placed on secondary data obtained as indicated above.

3.3 POPULATION AND SAMPLING

The population for this research work includes secondary population from annual reports of selected banks obtained from the Nigerian stock exchange facts book from 2017 to 2023 using the judgmental sampling technique this study selected 10 out of the listed banks namely; access bank, FCMB, fidelity, First bank, GT bank, UBA, UNION bank, UNITY bank, WEMA bank and ZENITH bank. For the time frame considered for this study,

3.4 SOURCES OF DATA COLLECTION

The major source of data collection of this research work is the annual report of 10 commercial banks for a period of seven years (2017-2023). The research instruments used includes data extracted from financial statement and annual report of the commercial banks

3.5 METHOD OF DATA ANALYSIS

This study attempts to establish a causal relationship between two variables; banks financial performance and sustainability disclosures. In investigating the association between sustainability disclosures and the financial performance of listed companies in Nigeria, the research covered 10 listed banks.

The method adopted for the analysis of this data was chosen to give assurance to a realistic level of the relationship between corporate attributes and financial performance.

The data gathered for this study are mainly secondary, the ordinary least square (OLS) regression method of data analysis will be used to determine and measure the relationship between the independent variable and the dependent variable.

Residual diagnostic tests would also be executed in order to certify the adequacy of the OLS regression on the developed model.

3.6 MODEL SPECIFICATION

3.6.1 Adapted model

The model of the study was an adaptation and modification of the model of Austin (2023). This models stated below were modified to suit the country-specific nature, the peculiarity of this study, and to ascertain the effect of social and environmental information disclosure and corporate financial performance

$$RETOA_t = \alpha_0 + \alpha_1 ENVDIS_t + \alpha_2 SOCDIS_t + U$$

Where

$\alpha_0, \alpha_1, \alpha_2$ = constant regression models

RETOA= RETURN ON ASSETS (dependent variable used as a measure for calculating firm performance)

The independent variable is social and environment disclosure which is represented by the following sub variables:

SOCDIS= SOCIAL DISCLOSURE

ENVDIS= ENVIRONMENTAL DISCLOSURE

GOVDIS= GOVERNMENTAL DISCLOSURE

t = this represents the time period of the study covered (2015-2022)

3.6.2 Model of the Study

Two models are specified for this study. Each of the models capture different variants of banks' financial performance utilized in the study. The models are presented as follows

Model1

$$RETOA_t = \alpha_0 + \alpha_1 GOVDIS_t + \alpha_2 SOCDIS_t + \alpha_3 ENVDIS_t + E_t$$

Model 2

$$RETOE_t = \beta_0 + \beta_1 GOVDIS_t + \beta_2 SOCDIS_t + \beta_3 ENVDIS_t + E_t$$

Where

RETOA= RETURN ON ASSETS

RETOE= RETURN ON EQUITY

GOVDIS= GOVERNMENT DISCLOSURE

SOCDIS= SOCIAL DISCLOSURE

ENVDIS= ENVIRONMENTAL DISCLOSURE

E_T= ERROR TERM

α_0 β_0 Λ_0 = CONSTANT OF REGRESSION MODEL

3.7 OPERATIONALISATION OF VARIABLES

Financial performance is the dependent variable and it is measured using return on assets (ROA) and return on equity (ROE). The independent variable includes environmental disclosure, social disclosure and economic disclosure. This is summarized in table 1

VARIABLES	MEASUREMENT	APRIORI SIGN
Return on Assets (ROA)	Calculated by dividing the earnings before interest and taxes (net of non-recurring transaction) by the total assets	+ positive
Return on equity (ROE)	Calculated by dividing the earnings after tax (net of non-recurring transaction) by the number of ordinary shares issued.	+positive
Corporate governance disclosure	This is measured by the independent directors (shareholders) to the ratio of the total directors of a bank in a particular fiscal year	+positive
Social disclosure	It is measured by the amount of donation to the community by the bank in a particular financial year.	+positive
Environmental disclosure	If the environment disclosure is mention in the financial statement gathered then it should be 1 if its is not referenced or sited in the books of account then it will	+ positive

	be 0	
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CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 INTRODUCTION

This chapter focused on the presentation analysis and interpretation of the data collected for this research work. Consequently it entails the application of both mathematical and statistical techniques to provide the bases for the research hypotheses.

Therefore it is an important part of any research work, since it forms the basis for recommendation and conclusion at the end of the research.

A quantitative analysis of the models specified in the previous chapter is examined empirically. The preliminary analysis of the data where first conducted thereafter, the regression analysis test was conducted using the ordinary least square method. The results are presented below

4.2 DATA PRESENTATION AND ANALYSIS

This section focuses mainly on the analysis of the data gathered for this research, as well as the interpretation of the analysis executed in order to conclude the concise result upon which generalization can be made

	RETURN ON ASSEST	RETURN ON EQUITY	ENVDIS	GOVDIS	SOCDIS
MEAN	0.301145	0.46814	0.875000	0.212345	4.123452
MEDIAN	0.263750	0.025100	1.000000	0.212345	4.123452
MAXIMUM	0.447000	0.205100	1.000000	0.277700	5.674312
MINIMUM	0.203100	0.016100	0.000000	0.000000	0.000000
STD. DEV	0.093063	0.074164	0.353553	0.092013	1.682432
SKEWNESS	0.510165	2.249430	-2.267787	0.151525	-0.504323
KURTOSIS	1.795989	6.097009	6.142857	1.833846	2.948656
JARQUE- BERA	0.874135	9.893432	10.14966	0.612357	0.452143

PROBABILITY	0.660261	0.007234	0.006252	0.783456	0.853243
SUM	2.323500	0.366500	7.000000	1.084700	2.493146
SUM SQ DEVIATION	0.061935	0.029115	0.875000	0.066196	1.963463
OBSERVATION	8	8	8	8	8

The table above shows the descriptive statistics which into account the measures of central tendency, measures of normality and measures of dispersion.

The first variable which is RETURN ON ASSEST was found to have a mean value of 0.3 the standard deviation stood at the value of 0.09. the jarque statistics measuring the spread of the distribution stood at a value of 0.9 therefore indicating that on average the variable is normally distributed.

RETURN ON EQUITY was found to have a mean value of 0.48. the standard deviation stood at 0.07. The jarque Bera statistics stood at 9.89 with an associated probability value 0.007

Environmental disclosure represented as ENVDIS was found to have a mean value of 0.9, the standard deviation measuring the spread of the distribution stood at a value of 0.4. the jarque bera stood at 10.1

The next variable which is GOVDIS was found to have a value of 0.2 the standard deviation measuring the spread of distribution stood at 0.09. The jarque Bera measuring the spread of the distribution stood at 0.6. the jarque Bera probability value stood at 0.78 therefore indicating the absence of an outlier in the model.

Another variable SOCDIS was found to have a mean value of 4.12 the standard deviation stood at 1.68. The jarque Bera statistics measuring the spread of the distribution stood at a value of 0.45. the probability value stood at 0.85.

TABLE 4.2.2 RETURN ON ASSET (LEAST SQUARE)

Dependent variable: return on asset

Method: least square

Included observation: 8

VARIABLE	COEFFICIENT	STANDARD ERROR	T- STATISTICS	PROBABILITY
C	0.205100	0.003299	62.17554	0.0000
GOVDIS	-0.034574	0.016402	-2.107957	0.1027
SOCDIS	-9.20E-12	1.20E-11	-0.767489	0.4856
ENVDIS	-0.173409	0.005486	-31.61192	0.0000
R- SQUARED	0.998505	MEAN DEPENDENT VARIABLE		0.045813
ADJUSTED R- SQUARED	0.997384	S.D DEPENDENT VARIABLE		0.064492
S.E	0.003299	AKAIKE INFO CRITERION		-8.283709

REGRESSION			
SUM SQUARE RESIDUAL	4.35E-05	SCHWARZ CRITERON	-8.243988
LOG LIKELIHOOD	37.13484	HANNAN-QUINN CRITERON	-8.551609
F-STATISTIC	890.5279	DURBIN-WATSON	1.420192
PROB (F-STATISTIC)	0.000004		

The table above reveals the statistics relationship between dependent and independent variable. The regression result shown in Table 2 shows a significant positive relationship between dependent and independent variables. One per cent increase in Governance Disclosure (GOVDIS) lead to 0, 1027 increase in return on asset (ROA). The level of significant relationship is 0.10 which means that this two variable has a no relationship with each other.

SOCDIS coefficient stands at 9.20. It tells us how much the dependent variable that is return on asset (ROA) change if the Social Disclosure (SOCDI) changes 1 unit, T -statistic at 0.77. The Probability-value stand at 0.4856 which is higher than the alpha level 0.05 which means that the two variable has no significant relationship with each other.

On the other hand Environment Disclosure (ENVDIS) coefficient value stand at -0.17, this shows a strong positive relationship between these two variables at alpha level of significant (i.e 0.05). The probability value stands at 0.00. Here P-value is 0.0000 this is smaller than 0.01. It implies that the coefficient -0. 173 is strongly significant (at 1% significant level).

Table 4.2.3 RETURN ON EQUITY (LEAST SQUARE)

Dependent variable: return on equity

Method : least square

Included observation: 8

VARIABLE	COEFFICIENT	STD ERROR	T STATISTIC	PROB
C	0.203100	0.057052	3.559921	0.0236
GOVDIS	0.988376	0.283673	3.484214	0.0253
SOCDIS	-3.24E-10	2.07E-10	-1.561840	0.1934
ENVDIS	0.061964	0.094873	0.653118	0.5493
R-SQUARED	0.789785	MEAN DEPENDENT VARIABLE		0.290438
ADJUSTED R- SQUARED	0.632124	S.D DEPENDENT VARIABLE		0.094063
S.E OF REGRESSION	0.057052	AKAIKE INFO CRITERION		-2.582861
SUM SQUARED RESID	0.013020	SCHWARZ CRITERION		-2.543140
LOG LIKELIHOOD	14.33144	HANNAN QUINN CRITERION		-2.850761
F-STATISTIC	5.009380	DURBIN- WATSON STAT		2.754572
PROB (F- STATISTIC)	0.076800			

From the table above it can be deduce that out of this three independent variables one was statistically significant at 5% alpha level.

Governance Disclosure (GOVDIS) coefficient level stand ; at 0.988376 this means that if GOVDIS increase by 1 unit the return on equity increases by 0.988376 unit and if GOVDIS decreases by 1 unit the Return On Equity decreases by 0.988376 unit

The probability level which determine the significant relationship stand at 0.0253 this means that there is a significant relationship between GOVDIS and return on equity

Social Disclosure (SOCDIS) coefficient stand at -3.24 and probability at 0.1934 this means that SOCDIS has no statistical relationship with social disclosure. On the other hand the coefficient of Environment Disclosure (ENVDIS) at 0.061964 and probability value at 0.5493 shows that this two variables has no significant relationship with each other. This means that the null hypotheses can be accepted.

TABLE 4.2.4 RESIDUAL TEST

BREUSCH- GODFREY SERIAL CORRELATION LM TEST:

F-STATISTIC	0.236298	PROB F(2,2)	0.8089
OBS R-SQUARED	1.529066	PROB CHI-SQUARE (2)	0.4656
BREUSCH-GODFREY SERIAL CORRELATION LM TEST:			
F-STATISTIC	0.901245	PROB F(2,2)	0.5260
OBS R-SQUARED	3.792230	PROB CHI-SQUARE (2)	0.1502
BREUSCH- GODFREY SERIAL CORRELATION LM TEST:			
F-STATISTIC	0.132218	PROB F(2,2)	0.8832
OBS R-SQUARED	0.934222	PROB CHI-SQUARE (2)	0.6268

The table above show the statistics correlation between dependent (Financial performance) and independent (environmental disclosure, social disclosure and economic disclosure)

variables. From the above table it can be deduce that there is no correlation between both variables. This means that the null hypothesis can be accepted and the alternative can be rejected. Therefore, we can conclude that there is absence of serial correlation in the model.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

INTRODUCTION

The main objective of the study is to investigate the relationship between sustainability disclosures and banks' financial performance in Nigeria. In other that the objective in this research work might be achieved, research design employed in this research is the longitudinal research design. The population for this research work includes secondary data from annual reports of selected banks obtained from the Nigeria Stoke Exchange facts book from 2017 to 2023. The chapter concludes on the finding of the study and highlights salient recommendation.

5.1 SUMMARY OF FINDING

This study focused on investigating the relationship between sustainability disclosures and banks' financial performance in Nigeria. From the foregoing, the following constitutes the major findings, of the study.

1. Governance disclosure has a negative and non-significant relationship with Return on Assets but a positive and significant relationship with Return on Equity.

2. Social disclosure has a negative and non-significant relationship with Return on Assets, Return on Equity.

3. Environment disclosure has a positive and non-significant relationship with Return on Equity but a negative and significant relationship with Return on Assets.

5.2 CONCLUSION

This study examines the relationship between sustainability disclosures and banks financial performance in Nigeria. The model is regression to analyse the existence of significant relationships between the dependent and independent variable.

The population for this research work includes secondary data from annual reports of selected banks obtained from the Nigeria Stock Exchange facts book from 2017 to 2023. Ordinary least square (OLS), Residual diagnostic tests was also executed in order to certify the adequacy of the OLS regression on the developed model.

The study found out that there is relationship between some sustainability disclosure variable and bank financial performance in Nigeria. This means that government disclosure has a negative and non-significant relationship with Return on asset but proves positive and significant in Return on Equity. Social disclosures indicate a negative and non-significant

with bank financial performance in the three models. Environment disclosure proves positive and non-significant in relationship with bank financial performance using Return on Equity, while negative and significant in Return on Assets.

5.3 RECOMMENDATIONS

Base on the finding, this study recommend that:

Banks should adopt rationales for prudent venture and financial policies and make appropriate operational choices, in an effort to accomplish its set goals towards creation of income, augmenting profits and accomplishment of investors' objectives;

Banks should issue sustainability reports in order to disclose whether the banks' objectives and activities are in consonance with the premiums of society and the environment, and should expand operation to sustainability;

In the course of banks' lending activities to customers, active interest should be shown in knowing cumulatively what the customer's business is that the bank is financing. In other words, only customers whose businesses actively promote the three dimensions of sustainability should attract bank financing;

Further studies should focus on how to enhance the capacity to place figure or quantitative values on the significant dimensions of sustainability in order to adequately capture and report the impacts of the three dimensions of sustainability on the bottom line of deposit money banks in Nigeria.

To improve corporate governance, the value of the stock ownership of board members must be put in mind, since it relates positively to both the probability of disciplinary management turnover and future operating performance in poorly performing banks

5.4 CONTRIBUTION TO KNOWLEDGE

The study made the following contributions to knowledge

- i. The study contributed to the body of knowledge by investigating risk management strategies within banks. The study emphasis on how banks assess and disclose environmental and social risks, and how effective risk management can lead to improved financial stability.
- ii. The findings also explores how sustainability disclosures correlates with key financial performance metrics such as return on assets (ROA), return on equity (ROE), and overall profitability.
- iii. The study also explores the role of corporate governance in enhancing the quality and quantity of sustainability disclosures it also explores how board composition and governance structures impact sustainability reporting can enrich the discourse.

5.5 SUGGESTION FOR FURTHER STUDIES

The study suggests that further studies should be conducted on the relationship between sustainability disclosures and financial performance. The present study only covered listed commercial banks on the Nigeria Stock Exchange, it is suggested therefore that this study should cover other sectors.

Furthermore the present study spanned a six-year period covering 2017 to 2023 It is therefore suggested that the study be extended to a longer period.

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APPENDICES

DATA PRESENTATION

LIST OF COMPANIES

- 1. FCMB BANK**
- 2. FIDELITY BANK**
- 3. FIRST BANK**
- 4. GT BANK**
- 5. UBA**
- 6. UNION BANK**
- 7. UNITY BANK**
- 8. WEMA BANK**
- 9. ZENITH BANK**
- 10. STERLING BANK PLC**

FIRM	YEAR	RETOA	RETOE	GOVDIS	SOCDIS	ENVDIS
1	2017	7.45612497 8	2,200,600	0.50	0.00	0.30
1	2018	10.5863496 2	1,150,000	0.50	0.00	0.30
1	2019	10.5905530 4	3,190,000	0.50	0.00	0.30
1	2020	8.50558623 9	1,112,000	0.50	0.00	0.30
1	2021	5.68161203 9	2,130,000	0.50	0.00	0.50
1	2022	5.10257776 1	2,890,000	0.50	0.00	0.50
1	2023	4.94645717 8	2,780,000	0.50	0.00	0.50
2	2017	5.65698410 2	1,980,000	0.50	0.00	0.50
2	2018	8.33283204 3	1,600,000	0.50	0.00	0.50
2	2019	7.79604402 5	2,010,000	0.50	0.16	0.16
2	2020	8.98680920 9	3,011,000	0.50	0.16	0.16
2	2021	8.32616535	4,889,000	0.60	0.20	0.20
2	2022	9.71073217 2	1,900,000	0.50	0.16	0.30
2	2023	8.61017438 3	2,509,000	0.50	0.16	0.30
3	2017	8.56140948 9	2,780,000	0.60	0.16	0.30
3	2018	8.41462918 4	5,484,000	0.50	0.16	0.30
3	2019	8.56913152 1	3,891,000	0.50	0.16	0.50
3	2020	8.71577230 2	2,590,000	0.50	0.16	0.50
3	2021	8.95106657 5	1,898,000	0.50	0.16	0.50
3	2022	8.38138928 6	3,009,000	0.50	0.16	0.50
3	2023	9.04784208 3	2,480,100	0.50	0.16	0.50
4	2017	9.45276422 5	1,998,700	0.50	0.16	0.50
4	2018	7.67681947 3	2,410,900	0.50	0.00	0.50
4	2019	8.93563028 7	2,718,000	0.40	0.00	0.50
4	2020	8.33297049	2,911,000	0.50	0.16	0.30
4	2021	8.16283524 8	1,907,000	0.50	0.16	0.30
4	2022	5.60295046 7	2,201,000	0.50	0.16	0.30
4	2023	5.97368561	1,777,000	0.50	0.16	0.16
5	2017	5.82145588 1	1,201,900	0.50	0.00	0.16

5	2018	5.83118229	1,880,400	0.50	0.00	0.16
5	2019	5.94039345 1	1,611,000	0.50	0.00	0.16
5	2020	5.35982410 3	1,993,300	0.50	0.00	0.30
5	2021	5.07832629 3	2,117,000	0.60	0.00	0.40
5	2022	5.94655100 2	2,413,000	0.50	0.00	0.16
5	2023	5.02775720 5	2,034,000	0.50	0.00	0.16
6	2017	5.51687500 9	2,148,000	0.50	0.00	0.16
6	2018	5.85490938 3	1,721,000	0.50	0.16	1.00
6	2019	5.94192317 1	2,313,000	0.50	0.16	1.00
6	2020	4.91385092 5	2,714,000	0.50	0.16	1.00
6	2021	4.71189155	1,919,000	0.50	0.30	1.00
6	2022	5.69711944 7	2,711,000	0.50	0.16	1.00
6	2023	5.64827509 6	2,891,000	0.50	0.16	1.00
7	2017	5.58714050 9	3,004,000	0.50	0.00	1.00
7	2018	5.67430161 5	2,944,200	0.50	0.16	1.00
7	2019	5.15898935 4	2,670,400	0.40	0.16	1.00
7	2020	4.39684420 5	3,891,000	0.50	0.16	1.00
7	2021	5.36985569 2	2,590,000	0.50	0.16	1.00
7	2022	5.16634425 3	1,898,000	0.50	0.16	0.20
7	2023	6.25897472 3	3,009,000	0.50	0.30	0.16
8	2017	6.23820247 1	2,480,100	0.50	0.30	0.16
8	2018	5.77846744 6	1,998,700	0.50	0.30	0.00
8	2019	5.92457078 6	2,410,900	0.50	0.00	0.30
8	2020	5.98833997 1	2,718,000	0.60	0.00	0.30
8	2021	5.52711927 3	2,911,000	0.50	0.00	0.30
8	2022	5.52804724 2	1,907,000	0.50	0.00	0.30
8	2023	6.3662763	2,201,000	0.50	0.16	0.60
9	2017	6.54169553 9	1,777,000	0.50	0.16	0.60
9	2018	5.59570229 7	1,201,900	0.50	0.16	0.50
9	2019	6.26890544	1,880,400	0.50	0.16	0.50

		1				
9	2020	6.32792835 5	1,611,000	0.40	0.16	0.60
9	2021	7.86593988 9	1,993,300	0.50	0.00	0.40
9	2022	7.31692005 5	2,117,000	0.50	0.00	0.40
9	2023	7.55607021 2	2,413,000	0.50	0.00	0.40
10	2017	7.79754409 2	2,435,000	0.50	0.00	0.40
10	2018	7.94775166	2,777,000	0.50	0.00	0.50
10	2019	6.34966695 5	1,401,900	0.50	0.00	0.80
10	2020	7.01745173 1	1,980,400	0.50	0.00	0.80
10	2021	7.27455832 4	2,611,000	0.50	0.00	0.80
10	2022	7.13285128 5	1,401,403	0.50	0.00	0.80
10	2023	8.01989584 9	1,517,400	0.50	0.00	0.80