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Impact of Capital Structure on Financial Performance: A Case Study of Selected Nigerian Banks

Bertha Chinyere Smith[1] and Dr. James Anderson[2]

[1]Department of Finance, University of Edinburgh, Edinburgh, United Kingdom
[2]School of Business, University of Cape Town, Cape Town, South Africa
Email: bertha.smith@ed.ac.uk; james.anderson@uct.ac.za
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Capital structure is critical and crucial for business organization. This study investigated capital structure effects on corporate finance base performance of named Nigerian based banks. The Ex-post facto research design was employed, with a study population consisting of twentytwo deposit money banks that were dully registered by CBN and were dully licensed to operate as at 2017. The purposive sampling technique was employed in choosing sample frame from 2006 to 2017 with four selected banks. The study concentrated on secondary data obtained from published finance base statements of sampled deposit money banks; generated from NSE fact books, official list of NSE, annual report and accounts of banks. For clarity sake, interest are; total assets, STD, LTD, shareholders' funds, dividend value, market price and profit figure for each finance year from 2006-2017. Panel data structure from 2006 to 2017 which is twelve observations years as stated in annual reports and accounts of sampled banks was used and analyzed using Eview 9 statistical package, correlogram test, panel unit root, panel co-integration, error correction model, panel OLS method and panel granger casuality test. Econometric method used followed this step; First, test for panel unit root was conducted which is necessary because of presence of unit roots in used series, secondly, co-integration association between used proxies in long run was tested with panel co-integration test. Finally, conditional on co-integration, for such causal association between parameters was explored through employing Granger causality test. The result also showed that, all parameter shows negative coefficient indicating positive relationship and movement with criterion parameter with exception of short term debt and equity financing thus affecting proposed apriori expectation. It was concluded that, there is a strong positive links and connection between selected variables on PAT while EPS was average together and capital structure.

Keywords: Banks, Capital, Effects, Finance, Nigeria, Structure.

INTRODUCTION

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Banking industry is so strategic to every economy, as it mechanism utilized in mobilization of funds from excess or surplus regions or units to deficient or deficit regions or units. No economy can experience meaningful grow without conscious effort to create stability in its financial system.

Banks are lubricants of any nation's economy and custodians of payment system. Banks exact unimaginable impact on virtually all sector of any nation's economy. Banks of high capital base have traditional responsibility of banking through financing of capital base projects. Banks mobilizes savings via network of branches, and after mobilizing these saved funds, bank channel these funds to investments. Hence, they are agents of capital formation. Despite that banking industry is strong and fastest growing sector in Nigerian economy, it has failed in performing its known traditional responsibility which is banking rather it engaged in sharp practices because of capital structure inadequacy. The main essence of financial sector of any economy, which bank is one member and other non-bank financial sectors, regulatory bodies and financial products is widely available in literature on development economics. Capital structure refers to claims on assets of any firm which comprises of diverse kinds of equity and liability such that the firm's management must decide between size of equity or debt used in firms capital structure bearing certain situation or criteria in mind (Gabriel& Nnaji, 2015). This study sees banks capital structure to simply mean the proportional view regarding equity financing, short debt financing, and longterm debt financing. Capital structure could develop due to calculated arrangement by banks' managers but conversely; this could be due to combination of situations which the firm or bank had to handle in the past, or in process of operation

Based on position and report of Memba, and Nyanumba (2013), finance base factors are main reason for finance base distress because financing decision is chief decision area in corporate world. In financing decision, manager is mainly concerned with presenting or issuing to their banks best capital composition. Majority of bank's capital mainly during early stage comes from thorough and calculated combinations of several kinds of debt and equity, and it is shareholders that finance firm's desires and balance their leverage which signifies better standing for such bank. The essence of sound financing decisions is enormous because most factors that lead to firms failure are usually sorted using sound financial decisions and techniques, this techniques and decisions encourage expansion and attainment of organization base objectives. Capital formation decision refers to equity and debt structure that company deploy in financing firm business. Capital composition is presently seen as crucial topic in finance base text after the reported presented by Modigliani/Miller in 1958, which considers and maintained that frictionless markets, uniform expectation; capital formation decision are not relevant (Anarfo 2015; Aremu, et al. 2013; Aymen 2013; Ubesie 2016).

Ishaya and Abduljeleel (2014) stated that banks performance is concerned with how bank achieve its finance base or operation base goals effectively, such as intention to make best use of profit raised to bank owners and improved bank assets; increase and expand in area of sales and market value. Also, in competitive financial market, finance base performance is of essence considering participants and study of finance base performance helps in identification of areas to input savings with certain kind assurance and trust. Finance base performance of the bank as regards revenue generation and profitability shows its ability to withstand present and future operations. In more precise terms, performance of bank shows its ability to absorb losses to raise enough capital structure, pay for its expansion, pay shareholders sizeable dividend and pay bondholders appropriate interest. The capital structure decisions effect on corporate finance base performance has been vigorously argued by researchers and scholars in past years.

Also, Muritala (2012) opined that right capital structure is critical and crucial decision for business organization and this decision is not only meant for return maximization to different organization owned sectors, but for effective competition in its market arena or environment. Adesina, et al. (2015), is in the view that any bank that did not effectively make plans for its capital structure will definitely encounter problems in raising funds for finance base operations in near future and will not be fund usage. It is of concern among researchers that each organization should arrange its capital in such a manner that it will make best use of its funds and to be able to

appear in dynamic or changing situations. If manager of banks has owner's assets maximization as his aim, then capital structure is imperative decision, for it could bring to most advantageous capital blend which utilises market price per share of such banks.

Akinlo (2011), Vătavu(2015) explained that capital formation is resting on trade-off which is flank by risk and projected returns which are key proxies in actualizing target capital mix. Therefore, one can opine or state that liquidity regulation and success are an essential challenge in expansion and continued survival of business but skill to grip the swap between them becomes great concern to financial managers, as further argued that liquidity regulation and profitability are essential for development, survival, sustainability, development, and performance of any bank, but profitability does not necessary transform to liquidity in all conditions (Ejoh & Sackey, 2015). Therefore, this study aims to re-examine effect of capital structure proxies on finance base performances proxies of selected and quoted Nigerian banks. Aymen (2013) stated that objective of banks is to earn sizeable and acceptable return which minimizing risk. Profitability in form of retain earnings (equity) is usually capital generation sources, but previous researches showed that capital is consistent with banks' ability to generate income and its way to expand its operations and provide quality service and also remain competitive (Aymen 2013).

Theory of capital structure vise-a-vise corporate finance base performance have sprouted argument, which some authors have argued that no relationship or connection exist between capital structures and corporate finance base performance, whereas, others hold that capital structure is positively related to corporate finance base performance. There are other who took intermediate position arguing that capital structure positively affect performance of firm but this effect is just some limited point and thereafter, it becomes negative effect. Others contended that greater capital results in greater value for firm. Ishaya et.al (2014) argued that since firms employs capital to achieve its goals and since performance is among these goals, therefore one would expect capital structure and performance to have direct and positive relations or connections. But, Mauwa, et.al (2016), divulge that corporate sector growth is essential for economy base development and corporate finance pattern of company is vital to financial well-being of companies in any sector of the economy.

Rate of collapse, finance base distress and organization based disorder in global economy is becoming worrisome, that within brief period, vast number of banks failed in Nigeria, and their licenses revoked by central bank of Nigeria (Obachie 2015). The problems facing firms in most nations presently has more to do with finance either to raise debt or equity capital. The argument on finance is so essential in Nigeria that was acknowledged as reason for business failure or collapse, in the first place, or progress. In Nigeria, there is no definitive empirical evidence on level of capital structure effects on corporate finance base performance (Gabriel et.al. 2015). This creates dilemma because it is established that utilizing right capital structure will enhance firms' finance base efficiency. Therefore, the fact that Nigerian banks should strive to meet up their optimum debt-equity mix cannot be overemphasized. And this is actually a problem of its own taking into account economic conditions and environments Nigerian banks are operating on. Also, if the choice of debt-equity mix is not rightly reviewed by management using wrong mix could easily lead banks to insolvency and liquidity problems.

However, since stock market crisis in Nigeria in 2008 that was triggered by global financial crisis, it has become increasingly difficult for deposit money banks in Nigeria to raise new equity financing from its market (Onuoha, and Nwaiwu 2016; Olowe, 2009). Also, Mumtaz, Rauf, Ahmed, and Noreen (2013) opined that most bigger firms are leveraged excessively because bank credit is dominant financial source and equity market has trifling responsibility in get-together finance based desires of banks compare to entire issued bank credit. Hence, banks that may want to raise funds using stock market are now forced to rely on alternative source, essentially debt. This recent development may have significant impact on capital structure of Nigerian based deposit money banks. The challenge faced by deposit money banks in this regards presents an important research gap. Given the above, it has become needful to re-examine capital structure effects on corporate finance base performance of named Nigerian based banks. The designed research questions are:

i. How does equity financing relate to profit after tax of quoted Nigerian based banks?
ii. What extent does equity financing relate to earnings per share of named or quoted Nigerian based banks?
iii. How does short term debt financing relate to return of assets for named or quoted Nigerian based banks?
iv. What is relationship between debt financing and earnings per share for quoted or named Nigerian based banks?
v. What extent does long-term debt financing relate to profit after tax for quoted or named Nigerian based banks?
vi. How does long-term financing relate to earnings per share for named or quoted Nigerian banks?

Methodology

The Ex- post facto research design was employed, with a study population consisting of twentytwo deposit money banks that were dully registered by CBN and were dully licensed to operate as at 2017. The purposive sampling technique was employed in choosing sample frame from 2006 to 2017 with four selected banks (sterling banks, UBA, Union bank and First banks) because of their merchandizing activities on stock market. The study concentrated on secondary data obtained from published finance base statements of sampled deposit money banks; generated from NSE fact books, official list of NSE, annual report and accounts of banks. For clarity sake, interest are; total assets, STD, LTD, shareholders' funds, dividend value, market price and profit figure for each finance year from 2006-2017. Panel data structure from 2006 to 2017 which is twelve observations years as stated in annual reports and accounts of sampled banks was used and analyzed using Eview 9 statistical package, correlogram test, panel unit root, panel co-integration, error correction model, panel OLS method and panel granger casuality test. Econometric method used followed this step; First, test for panel unit root was conducted which is necessary because of presence of unit roots in used series, secondly, co-integration association between used proxies in long run was tested with panel co-integration test. Finally conditional on co-integration, for such causal association between parameters was explored through employing Granger causality test.

Results

Data Presentation

4.1. Data Presentation (Dynamic Slacked Data)

BANKS	PAT	EPS	EQT	STD	LTD
STERLING - 06					
STERLING - 06	961	0.42	26	83	10
STERLING - 07	620	0.42	27	119	10
STERLING - 08	6523	0.42	30	195	11
STERLING - 09	6660	0.36	22	169	14
STERLING - 10	4178	0.52	26	386	17
STERLING - 11	6686	0.52	41	410	53
STERLING - 12	6953	0.52	47	468	66

13 STERLING -	8275	0.52	63	571	73
14 STERLING -	9005	0.42	85	657	82
15 STERLING -	10293	0.36	96	591	112
16 STERLING -	5182	0.18	86	609	136
17	8455	0.29	102	712	142
UNION - 06	10036	1.04	96	279	143
UNION - 07	12126	1.26	97	523	212
UNION - 08	24737	2.00	112	795	298
UNION - 09	71052	5.00	-254	808	367
UNION - 10	74764	14.00	-136	633	348
UNION - 11	76711	12.00	179	403	245
UNION - 12	3170	15.00	171	486	229
UNION - 13	5121	30.00	188	593	101
UNION - 14	20486	12.00	206	636	79
UNION - 15	18035	106.00	234	581	186
UNION - 16	15885	94.00	251	638	234
UNION - 17	12839	75.00	201	765	254
FIRST - 06	17383	33.00	59	5	76
FIRST - 07	36679	18.00	77	22	59
FIRST - 08	12560	51.00	340	29	78
FIRST - 09	3622	16.00	317	15	35
FIRST - 10	29177	95.00	340	86	125
FIRST - 11	44814	14.00	270	59	120
FIRST - 12	819	2.00	402	11	126
FIRST - 13	70631	21.00	308	1	40
FIRST - 14	5683	16.00	278	4	10
FIRST - 15	2180	6.00	277	2	60
FIRST - 16	7507	21.00	260	2	70
FIRST - 17	9275	26.00	269	6	89
UBA - 06	11468	19.00	48	17	48
UBA - 07	19831	24.00	164	12	34
UBA - 08	40002	31.00	188	14	37
UBA - 09	12889	60.00	188	14	34
UBA - 10	2167	8.00	179	15	84
UBA - 11	7966	32.00	170	39	194

UBA - 12	51477	54.00	220	52	115
UBA - 13	46601	6.00	260	24	49
UBA - 14	47907	9.00	282	41	114
UBA - 15	59654	110.00	338	34	130
UBA - 16	72264	63.00	291	73	260
UBA - 17	58106	52.00	402	89	289

4.1.1 Descriptive Statistics (Diagnostics Test)

Table 4.2: Results of Descriptive Statistic of Profit after tax (PAT), Equity financing (EQT), Short-term debt (STD), Long-term debt (LTD) and Earning per share (EPS) in Nigeria Over the period of 2006 to 2017.

	PAT	EPS	EQT	STD	LTD
Mean	22696.15	24.15104	165.0625	266.1667	118.7083
Median	11797.00	14.00000	179.0000	87.50000	86.50000
Max	76711.00	110.0000	402.0000	808.0000	367.0000
Min	620.0000	0.180000	-254.0000	1.000000	10.00000
Std.	23469.03	30.27524	132.9293	282.9971	94.02375
Skewness	1.134282	1.504455	-0.587125	0.565351	0.972828
Kurtosis	2.879851	4.297245	3.707536	1.672155	3.063566
Jarque-Bera	10.32163	21.47277	3.758940	6.083316	7.579242
Probability	0.005737	0.000022	0.152671	0.047756	0.022604
Sum	1089415.	1159.250	7923.000	12776.00	5698.000
Sum Sq. Dev.	2.59E+10	43079.74	830498.8	3764107.	415501.9
Observation	48	48	48	48	48

Source: E-view 9 Output (Extracts Computation).

Mean: The PAT on had highest mean value of 22696.15, while the value of EPS was smallest with a value of 24.15104.

Median: The median value for PAT index was 11797.00 being highest among the five variables under consideration. The least median value is earning per share with 122.8000.

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Standard Deviation: Standard deviation which is a measure of risk (error) showed that the PAT has more estimation error with an SD of 23469.03, while EPS has least error of 30.27524.
From computed data distribution are as follows. All used variables are less than three. Those which are less than 3 levels they are platy kurtic distribution. Whereas, none is leptokurtic distribution as their value are not greater than 3.
Skewness: It measures distribution direction. A distribution to left is negative skew while to right is positive skew. It is 3rd movement about mean over cube of standard deviation. Thus, all data are positively skewed. From distribution statistic all variables are positively skewed exception of equity. This is because of noisy environment from shareholders in antecedent to poor performance of capital market in this dispensation

4.1.2 Tables and Graphs

4.1.2.1 Graphical Representation

Figure 4.1: Graph of Non-Logged values of Profit after tax (PAT), Equity funding (EQT), Short-term debt (STD), Long-term debt (LTD) and Earning per share (EPS) over the period of 2006 to 2017.

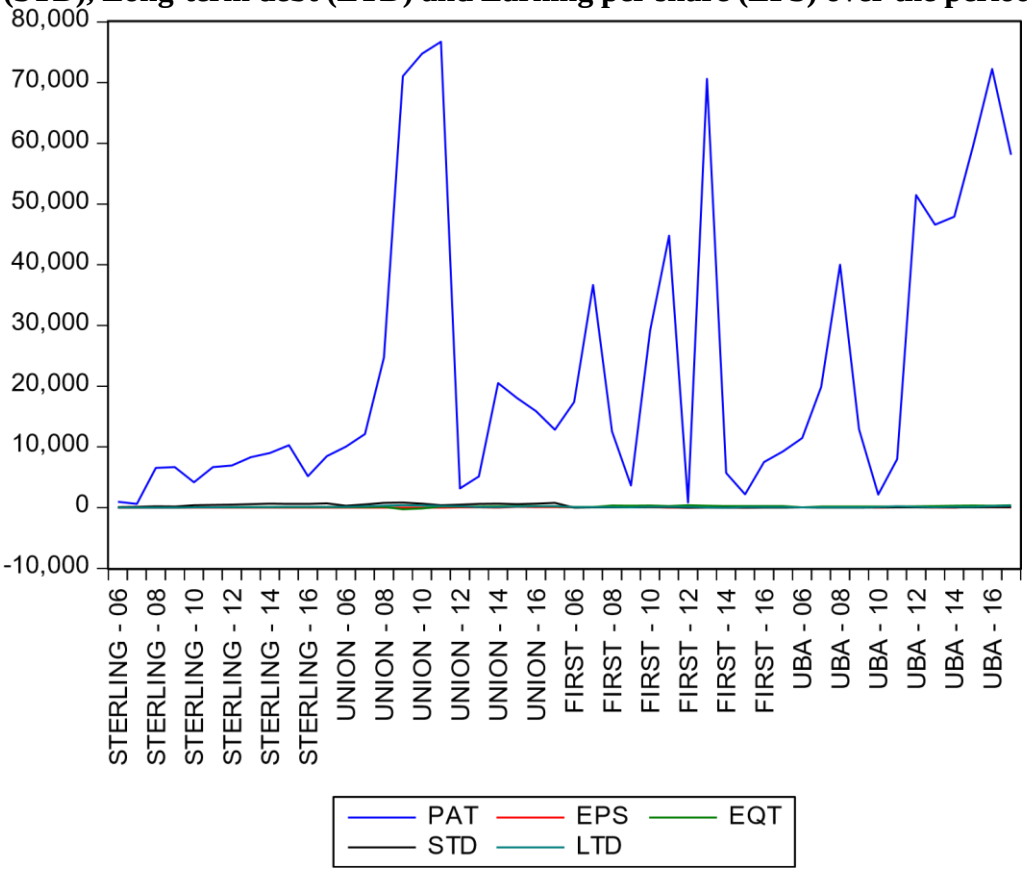

Figure 4.2: Graph of Logged values of Profit after tax (PAT), Equity financing (EQT), Short-term debt (STD), Long-term debt (LTD) and Earning per share (EPS) over the period of 2006 to 2017.

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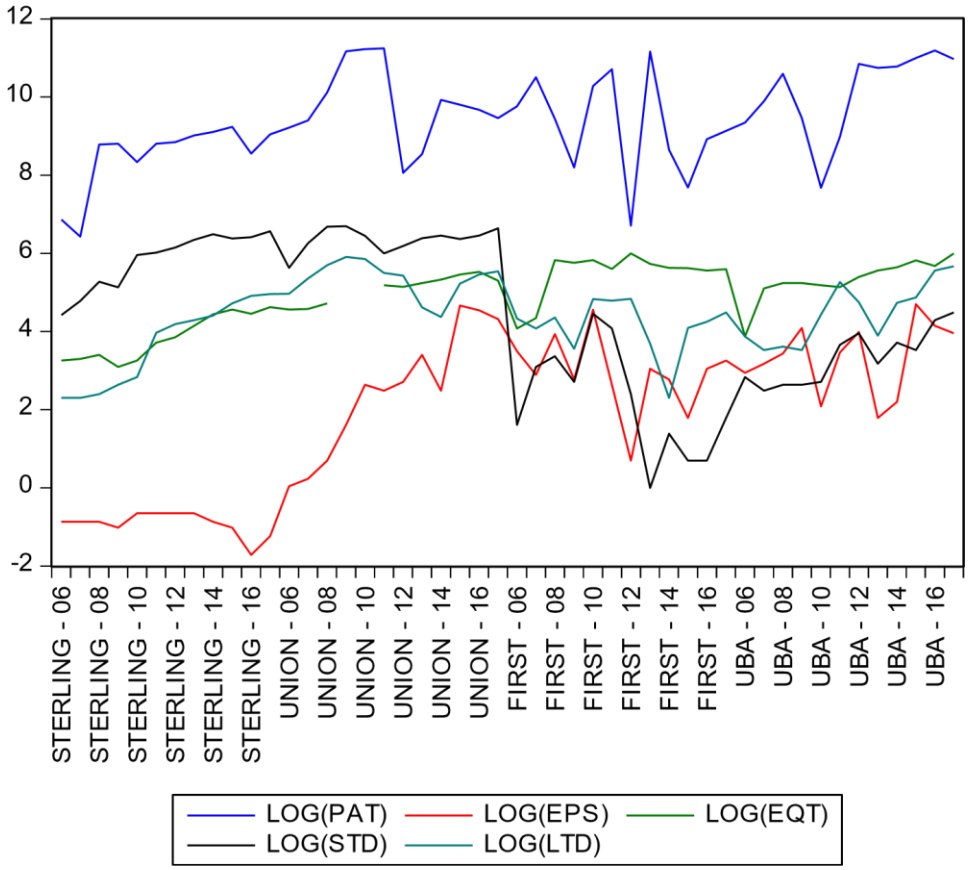


From the above, the non-logged graph could not displayed the actual reality due to spuriousity and error. However, the logged data correct the error term. Hence, The PAT was observed to be very high with EPS being the least.

Date: 11/09/18 Time: 01:00
Sample: 2006 2017
Included observations: 48

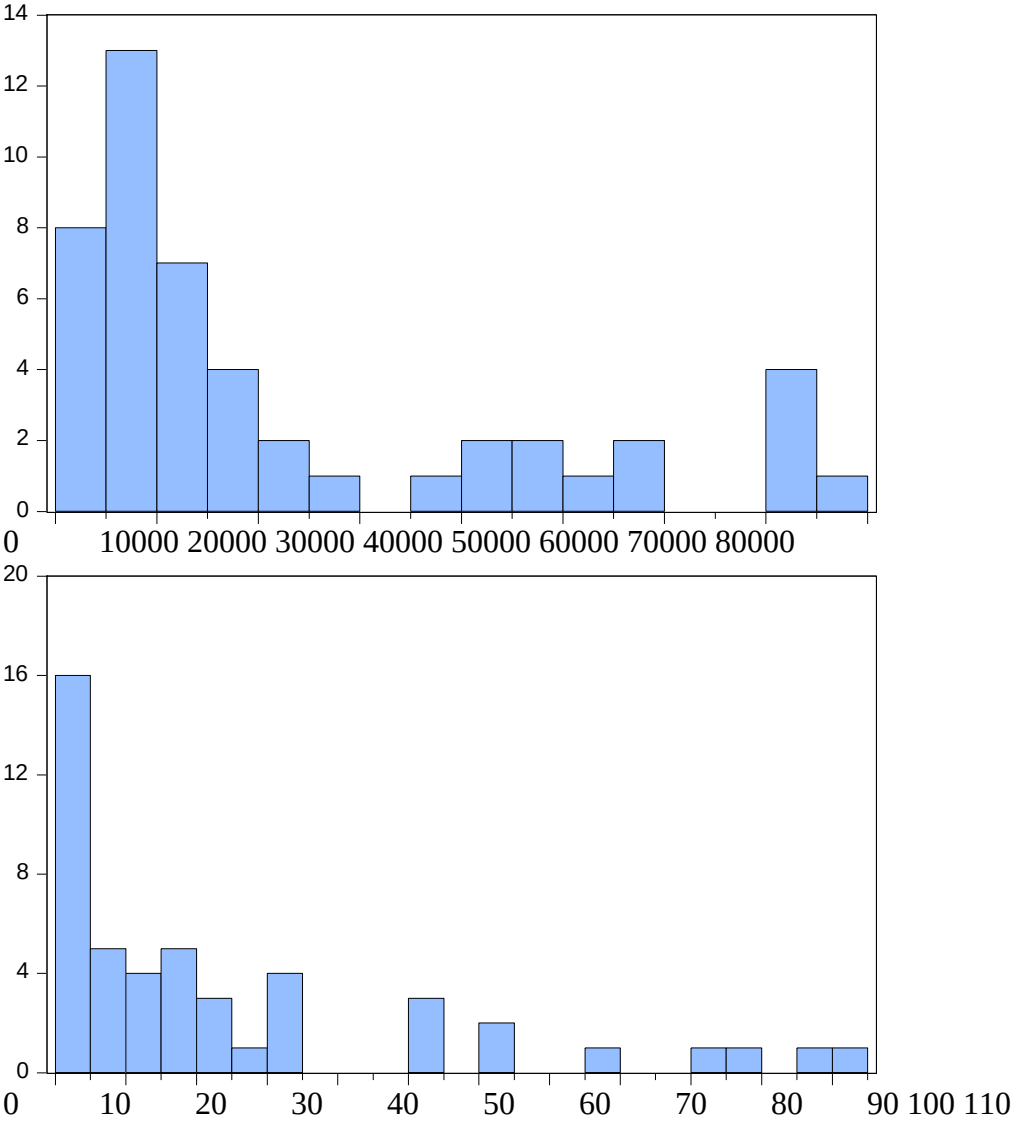
Autocorrelation	Partial Correlation	AC	PAC	Q-Stat	Prob
. |*** |	. |*** |	1	0.471	0.471	11.334	0.001
. |** |	. | . |	2	0.231	0.012	14.122	0.001
. | . |	. | . |	3	0.069	-0.057	14.373	0.002
. | . |	. | . |	4	0.017	0.004	14.390	0.006
. | . |	. | . |	5	-0.005	-0.006	14.391	0.013
. | . |	. | . |	6	0.002	0.011	14.392	0.026
. | . |	. | . |	7	-0.009	-0.016	14.397	0.045
. | . |	. | . |	8	0.039	0.060	14.487	0.070

. | .	. | .	9 0.042 0.007 14.595 0.103
. | .	. | .	10 0.005 -0.039 14.597 0.147
. | .	. | .	11 0.004 0.016 14.598 0.202

From the above, majority of the p-value are lesser than the alpha level of significance at 0.05, hence it exhibit a positive data trend. This indicate the absence of autocorrelation in the study

Normality Test (Residual Diagnostic)

This test indicates if the variables are normally distributed. Hence, The Jarque-Bera test for normality is a large - sample test based on the OLS residuals and uses the test statistic by the side.



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Series: EPS	Series: PAT
Sample 2006 2017	Sample 2006 2017
Observations 48	Observations 48
Mean	Mean
24.15104	22696.15
Median	Median
14.00000	11797.00
Maximum	Maximum
110.0000	76711.00
Minimum	Minimum
0.180000	620.0000
Std. Dev.	Std. Dev.
30.27524	23469.03
Skewness	Skewness
1.504455	1.134282
Kurtosis	Kurtosis
4.297245	2.879851
Jarque-Bera	Jarque-Bera
21.47277	10.32163
Probability	Probability
0.000022	0.005737

The normally distributed variable S = 0 and K = 3 respectively in this case JB statistic is expected at 0. If P-value of JB Statistic is very low which happen when value is statistically different from 0, then hypothesis is rejected that residuals are normally distributed but if P-value sufficiently high which happens if values of statistic is close to 0, we would accept normality assumption.

From probability value of some variables null hypotheses were rejected on normal distribution test. The JB test hence accepted that some of the data are normally distributed.

All variables are seen to be positively oriented based on their positive skewness output, and the kurtosis shows that the variables overtime. It was subsequently discovered that there exist a normal distribution amongst employed variables as they possessed probability level greater than 0.05 (5%) significance level. Since the PAT (0.005737) and EPS (0.00022) we therefore conclude that proxies' data are normally distributed. **4.2.1 URT (Augmented Dickey Fuller).**

because of underlying shocks present in time series proxies, and shocks which might be present in error terms, we intend to consider stationarity of used parameters, because stationary parameters is helpful for prediction and forecasting and propensity of effect when shock diminished gradually and non-stationary data become unsuitable in long run analysis.

Table 4.3: Summary Output of Unit Root Output (Augmented Dickey Fuller)

Variable	**ADF t-statistics**	**Critical Value 5%**			**Order of Integration**	**Prob.**
		1%	**5%**	**10%**		
D(PAT)	-8.368791	-3.679322	-2.967767	-2.622989	I(1)	0.0000
D(EQT)	-6.078230	-3.769597	-3.004861	-2.642242	I(1)	0.0000
D(LTD)	-5.231968	-3.699871	-2.976263	-2.627420	I(1)	0.0002
D(STD)	-4.881263	-3.679322	-2.967767	-2.622989	I(1)	0.0005
D(EPS)	-4.858950	-3.679322	-2.967767	-2.622989	I(1)	0.0006

Source: E-view 9 Output (Authors Extractions).

considering critical values at one, five and ten percent, it was noticed that entire variables become stationary at first difference indicating high level of co-integration in variables, since prerequisite to co-integration is gotten by integrating entire variables in similar level. This parameter led to cointegration of used parameter.

4.2.3 Co-integration Test

The long run association and links were tested in used variable which comprises of Profit after tax (PAT), Equity financing (EQT), Short-term debt (STD), Long-term debt (LTD) and Earning per share (EPS) over the period of 2006 to 2017.

Table 4.4: Results of Pedroni Residual Co-integration Test.

Pedroni Residual Cointegration Test
Series: PAT EPS EQT STD LTD
Date: 11/09/18 Time: 01:05
Sample: 2006 2017

Alternative hypothesis: common AR coefs. (within -dimension)

	Statistic	Prob.	Weighted Statistic	Prob.
Panel v-Statistic	-0.715263	0.7628	-0.612987	0.7301
Panel r-Statistic	1.026857	0.8478	1.091207	0.8624
Panel P-Statistic	-2.068745	0.0193	-2.049570	0.0202
Panel ADE-Statistic	0.223204	0.5883	-0.237308	0.4062

Alternative hypothesis: individual AR coefs. (betweendimension)

	Statistic	Prob.
Group roh-Statistic	2.021493	0.9784
Group PF-Statistic	-2.849637	0.0022
Group ADE-Statistic	-0.707462	0.2396

Cross section specific results

Phillips-Peron results (n on-parametric)

Cross ID	AR(1)	Variance	HAC	B andwidth	Obs
STERLING	-0.111	3125312.	802229.5	10.00	11
UNION	-0.015	3.28E+08	1.40E+08	7.00	11
FIRST	-0.213	3.61E+08	3.56E+08	1.00	11
UBA	-0.218	1.22E+08	1.22E+08	0.00	11

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Augmented DickeyFul ler results (param etric)

Cross ID	AR(1)	Variance	Lag	Max lag	Obs
STERLING	-0.819	1646948.	1	-	10
UNION	-0.327	3.06E+08	1	-	10
FIRST	-0.315	3.93E+08	1	-	10
UBA	-0.155	1.34E+08	1	-	10

Source: E-view 9 Output (Authors Computation).

Co-integration test empirically explain Long-run association between variables set i.e. identifying stochastic drift in variable meaning identifying whether used parameters moved together). Carried out using Panel v-Statistic output, Panel rho-Statistic output, Group PP-Statistic and Group ADFStatistic. Assuming all study variables as endogenous using Group PP-Statistic (Philip Perron) test which is not parametric, it can be seen that there exists only one co-integrating equation, while others shows no sign of co-integration
Although Panel v-Statistic output, Panel rho-Statistic output, and Group ADF-Statistic signifies rejecting alternate hypothesis in entire co-integration equation level that go against output of Group PP-Statistic, it is therefore established that evidence availed that long run link exist in used parameters.

4.3. Bayesian Error Correction Model (ECM Estimates)

To adjust for discrepancies between the long and the short run, the study proceeds to the error correction estimate utilizing the vector error correction Estimates Model

Table 4.6: Bayesian ECE Output of Equity financing (EQT), STD, LTD and EPS within 2006 to 2017.

PAT(-1)	0.100757	3.70 E-05	0.000266	-0.000588	0.000284
	(0.08559)	(0.00011)	(0.00036)	(0.00032)	(0.00020)
	[1.17715]	[0.33038]	[0.74223]	[-1.86175]	[1.40370]
PAT(-2)	0.008056	3.89E-06	0.000116	-8.31E-05	4.06E-05
	(0.04800)	(6.3E-05)	(0.00020)	(0.00018)	(0.00011)
	[0.16785]	[0.06210]	[0.57803]	[-0.47017]	[0.35893]
EPS(-1)	23.84899	0.099701	0.288587	-0.044626	0.172082
	(64.4191)	(0.08543)	(0.27222)	(0.23941)	(0.15327)
	[0.37022]	[1.16708]	[1.06012]	[-0.18640]	[1.12271]
EPS(-2)	-6.490894	0.018485	0.111848	-0.026281	0.058770

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	(36.2596)	(0.04818)	(0.15321)	(0.13476)	(0.08627)
	[-0.17901]	[0.38365]	[0.73004]	[-0.19502]	[0.68122]
EQT(-1)	-0.422658	0.032660	0.202577	-0.044063	0.017403
	(19.2436)	(0.02534)	(0.08187)	(0.07153)	(0.04578)
	[-0.02196]	[1.28905]	[2.47432]	[-0.61599]	[0.38011]
EQT(-2)	1.963612	0.009188	0.032410	-0.014488	0.015747
	(11.0329)	(0.01452)	(0.04704)	(0.04101)	(0.02625)
	[0.17798]	[0.63259]	[0.68902]	[-0.35333]	[0.59989]
STD(-1)	-6.452312	-0.005562	-0.194104	0.701616	0.096259
	(15.5491)	(0.02047)	(0.06571)	(0.05810)	(0.03700)
	[-0.41496]	[-0.27175]	[-2.95378]	[12.0756]	[2.60125]
STD(-2)	-4.089817	0.002561	-0.006741	0.119299	0.013250
	(11.9629)	(0.01575)	(0.05055)	(0.04486)	(0.02846)
	[-0.34188]	[0.16265]	[-0.13336]	[2.65929]	[0.46549]

	PAT	EPS	EQT	STD	LTD

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LTD(-1)			0.016457				
	79.19328	0.024245				0.081644	0.334024
			(0.13469)				
	(31.8881)	(0.04197)				(0.11851)	(0.07632)
	[2.48347]	[0.57769]	[0.12218]			[0.68894]	[4.37677]
LTD(-2)	10.59377	-0.004788	0.033943			0.004738	0.027954
			(0.08231)				
	(19.4824)	(0.02564)				(0.07240)	(0.04667)
	[0.54376]	[-0.18672]	[0.41239]			[0.06543]	[0.59772]
C	13682.76	14.50249	174.7550			90.85139	38.22554
			(30.8426)				
	(7285.26)	(9.58786)				(27.0810)	(17.3320)
			[1.87814]	[1.51259]	[5.66602]	[3.35480]	[2.20
R-squared			0.346049	0.193266	0.590103	0.891513	0.63
Adj. R-squared	0.120549	-0.084919	0.448759			0.854104	0.506943
Sum sq. resids	1.58E+10	32690.39	302009.5			364479.4	132651.7
S.E. equation	23344.17	33.57461	102.0496			112.1082	67.63280

F-statistic	1.534585	0.694739	4.174942	23.83143	5.009830
Mean dependent	24507.78	26.55275	183.2250	292.9000	127.6500
S.D. dependent	24892.74	32.23387	137.4486	293.5055	96.31826

The significant negative value of the ecm(-1) coefficient in table indicates that EPS responds to disequilibrium with an adjustment period of 1 year (1/ 0.08559). Hence, 8.559% deviations from equilibrium in upper year are adjusted to equilibrium in present year. This shows long-run error correction among variables. Furthermore, an increase of one percent of EPS led to decreasing and shows positive influence on equity financing, short-term debt, long-term debt and earning per share. Moreover, this is due to recession and creeping equity financing of capital value all over country, too much of borrowing for recurrent and low money circulation. Thus, negligence of credible economic policy has negative syndrome on domestic economy of capital market. The amount in data is worrisome because (S.E 23344.17); which portray precise measurement of the coefficient. Also, high standard deviation of 24892.74 poses a serious threat and risk to the economy. Adjusted R^2 is 0.120549 which means that negative 29% of variations of EPS are explained by changes in equity financing, short-term debt, long-term debt and earning per share. Overall, entire variables are jointly significant and hence model is fit for forecast and policy (Fstatistic=1.534585).

4.4 Multiple Regression OLS

The OLs were used to carried out multiple regression because it is linear regression tool that is most unbiased this was done in differenced form.

Table 4.7: Panel OLS Output of Profit after tax (PAT), Equity financing (EQT), (STD), (LTD) and (EPS) from 2006 to 2017.

Variable	Coefficient	Std.	Errort-Statistic	Prob.
C	14327.29	5866.273	2.442316	0.0187
EQT	-17.65820	26.02141	-0.678603	0.5009
STD	-41.33908	10.93954	-3.778868	0.0005
LTD	187.7429	29.35338	6.395956	0.0000
R-square				22696.15

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	0.391894	Mean depen dent par	
Adjust R-square	0.350432	SD. depend ent par	23469.03
SE. for egression	18915.04	Akeke info criterion	22.61296
Sum square res	1.57E+10	Schwaz crit erion	22.76889
Log likelihood	-538.7110	HannenQu inn crit.	22.67189
F-statistic	9.451942	DurbinWet son stat	1.822730
Prob (F-statistic)	0.000062		

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-6.077816	9.205353	-0.660248	0.5125
EQT	0.114018	0.036959	3.084965	0.0035
STD	-0.004081	0.012914	-0.316037	0.7535
LTD	0.105259	0.027657	3.805830	0.0004

R-square	0.327958	Mean depen dent par	24.15104
Adjust R-square	0.282137	SD. dependent par	30.27524
SE. for egression	25.65124	Akeke info criterion	9.406716
Sum square res	28951.39	Schwaz criterion	9.562650
Log likelihood	-221.7612	Hannen-Quinn crit.	9.465644
F-statistic	7.157371	Durbin-Wetson stat	1.516231
Prob (F-statistic)	0.000513		

Z

Source: E-view 9 Output (Authors Computation).

From above output, coefficient of constant (C) is PAT=14327.29, EPS=-6.077816 that shows that when entire other parameter are kept at zero or constant, criterion parameter PAT will increased by 14327 units showing a positive progression towards the predictor proxies, while earnings per share (EPS) will decrease by approximately 6 units, indicating negative progresses of criterion variable to the predictor. All parameter show negative coefficient indicating positive relationship and movement with criterion parameter with exception of short term debt and equity financing thus affecting proposed apriori expectation. But inverse was observed in other proxies Thus, all variable are significant to criterion variables exception of equity financing and short term debt in capital structure.

The R-square (R^2) correlation coefficient, showing output of PAT was 0.391894 and EPS was 0.327958 reveal that predictors account for nearly 39/33% variation in criterion parameter while 61/67 % are due to other parameter which are not indicated in designed model (white noises or unobserved parameter), while adjust R-square, showing variation co-efficient with relationship indicating credibility and goodness of fit for designed model (PAT was 0.350432 and EPS was 0.282137). However, Durbin Watson reveals output of (PAT was 1.822730 and EPS was 1.516231) with does falls within the relevant range (1.5-2.5) shows autocorrelation absence, partial correlation or serial correlation and within relevance range. The F-statistics (7.157371) at probability level of 0.000513 as appropriate model of goodness of fit, while t-statistics indicates short run significance on predictor variables for criterion variables based on EPS using probability level from t-statistics against 0.05 (5%) significance level on LTD correlates with EPS (0.0004); PAT(0.0000), while STD correlates with EPS (0.7535); PAT(0.0005). However, EQT correlates with EPS (0.0035); PAT(0.5009).

Discussion of Findings

First hypothesis was intended to examine connection between equity financing and PAT. And it was noted that no appreciably significant connection was found between equity financing and PAT. This hypothesis position was tested with OLSM as shown in analysis that indicated rejection of alternate hypothesis. From this and considering position taken by Edirin and Ekwume (2004) analyzed interest rate regime and the performance of the Nigerian capital market and uncovered positive connection between capital structure and finance base performance. Muritala (2012) opined that capital structure is key decision of firm and such decision is not just meant for maximizing profits for different part of firm but for competitiveness of organization in their different business environ. Adesina, et al. (2015), is in the view that any bank that did not plan for capital structure could face difficulty in raising money for funding its operations in the near future and may be unable to stabilize its use of funds. It is of concern among researchers that each organization should arrange its capital in such a manner that it will make the best use of its funds and to be able to appear in the dynamic or changing situations. If the manager of banks has owner's assets maximize his aim, then capital structure is imperative decision, for it might bring to a most advantageous capital blend which utilises the market price per share for banks.

The second hypothesis was intended to uncover connection that exist between STD and PAT. And it was found that no notable or significant connection exist between short-term funding and PAT. This was tested with OLSM statistical method. As was analysis in data rejection of null hypothesis. From this position we concluded that short-term funding does influence PAT. This finding is in line with the fact that Akintoye (2009), Vătavu (2015) explained that capital formation is resting on trade-off flanked by risk and projected returns which are key factors in actualizing target capital mix. Therefore, one can opine that liquidity regulation and success are an essential challenge in expansion and continued existence of business but skip to grip swap between two becomes a concern for financial managers, as further argued that liquidity regulation and profitability are very important in development, survival, sustainability, development, and performance of any bank, but profitability does not transform to liquidity in all condition (Ejoh and Sackey, 2015).

Conclusion

It was concluded that, there is a strong positive links and connection between selected variables on PAT while EPS was average together and capital structure. Also, this study concludes that at apriori expectation there is significant relationship on four prixies, while two could not meet the apriori expectations. **Recommendations**

From this finding researcher recommend that:

i. That policymakers should be concerned with economy liquidity, given that profit after tax is strong indicator of capital structure because it is positive and appreciably significant.

ii. To enhance capital structure in Nigeria, the government sector should be encouraged to increase the financing of the bank projects so as to boast financial performance and development in the country.

iii. it was equally recommended that CBN and along with regulators bodies should plan in advance and Influence variables such as earnings per share should be channel on right direction. For instance project should have sufficient money supply to ensure that there is enough money to invest of equity financing in the economy.
iv. Also, equity financing should be cubed higher than the short term debt in the banks budget
v. government should strengthen project monitoring and evaluation team stabilizing the monetary policy and also corruption should be tackle with all sincerity in antecedent to stock market.

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