

**CORPORATE GOVERNANCE AND PROFITABILITY OF SELECTED
BANKS IN NIGERIA (LAGOS STATE)**

BY

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**BEING A PROJECT SUBMITTED TO THE DEPARTMENT OF
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STATE, NIGERIA.**

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MAY 2024

DECLARATION

I Olatunbosun, Oluwatimilehin Toluwani hereby declare that the whole project of this research work carried out and submitted in partial fulfilment for the award Bachelor of Science Degree, Accounting, Crawford University, is the result of my research, except where a references have been duly made and acknowledged.

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Date

CERTIFICATION

This is to certify that this research project title “Cooperate Governance and Profitability of Selected Banks in Nigeria (Lagos State).” Carried out by OLATUNBOSUN, Oluwatimilehin Toluwani with the matriculation number 200202022 is an original study done under my supervision.

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DATE

DEDICATION

This research is dedicated to Almighty God for giving me the opportunity to be able to write this project.

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ABSTRACT

This study investigates the relationship between corporate governance practices and the profitability of selected banks operating in Lagos State, Nigeria. With the Nigerian banking sector facing increasing regulatory scrutiny and market pressures, effective corporate governance has emerged as a critical determinant of bank performance and sustainability. The research employs a mixed-method approach, utilizing both quantitative analysis and qualitative assessments to explore the intricate dynamics between governance mechanisms and financial outcomes. The research develops two comprehensive models to analyse the impact of corporate governance on bank profitability, incorporating key variables such as board size, board composition, director's equity holding, corporate governance disclosure, and audit committee size. Additionally, a unique corporate governance index specific to the Nigerian banking context is constructed to assess the level of compliance and adherence to governance standards among the selected banks. Through regression analysis and correlation studies, the findings reveal significant relationships between certain governance variables and bank profitability metrics, particularly Return on Equity (ROE) and Return on Assets (ROA). Notably, factors such as board size, composition, and corporate governance disclosure exhibit varying degrees of influence on bank profitability, highlighting the importance of robust governance frameworks in driving financial performance. The study contributes to existing literature by offering novel insights into the governance-performance nexus within the Nigerian banking sector. The findings underscore the critical role of effective corporate governance in enhancing the profitability and sustainability of banks, thereby informing policymakers, regulators, and industry stakeholders on the imperative of promoting sound governance practices. Ultimately, the research advocates for continuous efforts to strengthen governance mechanisms within the Nigerian banking industry to foster long-term value creation and resilience in the face of evolving market dynamics.

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