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POST CONSOLIDATION PROFITABILITY RANKING OF NIGERIAN BANKS

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Abstract

This paper ranked nineteen (19) out of the existing twenty-four (24) post 2006 consolidation banks in Nigeria on the basis of their cumulative Earnings Per Share (EPS) from 2006-2010 Four banks were excluded because their financial reports for the whole period were not available The fifth was excluded because it was foreign owned for the greater part of the period under review This exercise was done against the back ground of speculations that only eight (8) of the exiting hanks are healthy while six (6) are said to be at the verge of extinction Bath the descriptive and ANOVA statistical methods were used to analyze the data sourced from the published financial statements of the banks over the period under review Findings showed that the post consolidation EPS mean of nine (9) of the banks were above average. There is a significant difference between the mean EPS of the top most banks and the rescued ones. Zenith Bank, First Bank, UBA and GTB are the four top leading banks while Intercontinental Bank, Unity Bank, Wema Bank and Fin Bank are at the bottom of the ladder. The mean EPS of the 2009 rescued banks are negative. They definitely need more than the 2009 bailout to survive. The ongoing merger talks among the banks and the. signing of Memorandum of understanding by them with core investors are therefore seen as the right steps in the right direction

Keywords: Bank Consolidation, Ranking, Profitability, ANOVA, Nigeria

I. INTRODUCTION

The outcome of the **CAMEL** ((acronym for **C**apital adequacy, **A**sset quality, **M**anagement competence, **E**arnings strength and **L**iquidity position) ratings by the Central Bank of Nigeria (CBN) for Nigerian banks between 2001 and 2004 shows that 17 (or 19%) of the 90 existing banks were either marginally sound or unsound in 2001 The figure rose to 23 (or 26%) in 2002 and remained at 26% in 2003 although the total number of banks had reduced to 87. Thirty percent of the banks were in that category in 2004, meaning that one out of every three banks was either marginally unsound or totally unsound. Bank failure, it should be noted, had earlier been experienced in the 1990s during which period one out of every two banks was distressed (Adewoyin, 2006, Sanni, 2009).

Therefore, when Professor Chukwuma Soludo, the erstwhile Governor of The Central Bank of Nigeria (CBN) announced to a weary public his plans to sanitize the banking sub-sector seven years ago in his now famous consolidation exercise, considered as one of the most ambitious programmes of the time, many lauded the bold initiative. The reason being that while it lasted, it led to several mergers and acquisitions of some of the weaker banks by the bigger and stronger ones and ultimately helped to restore confidence in the banking sector, to a large extent (Ibrahim, 2009).

Naturally, like a physician who believed in the efficacy of his antidote, Soludo continuously baked in the euphoria of the success which attended his reform agenda, by seizing every available opportunity to declare to all and sundry that, never again would the banks be ever enmeshed in any financial crisis whatsoever, since to him, the consolidation exercise in itself, was the elixir needed to wrestle financial distress. But the 2009 discovery by Samusi Lamido Sanusi led CHN that eight of the banks were actually in one form of distress or the other made financial analysts hold the view, and very strongly too, that consolidation is not the only solution to the problems in the banking sub-sector: of the economy.

The financial situations of the banks were so bad that they had to be bailed out by the CBN (with as much as SUS4 billion) (about N620 billion), the Chief Executive Officers of some of them were forcefully replaced while some were prosecuted for being involved in gross misconduct, ranging from mismanagement of funds, corrupt lending, and insider dealings among ther unethical practices. An example is Dr. Erastus Akingbola, the Chief Executive Officer of Intercontinental Bank Nigeria Plc currently being held und prosecuted. While the dust is yet to settle, speculations have it that only six or sight of the existing banks are actually healthy Though the speculations had neither been confirmed nor denied by the regulatory authority, the investing public has the right to know the post consolidation performances of the banks with a view of ranking them.

No empirical research study, to the best knowledge of the present researchers had attempted to rank Nigerian banks on the basis of profitability, most especially with cumulative EPS from the 2006 post consolidation exercise to date (2010). It is therefore imperative to ask some questions: What is the post consolidation profitability ranking of Nigerian banks, using cumulative EPS from 2006 to 2010? Is there any significant difference in the mean EPS of the banks during the period? Finding answers to these and other similar questions is the main trust of this work

II. CONCEPTUAL FRAMEWORK AND LITERATURE REVIEW

Conceptual framework

Profitability

Profitability connotes a situation where the income generated during a given period exceeds the expenses incurred over the same length of time for the sole purpose of generating income (Banwo, 1997; Sanni, 2006). The fundamental requirements here are that the income and the expenses must occur during the same period of time ("Matching Concept') and the income must be a direct consequence of the expenses. The period of time may be one week, three months, one year etc. It is not material whether or not the income has been received in cash nor is it compulsory that the expenses must have been paid in cash. For a profit-oriented organizations, profit is the soul of business The importance of profitability, therefore, stems from its being the 'raison d'être (purpose) of business. A company remains in operation because it expects to make profits. Once that expectation is confirmed unattainable, the most rational decision is to close shop.

Measure of profitability

Three indicators, namely: Net Interest Margin (NIM), Return On Assets (ROA) and Return on Equity (ROE) were identified by Ahmed (2003) to be widely employed in the literature to measure profitability. However, there were divergent views among scholars on the superiority of one indicator over the others as a good measure of profitability. For instance, Goudreau and

Whitehead (1989) and Uchendu (1995) believed that the three indicators are all good. Hancock (1989) used only ROE to measure profitability in her study. Also, Odufulu (1994) used only the gross profit margin in measuring profitability. Ogunleye (1995) did not believe that profit level per se could constitute a good measure of profitability and therefore used ROA and ROE. Profitability measures, according to Akinola (2008) include Profit Before Tax (PBT), Profit After Tax (PAT), ROE, Rate of Return on Capital (ROC) and ROA. Sanni (2009) used Earnings Per Share (EPS).

Literature Review

In an environment where every bank claims to receive different awards largely from reciprocal media that traditionally reward patronage and occasionally from questionable institutions, attempts to collect data from some relevant institutions, through official channels including published reports are always thwarted because of fears of misrepresentation and misconceptions on the facts and figures. Nevertheless, some researchers like Economic Confidential (2008) and Africa Report (2009) succeeded in getting undisputable figures on the position of the Nigerian bunks. Some of these researchers also relied on the facts and figures that were endorsed by the regulators in the sector especially The Central Bank of Nigeria and Nigeria Deposit Insurance Corporation (NDIC)

Economic Confidential (2008) used three criteria in ranking Nigerian banks: Shareholders' Funds, Large number of branches and share values. Ranking by Shareholders Funds put First Bank on the lead (in 2007, the year under review), followed by Oceanic Bank with Intercontinental Bank coming third. Other banks with huge Shareholders Funds are United Bank for Africa (4), Guaranty Trust Bank (5) and Zenith Bank (6) Leading with large numbers of branches are United Bank (1), followed by First Bank, Union Bank, Oceanic Bank, Zenith Bank, Intercontinental Bank and Afribank. The banks with fewer branch-offices are Nigeria Intercontinental Bank Ltd with 13 branches throughout the Federation and Standard Chartered Bank Ltd which has only 10 Branches with 100% foreign ownership

The other index used was share value. Leading in this category is United Bank for Africa, followed by Zenith, First Bank, Union Bank, Intercontinental Bank and Oceanic Bank Five banks which were not quoted as at the end of 2007 and without any share value were Equatorial Trust Bank, Nigeria Intercontinental Bank, Spring Bank, Stanbic Bank and Standard Chartered Bank The Economic Confidential (2008) could not rely on other factors in rating the basks like asset base and credit-worthiness because of 'deliberate manipulation of figures and cooked accounting processes by some of the banks in high-tech connivance and conspiracy

Africa Report (2009) observed that Nigerian Banks have had a rough ride The Nigerian Stock Exchange, according to it, had lost over 65% of its value since March 2008 and an estimated N8 trillion ($54 billion) had been wiped off bank stocks, which represented two-thirds of total market capitalization Same banks were badly exposed. Wema Bank, according to the report, had not presented audited accounts since 2007. Unity Bank had not even released its 2007 accounts Most of the banks had overleveraged their balance sheets during the boom cycle and were struck with trillions of naira worth of bad debts without disclosing it to investors. These shortcomings notwithstanding, Africa Report (2009) went ahead to rank the banks into four categories, without disclosing much details

In the 'Strong' (e, banks that are thriving, may be in a position to profit from the (financial) crisis) category me. Diamond Bank, First Bank, Guaranty Trust Bank and Skye Bank. The second category was 'Satisfactory (i.e. some of the banks have margin lending issues but all will survive). In this category are: Afthank, Citibank Nigeria, Epastorial Trust Bank, Fidelity Bank, Platinum Habib Bank (Bank PHB), Stanbic IBTC, Standard Chartered Nigeria Bank, United Bank of Africa (UBA) and Zenith. The third category was "Shaken (ie. banks with serious governance issues, need urgent attention). In this category are Access Bank, Ecobank Nigeria, First City Monument Bank, Intercontinental Bank, Oceanic Bank, Sterling Bank and Union Bank. The fourth category was "Stressed' (ie. banks in the ropes, will either sink or be swallowed). In this category were: First Inland Bank, Spring Bank, Unity Bank and Wema Bank.

allAfrica.com (2010) ranked the first 200 banks in Africa, using questionnaire as its methodology. The questionnaires were distributed to 665 financial institutions. Their replies were used to create a systematic ranking of Africa's top 35 banks based on total assets. All the data were communicated by the banks themselves or by their parent companies; Zenith Bank came first in Nigeria but 12th in Africa. It was followed by First Bark (13th in Africa), Intercontinental Bank (15th in Africa), United Bank for Africa (16th in Africa), Union Bank (20th In Africa) and Oceanic Bank (21st in Africa).

Pan African Capital (2011) used Profit After Tax to rank Nigerian banks. Guaranty Trust Bank, according to it, outperformed other banks, followed by Zenith Bank, United Bank for Africa, Fidelity Bank and First Bank The other criteria used included Gross Earnings, Profit Before Tax, Net Profit Margin, Return on Assets, EPS and PER .Its ranking on EPS placed GTB on the first position, followed by Zenith Bank, UBA, Fidelity Bank and First Bank in that order. It however issued a disclaimer by staring that the research work was to serve as a guide for clients that intend to invest in securities on the basis of their own investment decisions without relying completely on the information contained herein No responsibility or liability is accepted for error of fact or any opinion expressed therein.

Stakes 55 (2011) ranked Zenith Bank Plc, First Bank Plc, GTB Plc, UBA Plc and Access Bank Plc as the largest banks in the country (in that order) in the last quarter of 2010. The agency had used market capitalization for the ranking. New (2011) had ranked First Bank of Nigeria Plc and United Bank for Africa Plc as the two topmost banks in Nigeria with Union Bank Plc, Oceanic Bank Plc, GTB Plc and Intercontinental Bank Plc sharing the third position. He had used profitability and the period covered before the 2009 financial crisis in the banking sector.

Table 1A: Summary of Ranking of Nigerian Banks by previous works

SN	**Shareholders' Funds (2008)**	**No of Branches (2008)**	**Shae Value (2009)**	**Strong* (2009)**	**Satisfactory* (2009)**	**Shaken* (2009)**	**Stressed* (2009)**
1	First	UBA	UBA	Diamond	Afribank	Access	Finbank
2	Oceanic	First	Zenith	First	Citi	Eco	Spring
3	Intercom	Union	First	GTB	ETB	FCMB	Unity
4	UBA	Zenith	Union	Skye	Fidelity	Intercom	Wema
5	Zenith	Intercon	Oceanic		PHB	Oceanic	
6					Stanbic	Sterling	
7					Stanbic/ Chartered	Union	
8					UBA		
9					Zenith		

*Arranged in alphabetical order and not in accordance with ranking.

Year of the research in brackets

Source: Compilation by the authors (2011)

Table 1B: Summary of Ranking of Nigerian Banks by previous works (Continued)

Total Assets	PAT	EPS	ROE	Market Capitalization
Zenith	GTB	GTB	First	Zenith
Intercom	Zenith	Zenith	UBA	First
UBA	UBA	UBA	Union/Oceanic	GTB
Union	Fidelity	Fidelity	GTB & Intercon	UBA
Oceanic	First	First		Access

Source: Compilation by the authors (2011)

111. METHODOLOGY

This research work is both inferential and descriptive in nature. It made use of secondary data. The data were on EPS of nineteen (19) out of the twenty-four (24) post consolidation 'mega' banks from 2006 to 2010, sourced from the published annual reports and accounts of the banks. The authors also made some computations. Four (4) banks were excluded because their complete five years financial reports for the period under review were not available as at June 30, 2011 (six months after their year-end). These are: Bank PHB, Equatorial Trust Bank, Spring Bank and Afribank. The fifth bank, Standard Chartered Bank was excluded because it was foreign owned for the greater part of the period and its EPS were somehow out of tune with the rest, somehow exceptional. Most Nigerian banks changed their accounting dates to 31" December in 2009 in line with the directive of the CBN that all of them must have uniform accounting dates ending on 31" December, effective from 2009. Most of them therefore prepared the 2009 accounts based on both the old and new accounting dates. This paper made use of the accounts that produced the highest EPS in 2009 for this category of banks for fairness. The data also relate to the bank and not to the group as a whole.

The paper made us of both descriptive statistics and ANOVA method in analyzing the data. The use of descriptive statistics is in line with the works of Sanni (2009, 2010) ANOVA method had been used because it is parametric and its result are more reliable than non -parametric method (Oloyo 2001). It is an improvement on the Kruskal-Wallis analysis of variance by rank, a non parametric method used by Nzewi (2011).

IV. FINDINGS AND DISCUSSIONS

Year 2006

The mean EPS of all the banks for the year was 61 kobo. The EPS of only seven of the banks were above average. First Bank had the highest EPS of 269 kobo while the least of 107 kobo toss was by Fin Bank (Table 2).

The macroeconomic environment for 2006 remained positive and the Nigerian economy recorded remarkable growth in major economic indices. The growth in money supply stood at 29%, almost at par with the 2006 budget assumption of descriptive statistics is in line with the works of 28% (Oyebode, 2006, Sanni 2009).

Table 2: Basic Earnings Per Share (in Kobo*) of Nigerian Banks**

BANKS	**06**	**07**	**Δ%**	**08**	**Δ%**	**09**	**Δ%**	**10**	**Δ%**	∑	$\bar{X}$	**POSITION**
ACCESS	7	87	1143	173	99	141	(18)	72	(49)	480	96	**5**
AFRI	52	68	31	145	113	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
CITI	4.29	0.68	(84)	5.63	728	0.80	(86)	0.36	(55)	12	2	**13**
DIAMOND	(5)	89	1880	110	24	48	(56)	45	(6)	287	57	**7**
ECO	27	34	26	(.03)	(100)	(0.64)	(2132)	12	1975	72	14	**11**
ETB	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
FIDELITY	19	25	32	45	80	8	82	20	150	117	23	**10**
FIRST	269	178	34	267	50	51	(81)	102	100	867	173	**2**
FCMB	36	61	69	123	102	21	(83)	45	114	286	57	**7**
FIN	(107)	27	125	10	(63)	(719)	(7290)	76	110	(713)	(143)	**19**
GTB	145	163	12	188	15	128	(32)	157	23	781	156	**4**
INTERCON	110	138	25	183	33	(1036)	(666)	377	136	(228)	(46)	**16**
OCEANIC	103	147	43	35	(76)	(407)	(1263)	114	128	(8)	(2)	**14**
PHB	13	119	815	246	107	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
SKYE	33	74	124	173	134	10	(92)	70	600	360	72	**6**
STANBIC-IBTC	34	43	26	49	14	33	(48)	42	27	201	40	**9**
STANDARD-CHARTERED**	228	275	21	319	16	294	(8)	340	16	1456	291**	**NIL****
STERLING	9	6	(50)	52	767	(53)	(202)	33	162	47	9	**12**
SPRING	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
UNION	160	126	(21)	214	70	(526)	(346)	17	103	(9)	(2)	**14**
UBA	186	241	30	305	27	60	(80)	8	(87)	800	160	**3**
UNITY	3	6	100	(296)	(5033)	(168)	43	13*	108	(442)	(88)	**17**
WEMA	(66)	25	138	(573)	(2392)	(21)	96	9	143	(625)	(125)	**18**
ZENITH	191	189	(1)	345	85	73	70	106	45	904	181	**1**
TOTAL ∑	**1158**	**1660**		**1409**		**(2357)**		**1649**		**3180**	**629**	
MEAN $\bar{X}$	**61**	**87**	**43**	**74**	**()15**	**(124)**	**(267)**	**87**	**170**	**167**	**33**	
NO of banks	**7**	9		10		10		6			9	

Whose EPS are Above average												

**Forecast EPS ax contained in the Prospectus on 2010 Rights are by the bank.*
***Standard Chartered Bank excluded from the overall ranking as the figures for the EPS are somehow exceptional and the authors are not sure whether they were for the group or for the bank. It was also foreign owned for most part of the period.*
****Rounded to the nearest kobo with the exception of Citibank. The 2010 EPS of Union Bank is based on forecast by Lead Capital in The Guardian Newspaper of Monday, June 20, 2011, page 30*
Sources: *Annual Report and Accounts of the banks for various years.*
Computations by the Authors

The increase in money supply boosted credit creation and Balance Sheet growth in the banking system. Inflation rate improved to within single digit margin but nominal interest rate remained high As a result, the cost of production and funding were high Consolidation took effect in the banking sector, starting from January 1" 2006. The reforms in the banking sector resulted in the restoration of confidence in the banking system while 25 banks scaled through the consolidation hurdle. The steep reduction in the number of banks did not however necessarily result in increased earning opportunities. Liquidity surfeit in the banking sector resulted in downward pressure on interest rates and shrinking interest margins. This was compounded by reduced dependence on the banking sector for public sector borrowing. resulting in a steep drop in interest rates on government instruments, a risk free investment outlet for bank funds (Abiola, 2006). In addition, competition amongst banks for greater market share became stiffer, thereby placing pressure on fee-based income. Some banks (like Access Bank- Pic) wrote off Goodwill and merger expenses. (N7.5 billion by Access Bank Pic) during the year. Obviously, this and other economic variables earlier mentioned dampened the financial performances recorded by most of the banks.

Year 2007

In 2007 the mean EPS of all the banks grew by 43% when it rose from 61 kobo in 2006 to 87 kobo The EPS of nine of the banks were above average. The highest increase of 1880% was by Diamond Bank and the worst decrease of 84% by Citi Bank (Table 2).

The monetary policy goals in 2007 were to mare price stability and adherence to the Policy Support Instrument (PSI) target for monetary aggregated. The CBN Monetary Policy Rate (MPR) was lowered from 10% to 8% in June 2007. The CBN deposit lending facilities stood at 5.5% in response to the increase inflationary pressures of the last quarter of 2007 The banking industry witnessed the beginning of market-induced consolidation with the merger of BTC-Chartered Bank Plc and Stanbic Bank Lad. The soundness of the financial system has never been better in Nigerim banking history (Ezel, 2008, Sanni 2009). The total assets of Nigerian banks grew by 227% in 2003 and 2007 with eleven banks having over US$1 billion in Tier 1 capital by the end of 2007. These affected the performances of the banks during the year under review.

Year 2008

The year began on a bright nose with the global economic developments having a positive impact on the Nigerian economy (Ahiola, 2008). The boom in the capital market witnessed for most part of 2007 turned sour by the first quarter of 2008 as the bears took charge of the market. By June, estimated loss in market value was in excess of N2 trillion. Despite the challenging economic environment in which banks operated, proactive management strategies kept the earnings of some of the banks high and costs low, thus sustaining their profitability. In all, the mean EPS of all the banks reduced by 15% when it declined from 87 kobo in 2007 to 74 kobo. The EPS of 10 of the banks were above average. The highest increase of 767% was by Sterling Bank and the worst decrease of 5033% by Unity Bank. (Table 2).

Year 2009

The year 2009 witnessed increasing regulatory interventions and policy reversals in the banking industry as the liquidity constraints facing banks led the Central Bank of Nigeria (CBN) to adopt mitigating measures to address the situation. In the first half of the year, the CBN deployed resident examiners to deposit money banks in response to systemic fears, allowed the exchange rate of the domestic currency to drop sharply by 30% to NIS3, and re-introduced exchange control measures including a severe restriction on the activities of the inter-bank foreign exchange market (Adegunwa, 2010). Furthermore, price caps on lending and deposit rates were introduced while the MPC also reduced liquidity and cash reserve requirements in addition to reducing the monetary policy rate in a bid to provide systemic liquidity support and encourage lending.

The CBN also came up with the second phase of the reform programme which involved the creation of new banking model. The new system introduced a four-type licensing structure under which banks are classified as International, Regional, National or Specialized (Yakubu, 2010). Other policy initiatives and regulatory actions include a re- introduction of the interest rate corridor and reduction of the Monetary Policy Rate (MPR). The strict stipulations mandated by the CBN temporarily eroded the profit margin of all the banks. For examples, an additional N29.71 billion provision (for non-performing loans) was made by the Guaranty Trust Bank Plc, N231 billion by Ecobank Nigeria Plc, N11.5 billion by Sterling Bank Plc and N19.81 billion by Fidelity Bank Plc. A loss was recorded by Ecobank as a result of this (Kuku, 2010). A uniform/common year end of December, effective from 2009 was compelled on all the banks by the CBN. The overall effect of the above scenario is that the mean EPS of all the banks decreased by as much as 267% when it fell from 74 kobo in 2008 to 124 kobo loss in 2009. The EPS of 10 of the banks were above average. The highest increase of 96% was recorded by Wema Bank and the worst decrease of 7290% by Fin Bank. (Table 2).

Year 2010

The year 2010 recorded a general decline in Bank deposit and lending rates. There was also low demand for credit by customers and low utilization of credit when granted, amid investors' general apathy to business expansion (Oduyemi, 2011). This was a defining feature of the year's economic space, apathy perceived as low-key. The major markets were largely inactive due to customers' circumspect approach to investment activities, following losses incurred from these markets in the two preceding years. By the end of the third quarter, the value of money market assets outstanding increased by 7.4% above the level in the preceding quarter to N3.8 trillion. This development was attributed to the increase in FGN Bond, Bankers' Acceptance (Bas) and Commercial Papers (CPs). Also during the quarter, activities on the Nigerian Stock Exchange (NSE) were bearish.

The above scenario affected the mean EPS of the combined banks which surprisingly increased from 124 kobo loss in 2009 to 87 kobo in 2010, recording a 170% increase. The EPS of six banks were above average. The highest increase of 1975% was by Eco Bank while the worst decrease of 87% was by UBA (Table 2).

ANOVA

Before performing the analysis, it is necessary t review the assumptions required for ANOVA Independent measures ANOVA requires three conditions for reliable results: independent samples, Normal populations and Homogeneity (or equality) of population variances. We will be able to formally test both the normality and homogeneity of variance assumptions. With large samples, homogeneity of variance is more critical than normality, but one should test both.

The Kolmogorov-Smimov test assesses whether there is a significant departure from normality in the population distribution for each of the banks. The null hypothesis states that the normality assumption is not violated. The result of the first normality test (not shown due to lack of space) shows that the significant value of each of the six rescued banks is less than 0.5, meaning that normality assumption has been violated. They have therefore been excluded. The banks are: Fin Bank, Intercontinental Bank, Oceanic Bank, Union Bank, Unity Bank and Wema Bank. Since the significant values of each of the remaining banks (in Table 3) is greater than 0.05, we do not reject the null hypothesis and conclude that these data do not violate the normality assumption. This is also confirmed by the Shapiro-Wilk test .We still need to validate the homogeneity of variance assumption by conducting test of homogeneity of variance.

Table 3: Result of Tests of Normality.

	BANKS	**Kolmogorov- Smirnov[a]**			**Sha[iro-Wilk**		
		Stat	**df**	**Sig**	**Stat**	**df**	**Sig**
EPS	ACCESS	.163	5	.200*	.980	5	.932
	CITI	.338	5	.063	.808	5	.094
	DIAMOND	.190	5	.200*	.959	5	.802
	ECO	.222	5	.200*	.888	5	.347
	FIDELITY	.253	5	.200*	.920	5	.529
	FIRST	.232	5	.200*	.898	5	.396
	FCMB	.262	5	.200*	.872	5	.273
	GTB	.180	5	.200*	.988	5	.973
	SKYE	.287	5	.200*	.898	5	.397

	STANBIC-IBTC	.223	5	.200*	.917	5	.512
	STERLING	.266	5	.200*	.928	5	.580
	UBA	.190	5	.200*	.947	5	.717
	ZENITH	.261	5	.200*	.914	5	.490
a. Lilliefors Significance Correction *This is lower bound of the true significance							

Source: Computations from SPSS

Table 4: Result of Test of Homogeneity of Variances

Test of Homogeneity of Variances			
EPS			
Levene Statistic	df1	df2	Sig.
3.828	9	40	.061

Source: Computations from SPSS

Levene's test for homogeneity of variances in Table 4 assesses whether the population variances difference between the means of EPS of the banks. for the groups are significantly different from each other. The null hypothesis states that the assumption of homogeneity of variance is not violated. The Levene statistic has a significant value of 0.061 and since it is greater than 0.05, we do not reject the null hypothesis and conclude that these data don not violate the homogeneity of variance assumption. The two tests confirm the appropriateness of ANOVA for this work. The next step is to find out whether there is a significant difference between the means of EPS of the banks. The result is presented in Table 5.

Since the test statistic (F) equals 4.504 with a corresponding significant value of 0.00, we would violated the null hypothesis, and conclude that these data provide substantial evidence of at least one significant difference in the mean of EPS among the banks. The next stage is to find out the mean difference of which of the banks is significant.

The Levene statistic has a significant reject the null hypothesis, and conclude that these value of 0.061 and since it is greater than 0.05, we data hese data do not violate the homogeneity of the banks. The next stage is to find out the mean difference of which of the banks is significant. Post HOC tests provide answers to this type of problems.

There are many different kinds of Post Hoc tests, that examine which means are different from each other. One commonly used procedure is Turkey's Honestly Significant Difference Test. The Turkey test compares all pairs of group means without increasing a Type I error (Carver and Nash, 2000). The result of the test is presented in Table 6.

Table 5: Results of ANOVA

ANOVA					
EPS					
	Sum of Squares	**df**	**Mean Square**	**F**	**Sig.**
Between Groups	194329.280	9	21592.142	4.504	.000
Within Groups	191743.600	40	473.590		
Total	386072.880	49			

Source: Computations from SPSS

Table 6: Results of Turkey Post Hoc Test (Multiple Comparisons)

(I) BANKS	**(J) BANKS**	**Mean Difference (I-J)**	**Std. Error**	**Sig.**	**95% Confidence Interval Lower Bound**	**Upper Bound**
FIDELITY	ZENITH	-157.40000	43.78854	.027	-303.9955	-10.8045
FIRST	FIDELITY	150.0000	43.78854	0.041	3.4045	296.5955
FIRS	STERLING	164.0000	43.78854	0.081	17.4045	310.5955
GTB	STERLING	146.0000	43.78854	0.049	0.2045	293.3955
UBA	STERLING	150.6000	43.78854	0.040	4.0045	297.1955
ZENITH	FIDELITY	157.400	43.78854	0.027	10.80845	303.9555
ZENITH	STERLING	171.40000	43.78854	0.011	24.8045	317.9955

Source: Computations from SPSS

The results in Table 6 show that there is a significant difference in the mean EPS of each of the top most banks and Sterling Bank, the only rescued bank that did not fail the normality test. There is also a significant difference between the mean EPS of Zenith Bank and Fidelity Bank and also between First Bank and Fidelity Bank. There is however no significant difference between the mean of the four top most banks. The following banks had negative mean EPS: Fin Bank significant difference (143k), Wema Bank (125k), Unity Bank (88k), Intercontinental Bank (46k), Oceanic Bank (2k) and Union Bank (2k) (Table 2). The post consolidation EPS mean of nine (9) of the banks were above the 33 kobo average (Table 2).

V. SUMMARY AND CONCLUSIONS

This paper ranked nineteen (19) out of the existing twenty – four 'mega' banks in Nigeria on the basis of their cumulative Earnings Per Share (EPS) from 2006-2010. This was done against the back ground of speculations that only eight (8) of the banks are healthy while six (6) of them are said to be at the verge of extinction. Both the descriptive and ANOVA statistical methods were used to analyze the data sourced from the published financial statements of the banks over the period under review. Findings showed that the post consolidated mean of nine (9) of the banks were above average. Zenith Bank, First Bank, UBA and GTB are the top leading banks in that order while Intercontinental Bank, Unity Bank, Wema Bank and Fin Bank are at the bottom of the ladder. There is a significant difference between the mean EPS of the top most banks and those at the lower end.

The ranking of the banks in Table 2 that established Zenith Bank as the leading bank in Nigeria is consistent with the 2011 ranking of Nigerian banks by Stakes 55 (2011). The findings also partly confirmed the earlier work of Nzewi (2011). The results also conform with the licences granted by the CBN to seventeen (17) banks. According to Subaru, Nafiu and Omankhanlen (2011), The CBN had granted licenses to seventeen banks in the following categories. International licenses to nine (9) banks: Zenith Bank, First Bank, Guaranty Trust Bank, UBA, Access Bank, Diamond Bank, Fidelity Bank, First City Monument Bank and Skye Bank.

These are the top ranking banks, between the 1st and 10th positions (Table 2) and must maintain a minimum share capital of N50 billion each. The six banks granted national licenses are Static-IBTC (9th position); Eco Bank (11th), Sterling Bank (12th) Citi Bank (13th), and Unity Bank (17%) (Table 2). They must maintain a minimum share capital of N25 billion each. Wema Bank (18th position) and Equatori Trust Bank (two rescued banks) were granted regional licenses and must maintain a minimum share capital of N10 billion each.

The results from the present work and most recent ones also confirmed Zenith Bank, UBA, First Bank and GTB as the four topmost banks in Nigeria. The order of their ranking however depends on methodology and the type of data used. Findings also showed that some of the banks have consistently been making losses over the years and that urgent steps must be taken to revive them.

The banks themselves realized the grave implications of the situation on hand .

It is in line with this that First City Monument Bank Plc signed an agreement to recapitalize and merge with Finlank Plc, one of the lenders rescued in a $4 billion (about N620 billion) bailout in 2009 (Nigerian Tribune, 2011).

The attempt of First Bank of Nigeria Plc to bring Sterling Bank Plc and lately Oceanic Bank Plc into its fold seems not to have worked. Though it would be said that the dream of having Sterling Bank Plc has died a natural death, the same could not be said of its romance with Oceanic Bank, one of the rescued banks (Udom 2011).

In the same vein, Access Bank Plc and Intercontinental Bank Plc have signed a Memorandum of Understanding (MoU) to merge (Nweze, 2011a).

Afribank Plc has signed a Memorandum of Understanding (MoU) with Vine Capital Partners Limited and Phoenix Acquisition Company Limited in a process that will lead to the recapitalization of the bank.

Union Bank Plc on its own is engaged with the African Capital Alliance Consortium in which $570 million (about N114 billion) is expected to be injected into the bank's coffers as a first step towards its eventual recapitalization (Ebutu, 2011).

On Bank PHB Plc, the Governor of the CBN was quoted as saying that the amount of capital being brought in by its 'suitors' is not sufficient for the bank to stand solidly on its feet. He disclosed that Asset Management Corporation of Nigeria (AMCON) would recapitalize it and sell it in a few years' time.

The two other rescued banks- Spring Bank Ple and Equatorial Trust Bank Plc – which according to Nweze (2011) account for less than one percent of the total banking sector in Nigeria, are seen as systemically unimportant though Equatorial Trust Bank has been licensed as a regional bank

Wema Bank Plc has restructured into regional bank, which has a significant lower minimum capital requirement than national banks. It has already raised its capital to ensure its survival.

This paper strongly recommends that all the short- comings that led to the 2009 financial crisis in the Nigerian banking sub-sector should be avoided so that the investing public can have more confidence in the banking industry. The regulatory authorities should also be more vigilant in their duties.

One of the limitations of this work which must be pointed out is that the time value of money has not been taken into consideration and that all the data used for the work are those that were publicly made available by the banks. The mean EPS of the banks for the five years under review should not be taken in absolute terms as the uniform accounting date for all the banks which took effect from 31 December, 2009 affected EPS for the year. Also the new prudence guideline introduced by the CBN that mandated all banks to make extra provision for non -performing loans also affected the EPS for the year (2009). Most of the banks recorded lasses/reduced EPS for the year.

Another one is the fact that the choice of EPS as a measure of profitability is being faulted in some quarters (Sanni, 2009). This is because "issued capital', it is being argued, would not give a true picture of total capital available if management for one reason decides not to capitalize all of the funds belonging to shareholders, hence the superiority of both ROE and ROCE. But Sanni (2009) insisted on EPS. He had based his argument on the fact that the use of ROE or ROCE will produce lesser amounts than those of EPS for obvious reasons and so, conclusions from them may be worse than those from EPS. What concern an average investor, he had argued are the EPS, DPS (Dividend Per Share) and share prices (for those who invest for capital appreciation). It is probably in recognition of this fact that most Nigerian companies display them in their published financial statements. What this means in summary, as argued by Ahmed (2003) and Sanni (2009) is that anyone or a combination of the indicators can be used to measure profitability of a firm depending on the objective of the analyst.

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