TSU-International Journal of Accounting and Finance (TSUIJAF)
e-ISSN: 28811-2709, p-ISSN: 28811-2695.Volume 4, Issue 2 (June, 2025).

THE EFFECT OF FINANCIAL RATIOS IN PREDICTING SHARE PRICE PERFORMANCE OF LISTED DEPOSIT MONEY BANKS IN NIGERIA FROM 2013 TO 2022

Ismail Ibrahim Sallau[1] & Prof. Sani U. Guruwa[2]

[1]M.Sc. Student, Department of Accounting, Taraba State University, Nigeria

sallauismail@gmail.com

[2]Department of Accounting, University of Abuja

Abstract

Financial ratios are fundamental analytical tools that predict and measure entity financial health and as a yardstick for assessing performance of Deposit Money Banks's share price in the Nigeria stock market. Stock Market analyst, fund managers and investors use financial ratios as essential instrument in valuing and predicting future share price performance. This study seeks to examine the effect of Earning per share (EPS) ratio, Price Earnings (PE) ratio, Earning Yield (EY) ratio, Dividend Yield (DY) ratio and Return on Asset (ROA) ratio in predicting share price performance of DMBs listed in Nigeria Exchange Group from 2913 to 2022. The study adopted Ex-post factor research design and secondary data on the population of twelve listed DMB in the Nigeria Exchange Group as at 2022. Due to small size of the population a census sampling technique was adopted and data were analyzed using multiple linear regression approach. The analysis revealed that financial ratios significantly predict and explained variation in share market price. In addition, financial ratios are ineffective in short term decision and is a weak tool in performance measurement and share price prediction, due to manipulative capability, lack of ideal comparative measure, is subjective, is sourced from outdated data. The study recommended that financial ratios prediction be supported with Information Technology tools and derived from current, true and fair financial Statement prepared in compliance with International Financial Reporting Standard (IFRS)

Key Words: Share price, Earnings Per Share, Price Earnings Ratio, Earning Yield Ratio, Dividend Yield Ratio and Return on Asset (ROA) ratio

1. Introduction

Many individuals, especially retirees, save and invest to meet future need, people hold money for; transactions, unexpected expenses, tape investment opportunities (Chhetri, 2023). This aligns with the saying that, "idle funds earn nothing," which emphasizes the importance of investing money wisely. According to Efficient Market Hypothesis, investors are rational, but they can still act irrationally (Robinhood, 2024) by implication, when deciding how to invest, investors consider the best timing, location, and methods, focusing on factors such as a company's current and projected earnings, dividend policies, and growth potential. Equirus (2023) emphasizes investment decisions requires a solid understanding of the company's financial performance, stock trends, and the broader market environment. Syifa (2020) notes that investing in stocks helps businesses grow and protects against financial risks. Turks et al. (2006) explored the short-term changes in stock prices, suggesting that investors primarily rely on prior earnings information when making investment decisions.

However, stock prices represent the cost of shares (Desjardins, 2024). Stock prices are volatile and positive or negative company news influences share price (Desjardins, 2024). High volatility can signal both opportunities and risks, leading to significant gains or losses (Ola, 2016). Furthermore, share price and Stock Price are use inter-changeably, the later refers to the cost of one share in a company (Berliana & Nanu, 2020) while the former is the price that investor is willing and able to pay and become a shareholder at a particular time (Wharton & Wall Street Prep, 2024).

Invariably, share prices are influenced by internal and external factors, with positive conditions driving higher demand. Mohammed and Amin (2021) identified economic conditions and company fundamentals as key factors affecting share prices. A high share price indicates growth, profitability, and prestige, while low prices might suggest financial struggles (Dwiyanthi et al., 2021).

Therefore, predicting future stock prices and determining their intrinsic and extrinsic value are crucial for making sound investment decisions (Haluk, 2014). This includes fundamental, technical, psychological, and quantitative analyses, often supported by computer-based tools (Abdullatif et al., 2021).

No sector, including the banking industry, is free from challenges that impact its performance, including the fluctuation of share prices. According to Equirus (2023), while investing in the stock market can be exciting and rewarding, the Nigerian banking sector faces unique obstacles. The International Monetary Fund (IMF) reported a significant decline in key financial performance metrics for Nigerian banks, with Return on Equity (ROE) dropping from 14.90% in 2007 to 1.18% in 2016, and Return on Assets (ROA) falling from 2.67% to 0.16% over the same period (IMF, 2017; CBN, 2016, as cited in Fatima, 2018).

Despite this, there is no universally accepted explanation for the daily changes in share prices. The COVID-19 pandemic in 2020 further weakened global economies, and Nigeria's banking sector was no exception. The industry struggled with fraud, scams, liquidity issues, and a tendency to finance short-term arbitrage projects instead of long-term viable investments. Poor banking network services also contributed to negative market perceptions, discouraging foreign investors and increasing capital flight. To address these challenges, several reforms were implemented, including those led by

The objectives of this is study is to examine the effect of financial ratios predicting share price performance of Deposit Money Banks listed in the Nigeria, alongside the following specific objectives. To assess the effect of Earning per Share (EPS), Price Earning (P/E) Ratio, Earning Yield (EY) ratio, Dividend yield (DY) ratio and Return on Asset (ROA) in predicting share price performance of Nigerian listed Deposit Money Banks (DMBs).

2. Hypothesis Development

Thomas (2016) emphasized that, despite differences in size, purpose, and industry, financial ratios are effective tools for assessing a company's performance. Financial ratios provide a snapshot of a company's performance and influence stock price (Dwanthi et al., 2021). They serve as essential tools for evaluating financial success and identifying areas of strength and weakness (Thomas, 2020). Financial ratios are also useful diagnostic tools for uncovering sources of financial distress (CFI, 2020). Upgrad (2024) described financial ratios as quantitative tools for interpreting financial success and stability. Schrimp (2010) reported that financial ratios are used to predict profitability. Febria (2020) emphasized that financial ratios play a key role in tracking historical trends, assessing a company's current financial health, and predicting future performance. Norazidah et al. (2013) considered ratio analysis to be a key aspect of fundamental analysis.

Ratios can be used for three main types of comparisons: intra-industry, inter-industry, and inter-temporal. Leac (2024) classified ratios into five categories: liquidity ratios, asset management ratios, debt management ratios, profitability ratios, and solvency ratios, with further distinction between traditional ratios (based on financial statements) and functional ratios (based on purpose). Syifa (2020) indicated that commonly used ratios include profitability, liquidity, solvency, and market ratios.

Share price and Stock Price are use inter-changeably, the later refers to the cost of one share in a company (Berliana & Nanu, 2020) while the former is the price that investor is willing and able to pay and become a shareholder at a particular time (Wharton & Wall Street Prep, 2024). According to Halim (2019), a company's stock value is represented by its share price.Valuation Ratios (Market Value Ratios), also known as shareholder ratios, provide key insights into a company's financial performance (Rashidul et al., 2014). Halim (2019) explained that a company's share price represents the value per share at the end of a trading day. Share price is the present value of dividend paid to the investors for any shareholding, excluding any capital gain.

Jeff (2024) argued that the share price is a critical driver of valuation ratios, while Peter (2023) explained that stock valuation entails finding the value of a company's stock relative to its share price. Tim (2023) described stock valuation as the act of assessing a company's shares how is failing price relative to its fundamental metrics, while share price reflects the market value of a share, the company's actual value is determined by its market capitalization, which is the share price multiplied by the number of outstanding shares (Desjadin, 2024). Oyewole and Adebayo (2024) noted that prospective investors are interested in a company's value.

Oyango (2018) added that stock prices are influenced by various factors, such as those outlined in Gordon's model, which includes dividends, the required rate of return, and dividend growth. In addition to that, stock prices are volatile and positive or negative company news influences share price (Desjardins, 2024). High volatility can signal both opportunities and risks, leading to significant gains or losses (Ola, 2016) Adam (2002) suggested that simple valuation models can help predict stock prices, avoiding market bubbles where uninformed investors react to market conditions instead of analyzing them.

Fuwang (2023) identified several key indicators for evaluating or analyzing stock prices. The bullish or bearish trends of stock prices are often determined from chart patterns and can even be used to predict future market prices.

Share Price Performance refers to the increase in a company's stock price or its fair market value at which shares are traded (Lawinsider, 2024). A company's financial performance impacts the performance of its shares in the market. Akshatha (2023) noted that no method can predict stock price movements with 100% accuracy (Tupe & Tom, 2024).

Earnings per share (EPS) is a financial metric that represents the portion of a company's profit, after taxes and preferred stock dividends, that is allocated to common shareholders (Rashidul et al., 2014). EPS is a key indicator used by market analysts to assess a company's performance and financial health (Ali et al., 2022; Hamadiya & Rama, 2013). Akshatha (2023) noted that EPS reflects the earnings attributable to each share held by a shareholder. It compares a company's current share price to its earnings per share (EPS) and is commonly used by investors to assess the stock's value (ICAN, 2015; Equirus, 2023).

According to Norazidah et al. (2013), the Price-Earnings (P/E) ratio, which compares the price paid for a share to the company's earnings per share, is also used to evaluate the value of a stock. The parameter indicates relative value of company's earning with the company's market price earnings, This information aids investors to know payback period of their investment if earnings remain constant (Syifa, 2020).

Earnings Yield (EY) is the inverse of the P/E ratio and represents the percentage of a company's earnings relative to its current market share price (Faster, 2023). It provides investors' information on the return generated by an entity's share price, either annually or semi-annually, and serves as an indicator of performance in relation to the market price (Oyedokun et al., 2019). P/E ratio is similar to earnings yield, use to evaluate investment value in different perspective, revealing true picture of return on investment (ROI) and asset allocation (Mitchell, 2022).

Dividend yield is calculated by dividing the total annual dividend paid by the stock's current price (Equirus, 2023). According to et al. (2019), dividend per share positively affects the market price per share. Tim (2023) described the dividend yield ratio as the total dividend amount relative to the company's market capitalization. This ratio helps investors understand how much a company pays its shareholders in dividends each year (Muhammad & Rashid, 2014). Investors and analysts use this ratio to value companies, as it reflects the return earned by common stockholders in the form of dividends (Oyedokun et al., 2019). However, Lewellen (2002) argued that a high dividend yield is not always positive. A very high yield could indicate an unsustainable dividend (Equirus, 2023).

The Return on Assets (ROA) is a profitability ratio that measures the relationship between a company's net profit after tax and its total assets. According to Marshall (2024), ROA indicates the earnings generated from the company's capital investments. It reflects how efficiently a company utilizes its assets to generate profit. Ogbebor et al. (2022) stated that ROA is one of the key profitability ratios (Maverick, 2021). The ROA ratio is closely linked to a company's stock price and can fluctuate with it (Syifa et al., 2019). Carl and Matthias (2021) pointed out that a company's share value is closely tied to its assets, profits, and public perception.

Share price and Stock Price are same, the later refers to the cost of one share in a company (Berliana & Nanu, 2020) while the former too is the price that investor willing able to pay and become a shareholder at a particular time (Wharton & Wall Street Prep, 2024).

Efficient Market Hypothesis (EMH) / Random Walk Theory

The underpinning theory of the study is the Efficient Market Hypothesis (EMH) by Fama (1970) who argued that stock prices reflect all available information, and investors in financial markets have equal access to public data. Investors are rational, but they can still act irrationally (Robinhood, 2024). EMH suggests that new information, such as money supply changes, interest rates, dividends, earnings announcements, and stock splits, significantly impacts share price movements (Oladutire & Agbaje, 2019). EMH posed that market efficiency are achieved in three market scenarios; weak, semi-strong and strong market efficiency.

In addition, information must be accessible to all investors, through financial report, stock market periodic reports (Roninhood, 2024). Information availability and accessibility are what makes share attractive. Investors use fundamental and/or technical analysis to predict stock future value in the market, this give them edge over others investors in the market. Value investors acquire a stock with high expectation of raise in price (Tristan, 2024).

Empirical Review

Hamada (2023) investigated the factors influencing the share prices of Nepalese commercial banks by analyzing data from Nepal Rastra Bank's banking and financial statistics, findings revealed that variables like Earnings Per Share (EPS), Book Value Per Share (BVPS), and Return on Assets (ROA) significantly impacted stock prices. Ogbebor et al. (2022) explored the relationship between EPS and stock prices, as well as the Price to Earnings Ratio (PER), found a positive relationship between EPS and stock prices, but no significant statistical connection between EPS and the Price to Earnings Ratio. Chhetri (2023) analyzed the factors influencing stock prices of Nepalese commercial banks. Return on Assets (ROA) indicated as significant determinants of stock prices. Denilla et al. (2018) examined the effect of EPS and PER on stock returns in the mining sector in Indonesia from 2016 to 2018, found EPS and PER significantly affect stock returns accounting for 57% of the stock returns.

Febria (2016) examined the relationship between EPS, market prices, Price-Earnings Ratio (PER), and Price to Book Value (PBV) in the property and real estate industry revealed a positive insignificant relationship between EPS and market prices. Rashidul et al. (2014) examined how EPS affects share price movements, observed data from 22 banks over 110 firm-year observations. The study found that share prices did not move as quickly as EPS. Vahid et al. (2013) studied the relationship between EPS, predicted earnings, stock prices, and dividends in Iran. found that both EPS and predicted earnings had a positive relationship with stock prices and that EPS was related to dividends per share (DPS).

Price Earnings Ratio (PER)

Azumeh and Hamada (2022) studied the influence of several internal factors on stock prices of banks listed in Dubai and Abu Dhabi stock markets and revealed significant positive impact of Earnings per Share (EPS) and Dividend Per Share (DPS) on stock prices. Oyedokun (2019) examined the financial factors affecting the share prices of listed deposit money banks in Nigeria. The study found a significant positive relationship between Price-Earnings Ratio (PER) and share prices. Funda (2010) explored the long-term and short-term relationships between Price-Earnings Ratio (PER), Retained Earnings (RE), and Dividend Yield (DY). showed that Retained Earnings (RE) negatively affected PER in the long term, while Dividend Yield (DY) positively influenced PER in the long run, this disagreed hypothesis that earning per share has no significant effect in predicting share price performance.

Earnings Yield Ratios and Share Price

Azmeh and Hamada (2022) analyzed the impact of key internal factors on stock prices in the Dubai and Abu Dhabi markets, ROE, DY, and PER had a negative impact on stock price. Warda et al. (2021) examined Earnings Yield and its impact on the Pakistani stock market returns, found suggested that Earnings Yield is not an effective predictor in volatile markets. Oyedokun et al. (2019) also investigated the financial variables affecting the share prices of listed banks in Nigeria, using data from the period 2013-2017. The study confirmed that both Dividend Payout Ratio (DPR) and Price-Earnings Ratio (PER) had a significant positive relationship with share prices.

Dividend Yield and Share Price

Arslan et al. (2022) examined the internal factors impacting stock prices in the UAE's banking sector, specifically comparing the stock markets of Dubai and Abu Dhabi. They found a negative impact of Return on Equity (RoE), Dividend Yield (DY), and Price Earnings (P/E) on stock prices. Arslan and Zaman (2014) analyzed the influence of Dividend Yield (DY) and Price Earnings Ratio (PER) on stock returns, the study revealed a significant positive impact of PER and firm size on stock prices, while DY had a significant negative effect on stock prices. Meanwhile, Mohammad and Rashid (2014) examined the impact of DY and PER on stock returns of non-financial firms listed on the KSE from 1998 to 2009, the study confirmed a significant positive relationship between PER and firm size with stock prices, but found a significant negative relationship between DY and stock prices. Oyedokun et al. (2019) also investigated the financial variables affecting the share prices of listed banks in Nigeria. He revealed Dividend Yield (DY) had a negative effect on share price. This disagreed with the hypothesis that Dividend Yield has no significant effect in predicting share price performance of Nigerian listed Deposit money banks (DMBs).

Return on Asset and Share Price

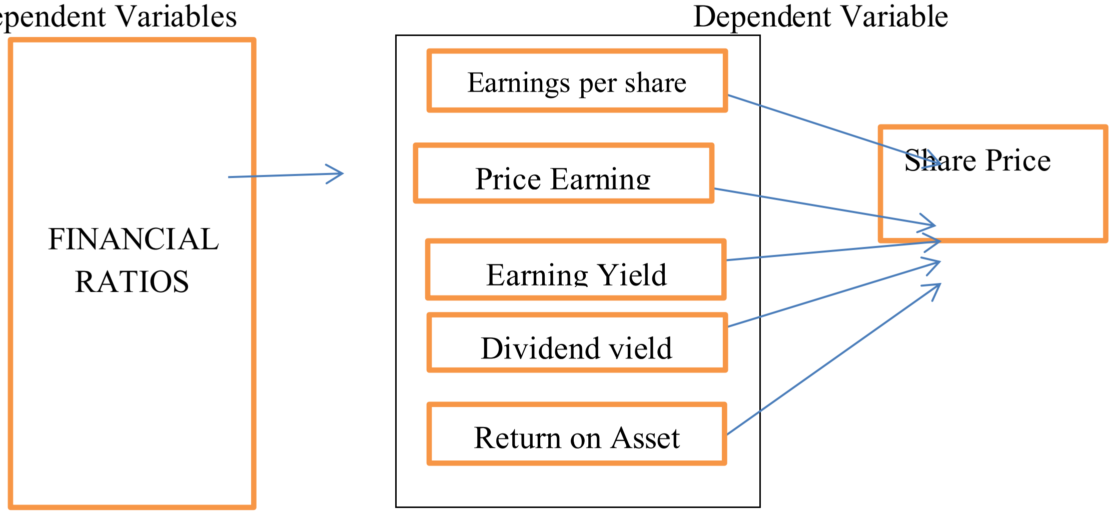
Wulansari et al. (2023) studied the impact of financial ratios on stock prices in telecommunications companies listed on the Indonesia Stock Exchange (IDX) between 2017 and 2021. The results showed that financial ratios such as Current Ratio (CR), Return on Equity (ROE), Return on Assets (ROA), and Earnings Per Share (EPS) positively and significantly impacted stock prices. Berliana and Nanu (2020) examined the impact of Return on Assets (ROA) and Price Earnings Ratio (PER) on stock prices, revealed that ROA did not have a significant effect on stock prices.

Syifa et al. (2020) examined the influence of ROA, Debt to Equity Ratio (DER), and Price Earnings Ratio (PER) on share prices and found that ROA and DER had a partial impact on stock prices. Oladutire et al. (2019) examined the relationship between Return on Assets (ROA) and stock prices in Nigerian deposit money banks, concluded that ROA did not significantly correlate with stock prices in this disproved the hypotheses that return on Asset has no significant effect in predicting share price performance of Nigerian listed Deposit Money banks (DMBs)..

3. Methodology

The study used an ex-post facto research design, which aims tidentify the effects of financial ratios on predicting share prices performance. The study used a longitudinal or panel research design, as it included both time series data (from 2013 to 2022) and cross-sectional data from all the listed Deposit Money Banks in the Nigerian Exchange Group (NGX)**.** The entire twelve 12 DMBs listed in NGX as at (2023) were the population and sample of the study.

Independent Variables Dependent Variable



Model Specification

$SP_{it} = \beta_0 + \beta_1 EPS_{it} + \beta_2 PE_{it} + \beta_3 EY_{it} + \beta_4 DY_{it} + \beta_5 ROA_{it} + \varepsilon_{it}$

Where;

it	=	DMB (i) at a particular time (t) of the year.
SP_{it}	=	Share price of Entity I in year t
EPS_{it}	=	Earnings per Share of an entity I year t
PE_{it}	=	Price Earnings Ratio of Entity I at year t
EY_{it}	=	Earning yield in Entity I in year t
DY_{it}	=	Dividend Yield in Entity I at year t
ROA_{it}	=	Return on Asset in I at year t

β1, β2, β3, β4, β5, are parameters estimates; β0 intercept

ε_{it} = Error Term of a firm I at year

3.4.2.6 Variables and their measurement criterion

Variables	Code	Measurement	Sour
Share Price	SP	Year-end Market share price	awinsider)2024)
Earnings Per Share	EPS	Profit after tax (PAT) Outstanding common Share	Oyedokun, (2019)
Price Earnings Ratio	PER	Year-end Market share price Year-end reported EPS	Funra (2024)
Earnings Yield	EY	Earning Per share x100 Closing Market price	Oyedokun et al. (2019)
Dividend Per Share	DY	Dividend Per share (DPS) x 100 Closing Market share price	Steven (2021)
Return On Asset	ROA	Profit after tax x 100 Total asset (Capital Employed	(Claire 2024)

4. Result and Discussion

Descriptive Statistics

VARIABLES	OBVs.	MEAN	SD.	MIN.	MAX.
SP	120	9.52	10.2	0.0	42
EPS	120	2.3	2.86	-0.12	2.86
PER	120	5.97	10.24	-58.74	63
EY	120	33.6	77.57	0.00	246.2
DY	120	8.3	12.43	0.00	98.51
ROA	120	3.2	5.5	-9.50	5.57

Source: Researcher computation based on data collected from NGX and Annual Financial reports.

Share price moves by 10.2 %. The minimum share price during the period was 0.0 Naira, and the maximum was 42 Naira. Earnings per share (EPS) has an average of 2.3 Naira, with a standard deviation of 2.86 Naira, The minimum EPS was -0.12 Naira, and the maximum was 19.92 Naira. For the price-earnings (P/E) ratio average is 2.3, minimum value and maximum are -58.74 and 63 times with a standard deviation of 10.24, meaning the P/E ratio can move by 10.4 percent. Earnings yield has an average of 33% with a deviation of 77.57 %, meaning the yield move by 77.57 %. Dividend yield DY has an average of 8%, with the minimum at 0.0 % and the maximum at 98.51%. This indicates that on average 8% share price is paid. Return on assets (ROA) has an average of 3.2%, with a standard deviation of 5.57 %, this is consistent with Hamada's 2023 study

Correlation Matrix

VARIABLE	SP	EPS	PER	EY	DY	ROA
SP	1.000					
EPS	-0.02006	1.00				
PER	0.420773	-0.08455	1.000			
EY	-0.17041	-0.00727	-0.1146	1.000		
DY	-0.16846	-0.08447	-0.06277	-0.7072	1.000	
ROA	0.604391	-0.02041	0.300688	-0.23814	-0.07559	1.000

The relationship between Earning Per Share, Earning Yield ratio and Dividend Yield ratio and the dependent variable (Share price) is negative. These are interpreted as a fall in the earning per share, earning yield, dividend yield ratios result in increase in the share price. Invariably, Price Earnings ratio and Return on asset indicated positive relationship with share price, which translated as any increase in the Price Earnings ratio and Return on asset result to a decrease in share price.

5. Regression Analysis

Random Effect Results

Variable	Coefficients	Standard Error	T. Statistic.	P. Value
Intercept	5.54104	1.195616	4.6344621821	9.65701E-
EPS	0.001899	0.059362	0.031995	0.974531
PER	0.261121	0.075464	3.46017	0.000762
EY	-0.00363	0.00982	-0.37020	0.71192
DY	-0.09674	0.05966	-1.6215	0.10769
ROA	0.95854	0.14170	6.76425	6.21604

R-Square	0.4415
Adjusted R Square	0.416849074
Standard Error	7.992305408
Observations	120
F test	17.869
Means Square	1141,468

The regression analysis showed that the model explained 44.15% of the variation in share prices, independents variables account for 44.15change changes in share prices. The remaining 55.85% is due to factors not included in the model. The model's fit is supported by an F-statistic of 17.869, which is significant at the 5% level, indicating that the chosen variables are good predictors of share price. The constant/intercept of 5.541 is positive and statistically significant at the 5% level, meaning that if all the independent variables are zero, the share price would be 5.541.

For Earnings Per Share (EPS), the coefficient of 0.0018 means that a unit increase in EPS results in a 0.18% increase in share price. However, the p-value of 0.974 is greater than 0.05, indicating that this effect is not statistically significant. Therefore, we accept the null hypothesis that EPS has no significant effect on share price.

The Price-Earnings (P/E) ratio has a positive coefficient of 26.11%, meaning a unit increase in P/E results in a 26% increase in share price. The p-value of 0.0007 is less than 0.05, making this result statistically significant. Thus, we reject the null hypothesis and conclude that the P/E ratio significantly affects share price.

Earnings Yield shows a negative coefficient of -0.0036, suggesting that an increase in earnings yield reduces share price by 0.036%. The p-value of 0.712 indicates this effect is statistically insignificant, so we accept that earnings yield has no significant effect on share price.

Dividend Yield has a negative coefficient of -0.967, meaning a unit increase in dividend yield leads to a 0.97% decrease in share price. However, the p-value of 0.107 indicates this effect is not statistically significant, so we accept that dividend yield does not significantly affect share price.

Return on Assets (ROA) shows a positive coefficient of 0.958, meaning a unit increase in ROA leads to a 95% increase in share price. However, the p-value of 6.216 is greater than 0.05, indicating that this effect is statistically insignificant. Thus, we accept that ROA has no significant effect on share price.

6. Discussion of Findings

Our study indicated that financial ratios can explain variations in market share price of a company. The correlation between share price and earnings per share (EPS) is negative and EPS ratios can predict Share price movement by 2.8 6%, which is insignificant, this concord with studies of Wulansari et al. (2023), Ogbebor et al. (2022), Ayodele (2019), Febria (2016), Rashidul et al. (2014), Vahid et al. (2013) and faulted EMH theory, EPS ratio has limitation; lack standard comparative measure, arbitrary inclusion of extraordinary items EOI in arriving at the earning, arbitrary used of basic EPS and diluted EPS. Thus DMBs in Nigeria adopt Reported EPS that calculated from IFRS and SEC.

Price-earnings (P/E) P/E correlate positively and significantly with share price performance. These rhyme with studies of Azumeh and Hamada (2022), Syifa et al. (2019), Oyedokun et al. (2019). Taimur et al. (2015), and our null hypotheses were rejected, by accepting that P/E has significant effect in predicting share price performance. The parameter indicates how long investor will recoup his asset. Empirical reviewed revealed that P/E does not reflect true shareholder value because, the value arrived are theoretical and based on assumption of constant cash flows which is rarely possible.
Similarly, the correlation result revealed weak the negative relationship between share price and dividend yield (DY) thus agreed with the hypothesis that dividend yield has no significant effect in predicting share price performance of Nigerian listed Deposit money banks (DMBs). According to Faster (2023), an increase in share price typically reduces the dividend yield but enhances investment returns. These disagreed with the findings of Mohammad and Rashid (2014), Oyedokun et al. (2019), Azumeh and Hamada (2022) and Arslan et al. (2022). Taimur et al. (2015) revealed DY has significant share price determinant.
The correlation result revealed strong positive correlation between Return on asset and share rice, which result in reject of the null hypothesis that, return on assets has no significant effect in predicting share price performance. In same vain support the studies of Wulansari et al. (2023) and Idowu (2021). Tommy (2021) and Angguliyah & Roy (2022)

This information sharpened investor's decision as enshrined in the EMH theory. The theory is built on the assumption that investors are rational, in reality this not practical in developing economy like Nigeria as posed by (Robinhood, 2024). All of these ratios are derived from information supplied by the company, which investors base his investment decision. EMH ignore undisclosed information capable of affecting share market price, this called for Random walk to theory coming to play. A fast growing market industry like banking, it share is not effectively gauge.

7. Conclusion

The study the main objective of this study is to examined the effect of financial ratios (Earnings per Share, price earnings ratio Earning Yield and Dividend Yield ratio and Return on Asset ratio) on the share price. The study found that, financial ratios have significant effect in predicting share price performance of DMBs. Individually; Earnings per Share, Earning Yield and Dividend Yield ratios have insignificant negative effect in predicting share price performance of Deposit Money Banks Listed in the Nigeria Exchange Group from 2013 to 2022. Whereas Price-earnings (P/E) and Return On Asset ratio indicate a strong positive association and significant effect in predicting share price performance of Deposit Money Banks Listed in the Nigeria Exchange Group from 2013 to 2022.

8. Recommendations

Based on the findings of this study, the following recommendations were made: To predict share price performance, a comparative analysis using valuation ratios like EPS, P/E, EY, DY, and ROA is necessary. Predicting share price performance with 100% accuracy is not possible, but with the help of IT tools like Artificial Neural Networks (ANN) and Artificial Intelligence (AI), predictions can be more accurate. Ratios alone highlight weakness; expert interpretation is required. Since financial ratios are based on quantitative data, non-financial factors should also be considered for a complete interpretation. Financial ratio information should be sourced from up-to-date financial statements prepared according to international standards (IFRS). The researcher recommends adopting year-end data reported to ensure better accuracy and reliability.

REFERENCE

Abdulrasheed, A., (2022). Performance Indices of Deposit Money Banks: A Post Consolidation Trend Analysis *NDIC 38(2)*

Adam F., Margret C., (2006). The Effect of Financial Ratios and Market Hype on Short Term Stock Prices Economics (30)

Akshay K., Narayana D., Anwesh R., P. (2024). *Utilizing Fundamental Analysis to Predict Stock Prices*; EAI Endorsed Transactions

Angguliyah R., A., & Roy K. (2022). The Effect of Return on Assets (ROA) and Earning Per Share (EPS) On Stock Returns with Exchange Rates as Moderating Variables

Ayodele, O.,A., (2019). Dividend Per Share, Earning Pershare and Stock Prices of Deposit Money Banks in Nigeria, 2005-2015 *Journal of accounting And Management (2)*

Azume, H. and Hamada, R., (2023. Factors Affecting the Share Price of Commercial Banks in Nepal *Ques Journal of Management and Social Sciences (5)*

Borhan, H., & Naina M., R. & Azmi, N. (2014). The impact of financial ratios on the financial performance of a chemical company. *World Journal of Entrepreneurship, Management and Sustainable Development.*

Carl T., Matthias ,E., (2021). Tools and Methods for Analysis of Stock Market Manipulation using Social *Media;*

Charles D. K. (2020) CMT, is president of Kirkpatrick & Company, Inc., a technical Fidelity Brokerage Services LLC, Member NYSE, SIPC, 900 Salem Street, Smithfield, RI 02917

Chhetri, R. (2023). Factors Affecting the Share Price of Commercial Banks in Nepal. *Quest Journal of Management and Social Sciences*, 5(1)

Corporate Finance institute (CFI), (2020). *Financial Ratios e-book;* corporate Finance institute.com/resources/ebook

Desjardind,(2024).What Courses Stock price to Change, https://wwwdisnat.com/en/learning/tradin-basic/stocl

Dwiyanthi, H., Husna, N. F., & Handayani, W. (2021). The influence of financial ratios on share prices *International Conference on Economics, Management, and Accounting*.412-424.

Fatima, R., (2018). Theories Explaining Stock Price Behavior: A Review of the. *International Journal of Islamic Banking and Finance,1(2)*

Faster Capital (2023). *The-Relationship Between Stock Prices* And-Financial-Ratios Organization of Canada (IIROC) *Journal of Accounting Business and Social Sciences*, (3)

Fuwang H. (2023) The Best Combination Of Indicators for the U.S. Stock Market

Equirus W. (2023). Understanding Key Indicators in the Stock Market Equirus Wealth Private Limited

Equirus Wealth (2023) Understanding Key Indicators in the Stock Market

Ibrahim, A., G. (2018). Challenges of the Nigerian Banking Sector and the Way Forward American *Finance & Banking Review; 3(1)2576-1226*

Leac205, (2023). Accountancy Company Accounts and Analysis of Financial StatementsRationalized 2023-24

Leslie K., (2024). How are a company’s Stock Price and Market Cap Determined? Investopedia–Trade

Maverick, J.B. (2021). *Corporate Finance Financial Ratios*ed

Marvin W., & Andi, I. Y., (2020). The Impact Of Financial Ratio Toward Stock Price: Evidence From Banking Companies Accounting Study Program

Michael, A., (2024). What Is Dividend Yield? Why Is It Important? Fidelity Review ©2024 Forbes Media LLC. All Rights Reserved.

Mitchell, C. (2022). corporate finance- Financial Taxation: Earning Yield:

Muhammed, A., Aminu I.A., & Rosni B., (2021). *“Factors Affecting Share Prices* “School Business Innovation and Techno premiershi National Disability Service NDS (“n d”). Key Financial Ratios Tool

Norazidah S., Wan Mansor W. W., & Fathiyah I. (2013). The Performance of Stock and the Indicators *International Journal of Trade, Economics and Finance 4(6)*

Ola, O S.,Yaya D.M.A.,Olanrewaju I.S (2016). Modelling Nigerian Banks’ Share Prices Using Smooth, J*ournal of Applied Statistics (7) 2 -13*

Onyango B., E., (2018). The Relationship Between Dividend Payout Ratio And The Share PricesOf Companies Listed At The Nairobi Securities Exchange; *International Journal of economics and Commerce and Management (6)*

Oyewo O. A., Adebayo O. (2024). Investment Decision and Market Value of Nigerian Listed deposit Money Banks; *Fudma Journal Of Accounting And Finance Research 1(2) 2992-4693*

Peter C., Juliana B, (2024). *Stock Valuation Overview*, Methods & Formula, study.com

Renee, A. B. (2022) *Evaluating stock performance*

Rashidul, I. Tahsan, R. K., Tonmoy, T., Choudhury, A. M. A (2014). How Earning Per Sha (EPS) Affects on Share Price and Firm Value, *European Journal of Business and Management 6(17)2222-1905*

Syifa, R., Dian W., Nur A, R., Renny V., Debbie C., (2020) The Effects Of Financial Ratios On Share Prices *Journal of Achaeology Agypt Egyptology*

Thomas & Arkan (2020). The Importance of Financial Ratios in Predicting Stock Price Trend: A Case Study in Emerging Markets; *Finanse, Rynki Finansowe,Ubezpieczenianr 6 (79*

Tim Parker (2022) Markets Stock Markets 5 Stock Market Metrics Explained

TIM S, (2023) Stocks Value Stocks; Investopedia / Jake Shi

Tupe, & Tom.,(2014). *Financial Ratio Analysis For Stock Price Movement Prediction Using Hybrid Clustering*, Master's Projects. 377

Quantum Zenith Asset Management & Investments Limited. (2020). What-is-pe-ratio and-what-is-eps-what-do-these-ratios-indicate/ ttps://quantumzenithasset.com.ng/

UpGrad. (2024). Financial Modelling & Analysis with PwC India; © 2024 up Grad Education Private

Warda, (2021). Determinants of Earning Yield and Its Impact on Equity Market Returns- KSE2010-2020*Turkish Online Journal of Qualitative Inquiry 12(8)*

Wharton & Wall Street Prep. (2024). Step-by-Step Guide to Understanding Earnings Yield