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Effect of Sustainability Disclosure on Financial Performance of Deposit Money Banks in Nigeria

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Abstract: This paper looks at how sustainability disclosure affects the financial performance of deposit money banks (DMBs) in Nigeria. The paper checks the single effect of social sustainability reporting (SSR), environmental sustainability reporting (ESR), economic sustainability disclosure (ECSD), and corporate governance disclosure (CGD) on bank profit. The study uses 11 listed Nigerian deposit money banks from 2010 to 2025, giving 176 bank-year points of data. Disclosure was measured with Global Reporting Initiative (GRI) content analysis, while financial performance was measured with return on assets (ROA), return on equity (ROE), net interest margin (NIM), and return on capital employed (ROCE). Firm size and leverage were used as control variables. The paper used pooled OLS, fixed effects (FE), and random effects (RE) panel regression, and the Hausman test was used to pick the best model for each equation. The Hausman test picked the fixed effects model in all four cases. The result shows that ESR has a good and significant effect on ROA, NIM, and ROCE. SSR has no significant effect on any of the four measures. ECSD has a bad and significant effect on all four measures. CGD also has no significant effect on any measure. Firm size pushes performance up in all models, while leverage pulls performance down. The paper says that regulators and bank managers should pay more attention to the quality of environmental disclosure, since this is the one type of disclosure that keeps helping bank profit in Nigeria.

Keywords: Sustainability disclosure, financial performance, deposit money banks, panel data, Nigeria.

INTRODUCTION

Organizations across the world have to convince the stakeholders about steps undertaken for being sustainable in an environment sense and social responsibilities. These types of reports are known as Sustainability Disclosure. In modern times, this type of reporting is not limited to profit-making. Organizations have been required to convince their stakeholders about how they manage the environment, social responsibility, economic performance, and corporate governance (Zhao, Xiang, Wang, & Wang, 2025). This concept has developed due to the realization that organizations would survive in the coming time only if they care about their environment and community and not only about themselves (Suhatmi, Sawarjuwono, & Herianingrum, 2024).

The question in focus has acquired its importance throughout the world due to financial institutions and enterprises. A number of steps have already been done by many corporations including Global Reporting Initiative (GRI) that establishes guidelines for the enterprises on how to disclose their activities related to environment, society, economy and governance (GRI, 2021). At present, there is a need in annual disclosure of such information in many countries. Nonetheless, despite all these steps done, many researches conducted in different countries have not produced a single result. On the one hand, one of the groups of researchers claims that sustainability disclosure leads to increased firm's profitability (Saeed, Appienti, Gyasi, & Bamfo, 2024), whereas others believe that such disclosure does not affect the profitability of the firm at all or even reduces it (Gündüz & Gündüz, 2025). Moreover, it has been proved that the answer may vary depending on the industry (Buallay, 2022).

Moreover, in the case of Nigeria, there are similar conditions under which the banks operate. For example, the Central Bank of Nigeria (CBN) introduced the Sustainable Banking Principles in 2012 and according to this principle, banks have to consider environmental and social aspects in terms of funding and investment (Korolo & Korolo, 2023). It became quite popular to learn whether Nigerian banks provide such disclosure or not. Depositors require safe banks, while investors need banks that have no hidden risks. Nevertheless, the government requires the banks to help the country to grow in an environmentally-friendly way (Okoye, Ugwu, & Okonkwo, 2024). Despite all the regulations of the CBN, Nigerian banks provide minimal information regarding their sustainable activities. It is mainly done for compliance reasons (Attah-Botchwey, Kwakye, & Ntsiful, 2022).

The problem under discussion is related to the inability to determine for sure whether

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sustainability disclosure helps increase the profitability of Nigerian banks or just leads to the expenses on something that brings no profit at all. In previous studies carried out within other sectors such as manufacturing industry, oil and gas, and mining industries, the positive effect of sustainability disclosure on firm performance was proved (Eze, 2021; Agyemang *et al*., 2023). Nevertheless, one should bear in mind that banks differ from other firms and industries. In case a manufacturer pollutes a river due to production activities, a bank cannot do this since the negative impact of the bank on the environment is mostly related to loans for certain projects. Thus, the impact of sustainability disclosure on bank profitability deserves a separate investigation (Gündüz & Gündüz, 2025; Pawar & Munuswamy, 2023).

The relevance of the issue cannot be overstated because the Nigerian banking sector is highly significant in relation to the country's economy. The banking system provides the funding for such sectors as agriculture, entrepreneurship, infrastructure and others which are directly related to the lives of the common people. Should the sustainability reporting be truly beneficial for the profitability of the bank, then the regulators should be stricter and require the bank to perform it in a proper manner. On the contrary, if sustainability reporting proves to be unproductive, i.e., just the waste of money which does not lead to any increase in bank's profitability, then the knowledge about that should be obtained by both the regulators and the bank's management in order to save unnecessary costs.

Although there is a lot of empirical research regarding sustainability disclosure and firm performance, there have been very few of such empirical research that have taken a holistic approach to investigate the link between sustainability disclosure and firm performance for Nigerian banks. The majority of current studies on sustainability disclosure among Nigerian companies deal with either the oil and gas sector (Erinoso & Oyedokun, 2022) or the manufacturing industry (Ezeokeke, Ikwueze, & Nwabuisi, 2026) or just take sustainability disclosure into account as a single variable without considering its four components. Therefore, a research gap remains regarding the effect of each of the aspects of sustainability disclosure on profitability individually. The uniqueness of this paper lies in the examination of the four different aspects of sustainability disclosure individually based on sixteen-year period from 2010 to 2025. Moreover, four financial measures of profitability will be used, which include ROA, ROE, NIM, and ROCE.

The current paper adds the value to the body of research in relation to the discussed topic through the supply of new and comprehensive evidence in the case of Nigeria, which is marked by the importance of banking sector for its economy, as well as the absence of studies concerning the sustainability of the banks. Moreover, the paper shows that the result can be totally different if the researcher uses the pooled OLS estimation instead of the panel regression, which is the fixed effect model in the discussed case. This fact is quite important for other researchers who ignore the individuality of banks while studying the mentioned problem. The following is the structure of the paper: second part is dedicated to the literature review and theory, third part – to methodology, fourth – to findings and their analysis, and fifth one – to conclusions and recommendations..

LITERATURE REVIEW

Conceptual Review

Financial performance is the ability of the business in terms of its financial strengths. This can be understood from the profit making, cash flow management, and the value addition for the stakeholders of the firm (Pandey, 2020). In case of the banking literature, the evaluation of the financial performance is done through the ratios in accounting because they are easily verifiable..

Return on assets (ROA) measures how efficiently a bank uses its assets to earn money. ROA can be defined as the ratio of profit after tax to total assets (Penman, 2021). Return on equity (ROE) measures the efficiency of a bank in utilizing equity held by its shareholders. ROE can be defined as the ratio of profit after tax to total equity of the company (Damodaran, 2021). The net interest margin (NIM) is an important measure of performance of banks. It is because NIM measures the gap between the revenue and costs incurred due to deposits and then divided by earning assets (Saunders & Cornett, 2018). The return on capital employed (ROCE) is a measure of efficiency of banks in capital utilization.

The practice of sustainability reporting involves the way in which an organization makes disclosures about its effect on the environment, society, economic performance, and corporate governance (Gray, Adams, & Owen, 2019). The

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topic of environmental sustainability reporting (ESR) includes pollution management, energy management, and green finance (GRI, 2021). The topic of social sustainability reporting (SSR) involves matters such as employee well-being, health and safety, and community support (Khan *et al*., 2021). The topic of economic sustainability reporting (ECSD) involves the way in which the organization generates and allocates value between employees, government, and the rest of society (Al-Hadi *et al*., 2019). The topic of corporate governance reporting (CGD) involves matters such as board structure, risk management, and corporate governance transparency (Ntim *et al*., 2017).

Theoretical Framework

The Stakeholder Theory forms the basis of the paper, and this theory was introduced by Freeman in 1984. According to the Stakeholder Theory, while the company is expected to owe loyalty to the shareholders, it is also expected to owe loyalty to the employees, customers, community, regulatory agencies, and other people affected by its operations. Freeman defines stakeholders as those people or organizations who can affect or are affected by the company in pursuing its objectives. Authors such as Donaldson & Preston (1995), and Mitchell *et al*. (1997) extended this theory to show that a firm is able to categorize and prioritize the claims of its stakeholders. According to Stakeholder Theory, sustainability reporting is a communication process in which the bank communicates to its stakeholders that it is managing their claims.

There are two more theories which can justify this paper. The first one is the Legitimacy Theory, which was developed by the studies of Suchman (1995) and Dowling and Pfeffer (1975). This theory states that an organization has to be regarded as legitimate and acceptable for society; otherwise, it will face some challenges. Disclosure is the tool which makes society feel that the organization conducts itself correctly. Another theory that can help prove the idea of this paper is the Triple Bottom Line Theory, which was suggested by the studies of Elkington (1994, 1997). According to this theory, the performance of the firm should be measured by three things simultaneously: profit, planet and people, not only by profit. Taking care of the planet and people, a firm will make its profit eventually.

Empirical Review

Despite a number of empirical researches carried out in this field of study, findings obtained in different studies vary. According to Ellili and Nobanee (2023), in a study focused on UAE banks, economic, environmental, and social disclosure contributed to bank performance, although the degree of disclosure remained low. According to Omollo and Wanyoike (2023), in a study conducted among financial firms operating in Kenya, ESG disclosure had a positive and significant impact on performance. Attah-Botchwey, Kwakye, and Ntsiful (2022) studied listed banks in Africa and reported the positive contribution of economic, social, governance, and environmental disclosure to return on assets. Economic disclosure accounted for the largest portion of this impact..

However, some other research studies reached the contrary findings. For instance, Gündüz and Gündüz (2025) examined Turkish banks and reported there to be no statistically significant relationship between environmental reporting and profitability ratios. Moreover, Pawar and Munuswamy (2023) conducted their research on Indian banks and discovered that environmental reporting had a negative effect on ROA and ROE. Also, Korolo and Korolo (2023), having conducted their research on Nigerian banks, discovered that social reporting had a negative influence on ROA..

Most studies that distinguish between the four kinds of disclosures generally have different findings with regard to each type of disclosure. In a study conducted by Sunny and Apsara (2024) on firms operating in Bangladesh's textile industry, environmental and economic disclosures were helpful to ROA and EPS; however, social disclosure was not beneficial. Bayona, Patungan, and Mandigma (2025), in their study of Philippine firms, discovered that environmental disclosure positively impacted profit; social disclosure negatively affected profit; and governance and economic disclosures improved solvency. Chua and Byun (2024), in their study of Philippine firms using GRI-based scores, discovered that economic disclosure positively impacted ROA, ROE, and EPS; social disclosure was detrimental.

Disclosures on corporate governance also show a combination of positive and negative impacts. According to Renaldo *et al*. (2022), good corporate governance increased the relationship between environmental performance and financial performance while reducing the association between social performance and financial performance among Indonesian service firms. Lui & Zainuldin (2026) analyzed Malaysian banks and

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discovered that board size, board composition, and sustainability committees positively influenced ESG disclosures while board independence negatively impacted them. Nour, Dagher, Douglas, & Jebreen (2026) identified board size and gender diversity as facilitators for reporting quality among Palestinian banks while CEO duality reduced it.

In their review of literature, Apriyani *et al*. (2024) mentioned that economic sustainability disclosure continues to be an important kind of sustainability disclosure that positively impacts financial performance in various research studies. However, environmental and social sustainability disclosure show mixed effects based on countries and governance strength. The findings of this paper resemble those of Nzekwe *et al*. (2021), who studied Nigerian manufacturing firms and revealed that economic sustainability disclosure was the most influential type of sustainability disclosure for corporate value added among the three types under study.

Gaps in Literature

When all these papers are analyzed in detail, there appear to be three major gaps.

Firstly, there is an evidence gap as most research works regarding sustainability disclosures and financial performance have been conducted in manufacturing industries, oil and gas companies, or mining companies (Eze, 2021; Agyemang *et al*., 2023). The number of banking-related studies remains limited with some contradicting findings provided by Ellili and Nobanee (2023) and Gündüz and Gündüz (2025), respectively. As far as Nigeria goes, the amount of studies related to banks of this country is very limited and most of them, such as Korolo and Korolo (2023), consider just a year or two of data.

Gap number two is a knowledge gap. The issue with sustainability disclosure is that most studies have considered sustainability disclosure as one score rather than dividing the disclosure into social, environmental, economic, and corporate governance disclosure scores (Buallay, 2022; Monteiro, Roque, & Faria, 2024). As such, considering disclosure as one score makes it difficult for researchers to identify whether the disclosure is positively or negatively affecting bank profits. It is very rare for studies to look into all the four types of disclosures using four financial performance measures simultaneously.

The third gap is a methodological gap. The previous studies have used the pooled OLS regression, but pooled OLS regression does not consider that each firm has its own distinctiveness (Lehenchuk, Koval, & Kravchenko, 2023; Thayaraj & Karunarathne, 2021). Furthermore, some of the previous studies have used small sample sizes or shorter periods of time, reducing the level of confidence that should be put into their results (Ilelaboye & Alade, 2022). This paper fills all of these three gaps. In this study, only the deposit money banks of Nigeria are analyzed in the context of sixteen years of panel data analysis, starting from 2010 to 2025. Also, this study analyzes the four different types of disclosure separately instead of one disclosure score. Finally, this paper uses pooled OLS, fixed, and random effects, with the use of the Hausman test to select the right model..

METHODOLOGY

Introduction

This part contains details on how the experiment was done. This includes data sources, variables involved, the model used and test that were done to examine the data pre and post regression analysis.

Data Sources and Variables

The study will be using secondary data obtained from the annual reports, sustainability reports and governance reports of eleven (11) deposit money banks in Nigeria within the period 2010-2025. That would be a total of 176 data points (11 banks multiplied by 16 years). The listed deposit money banks are Access Holdings PLC, Ecobank Transnational Incorporated, FCMB Group PLC, Fidelity Bank PLC, First HoldCo PLC, Guaranty Trust Holding Company PLC, Stanbic IBTC Holdings PLC, Sterling Financial Holdings Company PLC, United Bank for Africa PLC, United Capital PLC and Zenith Bank PLC. The sample consisted of all the listed banks due to the small population size.

Financial performance is the outcome variable, measured with ROA, ROE, NIM, and ROCE. The explanatory variables are ESR, SSR, ECSD, and CGD, and each one was scored from 0 to 1 using GRI-based content analysis of the yearly reports. Firm size (FS), taken as the natural log of total assets, and leverage (LEV), taken as the debt-to-equity ratio, were used as control variables.

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Model Specification

Four models were built to test how disclosure affects each measure of financial performance. The models are written as follows:

$ROA_{it} = \beta_0 + \beta_1 SSR_{it} + \beta_2 ESR_{it} + \beta_3 ECSD_{it} + \beta_4 CGD_{it} + \beta_5 FS_{it} + \beta_6 LEV_{it} + \mu_{it}$ ...(1)

$ROE_{it} = \beta_0 + \beta_1 SSR_{it} + \beta_2 ESR_{it} + \beta_3 ECSD_{it} + \beta_4 CGD_{it} + \beta_5 FS_{it} + \beta_6 LEV_{it} + \mu_{it}$ ...(2)

$NIM_{it} = \beta_0 + \beta_1 SSR_{it} + \beta_2 ESR_{it} + \beta_3 ECSD_{it} + \beta_4 CGD_{it} + \beta_5 FS_{it} + \beta_6 LEV_{it} + \mu_{it}$ ...(3)

$ROCE_{it} = \beta_0 + \beta_1 SSR_{it} + \beta_2 ESR_{it} + \beta_3 ECSD_{it} + \beta_4 CGD_{it} + \beta_5 FS_{it} + \beta_6 LEV_{it} + \mu_{it}$ ...(4)

where i stands for each bank and t stands for each year; β_0 is the constant; β_1 to β_6 are the coefficients to be estimated; and μ_{it} is the error term.

Estimation Techniques

Pre-Estimation Test

Before the regression analysis was performed, there was a need to investigate the descriptive statistics in order to examine the mean, variability, and distribution of the various variables. Additionally, there was a need to conduct a pairwise correlation test in order to investigate how the variables correlate and whether there is any indication of multicollinearity among the independent variables. Panel unit root tests were conducted using the Levin-Lin-Chu (LLC) and Im-Pesaran-Shin (IPS) methods in order to ensure that there is no unit root problem among the variables, as the presence of a unit root would lead to wrong regression analysis results (Baltagi, 2021).

Techniques of Data Analysis

Pooled OLS, Fixed Effect (FE), and Random Effect (RE) panel regression models were applied in all four cases. The Hausman specification test (1978) was used in order to determine which of the two model – FE or RE – was better for each equation. In order to solve heteroskedasticity issues robust standard errors were applied (Wooldridge, 2019).

Post-Estimation Test

Upon regression, the model was tested for heteroskedasticity using the Breusch-Pagan test, the serial correlation in the panel data using the Wooldridge test, the Variance Inflation Factor (VIF) for the presence of overlap between the explanatory variables and the Breusch-Pagan Lagrangian Multiplier test to find out whether the effects of the panel really matter more than pooled OLS (Gujarati & Porter, 2017).

DATA ANALYSIS AND INTERPRETATION

Introduction

The findings from the data analysis will be presented in this section. The findings begin from the initial data analysis, followed by the unit root test, regression finding and the post-estimation analysis..

Preliminary Analysis

Table 1: Descriptive Statistics

Variable	N	Mean	Std. Dev.	Min	Max
ROA (%)	176	2.638	1.647	0.400	8.800
ROE (%)	176	19.354	9.772	3.800	57.500
NIM (%)	176	9.612	2.887	5.500	20.000
ROCE (%)	176	17.420	8.723	3.200	50.000
ESR (0-1)	176	0.566	0.184	0.120	0.920
SSR (0-1)	176	0.607	0.182	0.160	0.940
ECSD (0-1)	176	0.685	0.152	0.280	0.950
CGD (0-1)	176	0.647	0.174	0.200	0.950
FS (log)	176	6.776	0.616	5.200	8.250
LEV (D/E)	176	4.802	0.968	2.800	7.000

***Source**: Author's computation (2026).*

As can be seen from Table 1, the sampled banks had an average ROA of 2.638%, varying between 0.400% and 8.800%, implying that some banks are better at generating profits from their assets compared to other banks. ROE has an average of 19.354%, while this ratio is larger than the average ROA and has a bigger dispersion. This is because ROE ratio has an added effect of debt usage. On the other hand, the variables related to disclosure of information, ESR, SSR, ECSD and CGD, have their averages exceeding 0.5%, indicating that on average the sampled banks disclose more than half of the required items, while ECSD has the largest average of 0.685%, indicating that banks disclose

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more on economic issues rather than environmental and social issues.

Table 2: Pairwise Correlation Matrix

Var.	ROA	ROE	NIM	ROCE	ESR	SSR	ECSD	CGD
ROA	**1.000**							
ROE	**0.977*** **	**1.000**						
NIM	**0.641*** **	**0.751*** **	**1.000**					
ROCE	**0.977*** **	**0.994*** **	**0.758*** **	**1.000**				
ESR	**0.618*** **	**0.730*** **	**0.863*** **	**0.722*** **	**1.000**			
SSR	**0.617*** **	**0.729*** **	**0.856*** **	**0.720*** **	**0.9996*** **	**1.000**		
ECSD	**0.607*** **	**0.715*** **	**0.824*** **	**0.704*** **	**0.994*** **	**0.995*** **	**1.000**	
CGD	**0.609*** **	**0.719*** **	**0.833*** **	**0.708*** **	**0.997*** **	**0.998*** **	**0.999*** **	**1.000**

Note: **** shows a significant value at the 1% level.*
Source: *Author's computation (2026).*

From Table 2, we see that all the four variables have high positive relationship between themselves, where the correlation value between ESR and SSR is 0.9996, which is near to perfect correlation. This means that the bank which reveals information regarding environment also reveals social information in almost equal proportion. This high correlation may lead to multicollinearity problem in OLS pooled regression, and this is the reason that fixed effects panel regression, which reduces the multicollinearity problem to some extent because of within variation over time in banks, is selected for this study..

Panel Regression Results

Table 4: Fixed Effects Panel Regression Results (Preferred Model)

Variable	ROA	ROE	NIM	ROCE
ESR	17.948***	57.681	47.836***	78.311**
SSR	-7.944	17.052	-28.923*	-12.679
ECSD	-22.098***	-172.551***	-34.589***	-139.050***
CGD	4.225	42.436	0.170	23.171
FS	2.698***	19.277***	7.648***	18.525***
LEV	-0.192*	-1.693**	0.182	-1.301*
Constant	-7.654***	-55.356***	-29.007***	-59.140***
Within R^2	0.872	0.890	0.939	0.904
Hausman $\chi^2(6)$	32.64***	18.27***	35.31***	30.38***

Note*: *** p<0.01, ** p<0.05, * p<0.10.*
Source*: Author's computation (2026).*

As indicated by Table 4 below, the Hausman test selected the fixed effect model in favor of the random effect model for all four equations since the chi-square is highly significant in all of them at the 1 percent level. This implies that unobserved banking sector characteristics are related to the regressors and hence the fixed effect model is preferable to pooled OLS and random effect.

ESR exhibits excellent and significant influence on ROA (17.948, p<0.01), NIM (47.836, p<0.01) and ROCE (78.311, p<0.05). This indicates that an increase in environmental disclosure score by the bank results in increases in asset returns, interest margin and efficiency of capital use respectively. There is also positive and excellent influence of ESR on ROE (57.681) albeit insignificant at the normal significance levels. SSR exhibits no influence on ROA, ROE and ROCE. SSR is significant at the ten percent significance level and exerts poor influence on NIM. ECSD exerts negative and significant influence on all the four measures of performance, showing that there is a decrease in profit and efficiency of capital use when the economic disclosure score is increased by the bank. It can be explained by the cost associated with economic disclosure. Increased economic disclosure by the bank results in the distribution of more value to the employees, government and community rather than retaining the profits. There is no effect of CGD on all four variables. This shows that governance disclosure is quite prevalent in Nigerian banks so any change in the score will not provide additional information. There is a positive and significant effect of firm size (FS) on all four variables, proving that bigger

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banks tend to be more profitable and efficient in the usage of their capital. There is a negative effect of leverage (LEV) on ROA, ROE, and ROCE. This means that banks which have higher leverage tend to be less profitable..

Post-Estimation Diagnostic Tests

Table 5: Summary of Diagnostic Tests

Test	ROA	ROE	NIM	ROCE
Breusch-Pagan Heteroskedasticity $\chi^2(1)$	40.21***	22.90***	10.76***	24.15***
Wooldridge Serial Correlation F(1,10)	156.15***	117.42***	246.58***	154.54***
Mean VIF (Pooled OLS)	847.54	847.54	847.54	847.54
BP LM Panel Effects $\chi^2(1)$	517.91***	353.44***	94.72***	403.04***

***Note**: *** p<0.01.*

***Source**: Author's computation (2026)*

From Table 5, it is clear that all four models exhibit heteroskedasticity and serial correlation and this is why we have applied robust standard errors. From Table 6, mean VIF of 847.54 in the pooled OLS model indicates that there is a very high overlap among the four disclosure measures, and this can be attributed to the perfect correlation depicted in Table 2. From Table 7, the Breusch-Pagan Lagrangian Multiplier test confirms that in all four models panel effects do exist, and this justifies our use of panel data model.

DISCUSSION OF FINDINGS

The evidence that ESR brings favorable and consistent impact on bank performance is corroborated by findings of Ellili & Nobanee (2023) and Sobhan, Shohan & Uddin (2025), who found out that environmental reporting positively impacts bank returns. These findings can be supported by the Stakeholder Theory, as banks which report favorably regarding the environment are likely to be attracting investors and depositors interested in green issues, and this would result in cheaper sources of funding and larger interest margins. The findings may also be supported by the Legitimacy Theory, as banks which are shown to address environmental risks effectively avoid regulatory and reputational risks, and this preserves their profit.

The adverse impact of ECSD on the four performance metrics does not concur with most past works like those of Dzugwahi & Ola (2024), who noted a positive association between economic disclosure and performance. However, it concurs with other past works like that of Ab-Rahim, Nero, Mohamad, & Razali (2025), which noted that green accounting disclosure reduces ROA among firms in Malaysia. This could be due to the fact that banks in Nigeria that emphasize economic disclosure also distribute more value to stakeholders than retain profits or that the costs of adhering to economic reporting requirements reduce short-term profits.

The lack of any material effect associated with the SSR and CGD variables has been supported by previous findings in the works of Korolo and Korolo (2023) and other studies conducted in Nigeria, as it could be explained by the high degree of similarity and prevalence of social and governance reporting among Nigerian banks..

CONCLUSION AND RECOMMENDATIONS

The objective of this paper was to assess the impact of sustainability disclosure on the financial performance of Deposit Money Banks (DMBs) in Nigeria from the year 2010 to 2025 based on the information available from eleven DMBs listed on the stock exchange. The research concludes that only environmental sustainability disclosure has a positive and consistent association with the financial performance of banks, which positively influences ROA, NIM, and ROCE. Economic sustainability disclosure has a negative influence on all four financial performance indicators, whereas social sustainability disclosure and corporate governance disclosure have zero significance on performance. Leverage negatively impacts performance, while firm size positively influences performance..

Recommendations based on findings include the following. Firstly, the Central Bank of Nigeria and the Financial Reporting Council should urge Nigerian banks to provide better quality environmental disclosures because this is the kind of disclosure which is contributing to the profitability of the banks. Secondly, regulators should be cautious and appropriately control the pace at which economic disclosure requirements are being introduced to prevent banks from incurring additional costs which lower their

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profitability in the short run. Thirdly, any future social/governance disclosure regulations should avoid simple checklist disclosures and instead concentrate on delivering practical results which will eventually allow such disclosure to add to the bottom line. Fourthly, banks' management should view sustainability disclosure as an investment in reputation/trust and not as a cost and should communicate this to their investors..

The study is restricted to only eleven listed deposit money banks, and since there is a very high correlation amongst the four variables used for the disclosure measure, the coefficients should be interpreted cautiously as it is not easy to distinguish between the impact of one variable from another. Future research may employ the GMM approach in order to take care of any reverse causality problem between disclosure and performance, and may extend the sample to include a larger number of firms from across Africa.

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