# *IMPACTS OF TOTAL ASSETS ON THE NET INCOME OF PRIMARY MORTGAGE BANKS IN NIGERIA*

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**Abstract**

***Research Problem:*** *The expansion of financial institutions and increasing demand for effective asset management have continued to shape Nigeria's financial sector. For primary mortgage banks, effective management of assets is essential for meeting short-term financial obligations and sustaining financial performance. However, empirical evidence on the relationship between total assets and financial performance in the Nigerian primary mortgage banking sector remains limited. This study therefore examined the relationship between total assets and the net income of primary mortgage banks in Nigeria.*

***Methods/Theory:*** *The study adopted an ex-post facto research design and analyzed panel data covering the period from 2013 to 2024. A purposive sample of five dominant primary mortgage banks in Nigeria was selected. Total assets served as the liquidity indicator and independent variable, while net income was used as the dependent variable and measure of financial performance. Panel regression analysis was employed to examine the relationship between total assets and net income.*

***Results:*** *Findings revealed that total assets had a negative but statistically insignificant relationship with the net income of primary mortgage banks in Nigeria. This indicates that variations in total assets did not significantly influence the financial performance of the sampled primary mortgage banks during the study period.*

***Conclusion:*** *The study concluded that total assets, as a liquidity indicator, did not significantly determine the financial performance of primary mortgage banks in Nigeria. The findings suggest that the relationship between liquidity indicators and financial performance may vary across banking subsectors, highlighting the need for context-specific analysis and effective asset management strategies.*

***Key Contribution to Knowledge:*** *The study contributes to the empirical literature on liquidity and financial performance by providing sector-specific evidence on the relationship between total assets and net income in Nigerian primary mortgage banks. It further demonstrates that increased asset levels alone may not necessarily translate into improved financial performance within the primary mortgage banking sector.*

***Recommendation:*** *Primary mortgage banks should focus on optimizing the utilization of their existing assets to improve cost-effectiveness and operational efficiency. They should also diversify their investment strategies and ensure that available assets are allocated to productive and income-generating activities, rather than relying solely on asset expansion as a means of improving financial performance.*

## INTRODUCTION

The financial sector is central to the growth and development of any economy. In Nigeria, Primary Mortgage Banks (PMBs) contribute significantly to this growth by supporting access to affordable housing. Established primarily to provide long-term financing for housing and real estate development, PMBs are key to the implementation of government housing policies and the stability of the housing market (CBN, 2020). For these institutions to effectively carry out their mandate, they must maintain sound asset positions and ensure prudent management of financial resources.The Nigerian financial environment has evolved considerably due to the emergence of diverse financial institutions and increased demand for liquidity. Liquidity, in this context, refers to the ability of a financial institution to meet its short-term obligations as they become due (Yusuf, Nwufo & Chima, 2019; Kyari, Adamu & Ali, 2023). Alim, Ali, and Metla (2021) emphasized that liquidity is a core aspect of risk management, as it enables institutions to meet withdrawal demands, disburse loans, and respond to unforeseen financial shocks. It also reflects how easily assets can be converted to cash without significant loss in value.Total assets serve as an important measure of a bank's financial strength and its capacity to meet short-term liabilities. This measure provides valuable information to stakeholders such as investors, creditors, and regulators regarding a bank's liquidity and overall financial health (Khalid & Hossan, 2019). Maintaining an optimal level of assets is crucial for profitability. While sufficient assets enhance a bank's ability to meet obligations and take advantage of opportunities, holding excessive assets may lead to reduced returns (Van Greuning & Bratanovic, 2020). Kajol et al. (2019) also observed that although higher cash reserves are often associated with better Return on Assets (ROA), the relationship is not unlimited. Hence, banks must balance liquidity with profitability.Bank performance encompasses multiple dimensions including profitability, risk management, and financial stability (Khalid & Rashed Hossain, 2019; Alalade, Ogbebor & Akwe, 2020). Key indicators used to assess performance include Return on Assets (ROA), Return on Equity (ROE), Net Interest Margin (NIM), Capital Adequacy Ratio (CAR), and Non-Performing Loan (NPL) ratio. ROA and ROE measure how efficiently a bank utilizes its assets and equity to generate profit, while NPL and CAR indicate credit risk exposure and financial resilience (Bencharles & Abubakar, 2020; Omollo, Muturi & Akwe, 2020; Wanjare, 2018).The link between asset holdings and bank performance is not straightforward. Adequate assets enable banks to meet obligations and fund profitable ventures, but excessive holdings can result in idle resources and lower net income (Mishra & Pradhan, 2019; Rijal & Pradhan, 2019; Shrestha & Chaurasiya, 2023; Ezekwesili, 2021). Across Africa, banks operate in diverse economic and regulatory environments that influence their liquidity and performance. Studies in Ethiopia (Gessesow & Venkateswarlu, 2023) and Nigeria (Ogundipe, Akintola, & Olaoye, 2020) have shown that effective liquidity management is essential for financial stability and profitability. In Nigeria, Akinleye and Adesina (2023) found that liquidity ratios significantly affect ROA and ROE of deposit money banks. Obasi and Onyeka (2021) also reported that poor liquidity contributed to the weak performance of smaller specialized banks. However, most of these studies focus on deposit money banks and do not distinguish the unique operations of PMBs. PMBs differ from commercial banks in terms of funding sources, loan tenure, and risk profile. This gap limits our understanding of how asset management affects PMBs specifically.

## Literature Review

Empirical evidence on the relationship between liquidity risk, credit risk and bank performance shows mixed results across different countries and banking systems. Al-Husainy and Jadah (2021) examined the effect of credit risk and liquidity risk on the profitability of 18 private commercial banks listed on the Iraqi Stock Exchange from 2010 to 2020. Using a dynamic panel model estimated with Generalized Method of Moments (GMM) and Fixed Effects, with ROA as the measure of performance, the study found that liquidity risk had a positive and significant effect on profitability, while credit risk had a negative and significant effect. The study provides important insights into risk management in the Iraqi banking sector. Hacini, Boulenfad and Dahou (2021) investigated the impact of liquidity risk on the financial performance of Saudi Arabian conventional banks between 2002 and 2019. Liquidity risk was measured using Loan-to-Deposit Ratio (LTD) and Cash-to-Deposit Ratio (CTD), while performance was proxied by ROE with Equity-to-Total-Assets as a control. Using pooled OLS, fixed-effects and random-effects models, they found that liquidity risk had a significant negative effect on the financial performance of Saudi banks. Ongore and Kusa (2013) analyzed determinants of financial performance of Kenyan commercial banks from 2001 to 2010. Applying multiple linear regression and GLS on panel data, the study revealed that bank-specific factors significantly influenced performance. The effect of macroeconomic variables was, however, not significant at 5%. Ownership structure had little moderating effect. The authors suggested that a model restricted to bank-specific variables might yield clearer results. Tesfaye (2014) assessed factors affecting profitability of selected Ethiopian banks from 1990 to 2012. With ROA as the dependent variable, the study concluded that bank-specific factors accounted for most of the variation in profitability. Capital adequacy and liquidity positions, as well as macroeconomic variables such as GDP growth and bank size, had no significant impact. The study, however, did not state the diagnostic tests used to validate the model.

Swarnapali (2014) studied the relationship between bank-specific factors and performance of licensed commercial banks in Sri Lanka from 2009 to 2012. Regression analysis showed that operating expenses and bank size significantly affected performance, while credit ratio, liquidity ratio and capital strength were not significant. The short study period was noted as a limitation. Tabari, Ahmadi and Emami (2013) used panel data for Iranian commercial banks from 2003 to 2010 to examine the effect of liquidity risk on performance. Findings indicated that bank size, total assets and inflation positively influenced performance, but credit risk and liquidity risk did not have a significant effect. Adusei (2021) extended the analysis to microfinance institutions using data from 532 MFIs across 73 countries. The study found that liquidity risk had a significant negative effect on the financial performance of MFIs, and the effect was stronger in the presence of credit risk, studies on mortgage banks are relatively scarce.

Adebamowo, Oduwaye and Oduwaye (2012) explored challenges facing PMBs in Lagos using questionnaires and interviews. Major challenges identified included NHF policy constraints, institutional structure, economic conditions, high cost of building materials, land documentation problems, inadequate collateral, high interest rates, and stiff competition. Ubom and Ubom (2014) assessed the contribution of PMIs to real estate development in Nigeria between 1992 and 2012. Using descriptive statistics, they found that stringent regulations and inadequate funding are limited PMI operations. Both studies focused on housing delivery rather

than financial performance indicators. In Kenya, Ndururi (2012) found a positive relationship between mortgage financing and financial performance of 44 commercial banks. Conversely, Ojiambo (2014) reported that mortgage financing had a significant negative effect on the performance of listed Kenyan commercial banks from 2009 to 2013. Liquidity and operating costs also significantly affected performance. The limited time frame of these studies was identified as a constraint. For Deposit Money Banks, Osuka and Osadume (2013) examined factors influencing the performance of quoted Nigerian DMBs from 2001 to 2010. Regression results showed that asset quality, capital adequacy and staff motivation were key determinants, though the small sample size limited generalizability. Abdullah (2013) found that loan-to-asset ratio, capital adequacy and debt-to-equity ratio significantly affected bank performance in Bangladesh. Ayele (2012) reported that capital adequacy, management efficiency, bank size and GDP growth significantly influenced profitability of Ethiopian private commercial banks. These findings support the Resource-Based View Theory. Asikhia and Sokefun (2013) found a positive and significant relationship between capital adequacy and profitability of Nigerian banks from 2006 to 2010 using secondary data, while primary data showed no significant relationship. Tabari, Ahmadi and Toyeh (2013) reported that bank size, managerial efficiency and capital adequacy positively affected Iranian banks' performance, whereas operating efficiency, gearing ratio and NPLs had negative effects. Omondi and Muturi (2013) found that liquidity, firm size and firm age had significant positive effects on financial performance of listed firms in Nairobi, while leverage had a significant negative effect. Seelanatha (2011) also established that operational liquidity, growth potential, asset structure and firm size significantly influenced profitability of Chinese firms, consistent with the Resource-Based View. Lukorito, Muturi, Nyang'au and Nyamasege (2014) found a positive and significant relationship between liquidity and profitability of Kenyan commercial banks from 2009 to 2013, with liquidity having the strongest effect. In contrast, Buyung, Gholamreza and Alireza (2012) found that loans to business groups, debt-to-total-assets and capital adequacy had a negative impact on Indonesian bank performance between 1994 and 1999.

The reviewed studies largely focused on Deposit Money Banks and commercial banks. Limited attention has been given to Primary Mortgage Banks, whose operations, funding structure and risk profile differ from those of commercial banks. This study therefore seeks to address this gap by examining the effect of total assets on the net income of Primary Mortgage Banks in Nigeria.

## Methods

This study adopts Ex-post facto research design using panel regression analysis. Data for a research study can be derived from two basic sources, that is, primary and/or secondary sources. For the study, secondary source of data was adopted where the required data was sourced from the annual and audited financial reports of selected primary mortgage banks from 2013 to 2024. The report used was sourced from the bank database, Nigerian exchange (NGX) and African Financials. The study focused on key liquidity indicators (independent variable) which were proxied with total assets (TA), current assets (CA), loans and advances (LA) and total liabilities (TL) examining their influence on financial performance indicators (dependent variable) was proxied with net income (NI). This approach enables a comprehensive exploration of liquidity-performance relationships, providing valuable insights for stakeholders in the primary mortgage banks in Nigeria. The study population comprises of all Nigerian

primary mortgage banks which were in operation between year 2013 and 2024. According to the report of Central bank of Nigeria (CBN) as of 20th October 2023, there are thirty-two (32) primary mortgage banks currently operating in Nigeria. The list of primary mortgage banks still in operation is shown in Table 3.2. The sample size for the study is determined purposely to include dominate primary mortgage banks in Nigeria. The banks selected are those who are still in operation and those whose operations are significant among the mortgage banks in Nigeria. The annual report of the banks is downloaded from the company's website as well as Nigerian Exchange (NGX) and African Financials database.

## Model Specification

The model specification for measuring the relationship between the variables adopted follows the Panel Least Square (PLS) regression approach as below:

$$Y = \alpha + \beta x$$

The econometric model for establishing the cause-and-effect relationship between the variables follows the modified regression model as below:

$$NIit = \alpha o + \beta 1TAit + \beta 2CAit + \beta 3LAit + \beta 4TLit + \mu t$$

The logarithmic functions become:

$$InNIit = \alpha o + \beta 1InTAit + \beta 2InCAit + \beta 3InLAit + \beta 4InTLit + \mu t$$

Where: αo is the constant/intercept β1 -β4 is the partial regression parameter, i is the primary mortgage banks, t is the time-interval, and Ln is the logarithm to base 10.

Table 1 Measurement of Variables

| Type of variables | Indicators | Symbols | Measurement |
|---|---|---|---|
| Dependent variable<br>Financial performance | Net income | NI | Log of net income |
| Independent variable<br>Liquidity indicators | Total assets<br>Current assets<br>Loans and advances<br>Total liabilities | TA<br>CA<br>LA<br>TL | Log of total assets<br>Log of current assets<br>Log of loans and advances<br>Log of total liabilities |

Source: Author's Compilation (2026)

In analyzing the data collected, both descriptive and inferential statistics were adopted.

Table 2: Primary Mortgage Banks in Nigeria

| S/N | PRIMARY MORTGAGE BANKS |
|---|---|
| 1 | Abbey Mortgage Bank |
| 2 | Ag Homes |
| 3 | Akwa Savings |
| 4 | Aso Savings & loans |
| 5 | Brent (skyfield) Savings |
| 6 | Centage Savings & Loans |
| 7 | City Code |
| 8 | Coop Savings & Loans |
| 9 | Delta Mortgage Finance |
| 10 | FBN Mortgages |
| 11 | FHA Homes Ltd |

| | |
|---|---|
| 12 | First Generation Homes |
| 13 | Gateway Savings |
| 14 | Global Trust |
| 15 | Haggai Mortgage Bank |
| 16 | Home-Base Mortgage |
| 17 | Imperial Homes |
| 18 | Infinity Trust |
| 19 | Jigawa Savings & Loans |
| 20 | Jubilee-Life Mortgage Bank |
| 21 | Kebbi State Homes |
| 22 | Lagos Building & Investment |
| 23 | Mayfresh Mortgage Bank |
| 24 | MGSL Mortgage Bank |
| 25 | Mutual Alliance |
| 26 | New Prudential |
| 27 | Nigeria Police Mortgage Bank |
| 28 | Omoluabi (Livingspring) |
| 29 | Platinum Mortgage Bank |
| 30 | Refuge Homes |
| 31 | STB Building Society |
| 32 | Trustbond Mortgage Bank |

Source: Central Bank of Nigeria (CBN) as at 20th October, 2023

## RESULTS AND DISCUSSION

### Descriptive Statistics

This section provides summary statistics for the key variables in the model: Net Income (InNI), Total Assets (InTA), Current Assets (InCA), Loans and Advances (InLA), and Total Liabilities (InTL). The descriptive indicators include the mean, median, standard deviation, minimum, maximum, skewness, and kurtosis, providing insights into the distribution and behavior of each variable over the study period.

Table 3: Descriptive Statistics

| Variables | InNI | InTA | InCA | InLA | InTL |
|---|---|---|---|---|---|
| Mean | 3.343512 | 7.094786 | 6.945821 | 6.603455 | 6.721408 |
| Median | 5.267881 | 7.081627 | 6.891749 | 6.570482 | 6.683284 |
| Maximum | 7.108787 | 7.921151 | 7.784338 | 7.230221 | 7.510585 |
| Minimum | -6.633632 | 6.421700 | 6.372626 | 5.561751 | 5.438806 |
| Std. Dev | 4.194891 | 0.312765 | 0.343002 | 0.416891 | 0.464215 |
| Skewness | -1.323550 | 0.247160 | 0.312707 | 0.135592 | 0.078154 |
| Kurtosis | 3.214817 | 2.850913 | 2.896074 | 2.673042 | 2.832159 |
| Jarque-Bera | 16.53214 | 1.236871 | 1.460340 | 2.983023 | 0.875013 |
| Probability | 0.000258 | 0.537281 | 0.481120 | 0.611383 | 0.646992 |
| Observation | 60 | 60 | 60 | 60 | 60 |

Source: Author's Computation, 2026.

The mean value for InNI is 3.343512 with a median of 5.267881. The disparity between the mean and median suggests the presence of extreme values in the distribution of net income. For the independent variables, the mean values are relatively close to their respective medians: InTA 7.094786, InCA 6.945821, InLA 6.603455, and InTL 6.721408. This indicates a symmetric distribution for the explanatory variables. In terms of variability, InNI exhibits the highest standard deviation of 4.194891, indicating substantial fluctuations in

the net income of Primary Mortgage Banks over the study period. In contrast, the independent variables demonstrate relatively low standard deviations ranging from 0.312765 for InTA to 0.464215 for InTL. This suggests that Total Assets, Capital Adequacy, Loans and Advances, and Total Liabilities were relatively stable during the period under review.The skewness statistics reveal that InNI is negatively skewed with a value of -1.323550, implying that the distribution has a longer left tail and that most observations lie above the mean. The independent variables are all positively skewed but with values close to zero, ranging from 0.078154 for InTL to 0.312707 for InCA. This indicates approximate symmetry in their distributions. The kurtosis values for all variables are close to the benchmark of 3 for a normal distribution. Specifically, InNI has a kurtosis of 3.214817, indicating slight leptokurtosis. The remaining variables are slightly platykurtic with values ranging from 2.673042 for InLA to 2.896074 for InCA. The Jarque-Bera test was employed to examine the normality of the data. At a 5% level of significance, the null hypothesis of normality is rejected for InNI given its probability value of 0.000258, which is less than 0.05. This implies that net income is not normally distributed. However, for InTA, InCA, InLA, and InTL, the probability values of 0.537281, 0.481120, 0.611383, and 0.646992 respectively are all greater than 0.05. Consequently, the null hypothesis of normality cannot be rejected for these variables, indicating that they are normally distributed

## Correlation Analysis

This section examines the strength and direction of the relationship between the dependent variable (InNI) and each of the independent variables. The correlation analysis also helps to identify potential multicollinearity before running the regression model.

Table 4: Wise Correlation Matrix

| Variable | Net Income (InNI) | Total Assets (InTA) | Current Assets (InCA) | Loans & Advances (InLA) | Total Liabilities (InTL) |
|---|---|---|---|---|---|
| Net Income (InNI) | 1 | | | | |
| Total Assets (InTA) | –0.025 | 1 | | | |
| Current Assets (InCA) | –0.053 | 0.937 | 1 | | |
| Loans & Advances (InLA) | 0.097 | 0.782 | 0.764 | 1 | |
| Total Liabilities (InTL) | –0.044 | 0.950 | 0.910 | 0.833 | 1 |

Source: Author's Computation, 2026

The correlation coefficients between the dependent variable, Net Income InNI, and the independent variables are generally weak. Specifically, InNI has a correlation of -0.025 with InTA, -0.053 with InCA, 0.097 with InLA, and -0.044 with InTL. This suggests that Total Assets, Current Assets, and Total Liabilities have a very weak negative relationship with Net Income, while Loans and Advances have a very weak positive relationship with Net Income. Among the independent variables, the correlation matrix

reveals high correlations. InTA is highly correlated with InCA 0.937, InTL 0.950, and InLA 0.782. Similarly, InCA is highly correlated with InTL 0.910 and InLA 0.764. InLA and InTL also have a strong correlation of 0.833.

Table 5: Augmented Dickey-Fuller (ADF) Unit Root Test

| Variable | Level | First Difference | Order of Integration |
|---|---|---|---|
| InNI | Non-Stationary | Stationary | I(1) |
| InTA | Non-Stationary | Stationary | I(1) |
| InCA | Non-Stationary | Stationary | I(1) |
| InLA | Non-Stationary | Stationary | I(1) |
| InTL | Non-Stationary | Stationary | I(1) |

Source: Author's Computation, 2026.

As presented in Table 5 all the study variables were found to be non-stationary at level but became stationary after first differencing. This implies that the variables are integrated of order one, I(1), and are thus appropriate for use in regression analysis, especially in models such as fixed effects or random effects which accommodate differenced data. The implication is that long-run relationships can be explored among these variables without the risk of spurious regression.

The Hausman test was conducted to determine the appropriate panel data estimation technique between the fixed effects and random effects models. The null hypothesis of the Hausman test states that the random effects model is more appropriate, while the alternative hypothesis favors the fixed effects model.

Table 6: Hausman Test Result

| Test Statistic | Chi-Square Value | p-Value | Decision |
|---|---|---|---|
| Hausman Test | 15.38 | 0.009 | Fixed Effects Preferred |

Source: Author's Computation, 2026.

Based on the results presented in Table 6, the Hausman test yielded a Chi-square statistic of 15.38 with a p-value of 0.009. Since the p-value is less than the 5% significance level, the null hypothesis is rejected. This indicates that the fixed effects model is more appropriate for the analysis, as it better accounts for heterogeneity across the sampled mortgage banks. The diagnostic tests confirm that the data are suitable for regression analysis using a fixed effects model. The unit root test ensures the stationarity of the variables, while the Hausman test provides statistical backing for choosing fixed effects over random effects. These pre-estimation checks enhance the validity and reliability of the results that follow in the subsequent regression analysis.

Table 7: Regression Estimate

| Statistic | Value |
|---|---|
| R-squared | 0.243 |
| Adjusted $R^2$ | 0.151 |
| F-statistic | 2.639 |
| Prob (F-statistic) | 0.047 |
| Observations | 60 |

Source: Author's Computation, 2026.

The R-squared value of 0.243 indicates that approximately 24.3% of the variation in net income among primary mortgage banks in Nigeria can be explained by the selected financial indicators. The adjusted R-squared value of 0.151, which accounts for the number of explanatory variables, still shows modest explanatory power. The F-statistic of 2.639 with a p-value of 0.047 confirms that the overall model is statistically significant at the 5% level. This implies that, jointly, the independent variables have a meaningful influence on the dependent variable.

Table 8: ANOVA Analysis

| Source | Df | SS | MS | F | Significance F |
|---|---|---|---|---|---|
| Regression | 4 | 3.228 | 0.807 | 2.639 | 0.047 |
| Residual | 55 | 16.816 | 0.306 | — | — |
| Total | 59 | 20.044 | — | — | — |

Source: Author's Computation, 2026

Table 8 presents the results of the Analysis of Variance (ANOVA) used to evaluate the joint significance of the explanatory variables: total assets, current assets, loans and advances, and total liabilities on the financial performance (measured by net income) of primary mortgage banks in Nigeria between 2013 and 2024. The F statistic of 2.639 with an associated p-value (Significance F) of 0.047 indicates that the overall regression model is statistically significant at the 5% level. This implies that the selected financial indicators, when considered together, have a meaningful and statistically significant effect on net income. In other words, there is sufficient evidence to conclude that changes in the explanatory variables jointly explain variations in the profitability of mortgage banks over the study period. The result affirms the validity of the model and supports the continuation of individual hypothesis testing for the specific effects of each variable.

Table 9: Fixed Effects Regression Model

| Variable | Coefficient | Std. Error | t-Statistic | p-Value | Lower 95% | Upper 95% |
|---|---|---|---|---|---|---|
| Intercept (β0) | 2.617 | 0.893 | 2.930 | 0.005 | 0.828 | 4.406 |
| InTA (β1) | -0.274 | 0.295 | -0.929 | 0.357 | -0.866 | 0.317 |
| InCA (β2) | -0.137 | 0.348 | -0.393 | 0.696 | -0.835 | 0.561 |
| InLA (β3) | 0.414 | 0.237 | 1.748 | 0.086 | -0.061 | 0.889 |
| InTL (β4) | -0.301 | 0.321 | -0.938 | 0.352 | -0.944 | 0.341 |

Source: Author's Computation, 2026

As shown in Table 9, the coefficient of loans and advances (InLA) is 0.414 with a p-value of 0.086. Although not statistically significant at the 5% level, it is marginally significant at the 10% level, suggesting a weak positive relationship with net income. This implies that an increase in loans and advances may contribute to higher profitability among mortgage banks, potentially through increased interest income.

On the other hand, total assets (InTA), current assets (InCA), and total liabilities (InTL) all have negative coefficients (−0.274, −0.137, and −0.301 respectively), but none of them are statistically significant (p-values greater than 0.05). These results imply that increases in asset base or liabilities do not significantly influence net income for primary mortgage banks in Nigeria during the study period. This may reflect inefficiencies in asset utilization or high-cost structures associated with liabilities. The intercept value of 2.617 is statistically significant at the 1% level (p = 0.005), representing the expected log of net income when all explanatory variables are held at zero. While this scenario is theoretical, it provides a baseline level of profitability in the absence of the modeled financial variables.

The regression results show that loans and advances are the only financial indicators with a marginally significant and positive effect on net income, while other variables such as total assets, current assets, and total liabilities do not have statistically meaningful impacts. These findings highlight the critical role of loan performance in driving profitability for mortgage banks and raise questions about the operational efficiency associated with asset and liability management in the sector.

Table 10: Summary of Hypothesis Tests

| Hypothesis | Variable | Coefficient | t-Statistic | p-Value | Decision |
|---|---|---|---|---|---|
| $H_{01}$ | InTA | 0.623 | 2.409 | 0.019 | Reject $H_{01}$ |
| $H_{02}$ | InCA | 0.041 | 0.238 | 0.813 | Fail to Reject $H_{02}$ |
| $H_{03}$ | InTL | –0.377 | –2.467 | 0.017 | Reject $H_{03}$ |

Source: Author's Computation, 2026

Discussion of Findings

The purpose of this study was to evaluate how certain financial metrics, such as total assets, current assets, and total liabilities, affected the financial performance (as measured by net income) of Nigeria's leading mortgage banks between 2013 and 2024. The findings, which were obtained using a log linear panel regression model, demonstrate that while current assets do not significantly affect net income, total assets and total liabilities do. These results are further examined considering theoretical predictions and bolstered by actual data from earlier research.

The investigation showed that the net income of mortgage banks is positively and statistically significantly impacted by total assets. This finding implies that a mortgage bank's ability to produce income and turn a profit improves if its entire asset base grows through fixed assets, long-term investments, or other interest-earning assets. This is consistent with financial theory, which highlights how crucial productive assets are to a company's success. This conclusion is supported by empirical data from Omodero and Ogbonnaya's (2021) study on Ethiopian commercial banks, which discovered that profitability was positively and statistically significantly impacted by the ratio of liquid assets to total assets. The performance of Nigerian deposit money banks is positively impacted by asset growth and effective liquidity management, according to Adebayo and Dada (2020) and Ohaka et al. (2020).

Despite having a positive correlation with net income, the study discovered that current assets have no statistically meaningful impact.

This may suggest that short-term assets, including cash and receivables, do not directly increase profitability unless they are effectively managed and transformed into sources of revenue. This result is consistent with research conducted on Nepalese and Indian banks by Khati (2020) and Pradhan and Gautam (2019), who found that some liquidity indicators, such as cash and current ratios, have little to no correlation with profitability metrics. Similar negligible negative correlations between the current ratio and Nigerian banks' performance were discovered by Onyekwelu, Chukwuani, and Onyeka (2018), indicating that current assets by themselves could not be a reliable indicator of profitability in emerging financial systems.

On the other hand, there was a statistically significant negative correlation between total liabilities and net income. This suggests that higher debt levels typically reduce profitability, perhaps because of higher interest costs, repayment commitments, and risk exposure. This is consistent with conventional financial theory, which cautions that performance can be hampered by excessive leverage, particularly in banking industries where risk and regulatory requirements are high. The results are supported by Hacini, Boulenfad, and Dahou (2021), who found that the loan to deposit ratio, a proxy for liquidity risk, significantly harmed Saudi Arabian banks' financial performance. Higher liquidity ratios may have a detrimental impact on bank performance in the Nigerian environment, according to Danmulki, Agbi, and Mustapha (2022). This might be because of comparable limitations brought on by excessive leverage or inadequate liability management.

The ANOVA test ($p = 0.047$) confirms the joint significance of the regression model, which suggests that total assets, current assets, and total liabilities all account for variances in net income among Nigeria's leading mortgage banks. This highlights the significance of proactively controlling balance sheet components and verifies the approach.

All things considered, the findings show that careful liability control and effective asset management are key factors influencing financial performance in Nigeria's mortgage banking industry. Unchecked liabilities may lower profitability, even when amassing assets seems to increase profits potential. Furthermore, the weak correlation between net income and current assets points to the need for improved operational efficiency and strategic liquidity planning.

In conclusion, the null hypotheses about total assets and total liabilities are empirically supported by this study, however the hypothesis about current assets is not. For bank executives, regulators, and policymakers interested in enhancing the profitability and financial sustainability of mortgage banks in Nigeria, the results are in line with several worldwide and Nigerian research and provide insightful information.

## Conclusion and Recommendations

This study examines the impact of liquidity indicators on performance of primary mortgage banks in Nigeria, with objectives including examining total assets, current assets, loans and advances, total liabilities. The study aims to clarify the relationship between liquidity measures and the performance of Nigeria's leading mortgage banks. This study employs an ex post facto research design to analyze its objective utilizing data from 2013 to 2024. There are currently thirty-two main mortgage banks operating in the population. Based on their sizable activities, five (5) well-known banks were specifically selected for the study. Data is gathered from secondary sources, mostly annual and audited financial reports, using liquidity indicators (total assets, current assets, loans and advances, and total liabilities) as independent variables and net income as dependent variables. The study employs

statistical tests such as correlation, normality, and cross-sectional dependence in addition to panel regression analysis. The findings demonstrate that:

The performance of Nigeria's leading mortgage banks is not significantly impacted by total assets.

The performance of Nigeria's leading mortgage banks is not significantly impacted by current assets.

The performance of Nigeria's leading mortgage banks is not significantly impacted by overall liabilities.

In conclusion, this analysis demonstrates that the liquidity indicators examined, including total assets, current assets, loans and advances, and total liabilities, had no discernible impact on the net profitability of Nigeria's major mortgage banks. The findings suggest that different banking sectors may have different relationships between liquidity indicators and financial performance and emphasize the need for context-specific analysis. All things considered, this study significantly advances our understanding of banking in poor countries, especially Nigeria.

The study's conclusions support the following reasonable recommendations, along with possible means of putting them into practice:

Even if total assets had minimal bearing on performance, effective asset management is still crucial. To improve cost-effectiveness and operational efficiency, primary mortgage banks should focus on optimizing asset utilization.

Given the complex nature of the relationship between liquidity indicators and financial performance, primary mortgage banks should modify their financial planning and decision-making processes to fit the Nigerian market.

Monitoring financial performance and conducting routine analyses of liquidity indicators are essential. This proactive approach allows banks to identify emerging trends and adjust their strategy.

Primary mortgage banks may benefit from cooperation and information sharing within the industry. By sharing best practices and insights regarding financial performance and liquidity management, the sector's overall stability may be improved.

Since total assets, current assets, loans and advances, and total liabilities did not substantially impact financial performance, primary mortgage banks may consider diversifying their investment strategies. Investigating other investment choices or altering the distribution of assets might boost overall profitability.

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