**Title of Article:** The Effect of Bank Capitalization and Cost of Equity on Profitability of Nigerian deposit Money banks.

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**Abstract:**
The recapitalization of the capital base of banks in 2005 constituted the first phase of the reform policy in the entire banking sector of the Nigerian economy. The key elements in the agenda included minimum capital base of ₦25 billion with a deadline of 31st December, 2005. Most of the banks were able to meet the deadline through mergers and acquisitions amongst other alternatives. This paper examines the trend and the effects of bank recapitalization on deposit money banks in Nigeria in terms of performance and more specifically profitability and cost of equity. The data used for this study were processed using Paired Sample test technique for difference between two periods before and after the recapitalization era in addition to the E-view electronic packages. The test of difference of mean helped us to compare the means of the variables before and after recapitalization to see if there is any significant difference between the two periods. The evidence from the study shows that recapitalization is significant to performance of deposit money banks but has not shown increasing impact on their profitability. We therefore recommend that recapitalization should be part of the integrating process to the development of the banking sector and the banks should put in place proactive measures and policies to enable it boost its profitability level.

**Keywords:** Capitalization, Performance, Profitability