This research ascertains the significance in the relationship between risk management and performance of deposit money banks. Perception on the importance of various risks affecting the performance of deposit money banks was considered. Impact of risk management was examined on both the financial and non-financial performance of the deposit money banks in Nigeria. Furthermore, futuristic consideration in making strategic decisions that lead to risk events in Nigerian deposit money banks was also examined.

The study employed the use of primary and secondary sources of data collection. Primary data was sourced through a structured questionnaire administered to staff in the risk management department of ten (10) sampled banks; and also secondary data from the annual reports of the sampled deposit money banks from 2010 – 2015. Risk ratios (Credit Risk Ratio, Liquidity Risk Ratio, and Market Risk Ratio) and financial performance ratios (Return on Equity and Return on Assets) were computed from the annual reports. Regression analysis and Pearson correlation were used to test the hypotheses of the study.

It was found out that none of the risks that affect the performance of deposit money banks was less important than the other. Hence, all risks are very important to the performance of deposit money banks. It was also observed that risk management has a significant impact on Return on Assets with a Prob (F-statistic) of 0.009718. However, the Return on Equity was insignificant with a Prob (F-statistic) of 0.068951. Also, risk management had a 41% positive relationship with non-financial performance of banks from the correlation performed. In the same vein, it was revealed that Nigerian deposit money banks have a futuristic view of the risks events that can likely occur in different scenarios and plan towards its management.

It is therefore, concluded that risk management is very important to banks’ performance, and that risk management practices do affect the perception of the various stakeholders of the Nigerian deposit money banks.