

**MERGERS AND ACQUISITION AND SELECTED BANKS'  
PERFORMANCE IN NIGERIA**

**BY**

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**A THESIS SUBMITTED TO THE POSTGRADUATE SCHOOL FEDERAL  
UNIVERSITY OF TECHNOLOGY, OWERRI**

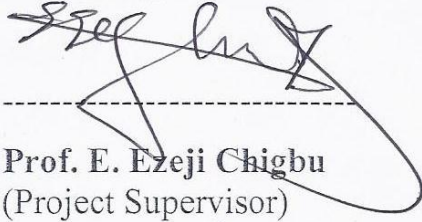
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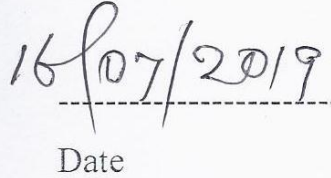
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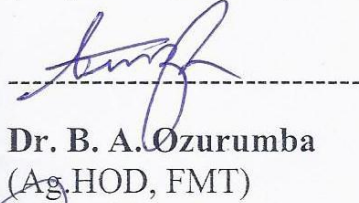
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## CERTIFICATION

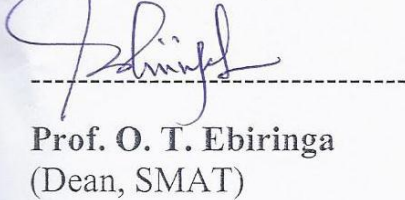
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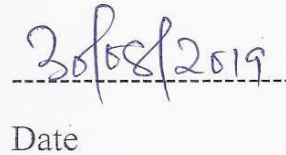
  
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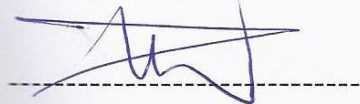
  
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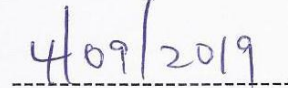
  
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## **DEDICATION**

This project is dedicated to God Almighty who made it possible for me to excel in live.

## **ACKNOWLEDGEMENTS**

The completion of this study would have been impossible without the assistance of many individuals and organizations. I am therefore, indebted to all of them but space and time allow me to mention only the following.

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## **ABSTRACT**

This study investigated the effect of "Mergers and Acquisition and selected Banks' performance" in Nigeria. It was necessitated by the frequent incidence of bank failures in Nigeria which has resulted in liquidation of some Banks and its attendant unemployment, loss of customers' deposits and credit to prospective borrowers. The study relied mainly on secondary data for the analyses and covered the 1997 to 2014 period. The banks were randomly selected, while the analysis was done using paired sample t-test to test the difference between the means of two period (pre and post) Mergers and acquisitions. The findings reveal that Mergers and Acquisitions have mixed effects on banks' performance. For First Bank Plc Mergers and Acquisitions significantly impacted on the Bank's Profit After tax and Return on Asset but did not impact significantly on the Bank's Return on Equity. For Union Bank Plc Mergers and Acquisitions do not have significant impact on the Bank's Profit After Tax, Return on Equity and Return on Asset. For United Bank for African (UBA) Plc Mergers and Acquisitions significantly impacted on the bank's Profit After Tax, Return on Equity and Return on Asset. The factors militating against banks' performance include; Low Capital Base, poor corporate governance practices, over reliance on public sector funds, weak infrastructure, insufficient regulation and reporting, lack of professionalism among others. It is recommended that Mergers and Acquisitions, good corporate governance, adequate capital base and financial reporting are useful for banks survival. The study will help corporate managers in decision making.

**Keywords:** Recapitalization, Consolidation, Mergers and Acquisitions, Profit after Tax, Return on Asset, Return on Equity and Bank's Performance.

# **CHAPTER I**

## **INTRODUCTION**

### **1.1 Background Information**

The failure of banks in the 1990's and early 2000's made the former Governor of the Central Bank of Nigeria, Soludo (2004) to announce on July 6, that the minimum capital requirement base of banks in the country would be raised from N2 to N25 billion. The new policy which required banks to comply with the directive by end of December 2005 was aimed at significantly strengthening the operating environment of banks to perform their intermediation role effectively and efficiently. The new capitalization level for banks was to foster consolidation of the banking industry through mergers and acquisitions (M and A). Nzotta (2004) maintain that banks in Nigeria explored the option of mergers and acquisitions in an attempt to meet the capital base of N25billion. Alao (2010) argue that Nigerian banks adopted different strategies to achieve the stipulated minimum capital base of N25 billion during the

consolidation of banks in 2004 and 2005 which include mergers and acquisitions.

The most recent ones involved in the banking industry include 25 banks that qualified out of the 89 pre-consolidation policies.

A merger is the amalgamation of the undertaking or any part of the undertaking or any part of interest of the two or more companies. The Acquisition is the take-over by one of sufficient shares in another company to give the acquiring company control over the target company.

Murdick, (1984), identified reasons for buying or merging a company as:

- i. To obtain skilled management, broader market, new products, additional production capacity, raw materials or components or other assets;
- ii. To satisfy a strategy of rapid growth or desire for greater power;
- iii. To get a good buy from a tax viewpoint;
- iv. To put idle cash to work at a better return;

- v. To acquire a company that has huge growth sales and profit growth which the buyer can exploit with expertise raw materials or access to capital.

Several firms have been in news recently merging, take-over other firms or being taken-over.

In Nigeria, all mergers, Acquisition or combinations, between or among companies (both private and public) involving the acquisition of shares or assets of other company are subject to the prior review and approval of the securities and exchange commission (SEC).

In this study, therefore the subject of discussion, "Mergers and Acquisitions for bank performance" will be given a panoramic glance – the past, the present and the future.

### **1.2 Problem Statement:**

Over the years, banks in Nigeria have adopted the policy of mergers and acquisitions to solve the problem of poor performance in terms of profitability, Return on Asset and Return on Equity.

Many researches has been carried out to investigate whether the strategy of mergers and acquisitions will solve the problem of poor bank performance in Nigeria.

Investigation carried out on the effects of mergers and acquisitions on the efficiency of the Nigeria banking industry concluded that it improved competitiveness and efficiency of the borrowing and lending operations of the Nigeria banking industry.

Another research investigated the impact of the consolidation of banking industry in Nigeria between 2004 and 2008 using the ANOVA and it was found that bank consolidation through mergers and acquisition affected the banking industry significantly as most of the banks had to go to the capital market to raise the required amount. Based on their findings, it was recommended that the bank and capital market should continue to monitor and initiate reform programme that will reposition the banking industry as the major player in the economy.

Walter and Uche (2009) posited that merger and acquisition made Nigeria banks more efficient. They used table to present their data which was analyzed using simple percentage.

In 2004, the central bank of Nigeria came up with a policy of consolidation and recapitalization which requires that bank increase their capital base from N2billion to N25billion before 31<sup>st</sup> December, 2005.

Given the performance of banks in Nigeria today, it is apparent that the strategy of mergers and acquisition have not solved the poor performance problems of the banking industry. There is need gap, hence the justification for the study.

### **1.3 Objectives of Study**

The objective of this study is to examine effect of "Mergers and Acquisition and selected on Banks' Performance" in Nigeria.

The specific objectives of the study are:

- i. To determine if Mergers and Acquisitions have significant impact on the profitability of banks in Nigeria.
- ii. To determine if Banks Return on Asset is significantly affected by Mergers and Acquisitions in Nigeria.

iii. To determine if mergers and Acquisitions have significant impact on Return on equity of banks in Nigeria.

#### **1.4 Hypotheses of study**

**Ho1:** Mergers and Acquisitions have not significantly affected Banks' profit after tax in Nigeria.

**Ho2:** Mergers and Acquisitions have no significant impact on Bank's Return on Asset in Nigeria.

**Ho3:** Mergers and Acquisitions have no significant impact on Return on equity of banks in Nigeria.

#### **1.5 Justification of Study**

As an academic exercise, this research work will broaden the academic knowledge of scholars who will have access to it. Theoretically, it will be of immense help to those who make policy with particular reference to economic policy.

In practical sense, it will be useful to regulatory agencies like the Central Bank of Nigeria (CBN), the Securities and Exchange Commission (SEC), the Nigerian stock Exchange (NSE) to know their duties and responsibilities.

To the Banking sector, it will sensitize their role in the economy.

Mergers and Acquisitions could be potent tools of expansion and ensuring continued business. Hence it remains the best option in the present Nigerian business environment.

Finally, Mergers and Acquisitions will help corporate managers in decision making.

### **1.6 Scope of Study**

The scope of this study is an overview of Nigerian Business Environment. The fundamental change that affects Nigerian Business Environment in recent times are mainly economic measures taken by the government to recapitalize the banking industry through Mergers and Acquisitions. In order to achieve the objective of the study, highlights of some major mergers and Acquisitions in Nigeria will be discussed. This project is not without limitations.

Some of the specific problems that may have adversely affected the execution of this research work are:

- i. Difficulty in getting the relevant materials, specifically on recent Bank consolidation in Nigeria;

ii. Another limitation is financial constraint. The planning and execution of this work have been affected by financial constraint;

iii. Time constraint is also another limitation of the study. This resulted from personal and official engagement.

Despite those limitations, the research was conducted for an acceptable degree.

## **CHAPTER II**

### **LITERATURE REVIEW**

#### **2.1 Conceptual framework**

##### **2.1.1 Mergers and Acquisitions: Nature and Scope**

Mergers and Acquisitions (abbreviated M&A) is an aspect of corporate strategy, corporate finance and management dealing with the buying, selling, dividing and combining of different companies and similar entities that can help an enterprise grow rapidly in its sector or location of origin, or a new field or a new location, without creating a subsidiary, other entity or using a joint venture. The distinction between a “merger” and an “acquisition” has become increasingly blurred in various respect (particularly in terms of the ultimate economic outcome), although it has not completely disappeared in all situations. (Douma & Schreuder, 2013).

Shepherd (1979), reviewed that a merger combines two or more firms into one. The firms may differ in size, with one absorbing the other. He went further to say that merger may occur amicably, or under tension, or after tumultuous conflict.

An acquisition is the take-over by one of sufficient shares in another company to give the acquiring company control over the target company.

Gaughan (2007) defines Merger as a combination of two or more corporations in which only one corporation survives.

Sudarsanam (2003) stated that terms such as Merger, Acquisition Buyout and Takeover are used interchangeably and are all part of the merger and acquisition parlance but was quick to point out the differences when he described merger as the process whereby corporations come together to combine and share resources to achieve common objectives with the shareholders of the merged firms still retaining part of their ownership and this may sometimes lead in new entity being formed, while acquisition resembles more of an arms length transaction with the firm purchasing the assets of the other and the shareholders of the acquired firm ceasing to be owners of the new firm.

Consolidation occurs when two companies combine together to form a new enterprise altogether, and neither of the previous companies survives independently. Such actions can be hostile

or friendly and the acquirer maintains control over the acquired firm (Jimmy, 2008; Aloa, 2010).

Sometime, however a smaller firm will acquire management control of a larger and /or longer established company and retain the name of the later for the post-acquisition combined entity. This is known as reverse takeover. Another type of acquisition is the reverse merger, a form of transaction that enables a private company to be publicly listed in a relatively short time frame.

A reverse merger occurs when a privately held company (often one that has strong prospects and is eager to raise financing) buys a publicly listed company, usually one with no business and limited assets.

### **2.1.2 Reasons for Merger**

According to Igwemma (1999:138), the reasons for merger include monopoly power and economics of scale, growth, and expectation and merger valuation to:

- Build up synergistic effects (benefits)
- Gain promotional profits

- Use complementary resources
- Spread risks by diversification
- Take tax advantage

1. **Monopoly power and Economies of Scale:** Profit maximizing firms within the framework of the traditional theory of the firm will want to further their tendencies by merger. This is possible where merger leads to monopoly or monopoly situation with its attendant super profit. Since merger leads to bigger outcome, it gives rise to economies of scale in the use and returns to resources.
2. **Growth:** This is the case where the ownership is divorced from management. Management sees its status to depend on the size of the firm, hence the desire to merge or acquire smaller firms especially those that are finding it difficult to survive on their own.
3. **Expectation and market value:** One of the most widely asserted advantages of mergers especially conglomerate mergers, is that through diversification a merger reduces risk of the residual owners and thereby discount rate. The argument here is that the value of the merged firm

exceeds the values of the companies operating independently.

**Other reasons include:**

4. Rationalization of operations of related companies in the same industry.
5. Enhanced corporate development of the economy resulting from companies and industries.

### **2.1.3 Types of Mergers**

1. **Horizontal merger:** This result when two or more firms in the same type of industry merge into one. Examples, two or more manufacturing firms could merge, poultry feed milks could merge into one, under this arrangement the firm merely enlarged to allow for economic of scale and, removing duplicity of function.
2. **Vertical or complementary merger:** This type of Merger results when firms combine so as to complement one another. It can even be regarded as a fusion or two or more firm and different stages of marketing or production of a single product.

3. **Conglomerate Merger:** This is a firm at external growth through mergers of companies whose businesses are not related either vertically or horizontally.

#### **2.1.4 Benefit of Mergers and Acquisitions**

According to Emekwekue (2008) benefit of mergers are as analyzed below:

- i. **Income Enhancement:** A firm may discover that despite all efforts on its side a strong sustainable and profitable competitive position cannot be produced without a change in the share of the market. A fundamental reason for acquisition is the desire to enhance income. A combined company may generate greater income than two separate companies. Increased income may come from improved marketing, strategic advantage, monopoly power or market power and increased market share. As regards to marketing, a merger can bring about a significant improvement in previously ineffective media programming and advertising effort. As regards strategic advantage, some acquisitions are done purely to obtain strategic advantage. This is a

process of entering a new industry to exploit perceived opportunities. On monopolizing the market, there are occasions when a company merges with another within the same industry to reduce competition.

ii. **Improve the value of securities:** Large growing firms have earnings capitalized at lower rates, which produces higher market values. The stocks have better marketability, thus reducing risk and allowing for higher price earning ratio.

iii. **Synergy:** This is yet another reason for merger. This is a situation where the product of the merger is in excess of the aggregated value of all the firm considered together. This is often referred to as the – two plus-equals five effect. If a firm acquires another firm in the same industry, a lot of financial advantage might result from the elimination of duplicated activities in the marketing, research, purchasing and administrative areas.

iv. **Economics of Scale:** The concept of economies of scale can be defined as being realized when the firm is operating at or close to the minimum point on its

average cost curve. Similarly, economics of scale occur when average cost declines with increase in volume. Economic of scale are possible not only in production, but also in marketing, purchasing, distribution, accounting and even finance.

v. **Use Excess cash:** A company might find itself with more cash than it requires presently in business operations. It then looks for another business to buy. This is because cash is sterile and if proper use is not made of such excess cash, the company might find itself over capitalized. It is widely argued that the only true justification for a merger is to achieve operating economies of scale when the objective of the firm is to maximize the wealth of the shareholders.

vi. **Tax loss carryover:** A firm that makes substantial loss is allowed to carry forward the loss and write it off in subsequent years over the profit made. Thus a firm that is carrying over its loss may retain all its profit and use same to defray the loss instead of paying a chunk of that profit as tax to the government. Thus if a profitable firm emerges, with a firm carrying over its

tax loss, the taxes that the profitable firm would have paid would then be avoided.

- vii. **Wider use of a company's strength:** If a reputable firm emerges with one that is not so reputable, the more reputable firm will use the might of its reputation to the advantage of the less reputable one.
- viii. **Means of attracting factor input and skilled manpower:** Qualified, aggressive management is often hard to find and a merger can provide this essential ingredient with minimal problem.
- ix. **Diversifying Risk:** An industry might have attained its limit of absorptive capacity and so the need to spread to other areas of activity might arise. A merger will thus lead to diversification and a reduction of risk. Merging can reduce instability in earning by opening up new area and strengthening present lines. Since the acquired firm is less already producing, there is risk of loss, and the larger firm more equipped to absorb the risk of future expansion.

## 2.1.5: Relevance of Mergers and Acquisitions

- i. **On net profit margin:** Net profit margin also called profit margin is the most basic profitability ratio that measures the percentage a net income of entity to its sales. It represents the proportion of sale that is left over after all relevant expenses have been adjusted. Net profit margin is used to compare profitability of competitors in the same industry. It can also be used to determine the profitability potential of different industries which companies in some industries are able to generate high net profit margin. It depends on the extent of competition, elasticity of demand, production differentiation etc of the relevant product or market.

According to Nwezeaku (2008:304) the equation can be as follows:

$$\text{Roic} = \frac{\text{Net income + after interest payment}}{\text{Capital}} \times \frac{100}{1}$$

When the firm uses only equity

$$\text{ROIC} = \frac{\text{Net Income}}{\text{Equity}} \times \frac{100}{1}$$

Thus:  $ROIC_{zd} = ROE$

Where  $zd =$  zero debt

- ii. On return of Equity (ROE): This indicates how much profit the company made in comparison to shareholders equity. The amount of money invested by the shareholders is calculated by the company net income by shareholders equity.
- iii. On return on Asset (ROA): This is calculated by dividing the company net income by its assets. The result is a measure of how well the company turns its investment into net income.

### **2.1.6 Evolution of the Nigerian Banking Industry**

Banking in Nigeria went through phases and covers a wide span of time from an era of free banking or virtually absolute freedom in tune with the dictate of the economies of classical liberalism, to the era of rigid or strict potential regulations.

According to Jimmy (2008) and Alao (2010), the history of banking in Nigeria is divided into four phases:

- The embryonic

- The expansion
- The consolidation/reform
- Post consolidation

The embryonic phase of banking evolution date back to 1892 when the African Banking Corporation of South Africa established a branch in Lagos followed by the British Bank of West Africa in 1894. While Barclays Bank DCO (Dominion Colonial and Overseas) and the British and French Bank for commerce and industry were established in 1925 and 1949 respectively.

Indigenous banking in Nigeria started with the establishment of National Bank of Nigeria Limited in 1933, Agbonmagbe Bank limited in 1945 and the African development ban limited in 1948.

The expansion phase of banking evolution was the establishment of Rural Banking scheme in 1977, peoples Bank in 1989 and community Banks in 1990.

The consolidation phase started with the 2004 and 2005 mergers and acquisitions of banks where 89 banks were

reduced to 25. The post consolidation phase is the clamouring and calling for mega banks in the country through foreign bank penetration from the United States and Europe respectively.

Nzotta (2004) noted that the evolution of banking in Nigeria can be classified into nine different phases as shown below:

**Table 2.1: Evolution of Banking in Nigeria**

Phase	Date	Period
First	Upto 1952	Free banking era
Second	1952 – 1959	Pre-central banking era
Third	1959 – 1970	Era of banking regulation
Fourth	1970 – 1976	Era of indigenization
Fifth	1977 – 1985	Post Okigbo era
Sixth	1986 – 1992	De-regulation era
Seventh	1993 – 2001	Era of bank distress
Eighth	2002 – 2004	Universal banking era
Ninth	2004 – date	Era of bank consolidation

**Source:** Nzotta (2004)

### **2.1.7 Mergers and Acquisitions' activities in the Nigeria Banking Industry**

The Nigerian Banking Industry has gone through a lot of transformation as regards mergers and acquisitions. Prior to mergers and acquisitions wave of 2004 and 2005, the acquisition of African Banking corporation in 1894 by the British Banks for West Africa (now First Bank of Nigeria Plc) and Union Bank of Nigeria's acquisition of City Trust Merchant Bank for N167.75 million in 1995 were the major bank merger and acquisitions in Nigeria. Between July 6, 2004 and December 31, 2005, the number of banks in Nigeria reduced from 89-25 courtesy of mergers and acquisitions and forced withdrawal of banking license from institutions that were unable to achieve the new paid-up capital of N25 billion.

The wave of mergers and acquisition that began in 2004 has not abated as the merger between IBTC Chartered Bank Plc and stanbic Banks of Nigeria Limited after the December 31, 2005 deadline has further reduced the number of banks from 25 – 24, while those banks that were unable to re-capitalize which were earmarked for liquidation by the banking regulatory authorities have virtually been acquired by successfully recapitalized banks.

**Table 2.3 Overview of Minimum paid up capital of banks in Nigeria 1952 – 2010**

Year	Type of Bank	Capital Minimum requirement
1952	Commercial Bank	£12,5000
1969	Commercial Bank Merchant Bank	£300,000
1979	Commercial Bank	₦600,000 ₦200,000
1958(Feb)	Commercial Bank Merchant Bank	₦5,000,000 ₦3,000,000
1988(Oct)	Commercial Bank Merchant Bank	₦10,000,000 ₦6,000,000
1989	Commercial Bank Merchant Bank	₦20,000,000 ₦12,000,000
1991	Commercial Bank Merchant Bank	₦50,000,000 ₦40,000,000
1997	Commercial Bank Merchant Bank	₦500,000,000 ₦500,000,000
2000	Commercial Bank Merchant Bank	₦1,000,000,000 ₦1,000,000,000
2001	Commercial Bank Merchant Bank	₦2,000,000,000 ₦2,000,000,000
2005-date	Commercial Bank	₦25,000,000,000

Source: CBN Report, 2005

**Table 2.4 Bank Mergers and Acquisition in Nigeria  
Between 2004 and 2005**

<b>NEWS BANKS</b>	<b>CONSTITUENT MEMBERS</b>
Access Bank plc	Access Bank, Marina Bank, Capital Bank International
Afribank plc	Afribank Plc and Afribank Int'l (Merchant Bank).
Diamond Bank plc	Diamond Bank, Lion Bank and African International Bank
Equation Trust Bank Plc	Equatorial Trust Bank Ltd and Devcom Bank Ltd
Fidelity Bank plc	Fidelity Bank, FSB International Bank, Manny Bank.
First Bank of Nigeria Plc	First Bank plc, MBC international Bank and FSB (Merchant Bankers)
First City Monument Bank Plc	First City Monument Bank, Coop. Development Bank, Nigeria American Bank and Midas Bank
First Inland Bank Plc	First Atlantic Bank, Inland Bank Nigeria Plc, IMB International Bank Plc and NUB Int'l Bank Plc
IBTC Chartered Bank Plc	IBTC Chartered Bank Plc and Regent Bank Plc
Intercontinental Bank Plc	Intercontinental Bank Plc, Global Bank Plc, Equity Bank of NIG LTD, Gateway Bank of NIG Plc
Oceanic Bank Plc	Oceanic Bank International Plc and International Trust Bank

Skye Bank Plc	Prudent Bank Plc, Bond Bank Ltd, Reliance Bank Ltd, Co-operative Bank Plc, EIB Int'l Bank Plc.
Spring Bank Plc	Citizens Bank Int'l Bank, ACB Int'l Bank, Guardian Express Bank, Omega Bank, Trans Int'l Bank, Fountain Trust Bank
Sterling Bank Plc	Trust Bank of African Limited, NBM Bank Limited, Magnum Trust Bank, NAL Bank Plc, Indo- NIG Bank
United Bank for Africa Plc(UBA)	United Bank for Africa (UBA) Plc, Standard Trust Bank Plc, Continental Trust Bank.
Union Bank Plc	Union Bank NIG Plc, Union Merchant Bank Ltd, Broad Bank of Nigeria Ltd and Universal Trust Bank Plc
Unity Bank Plc	Intercity Bank Plc, First Inter State Bank Plc, Tropical Commercial Bank Plc, Centre Point Bank Plc, Bank of the North, New African Bank, New African Bank, Societe Bancaire, Pacific Bank and New Nigeria Bank.
WEMA Bank Plc	WEMA Bank Plc and National Bank of Nigeria Ltd.

**Source: Central Bank of Nigeria, Annual Report and Statement of Account 2005**

### **2.1.8: Recapitalization and Bank Performance**

Soludo (2004) Opined that, the central bank of Nigeria (CBN) chooses to begun the Nigeria banking sector reform process with the consolidation and recapitalization policy through mergers and acquisitions. This is done in order to arrest system decay, restoration of public confidence, building of strong, competent and competitive players in the global area, ensuring longevity and higher return to investors.

**Table 2.5: State of Nigerian Banks after consolidation**

Categories	2005	2006
Sound	25	10
Satisfactory	-	5
Marginal	-	5
Unsound	-	5

Source: CBN Publication (2006)

From table 2.5 above out of twenty five banks that merged, ten were classified as sound, five satisfactory, five marginal and five unsound. This implies that mergers and acquisitions done

in 2005 in Nigerian banks did not solve the problem of banks in the country.

Somoye (2008) Opined that the reason that may be advanced for the present state of Nigerian Banks after 2005 mergers and acquisitions could be viewed from the perspective of wrong planning.

Salleo (2008) added that if a voluntary consolidation does not enhance the performance of the participating banks, any performance enhancing effect of consolidation promoted by the government policy is more questionable.

**Table 2.6: Troubled banks after 2005 mergers and acquisitions**

NAME OF BANKS	CAPITAL BASE AFTER MERGER AND ACQUISITIONS IN 2006
UNION BAN PLC	N95.70 Billion
Intercontinental bank	53.90 billion
WEMA bank	31.90 billion
Unity bank Plc	30.00 billion
Bank PHB Plc	28.50 billion
Oceanic Bank/Int'l Plc	37.70 billion
Afribank Nig. Plc	24.90 billion
Spring Bank plc	25.00 billion
Fin bank Nig. Plc	25.40 billion
Equational Trust Bank Plc	28.40 billion

**Source: CBN Reports 2006.**

Development within the Nigerian banking industry reveals banks in the country are still facing those challenges that led to the 2005 mergers and acquisitions. These include: service delivery is still patchy, infrastructure is still weak and regulation and reporting though improving, remains wanting, lack of professionalism, over reliance on cheap public sector fund, corporate governance remain inconsistent, weak credit assessment skills, liquidity issues and capital issues etc.

(Appah Ebimobowei and John in Sophia 2015)

### **2.1.9 THE EFFECTS OF MERGERS AND ACQUISITION ON STOCKHOLDERS**

Stockholders are the legal owners of a corporation. Stock ownership confers rights to share in the profits of the corporation, to vote on important matters affecting the company, to cast votes for members of the board of directors, to save the corporation for harm committed by its officers, and to sell one's stock.

How stockholders can be affected by Acquisition is summarized by William (1988:259) thus:

- Some of the defenses used by corporate management to fend off hostile take-over reduce the power of stakeholders, e.g. are staggered terms of office for board members, multiple classes of stock with different voting rights, etc; sometimes a merger can dilute the earning power of existing shareholders by increasing the total number of shares outstanding. This lowers the overall value and potential earning power of each share.
- When top level managers think that their company might be the target of a take-over attempt, they frequently persuade the board of directors to grant them a guaranteed severance package of salary and benefits in case they lose their jobs after the take-over. In this regard, there has not been fairness in spending stockholders money and is a misuse and abuse of stockholder assets.
- The effects of mergers and Acquisition are mixed for stockholders for instance; share values often are driven up when a take-over struggle is being undertaken. The implication is that the company is not being managed to

yield maximum value for the stockholders. In that case, shareholders would gain from a take-over.

Again, some companies are being dismembered or badly damaged financially by take-over battles, and the stock value is diminished.

- When a corporate marriage does not work out, stockholders in both companies may suffer losses.

In summary, while stockholders are no longer considered to be the only important stockholder group, their interest and needs remain central to successful operation of corporate business.

### **2.1.10 LEGAL AND REGULATORY REQUIREMENT FOR MERGERS AND ACQUISITIONS**

The companies and Allied Matter Act 1990 (CAMA) and the Investment and Securities Act 1999 (ISA) provides the primary legal framework for effecting mergers and Acquisitions (M& As) in Nigeria.

In accordance with section 100 of Investment and Securities Act 1999 any Mergers and Acquisition arrangement or re-

construction involving two or more companies, which would result in transfer of all or some of the undertaking or properties of one company to another should be undertaken via a scheme. Where they proposed a change in the rights or liabilities of all or some of the shareholders, debenture holders or creditors of a company, the scheme is undertaken in compliance with section 539 of companies and Allied Matters Act 1990.

### **PROCEDURE**

1. Securities and Exchange Commission (SEC) in principle approval of the scheme is obtained after filling a pre-scheme notice.
2. The scheme document is prepared. The document should give details of scheme and provide an explanatory statement in accordance with Section 540 of Companies and Allied Matters Act 1990.
3. The scheme document is cleared with Securities and Exchange Commission and Nigerian Stock Exchange (for quoted companies).

4. An application is made to the Federal High Court and the Court gives orders that separate meetings of the companies be convened.
5. The scheme document and notices of the respective court-ordered meetings are sent to the shareholders of the companies. The notices are also published in the Newspapers.
6. The meetings should take place at least 21 days after the date on which the notice in respect of each meeting was published/sent.
7. The scheme should be approved at the separate court ordered meeting by a majority representing not less than 75% in value of the share members present and voting either in person or by proxy.
8. The scheme is referred to Securities and Exchange Commission for approval.
9. The companies file an application for a court order sanctioning the scheme.

10. For scheme affected under section 539, the scheme is effective once the certificated true copy of the court order is filed with the Corporate Affairs Commission.
11. The provisions of the scheme can take effect and may include:
- The transfer of undertakings, Assets and Liabilities,
  - The issue and allotment of new securities.
  - The dissolution of the acquired company.

### **THE NIGERIAN STOCK EXCHANGE (NSE)**

The stock market is an important economic sector whose uses are best appreciated from the perspective of efficiency in capital formulation and allocation.

The Lagos Stock Exchange according to Onuoha, C. (1998:295) was incorporated on 15<sup>th</sup> September, 1960, with an initial authorized capital of N10,000.00. Actual Stock dealing on the exchange started on 5<sup>th</sup> June, 1961. The exchange was transferred into the Nigerian Stock Exchange (NSE) on 2<sup>nd</sup>

December, 1977 with branches initially in Lagos, Kaduna and Port Harcourt.

According to Anyanwu, J.C. (1993:194) the functions of the Nigerian Stock Exchange are:

- (a) To provide appropriate machinery to facilitate further offering of Stocks and shares to the general public.
- (b) To promote increasing participation by public in the private sector of the economy.
- (c) To encourage the investment of savings as soon as it is clear that stocks and shares are readily available;
- (d) To provide a central meeting place for members to buy and sell existing stocks and shares and for granting quotations to new issues,
- (e) To provide opportunities for raising new capital.
- (f) To provide the machinery for mobilizing private and public savings and making these available for productive investment through stocks and shares.
- (g) To facilitate dealings in government securities and hence enhance foreign investment in Nigerian manufacturing

since government goes into joint venture with foreign investors.

- (h) To act as a channel for implementing the indigenization policy by providing facilities to foreign business to offer their shares to the Nigerian public for subscription.
- (i) To reduce the risk of liquidity and sale of securities;
- (j) To protect the public from shady dealings and practices in quoted securities so as to enhance their trading-through its rules, regulations , and operational codes;
- (k) To provide opportunities for continued operation and attraction of foreign capital for the nations developments.

## **THE NIGERIAN SECURITIES AND EXCHANGE COMMISSION (NSEC)**

The establishment of the Securities and Exchange Commission was approved by the approval by the Federal Government in April, 1977 and it commenced operations in July, 1977. It was not however establishing it in 1979 was re-enacted in 1988 (Onuoha 1988).

According to section 6 of the Securities and Exchange Commission decree 1988, the functions of the commission include;

- (a) Determining the amount of and time at which securities of a company are to be sold to the public either through offer for sale or subscription.
- (b) Registering all securities proposed to be offered privately with the intention that the securities shall be held ultimately, other than by those to who the offers were made.
- (c) Maintain surveillance over the securities market to ensure orderly, fair and equitable dealings in securities.
- (d) Registrations of stock Exchange or Branches, Registrars, Investment Advisers, securities dealers and their Agents and controlling and supervising their activities with a view to maintaining proper standards of conduct and professionalism in the securities business;
- (e) Promoting the integrity of the securities market against any abuses arising from the practice of insider dealing;

- (f) Acting as a regulatory apex organization, for the Nigerian Stock Exchange and its branches to which it would be at liberty to delegate powers;
- (g) Creating the necessary atmosphere for the orderly development of the capital market;
- (h) Under taking such other activities as are necessary or expedient for giving full effect to the provisions of the Law establishing it.

Powers conferred on Nigerian Securities and Exchange Commission are aimed at achieving these objectives:

- To develop and regulate the capital market in Nigeria by ensuring its sound functioning so as to provide a conducive climate for savings and investments necessary for economic development.
- To ensure fair and appropriate prices for stocks through its price determination role;
- To ensure adequate protection of the investing public.

## **THE COMPANIES AND ALLIED MATTERS DECREE (CAMD NOW ACT (CAMA)**

This was promulgated in 1990, to guide operations and management of business enterprises in the country. Part 1, Section 1 to 17 of CAMA establishes a body known as the Corporate Affairs Commission (CAC) with headquarters in the Federal Capital Territory, Abuja.

According to Onuoha (1998:69) the functions of the commission shall be to.

- (a) Regulation and supervision of the formulation, incorporation, registration, management and winding-up of companies under or in pursuant of this Decree/Act.
- (b) Establish and maintain a company's registry and offices in all states of the Federation suitably and adequately equipped to discharge its functions under this Decree or any other Law in respect of which it is charged with responsibility.

- (c) Arrange or conduct an investigation into the affairs of any company where the interest of the shareholders and the public so demand.
- (d) Perform such functions as may be specified by any Decree or enactment.
- (e) Undertake such other activities as are necessary or expedient for giving full effect to the provisions of this Decree.

Nothing in this Decree shall affect the powers, duties or jurisdiction of the Securities and Exchange Commission under the Securities and Exchange Commission Decree 1988.

### **2.1.11 M & A Failure**

Despite the goal of performance improvement, results from mergers and acquisition (M&A) are often disappointing compared with results predicted or expected. Numerous empirical studies show high failure rates of M&A deals. Studies are mostly focused on individual determinants. A book by Thomas Straub (2007) "Reasons for frequent failure in Mergers and Acquisitions" develops a comprehensive research framework that bridges different perspectives and promotes an

understanding of factors underlying M&A performance in business research and scholarship. The study should help managers in the decision making process. The first important step towards this objective is the development of a common frame of reference that spans conflicting theoretical assumptions from different perspectives. On this basis, a comprehensive framework is proposed with which to understand the origins of M&A performance better and address the problem of fragmentation by integrating the most important competing perspectives in respect of studies on M&A. furthermore according to the existing literature relevant determinants of firm performance are derived from each dimension of the model. For the dimension strategic management, the six strategic variable; market similarities, market complementarities, production operation similarity, production operation complementarities, market power, and purchasing power were identified having an important impact on M&A performance. For the dimension organizational behaviour, the variables acquisition experience, relative size, and cultural differences were found to be important. Finally, relevant determinants of M&A performance from the financial

field were acquisition premium, bidding process, and due diligence. Three different ways in order to best measure post M&A performance are recognized; Synergy realization, absolute performance and finally relative performance.

## **2.2 Theoretical Framework**

Many theories have tried to explain the concept of Mergers and Acquisitions objectively, methodologically and systematically.

According to Uremadu (2007), it is not surprising that governments the world over, attempt to evolve an efficient banking system. The reform are directed at maintaining a sound and efficient banking system for the protection of depositors, encouragement of efficient financial intermediation, competition, maintenance of confidence and stability of the banking system, and protection against systematic risk and collapse (Alaish, 2003).

Uremadu (2007) maintained that, an adequate capitalization will give a bank a competitive edge at both global and local

markets and enables it to offer better services and eventually increase its earnings. Increase capital base can be achieved through different ways that include mergers and acquisitions and other consolidation option. As a result, many banks now engage in mergers and acquisitions.

Based on the importance of this study, the theories include the following:

### **2.2.1: Profit Theory**

According to Hanson (1976:354), the entrepreneur aims at maximizing his profit, and this induces him to adopt new techniques. The techniques may be through recapitalization, consolidation or mergers and acquisitions. Profit therefore, encourages enterprise.

### **2.2.2 Concentration Theory**

This is the theory that explains the degree of control in which larger firms have on economic activities in the industries, say in a country. This theory argues that the desire for economies of scale brings about mergers and acquisitions so that concentration will be based on bank efficiency (Demirgüç –

Kunt and Levine, 2000). Some theoretical arguments believed that less concentration on banking industry with small size bring about financial crisis in banking sector than the large banks (Demirgüç – Kunt and Levine, 2004). Supporters of the theory argue that large banks can grow faster and as well enhance profitability.

### **2.2.3 Efficiency Theory**

This theory argues that mergers and acquisitions is planned to achieve three types of synergies; financial, operating and managerial efficiency. According to Akvein (1997) economic literature distinguishes four types of efficiency.

- Productive Efficiency: This is the ability of firms to get the highest output from list input given technological constraints. Mergaarel (2005) argues that mergers can influence productive efficiency.
- Transactional Efficiency: This recognizes that firms expand resources to protect the economic returns to their efforts.
- Allocative efficiency: This concerns the clearance of markets and the achievement of maximal consumer benefits given a particular production function.

- **Dynamic Efficiency:** This concerns the clearance of market in a dynamic perspective through the improvement of existing products and processes and the development of new products.

#### **2.2.4: Monopoly Theory**

Monopoly theory is of the view that mergers and acquisitions are planned to achieve market power. Horizontal and conglomerate mergers are typical example.

**2.2.5 Raider Theory:** A raider is a person who generates wealth from the transfer of a company's shareholding that is being undertaken in the form of green mail or a person who receives compensation after a successful takeover.

#### **2.2.6: Process theory:**

This theory argues that mergers that mergers and acquisitions occur as a result of processes governed by one or more of the following influences organizational routine political games played between an organizations sub unit and outsider, and individuals not been capable to process information.

### **2.2.7: Disturbance Theory:**

This theory argues that mergers and acquisitions waves are caused by economic disturbance. Economic disturbances cause changes in individuals' expectations and increase the general level of uncertainty, thereby impacting the order of individual expectations.

### **2.3 Empirical Studies**

Numerous Studies have empirically examined whether mergers and acquisitions proffer solution to bank problem and performance.

Onaolapo (2008) employed CAMEL rating system to examine the effectiveness of recapitalization. He found that recapitalization had improved the financial health of banks. This finding was collaborated by Sani (2004). Using a regression model, Sani discovered a positive and significant relationship between recapitalization policy and economic growth in Nigeria. To the contrary, Adegaju (2008) examined the effectiveness of recapitalization on the performance of 20 Nigerian banks. He discovered that while few banks recorded

appreciable improvements in their performances, majority of the banks remained the same or even worse off.

Okafor (2009) researched on consolidation exercise in Nigeria employed capital adequacy, asset quality, liquidity and management. 2004 – 2005 was regarded as the pre-consolidation period while 2006 – 2009 was regarded as post consolidation period, she concluded that consolidation improved the overall performance of banks in capital base and capital adequacy, however, it did not contribute to the profit efficiency of those commercial banks.

Using the dynamic panel GMM method on a cross sectional data from 2000 – 2010, Barnas and Caporale (2008) came to a conclusion that consolidation specifically reduced foreign ownership of commercial banks and also through mergers and acquisitions banks were more cost efficient.

The investigation carried out by Elumilade (2010) on the effects of mergers and acquisitions on the efficiency of financial intermediation in the Nigerian banking industry had evidence that the consolidation programme induced mergers and acquisitions in the banking industry and improved

competitiveness and efficiency of the borrowing and lending operations of the Nigerian banking industry.

Olaosebikan (2009) investigated the efficiency of the Nigerian banking system between 1999 and 2005. Bank efficiency was evaluated using Data Envelopment Analysis (DEA). The results indicated that efficiency fluctuated during the first part of the period and improved during the recent years, a period associated with the increase in minimum capital requirement, differences in banks' efficiency was explained by problematic loans and their size.

Donwa and Odia (2011) investigated the impact of the consolidation on banking industry in Nigerian capital between 2004 and 2008 using primary (questionnaires) and secondary data from the Nigerian stock exchange. When the data was analyzed with the Chi-square test and ANOVA, it was found that bank consolidation affected the industry significantly as most of the banks had to go to the capital market to raise the required amount by issuing securities. They submitted that banks' consolidation had increased public awareness and operations of the Nigerian capital market just as the capital

market had continued to be an easy and cheap source of funds for banks in the post-consolidatory era. Based on their finding, it was recommended that the banks and capital market regulatory authorities should continue to monitor and institute reforms program that would better reposition the banking industry as a major player in the Nigerian capital market and the economy.

Adegboyega (2012) evaluated the impact of mergers and acquisitions on performance of banks in Nigeria pre-merger and post merger financial statements of two consolidated banks were obtained, adjusted, carefully analyzed and compared. The result revealed that all the two groups produced in addition to operational and relational synergy, financial gains for more than the  $2 + 2 = 5$  synergic effects. Ratio techniques were used to highlight synergistic effects on the merging banks.

Erel (2006) studied the effect of bank mergers on loans price. He found out that an average merger reduced loan spreads, and that the results were stronger for acquirers with large declines in operating cost post merger. According to him,

mergers and acquisitions did not decrease the spread of the loans, because, by the time one or more banks were merged together at least they would be stronger more than before and that would allow them to spread credits to borrowers more than before.

Okpanachi (2006) find some evidence of superior post merger period because of the merged firms enhanced ability to attract loans. They also show increase employee productivity and net asset growth.

Walter and Uche (2009) posited that merger and acquisition made Nigeria banks more efficient. They used table to present their data which was analyzed using simple percentage.

Akpan (2007), using chi-square to test his stated hypothesis found that the policy of consolidation and capitalization has ensured customers confidence in the Nigerian banking industry in terms of high profit.

David and Yener (2004), Mergers and acquisitions played important role in improving after merger financial performance which is stimulus for efficiency.

Imala (2005) posted that the objectives of banking system are to ensure price stability and facilitate rapid economic development. Regrettably these objectives have remained largely unattained in Nigeria as a result of some deficiencies in our banking system. These include: low capital base, large number of small banks with relatively few branches, the dominance of a few banks, poor rating of a number of banks, weak corporate governance evidence by inaccurate reporting and non - compliance with regulatory requirements, insolvency, negative capital adequacy ratios of some banks, eroded shareholders fund caused by operations losses, over dependence on public sector deposit and foreign exchange of small and medium scale private sectors.

Overall, some of these studied provide mixed evidence and many fail to show a clear relationship between mergers and acquisitions and performance.

## **CHAPTER III**

### **METHODOLOGY**

#### **3.1 Research Design**

This study is descriptive and empirical in approach.

#### **3.2 Population of Study**

The population of this research study is Nigeria Banking industry. From the population of this study the entire banking industry in Nigeria had 89 banks as at 31<sup>st</sup> December, 2005. After the consolidation excises, the number of banks in Nigeria came to 25 in January 2006 and presently stands at 24.

#### **3.3 Sample and Sampling Technique**

The sample frame of this research work is made up of selected Banks in Nigeria that shore up their capital base from N2billion to n25billion by 31<sup>ST</sup> December, 2005.

The convenience and judgmental sampling is the technique used in the selection of the Banks.

### **3.4 Sample Size**

For the purpose of the study, three banks were selected and these banks that emerged were as a result of mergers and acquisitions (First Bank Plc, Union Bank Plc and UBA) and will form the sample size.

### **3.5 Sources of Data**

In the course of this study, the researcher availed himself mainly with secondary data. The secondary data used for this study were collected from Annual Report and Accounts of the selected Banks and other published statistics.

### **3.6 Instrument of Data Collection**

The principal instruments used for Data collection in this work were the Bank Annual Report and Accounts.

### **3.7 Method of Data Analysis**

The importance of the choice of appropriate analytical technique(s) for any work research work cannot be

overemphasized. The applicable analytical tools should be able to address the research problem and the research hypotheses in the most appropriate manner.

### **The difference of Two Means using Paired Sample T-Test**

Inferential statistics such as the test of the difference between the means of two periods (Pre and Post Consolidation era) will be used to achieve the objectives of the study. The method involved the comparison between the Pre and Post merger/acquisition variables. (i.e Profit After Tax, Return on Equity and Return on Asset) of the banks under investigation. For the pre- merger/acquisition era, we have the period, 1997-2005, while the post- merger/acquisition era, we have the period, 2006-2014.

The null hypothesis of this test ( $H_0$ ) states that there is no significant difference between the means of the two periods "PRE" and "POST". The test statistic for the testing of the hypothesis is the t-test computed as follows

$$\text{t-ratio} = \frac{X_{\text{pre}} - X_{\text{post}}}{SE_{\text{pre}} - SE_{\text{post}}}$$

$$\text{df; } n_{\text{pre}} + n_{\text{post}} - 2$$

$X_{pre}$  = Mean of Pre- merger/acquisition era

$X_{post}$  = Mean of Post- merger/acquisition era

$SE_{pre}$  = Standard error mean of Pre- merger/acquisition era

$SE_{post}$  = Standard error mean of Post- merger/acquisition era

$n_{pre}$  = Number of observations before Pre- merger/acquisition era

$n_{post}$  = Number of observations before Post- merger/acquisition era

### **Decision Rule**

If the t-ratio as detailed above is greater than the t-ratio from the statistical table at 5% level of significance and at ( $n_{pre} + n_{post} - 2$ ) degrees of freedom.

We reject the null hypothesis by concluding that a significant difference exists between the means of the two periods "PRE" and "POST".

On the other hand, if the computed value falls outside the rejection region, that is t-ratio as detailed above is less than the t-ratio from the statistical table at 5% level of significance and at ( $n_{pre} + n_{post} - 2$ ) degrees of freedom, we accept the null

hypothesis by concluding that no significant difference exists between the means of the two periods "PRE" and "POST".

## CHAPTER IV

### RESULTS AND DISCUSSION

#### 4.1 Results

**Table 4.1 First Bank of Nigeria Plc., Input for Pre and Post merger/acquisition era.**

Year before Consolidation	Pre Profit After Tax N'million	Pre Return Equity N'million	Pre Return on Asset N'million	Year After Consold.	Post Profit After Tax N'million	Post Return Equity N'million	Post Return Asset N'million
1996	997	6394	72819	2006	16053	60980	538145
1998	1649	9235	95221	2007	18355	77351	762881
1999	2943	11307	129503	2008	30473	339847	1165461
2000	4221	14519	180553	2009	35074	145014	1667422
2001	4676	17093	212901	2010	32123	16316	1962444
2002	3979	17774	266356	2011	23052	16316	2463543
2003	10323	25040	320578	2012	71144	16316	2770674
2004	11096	38621	312490	2013	59365	16316	3246579
2005	12184	44672	377496	2014	79351	16316	349087

Source:\* Annual Report and Account

\* NSE Factbooks

The table 4.1 above presents the stated financial parameters that are used to determine the Performance of First Bank of Nigeria Plc., which

include Profit after Tax, Total Equity and Asset Base; and the data presented covers the period of from 1996 to 2014

**Table 4.2 First Bank of Nigeria Plc. Paired Sample Statistics Output**

Paired Samples Statistics					
Index of performance	Mean	N	Std. Deviation	Std. Error Mean	
Pair 1	Pre Profit After Tax	5785.3333	9	4254.31225	1418.10408
	Post Profit After Tax	40554.4444	9	23443.98205	7814.66068
Pair 2	Pre Return on Equity	20517.2222	9	13221.51160	4407.17053
	Post Return on Equity	78308.0000	9	107452.63765	35817.54588
Pair 3	Pre Return on Asset	218657.4444	9	107608.19849	35869.39950
	Post Return on Asset	1658470.6667	9	1031652.81691	343884.27230

**Source: Author Computation 2019**

**Table 4.3: First Bank of Nigeria Plc., Paired Sample Test Output.**

Index of performance		Paired Differences				t	df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower				Upper
Pair 1	Pre Profit After Tax – Post Profit After Tax	-34769.11111	19342.87893	6447.62631	-49637.36405	-19900.85818	-5.393	8	.001
Pair 2	Pre Return on Equity – Post Return on Equity	-57790.77778	113967.83808	37989.27936	-145394.21308	29812.65752	-1.521	8	.167
Pair 3	Pre Return on Asset – Post Return on Asset	1439813.22222	986782.31459	328927.43820	2198321.25488	681305.18956	-4.377	8	.002

**Source: Author Computation 2019**

**Explanation of Table 4.2 and 4.3:**

From the results of the analysis above; table 4.2 indicates paired samples statistics table for First Bank of Nigeria Plc which shows the mean values of the financial parameters (Profit After Tax, Return on Equity and Return on Asset) before and after merger/acquisition era. It also shows the N values which indicate the number of years in each period, the standard deviation as well as standard error mean. Table 4.3 indicates the paired samples test table (paired differences) between means of pre and post-merger/acquisition era, its standard deviation and standard error mean; calculated value of t and its degree of freedom and the two tailed significance. The negative mean values under Paired Samples

Test shows that the mean of Post-merger/acquisition era is greater than that of Pre-merger/acquisition era.

## **4.2 Hypotheses Testing**

### **4.3.1 Hypotheses Testing for First Bank of Nigeria Plc.**

#### **4.3.1A Test of Hypothesis One**

The hypothesis to be tested stated as follows:

Ho: Merger and Acquisition has no significant impact on Profit After Tax.

#### **Test statistic**

From table 4. 2(Paired Samples Test);

t-ratio (calculated) = -5.393

t-ratio (tabulated ),(nPRE+nPOST-2) = 16d.f

1% = 2.92

5% = 2.12

#### **Decision Rule**

Since, t-calculated (5.393) > t-tabulated(2.92, 2.12) at both 1% and 5% levels of significance and 16 degrees of freedom, we reject Ho and accept Ha: and conclude that Merger and Acquisition has a significant impact on Profit After Tax of First Bank of Nigeria Plc.

#### **4.3.1B Test of Hypothesis Two**

The hypothesis to be tested stated as follows:

Ho: Merger and Acquisition has no significant impact on Return on Equity.

### **Test statistic**

From table 4.2(Paired Samples Test) above;

t-ratio (calculated) = -1.521

t-ratio (tabulated ),(npre+npost-2) = 16d.f

1% = 2.92

5% = 2.12

### **Decision Rule**

Since, t-calculated (1.521) < t-tabulated (2.92,2.12) at both 1% and 5% levels of significance and 16 degrees of freedom, we accept Ho and conclude that Merger and Acquisition has no significant impact on Return on Equity of First Bank of Nigeria Plc.

### **4.3.1C Test of Hypothesis Three**

The hypothesis to be tested stated as follows:

Ho: Merger and Acquisition has no significant impact on First Bank Return Asset.

## Test statistic

From table 4.3.(Paired Samples t-test) above;

t-ratio (calculated) = -4.377

t-ratio (tabulated ),(npre+npost-2) = 16d.f

1% = 2.92

5% = 2.12

## Decision Rule

Since, t-calculated (4.377) > t-tabulated(2.92,2.12) at both 1% and 5% levels of significance and 16 degrees of freedom, we reject  $H_0$  and accept  $H_a$ : and conclude that Merger and Acquisition has a significant impact on First Bank Return on Asset.

**Table 4.4 Union Bank Plc. Input for Pre and Post merger/acquisition era.**

Year before Consolidation	Pre Profit After Tax N'million	Pre Return on Equity N'million	Pre Return on Asset N'million	Year After Consolidation	Post Profit After Tax N'million	Post Return on Equity N'million	Post Return on Asset N'million
1996	1142	4145	80055	2006	10036	95085	517564
1997	1297	6258	85850	2007	12126	96630	619800
1998	1924	9032	109586	2008	24737	111271	907074
1999	3249	10982	138342	2009	97137	6755	921230
2001	5767	14738	238311	2010	33304	6755	765296
2002	4726	30302	275194	2011	307693283	5198944310	26391322833
2003	6600	32730	329583	2012	313644120	5468003761	30822875070
2004	7750	35985	367798	2013	5121	187784	882097
2005	9375	39129	398271	2014	20486	205974	920936

Source:\* Annual Report and Account

\* NSE Factbooks

The table 4.4 above presents the stated financial parameters that are used to determine the Performance of Union Bank Plc. which include Profit After Tax, Return on Equity and Return on Asset; and the data presented covers the period of from 1996 to 2014.

**Table 4.5. Union Bank Plc., Paired Sample Statistics Output.**

Paired Samples Statistics					
Index of performance		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Pre Profit After Tax	4647.7778	9	2956.64708	985.54903
	Post Profit After Tax	69060038.8889	9	136987317.62567	45662439.20856
Pair 2	Pre Return on Equity	20366.7778	9	13955.04307	4651.68102
	Post Return on Equity	1185295369.4444	9	2352757986.9669	784252662.32230
Pair 3	Pre Return on Asset	224776.6667	9	125124.76747	41708.25582
	Post Return on Asset	6357747988.8889	9	12662755020.037	4220918340.0124
				29	3

**Source: Author Computation 2019**

**Table 4.6: Union Bank Plc, Paired Sample Test Output.**

Paired Samples Test									
Index of performance	Paired Differences					t	Df	Sig. (2-tailed)	
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference					
				Lower	Upper				
Pair 1	Pre Profit After Tax – Post Profit After Tax	-69055391.1 1111	136986737.0 8946	45662245.69 649	-174352718.5 0969	36241936.28 746	-1.512	8	.169
Pair 2	Pre Return on Equity – Post Return on Equity	-1185275002 .66667	2352751650. 96020	784250550.3 2007	-2993760014. 73694	623210009.4 0361	-1.511	8	.169
Pair 3	Pre Return on Asset – Post Return on Asset	-6357523212 .22222	1266270999 7.16029	4220903332. 38676	-1609094375 0.98193	3375897326. 53748	-1.506	8	.170

**Source: Author Computation 2019**

**Explanation of Table 4.5. and 4.6:**

From the results of the analysis above; table 4.5 indicates paired samples statistics table for Union Bank Plc. which shows the mean values of the financial parameters (Profit After Tax, Return Equity and Return on Asset ) before and after merger/acquisition era. It also shows the N

values which indicate the number of years in each period, the standard deviation as well as standard error mean. Table 4.6 indicates the paired samples test table (paired differences) between means of pre and post-merger/acquisition era, its standard deviation and standard error mean; calculated value of t and its degree of freedom and the two tailed significance. The negative mean values under Paired Samples Test shows that the mean of Post-merger/acquisition era is greater than that of Pre-merger/acquisition era.

## **4.6 Hypotheses Testing**

### **4.6.1 Hypotheses Testing for Union Bank Plc.**

#### **4.6.1A Test of Hypothesis One**

The hypothesis to be tested stated as follows:

Ho: Merger and Acquisition has no significant impact on Profit After Tax.

#### **Test statistic**

From table 4.6(Paired Samples Test) above;

t-ratio (calculated) = -1.512

t-ratio (tabulated ),(nPRE+nPOST-2) = 16d.f

1% = 2.92

5% = 2.12

## **Decision Rule**

Since,  $t\text{-calculated} (1.512) < t\text{-tabulated}(2.92, 2.12)$  at both 1% and 5% levels of significance and 16 degrees of freedom, we accept  $H_0$ : and conclude that Merger and Acquisition has no significant impact on Profit After Tax of Union Bank Plc.

### **4.6.1B Test of Hypothesis Two**

The hypothesis to be tested stated as follows:

$H_0$ : Merger and Acquisition has no significant impact on Return on Equity.

#### **Test statistic**

From table 4.6(Paired Samples Test) above;

$t\text{-ratio (calculated)} = -1.511$

$t\text{-ratio (tabulated)}, (n_{pre} + n_{post} - 2) = 16d.f$

1% = 2.92

5% = 2.12

## **Decision Rule**

Since,  $t\text{-calculated} (1.511) < t\text{-tabulated}(2.92, 2.12)$  at both 1% and 5% levels of significance and 16 degrees of freedom, we accept  $H_0$ : and

conclude that Merger and Acquisition has no significant impact on Return on Equity of Union Bank Plc.

#### **4.6.1C Test of Hypothesis Three**

The hypothesis to be tested stated as follows:

Ho: Merger and Acquisition has no significant impact on Return on Asset .

#### **Test statistic**

From table 4.6 (Paired Samples Test) above;

t-ratio (calculated) = -1.506

t-ratio (tabulated ),(npre+npost-2) = 16d.f

1% = 2.92

5% = 2.12

#### **Decision Rule**

Since, t-calculated (1.506) < t-tabulated(2.92, 2.12) at both 1% and 5% levels of significance and 16 degrees of freedom, we accept Ho: and conclude that Merger and Acquisition has no significant impact on Return on Equity of Union Bank Plc.

**Table 4.7: United Bank of Africa (UBA) Plc. Input for Pre and Post merger/acquisition era.**

Year before Consolidation	Pre Profit After Tax N'million	Pre Return on Equity N'million	Pre Return on Asset N'million	Year After Consold.	Post Profit After Tax N'million	Post Return on Equity N'million	Post Return on Asset N'million
1997	837	5290	57782	2006	11468	3530	851241
1998	134	5036	73751	2007	19831	164821	1102348
1999	1109	5011	99978	2008	40002	188155	1520091
2000	3013	6782	119987	2009	12889	187719	1400879
2001	1183	8427	187248	2010	-6295	181356	1432632
2002	1361	9782	198680	2011	-7966	182315	1655465
2003	2989	13767	200995	2012	47375	220317	1933065
2004	4185	18059	208806	2013	30385	259538	2217417
2005	4653	17702	248928	2014	40083	281933	2338858

Source:\* Annual Report and Account

\* NSE Factbooks

The table 4.7 above presents the stated financial parameters that are used to determine the Performance of United Bank of Africa (UBA) Plc., which include Profit After Tax, Return on Equity and Return on Asset; and the data presented covers the period of from 1996 to 2014.

**Table 4.8: United Bank of Africa (UBA) Paired Sample Statistics Output.**

Paired Samples Statistics					
Index of performance		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Pre Profit After Tax	2162.6667	9	1592.28594	530.76198
	Post Profit After Tax	20863.5556	9	20158.27459	6719.42486
Pair 2	Pre Return on Equity	9984.0000	9	5280.25998	1760.08666
	Post Return on Equity	185520.4444	9	78718.77202	26239.59067
Pair 3	Pre Return on Asset	155128.3333	9	68087.16170	22695.72057
	Post Return on Asset	1605777.3333	9	490301.86873	163433.95624

**Source: Author Computation 2019**

**Table 4.9: United Bank of Africa (UBA) Paired Sample Test Output.**

Paired Samples Test								
Index of performance	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1	Pre Profit After Tax –	-	-	-	-	-2.888	8	.020
	Post Profit After Tax	18700.8888	19424.33042	6474.77681	33631.75098			
Pair 2	Pre Return on Equity –	-	-	-	-	-7.024	8	.000
	Post Return on Equity	175536.444	74968.31248	24989.43749	233162.1906			
Pair 3	Pre Return on Asset –	-	-	-	-	-10.114	8	.000
	Post Return on Asset	1450649.00	430282.9611	143427.6537	1781393.762			
		000	9	3	60	40		

**Source: Author Computation 2019**

**Explanation of Table 4.8 and 4.9:**

From the results of the analysis above; table 4.7 indicates paired samples statistics table for United Bank of Africa (UBA) which shows the mean values of the financial parameters (Profit after Tax, Return on Equity and Return on Asset) before and after merger/acquisition era. It also shows

the N values which indicate the number of years in each period, the standard deviation as well as standard error mean. Table 4.8 indicates the paired samples test table (paired differences) between means of pre and post- merger/acquisition era, its standard deviation and standard error mean; calculated value of t and its degree of freedom and the two tailed significance. The negative mean values under Paired Samples Test shows that the mean of Post- merger/acquisition era is greater than that of Pre- merger/acquisition era.

## **4.9 Hypotheses Testing**

### **4.9.1 Hypotheses Testing for United Bank of Africa (UBA)**

#### **4.9.1A Test of Hypothesis One**

The hypothesis to be tested stated as follows:

Ho: Merger and Acquisition has no significant impact on Profit After Tax.

#### **Test statistic**

From table 4.8(Paired Samples Test) above;

t-ratio (calculated) = -2.888

t-ratio (tabulated ),(nPRE+nPOST-2) = 16d.f

1% = 2.92

5% = 2.12

## **Decision Rule**

Since,  $t\text{-calculated} (2.888) > t\text{-tabulated}(2.92, 2.12)$  at 5% levels of significance and 16 degrees of freedom, we reject  $H_0$  and accept  $H_a$ : and conclude that Merger and Acquisition has a significant impact on Profit After Tax of UBA.

### **4.9.1B Test of Hypothesis Two**

The hypothesis to be tested stated as follows:

$H_0$ : Merger and Acquisition has no significant impact on Return on Equity.

#### **Test statistic**

From table 4.9(Paired Samples Test) above;

$t\text{-ratio (calculated)} = -7.024$

$t\text{-ratio (tabulated)}, (n_{pre} + n_{post} - 2) = 16d.f$

1% = 2.92

5% = 2.12

## **Decision Rule**

Since,  $t\text{-calculated} (7.024) > t\text{-tabulated}(2.92, 2.12)$  at both 1% and 5% levels of significance and 16 degrees of freedom, we reject  $H_0$  and

accept  $H_a$ : and conclude that Merger and Acquisition has a significant impact on Return on Equity of UBA.

#### **4.9.1C Test of Hypothesis Three**

The hypothesis to be tested stated as follows:

$H_0$ : Merger and Acquisition has no significant impact on Return on Asset.

#### **Test statistic**

From table 4.9(Paired Samples Test) above;

t-ratio (calculated) = -10.11

t-ratio (tabulated),  $(n_{PRE} + n_{POST} - 2) = 16d.f$

1% = 2.92

5% = 2.12

#### **Decision Rule**

Since, t-calculated (10.11) > t-tabulated(2.92, 2.12) at both 1% and 5% levels of significance and 16 degrees of freedom, we reject  $H_0$  and accept  $H_a$ : and conclude that Merger and Acquisition has a significant impact on Return on Asset of UBA.

**Table 4.10: Summary of the three Banks' Performance**

		First Bank			Union Bank			UBA		
	Index of performance	t	df	Sig. (2 tailed)	t	df	Sig. (2 tailed)	t	df	Sig. (2 tailed)
Pair 1	Pre profit after tax Post profit After Tax	-5.393	8	0.01	-1.512	8	0.169	-2.888	8	.020
Pair 2	Pre Return on Equity Post Return on Equity	-1.521	8	0.167	-1.511	8	0.169	-7.024	8	.000
Pair 3	Pre Return on Asset Post Return on Asset	-4.377	8	0.02	-1.506	8	0.170	-10.114	8	.000

**Source: Author Computation 2019**

From Table 4.10 above, the summary of the performance of the three banks tested, that is First Bank Plc, Union Bank Plc and UBA Plc, the results showed that Union Bank Plc discriminates most in terms of Profitability, Return on Equity and Return on Asset.

This shows that Mergers and Acquisitions do not significantly impact on Union Bank Plc performance.

### **4.3 Discussion of Findings**

The result of this research showed that the effect of Mergers and Acquisitions on Banks' Performance that is Profit After Tax, Return on Equity and Return on Asset are mixed.

Three Banks viz, First Bank, Union Bank and United Bank for Africa (UBA) were selected for the study.

Mergers and Acquisitions significantly impacted on First Bank Profit After Tax and Asset Base and did not impact on the

bank's Total Equity. For United Bank for Africa (UBA) Mergers and Acquisition significantly impacted on the Bank's Profit After Tax, Total Equity and Asset base. For Union Bank Mergers and Acquisitions have no significant impact on the Bank's Performance that is Profit After Tax, Total Equity and Asset base.

The analysis was carried out using Paired Sample t-test. It was determined by the use of such variables as Profit after Tax, Return on Equity and Return on Asset.

The variables analyzed were compared with paired sample t-test. It was observed that the Mean values of Profit After Tax, Return on Asset and Return on Equity for Pre and Post-Mergers and Acquisitions era are significant for First Bank and United Bank for Africa (UBA), which implies that the two banks out of the three selected banks which represent the Nigerian Banking Industry actually improved in Performance as a result of Mergers and Acquisitions they adopted. This collaborated with empirical studies by Onaolapo (2008) that recapitalization had improved the financial performance of banks. Whenever Banks adopt Mergers and Acquisitions, it will increase their Return on Equity as well as Asset Base which will have a positive impact on their Profit after Tax. Therefore, all banks should embrace the

Mergers and Acquisitions which will help in enhancing their Return on Equity as well as Return on Asset since these contribute positively to their Performance (Profit After Tax).

From the above analysis, the findings revealed that Mergers and Acquisitions has impacted significantly on the performance of, First Bank and United Bank for Africa (UBA) in terms of Profitability which will go a long way in enhancing shareholders wealth. It was also observed that Mergers and Acquisitions was insignificant on the Profitability (Profit After Tax), Return on Equity and Return on Asset of Union Bank Plc. This also collaborated with empirical studies by Adegaju (2008) who hold a contrary view on the effectiveness of recapitalization on the performance of 20 Nigerian banks and concluded that while few banks recorded appreciable improvement in their performances, majority of the banks remained the same or even worse off.

Research conducted also showed that Mergers and Acquisitions have economic benefits. This is in agreement, with earlier report on conceptual studies by Douma and Schreuder (2013)

that Merger and Acquisition creates economic value by transferring Assets to management teams that operate them more efficiently.

**Policy Implication:**

From the findings therefore, any policy that encourages Mergers and Acquisitions will enhance bank performance.

## **CHAPTER V**

### **CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Conclusion**

There is no doubt that merger and Acquisition is the best option for corporate survival considering the economic environment in which the Nigeria Banks operates. This is because of its impact on profit, returns on investment and Asset base.

Some of the reasons identified for recapitalization and consolidation of banks in Nigeria through Mergers and Acquisitions include: To arrest system decay, restoration of public confidence, building of strong competent and competitive players in the global area, ensuring longevity and higher return to investors.

The effects of Mergers and Acquisitions for Banks performance are mixed. Research conducted showed that in some Mergers, profit after tax and Return on Asset are significantly affected, while in others, Mergers and

Acquisitions there is no significant impact on profit after Tax and Return on Asset.

The objective of the study is to examine Mergers and Acquisition on Banks' performance in Nigeria.

The researcher utilized a systematic approach in its findings, following Mergers and Acquisitions in 2005 that left the country with twenty four (24) banks. However, despite Mergers and Acquisitions of banks in the country, some of the Merged banks are still facing those challenges that led to the 2005 consolidation.

These challenges include; inadequate capital base , poor corporate governance practices, over reliance on public sector funds, weak infrastructure, insufficient regulation and reporting, lack of professionalism and skills gap etc.

By using the universal accepted research procedure, the researcher was able to reach valid findings that Mergers and Acquisitions significantly impact on Banks' Performance.

In response to the problems associated with merger and Acquisition, policy recommendations have been suggested and if adopted, then the main objective of the research has been achieved.

## **5.2 Recommendations**

One of the objectives of this research is to make recommendations, for this reason therefore, the following recommendations has been made:-

- i. **Adequate Capital Base:-**The CBN should use its regulatory power to increase the minimum capital base of banks to N50billion to stimulate greater efficiency and ensure that the banks still generates sufficient profit for their shareholders.
- ii. **Accurate Financial Reporting:-** there should be accurate financial reporting especially by banks of their business transactions. The days of paperwork are over when banks declare huge profit without actual

financial backing. This will ensure transparency in their operation.

iii. **Merger and Acquisition:** As the current global economic recession favours the coming together of firms merger and Acquisition remain the best option for Nigerian Banks.

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## APPENDIX I

### First Bank of Nigeria Plc

#### t-test

[DataSet0]

**Paired Samples Statistics**

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Pre Profit After Tax	5785.3333	9	4254.31225	1418.10408
	Post Profit After Tax	40554.4444	9	23443.98205	7814.66068
Pair 2	Pre Total Equity	20517.2222	9	13221.51160	4407.17053
	Post Total Equity	78308.0000	9	107452.63765	35817.54588
Pair 3	Pre Asset Base	218657.4444	9	107608.19849	35869.39950
	Post Asset Base	1658470.6667	9	1031652.81691	343884.27230

**Source: Author Computation 2019**

**Paired Samples Correlations**

		N	Correlation	Sig.
Pair 1	Pre Profit After Tax & Post Profit After Tax	9	.970	.000
	Pre Total Equity & Post Total Equity	9	-.446	.229
Pair 3	Pre Asset Base & Post Asset Base	9	.460	.213

**Source: Author Computation 2019**

**Paired Samples Test**

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 Pre Profit After Tax – Post Profit After Tax	34769.1111	19342.87893	6447.62631	49637.36405	19900.85818	-5.393	8	.001
Pair 2 Pre Total Equity – Post Total Equity	57790.7777	113967.8380	37989.27936	145394.2130	29812.65752	-1.521	8	.167
Pair 3 Pre Asset Base – Post Asset Base	1439813.22	986782.3145	328927.4382	2198321.254	681305.1895	-4.377	8	.002

**Source: Author Computation 2019**

## APPENDIX II

### UNION BANK

#### t-test

[DataSet0]

**Paired Samples Statistics**

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Pre Profit After Tax	4647.7778	9	2956.64708	985.54903
	Post Profit After Tax	69060038.8889	9	136987317.62567	45662439.20856
Pair 2	Pre Total Equity	20366.7778	9	13955.04307	4651.68102
	Post Total Equity	1185295369.4444	9	2352757986.9669	784252662.32230
Pair 3	Pre Asset Base	224776.6667	9	125124.76747	41708.25582
	Post Asset Base	6357747988.8889	9	12662755020.037	4220918340.0124
				29	3

**Source: Author Computation 2019**

**Paired Samples Correlations**

		N	Correlation	Sig.
Pair 1	Pre Profit After Tax & Post Profit After Tax	9	.196	.613
Pair 2	Pre Total Equity & Post Total Equity	9	.454	.220
Pair 3	Pre Asset Base & Post Asset Base	9	.360	.342

**Source: Author Computation 2019**

**Paired Samples Test**

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 Pre Profit After Tax – Post Profit After Tax	- 69055391.11 111	136986737.0 8946	45662245.69 649	- 174352718.5 0969	36241936.28 746	-1.512	8	.169
Pair 2 Pre Total Equity – Post Total Equity	- 1185275002. 66667	2352751650. 96020	784250550.3 2007	- 2993760014. 73694	623210009.4 0361	-1.511	8	.169
Pair 3 Pre Asset Base – Post Asset Base	- 6357523212. 22222	1266270999 7.16029	4220903332. 38676	- 1609094375 0.98193	3375897326. 53748	-1.506	8	.170

**Source: Author Computation 2019**

## APPENDIX III

UBA

### t-test

[DataSet0]

**Paired Samples Statistics**

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Pre Profit After Tax	2162.6667	9	1592.28594	530.76198
	Post Profit After Tax	20863.5556	9	20158.27459	6719.42486
Pair 2	Pre Total Equity	9984.0000	9	5280.25998	1760.08666
	Post Total Equity	185520.4444	9	78718.77202	26239.59067
Pair 3	Pre Asset Base	155128.3333	9	68087.16170	22695.72057
	Post Asset Base	1605777.3333	9	490301.86873	163433.95624

**Source: Author Computation 2019**

**Paired Samples Correlations**

		N	Correlation	Sig.
Pair 1	Pre Profit After Tax & Post Profit After Tax	9	.492	.178
	Pre Total Equity & Post Total Equity	9	.727	.027
Pair 3	Pre Asset Base & Post Asset Base	9	.897	.001

**Source: Author Computation 2019**

**Paired Samples Test**

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 Pre Profit After Tax – Post Profit After Tax	- 18700.8888 9	19424.33042	6474.77681	- 33631.75098	- -3770.02680	-2.888	8	.020
Pair 2 Pre Total Equity – Post Total Equity	- 175536.444 44	74968.31248	24989.43749	233162.1906 4	- 117910.6982 5	-7.024	8	.000
Pair 3 Pre Asset Base – Post Asset Base	- 1450649.00 000	430282.9611 9	143427.6537 3	1781393.762 60	- 1119904.237 40	-10.114	8	.000

**Source: Author Computation 2019**

## APPENDIX IV

**Table 2.2**

### COMPONENT MEMBERS OF CONSOLIDATED BANKS

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| <p><b>1. Access Bank Plc.</b><br/>                     (a) Marina Bank<br/>                     (b) Capital Bank International<br/>                     (c) Access Bank</p> <p><b>2. Afribank Nigeria Plc.</b><br/>                     (a) Afribank Plc.<br/>                     (b) Afribank (Merchant Bankers) Limited</p> <p><b>3. Diamond Bank Plc.</b><br/>                     (a) Diamond Bank<br/>                     (b) Lion Bank<br/>                     (c) African International Bank (AIB)</p> <p><b>4. Ecobank Nigeria Plc.</b><br/>                     (a) Ecobank Nigeria Plc.</p> <p><b>5. Equitorial Trust Bank Plc.</b><br/>                     (a) Equitorial Trust Bank (ETB)<br/>                     (b) Davcom Merchant Bank Limited</p> <p><b>6. First City Monument Bank Plc.</b><br/>                     (a) First City Monument Bank Plc.<br/>                     (b) Co-operative Development Bank Plc<br/>                     (c) Nig-American Bank Limited<br/>                     (d) Midas Bank Limited</p> <p><b>7. Fidelity Bank Plc.</b><br/>                     (a) Fidelity Bank Plc<br/>                     (b) FSB International Bank Plc<br/>                     (c) Manny Bank Plc</p> <p><b>8. First Bank of Nigeria Plc.</b><br/>                     (a) FBN Plc.<br/>                     (b) FBN Merchant Bank Limited<br/>                     (c) MBC</p> <p><b>9. Firstinland Bank Plc.</b><br/>                     (a) IMB International Bank Plc<br/>                     (b) Inland Bank Plc<br/>                     (c) First Atlantic Bank Plc<br/>                     (d) NUB Bank</p> <p><b>10. Guaranty Trust Bank Plc.</b><br/>                     (a) GTBank Plc.</p> <p><b>11. IBTC-Chartered Bank Plc.</b><br/>                     (a) Regent Bank<br/>                     (b) Chartered Bank<br/>                     (c) IBTC</p> <p><b>12. Intercontinental Bank Plc</b><br/>                     (a) Global Bank Limited<br/>                     (b) Equity Bank Limited<br/>                     (c) Gateway Bank Limited<br/>                     (d) Intercontinental Bank Plc</p> <p><b>13. NIB</b><br/>                     (a) Nigerian International Bank</p> <p><b>14. Oceanic Bank International (Nigeria) Plc.</b><br/>                     (a) Oceanic Bank<br/>                     (b) Internatioal Trust Bank</p> | <p><b>15. Platinum-Habib Bank Plc.</b><br/>                     (a) Platinum Bank<br/>                     (b) Habib Bank</p> <p><b>16. Skye Bank Plc.</b><br/>                     (a) Prudent Bank<br/>                     (b) Bond Bank<br/>                     (c) Coop Bank<br/>                     (d) Reliance Bank<br/>                     (e) EIB International Bank Plc.</p> <p><b>17. Springbank Plc.</b><br/>                     (a) Guardian Express Bank<br/>                     (b) Citizens Bank<br/>                     (c) Fountain Trust Bank<br/>                     (d) Omega Bank<br/>                     (e) Trans International Bank<br/>                     (f) ACB</p> <p><b>18. Stanbic Bank Limited</b><br/>                     (a) Stanbic Bank</p> <p><b>19. Standard Chartered Bank Limited</b><br/>                     (a) Standard Chartered Bank Limited</p> <p><b>20. Sterling Bank Plc.</b><br/>                     (a) Magnum Trust Bank<br/>                     (b) NBM Bank<br/>                     (c) NAL Bank Plc<br/>                     (d) INMB<br/>                     (e) Trust Bank of Africa</p> <p><b>21. United Bank for Africa Plc</b><br/>                     (a) Standard Trust Bank Plc.<br/>                     (b) United Bank for Africa Plc.<br/>                     (c) Continental Trust Bank Limited</p> <p><b>22. Union Bank of Nigeria Plc.</b><br/>                     (a) Union Bank Plc<br/>                     (b) Union Merchant Bank Limited<br/>                     (c) Universal Trust Bank Plc<br/>                     (d) Broad Bank Limited</p> <p><b>23. Unity Bank Plc.</b><br/>                     (a) New Africa Bank<br/>                     (b) Tropical Commercial Bank<br/>                     (c) Centre-Point Bank<br/>                     (d) Bank of the North<br/>                     (e) New Nigeria Bank<br/>                     (f) First Interstate bank<br/>                     (g) Intercity Bank<br/>                     (h) Societe Bancaire<br/>                     (i) Pacific Bank</p> <p><b>24. Wema Bank Plc.</b><br/>                     (a) Wema Bank<br/>                     (b) National Bank</p> <p><b>25. Zenith Bank Plc.</b><br/>                     (a) Zenith Bank Plc.</p> |
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