

## Forced Versus Voluntary Combinations and the Financial Performance of Commercial Banks in Nigeria

Mojekwu Ogechukwu Rita<sup>1</sup> & Nwinee Barisua Fortune<sup>2</sup>

<sup>1</sup>Department of Finance and Banking, Faculty of Management Sciences, University of Port Harcourt.

<sup>2</sup>Department of Finance and Banking, Faculty of Management Sciences, University of Port Harcourt.

### **Abstract**

*We classified the combinations in the Nigerian banking sector during and after the 2005 banking industry wide consolidation as either forced or voluntary. Consequently, this study is a comparative analysis of the financial performance of Nigerian commercial banks involved in 'forced' and 'voluntary' mergers/acquisitions schemes between 2000 and 2015 to ascertain if there is any significant difference between the two combination schemes. We employed seven financial performance indicators (return on asset, profit after tax, return on equity, liquidity ratio, capital adequacy ratio, debt-equity ratio, market value per share). Data for thirteen sample banks were obtained from their various annual reports and estimated using independent samples t-test. However, sixteen merger/acquisitions were considered since three banks participated in both 'forced' and 'voluntary' combinations. From our results, there is a statistical evidence that the capital adequacy ratio of Nigerian commercial banks is better under the 'voluntary' combination scheme than under the 'forced' combination. In conclusion, 'forced' combination is not a good policy measure for capital inadequacy in Nigerian banks. This study therefore recommends that to improve the capital adequacy ratio of banks henceforth, the Central Bank of Nigeria should not force banks to combine, rather, they should be encouraged to combine voluntarily.*

**Keywords:** Financial Performance, Capital Adequacy Ratio, Business Combination, Liquidity Ratio, Merger, Acquisition, Debt to Equity Ratio, Profit After Tax, Market Value Per Share, Return on Equity, Return on Assets

### **1.0 Introduction**

Business combinations may occur either by at least two firms merging together, resulting in a totally new company, or by a company acquiring another firm where the acquired firm is absorbed into the acquiring corporation. Acquisitions and mergers are the most widely recognized means of business combinations and have assumed a noteworthy part in the external growth of various outstanding companies globally (Pandey, 2010). In today's global, competitive environment, acquisitions and mergers are sometimes the sole means for long-term survival. It has been conclusively proved that to a greater extent mergers have become a prevailing and purposeful means for the attainment of corporate diversity and growth (Afsaneh & Ali, 1988). Acquisition and Mergers have become a conventional distress resolution alternative embraced in many nations (NDIC, 2016). Acquisitions and mergers can be exciting for organizations, but ought to be done very well to create value as it dictates the fortunes of the involved companies several years after. At the end of the day, the viability of this strategy depends upon thorough planning and careful implementation (Jemison & Sitkin, 1986).

An offshoot of the CBN Governor's 13 point reformation agenda in 2004 is consolidation of the banking sector by ways of merger and outright acquisition/takeover on the grounds that the banking industry then was plagued with persistent illiquidity, poor assets quality and unprofitable operations (Soludo, 2004). Therefore, to strategically position the banking sector and make it competitive world-wide, banks were mandated to fortify their capital base to at least ₦25 billion on or before 31<sup>st</sup> December, 2005. Consequently, those banks who were unable to raise the required funds solely, were forced to combine so as to meet the deadline given by the CBN. Hence, the 2005 A&M deals in the Nigerian banking sector were imposed by the CBN, in other words 'forced'. Available data reveal that even after the 2005 banking industry wide merger, some banks which were exposed severely to the capital market, the energy sector and drying up foreign credit lines still experienced deep financial stress owing to the financial melt-down in 2009 (CBN, 2009). This development further necessitated the CBN/NDIC joint special examination in 2009 which revealed various problems like weak internal control mechanisms, undue concentration on short term gains, lack of capacity by the management and board, conflicting interests, excessive executive compensation, substantial non-performing loans, declining asset quality, poor corporate governance, unreasonable risk taking,

unproductive risk management, weakness in capital adequacy and illiquidity in the system. All these weaknesses resulted in insolvency of various dimensions and massive loans that are not performing in most of the banks. In all, ten banks were observed to be unsound and shaky.

Consequently, the CBN replaced the management of eight of the ten weak banks and further injected ₦620 billion bail-out sum into the weak banks as liquidity support serving as Tier II capital (CBN, 2009). Only two banks (Unity bank and Wema bank) could sufficiently re-capitalize as directed by CBN, five banks (Intercontinental Bank Plc., Oceanic Bank Plc., Union Bank of Nigeria Plc., Fin bank Plc. and Equitorial Trust Bank Plc.) engaged in negotiations with possible principal investors while three bridge banks (Mainstreet, Keystone and Enterprise Banks) were established by the NDIC on a going concern basis to take over the liabilities and assets of three banks (Afribank Plc., Bank PHB Plc. and Spring bank Plc.) that were unable to find a favourable merger partner or investor (Afolabi, 2011).

This development steered the acquisition of Oceanic Bank Plc in 2011 and Intercontinental Bank Plc in 2012 by Ecobank Transnational Incorporated and Access bank Plc. respectively, acquisition of Finbank Plc by FCMB in 2012, merger between Sterling bank and Equitorial Trust Bank (ETB) in 2011. Furthermore, Skye Bank acquired Mainstreet Bank Limited in 2014 while Heritage Bank merged with Enterprise Bank in 2015. This has revealed that some banks that previously survived the 2005 bank combinations became targets for acquisition, 'a case of acquirer being acquired'. Bulk of the investigations on the financial performance of Nigerian commercial banks post A&M focused solely on the 2005 industry-wide merger while a few studies reviewed the post-consolidation A&M deals. From the foregoing, this study aims at comparing the financial performance of Nigerian commercial banks involved in 'forced' A&M scheme with the financial performance of Nigerian commercial banks involved in 'voluntary' A&M scheme to ascertain if a significant difference exist between the two A&M schemes.

## **2.1 Theoretical Framework**

There are diverse economic theories for business combinations. Sang (2010) classified the business combinations theories into value creating and non-value-creating theories. Lubatkin (1983) and Trautwein (1990) lists seven business combinations theories. These include efficiency theory, monopoly theory, empire-building theory, valuation theory, process theory, raider theory and economic disturbance theory. Other theories include theory of corporate control (Weston, Mitchell, & Mulherin, 2004), theory of managerial discretion (Jensen, 1986), theory of managerial hubris (Roll, 1986). In spite of the myriad of these theories extant empirical investigations established an insufficient evidence advocating for any specific merger theory (Sang, 2010). Most researchers accede to the evidence that merger deals are instigated by a variegated sequence of motives, and no singular rationale can represent the entire explanation (Steiner, 1975; Ravenscraft & Scherer, 1987). However, the most prevailing A&M theory is efficiency theory whereupon this research is hinged.

### **2.1.1 Efficiency Theory**

This hypothesis asserts that mergers will just happen when they are relied upon to create enough feasible synergies to make the transaction advantageous to the parties involved. It is the symmetric anticipation of benefits which brings about a well-disposed merger being proposed and acknowledged. The hypothesis predicts the generation of value with positive proceeds to entities involved. According to Naudé, Heyns, Bester, Puig, and Tucker (2002) synergy occurs when at least two firms working together generates greater value than they would by working independently. Synergy theory expects that "something is really out there" which enables the merged entity to create shareholders value. Mathematically, synergy is expressed as  $2+2 > 4$ . Basically, three categories of synergies exist; operating synergy, financial synergy and managerial synergy. Financial synergies give rise to reduced costs of funds, managerial synergies are actualized so long the bidder's managers possess superior planning and monitoring abilities that benefit the target's performance, while operational synergy results from the fusion of business operations of formerly separate units or from knowledge transfers (Porter, 1985). Cost minimizations and increase in revenue represents operational synergy.

### **2.1.2 Monopoly Theory**

This theory views mergers as being planned and executed to increase market power, market share including at times pricing power and reduce competition. Thus, representing synergies that are collusive in nature. This theory confirms that A&M is predominantly used as growth strategy. This type of merger have been referred to as collusive synergies (Chatterjee, 1986) or competitor interrelationships (Porter, 1985).

## 2.2 Conceptual Framework

### 2.2.1 The Concept of Acquisitions and Mergers

Acquisitions and mergers (A&M) is an aspect of strategic management that allows enterprises to expand, thrive, enhance their competitive position or alter the nature of their business. It deals with purchasing and/or combining with other firms. Companies go for external growth strategies through business combinations comprising of acquisitions and mergers (A&M) to jump-start their corporate growth process (Nnamdi & Nwakanma, 2013). In the corporate domain, acquisitions and mergers (A&M) serve as a prevailing growth tool adopted by firms to increase revenue, profitability and achieve long-run growth (Sherman & Hart, 2006). Acquisitions or mergers are usually schemes that are thoughtfully designed to produce a synergistic effect (Akinsulire, 2003). Acquisition or merger is regarded as an essential driver of corporate performance and avenue by which firms react to a dynamic business environment (Yena and Andre, 2007; Bruner, 2004). Straub (2007) alludes A&M is the part of business tactics, management and finance that deals with the purchasing, offering, and the combination of another organization that can help, fund, or aid a growing organization in a particular sector to grow quickly without creating another business element. A merger arise when some companies consign their assets and ventures to another company (or to one of them) and in exchange, their shareholders obtain shares in the transferee firm (Okonkwo, 2004). Acquisition or merger is not an impromptu activity, hence, it involves a prepared approach driven by clear-cut objectives and spear headed by a well-established team.

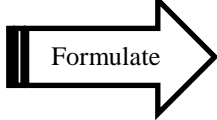
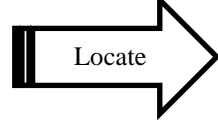

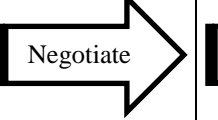
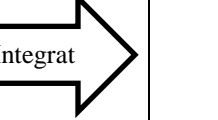
Investment and Securities Act (2007) defined merger as any fusion of the enterprises or any division of the enterprises or interest of at least two enterprises or the undertakings or division of the enterprises of one or more firms and one or more corporate bodies. Merger is the fusion of no less than two firms into one entity (Pandey, 2010). Coyle (2000) describes merger as the union of two companies of roughly equal size pooling their resources into a single business. Merger is a business union of no less than two organizations where the resulting firm maintains the identity of the dominating firm in the merger scheme of arrangement (Omojefe & Opia, 2010). According to CBN (2005), merger is the amalgamation of the undertakings of some banks whereby either; one of the merging banks absorbs other bank(s) or, all the merging banks combine to form a new bank, and in both instances, the obligations and rights of all merging banks pass to the successor bank and the rest banks are simultaneously dissolved. Takeover is a reorganization process involving the purchase of majority shares of one or more target bank(s) by another bank (acquiring bank) who takes over the obligations and rights of the bull's-eye bank(s) while the acquired bank(s) ceases to exist (CBN, 2005). An acquisition arises when a company acquires majority shares in a different company according it control of the other firm either by a take-over bid or by procurement of shares from the financial market (Okonkwo, 2004). Acquisitions and mergers (A&Ms) are utilized conversely to mean any change that arranges one financial viable entity from at least two previous ones (Lubatkin and Shrieves, 1986).

According to Ansoff (1971), acquisitions and mergers are meant to limit competition, utilize the under-utilized market power, overcome the dilemma of sluggish profitability and expansion on one's own sector, achieve diversification, gain economies of scale and redouble income with proportionately less investment, establish a transnational bridgehead without excessive start-up costs to secure connection to a foreign market, utilize under-utilized resources (human, physical and managerial skills), displace existing management, circumvent government regulations, reap speculative gains attendant upon new security issue or change in price earning ratio, create an image of strategic opportunism, aggressiveness, empire building and to amass vast economic powers of the company. Other rationales for acquisitions and mergers include tax considerations, risk diversification, accelerated growth, enhanced profitability (economies of scale, operational economies, synergy), intensified market power (Van-Horne, 1991). Synergy, tax considerations, purchase of assets below their replacement costs, diversification, greater management control/agency problem are few rationales for acquisitions and mergers (Nnamdi & Nwakanma, 2013). However, an often-argued motivation for acquisitions and mergers is that the profit of the merged entity can exceed the profits of the individual entities through the diminution of average costs or the augmentation of revenues (Myles, 2006). The predominant principle backing A&M activity is that acquiring firms strive for remedied financial strength. Financial theory implies that acquisitions and mergers eventuate with the expectation of positive synergistic effects (Friedman & Gibson, 1988; Maremont & Mitchell, 1988; Porter, 1987). The controversy that

frequently arises is whether merger activity actually have synergistic effects. Theoretically,  $2+2 \geq 5$  is laudable, however, the reverse is almost certainly the case in reality.

The success of mergers depends on how realistic the deal makers are and how well they can integrate the companies concerned while maintaining day-to-day operations. Acquisitions and mergers do not automatically lead to bigger companies, higher profit or efficiency (Ajogwu, 2011). A&M deals can result in losses and redundancies as statistics show that over fifty percent of financial services A&M do not succeed (Financial Services Report, 2011). Recent proofs suggest that virtually all acquisitions are costlier than their worth and most mergers fail (Vos & Kelleher, 2001). Haeruddin (2017) contend that acquisition and merger implementation brings advantages and several disadvantages too. Therefore, benefits and gains to both acquiring and acquired firms out of acquisitions and mergers depend on extensive planning and a careful implementation.

### 2.2.2 Merger and Acquisition Process

				
<ul style="list-style-type: none"> <li>➤ Set business strategy</li> <li>➤ Set growth strategy</li> <li>➤ Define acquisition criteria</li> <li>➤ Begin strategy implementation</li> </ul>	<ul style="list-style-type: none"> <li>➤ Identify target markets and companies</li> <li>➤ Select target</li> <li>➤ Issue letter of intent</li> <li>➤ Offer letter of confidentiality</li> </ul>	<ul style="list-style-type: none"> <li>➤ Conduct due diligence analysis</li> <li>➤ Summarize findings</li> <li>➤ Set preliminary integration plan</li> <li>➤ Decide negotiation parameters</li> </ul>	<ul style="list-style-type: none"> <li>➤ Deal terms (legal, structural, financial)</li> <li>➤ Secure key talent and integration terms</li> <li>➤ Close deal</li> </ul>	Finalize and execute integration plan  - Organization - Process - People - system
Strategy and integration process development	Pre-deal (assessing, planning, forecasting value)		Deal (agreeing on value)	Post-deal (realizing value)

Source: Adapted from Galpin and Herndon (2000)

### 2.2.3 Procedures for Processing Applications for Bank Mergers/Take-Overs in Nigeria

In consonance with the CBN Guidelines and Incentives on Consolidation in the Nigerian Banking Industry (Paragraph 6.2) issued on August 5, 2004, banks ought to get the earlier endorsement of the CBN Governor as required under S. 7 of the Banks and Other Financial Institutions Act (1991) as revised before any acquisition or merger is completed and declared publicly. Furthermore, Paragraph 6.1 of similar Guidelines specifies that banks ought to satisfy the statutory prerequisites on A&M as contained in S.100 - 122 of the Investments and Securities Act (ISA), No. 45, of 1999 and every single requirement by the regulators. There are triple phases of endorsement for mergers (pre-merger consent, approval-in-principle and final approval) and two phases of endorsement for takeovers (approval-in-principle and final approval). The pre-merger consent typifies CBN's earlier consent to the banks intending to merge without any objection whatsoever at most three working days upon receipt of the request. This will aid the combining banks to send their merger application to the Securities and Exchange Commission (SEC) in consonance with the stipulations of the ISA for processing and endorsement. Approval-in-principle typifies CBN's tentative endorsement of the merger or takeover at most five working days upon acknowledgement of the request. Lastly, the involved banks solicits SEC's legal authorization of the merger. However, the final endorsement is contingent on SEC's endorsement of the merger, upon submission of the takeover bid registration by SEC to CBN

as regards a takeover, at most seven working days upon receipt of the request. Consequently, the banking license of the successor bank will be processed and dispatched by the CBN once the court order authorizing the merger is granted.

### **2.3 Empirical Review**

Some empirical studies exist in extant literature on the impact of either forced or voluntary mergers/acquisitions on the performance of banks. Singh and Kohli (2008) evaluates the synergistic gains from bank mergers by classifying them into forced mergers and market driven mergers. Their empirical outcome demonstrate that markets have responded negatively to the announcement of forced mergers whereas the response has been positive to that of market driven mergers. In concordance with the market expectation, forced mergers have not added any value to both the balance sheet and profitability variables of merged banks in the post-merger period. Although market driven mergers have not immediately improved the profitability of merged banks, but they have improved the balance sheet variables of merging banks and have provided these banks an edge over the competitors in relation to geographic dispersion, influence in new regions where the merging entity lacked presence and extended product portfolios and thus have offered a better vehicle for growth.

Forced bank mergers are attributable to direct government intervention in banking sector consolidation (Beng-Soon, Ming-Hua, & Kok-Hui, 2006). Khong, Tee, Tan, Low, and Lim (2015) investigates the degree of efficiency and financial performance of Malaysia domestic banks post-banking sector's business combinations in 2000. To achieve this, the study analyses the impact of merger on banks' profitability, liquidity, cost reduction, shareowner's wealth and leverage. By comparing the financial ratios during the pre-merger interval (1999-2001) and the post-merger interval (2002-2010), Data Envelop Analysis (DEA), t-value testing and paired-sample t-test were employed. The study aids IBBM (Institute Bank-Bank Malaysia) to have a clearer comprehension of the effect of "forced merger" among domestic incorporated Malaysia commercial banks. The conclusions of the investigation demonstrates an insignificant improvement in the performance and efficiency of the fused banks. Kanchan (2012) analyzes some serious concerns of consolidation in Indian banking sector with specific attention on the opinions of two principal interested parties (managers and shareowners). To get wind of the shareowners' opinions, event study analysis of bank stock returns was conducted which shows that in 'forced' mergers, none of the bidder and target banks' shareowners have benefited. However, regarding 'voluntary' mergers, the bidding banks' shareowners have profited over and above those of the target banks. Despite non-existing benefits to bidding banks' shareowners, a survey of bank managers intensely favours mergers and identifies the vital concerns in a fruitful merger as human resource management, IT platforms integration and loan portfolio assessment concerns.

Ravichandran, Mat-Nor and Mohd-Said (2010) examines the prior and post efficiency and performance of selected public and private bank mergers initiated by market forces using CAMEL-type variables. The findings of the study indicate that the mergers have failed to improve the productive efficiency of the banks considering that there is no indication of any significant difference. However, the Total Advances to Deposits and the profitability of the firm were significantly influenced by the merger resulting in an adverse reaction on the returns. Mohd, Muhammad and Chan (2009) examines the impact of Malaysian forced banking consolidation on bank expense and profit efficiency. By estimating, the pre and post-merger performance of the banks, the outcome of the examination imply that only two out of the ten banks show significant improvement in the efficiency level post- merger. Furthermore, the results reveal an insignificant difference in the efficiency level between the anchor and target banks. They therefore conclude that the forced merger process failed to achieve its desired objectives, reason being that the choosing of anchor banks by the government in the process is not essentially efficiency-based. As a result, the forced merger was unsuccessful in delivering its solicited targets. Devinaga, Tan and Abd (2010) investigates the impact of involuntary (forced) mergers on the efficiency of Malaysian banks throughout 2005-2009. Using the DEA method, this research signify that business combinations (BCs) improved the domestic banks' performance, profitability and value creation as indicated by Bank Negara Malaysia in 1999. They therefore infer that mergers had unique advantages in the area of industry efficiency.

Sufian, Junaina, Bany and Fakarudin (2013) examines the effect of forced business combinations (BCs) by Bank Negara Malaysia on banks' revenue efficiency pre-merger (1995-1996) and post-merger (2002-2009) employing 34 chosen commercial banks, including the banks' control category. By employing the Data Envelopment Analysis (DEA) method for analysis, their findings show that the Malaysian banking sector's revenue efficiency did not improve throughout the post-merger interval in contrast to the pre-merger interval. Beng-Soon, Ming-Hua and Kok-Hui (2006) examines the impact of forced bank mergers on the wealth of Malaysian banks' shareowners'. Their

study demonstrate that the forced merger scheme destroys economic value in aggregate and the bank acquirers are likely to benefit at the detriment of the target banks. Further analysis demonstrate that the conflicting forced merger finding is linked to cronyism. Sufian and Habibullah (2009) investigates the impact of forced business combinations (BCs) on the cost efficiency of the Malaysian banking sector under three stages throughout 1997-2003. Firstly, by using Data Envelopment Analysis (DEA) approach, allocative, cost and technical efficiency of the individual banks were calculated. Secondly, variations in the efficiency of the Malaysian banking sector during pre and post-merger periods using series of parametric and non-parametric univariate tests was examined. Thirdly, multivariate Tobin regression analysis was utilized to examine factors that determined the efficiency of the Malaysian banks during pre and post-merger periods. This research signify that merger brought about higher mean cost efficiency of the Malaysian banks post-merger. However, banks in the control group were comparatively more cost-effective than those seven banks involved in mergers.

Ab-Rahim, Nor-Ghani, Shamsubaridah and Fariza (2012) examines the impact of the involuntary merger on the cost, allocative, technical and scale efficiency of banks in Malaysia throughout 1990-2005. Generally, their outcomes of their research demonstrate that the policy of bank merger enforcement has resulted in an improvement of bank efficiency levels.

#### 2.4 Successful Business Combinations in the Nigerian Banking Sector between 2000 and 2015

YEAR	MERGERS	ACQUISITIONS	SCHEME
2015	Heritage Bank merged with Enterprise Bank.		Voluntary
2014		Skye Bank acquired Mainstreet Bank Ltd for ₦126 billion	Voluntary
2012	Access Bank Plc merged with Intercontinental Bank Plc.	FCMB acquired FinBank	Voluntary
2011	The merger by Equitorial Trust Bank (ETB) and Sterling bank	Ecobank Transnational Inc. acquired Oceanic Bank International Plc.	Voluntary
2007	The merger by Stanbic Bank Nigeria with IBTC- Chartered Bank Plc to form Stanbic IBTC Bank.		Voluntary
2005	<ol style="list-style-type: none"> <li>1. UBA Plc merged with Standard Trust Bank Plc (STB).</li> <li>2. FBN Plc merged with FBN (Merchant Bankers) Limited and MBC Int'l Bank Limited</li> <li>3. Spring Bank was formed by the merger of Citizens Int'l Bank Plc, Guardian Express Bank Plc, ACB Int'l Bank Plc, Omega Bank Plc, Trans Int'l Bank Plc and Fountain Trust Bank Plc.</li> <li>4. First Atlantic Bank Plc merged with Inland Bank Plc to form First Inland Bank Plc.</li> <li>5. First Inland Bank Plc further merged with IMB Int'l Bank Plc and NUB Int'l Bank Ltd.</li> <li>6. Unity Bank merged with Intercity Bank Plc, First Interstate Bank Plc, Tropical Commercial Bank, Center Point Bank Plc, and Societe Banciare Nigeria Plc.</li> <li>7. Unity Bank further merged with NNB Bank Int'l Plc, Bank of the North Ltd and New Africa Bank Plc.</li> <li>8. Access Bank Plc merged with Marina Int'l Bank Ltd and Capital Bank Int'l Ltd.</li> <li>9. Afribank Nigeria Plc and Afribank Int'l (Merchant Bankers) Ltd.</li> <li>10. IBTC Plc merged with Chartered Bank and Regent Bank Plc.</li> <li>11. Skye Bank Plc. stem from Prudent Merchant Bank Ltd merger with EIB Int'l Bank Plc., Bond Bank Plc Reliance Bank Plc and Cooperative Bank Plc.</li> <li>12. First City Monument Bank merged with Co-operative Development Bank Plc, Nigeria- American Bank Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>1. UBA Plc acquired shares from the shareholders of Continental Trust Bank Ltd.</li> <li>2. Wema Bank acquired National Bank Plc and Lead Bank Plc.</li> <li>3. Diamond Bank Plc acquired Lion Bank of Nigeria Plc.</li> <li>4. Union Bank Plc acquired Universal Trust Bank Plc and Broad Bank Plc.</li> </ol> <p>Also, Nominal transfer of shares of Union Merchant Bank Ltd to Union Bank Plc.</p> <ol style="list-style-type: none"> <li>5. FCMB Plc acquired Midas Bank Ltd.</li> </ol>	Forced

	<p>13. Fidelity Bank Plc merged with FSB Int'l Bank Plc and Manny Bank Plc.</p> <p>14. Platinum Bank Plc merged with Habib Nigeria Bank Plc to form Bank PHB.</p> <p>15. Equitorial Trust Bank merged with Devcom Bank Ltd.</p> <p>16. Intercontinental Bank Plc merged with Equity Bank of Nigeria Ltd, Gateway bank Plc, and Global Bank Plc.</p> <p>17. Oceanic Bank Int'l Plc merged with Int'l Trust Bank Plc.</p> <p>18. Sterling bank was formed by a merger of NAL Bank Plc with Trust Bank of Africa Ltd, NBM Bank Ltd, Magnum Trust Bank Plc, and Indo-Nigeria Bank Plc.</p>		
--	--	--	--

Source: SEC's Annual Report for Various Years

## 2.5 Rationale for Acquisitions and Mergers in the Nigerian Banking Sector

Out of the 13 point banking sector reformation agenda by Soludo in 2004, banking sector consolidation via acquisitions and mergers and ₦25 billion recapitalization were the main targets. In consonance with CBN's ratings of every bank, prior to the consolidation of the banking sector in 2004, 62 banks were classified as sound/satisfactory, 14 as marginal and 11 as unsound, while 2 banks failed to render any returns then. The weaknesses of some ailing banks are manifested by their overdrawn positions with the CBN, 'high incidence' of non-performing loans, capital deficiencies, weak management and bad corporate governance (Soludo, 2004). He identified the underlying enigmas of the banks, particularly those classified as unsound to include: persistent illiquidity, poor 'assets quality' and unprofitable operations.

Soludo (2004) highlighted the major problems of most Nigerian banks as follows:

- a) poor 'corporate governance', erroneous recording, inadherence to prerequisites of regulators, plunging ethics and discrediting of other banks in the sector;
- b) late or non-reporting of yearly records that hinders the effect of market control in guaranteeing banking soundness;
- c) ghastly insider trading, bringing about enormous worthless insider related loans;
- d) insolvency, as confirmed by negative 'capital adequacy ratios' and shareowners' affluence that had been utterly depleted by operational forfeitures;
- e) weak capital base, including such banks that already met the 'minimum capital requirement'.
- f) disregard of average and small savers on account of over-reliance on government deposits.

In an effort to restructure the Nigerian financial sector and make it sound, reliable and globally competitive in the financial market, Soludo (2004) suggested merger/acquisition as an instrument to promote the soundness, stability and enhance efficiency of the financial sector. Consequently, banks were mandated to shore up their capital base to at least ₦25 billion by end-December 2005. To safeguard the successful execution of the consolidation, the CBN governor promised to involve a team of experts including international and national consultants who will proffer free consultancy services and technical support to banks intending to merge or that are involved in acquisitions coupled with other incentives. He further promised to reward banks able to consolidate and/or meet the minimum capital base by March 2005. Part of the incentives include; authorization to deal in foreign exchange, permission to take government deposits and recommendation to the fiscal authorities for the collection of government revenue, prospects of managing part of Nigeria's external reserves, subject to prevailing guidelines. This heralded the business combination wave in the banking sector in 2005, thereby, reducing existing banks from 89 to 25 by December 2005.

Furthermore, after the 2005 banking industry wide merger, some banks with extreme exposure to the capital market, the energy sector and drying up foreign credit lines still experienced deep financial stress owing to the financial melt-down in 2009 (CBN, 2009). This development further necessitated the CBN/NDIC joint special examination in June 2009 which revealed various problems like substantial non-performing loans, declining asset quality, poor 'corporate governance', weakness in capital adequacy and illiquidity in the industry. All these weaknesses resulted in massive non-performing loans and insolvency of various dimensions in most banks. Generally, ten banks were weak. With a view to tackling the aforementioned problems, the CBN mandated banks to recapitalize by 30th September, 2011 or risk their licences being revoked (Afolabi, 2011). Consequently, two out of the ten weak banks accomplished the recapitalization, three banks that could neither recapitalize nor merge had bridge banks set up for

them by NDIC while five banks engaged in bargaining with imminent core investors (Afolabi, 2011) which gave birth to the A&M activities in 2011/2012. Two bridge banks (Mainstreet bank and Enterprise bank) were further acquired in 2014 and 2015 correspondingly so as to avert systemic crisis in the banking sector.

### 3.0 Methodology

The major aim of this study is to compare the financial performance of commercial banks involved in ‘forced’ A&M scheme with the commercial banks involved in ‘voluntary’ A&M scheme to ascertain if a significant difference exists between the two A&M schemes. Hence, the aggregate financial performance of Stanbic IBTC, Ecobank, Sterling Bank, FCMB and Access bank involved in ‘voluntary’ acquisitions and mergers in 2007, 2011 and 2012 respectively is compared with the aggregate financial performance of Access Bank Plc, Diamond Bank Plc, Fidelity Bank Plc, First Bank of Nigeria Plc, First City Monument Bank, Skye Bank Plc, Sterling bank, United Bank for Africa Plc, Unity Bank, Union Bank Plc and WEMA Bank involved in the 2005 ‘forced’ A&M. The employed variables include ‘return on equity (ROE), Return on assets (ROA), profit after tax (PAT), capital adequacy ratio (CAR), liquidity ratio (LQR), debt to equity ratio (DER) and Market Value Per Share (MVS)’. We made use of secondary data assembled from the published audited ‘annual reports’ of the sample banks obtainable from the Nigerian Stock Exchange (NSE). The sample banks are identified from the certified website of Securities and Exchange Commission (SEC).

### 3.1 Method of Data Analysis

This study is a test involving sample differences. Hence, to estimate the assembled data, t-test is appropriate. A t-test is an analysis of two population means through the use of statistical examination; a t-test with two samples is usually employed with small sample sizes, testing the difference between the samples when the variances of two normal distribution are unknown. It can be employed to establish if two sets of data are significantly different from each other. For the purpose of this comparative analysis, the unpaired t-test or independent samples t-test is employed. The unpaired t-test or independent samples t-test is a parametric test that contrasts the means of two separate (independent) groups so as to establish whether a statistical substantiation that the means are significantly different subsist. Our dependent variable is commercial banks’ financial performance while our independent variable is A&M scheme (forced or voluntary). We assign the “forced” A&M scheme a value of 1 and the “voluntary” scheme a value of 2. This implies that group 1 involved in “forced” A&M whereas group 2 involved in “voluntary” A&M. Consequently, to establish whether a significant difference subsist between the two A&M schemes, the mean financial performance of the two groups at the end of the business combinations is compared.

Two sections (group statistics and independent samples test) appear in the SPSS output. The group statistics supplies essential information about the group comparisons which includes; the mean, sample size (n), standard error and standard deviation. The independent samples test presents the results that are of utmost importance to the independent samples t-test which includes the Levene’s test for equality of variances and t-test for equality of means. The ‘independent samples test’ output table includes two rows (equal variances assumed and equal variances not assumed). If Levene’s test shows that the variances between the two groups are equal with a p-value greater than 5% ( $p > 0.05$ ), we rely on the first row (equal variances assumed) when looking at the results for the Independent Samples test under t-test for Equality of Means. Alternatively, if Levene’s test signifies that the variances between the two groups are unequal with a p-value less than 5% ( $p < 0.05$ ), we rely on the second row (equal variances not assumed) when looking at the results of the Independent Samples test under t-test for Equality of Means.

### 3.2 Model Specification

A t-test is an analysis of two population means through the use of statistical examination; a t-test with two samples is usually employed with small sample sizes, testing the difference between the samples when the variances of two normal distribution are unknown. It can be employed to establish if two sets of data are significantly different from each other.

The model for this study is a t-test model and it is specified as follows;

$$Y = \beta_0 + \beta_1 X(\text{Dummy}) + \epsilon_t \dots\dots\dots (1)$$

Equation 1 is further re-specified below to capture our variables of interest as follows;

$$\text{PAT} = \lambda_0 + \lambda_1 \text{MGR} + \epsilon_t \dots\dots\dots (2)$$



$$\begin{aligned} \text{ROE} &= \alpha_0 + \alpha_1 \text{MGR} + \epsilon_t \dots\dots\dots (3) \\ \text{ROA} &= \delta_0 + \delta_1 \text{MGR} + \epsilon_t \dots\dots\dots (4) \\ \text{CAR} &= \vartheta_0 + \vartheta_1 \text{MGR} + \epsilon_t \dots\dots\dots (5) \\ \text{LQR} &= \omega_0 + \omega_1 \text{MGR} + \epsilon_t \dots\dots\dots (6) \\ \text{DER} &= \eta_0 + \eta_1 \text{MGR} + \epsilon_t \dots\dots\dots (7) \\ \text{MVS} &= \psi_0 + \psi_1 \text{MGR} + \epsilon_t \dots\dots\dots (8) \end{aligned}$$

Where;

MGR = Merger (pre and post); PAT = Profit After Tax; ROE = Return on Equity; ROA = Return on Assets  
 CAR = Capital Adequacy Ratio; LQR = Liquidity Ratio; DER = Debt to Equity Ratio; MVS = Market Value Per Share;  $\lambda_0, \alpha_0, \delta_0, \vartheta_0, \omega_0, \eta_0, \psi_0$  = Constants;  $\lambda_1, \alpha_1, \delta_1, \vartheta_1, \omega_1, \eta_1, \psi_1$  = Parameters to be estimated  
 $\epsilon_t$  is the classical white noise disturbance term i.e.  $\epsilon_t \sim Niid(0, \sigma^2)$ .  $\epsilon_t \sim Niid(0, \sigma^2)$  = Error term follow normal, identical, independent distribution around zero mean and constant variance.

### 4.0 Results

The results of the Independent samples t-test is presented below;

**Table 1: Group Statistics**

Group Statistics					
	A and M Scheme	N	Mean	Std. Deviation	Std. Error Mean
Capital Adequacy Ratio	Forced A&M Scheme	55	.100364	.0322584	.0043497
	Voluntary A&M Scheme	19	.151579	.0345226	.0079200
Liquidity Ratio	Forced A&M Scheme	55	.620727	.5019438	.0676821
	Voluntary A&M Scheme	19	.465263	.2060844	.0472790
Return on Assets	Forced A&M Scheme	55	4.301818	5.7975385	.7817399
	Voluntary A&M Scheme	19	5.497895	6.8878158	1.5801733
Return on Equity	Forced A&M Scheme	55	24.684545	17.0315183	2.2965295
	Voluntary A&M Scheme	19	35.875789	25.5886807	5.8704460
Profit After Tax	Forced A&M Scheme	55	-1430264.800	44984379.5022	6065692.4947
	Voluntary A&M Scheme	19	11079146.842	17249368.0561	3957276.4314
Debt to Equity Ratio	Forced A&M Scheme	55	.868909	.1365538	.0184129
	Voluntary A&M Scheme	19	.835263	.1178685	.0270409
Market Value Per Share	Forced A&M Scheme	55	11.098909	11.0327681	1.4876582
	Voluntary A&M Scheme	19	7.680000	5.3803046	1.2343265

Source: SPSS Output

From the group statistics table above, there are fifty-five (55) observations for ‘forced’ A&M and nineteen (19) observations for ‘voluntary’ A&M. The mean capital adequacy ratio for banks under the ‘forced’ A&M scheme is .100364 and .151579 under the ‘voluntary’ A&M scheme; the mean liquidity ratio for banks under the ‘forced’ A&M scheme is .465263 and 4.301818 under the ‘voluntary’ A&M scheme; the mean return on assets for banks under the ‘forced’ A&M scheme is 4.301818 and 5.497895 under the ‘voluntary’ A&M scheme; the mean return on equity for banks under the ‘forced’ A&M scheme is 24.684545 and 35.875789 under the ‘voluntary’ A&M scheme; the mean profit after tax for banks under the ‘forced’ A&M scheme is -1430264.800 and 11079146.842 under the ‘voluntary’ A&M scheme; the mean debt to equity ratio for banks under the ‘forced’ A&M scheme is .868909 and .835263 under the ‘voluntary’ A&M scheme; the mean market value per share for banks under the ‘forced’ A&M scheme is 11.098909 and 7.680000 under the ‘voluntary’ A&M scheme.

**Table 2: Independent Samples Test**

		Independent Samples Test								
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower		Upper
Capital Adequacy Ratio	Equal variances assumed	.038	.846	-5.861	72	.000	-.0512153	.0087387	-.0686357	-.0337949
	Equal variances not assumed			-5.668	29.599	.000	-.0512153	.0090359	-.0696795	-.0327511
	Equal variances assumed	5.945	.017	1.308	72	.195	.1554641	.1188816	-.0815219	.3924502

Liquidity Ratio	Equal variances not assumed			1.883	69.740	.064	.1554641	.0825601	-.0092076	.3201358
Return on Assets	Equal variances assumed	1.906	.172	-.738	72	.463	-1.1960766	1.6201815	-4.4258494	2.0336963
	Equal variances not assumed			-.678	27.343	.503	-1.1960766	1.7629705	-4.8112706	2.4191175
	Equal variances assumed	8.437	.005	-2.154	72	.035	-11.1912440	5.1959195	-21.5491203	-.8333677
Return on Equity	Equal variances not assumed			-1.775	23.746	.089	-11.1912440	6.3036643	-24.2087479	1.8262598
Profit After Tax	Equal variances assumed	.230	.633	-1.178	72	.243	-12509411.6421	10617940.5853	-33675889.3518	8657066.0676
	Equal variances not assumed			-1.727	71.106	.088	-12509411.6421	7242421.0175	-26950016.2775	1931192.9933
Debt to Equity Ratio	Equal variances assumed	.347	.558	.957	72	.342	.0336459	.0351609	-.0364461	.1037380
	Equal variances not assumed			1.028	35.983	.311	.0336459	.0327146	-.0327034	.0999953
Market Value Per Share	Equal variances assumed	3.905	.052	1.294	72	.200	3.4189091	2.6414259	-1.8466772	8.6844953
	Equal variances not assumed			1.769	63.566	.082	3.4189091	1.9330517	-.4433138	7.2811320

Source: SPSS Output

From the Levene's test for 'Equality of Variances' in table 4.39, F is the test statistic while Sig. is the p-value conforming to the test statistic. The p-value of Levene's test for capital adequacy ratio is .846 ( $p > 0.05$ ), so we accept the null hypothesis; p-value for liquidity ratio is .017 ( $p < 0.05$ ), so we reject the null hypothesis; p-value for return on assets is .172 ( $p > 0.05$ ), so we accept the null hypothesis; p-value for return on equity is .005 ( $p < 0.05$ ), so we reject the null hypothesis; p-value for profit after tax is .633 ( $p > 0.05$ ), so we accept the null hypothesis; p-value for debt to equity ratio is .347 ( $p > 0.05$ ), so we accept the null hypothesis; p-value for market value per share is .052 ( $p > 0.05$ ), so we accept the null hypothesis.

For liquidity ratio and return on equity whose p-values are significant ( $p < 0.05$ ), we conclude that the variance in 'forced' A&M is significantly different from that of 'voluntary' A&M. Consequently, we focus on the Equal variances not assumed row for the t-test (and resultant confidence interval) results. Alternatively, for capital adequacy ratio, return on assets, profit after tax, debt to equity ratio and market value per share whose p-values are not significant ( $p > 0.05$ ), we concentrate on the "Equal variances assumed" row for the t-test (and resultant confidence interval) results.

Under the test for Equality of Means, the p-value for the mean capital adequacy ratio is significant ( $p < 0.05$ ), so we reject the null hypothesis and conclude that the capital adequacy ratio of Nigerian commercial banks under the 'forced' A&M scheme is significantly different from the capital adequacy ratio of Nigerian commercial banks under the 'voluntary' A&M scheme. Alternatively, since the p-value for the mean liquidity ratio, return on equity, return on assets, profit after tax, debt to equity ratio and market value per share is insignificant ( $p > 0.05$ ), we accept the null hypothesis, and conclude that the liquidity ratio, return on equity, return on assets, profit after tax, debt to equity ratio and market value per share of Nigerian commercial banks under the 'forced' A&M Scheme and 'voluntary' A&M Scheme is not significantly different.

Meanwhile, from our group statistics, the mean capital adequacy ratio for 'voluntary' A&M scheme is .151579 and higher than the mean capital adequacy ratio for 'forced' A&M scheme which is .100364. This further implies that in as much as the capital adequacy ratio of Nigerian commercial banks under the 'forced' A&M scheme and 'voluntary' A&M scheme is significantly different, capital adequacy ratio will improve better under the 'voluntary' A&M scheme.

Nevertheless, due to the violations of some of the assumptions of an independent samples t-test like homogeneity of variances for some of the financial performance indicators, unequal number of subjects in each group etc., we equally consider a non-parametric test (Mann-Whitney U-test) which can be employed when one or more of the assumptions for the "Independent Samples t-test" are not met. The Mann-Whitney U-test is presented below.

**Table 3: Ranks for Mann-Whitney Test**

		Ranks			
		A &M Scheme	N	Mean Rank	Sum of Ranks
Capital Adequacy Ratio	Forced combination		55	30.84	1696.00
	Voluntary combination		19	56.79	1079.00
	Total		74		
Liquidity Ratio	Forced combination		55	38.44	2114.00
	Voluntary combination		19	34.79	661.00
	Total		74		
Return on Assets	Forced combination		55	36.65	2015.50

	Voluntary combination	19	39.97	759.50
	Total	74		
Return on Equity	Forced combination	55	35.57	1956.50
	Voluntary combination	19	43.08	818.50
	Total	74		
Profit After Tax	Forced combination	55	35.67	1962.00
	Voluntary combination	19	42.79	813.00
	Total	74		
Debt to Equity Ratio	Forced combination	55	36.49	2007.00
	Voluntary combination	19	40.42	768.00
	Total	74		
Market Value Per Share	Forced combination	55	38.55	2120.50
	Voluntary combination	19	34.45	654.50
	Total	74		

Source: SPSS Output

From table 3 above, the mean values of capital adequacy ratio, return on assets, return on equity, profit after tax and debt to equity ratio under the 'voluntary' A&M scheme is higher than that of 'forced' A&M scheme, whereas the mean values of liquidity ratio and market value per share under the 'forced' A&M scheme is higher than that of 'voluntary' A&M scheme.

**Table 4: Test Statistics for Mann-Whitney Test**

Test Statistics <sup>a</sup>							
	Capital Adequacy Ratio	Liquidity Ratio	Return on Assets	Return on Equity	Profit After Tax	Debt to Equity Ratio	Market Value Per Share
Mann-Whitney U	156.000	471.000	475.500	416.500	422.000	467.000	464.500
Wilcoxon W	1696.000	661.000	2015.500	1956.500	1962.000	2007.000	654.500
Z	-4.555	-.637	-.582	-1.312	-1.244	-.688	-.718
Asymp. Sig. (2-tailed)	.000	.524	.561	.190	.214	.491	.473

a. Grouping Variable: A & M Scheme

Source: SPSS Output

From the test statistics above, only the mean capital adequacy ratio showed significant difference with a p-value less than 0.05 whereas the liquidity ratio, return on equity, return on assets, profit after tax, debt to equity ratio and market value per share showed insignificant difference with a p-value greater than 5%. More so, from the Ranks table, the mean capital adequacy ratio for Nigerian commercial banks under the 'voluntary' A&M scheme is 56.79 and higher than the mean capital adequacy ratio for Nigerian commercial banks under the 'forced' A&M scheme which is 30.84. This result further confirms our result from the unpaired sample t-test. The findings of this study evince that out of the seven (7) financial performance indicators employed in this study, only the capital adequacy ratio of Nigerian commercial banks under the 'voluntary' A&M scheme is significantly different from the capital adequacy ratio of Nigerian commercial banks under the 'forced' A&M scheme.

#### 4.0 Discussion of Findings

The comparative analysis of the financial performance of the commercial banks involved in 'forced' A&M with the banks involved in 'voluntary' A&M evince that a significant difference exist between the capital adequacy ratio of Nigerian commercial banks under the 'forced' A&M scheme and the capital adequacy ratio of Nigerian commercial banks under the 'voluntary' A&M scheme. Then again, our result further revealed that the mean capital adequacy ratio under the 'voluntary' A&M scheme is higher than the mean capital adequacy ratio under the 'forced' A&M scheme. However, no significant difference exist between the return on asset, profit after tax, return on equity, liquidity ratio, debt to equity ratio and market value per share of Nigerian commercial banks in 'forced' A&M scheme and return on asset, profit after tax, return on equity, liquidity ratio, debt to equity ratio and market value per share of Nigerian commercial banks in 'voluntary' A&M scheme.

The foremost reason behind the 2005 banking sector consolidation is to meliorate the capital adequacy of commercial banks which will enable them survive shocks (external or internal). Nevertheless, our findings reveal that the capital adequacy ratio (CAR) did not significantly improve as a result of consolidation by banks. This implies that the forced bank combinations in 2005 did not completely tackle the problem of capital inadequacy in Nigerian commercial banks as evinced by our findings. This supports the CBN/NDIC joint special examination in 2009 (four years post the consolidation) which revealed weakness in capital adequacy in 10 out of 24 banks (about 42%), amongst other problems. Consequently, the CBN injected ₦620 million bail-out sum into the weak banks which did not fully tackle the problems still. This development provoked the voluntary combinations by Access bank and Intercontinental, Ecobank and Oceanic bank, Sterling bank and Equitorial Trust bank, FCMB and Finbank between 2011 and 2012. We can assert that this voluntary combination is the reason why banks like Stanbic-IBTC remained strong ten years after. This implies that going forward, capital inadequacy in banks should be addressed via banks combining voluntarily than being forced to combine.

## 5.0 Summary, Conclusion and Recommendation

This study focused on examining whether any significant difference exist between the financial performance of Nigerian commercial banks involved in ‘forced’ A&M scheme and the financial performance of Nigerian commercial banks involved in ‘voluntary’ A&M scheme. We classified bank combinations imposed by regulatory authorities as ‘forced’ whereas the bank combinations not imposed by the CBN are classified as ‘voluntary’. Consequently, we specifically compared the two A&M schemes (forced and voluntary) to ascertain which is more effectual in delivering synergistic gains in the Nigerian banking segment, which was not captured by similar studies. Hence, the distinctiveness of embarking on this study. Basically, thirteen (13) commercial banks formed our sample. However, since three banks participated in both forced and voluntary A&M, sixteen (16) business combination deals (eight ‘forced’ mergers, two ‘voluntary’ mergers, three ‘forced’ acquisitions and three ‘voluntary’ acquisitions) were considered.

Seven financial performance indicators/variables (return on asset, profit after tax, return on equity, liquidity ratio, capital adequacy ratio, debt to equity ratio and market value per share are employed in this study and analyzed using independent samples t-test. The results of this study evince that there is no significant difference between the financial performance of Nigerian commercial banks under both A&M schemes except for capital adequacy ratio. Our result further revealed that improved capital adequacy ratio is better achieved under the ‘voluntary’ A&M scheme than under the ‘forced’ A&M scheme. In conclusion, it is not a good policy measure for government to force banks to combine in order to shore up capital. Therefore, we recommend that going forward, to address capital inadequacy in banks, the Central Bank of Nigeria should not force banks to combine rather they should be encouraged to voluntarily embark on acquisitions/mergers to shore up their capital.

## References

- Ab-Rahim, R., Nor-Ghani, M., Shamshubaridah, R. & Fariza, A. (2012). The cost efficiency effects of involuntary bank mergers: Evidence from Malaysian banking industry. *Thammasat Economic Journal*, 30(1), 129-160.
- Afolabi, A. J. (2011). *Mergers and acquisitions in the Nigerian banking system: Issues and challenges*. Paper presented at the Workshop for Business Editors and Finance Correspondents Association of Nigeria at Manpower Development Institute, Dutse, Jigawa State.
- Afsaneh, N. & Ali, R. M. (1988). Acculturation in mergers and acquisitions. *The Academy of Management Review*, 13(1), 79-90.
- Ajogwu, F. (2011). *Mergers & acquisitions: Opportunities & pitfalls*. *Journal of Law, Faculty of Law, University of Ibadan, Ibadan*, 1(1), 1-35.
- Akinsulire, O. (2003). *Financial management*, 8<sup>th</sup> edition. El-Toda Ventures Ltd. Lagos.

- Ansoff, H. I. (1971). *Acquisitive behaviour of U.S. manufacturing firms, 1946-1955*. Valenderbilt University Press.
- Beng-Soon, C., Ming-Hua, L., & Kok-Hui, T. (2006). The wealth effect of forced bank mergers and cronyism. *Journal of Banking & Finance*, 30(11), 3215–3233. <https://doi.org/10.1016/j.jbankfin.2005.12.004>.
- Banks and Other Financial Institutions Act (1991). As amended in 1997, 1998, 1999 and 2002, S. 7, p. 10.
- Bruner, R. F. (2004). *Applied mergers and acquisitions*. Hoboken, New Jersey: John Wiley & Sons, Inc.
- Central Bank of Nigeria (2004). Guidelines and Incentives on Consolidation in the Nigerian Banking Industry, 1-7
- Central Bank of Nigeria (2005). *Revised procedures manual for processing applications for bank mergers/take-overs*.
- Central Bank of Nigeria (2009). *Banking Supervision Annual Report*.
- Chatterjee, S. (1986). Types of synergy and economic values: The impact of acquisitions on merging and rival firms. *Strategic Management Journal*, 7(2), 119-139. DOI: 10.1002/smj.4250070203.
- Coyle, B. (2000). *Mergers and acquisitions*. Chartered Institute of Bankers, CIB Publishing, Kent, United Kingdom.
- Devinaga, R., Tan, T. M. & Abd H. B. A. H. (2010). Mergers improve efficiency of Malaysian commercial banks. *International Journal of Economics and Finance*, 6(8), 289-300. doi:10.5539/ijef.v6n8p289.
- Financial Services Report (2011). *Mergers and acquisitions in European financial services: Best practice, future forecasts and strategies for success*. Retrieved from <http://www.globalbusinessinsights.com/content/rbfs0063m.pdf>, Ibid.
- Friedman, A. & Gibson, R. (1988). Phillip Morris Co. is bidding \$90 a share for Kraft Inc. in \$11 billion tender offer. *Wall Street Journal*, 18 October, p. A3.
- Galpin, T. J. & Herndon, M. (2000). *The complete guide to mergers and acquisitions*. San Francisco: Jossey-Bass Publishers.
- Haeruddin, M. I. M. (2017). Mergers and acquisitions: Quo vadis? *Management*, 7(2), 84-88. DOI: 10.5923/j.mm.20170702.02.
- Investment and Securities Act (2007). Section 119.
- Jemison, D. B., & Sitkin, K. (1986). Strategic capability transfer in acquisitions: A process perspective. *Academy of Management Review*, 11, 145-163.
- Kanchan, J. (2012). Need of mergers and acquisitions in banking industry of India. *Innovation in Banking and Finance*, 1, 64-69.
- Khong, Y. L., Tee, P. L., Tan K. E., Low S. C., & Lim F. T. (2015). Financial performance of Malaysia local banks: During periods of pre-merger and post-merger. *Journal of Economics, Business and Management*, 3(9), 826-831. DOI: 10.7763/JOEBM.2015.V3.293.
- Lubatkin, M. (1983). Merger and the performance of the acquiring firm. *Academy of Management Review*, 8(2), 218-225.
- Lubatkin, M. & Shrieves, M. (1986). Towards reconciliation of market performance measures to strategic management research. *Academy of Management Review*, 11(3), 497.

- Maremont, M. & Mitchell, R. (1988, October 17). Pillsbury could be a grand coup for grand met. *Business Week*, p.30.
- Mohd Z. A. K, Muhammad, R. B. A & Chan S. G. (2009). Forced merger and efficiency in Malaysian banking. *In: 4th International Conference of the Asian Academy of Applied Business*, Manila, Filipina.
- Myles, S. J. (2006). A paradox of synergy: Contagion and capacity effects in mergers and acquisitions. *Academy of Management Review*, 31(4), 962-976.
- Naudé, A., Heyns, D., Bester, C., Puig, J. & Tucker, G. (2002). Synergies within Barloworld. *Unpublished manuscript, Barloworld Executive Development Programme, Gordon Institute of Business Science, Johannesburg.*
- Nigeria Deposit Insurance Commission (2016). Mergers and acquisitions in the Nigerian banking system, Vol. 1.
- Nnamdi, I. S. & Nwakanma, P. C. (2013). *Corporate financial policy: An introductory text*. Stramark Communications Consult, Owerri.
- Okonkwo, C. O. (2004). *Legal framework for mergers and acquisitions*. Paper presented at the Retreat on Mergers and Acquisitions in the Nigerian Banking Industry Organised by Central Bank of Nigeria and West African Institute for Financial and Economic Management (WAIFEM), Abuja, Nigeria.
- Omojefe, G. O. & Opia, O. P. B. (2010). *Mergers and acquisition*. Goody Stevens Publication, Lagos.
- Pandey, I. M. (2010). *Financial management, 10<sup>th</sup> edition*. House PVT Ltd, New Delhi.
- Porter, M. E. (1985). *Competitive advantage*. Free Press, New York.
- Porter, M. E. (1987). From competitive advantage to corporate strategy. *Harvard Business Review*, 65(3), 285.
- Ravenscraft, D. J. & Frederic, M. S. (1987). *Mergers, sell-offs and economic efficiency*. The Brookings institution, Washington DC.
- Ravichandran, K., Mat-Nor, F. & Mohd-Said, R. (2010). Market based mergers in Indian banking institutions. *International Research Journal of Finance and Economics*, 37, 30-39.
- Sang, K. K. (2010). Determinants of merger activity. *Market Economic Research*, 39(3), 71-85.
- Sherman, A. & Hart, M. (2006). *Mergers & acquisitions from A to Z*, 2nd ed. AMACOM.
- Singh, M. B. & Kohli, R. (2008). An empirical analysis of bank mergers in India: A study of market driven versus non-market driven mergers. *Decision (0304-0941)*, 35(1), 47-73.
- Soludo, C. C. (2004). Consolidating the Nigerian banking industry to meet the development challenges of the 21st century. *An address by the Governor of the Central Bank of Nigeria, at the Special Meeting of the Bankers' Committee, Abuja, July.*
- Steiner, P. O. (1975). *Mergers: motives, effects, policies*. University of Michigan Press, Ann Arbor, MI.
- Straub, T. (2007). Reasons for frequent failure in mergers and acquisitions: A comprehensive analysis. *Deutscher Universitäts-Verlag*.
- Sufian, F. & Habibullah, M. S. (2009). Do mergers and acquisitions leads to a higher technical and scale efficiency? A counter evidence from Malaysia. *African Journal of Business Management*, 3(8), 340-349.

- Sufian, F., Junaina, M., Bany, A.A. N. & Fakarudin, K. (2013). Assessing the effect of mergers and acquisitions on revenue efficiency: Empirical evidence from the Malaysian banking sector. *IJER*, 10(2), 297-313.
- Trautwein, F. (1990). Merger motives and merger prescriptions. *Strategic Management Journal*, 11(4), 283-295.
- Van-Horne, J. C. (1991). *Financial management and policy*. Prentice-Hall of India.
- Vos, E., & Kelleher, B. (2001). Mergers and takeovers: A memetic approach. *Journal of Memetics: Evolutionary Models of Information and Transmission*, 5(2), 1-15.
- Weston, J. F., Mitchell, M. L. & Mulherin, J. H. (2004). *Takeovers, restructuring, and corporate governance*, 4th Edition, Pearson Publishers.
- Yena, T. Y., & Andre, P. (2007). Ownership structure and operating performance of acquiring firms: The case of English origin countries. *Journal of Economics and Business*, 59(5), 380- 405.

## APPENDIX

**Table 5: A Table Showing Information on the Sample Banks and Their Financial Performance Indicators For The Period 2000-2015.**

YEAR	BANK	CAR (%)	LQR (%)	ROA (%)	ROE (%)	PAT (₦)	DER (%)	MVS (₦)
2000	Access	0.06	0.24	0.97	13.10	30,079	0.90	1.35
2001	Access	0.07	0.27	0.49	20.50	7,743	0.89	1.30
2002	Access	0.05	0.29	2.47	14.30	(55,245)	0.83	1.82
2003	Access	0.05	0.31	1.46	15.70	56,573	0.90	3.00
2004	Access	0.07	0.37	0.95	16.40	37,473	0.91	3.42
2005	Access	0.07	0.38	0.07	17.10	01,515	0.79	2.99
2006	Access	0.10	0.40	0.09	17.80	8,043,165	0.83	7.02
2007	Access	0.14	0.42	0.59	18.30	16,042,106	0.83	23.00
2008	Access	0.14	0.20	2.38	17.80	22,885,794	0.73	6.93
2009	Access	0.17	0.29	3.58	18.20	(880,752)	0.73	7.83
2010	Access	0.15	0.30	1.78	29.40	12,931,441	0.75	9.50
2011	Access	0.14	0.42	3.84	28.90	5,248,866	0.80	4.80
2012	Access	0.15	0.40	3.20	29.10	35,815,611	0.84	9.05
2013	Access	0.17	0.51	0.20	31.37	26,211,844	0.86	9.60
2014	Access	0.19	0.62	1.90	15.00	39,941,126	0.86	6.60
2015	Access	0.21	0.58	1.97	18.00	65,868,773	0.85	4.85
2000	Diamond	0.06	0.28	3.38	12.20	236,203	0.86	0.96
2001	Diamond	0.06	0.32	2.40	13.11	290,827	0.86	1.35
2002	Diamond	0.05	0.32	2.79	14.00	1,478,175	0.73	0.83
2003	Diamond	0.05	0.33	1.28	14.25	145,113	0.74	0.86
2004	Diamond	0.06	0.33	0.47	15.10	883,498	0.71	0.96
2005	Diamond	0.07	0.29	2.02	15.80	2,526,552	0.83	7.75
2006	Diamond	0.07	0.25	0.15	16.00	6,930,754	0.84	7.45
2007	Diamond	0.08	0.32	2.22	17.05	1,822,011	0.83	19.32
2008	Diamond	0.09	0.22	1.96	14.20	6,931,127	0.81	8.20
2009	Diamond	0.11	0.28	1.07	10.30	(4,883,446)	0.79	7.30
2010	Diamond	0.12	0.38	0.25	11.20	6,522,455	0.87	7.50
2011	Diamond	0.13	0.47	1.92	13.40	(22,868,254)	0.88	1.92
2012	Diamond	0.14	0.61	2.09	15.80	23,073,427	0.90	4.94
2013	Diamond	0.18	0.56	2.20	22.00	29,754,520	0.90	7.35
2014	Diamond	0.20	0.53	1.26	11.00	22,057,198	0.88	5.58
2015	Diamond	0.22	0.59	1.33	18.00	3,833,749	0.87	2.30
2000	ETI	0.05	0.37	2.79	12.55	553,725	0.88	0.75
2001	ETI	0.04	0.40	3.05	14.36	816,815	0.84	2.40
2002	ETI	0.04	0.40	0.71	14.72	894,439	0.80	1.29
2003	ETI	0.06	0.41	0.98	15.35	816,816	0.88	2.73
2004	ETI	0.09	0.41	1.32	14.23	894,440	0.62	2.00
2005	ETI	0.10	0.39	1.26	10.94	1,665,174	0.61	4.57
2006	ETI	0.12	0.38	1.14	12.56	3,559	0.78	5.00
2007	ETI	0.12	0.32	1.72	14.19	7,450	0.89	7.95
2008	ETI	0.12	0.28	3.13	17.10	(500)	0.93	27.96
2009	ETI	0.14	0.23	4.90	5.60	(4,588)	0.79	11.18
2010	ETI	0.10	0.23	1.26	10.40	131,819	0.84	3.60
2011	ETI	0.05	0.21	1.21	15.90	206,840	0.45	10.50
2012	ETI	0.10	0.20	1.44	15.77	286,732	0.38	11.28
2013	ETI	0.13	0.28	1.03	13.00	147,773	0.91	16.20
2014	ETI	0.15	0.39	1.63	15.00	394,770	0.89	18.58
2015	ETI	0.19	0.46	1.79	17.00	423,842	0.87	16.80
2000	FBNH	0.06	0.33	2.34	38.80	4,221	0.92	22.73



2001	FBNH	0.06	0.36	2.20	41.36	4,676	0.92	23.32
2002	FBNH	0.05	0.39	1.49	39.20	3,979	0.93	21.05
2003	FBNH	0.05	0.40	2.94	28.85	10,323	0.92	20.00
2004	FBNH	0.06	0.41	3.93	24.00	14,853	0.88	23.60
2005	FBNH	0.06	0.42	2.20	23.07	16,808	0.88	32.00
2006	FBNH	0.07	0.43	1.87	21.16	21,833	0.89	32.59
2007	FBNH	0.06	0.44	1.24	18.97	20,636	0.90	44.70
2008	FBNH	0.11	0.40	2.06	10.40	36,540	0.71	22.00
2009	FBNH	0.13	0.32	0.83	9.28	16,191	0.79	14.00
2010	FBNH	0.15	0.48	1.24	12.70	29,177	0.82	13.73
2011	FBNH	0.13	0.58	0.65	19.28	18,636	0.85	8.90
2012	FBNH	0.17	0.80	2.35	22.70	75,670	0.86	15.72
2013	FBNH	0.20	0.67	1.83	27.24	70,631	0.88	16.30
2014	FBNH	0.24	0.65	1.91	29.91	5,683	0.88	8.80
2015	FBNH	0.22	0.68	2.10	31.10	2,180	0.86	5.13
2000	FCMB	0.05	0.50	1.20	21.60	118,456	0.69	1.40
2001	FCMB	0.05	0.12	1.87	22.80	258,065	0.67	1.19
2002	FCMB	0.06	0.24	2.95	25.00	490,502	0.71	1.92
2003	FCMB	0.07	0.55	0.57	7.55	51,301	0.69	0.81
2004	FCMB	0.05	0.23	0.48	8.30	248,458	0.73	5.18
2005	FCMB	0.07	1.43	0.75	9.75	797,795	0.71	5.11
2006	FCMB	0.06	1.20	1.08	10.40	5,805,857	0.75	4.16
2007	FCMB	0.05	0.47	1.25	9.80	13,720,470	0.88	18.88
2008	FCMB	0.08	1.00	2.67	7.35	3,465,812	0.72	5.98
2009	FCMB	0.08	0.41	0.90	6.34	669,371	0.75	6.99
2010	FCMB	0.10	0.32	1.36	7.00	7,322,322	0.75	7.50
2011	FCMB	0.10	0.21	1.92	5.03	(7,682,216)	0.80	4.18
2012	FCMB	0.12	0.27	1.38	11.32	15,121,704	0.86	3.75
2013	FCMB	0.14	0.29	5.98	11.09	15,932,899	0.86	3.69
2014	FCMB	0.13	0.22	1.89	11.76	22,065,147	0.86	2.49
2015	FCMB	0.14	0.36	2.34	3.00	4,676,101	0.86	1.69
2000	Fidelity	0.05	0.05	3.08	31.45	1,054,436	0.85	3.5
2001	Fidelity	0.05	0.28	1.68	28.40	1,358,905	0.87	8.30
2002	Fidelity	0.04	0.43	1.47	27.70	113,792	0.87	6.02
2003	Fidelity	0.06	0.13	3.43	23.85	856,885	0.92	2.60
2004	Fidelity	0.07	0.16	4.06	24.00	913,604	0.94	1.33
2005	Fidelity	0.07	0.28	4.49	26.60	1,236,790	0.72	2.93
2006	Fidelity	0.09	0.22	9.05	29.60	3,162	0.79	2.25
2007	Fidelity	0.09	0.89	3.47	34.25	4,160	0.86	11.83
2008	Fidelity	0.11	0.69	5.98	29.87	12,987	0.75	4.60
2009	Fidelity	0.10	0.52	0.43	34.70	2,297	0.74	2.35
2010	Fidelity	0.13	1.09	1.16	50.00	5,828	0.80	2.69
2011	Fidelity	0.11	0.72	4.31	29.00	3,911	0.80	1.46
2012	Fidelity	0.11	0.68	2.15	24.30	17,924	0.82	2.29
2013	Fidelity	0.14	0.26	7.48	26.10	7,721	0.85	2.69
2014	Fidelity	0.15	0.55	1.16	27.82	13,796	0.85	1.62
2015	Fidelity	0.14	0.58	2.03	8.00	13,904	0.85	1.50
2000	Skye Bank	0.04	0.43	5.59	10.14	1,354,712	0.81	0.82
2001	Skye Bank	0.05	0.50	7.64	10.36	1,674,123	0.80	0.98
2002	Skye Bank	0.04	0.50	5.77	10.58	1,876,347	0.81	0.80
2003	Skye Bank	0.07	0.14	13.05	11.00	2,101,953	0.86	1.00
2004	Skye Bank	0.07	0.22	22.31	10.82	2,136,478	0.86	0.85
2005	Skye Bank	0.10	0.43	15.42	12.46	2,364,123	0.94	0.89
2006	Skye Bank	0.10	0.65	14.15	11.37	2,465,156	0.88	4.13
2007	Skye Bank	0.11	1.12	12.37	12.08	5,517,732	0.87	17.19
2008	Skye Bank	0.09	1.07	19.27	12.67	15,126,166	0.88	7.93

2009	Skye Bank	0.13	0.78	1.82	18.16	1,130,976	0.86	5.26
2010	Skye Bank	0.15	1.46	0.96	17.39	663,170	0.85	8.80
2011	Skye Bank	0.14	0.63	1.00	15.61	2,627	0.87	3.84
2012	Skye Bank	0.18	0.29	1.17	17.00	12,697	0.90	4.30
2013	Skye Bank	0.20	0.62	15.38	16.04	12,004	0.86	4.40
2014	Skye Bank	0.20	0.60	0.99	21.91	9,741	0.88	2.66
2015	Skye Bank	0.20	0.63	1.27	23.08	12,300	0.85	1.58
2000	Stanbic IBTC	0.06	0.09	4.97	18.75	949,786	0.93	4.18
2001	Stanbic IBTC	0.07	0.11	5.61	18.01	908,402	0.93	4.34
2002	Stanbic IBTC	0.05	0.16	6.08	17.43	(375,241)	0.90	3.49
2003	Stanbic IBTC	0.08	0.16	6.34	14.15	(338,204)	0.91	3.50
2004	Stanbic IBTC	0.09	0.36	1.27	18.30	(302,145)	0.59	3.04
2005	Stanbic IBTC	0.11	0.24	19.56	21.00	2,358,155	0.72	3.90
2006	Stanbic IBTC	0.11	0.22	44.18	58.90	4,124,020	0.74	7.05
2007	Stanbic IBTC	0.12	0.22	30.26	42.90	4,124	0.73	19.89
2008	Stanbic IBTC	0.10	0.27	18.10	46.60	5,363	0.78	9.92
2009	Stanbic IBTC	0.15	0.80	23.54	39.20	6,942	0.77	7.12
2010	Stanbic IBTC	0.15	0.74	10.87	57.40	9,214	0.79	9.20
2011	Stanbic IBTC	0.18	0.44	12.25	40.80	6,258	0.85	8.30
2012	Stanbic IBTC	0.20	0.47	14.51	48.50	1,053	0.87	11.00
2013	Stanbic IBTC	0.21	0.30	16.02	83.10	8,332	0.87	21.35
2014	Stanbic IBTC	0.20	0.25	0.42	64.40	13,136	0.88	27.00
2015	Stanbic IBTC	0.21	0.34	0.88	64.51	20,773	0.86	27.13
2000	Sterling Bank	0.05	0.37	3.85	40.01	600,151	0.84	2.1
2001	Sterling Bank	0.06	0.41	2.12	41.66	461,356	0.84	3.74
2002	Sterling Bank	0.04	0.87	0.19	40.00	70,917	0.86	3.70
2003	Sterling Bank	0.04	0.48	0.84	39.10	178,923	0.75	1.61
2004	Sterling Bank	0.05	0.55	0.73	63.00	1,545,077	0.87	1.76
2005	Sterling Bank	0.05	0.40	27.82	49.60	(4,820,558)	0.85	2.80
2006	Sterling Bank	0.05	0.76	0.98	57.00	961,645	0.76	4.00
2007	Sterling Bank	0.06	0.21	1.33	60.41	620,658	0.82	7.28
2008	Sterling Bank	0.07	0.53	2.76	70.65	6,523,153	0.87	2.39
2009	Sterling Bank	0.07	0.60	3.24	59.10	(6,660,406)	0.89	1.18
2010	Sterling Bank	0.07	0.91	1.60	59.55	4,178,493	0.90	2.31
2011	Sterling Bank	0.08	0.64	1.37	62.30	6,908,598	0.92	1.01
2012	Sterling Bank	0.09	0.98	1.20	62.41	6,953,539	0.92	1.73
2013	Sterling Bank	0.13	0.32	1.17	72.18	8,274,864	0.91	2.50
2014	Sterling Bank	0.15	0.44	1.09	83.30	9,004,973	0.90	2.54
2015	Sterling Bank	0.18	0.47	1.56	80.26	10,292,577	0.88	1.83
2000	UBA	0.05	0.33	2.51	42.64	3,013,164	0.94	13.16
2001	UBA	0.05	0.52	0.63	42.88	1,183,758	0.96	11.10
2002	UBA	0.06	0.35	0.69	42.56	1,361,852	0.95	5.79
2003	UBA	0.06	0.58	8.92	43.08	2,989,841	0.93	10.39
2004	UBA	0.07	0.42	20.05	43.52	4,185,656	0.89	9.05
2005	UBA	0.07	0.22	18.70	45.08	4,653,821	0.92	13.00
2006	UBA	0.07	0.94	13.47	48.82	11,468,186	0.96	26.62
2007	UBA	0.07	0.41	23.30	48.63	19,831,241	0.86	49.50
2008	UBA	0.09	0.53	26.32	48.20	40,002,305	0.88	12.00
2009	UBA	0.08	0.58	9.20	49.33	12,889,786	0.87	10.75
2010	UBA	0.06	0.64	4.37	60.04	(6,295,086)	0.87	9.15
2011	UBA	0.14	0.34	4.78	62.77	(7,966,213)	0.89	2.59
2012	UBA	0.15	0.20	24.51	74.11	47,375,535	0.89	4.56
2013	UBA	0.20	0.35	25.10	74.71	46,483,000	0.88	8.90
2014	UBA	0.19	0.51	0.16	75.98	40,083,000	0.88	4.30
2015	UBA	0.21	0.58	0.88	76.23	47,642,000	0.85	3.38
2000	Union Bank	0.06	0.28	2.48	16.84	5,767,637	0.92	27.99

2001	Union Bank	0.06	0.33	2.34	15.49	5,035,058	0.94	24.91
2002	Union Bank	0.06	0.42	1.72	16.39	4,726,146	0.89	21.33
2003	Union Bank	0.07	0.44	1.82	18.00	6,600,398	0.90	25.01
2004	Union Bank	0.07	0.41	2.11	20.68	4,185,655	0.90	21.00
2005	Union Bank	0.08	0.43	0.81	21.70	4,653,821	0.90	25.48
2006	Union Bank	0.09	0.37	1.62	20.66	12,126	0.82	24.00
2007	Union Bank	0.10	0.30	1.34	20.47	24,737	0.84	43.06
2008	Union Bank	0.09	0.25	2.24	19.30	(70,052,539)	0.95	16.31
2009	Union Bank	0.08	0.29	0.31	19.70	(286,169,118)	1.28	5.46
2010	Union Bank	0.15	0.30	14.07	27.15	118,016,874	1.16	4.20
2011	Union Bank	0.15	0.42	17.49	28.00	(76,711)	0.78	10.07
2012	Union Bank	0.15	0.45	14.44	17.45	3,170	0.81	7.35
2013	Union Bank	0.22	0.53	44.16	20.00	5,121	0.79	9.63
2014	Union Bank	0.23	0.65	2.23	12.40	20,486	0.78	8.50
2015	Union Bank	0.26	0.61	3.18	19.96	17,721	0.77	6.90
2000	Unity Bank	0.04	0.51	0.54	10.10	635,724	0.83	2.66
2001	Unity Bank	0.05	0.17	0.72	10.42	735,192	0.86	3.05
2002	Unity Bank	0.06	0.25	1.06	10.56	897,534	0.89	1.99
2003	Unity Bank	0.08	0.58	0.93	12.06	1,098,284	0.86	2.03
2004	Unity Bank	0.10	0.54	0.41	12.67	1,167,921	0.89	0.78
2005	Unity Bank	0.10	0.29	0.74	12.91	1,213,580	0.81	2.18
2006	Unity Bank	0.11	1.35	0.56	11.97	1,370,490	0.84	2.50
2007	Unity Bank	0.14	2.40	0.25	14.00	720,843	0.95	8.80
2008	Unity Bank	0.16	2.69	3.62	14.67	(13,242,136)	0.97	2.60
2009	Unity Bank	0.17	0.14	6.15	16.66	(15,855,855)	0.86	0.84
2010	Unity Bank	0.15	1.29	4.08	17.00	13,314,749	0.86	1.20
2011	Unity Bank	0.16	0.66	0.65	19.20	3,457,682	0.88	0.54
2012	Unity Bank	0.19	0.56	3.91	20.56	6,456,727	0.87	0.50
2013	Unity Bank	0.19	0.61	3.72	23.81	(33,639,369)	0.93	0.50
2014	Unity Bank	0.20	0.58	0.14	22.67	13,639,390	0.82	0.50
2015	Unity Bank	0.20	0.60	0.65	29.60	14,564,192	0.80	1.12
2000	Wema Bank	0.06	0.46	1.11	13.37	251,498	0.90	1.87
2001	Wema Bank	0.06	0.16	1.60	13.60	619,508	0.93	3.70
2002	Wema Bank	0.05	0.30	3.36	14.73	1,481,667	0.92	5.76
2003	Wema Bank	0.05	0.31	2.22	14.85	1,477,775	0.88	4.35
2004	Wema Bank	0.06	0.29	1.35	15.47	967,148	0.89	3.93
2005	Wema Bank	0.06	0.29	0.86	17.53	884,285	0.75	3.74
2006	Wema Bank	0.07	0.33	3.61	16.81	2,554,098	0.83	3.25
2007	Wema Bank	0.08	0.33	1.64	14.96	(57,738,739)	0.85	15.00
2008	Wema Bank	0.09	0.32	4.53	15.00	(11,668,408)	1.40	14.29
2009	Wema Bank	0.09	0.28	7.73	15.91	(2,094,692)	1.32	0.85
2010	Wema Bank	0.10	0.37	1.05	17.92	16,238,533	0.93	1.29
2011	Wema Bank	0.11	0.42	7.34	20.60	(4,228,926)	0.97	0.56
2012	Wema Bank	0.14	0.48	3.11	29.58	5,040,629	1.00	0.52
2013	Wema Bank	0.18	0.48	0.48	31.53	1,596,531	0.88	1.22
2014	Wema Bank	0.19	0.52	0.62	31.70	2,372,445	0.89	0.96
2015	Wema Bank	0.22	0.58	0.78	28.40	2,327,275	0.88	1.00

**Source:** Annual reports of the sample banks for various years, Nigerian Stock Exchange (NSE)