

The Access Bank and Diamond Bank Merger: Creating Nigeria and Africa's Largest Retail Bank

The Federal High Court of Nigeria on 19 March 2019 sanctioned the merger between Access Bank Plc and Diamond Bank Plc (the "Banks"). The record-breaking merger which would no doubt engender the growth of the Nigerian Banking Sector resulted from the approval given by the shareholders of the Banks at their respective Court-Ordered Meetings held on 05 March, 2019. Prior to the sanctioning of the merger, the Banks had obtained the approval of the Central Bank of Nigeria and the Securities & Exchange Commission to proceed with the merger.

By the sanctioning of the Scheme of Merger, Diamond Bank has successfully transferred all its assets, liabilities and undertakings to Access Bank Plc. The entire issued share capital of Diamond Bank has now been cancelled and Diamond Bank dissolved without being wound up. As part of the Merger Scheme, it was reported that Diamond Bank's shareholders are to receive a cash consideration of N1 per share and two ordinary shares of the enlarged Access Bank for every seven ordinary shares of Diamond Bank held as at the effective date of the Merger.

The Managing Director/Chief Executive Officer of Access Bank Plc, Mr. Herbert Wigwe, had confirmed to the shareholders at the Extra Ordinary General Meeting that the merger enabled Access Bank to acquire a Bank with over 17 million retail customers and the most viable mobile payment platform and would attract more opportunities such as trade finance from international partners. With the merger of both banks, the resulting entity would emerge as the Nigeria and Africa's largest retail bank by customers as it is expected to increase the customer base of the new entity to over 29 million including high level corporate and retail customers.

Sequel to the Court sanction, the Nigerian Stock Exchange ("NSE") suspended, forthwith, trading on the shares of Diamond Bank Plc on 20 March 2019. The suspension was necessary to prevent trading in the shares of the Bank in order to determine shareholders who will qualify to receive

the scheme consideration. The NSE noted that the success of the merger will result in the eventual delisting of Diamond Bank Plc from the Daily Official List of the Exchange.

Access Bank Plc is not new to business combination particularly merger and acquisition. It would be recalled that the Bank took over the defunct Intercontinental Bank Plc in 2011 following the reform in the banking sector. It is hoped that this merger would bolster the Bank's brand and open doors for enormous investment in the banking sector. Mr. Herbert Wigwe further stated that the two Banks have in common many areas of focus, including women and youth empowerment, entrepreneurial development as well as similar technologies which will make the business combination a seamless one. He further noted that Diamond Bank's corporate customers will also be able to benefit directly from Access Bank's corporate expertise in trade finance, cash management, treasury and corporate finance.

The business combination is indeed laudable as it is expected to create a leading Tier 1 Nigerian Bank spanning three continents, 12 countries, 3,100 Automated Teller Machine (ATM), more than 33,000 Point of Sales (POS) terminals, 27 million customer base with more than 10 million mobile customers.

With the launching of the new brand logo of the enlarged Access Bank Plc on Sunday, 31 March 2019, stakeholders in the industry would look forward to the new confidence and growth that the merger brings to the financial sector.

ABOUT US

Paul Usoro & Co. ("PUC") is a leading full-service law firm, providing top-notch legal services to both local and international clients.

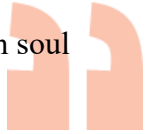
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