



**09-61636403**

**09-61636418**

**BSD/DIR/GEN/CIR/V.1/017**

November 20, 2007

**CIRCULAR TO ALL BANKS – BANK MERGERS & ACQUISITIONS**

The Central Bank of Nigeria has observed with keen interest recent developments in the financial system, including the efforts at further consolidation by banks. These attempts, which are based primarily on market considerations, are a welcome development as the reasons adduced are commendable.

The CBN extols these initiatives but wishes to remind banks that the processes and procedures adopted must be carried out with regard for due process, professionalism and in compliance with the relevant laws governing banking. It is in this regard that banks are advised to be guided as follows:

- 1) Any bank wishing to acquire or merge with another bank should initiate preliminary discussions with the target bank at the highest level, that is, at the level of the Board of Directors/key shareholders of the institutions. No further steps should be taken if majority shareholders of both banks are not in agreement with the planned merger or take-over;

- 2) Upon the commencement of such discussions, the banks involved must notify the CBN in writing and obtain a “no objection” response before they proceed with further discussions/negotiations. Thereafter, they should continue to provide the CBN with regular updates on the progress made in the discussions; and
  
- 3) Banks should at all times comply strictly with all relevant laws and regulations including the provisions of the Banks and Other Financial Institutions Act 1991 (as amended); Investments and Securities Act 1999; and the Companies and Allied Matters Act 1990, in the conduct of the transactions.

For the avoidance of doubt, the CBN will not tolerate actions that are likely to precipitate crisis or instability in the Banking System and thus will not hesitate to bring to bear the full brunt of the law on any erring bank in line with its zero tolerance policy.

**O. I. IMALA**

**DIRECTOR OF BANKING SUPERVISION**