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Effects of Mergers and Acquisitions on Profitability and Earnings Per Share of Selected Deposit Money Banks in Nigeria

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ABSTRACT
Firms adopt mergers and acquisitions as a strategy for growth and to enhance profitability. This study examines the effects of mergers and acquisitions on profitability and Earnings per Share of selected deposit money banks in Nigeria. The study utilized secondary data obtained from the Annual financial reports of the banks under study. Analysis of pre- and post -merger data were carried out. Two hypotheses were developed and tested. Independent Sample t- test and Simple regression analysis were used to the hypotheses. Results revealed that there was a significant difference in profits between the periods as profits improvement tremendously immediately after the mergers. It was also revealed that there was significant effect of global financial crisis on EPS. The study recommends that Bail-out funds should be provided the banks in need as done to union bank and others. It also recommends that proper legal framework should be instituted to mitigate the effect of post global financial crisis.
Key words: Merger, Acquisition, Profitability, Earnings per Share, Global Financial Crisis

INTRODUCTION

The term Mergers and Acquisition (M&A) are used to describe all forms of arrangement by which outfits combine their operations together. It is the nature and intensity of such combination that produce explanations for the technical differences which exist between Mergers and Acquisition.

According to Akinsulere (2011), merger can be viewed as situation where two or more companies combine together to form a larger business organization. Waltz (1992) sees merger as, any form of arrangement where the assets of two companies are placed under the control of a single company but is owned jointly by the shareholders of the original companies. Broyles (2003) noted that merger is “a business transaction with the purpose of forming one business organization from two or more pre-existing ones”. Kottler (1994) refers to Merger as “the fusion of two or more enterprises through direct acquisition by one of the net assets of the other or others”.

Acquisition, on the other hand is the buying over of a company by the payment of cash or share exchange to its shareholders by another company, with the target company continuing to exist but as a subsidiary of the buying company, which becomes the acquired company’s holding Company. Akhamiokor (1990), defined the term “Acquisition”, as including, “all business and corporate organizational and operational devices and arrangements by which the ownership and Management of independently operated properties and business are brought under the control of a single management”. Appell Baum, Proper and Yotis (1989); see Acquisition as “the buying of one company, “the largest, by another or the purchase of a smaller firm by a large one”. Akinsulire (2011) sees, Acquisition as involving the purchase of controlling shares in another company. Broyles (2003) defines Acquisition, as, “the transfer of the control of a company from one group of shareholders to another”. Acquisitions can be friendly or hostile. Friendly acquisitions occur when the target firm expresses its agreement to be acquired, whereas hostile acquisitions don’t have the same agreement from the target firm and the acquiring firm needs to actively purchase large stakes of the target company in order to have a majority stake. In either case, the acquiring company often offers a premium on the market price of the target company’s shares in order to entice shareholders to sell. Wikipedia sees acquisition as a process of acquiring a company to build on strength and weakness of the acquiring company.

The concept of Mergers is a situation where for many strategic and economic reasons, two or more companies or indeed, organizations come together to form a larger company. On the other hand, Acquisition entails a buy-over of one company by usually a bigger company. In most cases, the company bought over losses its identity, whereas under a Merger it may be agreed that the larger formed company may retain their individual names to form the final name of the bigger company. In the case of United Bank for Africa (UBA) PLC and Standard Trust Bank (STB), the larger Mega Bank formed maintained the name of UBA PLC but with the Logo of STB.

In an Acquisition, the acquired company is not dissolved, but retains its existence however as a subsidiary of the acquiring company (which is the post-acquisition parent company or holding company). For an acquired company to become the subsidiary of the holding company, the percentage of holding required to be held by the later varies in accordance with the degree of concentration of shareholding. Where the shareholding is widely fragmented and dispersed, the 30% shareholding may give the acquiring company the control it requires to become a parent company (Oye dotun, 2003).

Historically, mergers and acquisitions have been most pronounced in the United States and the United Kingdom. The industrial revolution of 1903 resulted in a situation where most firms placed emphasis on liquidity and monetization. This led to scenario where much importance was attached to the need to always have ready liquid cash as it coordinate other functional areas of business. Early merger were recorded between 1897 and 1904 in Europe and America. Most companies then were merging for monopoly reasons. That is, to say that two or more companies merged then, in order to create bigger company that would dominate the share of the market (Wikipedia).

The earliest known Merger in Nigeria was that between west Africa Soap Co Ltd and Van Dar Berg Ltd (producers of Margarine) to form Lever Brothers in 1962. However, not much merger activity was recorded thereafter until the first phase of the indigenization programme in the 1970's which entailed the divestment by foreign enterprises of portions of their equity to Nigerian to comply with the provision of the 1977 Decree. Most of the mergers and acquisitions to be found in were "in-house" arrangements.

In Nigeria, banking reforms in the form of mergers and acquisition began in 1892 with the establishment of a company named Africa Banking Corporation, later (1894s absorbed by the British Bank of West Africa (BBWA). More recently however, the first merger and acquisition occurred in May 1996 between Magnum Trust bank Ltd (MTB) and Guaranteed Trust Bank (GTB). The acquisition was effected through exchange of shares. The Central Bank of Nigeria (CBN) directives in 2005 towards recapitalization triggered the last set of Merger and Acquisitions in Nigeria. Before the CBN directives, there was a celebrated case of merger between united bank of Africa (UBA) plc and former Standard trust bank (STB) plc to form the present UBA plc. It was a celebrated case because the banks were among the first five banks in Nigeria then (Daily Trust, 2005 July 27).

Companies over the years have been involved in mergers and acquisition for various reasons such as to enhance profitability, increase market shares, increase share prices and pay regular and enhanced dividends to its shareholders. Global economic recessions and inflationary situations have posed challenges to achieving these objectives. These trends may likely have direct impact on the activities and operations of the firms. In this situation, there may be decreased profits which will eventually lead to decrease or irregular payments of dividend expected. Market prices of these shares may also be affected. These may lead to dissatisfaction by shareholders especially those that regard dividend as their major source of income. Shareholders expect more from firms as compensation for their huge investments but are disappointed by meager dividend payment at the end of the year or sometimes no dividend payment at all. Share prices which are expected to appreciate turn out to be depreciating thereby eroding shareholders 'investments.

In order to overcome these inevitable challenges, management of these organizations may look for a way to satisfy their principals (owners of capital). One of these ways is corporate integration strategy. Corporate integration strategy has been evolved to enable firms increase their resource base, expand their market shares, diversify their portfolio and ultimately enhance their earning abilities. It is on this background that this research was embarked upon to assess the effects of mergers and acquisitions on profitability and shareholders' wealth.

The study aims to examine the effect of mergers and acquisitions on profitability of selected deposit money banks in Nigeria. Specifically the study examines the changes in pre- and post merger profits, the changes in the earning per share after merger and assesses the impact of global financial crisis on the share price of the selected deposit money banks in Nigeria after mergers.

To achieve these objectives, the following hypotheses were developed:

Ho_1 - There's no significant change between pre and post merger profit of the selected deposit money banks in Nigeria;

Ho_2 –Global financial crisis has no significant effect on earnings per share of the selected deposit money banks in Nigeria.

The study covered two (2) merged banks and two (2) acquired banks. The merger between UBA Plc and STB Plc to form United Bank for Africa (UBA) Plc, mergers between Diamond Bank and Lion Bank to form Diamond Bank Plc. The acquisitions are that of Union Bank acquiring Universal Trust Bank (UTB) and Access Bank Plc acquiring Marina Bank Ltd. The study covered eleven years period from 2001-2011, Five years before merger and six years after the merger. This is to enable the study compares the period before and after the merger. Annual Financial Reports of these banks and other relevant documents are used.

LITERATURE REVIEW

Synergistic effect and wealth are the theoretical reasons for merger and acquisition. The synergistic effect suggests that merged organization should in many respect, perform better than they were operating independently. The "wealth effect contends that mergers and acquisitions entrance shareholders value mainly. Adedipe (2004) argues that domestic mergers improved profitability and operational efficiency. Akhavin (1997) opined that merged banks experience higher profit and efficiency from revenues than did a group of individual banks.

The main motivation behind merger and acquisition is to maximize shareholders value. Soludo (2004), having considered its significance note that mergers and acquisitions should be taken seriously as an instrument for enhancing size and development. In support of this assertion, Mainoma (2006) contends that "we cannot talk of performance without any capital all", but what quality of capital is adequate to generate the desired return? According to Soludo (ibid), for banks to function and become stronger players, the capital base have to be increased to ensure longevity and hence higher returns to the banks shareholders overtime.

The global crisis has affected the performance of many banks in many ways via reduction in the values of their shares prices, IFurueze et'al (2011)). According to Samson (2008), the financial crisis of 2007/2008 is considered by many economists to be the worst financial crisis since great Depression of the 1930s.

Questions regarding bank solvency, decline in credit availability, and damaged investor confidence had an impact on global stock markets where securities suffered large losses during the late 2008 and early 2009. The impact of the financial crisis in Nigeria comes from both direct and indirect channels. The direct effects have been felt mostly through the financial sector. For example, stock market volatility has increased since the onset of the crisis and wealth losses have been observed in the major Stock Exchanges. The stock indices declined by 67 per cent between March 2008 and March 2009 (Ifurueze et'al(Ibid).

The issue of shareholders wealth maximization through Merger and Acquisition process is one of the most controversial issues in financial research world and plethora of research papers have been exclusively devoted to this issue. Several studies have reported that the shareholders of acquiring firm get benefited by the acquisition process while at the same time others report losses to them.

Researchers such as Franks et' al (1971,1989), Firth (1979), Asquith (1983). Jensen et'al (1983), Jarrel et'al (1988) revealed that target firm gain from M&A process. The reason for the gain is explained in the high premiums paid by bidding firms to the target firms. Other researchers such as Frank et'al (1977), Datta et al (1992) indicate gains for the bidding firms too, however, others such as Firth (1979), Asquith (1983), Limmack (1991), Sudarsanam et'al (1996) report zero or negative gain for the bidding firms.

Chavaltanpipat et'al (1999) used ordinary least square to investigate the gains to both target and bidding firms. They analyze 30 mergers between 1980 and 1993 and found that 18 acquisition bidders experienced negative returns and the target firms gains positive returns. In six acquisitions both bidding and target banks experienced negative return and finally in only 2 acquisitions bidding banks experienced negative returns.

More recent studies indicate that the changing regulatory landscape has altered the degree and distribution of stockholders wealth changes in bank mergers. Researches by Becher et'al (2000) and James et'al (2001) shown that the capital markets have become more approving of bank mergers as they relate to the acquiring firm studies. Both studies found that acquirers' returns were not only higher in the 1990's than in the prior years but they also become positive.

In Nigeria, a lot of researches have been conducted into the effects of mergers and acquisitions on bank performances. Omah, Okotie and Durowoju(2013) adopted secondary source of data to determine the relationship between shareholders' wealth and mergers. The study adopted simple regression analysis. The findings showed that shareholders value creation is highly dependent on operating expenses, profit margin, return on capital employee and expenses ratio. The study further revealed that there is marginal positive impact of M and A on shareholders' wealth.

Ikpefau and Kazeem (2013) adopted secondary data for their study. The study employed Panel data ordinary least squares approach to ascertain the effects on the performance of banks from the pre to the post merger periods. The findings revealed significant increase in post merger financial performances. In their study, Adegboyega and Awolusi (2014) utilized questionnaire to ascertain the effects of M and A on shareholders' wealth. The study employed exploratory research regression correlation.

The findings showed that there was significant relationship between shareholders' wealth and capital base.

Mergers can be classified according to the types of industry of the companies involves (vertical, horizontal, conglomerate); the extent to which the statutory regulations affect them or according to the nature of the surviving company (whether the Merger is an amalgamation or absorption).

Akinsulire (2011) stated that company's adopt merger and acquisition for operating economics which include elimination of duplicate and competing facilities, purchasing (secure score resources, obtains economies in buying, safeguard a source of new materials) and marketing economies (elimination of competition or protect existing market, diversification into other products or markets, to rationalize destruction and obtain a new sales outlet possibly oversea). Diversification was another reason he stated. The management of many companies may feel that the long term interest of the shareholders will be best served by spreading risk through conglomerate diversification where it is suspected that the firm's traditional markets will decline. Okwor (2003) identified economic prospects, restructuring for efficiently, rationalization and taking of the advantages of economies of scale as reasons for M & A**:**

According to Akinsulire (2011) M & A boost the ability to raise new finance, improve earning per share (EPS), gain access to the financial markets, and enhance growth and to obtain tax benefits including the acquisition of tax losses and unutilized capital allowance. It will lead to growth by the generation of more capital for technology, strengthening of marketing opportunities, better management team and thus broadened responsibilities, promotions and improved efficiency.

Adedipe (2005) identified benefits of mergers in the Nigerian banking industry as bringing them into the mainstreams of financing large ticket transactions and thus create opportunity for capacity building in the Nigerian staff as well as expansion of the shareholding base of Nigeria banks. According to Vennet (1977) as quoted by Adedipe (2005) found that domestic mergers improved profitability and operational efficiency but cross border acquisitions were a surer source of cost efficiency.

METHODOLOGY

The sample size for this study is four (4) banks which constitute 2 old generation banks and two new generation banks. The old generation banks include UBA plc and Union Bank plc while the new generation banks are Diamond Bank plc and Access Bank.

The statistical technique used to select the sample size were cluster and Random sampling techniques. The study utilized secondary sources of data obtained from the banks' annual reports, Nigeria Stock Exchange (NSE) quarterly bulletin and Nigeria stock market guide. The data were organized using descriptive statistics.

In order to differentiate between the pre- and post merger periods, a figure dummy column is created. For the pre-merger period, a figure of zero (0) is assigned and one (1) is post merger period. To test the significance difference, when the t-value is greater than two (2), it is significant at 5% level of significant and when the t-value is less than 2 at the same level of significance difference and the null hypothesis is accepted. Software Packages for Social Sciences (SPSS) was used for the analysis.

DATA ANALYSIS

The data extracted was categorized into pre-merger and post-merger. The pre-merger dealt with the financial statistics before the merger. The post-merger analysis looked at situation after the merger. It further analyzed the impact of mergers on shareholders wealth.

Profits after Tax of the Merged Banks

Table 1 analyses the pre-merger profits after tax of Standard Trust Bank, United Bank for Africa, Lion bank, Diamond Bank, Union Bank and Universal Trust Bank from 2001 to 2005.

Table 1: Pre-merger Profits after Tax of the Merged Banks

Banks / Years	STB	UTB	LB	DM	UBA	UBN
	N'000	N'000	N'000	N'000	N'000	N'000
2001	1,857.50	1,052,425	290,827	NA	NA	3,356,670
2002	2,308,755	370,664	374,091	1,478,175	1,361,000	4,726,000
2003	2,472,264	NA	465,010	345,849	2,989,000	6,600,000
2004	NA	NA	NA	833,498	4,185,000	7,750,000
2005	Merged	NA	NA	2,526,552	Merged	9,375,000

Source: Annual Financial reports (2001-2005).

Table 1 showed that STB plc posted a profit after tax of One billion, Eight hundred and fifty seven million, five hundred and thirty nine thousand naira in 2001. Before it merged with UBA plc in 2005, it recorded a profit after tax of two Billion, four hundred and seventy-two million, seven hundred and sixty-four thousand naira with increase of 33.28%. In the corresponding years, UBA plc posted a profit after tax of N1,361,000,000 and leaped to N4,185,000,000 before the merger with an increase of 207.49%. STB and UBA Plc were doing wonderfully well before they merged in July 2005.

The table also revealed the performances of UTB and UBN Plc before merging in January 2006. UTB plc posted a profit after tax of N1,052,425,000 in 2001 and dropped to N370,664,000 with a decrease of 647.80% in the profit before the merger. UBN plc on the other hand, had a profit after tax of N3,356,670,000 in 2001 and recorded a fantastic PAT of N9,375,000,000 before the merger with a superb increase of 179.29% in shareholder's wealth.

The table further revealed that Lion Bank had a profit after tax of only N290,827,000 in 2001 and increased to N465,010,000 before the merger with a growth rate of 59.87%. Diamond Bank in 2002 posted a profit after tax of N1,478,175,000 and increased to N2,526,552,000 before the merger with an increase rate of70.92%.

Table 2 analyses post-merger profits after tax of UBA Plc, UBN Plc, Diamond bank plc and Access bank from 2006 to 2011.

Table 2 Post Merger Profits After tax of the Merged Banks

Banks / Years	UBA Plc	UBN Plc	Diamond	Access
	N'm	N'm	N'm	N'm
2005	4,921	Merged	2,526.552	Merged
2006	11,550	10,036	3,849.545	731.49
2007	19,831	12,126	6,930,754	6,083.439
2008	40,002	24,737	11,822.011	16,084.464
2009	12,889	-286,168	6,931.127	22,885.194
2010	2,167	118,106	6.522.455	12,931.441
2011	-16,385	-82,179	-22,187.848	16,708.255

Source: Annual Financial statement (2005- 2006)

Table 2 showed the performance of UBA Plc from 2005 to 2011 after it merged with former standard Trust Bank (STB) plc in July 2005. The profit after tax in the year it merged was very impressive as the Bank recorded Eleven Billion, five hundred and fifty million naira as against the four Billion, nine hundred and twenty one million naira in the previous year with increase rate of 134.70%. In 2007, the Bank Posted a resounding profit after tax of Nineteen Billion, Eight hundred and thirty-one million naira with increase rate of 71.70% added value to the shareholders over the preceding year. In 2008 financial year the Bank recorded a profit after tax of Forty Billion, two million naira as against N19,831,000,000 of the previous year record with a positive difference of N20,171,000,000 which represents 101.71% increase. However, in 2009 financial year, the bank recorded a profit after tax of Twelve Billion, Eight hundred and Eighty nine million naira as against the profit after tax of N40,002,000,000 in 2008 with decrease in profit after tax of 67.80%. From 2009, the bank kept recording a profit after tax lower than the previous year's result. The Bank in 2011, recorded a loss of Sixteen Billion, Three hundred and Eighty-five Million Naira as against a paltry profit after tax of two billion, one hundred and Eighty-seven million naira in 2010 with 849.20% drop in the profit after tax

In the same manner, the table also showed the financial performance of Diamond Bank in the Key performance indicators. The bank merged with lion Bank in 2005 and recorded a profit after tax of two billion, five hundred and Twenty-six million, five hundred and fifty-two thousand naira. In 2006, one year after the merger, the Bank posted a total profit after tax of three Billion, Eight hundred and forty-nine million, Five hundred and forty-five thousand naira as against the profit after tax of N2,526,552,000 with an increase of 52.30%. In 2008, the Bank recorded N11,822,011,000 as against profit after of N6,930,754,000 declared in 2007 with an outstanding increase in PAT OF 80.04% . In 2009 financial year, the Bank started experiencing decline in profit after tax as it recorded N6,931,127,000 compared to the record of N11,821,011,000 with decrease of 41.37% in the profit after tax. In 2011, the Bank sustained a huge loss after tax of N22,187,848,000 with 440.18% decline over the previous year's record.

Furthermore, the table also revealed the financial performance of Union Bank Plc in the selected Key performance indicators. In January 2006, Union Bank acquired former Universal Trust Bank (UTB). At the end of 2006 Financial year the Bank Posted a profit after tax of N10,036,000,000. In 2007, the Bank recorded a profit after tax of N12,126,000,000 with a marginal increase of N2,090,000,000 which represents 20.82% growth in profit after tax. In 2008, the Bank recorded an impressive performance of N24,737,000,000 from N12,126,000,000 with an increase of N12,611,000,000 which represents 104%. By the end of 2009, the Bank recorded a loss after tax of N286,168,000,000 from a profit after tax of N24,737,000,000 with 1.257% decrease in Profit after tax. This unprecedented loss may have been attributed to Mismanagement and Executive recklessness by the Erstwhile management of UBN who were sacked by the CBN on August 2009 and appointed management team after the bank had a Bail- out fund of N120,000,000,000 as cited by BGL Banking report January 2010.

On the other hand, the Table further showed the performance of Access Bank after it acquired marina Bank Ltd in 2006. In 2006, the Bank recorded a profit after tax of N731,149,000. By 2007 financial year, it posted a profit after tax of N6,083,439,000 from mere N731,149,000 with an increase of N6,352,200,000 which represents 732% growth in the profit after tax. In 2008, the Bank recorded a profit after tax of N16,056,464,000 as against N6,083,439,000 with of 163.93%. In 2009 financial year, inspite of challenges posed by the global Financial crisis affecting the capital market, Access Bank was able to post a remarkable profit after tax of N22,885,794,000 from N16,056,464,000 with increase of N6,829,330,000 which represents 42.5%. In 2010, the profit after tax dropped to N12,931,441,000 with a drop of 43.50%. In 2011, the bank showed a sign of recovery from the Global Financial Shock by posting a profit after tax of N16,708,255,000 with a growth of 5.64% over the 2010 financial year.

The possible reasons for the fluctuations in the profits of the banks under study especially from 2008/2009 to 2010/2011 financial years may be attributed to the global financial crisis and various reforms initiated by the supervising bank (The CBN).

Earnings per Share of the merged Banks

Table 3 presents table the earnings per share of selected banks before they were merged.

Table 3 Pre Merger Earnings per Share of the Merged Banks

Banks / Years	STB (kobo)	UTB (kobo)	LB (kobo)	DM (kobo)	UBA (kobo)	UBN (kobo)
2001	149	38	29.1	234	NA	75
2002	59	54	14.2	137	80	106
2003	64	17	15.5	32	117	148
2004	NA	NA	NA	27	164	173
2005	Merged	Merged	Merged	20	Merged	210

Source: Annual Reports of the Banks (2001-2005).

Earning per share is one of the important indices use to assess performance of any organization. Table 3 revealed that STB plc had an EPS of 149 kobo in 2001 and dropped to 64 kobo before it merged with UBA plc in 2005 with 85 kobo decrease representing 57.05% decline in EPS. UBA Plc on the other hand, had an EPS of 80 kobo in 2002 and the earning capacity of the Bank increases to 164 kobo before the merger with an increase of 84kobo which represents 105% improvement.

In the same way, the table showed the earning capacity of UTB plc and UBN Plc before the merger in 2006. In 2001 UTB had an EPS of 38kobo and dropped to 17 kobo before the merger with 21 kobo decline which represents 55.26%. On the other hand, UBN Plc had an EPS of 75 kobo in 2001 and improved its earning capacity before the merger to 210 kobo with an improvement of 135 kobo representing 180%.

The table further showed that Lion Bank which merged with Diamond Bank, in 2005 had an EPS of 29.1 kobo in 2001 and before it merged with Diamond Bank its EPS stood at 15.5kobo which decreased by 46.74%.

The table 4 analyses changes in the post-merger earnings of the selected banks from 2005 to 2011.

Table 4: Post Merger Earnings per Share of the Merged Banks

Banks / Years	UBA Plc (kobo)	UBN Plc (Kobo)	Diamond (Kobo)	Access (Kobo)
2005	263	210	20	12
2006	187	160	57	7
2007	241	126	89	87
2008	305	214	110	173
2009	60	-2118	48	141
2010	08	874	9	63
2011	(-5)	(-1340)	-153	76

Source: Annual Financial Reports (2005-2011)

Table 4 revealed the EPS of UBA plc. In 2006, the Bank recorded an EPS of 263k. In 2006, it recorded 187k. The EPS decreased by 76k which represents 28.90%. The Decrease in the EPS of 2006 is as result of share exchange to former shareholders of STB. In 2007, the EPS increased to 241k from 187k with increase of 54k which representing 28.88%. In 2008, the EPS showed a significant improvement by recording 305k as against 241k in the previous year with 64k increase which represents 26.57%. This increase may be attributed to the outstanding profit after tax recorded in the same year. In 2009, the EPS dropped to 60k per share with 80.30% decrease. In 2010, it recorded an EPS of 8k per share. It however, recorded a negative EPS of 5k per share representing 73.75% decrease in the earning per share of the Bank.

In the same manner, the Table revealed, the performance of Diamond's earning per share for the years 2005-2011. The Bank recorded an EPS of 20k per share in 2005. In 2006, it recorded an EPS OF 57K with 37k increase which represents 185%. The Bank in 2007, posted an EPS of 89k with increase of 32k which represents 56.14%. The Bank recorded a resounding EPS in 2008 of 110k with 23.60% increase over the previous year's result. In 2009, it recorded an EPS of 48k. In 2010, the EPS further decreased to 45k with 6.25% decline in 2011, the Bank recorded a negative EPS of 153k per share with 440% decrease.

The Table further revealed the EPS of UBN Plc in 2006 as 160k. In 2007, it recorded an EPS of 126k per share with 21.25% decrease. This drop in the EPS may be attributed to increase in the number of shareholdings of 6.93%. In 2008, the EPS increased from 126k to 214k with increase of 88k which represents 69.84%. As a result of loss incurred in 2009, a loss per share of 2,118k was recorded representing a decrease of 1,090%. The Bank continued to record a loss after tax in 2010 and 2011. As a result, there was a negative EPS of 1,349k per share in 2011.

The table revealed the EPS of access Bark as 7k in 2006. It recorded an EPS of 87k in 2007 with increase of 91.95% over the preceding year's result. This unprecedented decrease in the EPS was largely due to increase in the number of share outstanding (capital reduction) from 13,956,322,000 to 6,978,162,000. In 2009, the Bank recorded an EPS of 173k from 87k with 98.85% increase. The EPS slightly dropped to 141k from 173k with decrease of 18.50% the Bank in 2010 further shaded its EPS by 69k from 141k to 72k representing 48.94% decline. Despite the effect of global financial crises, the Bank was able to maintain a clean EPS as it recorded an EPS of 76k in 2011 with 4k increase which represents 5.56%.

EPS is a function of the profit after tax. In this case, whatever that affects the PAT has direct consequence on the EPS. In this circumstance therefore, the possible reason for the fluctuation in the EPS could attributed to the global financial crisis.

Test of Hypotheses

Table 5 presents the outcomes of the independent sample t- test for the first hypothesis

Table 5: Summary Outcome of the Independent Sample test

Banks	t	Mean difference	Standard errors	p-Value
UBA Plc	0.529	-695.31	1192.70	0.610
UBN Plc	0.308	-704.86	2288.72	0.783
Diamond Bank Plc	0.431	-35.15	81.63	0.654
Access Banks Plc	3.425	-5261.44	1641.38	0.024

Source: SPSS independent Sample test, 2015

The p-value of 0.610 for UBA plc is greater than 0.05 (0.610>0.05). Since p-value is greater than 0.05, it implies there is no significant difference between pre and post merger profits of UBA Plc. This is also supported by the t- statistic value of -0.0529 which is less than table value of 2.670 at 5% level of significance, it therefore means that null hypothesis is accepted and sustained which state there is no significance difference between the pre and post merger profits of UBA. However, the mean difference has revealed that there has been improving in the profit level of the Bank after the merger. The difference between the post merger profit and pre merger have improved by 695.31%.

For UBN Plc, the table further revealed that the p-value of 0.783 is greater than 0.05(0.783>0.05). This implies that there is no significant change between the pre and post merger profits of the bank after the merger. This is further corroborated by the t-value of -0.308 which is less than table level of 2.670 at 5% level of significance. In this case, therefore, the null hypothesis of no significant change is accepted and sustained. The table however revealed that UBN plc mean difference has been improved after the merger was considered. The profit has been improved by 704.86%.

As for Diamond bank Plc, the p-value of 0.654 is greater than 0.05(0.654>0.05). This implies that there is no significant change between the pre and post merger profit of Diamond Bank. This is also supported by the t-statistic value of -0.431 which is less than the table value of 2.670 (-0.431<2.670) @ 5% level of significance. This therefore means that there is significant evidence to suggest that there is no significant change between pre and post merger profits. In this case, the null hypothesis of no significant change is sustained and alternate hypothesis of significant difference is rejected. However, the table showed that there has been improvement in profit after the merger. This is supported by the mean difference of 35.15 (35.15%).

Access bank has a p- value of 0.024 which is less 0.05(0.024<0.05) which suggest there is significant change in profit of Access Bank. This further corroborated by the mean difference of 5,261.44. From these results therefore, the null hypothesis of no significant change is rejected.

From the analysis of the four Banks studied, only Access Bank has shown significant difference between the pre and post merger profits of the Banks. However, the mean differences of the Banks under study have revealed that there has been improvement in the profits after the merger. This is also supported by results obtained from examination of financial statements of these banks after the merger where it showed that there were tremendous improvements in the profits of the Banks in the first two years of the merger before the global financial crisis which affected the general performance of the Banks.

In order o establish the relationship and effects of global financial crisis and share price of the selected DMBs Nigeria, correlation and Regression analysis were utilized. Correlation analysis was used to test strength and direction of relationship between two variables. On the other hand, regression was used to ascertain the effects of Global Financial Crisis (independent variable) have on the dependent variable (Share Price).

The outcomes of regression analysis used to test the second hypothesis is presented in table 6

Table 6: Summary of correlation and Regression Outcome

Banks	UBA plc	UBA Plc	Diamond	Access Bank
R	0.950	0.990	0.997	0.986
R^2	0.902	0.980	0.994	0.972
ΔR^2	0.854	0.940	0.895	0.840
A	0.004	0.036	0.20	0.005
P value	0.029	0.036	0.20	0.005
B	2011.92	2012.78		2010.87
Bo	- 0.950	-281		1.285
T	3.9940	3.648	7.490	4.507

Source: SPSS Correlation and Regression outcome 2015

The correlation coefficient of UBA plc 0.950 which represents 95% indicates that there is a strong perfect positive correlation, UBN plc 0.990 (99%), Diamond bank plc 0.997 (99.7%) and Access bank plc 0.986 (98.6%). The correlation results showed that there are strong positive correlations between global financial crisis and share prices of the selected banks.

From the regression for UBA plc, it indicated that there was decrease in share price when the effect of global financial crisis increased by 2011.92. The regression result further revealed that there was significant effect of global financial crisis on the share price of UBA Plc, this was evidenced by the p- value of 0.025 which was less than 0.05. The result of the coefficient of determination (r^2) with a value of 0.902 showed that about 90.2% of the variation in the share price is accounted for by the global financial crisis.

From the analysis therefore, the null hypothesis of no significance was rejected. This means that there was significant effect of global financial crisis on share price of UBA plc. Table 6 further revealed that there was a strong positive correlation between the variables. This was evidenced by the correlation coefficient of 0.990 (99%).

From the regression result of UBN plc there was decrease in share price of UBN plc as the intensity of global financial crisis increases. The regression result also showed that there was significant effects of global financial crisis on the share price as evidenced by the p-value of 0.036 which is less than 0.05 (0.036< 0.05) at 5% level of significance. The result of the coefficient of determination (r^2) with a value of 0.980 showed that about 98%of the variation in the explanatory variable was accounted for by the independent variable while only 2% was accounted for by factors that could not be captured by the model. The null hypothesis of no significance is therefore rejected. This implies that there was significant effect of global financial crisis on share price of UBN plc.

Access bank has a correlation coefficient of 0.972 (97.2%). This shows that there is a strong near perfect correlation between independent variable (global financial crisis) and dependent variable (share price). The regression output indicates that global financial crisis has effect on the share price of Access bank. The model revealed that as the effect of global financial crisis destroys share price of other banks understudy that of Access bank kept improving. This is evidenced by the value of its shares between 2008 and 2010 where it increased from 707k to 950k with rise in the value of 243k which represents 34.37%. However, the table further showed that there is significant effect of global financial crisis on share price of Access bank plc as suggested by the p value. The p value of Access bank plc is 0.005 which is less than 0.05 (0.005< 0.05). This implies that there is significant effect of independent variable on the dependent variable.

CONCLUSION

Synergistic and wealth effects are the theoretical reasons for merger and Acquisition. The synergistic effect suggest that merged organization should in many respects, perform better than when they were operating independently. The wealth effect contends that mergers and acquisitions enhance shareholders value. Adedipe (2004) argues that domestic mergers improved profitability and operational efficiency. As rightly stated, mergers and acquisitions are embarked upon to enhance profitability and shareholders' value. EPS is generally considered to be the single most important variable in determining share price. It is also a major component used to calculate the price to earnings valuation ratio.

From the results of the studied banks, it was revealed that there has been an evidence of improvement in the EPS of the banks as a result of the mergers as well as acquisitions. This resulted in the immediate increase in the share price of the banks which invariably maximize share holders wealth.

Based on the findings of the study, the following recommendations are hereby made:

(i) Mergers and acquisitions remain one of the viable options for rescuing any bank in financial distress ;
(ii) Bail-out fund should be provided to banks that require it as it improves the capital base the banks;
(iii) Necessary legal frameworks should be instituted to mitigate the effects of post global financial crisis.

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