

## **Herbert Wigwe: The Stellar King of Mergers & Acquisitions**

*“Very quickly in life, I determined that there are two types of people you meet, people who enable you and people who disable you. People who disable are not bad people; it is just someone who doesn't impact you in a way that helps you succeed. Somebody who enables you is somebody who, by your interaction with that person, gives you leverage to step up. By the time I left university, I didn't have time for people who disable me. I also began to build a portfolio of enablers,” Aigboje Aig-Imoukhuede, 2016*

History will record that the best merger Herbert Wigwe ever made was the friendship between him and Aigboje Aig-Imoukhuede, and it is from this merger that our story begins.

Herbert Wigwe and Aigboje Aig-Imoukhuede first met in 1989 when Wigwe was a credit officer and then in 1991 at the Guaranty Trust Bank where they both worked for more than a decade and rose to executive director positions at their respective departments. They were friends who turned brothers; an admirable bromance by all standards. Aigboje considered Herbert an enabler with a mind as sound as his and so, when the idea of owning a bank took over him, it was to Herbert he turned.

A small, dysfunctional bank, Access Bank was listed on the Nigerian Stock Exchange and was failing at raising capital in the markets. In a move he deemed crazy during a cover story interview with Forbes Africa, he convinced Herbert to leave Guaranty Trust Bank and take over ownership of Access Bank from its owners. Together, they had \$2 million but by sheer determination and the wisdom of years of experience, they raised the \$10 million it took to buy 51% of Access Bank. In 2002, Access bank came under new leadership with Aigboje serving as its CEO and Herbert, his deputy.

When Aigboje and Herbert bought Access Bank, it ranked a depressing 65 out of 89 banks in the country. In the Forbes interview, Aigboje is quoted as saying that he felt a bit of panic when he learnt that the dollar balance sheet of Access Bank

was a bit smaller than Aliko Dangote's credit card limit - a laughable moment in retrospect. In five years, Access bank rose to number 8.

How did it happen? Through one of the tested and trusted methods of growth - mergers and acquisitions.

The corporate mergers of Herbert Wigwe's spectacular career began in 2005 when Access Bank acquired Marina Bank and Capital Bank (formerly commercial bank Crédit Lyonnais Nigeria). This strategic move took the capital base of the new bank to N25.5 billion in shareholders' funds. When Access Bank announced the African Expansion Strategy in March 2007, many predicted that more acquisitions were on the way.

Growth by acquisition is one of the several methods of diversification and market positioning. Implemented by successful companies in diverse fields and levels, growth by acquisition helps in securing and solidifying gains in market share, man force and revenue. A tested and trusted market consolidation tool, it furnishes the acquiring company with the opportunity to consolidate its hold and keep market dominance. Growth through acquisition not only catapults the acquiring company to a major position, but it results in rich dividends for shareholders of the acquired company.

While several Nigerian banks were struggling to increase their numbers organically, a most difficult feat I must add, Access bank based their strategy on growth through acquisitions. After launching the expansion strategy in 2007, a full-fledged acquisition spree occurred in 2008 under the leadership of Herbert Wigwe, increasing the bank's capital base and expanding its location beyond Nigeria, when they acquired 88% of the shares of Omnifinance Bank, a company founded in 1996 and based in Abidjan, Ivory Coast and is now named Access Bank (Cote-d'Ivoire) SA. In the same year, Access acquired 90% of Banque Privée du Congo, which South African investors had established in 2002, and 75% of the shares of Bancor SA, in Rwanda. Buying into Bancor was said to be a Pan-African strategy to become a major catalyst for growth across the African continent. By the end of the first wave of acquisitions, Access Bank had been propelled to the top as one of the top 10 banks from Nigeria.

Then came the big merger. At the beginning of 2011, Access bank announced its intention to acquire Intercontinental Bank Plc. By the 3rd quarter of that year, it had acquired 75% majority interest of Intercontinental Bank's stock, recapitalizing it and making it a subsidiary bank. This bold move was made possible under the second wave of consolidation orchestrated by the then Governor of CBN, Lamido Sanusi. Intercontinental Bank began to operate as a well-capitalized bank, as a result of the restoration of Net Asset Value to Zero caused by the N50 billion capital injection by Access Bank Plc and the joined effort of AMCON. Capital Adequacy Ratio (CAR) was recorded to be 24% and Shareholders fund were N50 billion, and this was by far above the 10% regulatory threshold.

In January 2012, Access announced the conclusion of the acquisition of Intercontinental Bank. The acquisition enlarged the borders of the Access Bank and placed it among the four largest commercial banks in Nigeria. In total, Access bank now had control of 309 branches and more than 1,600 Automated Teller Machines (ATMs) and finally recorded more than 5.7 million customers. By this time, Aigboje had retired from his role as CEO, leaving in the capable hands of Herbert Wigwe - the man who had led the strategic mergers.

Some of the world's most successful firms have relied on acquisition to achieve their strategic goals. Experts have declared that acquisitions are a more effective and efficient way to achieve targets versus organic expansion. The rising importance of growth through acquisition is founded in the singular fact that it has destroyed political and geographical boundaries and become a worldwide phenomenon.

It is Herbert's fifth year as CEO, and he has successfully seen the 7th merger of his career through with this acquisition of Diamond Bank. Access Bank today is the largest retail Bank in Africa by the customer base. It stands above others with an impressive 29 million customers, 27,000 staff across 592 branches, spanning three continents and 12 countries.

Achieving success post-acquisition starts before the acquisition as this strategy is always prone to problems but Access's strong track record of Mergers & Acquisition in Nigerian banking demonstrated by the bank's integration

capabilities in the successful acquisition of six institutions in the past 15 years has shown that there's more to them than just banking.