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TAC NEWSLETTER

Nigeria's Banking Recapitalisation: 24 Months, NGN4.65 trillion and Stakeholder's Expectations.

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We take a deep dive at the Central Bank of Nigeria's (CBN) 2024–2026 recapitalisation programme, examining the key requirements set by the CBN, how banks have responded, and the progress made across the banking industry. Beyond the capital requirements, we also explore what the programme means for banks from a tax perspective, highlighting the key tax implications, potential risks, compliance obligations, and planning considerations that financial institutions and other stakeholders in the industry should be paying attention to as they strengthen their capital base and position themselves for future growth.

At a glance

Item	Position
Policy	CBN circular on the review of minimum capital requirements for commercial, merchant and non-interest banks, issued 28 March 2024
Compliance window	24 months: 1 April 2024 to 31 March 2026
Highest threshold	NGN500 billion for commercial banks with international authorisation
What counts as capital	Paid-up capital and share premium only
Outcome at the deadline	33 of 37 banks confirmed compliant (CBN, 1 April 2026)
Fresh capital raised	About NGN4.65 trillion over 24 months
Outstanding	Union Bank, Polaris Bank and Keystone Bank, all under regulatory intervention and ongoing legal or regulatory processes, plus one bank not publicly named
Notable consolidation	Providus Bank and Unity Bank completed their merger on 26 June 2026

Why the CBN moved

Twenty (20) years after the 2004 consolidation, which raised minimum capital to NGN25 billion and cut the number of banks from 89 to 25, the Central Bank of Nigeria concluded that the industry's capital base had again fallen out of step with the economy it serves.

Three (3) forces drove the decision. First, the sharp depreciation of the naira since 2023 eroded the real and dollar value of bank capital, weakening Nigerian banks' ability to fund large-ticket transactions and compete across Africa. Second, the government's ambition of a USD1 trillion economy requires banks able to finance infrastructure, energy, manufacturing and trade at scale. Third, a stronger capital buffer improves resilience against shocks and supports depositor confidence.

CBN Governor Olayemi Cardoso first signalled the change at the Annual Bankers' Dinner in November 2023. The formal circular followed on 28 March 2024, giving banks 24 months, from 1 April 2024 to 31 March 2026, to meet the new requirements. The CBN made clear from the outset that there would be no extension of the 31 March 2026 deadline, signalling that the programme was non-negotiable and that banks should begin planning immediately.



What the circular required

New minimum capital thresholds

Licence category	Authorisation	Minimum capital (NGN)
Commercial bank	International	500 billion
Commercial bank	National	200 billion
Commercial bank	Regional	50 billion
Merchant bank	National	50 billion
Non-interest bank	National	20 billion
Non-interest bank	Regional	10 billion

What counts as capital

This was the most consequential detail. For existing banks, qualifying capital was limited to paid-up capital and share premium. Shareholders' funds were not the test. Retained earnings, bonus issues, other reserves and additional Tier 1 instruments did not really count. A bank with large accumulated profits but modest share capital therefore still had to raise fresh equity or restructure.

Routes to compliance

The CBN allowed three routes:

- **New equity:** rights issues, public offers and private placements
- **Mergers and acquisitions:** combining balance sheets to reach the threshold
- **Change of licence:** upgrading or downgrading the licence category or authorisation to match available capital

Every affected bank was required to submit an implementation plan to the CBN's Banking Supervision Department by 30 April 2024. The CBN also indicated it would verify new capital before recognising it for compliance.

The forbearance directive

On 13 June 2025, the CBN tightened the screws further because Banks were still benefiting from regulatory forbearance on single obligor limits or credit exposures but were directed to suspend dividend payments, suspend bonuses to directors and senior management, and halt new offshore investments until they fully exited forbearance and their capital and provisioning levels were independently verified. The message was clear: capital raised for recapitalisation had to be real and unencumbered.

How the banks raised NGN4.65 trillion

The response was swift and largely market-driven. Rights issues and public offers dominated, supported by private placements, parent-company injections for foreign-owned banks, and the sale of non-core subsidiaries or stakes.



Bank or group	Key milestones	Outcome reported
Access Holdings	NGN351bn rights issue opened July 2024; closed at NGN602.8bn	First to cross NGN500bn (December 2024)
Zenith Bank	Hybrid rights issue and public offer, 2024	Raised NGN350.4bn; met international threshold
GTCO	Raise completed August 2025	GTBank capital at NGN504bn
UBA	NGN239bn injection (2024) and NGN158bn rights issue (2025)	Crossed NGN500bn, September 2025
Fidelity Bank	Rights issue and public offer from 2024; further share issuance approved 2025	Crossed NGN500bn
First HoldCo	Rights issue, private placement and divestment of merchant banking subsidiary	Crossed NGN500bn, January 2026
FCMB	Two public offers (2024 and 2025) plus divestment of pension subsidiary stake	NGN509bn, March 2026
Stanbic IBTC	Offer closed July 2025 at NGN181.4bn; NGN140bn injected into bank	Met national threshold
Wema Bank	Rights issue and private placement, 2025	Met national threshold, September 2025
Foreign-owned banks	Citibank, Standard Chartered and Ecobank Nigeria supported by parent groups	Met NGN200bn national threshold

By February 2026, 20 banks had met the new thresholds. By early March, the figure was 30. At the deadline, the CBN confirmed 33.

Where the industry stands

On 1 April 2026,the CBN declared the programme concluded. It reported that 33 of 37 banks had met the revised requirements, raising about NGN4.65 trillion in fresh capital. It said a limited number of institutions remained subject to ongoing regulatory and judicial processes, and that all banks remained operational.

Provisional lists reported in the press placed the compliant banks broadly as follows:

Category	Banks reported compliant
International (NGN500bn)	Access, Fidelity, FCMB, First HoldCo, GTCO, UBA, Zenith
National (NGN200bn)	Citibank Nigeria, Ecobank Nigeria, Globus, Optimus, PremiumTrust, Providus (with Unity), Stanbic IBTC, Standard Chartered, Sterling, Wema
Regional (NGN50bn)	Alpha Morgan, Nova, Parallex, Signature, SunTrust, Tatum
Merchant (NGN50bn)	Coronation, FSDH, Greenwich, Quest, Rand Merchant Bank
Non-interest	Jaiz, Lotus, TAJBank, The Alternative Bank

The banks still in process

Union Bank, Polaris Bank and Keystone Bank have been under CBN intervention since January 2024. The CBN has said these banks have the capacity to raise the required capital and are actively doing so, but that their recapitalisation can only conclude once legal and regulatory processes are resolved. In Union Bank's case, the Federal High Court nullified the CBN's intervention in March 2026, and the CBN has appealed. Press reports in June 2026 indicated the CBN allowed the three banks additional time. The CBN has also publicly dismissed rumours of a Polaris Bank liquidation, and has repeatedly assured customers that their deposits are safe.



Consolidation

The exercise produced less consolidation than many analysts expected. The clearest example is the merger of Providus Bank and Unity Bank, which began in August 2024 and was completed on 26 June 2026, after a court dismissed a shareholder challenge. Unity Bank shareholders received 18 Providus shares for every 17 Unity shares held.

The tax questions behind the capital

Recapitalisation is a capital markets exercise, but it carries real tax consequences, and many of them now fall under the Nigeria Tax Act 2025 and the Nigeria Tax Administration Act 2025, which took effect on 1 January 2026.



Issue	What boards and finance teams should consider
Stamp duty on share capital	Increases in share capital remain dutiable. Banks that issued large volumes of new shares should confirm the duty was correctly computed and paid, as this is a common audit finding.
Costs of raising capital	Issuing house, legal, registrar and regulatory fees on rights issues and public offers are generally capital in nature and not deductible for income tax. They should be tracked separately from operating costs.
Divestments	Gains on the sale of subsidiaries or stakes to raise capital are now taxed as part of company profits at the corporate rate, not at the old 10% capital gains rate, for disposals from 1 January 2026.
Mergers	Qualifying mergers can transfer assets at tax written-down value, with capital allowances continuing and losses carried forward if prescribed conditions are met. The tax authority must be notified before restructuring, and ownership changes of 5% or more must be notified within 30 days.
VAT	A transfer of a business as a going concern is not treated as a supply for VAT purposes where conditions are met. Transfers of securities are VAT exempt.
Foreign capital	Parent injections and foreign subscriptions should be supported by proper documentation, including certificates of capital importation, and any related-party arrangements should be reviewed for transfer pricing.
Dividend restrictions	Banks under the June 2025 forbearance directive that suspended dividends should consider the impact on shareholder expectations and the timing of future distributions.

What it means for stakeholders

- **Depositors:** A bigger capital buffer means stronger protection against losses. The CBN has consistently said deposits in all banks, including those still in process, are safe.
- **Shareholders:** Existing shareholders who did not take up rights have been diluted. The test now is whether banks can earn competitive returns on a much larger equity base.
- **Businesses and borrowers:** Larger single obligor limits should allow Nigerian banks to finance bigger transactions locally, reducing reliance on syndicates and foreign lenders for infrastructure, energy and trade finance.
- **The economy:** Well-capitalised banks are a precondition for the credit growth that a USD1 trillion economy will need. Capital alone does not create lending; it creates capacity.

What to watch next

- **Capital deployment:** Whether the new capital flows into productive lending or largely into government securities. Return on equity: Earnings must grow to match the enlarged capital base, or valuations will come under pressure.
- **The intervened banks:** The resolution of Union, Polaris and Keystone will be the final test of the programme's credibility.
- **Risk-based capital:** The minimum capital threshold is a floor. Basel III capital adequacy, liquidity and provisioning standards remain the ongoing measure of soundness. Further consolidation: Smaller banks that met the threshold narrowly may still find mergers attractive as competition intensifies.

Conclusion

By any measure, the 2024 to 2026 recapitalisation was a landmark. In Twenty-four (24 months), Nigerian banks raised about NGN4.65 trillion, mostly from capital markets, and 33 of 37 met thresholds that were up to ten times their previous minimums. The programme has given the system more resilience and more capacity.

The harder phase begins now. Capital must be put to work, returns must be rebuilt, and the remaining banks must be resolved. For boards and finance teams, the period after recapitalisation is also the moment to make sure the transactions that delivered it, from share issues to divestments and mergers, are fully reconciled with the new tax regime.

TAC will continue to keep you abreast of recent developments in the recapitalisation process.

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