



PUBLIC NOTICE ON PAYMENT OF PRIVATE SECTOR DEPOSITORS OF THE 14 BANKS THAT HAD THEIR LICENSES REVOKED ON 16 JANUARY 2006

1. The banking licenses of fourteen (14) failed banks at the end of the consolidation program were revoked by the CBN on January 16, 2006 with the assurance that no private sector depositor would lose his/her money. In fact, a period of three months was stated within which all private depositors would be paid.
2. Consequently, the CBN immediately directed the Nigeria Deposit Insurance Corporation (NDIC) to commence the process of winding up the affairs of the failed banks to enable the Bank make good its promise to the concerned depositors. The winding up procedure requires that the NDIC would first apply to the Federal High Court for Provisional and Final Orders of the Court to commence the liquidation of the closed banks.
3. It is pertinent to state that the NDIC promptly filed the necessary applications whereby it sought the order of the Federal High Court to commence the winding up process of the failed banks by taking over ownership of their assets and liabilities in accordance with the law. However, the action of the Corporation was immediately challenged in court by the former owners and directors of the closed banks. The counter suits filed by these owner-directors resulted in most instances, to protracted litigations, which delayed unduly the liquidation time frame. Since the Orders were often granted piecemeal by the Court, the entire programme designed to enable the affected depositors' access their trapped funds became inevitably delayed. The CBN, as a law abiding organization, had no other option but to allow the legal process to take its course. It is also important to state that the full payment of private sector depositors in fulfillment of the promise by the CBN could not have commenced without first

allowing the NDIC to take over these defunct banks and ascertain the total and actual values of their assets and liabilities as at the date of revocation of their operating licences.

4. Notwithstanding the above hurdles, the Corporation and CBN had through dogged determination, obtained Final Court Orders to liquidate 11 of the 14 defunct banks as at date. They include:

- 1) Allstates Trust Bank PLC
- 2) Lead Bank PLC
- 3) Trade Bank PLC
- 4) Assurance Bank PLC
- 5) City Express Bank Ltd
- 6) Metropolitan Bank Ltd
- 7) Hallmark Bank PLC
- 8) African Express Bank PLC
- 9) Gulf Bank PLC
- 10) Eagle Bank Ltd
- 11) Liberty Bank Ltd

5. In an effort to ensure that the depositors have seamless access to their funds, the CBN and NDIC adopted the bank resolution option known as **Purchase and Assumption**. This arrangement allows a healthy bank to assume the private deposit liabilities and purchase some of the good assets of a failed bank, while the shortfall is financed by the Central Bank on behalf of the Treasury. We are pleased to inform **THE GENERAL PUBLIC** and especially **PRIVATE SECTOR DEPOSITORS** of the following defunct banks on which Final Winding-up Order had been granted by the Court, that they could have access to their hitherto trapped funds through the banks listed against the defunct banks:

S/N	CLOSED BANK	ASSUMING /NEW BANK
1	Allstates	Ecobank
2	Trade	UBA
3	Lead	Afribank
4	Assurance	Afribank
5	Metropolitan	UBA
6	City Express	UBA
7	Hallmark	Ecobank
8	African Express	UBA
9	Eagle	Zenith
10	Gulf	UBA
11	Liberty	To be advised on conclusion of Purchase and Assumption agreement with interested banks

We also state below the position of the other 3 (three) closed banks as at December 31, 2007 in respect of the winding up process:

A) Provisional Court Order had been obtained for:

- 1) Fortune International Bank Plc
- 2) Triumph Bank PLC

B) No Court Order had been obtained for:

Societe Generale Bank Nig Ltd

6. In quantitative terms, the total Private Sector deposits of the 14 banks (in liquidation) assumed through Purchase and Assumption arrangement is estimated at ~~₦~~89.99 billion; of which ~~₦~~72.69 billion representing 80.77% had been assumed for payment to private depositors todate. Indeed, the above statistics are commendable given the enormous legal, logistic and financial challenges enumerated above, some of which were outside the control of the Bank and NDIC. While admitting that the Bank may

not have fully achieved its set objectives of making depositors access their funds within six months of the closure of the banks, it had nevertheless, recorded great milestones in the process.

7. The CBN is not unmindful of the pains the closure of the 14 banks had caused our numerous citizens and organizations and is therefore not relenting in its effort towards ensuring that all affected depositors are paid their monies without unnecessary delays. We wish to further reassure all private sector depositors whose funds were trapped in the closed banks that our promise to pay them is irrevocable and is on course. The Bank is firmly committed to a speedy and seamless conclusion of this exercise.
8. Please, permit us to place on record that the adoption of Purchase and Assumption resolution option has produced the fastest mode of payment to depositors in the history of banks liquidation in Nigeria.
9. We thank you for your understanding and support.

**Banking Supervision Department
January 2008**