



PRESS STATEMENT ON OUTCOME OF SPECIAL EXAMINATION OF 14 BANKS

In furtherance of the Central Bank of Nigeria's statutory duty to ensure a sound financial system in the country, the Governor of the Central Bank of Nigeria (CBN) ordered the Special Examination of all the 24 banks operating in Nigeria. The result of the Special Examination of the first set of 10 banks was made known on 14 August 2009. The CBN wishes to announce that the joint CBN-NDIC examination teams have completed the Special Examination of the remaining 14 banks— and as such the books and affairs of all 24 banks in the Nigerian banking system have now been examined.

The Special Examination primarily focused on assessing the health of the banks with particular focus on liquidity, capital adequacy and corporate governance. After a review of the findings of the Special Examination report in respect of these 14 banks, the CBN has come to the following conclusions:

The following nine (9) banks were found to have adequate capital and liquidity to support the level of their current operations and future growth:

1. Access Bank Plc
2. Citibank Nigeria Limited
3. Ecobank Nigeria Plc
4. Fidelity Bank Plc
5. First City Monument Bank Plc
6. Skye Bank Plc
7. Stanbic IBTC Bank Plc
8. Standard Chartered Bank Limited
9. Zenith Bank Plc

The 10th bank – which is Unity Bank—was adjudged to have insufficient capital but not in grave situation because it has a healthy liquidity position.

The remaining four banks were found to be in a grave situation:

1. Bank PHB Plc;
2. Equitorial Trust Bank Ltd;
3. Spring Bank Plc; and
4. Wema Bank Plc.

After a careful consideration of the matter, and in exercise of the powers conferred on him by Sections 33 and 35 of the Banks and Other Financial Institutions Act 2004, the Governor of the CBN, by order in writing, has taken a number of measures aimed at arresting the grave situation of these four banks.

The measures are:

- a) The removal of the Managing Directors of Bank PHB Plc, Equitorial Trust Bank Ltd. and Spring Bank Plc and the appointment of new Managing Directors for these three banks, namely:
 1. Mr. Cyril Chukwumah for Bank PHB Plc;
 2. Mr. G.O. Folayan for Equitorial Trust Bank Ltd; and
 3. Mrs. Sola Ayodele for Spring Bank Plc.
- b) The removal of all Executive Directors in Bank PHB Plc, Equitorial Trust Bank Ltd and Spring Bank Plc. New Executive Directors will be appointed for these banks in due course.
- c) The removal of all Non-Executive Directors in Spring Bank Plc.
- d) The removal of Dr. Mike Adenuga, jnr., CON, as a Non-Executive Director of Equitorial Trust Bank Ltd.
- e) The order to the board of Wema Bank Plc to recapitalise by 30 June 2010. It is noted that Wema Bank Plc came under new ownership and management in June 2009 who took over a bank already in a grave situation and should not be held responsible for the present condition of the bank. The CBN will work with the Bank to ensure a successful completion of the recapitalisation exercise.
- f) The provision of a total of ₦200 billion by the CBN as liquidity support and long term loans for the four banks adjudged to be in a grave situation to enable them continue normal business, while pursuing recapitalisation options.
- g) The order to the board of Unity Bank Plc. to recapitalise by 30 June 2010. It is noted that Unity Bank Plc was adjudged to have insufficient capital for its current level of operations but was adjudged to have a healthy liquidity position and with no indication of poor corporate governance practices. The CBN has therefore exercised its powers under Section 13.3 of BOFIA to order the Board of Unity Bank Plc to recapitalise by the said date and the CBN will continue to monitor this situation.

In addition, the CBN will assist the five banks with insufficient capital in their loan recovery efforts, just as it did with the previous five. The CBN is happy to report that as

at 25 September 2009, the five banks had recovered more than N110 billion of previously non-performing loans.

The CBN reiterates its commitment to stand by all Nigerian banks and work with their respective boards, management and other stakeholders to restore the stability of the financial system and thus ensure that our banks are able to effectively play their role in economic growth and development.

In furtherance of the commitment of the Federal Government to the growth and stability of the financial system, His Excellency the President of the Federal Republic, President Umaru Musa Yar' Adua has directed the Honourable Minister of Finance and the Central Bank Governor to liaise with the Attorney General of the Federation, the National Assembly and other relevant stakeholders with a view to fast-tracking the process of establishing an Asset Management Company.

The formation of this company should facilitate an improvement in banking sector liquidity, protection of the earnings of banks from further erosion and a reduction of the debt overhang on the capital market and its participants. This should provide a much-needed fillip for the revival of the Nigerian Capital Market.

With the conclusion of the bank audit exercise, we have come to the end of the first phase of the process of restoring financial sector stability. Ongoing action will focus on building capacity within the regulatory regime; fast-tracking the implementation of risk-based, consolidated and cross border supervision frameworks; easing the flow of credit, particularly to the real sector of the economy; improving governance structures and practices in the financial services sector; and improving confidence in the economy in general.

**HEAD OF CORPORATE AFFAIRS
CENTRAL BANK OF NIGERIA**