



## CENTRAL BANK OF NIGERIA

### **PRESS STATEMENT ON THE DECISION OF THE FEDERAL HIGH COURT IN THE CASE OF STOCKLAND NIGERIA LIMITED AND 2 OTHERS VS CENTRAL BANK OF NIGERIA & 5 OTHERS**

It would be recalled that the Federal High Court on 2<sup>nd</sup> April 2008 delivered judgment in the above case which was instituted by the Plaintiffs to challenge the revocation of the banking licence of SGBN by the CBN in 2006 owing to the erosion of its capital and its poor financial condition. The court had ruled that while it is the prerogative of CBN, as the regulatory body for banks in Nigeria, to revoke a banking licence in deserving situations, SGBN should have been given ample time to meet the condition attached to the forbearance of a considerable portion of its huge indebtedness to CBN.

The CBN has noted the pronouncement of the court confirming the discretionary nature of the act of granting forbearance as

well as the unfettered power of CBN as a regulatory body to revoke banking licences.

At an emergency meeting of the Financial Sector Surveillance Committee held today, 7<sup>th</sup> April, 2008 it was decided to inform the public as follows:

1. That all actions and measures taken by CBN with respect to SGBN had been in the interest of its depositors in particular, and the banking system in general.
2. That CBN is a responsible and law abiding corporate body which earnestly believes in the rule of law. Accordingly, and in the interest of justice and more so, in the over riding interest of the suffering depositors, the CBN has decided not to appeal the judgment of the court. Since the court has given SGBN only 30 days to complete all processes relating to its acquisition by another bank, the CBN reasoned that appealing the judgment would worsen the suffering of the innocent

depositors. Consequently, appropriate machinery has been put in place to allow SGBN 30 days to meet the condition attached to the forbearance of 80 per cent of its huge debt to CBN as directed by the court.

3. We wish to assure all Nigerians that both the CBN and NDIC are committed to ensuring that the Nigerian banking system remains safe and sound and we will continue to take all necessary measures to protect all depositors and members of the investing public.

Signed:

Head, Corporate Affairs