



Yale SCHOOL OF MANAGEMENT
Program on Financial Stability

EliScholar – A Digital Platform for Scholarly Publishing at Yale

YPFS Resource Library

10-4-2010

Update on the recapitalization of Unity Bank plc and Wema Bank plc

Central Bank of Nigeria (CBN)

<https://elischolar.library.yale.edu/ypfs-documents/11110>

This resource is brought to you for free and open access by the Yale Program on Financial Stability and [EliScholar](#), a digital platform for scholarly publishing provided by Yale University Library. For more information, please contact ypfs@yale.edu.



CENTRAL BANK OF NIGERIA
PRESS RELEASE

UPDATE ON THE RECAPITALIZATION OF UNITY BANK PLC AND WEMA BANK PLC

It will be recalled that in its Press Release dated June 28, 2010 captioned **RE: JUNE DEADLINE FOR THE RECAPITALISATION OF UNITY AND WEMA BANKS**, Central Bank of Nigeria (CBN) extended the deadline for the recapitalization of Unity Bank Plc and Wema Bank Plc by three months, ending September 30, 2010. A major reason for the extension was the unanticipated three months extension in the timeline for setting up the Asset Management Corporation of Nigeria (AMCON), which is expected to purchase non-performing loans in banks and serve as a recapitalization vehicle for the banking industry.

At the expiration of the deadline, CBN is pleased to note that Unity Bank Plc has successfully raised N17.34 billion through a Rights Issue, thereby meeting the regulatory capital requirement and the minimum capital adequacy ratio of N25 billion and 10%, respectively. The additional fresh capital shall, however, be subjected to capital verification which is scheduled to commence soon.

Wema Bank Plc, on its part, has applied to CBN seeking a banking licence to operate as a regional bank with a regulatory capital requirement of N10 billion (Ten Billion Naira). It has also applied to and obtained approval from Securities and Exchange Commission (SEC) to raise N7.5 billion fresh capital through a Special Placement Offer.

The bank has made additional recoveries of N4 billion (Four Billion Naira Only). All these point to a significant progress in its recapitalisation efforts.

However, the ultimate success of the recapitalisation of Wema Bank is partly hinged on the establishment of AMCON, the operationalisation of which has been slightly delayed for reasons beyond the bank's control. Consequently, Wema Bank has requested for a 30-day extension ending October 30, 2010, to enable it conclude its capital raising exercise. The CBN has granted the request.

All stakeholders are advised to be guided accordingly.

Signed
MM Abdullahi
Head Corporate Communications
4th October 2010