



PRESS STATEMENT

A. INTERFIN BANK LIMITED: PLACED UNDER THE MANAGEMENT OF A CURATOR BY THE RESERVE BANK OF ZIMBABWE

B. CLOSURE OF GENESIS INVESTMENT BANK:

1. INTERFIN BANK LIMITED

- 1.1. Members of the public are advised that on Monday, 11 June 2012 at 1630 hours the Reserve Bank of Zimbabwe served a direction upon Interfin Bank Limited placing the bank on recuperative curatorship for a period of six (6) months. The direction was served in accordance with the provisions of the Banking Act, [Chapter 24:20]. At the same time, the Reserve Bank appointed **Mr. Peter Bailey of KPMG Chartered Accountants** as the curator.
- 1.2. The Reserve Bank took this action upon determining that Interfin Bank Limited is not in a safe and sound financial condition. In particular the unsafe and unsound condition of Interfin Bank Limited is attributable to inadequate capitalization, concentrated shareholding and abuse of corporate structures, high level of non-performing insider and related party exposures, chronic liquidity and income generation challenges, poor board and senior management oversight, as well as violation of banking laws and regulations.

- 1.3. The primary purpose of the curatorship is to protect depositors, preserve the assets of the Interfin Bank Limited and protect the stability of the financial system.
- 1.4. One of the consequences of placing Interfin Bank Limited under the management of a curator is that the institution of all legal proceedings and the execution of writs, warrants, summons, etc. is now stayed unless the High Court otherwise grants leave. Another consequence is to suspend the powers of every director, officer and shareholder of Interfin Bank Limited, except to the extent that the curator may permit them to exercise such powers.
- 1.5. The curator will takeover and assume the management of Interfin Bank Limited in such a manner as he considers prudent and most likely to promote the interests of the institution, its depositors and creditors. We implore the public to exercise patience to allow for a smooth handover / takeover in terms of the due process.
- 1.6. The handover/takeover process entails: securing the bank's assets and records; ascertaining the exact balances of the institution's assets and liabilities; drawing the institution's statement of affairs at the beginning of the curatorship period; facilitate effective control over the bank's ICT infrastructure and ensuring availability of adequate back-up and business continuity arrangements.
- 1.7. The curator will, in due course, recommend to the Reserve Bank how the financial situation of Interfin Bank Limited should be resolved.
- 1.8. The Reserve Bank of Zimbabwe has taken this action because it considers it to be in the best interests of depositors and creditors, and of Interfin Bank Limited itself and also of the banking sector in general.

2. GENESIS INVESTMENT BANK

- 2.1. Members of the public are further advised that on Monday 11 June 2012 the Board of Directors of Genesis Investment Bank met and resolved to voluntarily surrender the institution's banking licence in line with section 14 (4) of the Banking Act [Chapter 24:20]. This follows failure by the institution to raise the requisite minimum capital from over twenty (20) different potential investors whom the bank tried to engage since 2009.
- 2.2. The Reserve Bank determined that the institution is not in a safe and sound financial condition. The bank's Board of Directors has failed to steer the institution out of numerous deficiencies including gross undercapitalization [-\$3.20 million]; persistent losses; poor asset quality; paltry deposit base; and chronic liquidity challenges. As such, there is no prudential basis for the continued existence of the bank.
- 2.3. Accordingly, the Reserve Bank of Zimbabwe has closed Genesis Investment Bank and commenced proceedings for the liquidation of the institution.

DR. G. GONO
GOVERNOR
11 JUNE 2012