



*Bank of Zambia*

**GOVERNOR'S PRESS BRIEFING DISCUSSION  
POINTS ON INVESTRUST BANK PLC (IN  
POSSESSION)**

**Thursday, 11 April 2024**

1. Agenda

- Give the background to the decision;
- Clarify on the period for preparing the statement of affairs.
- Focus our attention on the depositors; and
- Registrar providing details on the possession and way forward.

2. Let me begin by welcoming you all to this media brief on the recent decision taken by the Bank of Zambia to take possession of Investrust Bank Plc (or Investrust as it was commonly known) on 2 April 2024 due to insolvency. Insolvency simply means that the capital position of Investrust was below zero (negative) and its liabilities exceeded its assets.

3. This decision, like all possession and liquidation decisions, is a very difficult one and thus not taken lightly by the Bank of Zambia or indeed any bank or financial institutions regulator, especially for deposit taking institutions. This is primarily because financial institutions operate on the basis of trust of the people they serve. Their failure, therefore, have serious and significant consequences on their clients. In this context, when licensing an institution to operate as a bank, our expectation is that the institutions we licence must succeed in playing their role of providing financial services to the economy. As a consequence of this, due care is taken when screening the promoters/proprietors of these institutions before

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they are issued licenses. Once in operation, there is also constant dialogue with management and representatives of shareholders of these institutions as we carry out our regulatory and supervisory activities.

4. Coming back to the case at hand, we wish to stress that the decision we took was arrived at after all other efforts failed to deliver the assurance that the institution could continue as a going concern. Our actions were also in accordance with the **Banking and Financial Services Act 2017**, amended by the **Banking and Financial Services (Amendment) Act 2020**. At the point of taking possession, we estimated that the amount of capital required for the bank to be compliant was in the order of K850 million. However, this is a preliminary position, which will only be confirmed once we have concluded the preparation of the Statement of Affairs – and we will provide clarity on what this means. In addition, the bank had pre-existing liquidity challenges which became serious in the recent months, which compelled it to resort to expensive short-term funding sources. Signifying clearly that the operations of the bank were unsustainable.
  
5. Over the years, the Bank of Zambia has had several engagements with the major shareholder and constantly emphasised the need for the shareholders to fully recapitalise the bank. In 2019, the major shareholder injected capital in the bank amounting to K286.0 million. However, this was not enough to put the bank on a

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sustainable capital base. Further efforts were made by the major shareholders to resolve the challenges at the bank through a group rationalisation transaction in 2020, which would have led to the Industrial Development Corporation being the majority shareholder. Unfortunately, this too, did not materialise. As a result, they initiated the process of finding a suitable strategic equity partner, which up to the date of possession, had not yielded positive results.

6. In our most recent engagements with the major shareholder, it was made clear that their medium-term strategy was to focus on mining and mining related activities with no prospects for immediate recapitalisation of the institution. In view of its insolvency position, this therefore meant that failure was imminent. Under the circumstances, the Bank of Zambia was left with no choice, but to take immediate action to prevent disorderly exit of the bank from the financial sector, forestall further deterioration of the value of the assets, protect depositors, and ultimately preserve financial stability. It is important to point out here that at the time of taking possession, the shareholding of Investrust was as follows:

Shareholder	Number of shares held	Percentage holding (%)
ZCCM Investments Holdings	5,832,255	71.4
Bank of Nevis International Ltd (Incomplete vetting)	1,966,199	24.1
Others	366,641	4.5
<b>TOTAL</b>	<b>8,165,095</b>	<b>100</b>

7. The Bank of Zambia is alive to the concerns of depositors on whether they will have access to their deposits and on the consequences of suddenly not having

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access to their funds. This is particularly so as we all deal with the consequences of the current devastating drought and its impact across the economy. After taking possession of Investrust, which we now designate as Investrust (In Possession), we engaged key stakeholders, including the Government. This was critical because the very fact that Investrust was insolvent at the time of taking possession meant that they were not in a position to pay off all depositors. **May I now take this opportunity to assure the depositors that their deposits are safe as Government will provide support to bridge the gap between the assets and liabilities of Investrust (In Possession).** I must mention that this fiscal support is critical in the context of the need to protect the integrity of the financial system and to support other key measures to promote growth and financial inclusion including the recent conclusion of the debt restructuring with the Eurobond holders and the measures taken to revive the mining sector.

8. Whilst we are committed to moving as quickly as possible, I must stress that this process will take some time. We are currently working hard to have the statement of affairs prepared **within six weeks from now** and to have options prepared for how we will resolve Investrust (In Possession). During this period, some payments will be made to depositors and we expect all depositors to have full access to their funds, on the basis of the statement of affairs as at April 2, 2024, once the Bank of Zambia Board has decided on the resolution option.

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9. Allow me to now invite the Registrar of Financial Service Providers, who is the Deputy Governor Operations, to provide details on the actions taken so far and, on the process, we envisage over the next six (6) weeks or so.

**Remarks by the Registrar of Financial Service Providers**

10. As you all know, the Bank of Zambia took possession of Investrust on April 2, 2024, and it is now designated as Investrust (In Possession). This involved us sending staff to each of the 20 branches (including head office), located in six provinces. Over a period of five to six days Staff verified monies held by the branches and secured important documents and assets. Investrust Bank (In Possession) staff at the branches were addressed by Bank of Zambia staff as we took possession and they have been requested to remain at home, whilst the possession proceeds. Where needed selected Investrust staff are assisting the Bank of Zambia officials in their activities and further guidance will be provided to all staff as the possession proceeds.

11. The Bank of Zambia is now preparing a Statement of Affairs to establish the full extent of insolvency of the bank at the time of taking possession. This process entails examining and validating the bank's financial records and is expected to be completed, all things being equal, in approximately six (6) weeks.

12. As has been indicated by the Governor, after the Statement of Affairs is

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concluded, the Bank of Zambia will evaluate the best resolution option, based on the provisions of the Banking and Financial Services Act, and stakeholders will be advised accordingly.

13. The Bank of Zambia is also working around the clock to ensure that depositors receive part of their deposits in the shortest time possible. You will all appreciate that to do this, the Bank of Zambia needs time to conclude the validation of depositors' information and we will require the full cooperation and patience of depositors. Depositors also need sufficient time to provide alternative payment channels to receive the first payments. In this regard, the Bank of Zambia plans to make the first payment by **26 April 2024**.

14. The Bank of Zambia will facilitate the first payment to all depositors up to a maximum of K500,000 (**Kwacha Five Hundred Thousand**). This payment will cover over 90.0 percent of the total deposit accounts. For clarity, this means that those who have deposits at or below K500,000 will get payments that fully cover their deposits during this first payment.

15. Once the Statement of Affairs is concluded, the Bank of Zambia will advise depositors on how they will access the balance of the deposits. To reiterate the earlier point, all deposits are safe, and we would like to appeal for patience as the

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Bank of Zambia works on a resolution path which will lead to depositors having full access to their deposits. We would also like to thank and commend the Government for the support and collaboration in this exercise.

16. The Bank of Zambia will continue to provide periodic updates to the public on the status of the possession through print and digital media platforms, among others as appropriate. This includes newspapers, Radio, Television, Facebook, X (formerly known as Twitter) and/or LinkedIn.

17. Lastly, customers with outstanding loans will still need to remain current on their loans and will be advised where to make their loan repayments. We hereby request all borrowers to continue servicing their obligations to Investrust Bank Plc (In Possession) once the information is shared.

**Thank you for your attention.**