

BANK OF BOTSWANA

PUBLIC NOTICE

KINGDOM BANK AFRICA LIMITED – TEMPORARY MANAGEMENT UNDER AND IN TERMS OF SECTION 33 OF THE BANKING ACT (CAP 46:04) AND CONSEQUENT WINDING UP ORDER

UPDATE

Further to the Public Notice of March 10, 2015, issued by the Bank of Botswana, this is to inform depositors and other members of the public that the period of temporary management of Kingdom Bank Africa (KBAL) came to an end on May 18, 2015. The Bank of Botswana has determined, in accordance with Section 34(d) of the Banking Act, to petition the High Court for a winding-up order on the grounds that KBAL is insolvent and that its liabilities exceed its assets by approximately USD17 million.

KBAL has been closed down. During the temporary management period, the temporary managers found that the asset base of the bank had been severely eroded due to a number of factors which gave rise to liquidity problems and ultimately insolvency. KBAL had placed significant funds – at least 70 percent of its total assets – on deposit with a related bank in Zimbabwe, namely, Afrasia Bank Zimbabwe Limited. This bank also suffered liquidity problems and in February 2015 it surrendered its banking licence and was subsequently placed in provisional liquidation. These problems have negatively impacted on KBAL, the recoverability of its funds on deposit, its ability to continue as a going concern and its ability to meet its obligations to its depositors.

Based on the information obtained during the early stages of the temporary management, the Bank of Botswana commissioned a forensic audit of the financial affairs of KBAL, with a particular focus on some investments and placements at foreign financial institutions. The forensic audit is ongoing.

The petition for the final winding-up of KBAL was brought before the High Court of Botswana on May 12, 2015. The High Court granted a final winding-up order in respect of KBAL and appointed Mr Max Marinelli and Mr Chris Bray, both Chartered Accountants of Gaborone, to act as joint liquidators, and they will shortly commence the necessary winding-up processes.

For further information, please contact:

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