



PUBLIC NOTICE

SECTION 15 BANKING ACT [*CHAPTER 24:20*] TRUST BANK CORPORATION LIMITED CANCELLATION OF BANKING LICENCE

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- 1) Following a decision by the Reserve Bank Board with the approval of the Honourable Minister of Finance, this note serves to inform that **TRUST BANK CORPORATION LIMITED's** banking licence has been cancelled.
 - 2) This follows a determination that Trust Bank management was abusing depositors' funds and all efforts to rectify the problem have failed. The Reserve Bank was left with no option but to take this supervisory course of action in the interest of protecting depositors' funds and financial sector stability. The public will recall that the bank was previously closed in 2005 for imprudent banking practices.
 - 3) The bank is financially unsound and is not operating in accordance with sound administrative and accounting practices and procedures in violation of the Banking Act [*Chapter 24:20*]. In particular the bank is **critically undercapitalised** with a **core capital of \$1.90 million**, has been posting persistent losses (cumulative loss position since inception of **\$18.01 million**). The institution has been facing critical liquidity challenges emanating from the poor loan book and the inadequate working capital and gross abuse of depositors' funds.

- 4) The bank's recapitalization efforts have all been futile and the bank is no longer safe and sound. In the circumstances, the maintenance of registration of Trust Bank as a banking institution is undesirable and is not in the interests of its members, depositors and creditors. Accordingly, the Registrar has canceled the bank's licence in terms of section 14 (1)(f)(j) and (k) of the Banking Act for the following reasons:
 - a) the institution can no longer maintain net assets which, together with other financial resources available to it, are of an amount and nature sufficient to safeguard its creditors; and
 - b) the institution can no longer maintain the prescribed minimum amounts of capital and reserves; and
 - c) the institution is engaging in undesirable methods of conducting business.
- 5) As a consequence of the said cancellation, Trust Bank is no longer a banking institution as defined in the Banking Act, and therefore its status is that of a company registered in terms of the Companies Act [*Chapter 24:03*]. Members of the public are accordingly advised, for their own protection, not to undertake any banking transactions with the de-registered bank, as they do so at their own risk.
- 6) Members of the public are advised that the Reserve Bank shall, in conjunction with the Deposit Protection Corporation, institute liquidation proceedings in order to facilitate payments to depositors and other creditors.

Registrar of Banking Institutions

6 December 2013