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Steward Bank seeks land to settle \$2,1mln Chiyangwa loan

Posted date: March 02, 2015 in: Financial services, Funds, Zimbabwe 1 Comment

By Bernard Mpofu, HARARE, March 2 (The Source) – Steward Bank, the banking unit of Zimbabwe's largest mobile phone operator Econet Wireless, is considering swapping residential stands to the tune of \$2.1 million to recover funds borrowed by a property firm owned by businessman Phillip Chiyangwa, popularly known for flaunting his wealth, The Source has established.

The bank is moving to recover non-performing loans, mainly resulting from its predecessor TN Bank, but is not keen to transfer the debts to the Zimbabwe Asset Management Corporation (Zamco), bad loan special purpose vehicle set up by the central bank last year to clean balance sheets of financial institutions.

The documents also show that the bad debts also accrued from "furniture loans" totaling \$23.2 million linked to Lifestyle Holdings and account for the bulk of the outstanding \$31 million owed by debtors.

Confidential documents seen by The Source show that Pinnacle Property Holdings is owing \$2,170,763.78 despite surrendering collateral worth \$720,000 as security.

"We have a proposal to swap a block of residential stands with this debt. The proposal is being considered by the Board Risk and Compliance Committee," former chief executive, Kwanele Ngwenya wrote to bank executives in August last year.

"Debt can be transferred to SPV (Zamco) but there will be a huge discount as there are no cash flows. The Bank is better off by accepting the proposal and transfer of the property can be effected within 90 days."

Steward Bank officials did not respond to questions but a livid Chiyangwa denied owing the bank any funds.

"Why are you interested in writing about my business. Don't you have any other issues to write about. I built my empire on my own," Chiyangwa said.

"Has the bank asked you to call me? I last dealt with TN seven years ago and I do not owe them anything."

At \$700 million, the NPLs account for 18.5 percent of loans and advances by local banks, which is above the internationally accepted norm of five percent.

Banks will sell NPLs to ZAMCO, whose operations will be funded by a combination of credit lines, long term bonds and treasury bills, under commercial terms assigning collateral and all other rights attached to the loans.

The increase in NPLs, which have shot up to 18.5 percent from 1.6 percent in 2009, was causing banks to cut on lending to business at a time when local companies require funding, the central bank said.

Notable personalities such as former deputy minister of mines Murisi Zwizwai and former TN Holdings director Simbarashe Mangwende also owe the bank \$8,400 and \$137,000 respectively.

Tags: Econet Wireless featured Murisi Zwizwai Philip Chiyangwa Simbarashe Mangwende Steward Bank

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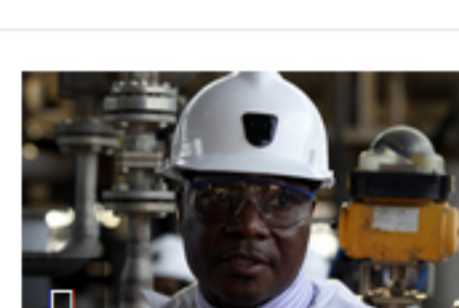
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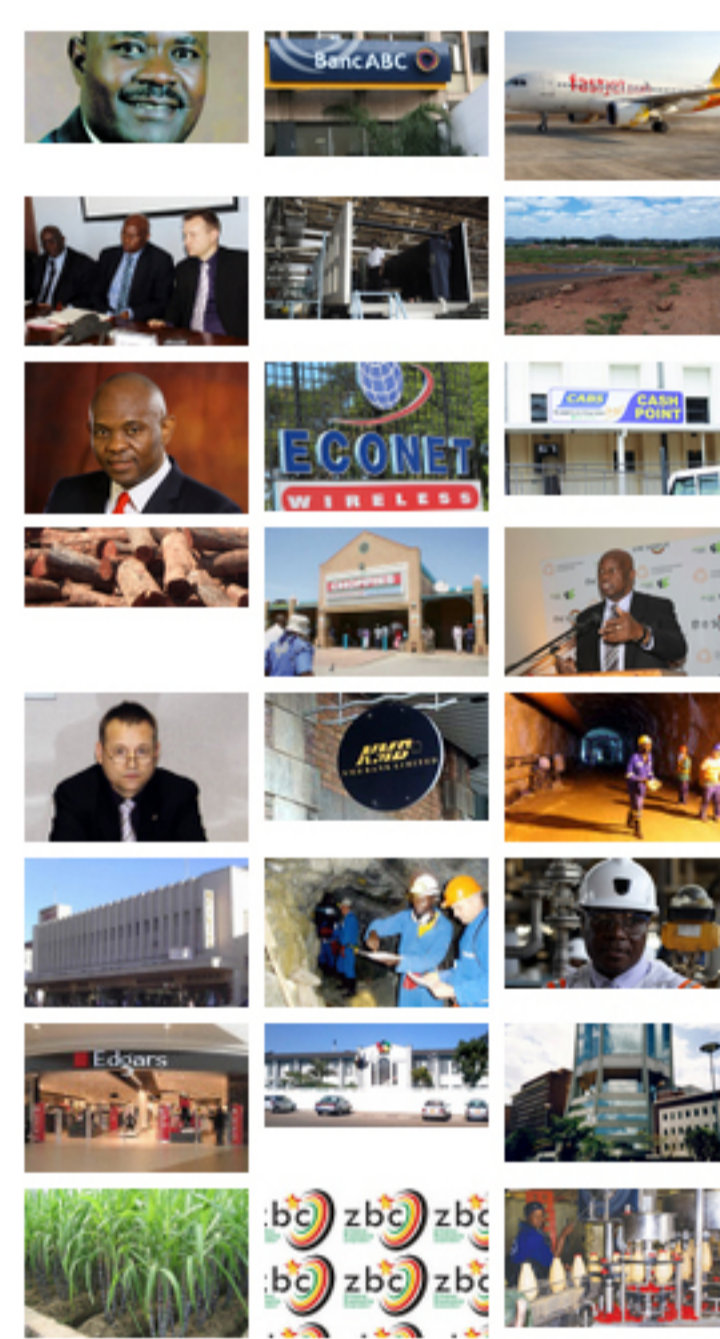
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