



SOUTH AFRICAN RESERVE BANK

Media statement

8 June 2023

Habib Overseas Bank Limited: payments to depositors

On 26 March 2023, the Minister of Finance, on a recommendation from the Prudential Authority (PA) at the South African Reserve Bank (SARB), placed Habib Overseas Bank Limited (Habib Overseas Bank, or HOB) under curatorship to deal with its governance, compliance and operational failures.

Since the commencement of the curatorship, in-depth investigations and analysis undertaken by the curator found that HOB's financial position was significantly worse than initially anticipated. This resulted in a moratorium being imposed and the closure of HOB branches by the curator to enable his team to undertake financial and operational assessments given the governance, compliance and operational failures.

The SARB, with the support of National Treasury, has sought to implement a mechanism whereby qualifying depositors of HOB can have access to and be repaid amounts deposited by them with HOB, up to a maximum of R100 000 per depositor.

These payments to depositors will be paid by the SARB – based on a guarantee issued by National Treasury – and not by HOB, to assist depositors. Depositors with amounts in excess of R100 000 will retain a deposit with HOB for their remaining balances.

Today, we are pleased to announce the mechanisms that have been put in place to repay HOB depositors:

1. Following discussions held with National Treasury, government has provided a guarantee to the SARB to facilitate the repayment of deposits up to a maximum amount of R100 000 per depositor, starting from 12 June 2023.
2. After considering several options based on specific criteria for how depositors can access these funds, as well as advice provided by the curator of HOB, it was decided to use FirstRand Bank Limited's retail and commercial bank division, First National Bank (FNB), as the pay-out institution to facilitate the repayment

to depositors. The criteria for selecting a repayment medium included proximity to depositors, cost structure, speed of execution, and the complexity of having multiple types of deposits. Also considered was selecting a pay-out institution that specifically provides similar types of products as those that were offered by HOB to its customers.

The process by which depositors may gain access to their funds will commence on 12 June 2023. The curator and FNB will provide the necessary information regarding access to the funds, what will be required from depositors as well as the specific FNB branches to visit. Depositors will have up to three years within which to claim their funds pursuant to the mechanism being facilitated by the SARB through FNB.

These details will be communicated by the curator on 9 June 2023.

All HOB branches will remain closed.

Depositors or account holders who have more than R100 000 deposited in HOB accounts will only be able to access their deposits up to a maximum amount of R100 000 through FNB. The amounts in excess of R100 000 will remain as deposits in HOB. These deposits will remain valid and depositors may receive part or all of their amounts above R100 000 in future, depending on the financial position of HOB. This is, however, not certain nor guaranteed, as the financial position of HOB is still being assessed.

All customers who have loans with HOB are urged to continue paying their loans as they are still legally obliged to do so. Customers may face penalties and other sanctions if they fail to repay monies owed to HOB.

The SARB would like to thank the curator for his work done so far. The SARB would also like to thank FNB for agreeing to partner with the SARB to facilitate the return of part of HOB depositors' funds. The repayment of depositors will go some way towards easing the hardships suffered by many people over the past two months.

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