



SOUTH AFRICAN RESERVE BANK

## **Media release**

**21 July 2023**

### **Application to place Habib Overseas Bank in liquidation**

The Prudential Authority (PA) and the South African Reserve Bank (SARB) launched proceedings in the High Court on 21 July 2023 for an order for the final winding up of Habib Overseas Bank Limited (HOB). The application is to be heard on Tuesday, 8 August 2023 or as soon thereafter as determined by the Court. This follows the decision by the Minister of Finance, on the recommendation by the PA, to place HOB under curatorship in March 2023. HOB was placed under curatorship to deal with its governance, compliance and operational failures. Since the curatorship, in-depth assessments and analysis undertaken by the curator found that HOB's financial position was significantly worse than that reported by the bank's management. The findings by the curator concluded that HOB is insolvent.

In accordance with the requirements of the Banks Act 94 of 1990 (Banks Act), Craig du Plessis, who is the appointed representative of the curator of HOB, notified the PA that there was no reasonable probability that the continuation of the curatorship would enable the bank to pay its debts or meet its obligations and become a successful concern. The curator further recommended an investigation into the affairs of HOB.

HOB's total assets are significantly less than its liabilities. It is the view of the curator that, having regard to the current position of HOB, it is highly unlikely that HOB would be able to attract an alternative equity investor to recapitalise the bank. The curator has also highlighted serious concerns regarding HOB's ability to function effectively as a banking institution and has found its business model to be unsustainable.

In light of this, a decision was taken by the PA and the SARB that it would be in the best interests of the creditors of HOB, which in the main are its depositors, for HOB be placed in final winding up, as a matter of urgency. This would then allow a liquidator to preserve the bank's assets for the benefit of its creditors and to undertake the necessary investigations into the affairs of HOB.

**Notes to the Editor:**

On 8 June 2023, the SARB, with the support of National Treasury, announced a mechanism whereby qualifying depositors of HOB could have access to, and be repaid amounts deposited by them with HOB, up to a maximum of R100 000 per depositor. This process is being facilitated by designated First National Bank branches. This mechanism remains in place, notwithstanding the potential liquidation of HOB.

These payments to depositors, of up to R100 000 per eligible depositor, are being paid by the SARB, and not by HOB, to assist depositors. Depositors with more than R100 000 in their accounts will continue to have a claim against HOB (in liquidation) for the remaining balance after the payment of R100 000.

**Issued by SARB Media Relations**

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