



SOUTH AFRICAN RESERVE BANK

**Remarks by the Governor of the South African Reserve Bank,
Mr Lesetja Kganyago**

Press conference, 16 May 2022: Ubank Limited

Members of the media,

Thank you for being here today.

We have called today's press conference for an announcement in connection with Ubank Limited (Ubank).

Ubank is a bank, duly registered as such in terms of the provisions of the Banks Act 94 of 1990, which means that it falls under the supervisory and regulatory ambit of the Prudential Authority. The bank has a long history of providing basic financial services to mine workers and their families.

The Financial Sector Regulation Act 9 of 2017 mandates the Prudential Authority to:

- a. promote and enhance the safety and soundness of financial institutions that provide financial products; and
- b. protect financial customers against the risk that those financial institutions may fail to meet their obligations.

During the last couple of years, the Prudential Authority has intensified its supervision of Ubank due to corporate governance concerns, a high number of internal control weaknesses, and the prolonged period it has taken to secure the injection of sufficient capital to (i) comply with the minimum capital requirements; (ii) diversify the bank's business model; and (iii) ensure the future sustainability of the bank.

After having duly considered the seriousness of the issues facing the bank, and given that Ubank is unlikely to immediately meet its obligations as required by the Banks Act and the Regulations relating to Banks, the Minister of Finance, in consultation with the Prudential Authority, has decided to place Ubank under curatorship with immediate effect. This is being done to proactively mitigate the adverse consequences on Ubank's depositors, and to preserve the stability of the South African banking and financial services sector as a whole.

Upon an appointment of a curator, the management of Ubank vests in the curator, subject to the supervision of the Prudential Authority, that any other person vested with the management of the affairs of Ubank shall be divested thereof. The curator is also required to recover and take possession of all the assets of Ubank. Furthermore, the Prudential Authority is obliged to ensure that all payment clearing and settlement obligations of Ubank will continue to be met.

The curatorship provides the legal framework within which the necessary initiatives can take place to enable an orderly resolution. The Minister of Finance has appointed KPMG South Africa as the curator, with Mr Zola Beseti as the representative. KPMG South Africa will be responsible for Ubank with immediate effect, and with the full authority the law confers on the curator.

Mr Zola Beseti is a Director at KPMG and is based in Johannesburg. He is a member of KPMG's Policy Board. Members of the media will be provided with his curriculum vitae as part of the press pack, and I would like to introduce him to you now.

I want to emphasise that Ubank will continue to operate during the period of curatorship and the curator will make decisions regarding the continued granting of loans and sound banking activities generally.

Retail depositors represent 98% of Ubank's total liabilities.

It is important to emphasise that Ubank will continue to be open for business.

Ubank remains highly liquid with a liquidity coverage ratio in excess of the regulatory requirement. The Prudential Authority is aware of interested parties that have been discussing, and are continuing to discuss, investing in Ubank, and which investments, if concluded, will resolve the issues at Ubank. The curator will take this process forward.

As already indicated, Ubank remains highly liquid. Depositors will have continued access to their money and other banking services offered by the bank in the ordinary course of business. The curator will keep depositors informed of any developments at the bank.

The curatorship is a protection procedure which gives the Prudential Authority the legal means to create the necessary space to implement a resolution plan. Customers and staff are encouraged to continue supporting Ubank.

We take this opportunity to highlight the following:

- South Africa's banking sector remains healthy and robust.
- There have been no indications that other South African banks have been negatively affected by Ubank's current situation.

The role of the Prudential Authority is to make every effort to ensure that South Africa's banks have adequate capital, liquidity and leverage ratios. The Prudential Authority is, and will remain, an active supervisor. However, this can never substitute for

management's role and its responsibility to manage a bank. It also cannot replace a Board's responsibility to ensure sound policies and practices in relation to corporate governance, effective risk management, and the strategic direction of a bank.

Notwithstanding the challenges facing Ubank, it plays an important role in supporting financial inclusion by serving mine workers and their families in remote rural areas. Ubank has traditionally serviced the unserved and underserved market. The Prudential Authority therefore remains committed to supporting financial inclusion by fulfilling its mandate of protecting the hard-earned funds of members of the public saved in the banks, and by continuing to maintain the strength of the banking and financial system.

Thank you.

Issued by Governor Lesetja Kganyago

For queries: Media@resbank.co.za

Biography: Mr Zola Beseti, appointed curator for Ubank Limited

Professional and industry experience

Mr Zola Beseti has 22 years of professional experience, 9 of which were spent in KPMG's Technical Accounting Department, 2 in academia with the University of Fort Hare, and 11 years in audit.

Mr Beseti was admitted as a Partner at KPMG in September 2011 in the Technical Accounting Department and transferred to the Financial Services Audit Business Unit in 2016. He is currently the Head of Asset Management for South Africa and has been an elected member of the Board of KPMG South Africa since 2017.

Education, licences and certifications

- MCom (International Accounting) – University of Johannesburg
- Postgraduate Diploma in Accounting – University of Natal (Durban)
- Postgraduate Diploma in Management (Financial Accounting) – University of Cape Town
- BCom Accounting – University of the Western Cape
- Registered as Chartered Accountant (SA) with SAICA (registration number 04886362)
- Registered Auditor with the IRBA (registration number 849286)
- JSE-accredited Registered Auditor

Client experience

Audit:

- Old Mutual Limited: signing engagement partner for the year ended 31 December 2021
- Old Mutual Finance: signing engagement partner for the years ended 31 December 2018 – 2021
- Old Mutual Emerging Markets: signing engagement partner for the years ended 31 December 2019 – 2021
- Old Mutual Africa Holdings: signing engagement partner for the years ended 31 December 2019 – 2021
- Coronation Fund Managers Limited: signing engagement partner for the year ended 30 September 2021
- Coronation Asset Managers (Pty) Limited: signing engagement partner for the year ended 30 September 2021
- Taquanta Investment Holdings (the Group): signing engagement partner for the years ended 31 December 2018 – 2021
- Taquanta Asset Managers: signing engagement partner for the years ended 31 December 2018 – 2021

Curatorship:

- Team member responsible for the finance stream on the curatorship engagement of Nestlife Assurance Corporation Limited from November 2020 to June 2021