

10.1 CHRONOLOGY OF EVENTS

Year	Governor	Deputy Governor (responsible for Regulation)	Registrar	Regulatory Events International*	Accounting and Regulatory Events South Africa	Events : Bankorp/Trust Bank/ABSA
1967 to 1975	T W de Jongh 1967-1980	N/A Banking regulation was responsibility of Treasury	JW Louw (1969 to 1981)	Basel Concordat (1975).		Bankorp group consists of: <ul style="list-style-type: none"> • Senbank • Bank of Johannesburg • Sasbank • Senreg Controlling interest held by Sanlam.
1976						Trustbank over-exposed to property market.
1977						Bankorp Group acquires Trust Bank, which was then headed by Jan Marais.
1978						Bankorp acquires Santam Bank.
1979						
1980				Supervision of banks' forex positions.		
1981	GPC de Kock (1981-1989)		EW van Staden (1982)			
1983			RW Burton (1983-1985)	Basel Concordat amended.		
1984						Bankorp acquires Mercabank.
1985		AS Jacobs (1985-1990)			Foreign banking supervision functions moved to the Bank.	Start of aggressive lending strategies headed by Fred du Plessis (Executive Chairman – Bankorp) and Chris van Wyk (Managing Director – Trust Bank). On 30 May 1985 the Reserve Bank extends low interest loan (3 per cent) of R 200 million to Bankorp. Repayable on or before 31 May 1990.
1986			PJ Badenhorst (1986-1987)	Management of off-balance sheet exposures.	Adoption of UK Capital principles in new regulations. Companies Act regulations changed to eliminate disclosure	Lending book grows by 20 per cent to 40 per cent p.a. Bankorp approached the Bank with a request to increase loan of R 200 million made in April 1985 to R 300 million. After further representations the amount was increased to R 300 million on 18 April 1986.

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					exemption for banks.	Full repayment had to be made by 31 May 1990.
1987			CJ de Swardt (1987-1990) (first Registrar who was a Reserve Bank official)		All banking supervision moves to the Bank.	Restructuring by Bankorp. Bank agrees to reschedule loan repayment of five equal instalments of R 60 million each, beginning on 1 April 1990 and ending on 1 April 1994. As a first precursor to the eventual merger of interests into ABSA, UBS Holdings Limited acquired in May 1987, 30 per cent of Volkskas Group Limited, paid for by issuing 10 per cent of its shareholding to Volkskas Group Limited. These two companies became equal joint partners in a new venture, United Bank Limited.
1988				International convergence of capital measurement and capital standards (The Basel Capital Accord). Prevention of the criminal use of the banking system for the purpose of money laundering.		From 1988 onward the Duros Group, through Tollgate, became an aggressive acquirer of companies. It financed these acquisitions through borrowing from Trust Bank and the issue of shares.

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1989	C L Stals (1989 – 1999)			Relationship between banking supervisors and external auditors.		<p>In July 1989 the largest single shareholding in Tollgate was registered in the name of Trust Bank Nominees (Pty) Ltd, registered as the holder of 31,5 million shares. There were only two other shareholdings in excess of a million shares at the time, Metropolitan Board Nominees (Pty) Ltd and Southern Life Association Limited.</p> <p>Trust Bank's solvency threatened by debt defaults. Reserve Bank cautions senior management.</p> <p>Sanlam, of its own accord, decided to launch a R 350 million rights issue to recapitalise Bankorp. The issue was not successful and Sanlam took up the majority of the shares.</p>
1990		C J de Swardt (1990 – 1999)	J H van Greuning (1990 – 1994)	Exchanges of information between banking and securities supervisors.		<p>Piet Liebenberg appointed as CEO of Bankorp.</p> <p>Sanlam approaches the Reserve Bank for assistance for Bankorp.</p> <p>Reserve Bank orders investigation of Bankorp by external auditors, which reveals serious situation.</p> <p>The Reserve Bank involved the Minister of Finance, B J du Plessis. He accepts the recommendation to support Bankorp.</p> <p>The Reserve Bank agrees to extend the date on which repayment of the loan commences from 1 April 1990 to 1 August 1990.</p>

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						<p>The Reserve Bank, Bankorp and Sankorp meet and agree:</p> <ul style="list-style-type: none"> • The Reserve Bank provides a further loan of R 700 million (in addition to existing R 300 million) to Bankorp. • The total amount advanced carries an interest rate of 1 per cent pa for 5 years. • Bankorp has to reinvest part of the loan in government bonds (R 600 million) yielding 16 per cent pa for five years, and place the balance on deposit with the Bank (R 400 million) for 5 years. • Various operational constraints. • Only minorities get dividends. <p>Sanlam should launch another rights issue to raise R 526 million. Sanlam ended up taking the majority of the shares.</p> <p>Bankorp made a loss of R 368,4 million during the financial year ended 30 June 1990.</p> <p>Trust Bank increased facilities to Tollgate to R 70 million.</p>
1991				Measuring and controlling large credit exposures. Amendment to the Basel Capital Accord in respect of the inclusion of general provisions/general loan-loss reserves in capital.	New Banks Act incorporating Basel principles comes into effect.	In terms of an agreement dated 26 January 1991, between UBS Holdings Limited, Allied Group Limited, Volkskas Group Limited, Sage Holdings Limited and Sage Financial Services Limited, UBS acquired all the assets of Allied and Volkskas and certain assets of Sage Financial Services with effect from 1 October 1990 and changed its name to Amalgamated Banks of South Africa (later known as ABSA).

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						<p>Bankorp's external auditors report that to issue an unqualified opinion for year ended 30 June 1991, a specific provision of R 1 573 million, general provision of some R180 million as well as provisions against high risk accounts amounting to R 616 million (total R 2 369 million) were needed. Bad debts estimated at R 1 930 million. Bankorp has to fund R 800 million of the write-off from own resources.</p> <p>The Bank made available an additional R 500 million to Bankorp, raising its total assistance to R 1,5 billion.</p> <p>A precondition of this help was that Sanlam, as controlling shareholder, had to provide similarly structured, 10 year loan of R 300 million to Bankorp at an interest differential of 17 per cent, the difference between the interest charged on the loan and the rate of reinvestment.</p> <p>The total value of the Bank's assistance equated to R 225 million pa, or a total of R 1 125 million for a 5 year period of the loan (R 1,5 billion at 15 per cent over 5 years).</p> <p>On 3 June 1991 a fax detailing Reserve Bank assistance to Bankorp agreed upon in 1990 was received at a corporate branch in the Volkskas Group. It seems that this fax outlined ideas for discussing further assistance by the Reserve Bank, and was inadvertently faxed to Volkskas.</p> <p>In terms of an agreement dated 27 September 1991 the subsidiaries of Amalgamated Banks transferred their assets and liabilities to United Bank Limited with effect from 30 September 1991. United Bank</p>

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						changed its name to ABSA Bank Limited, and this merging of assets was referred to as ABSA 1.
						ABSA's Chief Executive, Piet Badenhorst approached Sanlam to takeover Bankorp, subject to the continued financial assistance of the Reserve Bank.
1992				Minimum standards for the supervision of international banking groups and their cross-border establishments. A framework for measuring and managing liquidity.		<p>ABSA agrees to pay R 1 230 million for Bankorp. Included in the value of Bankorp assets was a lifeboat from the Reserve Bank amounting to an aggregated benefit of R 1 125 million as is explained in detail in the Report. This was revealed by ABSA's Chairman David Brink in point 1.1 of his October/November 1995 Board statement.</p> <p>ABSA issues shares to Bankorp shareholders for R 11,25 each, which results in a premium of R 9,25 per share. There is no relevance in the issue price; it simply reflects difference in respect of the par value of the shares.</p> <p>Julian Askin of Tollgate liquidates the company. Tollgate owed ABSA R 215 million.</p> <p>ABSA writes off this debt of R 215 million. This was revealed in point 1.3 of David Brink's Board statement of October/November 1995. Note 2 of ABSA's 1993 annual financial statements indicate a write-off against share premium of R 288,8 million for the pre-acquisition bad debts at Bankorp.</p>

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1993					AC 120: Disclosure in the financial statements of banks.	Cumulative qualifying write-offs against assistance R 1 098 million.
1994				Risk management guidelines for derivatives. IAS 30: Disclosures in the financial statements of banks and similar financial institutions.		1991 agreement with the Bank amended: <ul style="list-style-type: none"> • Bankorp becomes "ABSA". • Other consequential amendments. Cumulative qualifying write-offs against assistance R 1 493 million.
1995			C F Wiese (since 1995)	Report by the tripartite group of banking, securities and insurance supervisors on the supervision of financial conglomerates.		Cumulative qualifying write-offs total R 1 953 million (R 800 million more than the Reserve Bank's assistance). ABSA repays R 1 500 million to the Bank. R 300 million (capital in respect of facility of R 51 million pa) to be repaid to Sanlam in 2001.
1996				Amendment to the Capital Accord to incorporate market risk.		An enquiry in terms of section 417 of the Companies Act into the Tollgate liquidation surfaced on 26 February 1996. Cumulative qualifying write offs against assistance R 2 124 million.
1997				Core principles for effective banking supervision. Basel 25 Core Principles.		Cumulative qualifying write-offs against assistance R 2 259 million.
1998				Framework for evaluation of internal control systems. Risk management for electronic banking and electronic money activities. Operational risk management.	AC 125: Financial instruments - Disclosure and presentation.	In the 1998 report of the external auditors of ABSA to the Reserve Bank, it was shown that the total amount written off against the assistance received was R 2 333 million. The aggregate of the assistance received from the Reserve Bank and Sankorp was R 1 635 million, which meant that qualifying bad debt in an aggregate amount of R 698 million was not covered by the

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				IAS 32: Financial instruments - Disclosure and Presentation. IAS 39: Financial instruments:- Recognition and measurement.		assistance and had to be carried by ABSA.
1999	Since 8 August 1999: T T Mboweni	Since 1 July 1999: G Marcus		A new capital adequacy framework. Best practices for credit risk disclosure. Principles for management of credit risk. Sound practices for loan accounting and disclosure. The core principles methodology. A joint report by banking, securities and insurance supervisors on intra-group transactions and exposures principles.		
2000				Basel Committee review of international accounting standards.	AC133: Financial instruments - Recognition and measurement.	

*Except where stated, the papers listed are issued by the Basel Committee on Bank Supervision and can be found on the BIS web site www.bis.org

IMPORTANT NOTE: This table has been assembled from various sources, including a statement by ABSA, newspaper articles and a book “The Infernal Tower”.

The contents can be regarded as an indicative guide of events and dates, but are not necessarily complete and factual.