

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER 961 [NW1104E]
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Dr D T George (DA) to ask the Minister of Finance:

- (1) Whether, with regard to the announcements by (a) the Registrar of Banks and the Governor of the Reserve Bank in 1990 and (b) First National Bank (FNB) on 16 June 2006 (details furnished), the interest loan recalculations were completed and refunded to borrowers; if not, why not; if so, what are the relevant details;
- (2) whether any homes have been repossessed by FNB because of arrears accrued as a result of interest not being recalculated on home loans; if not, why not; if so, what are the relevant details?

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REPLY:

- (1) The South African Reserve Bank (SARB) has informed the National Treasury that First National Bank (FNB) was aware of the circulars issued during 1990 by the then Reserve Bank Governor (Dr. Stals) and Deputy Registrar of Banks and Building Societies (Mr. Wiese). According to the SARB, FNB has confirmed that they took account of the views expressed therein and after seeking extensive legal opinion recalculated all 80 000 acquired Saambou home loans based upon a set of 6 principles that included the issue of interest charged in advanced versus arrears. Subsequently around 16 June 2006 an offer of refund totalling R154 million was made to 50 000 affected Saambou accounts. In terms of the process of refund, customers were provided with a letter detailing the offer of refund and permitted to elect to apply for the refund of the applicable home loan account or alternatively to apply for a designated bank account of their choice.
- (2) It is not possible for government to account for the actions of a private company / bank, or the basis on which it may or may not have repossessed any houses. As indicated in the response to the first question, when determining the refund, FNB took into account whether the correct interest was charged by Saambou.

The recalculation was completed and the offers of refunds made to customers with effective from the 16 June 2006. Subsequent to the offer of the refund and to the best of the SARB's knowledge, it does not appear that any [ex] Saambou properties have been sold in execution. The arrears could have been offset by the refund due to the customer.