

Press release for Residual Debt Services Ltd (under curatorship)

4 October 2017

Residual Debt Services fully funds R 3 billion Indemnity Facility

- Releases the SARB and National Treasury from remaining RDS obligations

Tom Winterboer, curator of Residual Debt Services Limited (under curatorship) (RDS), (previously African Bank Ltd (under curatorship)) today announces that RDS has, effective 30 September 2017, fully funded the R3 billion South African Reserve Bank (SARB) Indemnity Facility (the SARB Indemnity Facility). The full funding of the SARB Indemnity Facility by RDS releases the SARB and National Treasury of any further potential liability towards RDS.

When RDS (previously African Bank Limited) was placed into curatorship on 10 August 2014, the SARB, in consultation with the Minister of Finance, played a pivotal role in providing a number of support measures to strengthen the resilience of the South African banking system and provide the new African Bank Ltd with the best chance of a viable future.

As part of the restructuring of the previous African Bank, which was concluded on 4 April 2016 (the Restructuring Transaction) a R3 billion SARB Indemnity Facility was made available to RDS by the SARB, amongst other facilities, for any potential claims made against RDS by the new African Bank Ltd in respect of loans written before curatorship and transferred to the new African Bank from RDS.

In addition to the SARB Indemnity Facility, a Transaction Loan of R3.3 billion was made available by the SARB to RDS as part of the Restructuring Transaction. RDS fully repaid the Transaction Loan to the SARB by 1 September 2016. After the repayment of the Transaction Loan, all cash collected on the RDS advances book in excess of on-going operational needs of RDS, was set aside and accumulated in an Indemnity Reserve, as agreed in the Restructuring Transaction. The fact that the Indemnity Reserve is fully funded means that the SARB Indemnity Facility provided is now no longer required.

The Curator of RDS, Tom Winterboer noted: *"The full funding of the Indemnity Reserve is a significant milestone. The full repayment of the Transaction Loan and the full funding of the Indemnity Reserve means that the SARB and the South African National Treasury are now fully released from their potential liability of R6.3 billion"*.

The full funding of the Indemnity Reserve means that, subsequent to the release of the audited annual financial statements for the year ended 30 September 2017, RDS can commence payments to the senior unsecured creditors on a six monthly basis from on-going collections on the RDS loan book.

Tom Winterboer was appointed as curator of Residual Debt Services Limited (the "Company") (previously African Bank Limited (under curatorship)) on 10 August 2014 by the Minister of Finance of the Republic of South Africa and pursuant to the Banks Act No. 94 of 1990 (as amended) to manage the affairs of the Company subject to the supervision of the Registrar. Please note, Mr Winterboer acts in the aforesaid capacity.

Residual Debt Services Limited (under curatorship) - Registration Number 1975/002526/06

Tel: 011 256 9000 **Address:** 59 16th Road, Midrand, South Africa **Postal:** Private Bag X170, Midrand, 1685, South Africa

Company Secretary: BW Unser

NCR Registration number: NCRP5. Residual Debt Services Limited (under curatorship) is an Authorised Financial Services and Credit Provider.

No claims against the Indemnity Reserve, as described above, have been received from the new African Bank Ltd to date and consequently the Indemnity Reserve has not been drawn upon up to the date of this announcement. The Indemnity Reserve remains contractually open for claims up to 3 April 2024, after which the remaining balance will be distributed to the creditors according to their ranking.

ENDS

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On behalf of Tom Winterboer, Curator of Residual Debt Services Ltd (under curatorship)

Notes to editors

About Residual Debt Services Limited

The previous African Bank's name was changed to Residual Debt Services Limited (RDS) on 4 April 2016 upon the successful restructuring of that entity. RDS remains in curatorship, under curator Tom Winterboer, with retained title to the residual assets, after the transfer of the "good book" to the new African Bank Ltd. RDS, through the efforts of the new African Bank Ltd collections team, continues to collect payment from customers for their outstanding loans on the residual assets.

About the SARB Indemnity Facility and the Indemnity Reserve as prescribed in the Offer Information Memorandum issued to and approved by creditors of the previous African Bank

The SARB Indemnity Facility is the facility that the SARB provided to RDS for any potential relevant claims made against RDS by the new African Bank Ltd in respect of loans written before curatorship and transferred to the bank from RDS. The facility attracted a fee payable by RDS to the SARB, based on the quantum of the Indemnity Facility that was unfunded at a point in time.

The Indemnity Reserve fully replaces the SARB Indemnity Facility, representing a cash amount of R3 billion, which is the maximum potential contractual liability which may become due to the new African Bank Ltd as a result of any successful claims by the new African Bank arising from any assets which it had purchased from RDS.

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