

URDSTS & URDSNS: Interest Payment Notification – Residual Debt Services senior transferable stub and senior non-transferable stub instruments.

16 January 2019

Residual Debt Services Limited

(Under Curatorship)

(formerly known as African Bank Limited (under Curatorship), incorporated with limited liability in the Republic of South Africa under Registration Number 1975/002526/06)

(the Company)

ISIN: ZAU000014557 and ZAU000014540

Introduction and background:

The Company was placed under curatorship, in terms of Section 69 of the South African Banks Act 94 of 1990 (the Banks Act), on 10 August 2014.

The first Curator, T Winterboer, issued an Offering Information Memorandum (OIM) to affected parties detailing the intended restructure of the Company on 4 February 2016. On 4 April 2016, the restructure of the Company took place through, inter alia, the creation of a new bank (African Bank Limited) registered under the Banks Act, and the transfer of the core assets and business of the Company to African Bank Limited.

As part of the restructure of the Company, its material liabilities were exchanged for (i) new debt instruments in African Bank Limited; and (ii) transferable and non-transferable senior stub instruments and sub-ordinated stub instruments in the Company that entitle the holders thereof to payments from the Company under certain circumstances (the Exchange Offer).

Before any payments could be made by the Company to senior stub holders it had to discharge, in full, certain obligations to the South African Reserve Bank and accumulate a R3 billion indemnity reserve fund.

These obligations / undertakings have been fulfilled, and two payments, totalling R1.15 billion, were made to senior stub holders (transferable and non-transferable) in January and July of 2018. In line with the Curator's announced intention to make 6-monthly distributions of the surplus funds collected by the Company to the holders of the stub instruments in accordance with the terms of such instruments, the current Curator (Craig Du Plessis) who was appointed on 1 April 2018, is pleased to announce that a third payment of R650 million will be made to senior stub holders (transferable and non-transferable) as detailed below.

Interest payment amounts:

The table below illustrates the two senior stub instruments' nominal values and resultant payment distribution percentage, expressed as a percentage of the nominal value as at 10 August 2014.

Senior stub instruments:	Transferable stub (ZAU000014557)	Non - transferable stub (ZAU000014540)
Nominal as at 10 August 2014	R3 972 899 101.87	R1 326 100.00
Payment distribution percentage (R650 million relative to the nominal value, rounded down to the nearest 10 th decimal)	16.3553892138%	16.3553892138%
Or expressed in cents per R1 of stub instrument	16.3553892138 cents	16.3553892138 cents
Payment distribution amount	R649 783 111.18	R216 888.82
Total	R650 000 000.00	

As a result of the platform on which the stub instruments are managed at the South African Central Securities Depository (CSD), only the beneficial holders' proportional share of the original nominal value as at 10 August 2014 is reflected in the register. Consequently, the payment of R650 million has been expressed as a percentage of this original nominal value, and will be paid via existing CSD processes.

As the cash payment of R650 million is less than the interest accrued from 10 August 2014 to 31 December 2018, it will be a payment in respect of interest only.

The month end contractual carrying values are disclosed on www.residualdebtsservices.co.za, and will be updated to reflect any payment distribution.

Interest paid by the CSD to stub holders that are not tax residents of the Republic of South Africa (Foreign Stub Holders) may be subject to South African withholding tax on interest imposed at a rate of 15% (fifteen percent), subject to certain exemptions contained in the Income Tax Act No. 58 of 1962 and any relief available in terms of the applicable agreement for the prevention of double taxation. To the extent that any Foreign Stub Holders intend to rely on the aforementioned exemptions / relief, they must furnish the CSD with the prescribed declaration and undertaking before the payment date of 30 January 2019.

In Summary:

The total distribution paid to senior stub holders (including the planned third payment of R650 million) amounts to 45.29% of the original nominal value of the stub instruments as detailed in the table below;

Senior stub instruments:	Transferable stub (ZAU000014557)	Non - transferable stub (ZAU000014540)
1 st payment distribution percentage (R500 million) effected on 29 January 2018	12.58%	12.58%
2 nd payment distribution percentage (R650 million) effected on 30 July 2018	16.36%	16.36%
3 rd payment distribution percentage (R650 million) to be effected on 30 January 2019	16.36%	16.36%
Total payment distribution percentage	45.29%	45.29%
Total payment amount	R1 799 399 384.82	R600 615.18
Total	R1 800 000 000	

Salient dates:

Declaration and finalisation date: Wednesday, 16 January 2019

Record date: Wednesday, 23 January 2019

Payment date: Wednesday, 30 January 2019

Ends.