

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

15 July 2020

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 five payments, totalling R2.9 billion, have to date been made to senior stub holders (transferable and non-transferable). 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 sixth payment of R400 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 adjusted nominal value. The nominal value was reduced once again in January 2020 as a result of that payment distribution being part capital and part interest.

Senior stub instruments:	Transferable stub (ZAU000014557)	Non - transferable stub (ZAU000014540)
Adjusted nominal as at 29 January 2020	R3 559 337 469.54	R1 188 058.72
Payment distribution percentage (R400 million relative to the total adjusted nominal value, rounded down to the nearest 10 th decimal)	11,2342966459%	11,2342966459%
Or expressed in cents per R1 of stub instrument	11,2342966459 cents	11,2342966459 cents
Payment distribution amount	R399 866 529.96	R133 470.04
Total	R400 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 adjusted nominal value as at 29 January 2020 is reflected in the register. Consequently, the payment of R400 million has been expressed as a percentage of this adjusted nominal value, and will be paid via existing CSD processes.

The cash payment of R400 million is a combination of interest and a return of part of the original capital amount, as detailed in the table below.

Senior stub instruments:	Transferable stub (ZAU000014557)	Non - transferable stub (ZAU000014540)
Nominal as at January 2020	R3 559 337 469.54	R1 188 058.72
Carrying value as at 29 July 2020	R3 715 220 171.65	R1 240 090.26
Payment distribution amount	R399 866 529.96	R133 470.04
Interest component	R155 882 702.11	R52 031.54
Return of capital component	R243 983 827.85	R81 438.50

The month end contractual carrying values are disclosed on www.residualdebtservices.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 29 July 2020.

In Summary:

The total distribution paid to senior stub holders (including the planned sixth payment of R400 million) amounts to R3.3 billion. The summary of the payments is detailed in the table below:

Senior stub instruments:	Transferable stub (ZAU000014557)	Non - transferable stub (ZAU000014540)
1 st payment distribution on 29 January 2018	R499 833 162	R166 838
2 nd payment distribution on 30 July 2018	R649 783 111	R216 889
3 rd payment distribution on 30 January 2019	R649 783 111	R216 889
4 th payment distribution on 31 July 2019	R599 799 795	R200 205
5 th payment distribution on 29 January 2020	R499 833 162	R166 838
6 th payment distribution on 29 July 2020	R399 866 530	R133 470
Total payment amount	R3 298 898 871	R1 101 129
Total	R3 300 000 000	

Salient dates:

Declaration and finalisation date: Wednesday, 15 July 2020
 Record date: Wednesday, 22 July 2020
 Payment date: Wednesday, 29 July 2020

Ends.