

Press release for Residual Debt Services Limited (under curatorship)

**4 December 2024**

**Residual Debt Services Limited (under curatorship) (“RDS”) presents another successful reporting period**

### **FY24 Results highlights**

- An amount of R8.55 billion has been paid to stub instrument holders to date
- Anticipated seventh payment to subordinated stub instrument holders of between R100 million and R150 million to be made during January 2025
- The indemnity expired on 4 April 2024 with no claims. As a result, an extraordinary payment of R600 million was paid to subordinated stub instrument holders on 24 April 2024

The Curator, Craig Du Plessis commented, “Our ongoing successful collaboration with African Bank to collect on the RDS loan book has resulted in an amount of R8.55 billion being paid to stub instrument holders to date, which is commendable.

The indemnity of R500 million provided by RDS to African Bank expired on 4 April 2024 being the 8<sup>th</sup> anniversary of the successful restructuring of African Bank. Subordinated stub instrument holders benefitted from the expiry of the indemnity, and received an additional R600 million as a result of the R500 million indemnity reserve that lapsed and the operating float that was reduced from R300 million to R200 million.”

### **Financial results**

Net advances decreased to R54 million for the year ended 30 September 2024 compared to R75 million for 30 September 2023 due to the book paying down and write offs.

Cash and financial instruments of R301 million (30 September 2023: R901 million) comprises an operating float of R200 million and surplus cash held in current accounts and money market funds.

RDS reported a loss of R791 million for the year ended 30 September 2024 compared to a loss of R633 million for the year ended 30 September 2023. Operating costs reduced to R109 million from R135 million for the year ended 30 September 2023 as the book continues to run down, resulting in lower collections fees paid to African Bank.

Collection of the book continues to run smoothly, albeit with reduced expectations for future collections as the book is in “run-down”. Overall provision coverage dropped 1% from 76% in FY 2023 to 75% in FY2024 due to the aging of the book and collections models being conservatively recalibrated.

*C Du Plessis was appointed as curator of Residual Debt Services Limited (the “Company”) on 1 April 2018 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 Du Plessis acts in the aforesaid capacity.*

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

**Tel:** 011 256 9000 **Address:** 59 16<sup>th</sup> Road, Midrand, South Africa **Postal:** Private Bag X170, Halfway House, 1685, South Africa

**Company Secretary:** M Chetty

NCR Registration number: NCRCP5. Residual Debt Services Limited (under curatorship) is an Authorised Financial Services and Credit Provider. RDC91017/16

**Payments to creditors**

On 6 December 2022, R2.7 billion was paid to stub holders, which amounted to around R2.486 billion to senior stub holders as full and final settlement of their claims, and around R214 million to subordinated stub holders.

On 24 April 2024, RDS made a distribution of R600 million to the subordinated stub instrument holders. The reduced indemnity reserve of R500 million lapsed on 4 April 2024 and there were no claims under the indemnity. In addition, the Curator reduced the operating float from R300 million to R200 million, resulting in a further R100 million available for distribution thus R600 million was paid to subordinated stub instrument holders.

A second, third, fourth, fifth and sixth payment totalling R1.25 billion to subordinated stub holders was made in January 2023, July 2023, January 2024, April 2024 and July 2024.

It is anticipated that a seventh payment of between R100 million and R150 million will be made to holders of the subordinated stub instrument holders during January 2025.

**Valuation of subordinated stub instruments**

The contractual carrying value of the subordinated unsecured instruments increased slightly to R7.775 billion as at 30 September 2024.

The additional judgemental cash outflow of R130 million (FY2023: R200 million) has been incorporated for potential future closure and associated costs.

**Legal proceedings**

RDS has a dispute with Company Unique Finance (Pty) Ltd ("CUF"). The matter is in relation to a transaction concluded in 2004 between RDS (Old African Bank Limited) and CUF whereby the ring-fenced business was transferred to CUF.

RDS previously lodged a high court application which was opposed by CUF, and the matter was heard in the Gauteng High court on 19 April 2022 and 20 April 2022. During the period, the arbitration appeal award was made an order of court and CUF lodged a Notice of Application for Leave to Appeal to the Supreme Court of Appeal. The matter was heard on 20 September 2023 and judgment was received on 26 January 2024 that CUF's application to leave to appeal had been granted to appeal to the Full Court of the Gauteng Division, against the judgement of 20 January 2023. The appeal hearing has been set down for hearing on 3 December 2025.

The legal process therefore remains ongoing.

To the extent that a liability arises, such would rank pari passu with senior unsecured creditors.

## **SARB Indemnity Reserve**

# **RESIDUAL DEBT SERVICES LIMITED**

(under curatorship)

RDS and African Bank entered into an agreement on or about 21 November 2022 whereby the indemnity and indemnity reserve was reduced from R3 billion to R500 million.

Furthermore, RDS reduced the operational float from R500 million to R300 million, resulting in surplus cash of R2.7 billion that was paid out to stub holders on 6 December 2022. The reduced indemnity and indemnity reserve of R500 million lapsed on 4 April 2024 and there were no claims under the indemnity. In addition, the Curator has reduced the operating float from R300 million to R200 million, which resulted in a further R100 million available for distribution (a total distribution of R600 million was thus paid to subordinated stub instrument holders on 24 April 2024).

ENDS

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On behalf of Craig Du Plessis, Curator of Residual Debt Services Limited

### **Conference call**

An MS TEAMS call is being held today at 3pm SAST. Interested parties are requested to send an email or WhatsApp to Louise Brugman to request an invite into their calendars with further details to link into the call. The call is being recorded and will be available via the website ([www.residualdebtervices.co.za](http://www.residualdebtervices.co.za)).

### **Notes to editors**

RDS was placed under curatorship on 10 August 2014, when it was named African Bank Limited. RDS was still under curatorship at this reporting date and will remain under curatorship for the foreseeable future. RDS shares are held by Weonit Projects (Proprietary) Limited (“Weonit”). Weonit acquired the shares of RDS from African Phoenix Investments Limited (the new registered name for African Bank Investments Limited (“ABIL”)) on 31 December 2019. The change of shareholding has no impact on RDS or its creditors.

The purpose of RDS during curatorship is to collect the outstanding advances retained by the company, build the required indemnity cash reserves as required by the South African Reserve Bank, and where excess cash is collected, to make payment to stub note holders. Due to the nature of the curatorship being in a “run down” basis, the financial statements are not presented on a going concern basis.