

**URDSTS, URDSTS1 and URDSTS2: Payment Distribution Notification – Residual Debt Services Limited senior transferable stub, senior non-transferable stub and subordinated stub instruments**

22 November 2022

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, ZAU000014540 and ZAU000014532

**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 ten payments totalling R4.6 billion, have to date been made to senior stub holders (transferable and non-transferable).

The current Curator (Craig Du Plessis, who was appointed on 1 April 2018) is pleased to announce that an extraordinary payment distribution totalling R2.7 billion will be made on 06 December 2022. This payment distribution will completely redeem the transferable and non-transferable senior stub instruments' interest owing and capital outstanding amounting to R2,486,267,459.66 as at 6 December 2022. In addition, the subordinate stub holders will also receive their first part payment distribution amounting to R213,732,540.34 (which will be applied to the interest outstanding) as the senior stub instrument holders will have been fully repaid.

On or about 21 November 2022, the Company and African Bank Limited entered into an agreement, whereby the indemnity reserve was reduced from R3 billion to R500 million. In addition, the Curator has reduced the operational float from R500 million to R300 million which has resulted in the Company having R2.7 billion excess cash available for distribution to stub instrument holders in accordance with the distribution waterfall.

**Payment distribution amounts to senior stub instrument holders:**

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 again reduced on 27 July 2022 as a result of that payment distribution being part capital and part interest.

<b>Senior stub instruments:</b>	<b>Transferable stub (ZAU000014557)</b>	<b>Non - transferable stub (ZAU000014540)</b>
Adjusted nominal as at 27 July 2022	R2 408 695 255.79	R803 989.90
Payment distribution percentage (Full capital and interest outstanding at 6 December 2022 relative to the total adjusted nominal value, rounded down to the nearest 10 <sup>th</sup> decimal)	103.1860650756%	103.1860650756%
Or expressed in cents per R1 of stub instrument	103.1860650756 cents	103.1860650756 cents
Payment distribution amount	R2 485 437 854.11	R829 605.55
<b>Total</b>	<b>R2 486 267 459.66</b>	

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 27 July 2022 is reflected in the register. Consequently, the payment distribution has been expressed as a percentage of this adjusted nominal value and will be paid via existing CSD processes.

The payment distribution to fully settle the senior instruments is a combination of interest and a return of the remaining capital amount as detailed in the table below.

<b>Senior stub instruments:</b>	<b>Transferable stub (ZAU000014557)</b>	<b>Non - transferable stub (ZAU000014540)</b>
Nominal as at 27 July 2022	R2 408 695 255.79	R803 989.90
Carrying value as at 6 December 2022	R2 485 437 854.11	R829 605.55
Payment distribution amount	R2 485 437 854.11	R829 605.55
Interest component	R76 742 598.32	R25 615.65
Return of capital component	R2 408 695 255.79	R803 989.90

**Payment distribution amount to subordinated stub instrument holders:**

The table below illustrates the subordinated stub instrument's original nominal value and resultant payment distribution percentage, expressed as a percentage of the original nominal value. The first payment distribution will be applied to interest outstanding.

<b>Subordinated stub instrument:</b>	<b>Subordinated stub (ZAU000014532)</b>
Original nominal as at 04 April 2016	R3 620 892 415.19
Payment distribution percentage (Payment amount relative to the total original nominal value, rounded down to the nearest 10 <sup>th</sup> decimal)	5.9027586527%
Or expressed in cents per R1 of stub instrument	5.9027586527 cents
Payment distribution amount	R213 732 540.34

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 is reflected in the register. Consequently, the payment distribution has been expressed as a percentage of this adjusted nominal value and will be paid via existing CSD processes.

This first subordinated instrument payment distribution consists entirely of interest as detailed in the table below.

<b>Subordinated stub instrument:</b>	<b>Subordinated stub (ZAU000014532)</b>
Nominal as at 04 April 2016	R3 620 892 415.19
Carrying value as at 6 December 2022	R7 457 069 114.12
Payment distribution amount	R213 732 540.34
Interest component	R213 732 540.34
Return of capital component	Nil

**Withholding tax:**

Interest paid by the CSD to stub instrument 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 distribution date of 6 December 2022.

**In Summary:**

Total payment distributions (including this extraordinary eleventh payment distribution) to stub instrument holders amounts to R7.3 billion which comprises R7.086 billion to senior stub instrument holders and R213.7 million to subordinate stub instrument holders as detailed in the table below:

<b>Payment distributions:</b>	<b>Senior transferable stub (ZAU000014557)</b>	<b>Senior non - transferable stub (ZAU000014540)</b>	<b>Subordinated stub (ZAU000014532)</b>
1 <sup>st</sup> payment distribution on 29 January 2018	R499 833 162	R166 838	
2 <sup>nd</sup> payment distribution on 30 July 2018	R649 783 111	R216 889	
3 <sup>rd</sup> payment distribution on 30 January 2019	R649 783 111	R216 889	
4 <sup>th</sup> payment distribution on 31 July 2019	R599 799 795	R200 205	
5 <sup>th</sup> payment distribution on 29 January 2020	R499 833 162	R166 838	
6 <sup>th</sup> payment distribution on 29 July 2020	R399 866 530	R133 470	
7 <sup>th</sup> payment distribution on 27 January 2021	R399 866 530	R133 470	
8 <sup>th</sup> payment distribution on 28 July 2021	R349 883 214	R116 786	
9 <sup>th</sup> payment distribution on 26 January 2022	R299 899 897	R100 103	
10 <sup>th</sup> payment distribution on 27 July 2022	R249 916 581	R83 419	
11 <sup>th</sup> payment distribution on 6 December 2022	R2 485 437 854	R829 606	R213 732 540
<b>Total payment distributions (per instrument)</b>	<b>R7 083 902 949</b>	<b>R2 364 511</b>	<b>R213 732 540</b>
<b>Total payment distributions (senior / subordinated stub instruments)</b>	<b>R7 086 267 460</b>		<b>R213 732 540</b>
<b>Total payment distributions</b>	<b>R7 300 000 000</b>		

**Salient dates:**

Declaration and finalisation date: Tuesday, 22 November 2022

Record date: Tuesday, 29 November 2022

Payment distribution date: Tuesday, 6 December 2022

**Ends.**