

TERMS AND CONDITIONS OF THE STUB INSTRUMENTS

Before the Issuer issues any Tranche of Stub Instruments, the Issuer shall complete and sign the applicable Stub Instrument Term Sheet, setting out details of such Stub Instruments. The Stub Instrument Term Sheet in relation to any Tranche of Stub Instruments may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Terms and Conditions, replace or modify the Terms and Conditions for the purpose of such Tranche of Stub Instruments. The Stub Instrument Term Sheet for each Tranche of Stub Instruments is (to the extent relevant) incorporated herein for the purposes of those Stub Instruments and supplements the Terms and Conditions. If there is any conflict or inconsistency between the provisions set out in the applicable Stub Instrument Term Sheet and the provisions set out in the Terms and Conditions, then the provisions in the applicable Stub Instrument Term Sheet will prevail.

The following are the Terms and Conditions of the Stub Instruments to be issued by the Issuer which will be incorporated by reference into each Stub Instrument:

1. In the Terms and Conditions, unless inconsistent with the context, the following expressions shall have the following meanings:
 - 1.1 "Amount Outstanding", in respect of each Stub Instrument on any particular date ("Calculation Date") selected by the Issuer, means the Nominal Amount of such Stub Instrument on the Issue Date (as recorded in the Register) plus all interest accrued thereon (whether capitalised or paid or not) calculated in accordance with condition 7 to the Calculation Date less an amount equal to the aggregate of all amounts paid under such Stub Instrument as at the Calculation Date, if any;
 - 1.2 "Applicable Laws" in relation to a Person means all and any (i) statutes and subordinate legislation and common law; (ii) regulations; (iii) ordinances and by-laws; (iv) directives, codes of practice, circulars, guidance notes, judgements and decisions of any competent authority (including but not limited to any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation); and (v) other similar provisions, from time to time, compliance with which is mandatory for that Person in the context;
 - 1.3 "Applicable Procedures" means the rules and operating procedures for the time being of the CSD or the relevant Participants, as the case may be;
 - 1.4 "Beneficial Interest" means, in relation to a Stub Instrument which is held in the CSD, the Beneficial Interest as co-owner of an undivided share in that Uncertificated Stub Instrument, in accordance with the FMA;
 - 1.5 "Books Closed Period" in respect of a Series of Stub Instruments, means the period specified by the Transfer Agent and notified to Stub Holders of such Series in terms

of the Terms and Conditions, commencing after the Last day to Register, during which transfers of Stub Instruments of such Series will not be recorded in the Register;

- 1.6 "Business Day" means a day (other than a Saturday, a Sunday or official public holiday) on which banks are open for general business in Johannesburg;
- 1.7 "Central Securities Account" shall have the meaning given to this term in the FMA;
- 1.8 "CSD" means Strate Proprietary Limited, registration number 1998/022242/07, a private company incorporated in the Republic of South Africa, being a registered central securities depository in terms of the FMA, or such additional, alternative or successor securities depository as may be approved by the Issuer;
- 1.9 "Curator" means the person appointed by the Minister of Finance in terms of section 69 of the Banks Act, 1990 as the curator of the Issuer, being, as at the Issue Date, Mr Thomas Winterboer;
- 1.10 "Day Count Fraction" means the "Day Count Fraction" set out in the applicable Stub Instrument Term Sheet;
- 1.11 "Discharge Date" means, in respect of a Stub Instrument, the date on which the Amount Outstanding under that Stub Instrument is zero;
- 1.12 "Distribution Waterfall" means the priority in which the Issuer will distribute its collections to its creditors after the Transaction Effective Date, as set out in condition 10;
- 1.13 "EUR" or "€" means the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the functioning of the European Union, as amended from time to time;
- 1.14 "Extraordinary Resolutions" means: (i) a resolution passed at a properly constituted meeting of the Relevant Stub Holders of not less than 66.67 per cent. of the votes cast at a poll by such Relevant Stub Holders present in person or by proxy, or (ii) a resolution in writing (which may consist of two or more documents in the same form each of which is signed by one or more of the Relevant Stub Holders) submitted to the Relevant Stub Holders, entitled to exercise voting rights in relation to the resolution, and signed by the Relevant Stub Holders representing not less than 66.67 per cent. of the aggregate Nominal Amount of the relevant Stub Instruments held by the Relevant Stub Holders at the time;

- 1.15 "FATCA" means sections 1471 and 1472 of the Internal Revenue Code of 1986, (including the United States Treasury regulations and other guidance issued and any agreements entered into thereunder);
- 1.16 "FICA" means the Financial Intelligence Centre Act, 2001;
- 1.17 "FMA" means the Financial Market Act, 2012;
- 1.18 "Good Bank" means K2014176899 (South Africa) Limited (Registration number 2014/176899/06), a newly formed public company and bank which acquired the Good Bank Business on the Transaction Effective Date and was renamed African Bank Limited on the Transaction Effective Date;
- 1.19 "Good Bank Business" comprises certain assets, liabilities, rights and obligations of the Issuer transferred and delegated to, and acquired by, Good Bank;
- 1.20 "Good Bank Indemnity" means the ZAR3 billion 8 year indemnity issued by the Issuer to Good Bank (and guaranteed by SARB) pursuant to which the Issuer (and failing which, SARB) indemnifies Good Bank in respect of all losses and liabilities suffered or incurred by Good Bank in respect of the Good Bank Business which arise from facts, events, circumstances, acts and/or omissions that exist on the day before the Transaction Effective Date (but excluding losses and liabilities that are or have been taken into account in the calculation of the Top-Up Cash Amount);
- 1.21 "Indemnity Reserve" means an amount of retained cash in the Issuer equal to the maximum amount that may still be claimed by Good Bank in terms of the Good Bank Indemnity from time to time (or any lesser retained cash amount that SARB may (in its sole and absolute discretion) agree to from time to time);
- 1.22 "Indicative Interest Period" means each period of 3 months commencing on and including a Quarter Commencement Date and ending on but excluding the next following Quarter Commencement Date, provided that the first Indicative Interest Period shall commence on and include the Interest Commencement Date and the last Indicative Interest Period will end on but exclude the Discharge Date;
- 1.23 "Individual Certificates" means a Stub Instrument in definitive registered and certificated form and exchanged for an Uncertificated Stub Instrument in accordance with condition 12 and any further certificates issued in consequence of a transfer thereof (to the extent that the Stub Instrument is a Transferable Stub Instrument);

- 1.24 "Interest Commencement Date" means the date set out in the applicable Stub Instrument Term Sheet;
- 1.25 "Interest Rate" means -
- 1.25.1 in respect of the Senior Stub Instruments, a rate equal to JIBAR plus 300 basis points; and
- 1.25.2 in respect of the Subordinated Stub Instruments, a rate equal to JIBAR plus 500 basis points;
- 1.26 "Issue Date" means, in respect of each Tranche of Stub Instruments, the date on which that Tranche of Stub Instruments is issued by the Issuer as provided in the applicable Stub Instrument Term Sheet;
- 1.27 "Issuer" means Residual Debt Services Limited (under Curatorship) with registration number 1975/002526/06, which prior to the Transaction Effective Date was called African Bank Limited;
- 1.28 "JIBAR" means, for each Indicative Interest Period –
- 1.28.1 the applicable Screen Rate at approximately 11h00 on the Quotation Day; or
- 1.28.2 (if no Screen Rate is available for the relevant Indicative Interest Period) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Issuer, at its request, by at least two Reference Banks to leading banks in the South African interbank market on the Quotation Day for the offering of deposits in ZAR for a period comparable to the relevant Indicative Interest Period;
- 1.29 "JSE" means the Johannesburg stock exchange, a securities exchange operated by JSE Limited, registration number 2005/022939/06, a public company incorporated in accordance with the laws of South Africa;
- 1.30 "Last day to Register" in respect of a Series of a Stub Instrument means 17h00 on the date or dates -

- 1.30.1 specified by the Transfer Agent and notified to Stub Holders of such Series in terms of the Terms and Conditions, preceding a Payment Date on which the Register is closed for further transfers or entries until the Payment Date; or
- 1.30.2 stipulated by the Issuer and notified to Stub Holders of such Series in terms of the Terms and Conditions in order to facilitate a consent solicitation process under condition 18;
- 1.31 "Member State" means any of the Member States of the European Economic Area;
- 1.32 "Minimum Amount" means, in respect of each Senior Stub Instrument or Beneficial Interest therein, the ZAR equivalent of €100,000, converted from EUR to ZAR at the Relevant Spot Rate;
- 1.33 "Nominal Amount", in relation to -
- 1.33.1 any Stub Instrument at any time, means the total amount excluding all and any interest (whether capitalised or not), owing by the Issuer under such Stub Instrument, as specified in the applicable Stub Instrument Term Sheet or recorded in the Register (and in the event of any inconsistency between the two, the Register shall prevail);
- 1.33.2 Beneficial Interests shall be determined in accordance with section 37 of the FMA;
- 1.34 "Non-Transferable Senior Stub Instrument" means a Senior Stub Instrument, which is specified as non-transferable in the applicable Stub Instrument Term Sheet and is therefore subject to the provisions of condition 15;
- 1.35 "OIM" means the document titled "Offer Information Memorandum" published by the Issuer on 4 February 2016;
- 1.36 "Operating Float" means the operating float to be built up, maintained and replenished by the Issuer to discharge and provide for its anticipated run-off expenses and day to day operational costs after the Transaction Effective Date, the amount of which shall be determined by the Issuer from time to time;
- 1.37 "Participant" means a Person that holds in custody and administers securities or an interest in securities and that has been accepted by the CSD as a Participant in terms of section 31 of the FMA;

- 1.38 "Paying Agent" means the Issuer, unless the Issuer elects to appoint another entity as Paying Agent in which event such other entity shall be the Paying Agent;
- 1.39 "Payment Date" means any day which is a Business Day and upon which a payment is to be made by the Issuer in respect of the Stub Instruments pursuant to condition 8;
- 1.40 "Person" includes any individual, company, corporation, unincorporated association or body, government, state, agency, organisation or other entity whether or not having separate legal personality;
- 1.41 "Preferred Creditors" means those creditors, the claims of which in circumstances of liquidation of the Issuer, will rank in preference to those of the Senior Stub Holders in accordance with the South African Insolvency Act, 1936 as read with the South African Companies Act, 2008;
- 1.42 "Qualified Investor" has the meaning given to it in Directive 2003/71/EC, as amended (to the extent such amendment has been implemented in the relevant Member State);
- 1.43 "Quarter Commencement Dates" means the dates set out in the applicable Stub Instrument Term Sheet;
- 1.44 "Quotation Day" means, in relation to any Indicative Interest Period for which JIBAR is determined, the first Business Day of that period (save that, in respect of the Indicative Interest Period in respect of the Senior Stub Instruments commencing on 10 August 2014, the relevant Quotation Day was Friday, 8 August 2014);
- 1.45 "Reference Bank" means any one of Absa Bank Limited, FirstRand Bank Limited, Investec Bank Limited, Nedbank Limited and The Standard Bank of South Africa Limited;
- 1.46 "Register" means, in respect of each Series of Stub Instruments, the register to be maintained by the Transfer Agent in respect of that Series, and of which the Uncertificated Securities Register (which is administered and maintained by a Participant, or the CSD, as determined in accordance with the Applicable Procedures) forms part;
- 1.47 "Relevant Spot Rate" means, for the purposes of calculating the Minimum Amount, the spot rate of exchange quoted by any Reference Bank (selected by the Issuer) on 4 February 2016 to its corporate customers for EUR100,000;

- 1.48 "Relevant Stub Holders" in the context of a meeting or a resolution in writing of Stub Holders, refers to a meeting or a resolution in writing, as the case may be, of (i) all the Stub Holders, or (ii) holders of Stub Instruments of a particular Series of Stub Instruments, or (iii) holders of Stub Instruments of a particular ranking (namely Senior Stub Instruments or Subordinated Stub Instruments) as the case may be, as required in terms of condition 19;
- 1.49 "Residual Book" means the loan portfolio retained by the Issuer after the Transaction Effective Date;
- 1.50 "Residual Run-Off Analysis" means the projected net collections profile of the Issuer after the Transaction Effective Date and the resulting payments and distributions (if any) that, if made, will be made to the Issuer's creditors in accordance with the Distribution Waterfall, which analysis is included in section 5.4 of the OIM;
- 1.51 "Restricted Holder" means a Person resident or domiciled in a Member State and who is not a Qualified Investor and who the Issuer determined was entitled to become the holder of a Nominal Amount of a Senior Stub Instrument (or Beneficial Interest therein) in an amount less than the Minimum Amount on the relevant Issue Date;
- 1.52 "SARB" means the South African Reserve Bank;
- 1.53 "SARB Indemnity Facility" means the secured indemnity facility in the amount of ZAR3 billion to be provided to the Issuer by SARB to enable the Issuer to discharge any potential payment obligations arising in terms of the Good Bank Indemnity until the expiration of the Good Bank Indemnity ;
- 1.54 "SARB Outstandings" means, at any time, the aggregate of all fees, interest, capital and other amounts owing to SARB from time to time in terms of or arising from the SARB Transaction Loan and the SARB Indemnity Facility and pursuant to any guarantee payments made by SARB under the SARB Guarantee (as defined in the OIM);
- 1.55 "SARB Transaction Loan" means the secured term loan to be provided by SARB to the Issuer for the purposes of funding the Top-Up Cash Amount, certain coupon and cash payment obligations of the Issuer, establishing the Operating Float, and discharging the Transaction Effective Date payment obligations of the Issuer, (including any top-up payment due by the Issuer after the Transaction Effective Date

in respect of the Top-Up Cash Amount), to the extent that its own cash is insufficient;

- 1.56 "Screen Rate" means the mid-market rate for deposits in ZAR for the relevant Indicative Interest Period which appears on the Reuters Screen SAFEY Page. If such page is replaced or service ceases to be available, the Issuer may specify another page or service displaying the appropriate rate;
- 1.57 "Secured Claims" means the claims of SARB in respect of the SARB Outstandings;
- 1.58 "Securities Account" shall have the meaning given to this term in the FMA;
- 1.59 "Senior Claims" means all unsecured and unsubordinated debt raised by or other claims against the Issuer from time to time;
- 1.60 "Senior Holders" means the holders of Senior Claims;
- 1.61 "Senior Stub Holders" means the registered holders of the Senior Stub Instruments as recorded in the Register (including the Uncertificated Securities Register);
- 1.62 "Senior Stub Instrument" means an unlisted, unsecured, unsubordinated senior (subject to the prior rights of SARB as a secured creditor of the Issuer in respect of the Secured Claims) stub instrument issued or to be issued by the Issuer to certain Senior Holders on the terms set out in the Terms and Conditions, which will (as indicated on the applicable Stub Instrument Term Sheet) either be:
- 1.62.1 transferable in accordance with condition 14; or
- 1.62.2 non-transferable and subject to the provisions of condition 15;
- 1.63 "Series" means a Tranche of Stub Instruments together with any further Tranche or Tranches of Stub Instruments which are: (i) expressed to be consolidated and form a single series; and (ii) identical in all respects from the date on which such consolidation is expressed to take effect, except for their respective Issue Dates, Interest Commencement Dates and/or Nominal Amounts;
- 1.64 "Specified Currency" means ZAR;
- 1.65 "Specified Office" means, in respect of the Issuer, Paying Agent and Transfer Agent, the address of the office specified in respect of such entity at the end of the Terms and Conditions, or such other address as is notified by such entity (or where

applicable, a successor to that entity) to Stub Holders in accordance with the Terms and Conditions;

- 1.66 "Stub Holders" or "Registered Holder" means Senior Stub Holders and/or Subordinated Stub Holders, as the context requires;
- 1.67 "Stub Instruments" means the Senior Stub Instruments and the Subordinated Stub Instruments or either of them, as the context requires;
- 1.68 "Stub Instrument Term Sheet" means -
- 1.68.1 in relation to a Tranche of Senior Stub Instruments, the term sheet completed and signed by the Issuer in relation to that Tranche of Senior Stub Instruments, based upon the *pro forma* term sheet which is set out in the attachment hereto headed "*Pro Forma* Senior Stub Instrument Term Sheet";
- 1.68.2 in relation to a Tranche of Subordinated Stub Instruments, the term sheet completed and signed by the Issuer in relation to that Tranche of Subordinated Stub Instruments, based upon the *pro forma* term sheet which is set out in the attachment hereto headed "*Pro Forma* Subordinated Stub Instrument Term Sheet";
- 1.69 "Subordinated Claims" means all debt raised by the Issuer from time to time where the terms applicable thereto describe such debt as subordinated in certain circumstances;
- 1.70 "Subordinated Holders" means the holders of Subordinated Claims;
- 1.71 "Subordinated Stub Holders" means the registered holders of the Subordinated Stub Instruments as recorded in the Register (including the Uncertificated Securities Register);
- 1.72 "Subordinated Stub Instruments" means an instrument issued or to be issued by the Issuer to Subordinated Holders on the terms set out in the Terms and Conditions, which instrument shall rank behind the Senior Stub Instruments;
- 1.73 "Terms and Conditions" means the terms and conditions incorporated in this document headed "*Terms and Conditions of the Stub Instruments*" and in accordance with which the Stub Instruments will be issued and "condition" refers to a condition set out in the Terms and Conditions, it being recorded for the sake of

clarity that the Terms and Conditions comprise a stand-alone document and do not form part of any debt programme of the Issuer;

- 1.74 "Top-Up Cash Amount" means the cash amount transferred by the Issuer to Good Bank as part of the sale of the Good Bank Business for purposes of balancing the: (i) the assets of Good Bank (including goodwill); and (ii) the liabilities issued and/or assumed (including the liabilities arising from debt instruments issued by Good Bank as part of the Transaction) by Good Bank as at the Transaction Effective Date, which amount is forecast to be ZAR7.8 billion, subject to verification, review and potential adjustment in terms of a true-up process to be completed after the Transaction Effective Date, as contemplated in the OIM.;
- 1.75 "Tranche" means in relation to any particular Series, all Stub Instruments which are identical in all respects (including as to transferability);
- 1.76 "Transaction" means the composite transaction in terms of which, and as one of the steps of such composite transaction, Good Bank acquires the Good Bank Business;
- 1.77 "Transaction Effective Date" means the date on which the Transaction became effective, being 4 April 2016;
- 1.78 "Transfer Agent" means Link Market Services South Africa (Proprietary) Limited, Registration Number 2000/007239/07, or any other entity appointed as Transfer Agent by the Issuer from time to time;
- 1.79 "Transfer Form" means a written form for the transfer of a Transferable Stub Instrument represented by an Individual Certificate, in a form approved by the Transfer Agent, and signed by the transferor and transferee;
- 1.80 "Transferable Senior Stub Instrument" means a Senior Stub Instrument which is a Transferable Stub Instrument and is therefore transferable under condition 14;
- 1.81 "Transferable Stub Instrument" means a Stub Instrument which is specified as transferable in the applicable Stub Instrument Term Sheet;
- 1.82 "Uncertificated Securities Register" means the register of Uncertificated Stub Instruments administered and maintained by a Participant, or the CSD, as determined in accordance with the Applicable Procedures and which forms part of the Register;

1.83 "Uncertificated Stub Instrument" means a Stub Instrument that is an uncertificated security as contemplated in the FMA and a "*Stub Instrument in uncertificated form*" and related expressions have the same meaning; and

1.84 "ZAR", "Rand" or "R" means South African Rand.

2. In the Terms and Conditions:

2.1 unless inconsistent with the context, any reference to:

2.1.1 one gender includes a reference to the others;

2.1.2 the singular includes the plural and vice versa;

2.1.3 natural Persons include juristic Persons and vice versa;

2.1.4 a provision of law is a reference to that provision as amended or re-enacted, and includes any subordinate legislation;

2.1.5 any Person includes that Person's permitted successor, transferee, cessionary and/or delegate; and

2.1.6 a time of day is a reference to South African time;

2.2 if any provision in a definition is a substantive provision conferring rights or imposing obligations on any party, effect must be given to it as if it were a substantive provision in the body of the Terms and Conditions, notwithstanding that it is contained in the interpretation clause; and

2.3 the rule of construction that an agreement is to be interpreted against the party responsible for the drafting or preparation thereof must not be used in the interpretation thereof.

3. **ISSUE, FORM AND DENOMINATION**

3.1 **Issue**

3.1.1 Subject to the Terms and Conditions, the Issuer shall issue a single Tranche of each form of Stub Instrument in respect of each Series of Stub Instruments contemplated in condition 3.1.3 below.

3.1.2 It may be necessary to issue further Tranches of the Stub Instruments to consolidate those instruments which are subject to condition 15, in one or

more Tranches of Stub Instruments which are fully transferable. In such case, Stub Instruments will be issued in individual Tranches which, together with other Tranches, may form a Series of Stub Instruments.

3.1.3 The Terms and Conditions are intended to cater for 3 Series of Stub Instruments namely:

3.1.3.1 a Series of Transferable Senior Stub Instruments;

3.1.3.2 a Series of Non-Transferable Senior Stub Instruments;

3.1.3.3 a Series of Subordinated Stub Instruments (which will be Transferable Stub Instruments).

3.1.4 A Tranche of Stub Instruments will be issued on, and subject to the Terms and Conditions and the terms of the applicable Stub Instrument Term Sheet.

3.1.5 The Issuer will issue the Tranche of Stub Instruments on the Issue Date.

3.1.6 The Terms and Conditions are incorporated by reference into the Individual Certificate(s) (if any) representing the Stub Instrument.

3.1.7 The Stub Instruments will be issued in the Specified Currency and all payments will be in the Specified Currency.

3.2 **Unlisted**

3.2.1 The Stub Instruments will be unlisted registered instruments.

3.2.2 Unlisted registered instruments are not regulated by the JSE and are issued in either uncertificated or certificated form.

3.3 **Form of Stub Instruments**

3.3.1 Stub Instruments issued in uncertificated form

3.3.1.1 Subject to condition 12, Stub Instruments will be issued and held in uncertificated form in the CSD in terms of section 33 of the FMA and registered in the name, and for the account, of the Registered Holders as contemplated in condition 4.

- 3.3.1.2 Stub Instruments issued in uncertificated form will not be represented by any certificate or written instrument, as contemplated by section 33 of the FMA.
- 3.3.1.3 All amounts to be paid in respect of Stub Instruments held in the CSD will be paid to the CSD (or relevant Participant, as the case may be) and all rights to be exercised in respect of Stub Instruments held in the CSD may be exercised only in accordance with the Applicable Procedures.
- 3.3.1.4 A holder of an Uncertificated Stub Instrument or a Beneficial Interest therein shall only be entitled to exchange such holding for Stub Instruments represented by an Individual Certificate in accordance with condition 12.

3.3.2 Stub Instruments issued in certificated form:

Only Individual Certificates may be issued in certificated form. Stub Instruments represented by Individual Certificates will be registered in the Register in the name of the individual holder of such instrument. A Stub Instrument which is represented by an Individual Certificate may be replaced by uncertificated securities in terms of section 33 of the FMA.

4. TITLE

4.1 Stub Instruments issued in uncertificated form

- 4.1.1 While a Tranche of Stub Instruments is held in the CSD, each Person (including Participants and, where applicable, clients of Participants) recorded in the Uncertificated Securities Register will be named as the Registered Holder of the portion of that Tranche of Uncertificated Stub Instruments so recorded in the Person's name, in accordance with the Applicable Procedures.
- 4.1.2 Title to Transferable Stub Instruments issued in uncertificated form will pass upon registration of transfer thereof in accordance with condition 14.
- 4.1.3 Each Person recorded in the Uncertificated Securities Register as a Registered Holder of a particular Tranche of Uncertificated Stub Instruments will be treated by the Issuer, the Paying Agent, the Transfer Agent and the relevant Participant as the holder of the aggregate Nominal Amount of such registered Stub Instrument for all purposes.

- 4.1.4 Where a Central Securities Account or Securities Account is in the name of a Participant or its nominee (but is for the benefit of such Participant's client), such Participant is required to maintain Securities Accounts for its client. Beneficial Interests which are held by clients of Participants will be held indirectly through such Participants, and such Participant will hold such Beneficial Interests on behalf of such clients, through the Securities Accounts maintained by such Participants for such clients. The clients of Participants, as the holders of Beneficial Interests or as custodians for such holders, may exercise their rights in respect of Stub Instruments held by them in the CSD only through their Participants. Euroclear Bank S.A/N.V, Clearstream Banking société anonyme, (Clearstream Luxembourg), and SIX SIS AG may hold such Stub Instruments through their Participant(s).
- 4.1.5 In relation to each Person shown in the records of the CSD or the relevant Participant, as the case may be, as the Registered Holder or a holder of a Beneficial Interest in a particular Nominal Amount of Stub Instruments, a statement or other document issued by the CSD or the relevant Participant, as the case may be, as to the aggregate Nominal Amount of such Stub Instrument standing to the account of such Person shall be *prima facie* proof of such interest.
- 4.1.6 Title or Beneficial Interests in Transferable Stub Instruments in uncertificated form may be transferred only in accordance with the Applicable Procedures as contemplated in condition 14. Such transfers will be recorded in accordance with the Applicable Procedures.
- 4.1.7 Any reference in the Terms and Conditions to the relevant Participant shall, in respect of an Uncertificated Stub Instrument, be a reference to the Participant appointed to act as such by the holder of such Uncertificated Stub Instrument.
- 4.2 **Stub Instruments issued in certificated form**
- 4.2.1 Each holder of Stub Instruments represented by an Individual Certificate will be named in the Register as the Registered Holder of such Stub Instruments.
- 4.2.2 Title to Transferable Stub Instruments issued in certificated form will pass upon registration of transfer in the Register in accordance with condition 14.

- 4.2.3 The Issuer, the Transfer Agent and the Paying Agent shall recognise a Stub Holder as the sole and absolute owner of the Stub Instruments registered in that Stub Holder's name in the Register.

5. STATUS OF THE SENIOR STUB INSTRUMENTS

- 5.1 The obligations of the Issuer under the Senior Stub Instruments constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves and, subject to condition 10.1, equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding. Any payments on the Senior Stub Instruments will, subject to condition 5.2, be made in accordance with condition 9 (and subject to condition 10).
- 5.2 Without in any way derogating or detracting from, and in addition to, the provisions of condition 6, if the Issuer is placed into liquidation or is wound up, the claims of the holders of the Senior Stub Instruments shall rank ahead of the claims of subordinated creditors of the Issuer, shall rank behind the Secured Claims and Preferred Creditors of the Issuer and shall rank *pari passu* among themselves and with the claims of all other unsubordinated unsecured creditors of the Issuer.
- 5.3 No security, other than in favour of SARB in respect of the Secured Claims, will be provided by the Issuer over any of its assets that would have the effect of creating a right that ranks in priority to or *pari passu* with the rights of the Senior Stub Holders.

6. STATUS OF THE SUBORDINATED STUB INSTRUMENTS

- 6.1 The obligations of the Issuer under the Subordinated Stub Instruments constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves and, subject to condition 10.1, equally with all other present and future unsecured and subordinated obligations of the Issuer from time to time outstanding. Any payments on the Subordinated Stub Instruments will, subject to condition 6.2, be made in accordance with condition 9 (and subject to condition 10).
- 6.2 The claims of the holders of the Subordinated Stub Instruments shall be subordinate to and rank after the claims of unsubordinated creditors of the Issuer and accordingly, the payment obligations of the Issuer under the Subordinated Stub Instruments will be subordinate to and will rank behind the payment obligations of

the Issuer in respect of all unsubordinated creditors of the Issuer (including the claims of the Senior Stub Holders).

- 6.3 If the Issuer is placed into liquidation or is wound up, the Issuer will be required to pay or discharge the claims of all unsubordinated creditors of the Issuer in full before it can make any payments in respect of the Subordinated Stub Instruments.
- 6.4 Furthermore, in the event of the dissolution of the Issuer, or if the Issuer is placed into liquidation or is wound up or placed into business rescue or remains in curatorship:
- 6.4.1 no Subordinated Stub Holder shall be entitled to prove or tender to prove a claim in respect of its Subordinated Stub Instruments in such an event to the extent that the claims of the unsubordinated creditors of the Issuer which are admissible in such dissolution, liquidation, winding up, business rescue or curatorship would not be paid or discharged in full as a result of such proof;
- 6.4.2 no amount due under the Subordinated Stub Instruments shall be eligible for set-off, counterclaim, abatement or similar remedy which a Subordinated Stub Holder might otherwise have; and
- 6.4.3 subject to Applicable Law, a Subordinated Stub Holder may not exercise or claim any right of set-off in respect of any amount arising out of or in connection with the Subordinated Stub Instruments owed to it by the Issuer and each Subordinated Stub Holder shall, by virtue of its subscription, purchase or holding of any Subordinated Stub Instruments, (i) be deemed to have waived all such rights of set-off and, (ii) to the extent that any set-off takes place, whether by operation of law or otherwise, between: (A) any amount arising out of or in connection with the Subordinated Stub Instruments owed by the Issuer to a Subordinated Stub Holder; and (B) any amount owed to the Issuer by such Subordinated Stub Holder, such Subordinated Stub Holder will immediately transfer such amount which is set-off to the Issuer or, in the event of its dissolution or winding-up or liquidation or it being placed in business rescue or remaining in curatorship (as the case may be), to the liquidator, business rescue practitioner, curator or other relevant insolvency official of the Issuer, to be held for the benefit of the unsubordinated creditors of the Issuer until the claims of unsubordinated creditors of the Issuer which are admissible in any such dissolution, liquidation or winding-up have been paid or discharged in full.

7. INTEREST

- 7.1 The Amount Outstanding under each Stub Instrument as at the first day of each applicable Indicative Interest Period shall accrue interest at the Interest Rate applicable to that Stub Instrument. For the purpose of calculating the interest for the first Indicative Interest Period, interest shall be deemed to have commenced to accrue on and with effect from and including the applicable Interest Commencement Date. There is no obligation on the Issuer to pay interest and the entitlement of the Senior Stub Holders to enforce their rights to the accrual of interest and the payment of interest is contingent upon -
- 7.1.1 the determination by the Issuer that there are sufficient funds to pay interest, the payment priorities of the Distribution Waterfall and the other terms contemplated in condition 10; or
- 7.1.2 the Issuer being placed into liquidation or wound up subject to Applicable Law.
- 7.2 All interest accrued (but not paid) shall be capitalised on the last day of the relevant Indicative Interest Period.
- 7.3 If a Payment Date does not coincide with the end of an Indicative Interest Period, the amount of any interest in respect of that Indicative Interest Period up to, but excluding, such Payment Date shall be calculated on the basis of the relevant Day Count Fraction.
- 7.4 The Parties record that it is their intention that, to the extent permitted by applicable law, the *in duplum* rule should not apply to the interest payable in respect of Stub Instruments, for the following reasons:
- 7.4.1 the Stub Instruments have been issued pursuant to the restructuring of the Issuer in exchange for a portion of the claims of the Stub Holders on the Transaction Effective Date and have fundamentally amended the enforcement rights applicable to that portion of those claims which were available to the Stub Holders prior to the Transaction Effective Date;
- 7.4.2 the prospect and timing of the Stub Holders receiving payment pursuant to the payment waterfall contemplated in condition 10 is highly dependent on (among other things) the calls, if any, (and the timing thereof) made under the Good Bank Indemnity and the term of the Good Bank Indemnity is envisaged to be 8 (eight) years in duration; and

- 7.4.3 after the implementation of the Transaction the Issuer will no longer be operating a business as a going concern and therefore will not suffer any prejudice in the event that the *in duplum* rule is disapplied to the interest payable in respect of the Stub Instruments.
- 7.5 Pursuant to condition 7.4, the Issuer, to the extent permitted by applicable law, unconditionally and irrevocably renounces and waives any right it may have to apply the principle of *in duplum* (i) to any of the Stub Instruments or (ii) to any dispute in respect of any of the Stub Instruments, including without limitation:
- 7.5.1 the calculation of interest accrued on any Stub Instrument; or
- 7.5.2 the total amount outstanding under any Stub Instrument; or
- 7.5.3 as a defence against any claim by any Holder for the payment of any amount under any of the Stub Instruments.

8. NOTICE OF PAYMENT

Notice of the fact of any payment to be made by the Issuer on the Stub Instruments pursuant to condition 10, whether a payment of principal and/or interest, and the Payment Date thereof shall be given in accordance with condition 17. In the case of payment of principal, such notice to holders of Individual Certificates shall be given at least 15 days prior to payment thereof to allow time for such holders to deliver their certificates to the Transfer Agent in terms of condition 9.3.

9. PAYMENTS

9.1 General

All payments of all amounts (whether in respect of principal or interest) in respect of the Stub Instruments shall be made by the Paying Agent in accordance with this condition 9.

9.2 Payment in respect of Stub Instruments issued in uncertificated form

- 9.2.1 Payments of principal and/or interest in respect of Uncertificated Stub Instruments will be made to the CSD or relevant Participant, as the case may be, (to the bank account specified by the CSD or relevant Participant), and the Issuer will be discharged by proper payment to the CSD or relevant Participant (as the case may be) in respect of each amount so paid.

- 9.2.2 Following payment to the CSD or relevant Participant, as the case may be, in respect of Stub Instruments which are held in the CSD, the relevant funds will be transferred by the CSD to the relevant Participant or by the relevant Participant, as the case may be, for the Registered Holders and the holders of the Beneficial Interest in such Stub Instruments in accordance with the Applicable Procedures.
- 9.2.3 Each of the Persons shown in the records of the CSD and the Participants, as the case may be, shall look solely to the CSD or the relevant Participant, as the case may be, for such Person's share of each payment so made by the Issuer to the CSD or relevant Participant, as the case may be.
- 9.2.4 Neither the Paying Agent (to the extent someone other than the Issuer) nor the Issuer will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, Uncertificated Stub Instruments or Beneficial Interests in Uncertificated Stub Instruments or for maintaining, supervising or reviewing any records relating thereto.

9.3 Payment in respect of Stub Instruments issued in certificated form

- 9.3.1 Subject to condition 9.3.2, payments of principal and/or interest on an Individual Certificate shall be made to the Registered Holder of such Stub Instrument, as set out in the Register at the close of business on the Last day to Register. Such payments will be made to the bank account specified by the Person named as the Registered Holder of such Stub Instrument in the Register (at the close of business on the Last day to Register), or in the case of joint registered Stub Holders, according to the method contemplated in condition 9.6.
- 9.3.2 In the case of a partial payment of principal, the holder of the Individual Certificate shall be required to surrender such Individual Certificate in accordance with the paragraphs below.
- 9.3.3 Payment of principal in respect of any registered Stub Instrument(s) which is/are represented by Individual Certificate(s) shall be made to the holder(s) of such registered Stub Instrument(s) only if, at least 7 days prior to the date on which such payment is made, such Individual Certificate(s) shall have been surrendered to the Transfer Agent at its Specified Office. This will enable the Transfer Agent to endorse the reduction in the Nominal Amount thereon or, in

the case of final payment of all amounts outstanding in respect of such instrument, to cancel the relevant Individual Certificates.

9.3.4 If the relevant Individual Certificate is not surrendered to the Transfer Agent at its Specified Office as stated in the paragraph above, the amount of principal payable to the holder of the registered Stub Instrument(s) represented by that Individual Certificate shall be retained by the Paying Agent for such holder, at the latter's risk, until such Individual Certificate has been surrendered to the Transfer Agent at its Specified Office, and such holder will not be entitled to any interest and/or other payments in respect of any delay in payment occasioned as a result of such failure to surrender such Individual Certificate.

9.3.5 The Issuer shall not be obliged to make or cause to be made any payment in respect of principal payable in respect of a registered Stub Instrument until at least 7 days has passed since the date on which the Individual Certificate in respect of the relevant Stub Instruments has been surrendered to the Paying Agent.

9.4 **Method of payment**

9.4.1 Payments will be made in the Specified Currency by credit or transfer by way of electronic settlement, to the Stub Holder.

9.4.2 Payments will be subject in all cases to: (i) any fiscal or other laws, directives and regulations applicable thereto in the place of payment, and (ii) any withholding or deduction required pursuant to an agreement described in section 1471(b) of FATCA or otherwise imposed pursuant to sections 1471 to 1474 of FATCA, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

9.4.3 All payments will be made without withholding or deduction for taxes unless such withholding or deduction is required by law including pursuant to condition 9.4.2 above. In the event that such withholding or deduction is required by law, the Issuer will not be obliged to pay additional amounts in relation thereto.

9.4.4 Neither the Issuer nor the Paying Agent (to the extent someone other than the Issuer) shall be responsible for the loss in transmission of any such funds, and payment of any amount into the bank account referred to above in accordance

with this condition 9 shall be satisfaction *pro tanto*, to the extent of such amount, of the Issuer's obligations to the Stub Holder under the relevant Stub Instrument and the applicable Terms and Conditions.

9.5 Any certification or determination by the Issuer of a rate or Amount Outstanding under a Stub Instrument shall be, in the absence of manifest error, *prima facie* evidence of the matters to which it relates.

9.6 In the case of joint Stub Holders, payment will be made to the account of the Stub Holder first named in the Register, and shall discharge the Issuer of its relevant payment obligations under the relevant Stub Instruments, notwithstanding any notice (express or otherwise) which the Issuer and/or the Transfer Agent and/or the Paying Agent may have of the right, title, interest or claim of any other Person to or in any such Stub Instruments.

9.7 **Apportionment of payments**

All payments will be apportioned towards the payment of interest first and thereafter principal.

9.8 **No set-off**

No Stub Holder shall be entitled to exercise any right of set-off against any amount payable by the Issuer under, in terms of, or pursuant to the Stub Instruments.

10. **DISTRIBUTION WATERFALL**

10.1 In the event of the Issuer being placed into liquidation or wound-up all Amounts Outstanding under the Stub Instruments will become automatically due and payable and the provisions set out in conditions 5 and 6 will apply. Save in such event, the Stub Instruments will have no fixed maturity or interest payment profile and any payments in respect of the Stub Instruments will be subject to this condition 10. Following discharge by the Issuer of all the Issuer's payment obligations in terms of the Transaction which are due and payable on or about the Transaction Effective Date, all amounts collected, or otherwise received, by the Issuer after that date will, subject to the remaining provisions of this condition 10, be applied in the following order by the Issuer:

10.1.1 firstly, the Issuer will discharge its run-off expenses and day-to-day operational costs (including without limitation (i) the fees due to Good Bank in respect of the collection of the Residual Book, (ii) any top-up payment obligation in

respect of the Top-Up Cash Amount, and (iii) the Curator's fees) as and when they become due. To adequately provide for future anticipated run-off expenses and operational costs, the Issuer will build up, maintain and replenish an Operating Float which will be topped up out of collections under the Residual Book over time. The Residual Run-off Analysis and projected list of opening assets and liabilities of the Issuer on the Transaction Effective Date assumes an initial Operating Float of ZAR500,000,000, but the Issuer shall be entitled to increase or reduce this amount from time to time in such manner as it may deem necessary to ensure that run-off expenses and operational costs are provided for at all times;

10.1.2 secondly, all amounts collected over and above the Operating Float shall be applied exclusively to repay the SARB Outstandings;

10.1.3 thirdly, all cash collected over and above the Operating Float and the SARB Outstandings shall be retained and invested in one or more ring-fenced accounts pledged in favour of SARB, until a reserve equal to the Indemnity Reserve has been established to provide for any potential indemnification claims under the Good Bank Indemnity; and

10.1.4 fourthly, and only to the extent that: (i) all run-off expenses and day-to-day operational costs have been paid and the Operating Float is maintained at the level required by the Issuer from time to time; (ii) all SARB Outstandings have been paid in full; and (iii) the Indemnity Reserve has been established (or SARB no longer requires it) or the Good Bank Indemnity has terminated, any remaining cash of the Issuer shall be applied, in such manner and amounts, and at such time as the Issuer may determine:

10.1.4.1 firstly, to repay (on a *pari passu* basis) all Senior Claims, including the Senior Stub Holders; and

10.1.4.2 secondly, and only to the extent that all Senior Claims have been paid in full, to repay on a *pari passu* basis all Subordinated Claims, including the claims of Subordinated Stub Holders.

10.2 The Issuer shall have an absolute discretion to determine the most appropriate time and manner to distribute any collections that may become available to creditors. For so long as the Indemnity Reserve must be maintained, the relevant ring-fenced bank accounts and rights to the retained cash will remain pledged to SARB as security and no portion thereof will be available for distribution.

10.3 The Issuer will publish on its website a six monthly update on the progress of the realisation of assets from the Issuer, the status and amount of the SARB Indemnity Facility and Indemnity Reserve and an updated assessment of quantum and timing of any distributions to creditors. The update will also include a summary of any pending or threatened material litigation against the Issuer.

If the Issuer determines at any time that there has been a development since the last published six monthly update which the Issuer (in its sole discretion) expects will have a materially adverse effect on the quantum or timing of the amount which holders of the Senior Stub Instruments might receive under the terms of the Senior Stub Instruments, then the Issuer will as soon as reasonably practicable after such development publish details of such development on its website. In the case of litigation, the Issuer's obligation to publish details in between six monthly updates will be limited to details of any new proceedings initiated details of which have not been included in a prior six monthly update, or the settlement of or final judgment in any existing proceedings included in a prior six monthly update, where the Issuer (in its sole discretion) expects that such new proceedings or such settlement or judgment will have a materially adverse effect on the quantum or timing of the amount which holders of the Senior Stub Instruments might receive under the terms of the Senior Stub Instruments.

11. FINANCIAL INFORMATION

11.1 An indicative operating budget of the Issuer for each financial year of the Issuer ending after the Issue Date will be prepared and published on the Issuer's website. The first such budget will be published within 60 days of the Transaction Effective Date or as soon as reasonably practical thereafter and each subsequent budget will be published prior to the commencement of the relevant financial year.

11.2 The Issuer will procure the preparation of audited financial statements of the Issuer for each of its financial years ended after the Transaction Effective Date which will -

11.2.1 be prepared on a basis consistently applied in accordance with generally accepted accounting principles and practices in South Africa;

11.2.2 fairly present the affairs of the Issuer for the period to which they relate; and

11.2.3 disclose the liabilities of the Issuer (including any contingent liabilities) including details of the aggregate Amount Outstanding as at the commencement and end of the period to which they relate,

and such financial statements will be published on the Issuer's website as soon as reasonably possible after they have become available.

11.3 The Issuer will also procure the preparation of an opening balance sheet of the Issuer for the period ended on the Transaction Effective Date, which balance sheet shall set out *inter alia* the assets and liabilities of the Issuer as at the Transaction Effective Date, including the quantum of the Senior Claims and the Subordinated Claims as at that date. Such opening balance sheet will be published on the Issuer's website within 60 days of the Transaction Effective Date or as soon as reasonably practical thereafter.

11.4 Any delay by the Issuer in meeting any of its obligations under conditions 10.3, 11.1, 11.2 or 11.3 will not constitute an event of default under the Terms and Conditions and the only claims the Stub Holders will have against the Issuer should such delay persist will be to apply to court to obtain an order requiring the Issuer to comply with the relevant obligations under the aforementioned conditions.

11.5 If the curatorship of the Issuer is terminated at any time and the Issuer is not placed into liquidation or winding-up at the time of such termination, then within one calendar month after such termination the Issuer will prepare and publish on its website a plan setting out how it intends to run its business going forward, together (if Senior Stub Instruments are still outstanding at the time) with details of how the holders of the Senior Stub Instruments can notify the Issuer if they object to such plan. If Senior Stub Instruments are still outstanding at the time and Senior Stub Holders holding a majority of the aggregate Nominal Amount of the Senior Stub Instruments outstanding at the time of such publication notify the Issuer that they object to the published plan, then the payment obligations of the Issuer under the Senior Stub Instruments will become immediately due and payable at the time that the Issuer receives the notification that results in the Issuer having been so notified by Senior Stub Holders holding such majority.

12. EXCHANGE OF TITLE OR BENEFICIAL INTERESTS IN UNCERTIFICATED STUB INSTRUMENTS AND REPLACEMENT OF INDIVIDUAL CERTIFICATES

12.1 Exchange Interests

- 12.1.1 The holder of an Uncertificated Stub Instrument or Beneficial Interest therein may, in terms of the Applicable Procedures and subject to the FMA, by written notice to the holder's nominated Participant (or, the CSD, as the case may be), request that such holding be exchanged or partially exchanged for Stub Instruments in definitive form represented by an Individual Certificate (the "exchange notice") provided that the Nominal Amount of the Uncertificated Stub Instrument or Beneficial Interest therein being exchanged is at least ZAR1,000,000. The exchange notice shall specify the name, address, Securities Account details and bank account details of such holder.
- 12.1.2 The holder's nominated Participant will, following receipt of the exchange notice, through the CSD, notify the Transfer Agent that it is required to exchange such Uncertificated Stub Instrument or Beneficial Interest therein for Stub Instruments represented by an Individual Certificate. The Transfer Agent will, as soon as is practicable but within 14 days after receiving such notice, in accordance with the Applicable Procedures, procure that an Individual Certificate is prepared, authenticated and made available for delivery, on a Business Day falling within the aforementioned 14 day period, to such holder at the Specified Office of the Transfer Agent, provided that (i) joint holders of an Uncertificated Stub Instrument or a Beneficial Interest therein shall be entitled to receive only one Individual Certificate in respect of that joint holding, and the delivery to one of those joint holders shall be delivery to all of them; and (ii) the Transfer Agent shall neither be entitled nor obliged to deliver the Individual Certificate as aforesaid unless the relevant holder has provided the Transfer Agent or the Issuer with all information and/or documentation requested by the Transfer Agent or the Issuer in terms of FICA.
- 12.1.3 In the case of the exchange of an Uncertificated Stub Instrument or a Beneficial Interest therein:
- 12.1.3.1 the CSD shall, prior to the exchange date, surrender (in accordance with the Applicable Procedures) such Uncertificated Stub Instruments to the Transfer Agent;

12.1.3.2 the Transfer Agent will obtain the release of such Uncertificated Stub Instruments from the CSD in accordance with the Applicable Procedures; and

12.1.3.3 an Individual Certificate shall, in relation to the Nominal Amount of such holder's interest in such Uncertificated Stub Instrument standing to the account of the holder thereof which is to be exchanged, represent that Nominal Amount of Stub Instruments and shall otherwise be in such form as may be agreed between the Issuer and the Transfer Agent.

12.2 **Replacement**

If any Individual Certificate is worn out, damaged, defaced, stolen, destroyed or lost it may be replaced at the Specified Office of the Transfer Agent, on payment by the claimant of such costs and expenses as may be incurred in connection therewith and the provision of such indemnity as the Issuer and the Transfer Agent may reasonably require. Damaged or defaced Individual Certificates must be surrendered at the Specified Office of the Transfer Agent before replacements will be issued.

12.3 **Death and sequestration or liquidation of Stub Holder**

Any Person becoming entitled to Stub Instruments in consequence of the death, sequestration or liquidation of the holder of such Stub Instruments may, upon producing evidence to the satisfaction of the Issuer that he holds the position in respect of which he proposes to act under this condition 12.3, and of his title as the Issuer and the Transfer Agent shall require, be registered as the Registered Holder of such Stub Instruments or a Beneficial Interest therein or, subject to the Applicable Procedures, this condition 12.3 and condition 14, may transfer such Stub Instruments (to the extent that the Stub Instrument is a Transferable Stub Instrument). The Issuer and (if applicable) the CSD and the relevant Participant shall be entitled to retain any amount payable upon the Stub Instruments to which any Person is so entitled until such Person shall be registered as aforesaid or shall duly transfer the Stub Instruments (to the extent that the Stub Instrument is a Transferable Stub Instrument).

12.4 **Costs**

The costs and expenses of the printing, issue and delivery of each Individual Certificate and all taxes and governmental charges that may be imposed in relation

to such Individual Certificate shall be borne by the holder of the Stub Instruments represented by that Individual Certificate. Separate costs and expenses relating to the provision of Individual Certificates and/or the transfer of Stub Instruments may be levied by other Persons, such as a Participant, under the Applicable Procedures, and such costs and expenses shall not be borne by the Issuer. The costs and expenses of the delivery of Individual Certificates by a method other than ordinary post (if any) and, if the Issuer shall so require, all taxes or governmental charges or insurance charges that may be imposed in relation to such mode of delivery shall be borne by the Stub Holder.

13. REGISTER

13.1 Each Register:

13.1.1 shall be kept at the Specified Office of the Transfer Agent or such other Person as may be appointed for the time being by the Issuer to maintain the Register (or in respect of the Uncertificated Securities Register, be kept, administered and maintained by a Participant, or the CSD, as determined in accordance with the Applicable Procedures);

13.1.2 shall contain the names, addresses and bank account numbers of the applicable Stub Holders;

13.1.3 shall show the total Nominal Amount of the applicable Series of Stub Instruments held by each applicable Stub Holder;

13.1.4 shall show the dates upon which each of the applicable Stub Holders was registered as such;

13.1.5 shall show the serial numbers of the applicable Individual Certificates (if any) and the dates of issue thereof;

13.1.6 shall be open for inspection at all reasonable times during business hours on Business Days by any Stub Holder or any Person authorised in writing by a Stub Holder; and

13.1.7 shall be closed during the Books Closed Period.

13.2 The Transfer Agent shall alter the applicable Register in respect of any change of name, address or account number of any of the Stub Holders which hold an Individual Certificate of which it is notified.

13.3 Except as provided for in the Terms and Conditions or as required by law, in respect of Stub Instruments, the Issuer will only recognise a Stub Holder as the owner of the Stub Instruments registered in that Stub Holder's name as per the applicable Register.

13.4 Except as provided for in the Terms and Conditions or Applicable Law, the Issuer shall not be bound to enter any trust in the Register or to take notice of or to accede to the execution of any trust (express, implied or constructive) to which any Individual Certificate may be subject.

14. TRANSFER OF TRANSFERABLE STUB INSTRUMENTS

14.1 This condition 14 applies only to Transferable Stub Instruments.

14.2 Transfer of title, or Beneficial Interests, in Transferable Stub Instruments

Procedures through the CSD:

14.2.1 Title in Transferable Stub Instruments which are in uncertificated form will pass on transfer thereof by electronic book entry in the Central Securities Account maintained by the CSD in accordance with the FMA and the Applicable Procedures.

14.2.2 Beneficial Interests may be transferred only in accordance with the Applicable Procedures through the CSD. Transfers of Beneficial Interests to and from clients of Participants occur by way of electronic book entry in the securities accounts maintained by the Participants for their clients (and in the Central Securities Accounts where applicable), in accordance with the Applicable Procedures.

14.2.3 Such transfers will be recorded in accordance with the Applicable Procedures.

14.3 Transfer of Transferable Stub Instruments represented by Individual Certificates

14.3.1 In order for any transfer of Transferable Stub Instruments represented by an Individual Certificate to be recorded in the Register, and for such transfer to be recognised by the Issuer:

14.3.1.1 the transfer of such Transferable Stub Instruments must be embodied in a Transfer Form;

- 14.3.1.2 the Transfer Form must be signed by the Registered Holder of such Transferable Stub Instrument and the transferee, or any authorised representatives of that Registered Holder or transferee;
- 14.3.1.3 the Transfer Form must be delivered to the Transfer Agent at its Specified Office together with the Individual Certificate representing such Transferable Stub Instruments for cancellation; and
- 14.3.1.4 the transfer must be in respect of a Nominal Amount of not less than ZAR1,000,000.
- 14.3.2 Subject to this condition 14.3.2 and condition 14.4, the Transfer Agent will, within 3 Business Days of receipt by it of a valid Transfer Form and accompanying Individual Certificate (or such longer period as may be required to comply with any Applicable Laws and/or the Applicable Procedures), record the transfer of the Transferable Stub Instruments represented by an Individual Certificate (or the relevant portion of such Transferable Stub Instruments) in the Register, and authenticate and deliver to the transferee at the Transfer Agent's Specified Office or, at the risk of the transferee, send by mail to such address as the transferee may request, a new Individual Certificate in respect of the Transferable Stub Instruments transferred reflecting the outstanding Nominal Amount of the Transferable Stub Instruments transferred.
- 14.3.3 Where a Stub Holder has transferred a portion only of Transferable Stub Instruments represented by an Individual Certificate, the Transfer Agent will authenticate and deliver to such Stub Holder at the Transfer Agent's Specified Office or, at the risk of such Stub Holder, send by mail to such address as such Stub Holder may request a new Individual Certificate representing the balance of the Nominal Amount of the Stub Instruments retained by such Stub Holder.
- 14.3.4 The transferor of any Transferable Stub Instruments represented by an Individual Certificate will be deemed to remain the owner thereof until the transferee is registered in the applicable Register as the holder thereof.
- 14.3.5 Before any transfer of Transferable Stub Instruments represented by an Individual Certificate is registered in the Register, all relevant transfer taxes (if any) must have been paid by the transferor and/or the transferee and such evidence must be furnished as the Issuer and the Transfer Agent may

reasonably require as to the identity and title of the transferor and the transferee and, to the extent applicable, all information and/or documentation required in terms of FICA must have been furnished.

14.3.6 No transfer of any Transferable Stub Instruments represented by an Individual Certificate will be registered whilst the applicable Register is closed.

14.3.7 If a transfer of any Transferable Stub Instruments represented by an Individual Certificate is registered in the Register, the Transfer Form and cancelled Individual Certificate will be retained by the Transfer Agent.

14.4 **Possible restrictions of transfer**

Dealings in the Stub Instruments may be subject to, amongst other things, South African exchange control regulations and holders or potential purchasers should consult their professional advisors before selling, acquiring or otherwise dealing in Stub Instruments.

15. **NON-TRANSFERABLE SENIOR STUB INSTRUMENTS AND CONSOLIDATION REQUESTS**

15.1 This condition 15 applies only to Non-Transferable Senior Stub Instruments.

15.2 Non-Transferable Senior Stub Instruments will be issued to Restricted Holders only.

15.3 No transfer of title, or of a Beneficial Interest, in a Non-Transferable Senior Stub Instrument or a Non-Transferable Senior Stub Instrument represented by an Individual Certificate may be made or effected.

15.4 Non-Transferable Senior Stub Instruments or Beneficial Interests therein held directly through the CSD will be effected by the CSD or Participants blocking the relevant Non-Transferable Senior Stub Instruments in the Central Securities Accounts maintained by the CSD in accordance with the Applicable Procedures.

15.5 Non-Transferable Senior Stub Instruments or Beneficial Interests therein which are held by clients of Participants through such Participants will be effected by such Participants blocking the relevant Non-Transferable Senior Stub Instruments in the Securities Accounts maintained by the Participants.

15.6 A Person who, as at the Issue Date, is entitled to:

15.6.1 single or multiple Non-Transferable Senior Stub Instruments and/or Beneficial Interests therein, who can demonstrate to the satisfaction of the Issuer that:

15.6.1.1 the aggregate Nominal Amount of such Non-Transferable Senior Stub Instruments and/or such Person's Beneficial Interests therein equalled or exceeded the Minimum Amount on the Issue Date thereof; and

15.6.1.2 such Person has not received transfer of any of such Non-Transferable Senior Stub Instruments or its Beneficial Interests therein in breach of this condition 15,

may, at any time prior to the first anniversary of the Issue Date, give written notice to the Issuer in accordance with the applicable provisions of condition 17 ("the Consolidation Notice"), requesting the Issuer to exchange all (and not only some) of such Stub Instruments and/or Beneficial Interests for a Transferable Senior Stub Instrument or a Beneficial Interest therein, as the case may be.

15.7 Following receipt of the Consolidation Notice, the Issuer may (but shall not be obliged to) procure the exchange of the relevant Person's Non-Transferable Senior Stub Instruments and/or Beneficial Interests therein, for a new Tranche of the Transferable Senior Stub Instruments or a Beneficial Interest therein (the Nominal Amount of which shall equal the aggregate Nominal Amount of the Non-Transferable Senior Stub Instruments and/or Beneficial Interests so exchanged) provided that:

15.7.1 no such exchange shall be implemented (i) unless the Issuer is satisfied that the requirements in condition 15.6 have been met, or (ii) during a Book Closed Period;

15.7.2 the relevant Person has provided to the Issuer all information (and has provided to its own Participant or to the CSD, as the case may be, all written instructions) necessary to enable the Issuer to effect such exchange;

15.7.3 on the Issue Date of such new Tranche of the Transferable Senior Stub Instrument (which will be issued in uncertificated form), the Nominal Amount thereof or Beneficial Interest of the relevant Person therein will equal or exceed the Minimum Amount; and

15.7.4 all other requirements of the Issuer or the CSD or relevant Participant to effect such exchange have been complied with.

- 15.8 A Person who holds a Non-Transferable Senior Stub Instrument (and/or a Beneficial Interest therein) who can demonstrate to the satisfaction of the Issuer that:
- 15.8.1 such Person should not be categorised as a Restricted Holder and further is permitted under Applicable Laws (without imposing any additional obligation on the Issuer, including disclosure obligations in any jurisdiction) to exchange its Non-Transferable Senior Stub Instrument (and/or Beneficial Interest) for a Transferable Senior Stub Instrument or a Beneficial Interest in a Transferable Senior Stub Instrument; and
- 15.8.2 such Person has not received transfer of any of such Non-Transferable Senior Stub Instrument or Beneficial Interests therein in breach of this condition 15, may, at any time prior to the first anniversary of the Issue Date, give written notice to the Issuer in accordance with the applicable provisions of condition 17 ("the Categorisation Notice"), requesting the Issuer to exchange all (and not only some) of its Non-Transferable Senior Stub Instruments (or Beneficial Interests) for a Transferable Senior Stub Instrument (or Beneficial Interest therein).
- 15.9 Following receipt of the Categorisation Notice, the Issuer may (but shall not be obliged to) procure the exchange of the relevant Person's Non-Transferable Senior Stub Instruments and/or Beneficial Interests therein for new Tranche of the Transferable Senior Stub Instruments or a Beneficial Interest therein (the Nominal Amount of which shall equal the aggregate Nominal Amount of the Non-Transferable Senior Stub Instruments and/or the Beneficial Interests so exchanged) provided that:
- 15.9.1 no such exchange shall be implemented (i) unless the Issuer is satisfied that the requirements in condition 15.8 have been met, or (ii) during a Book Closed Period; and
- 15.9.2 the relevant Person has provided to the Issuer all information (and has provided to its own Participant or to the CSD, as the case may be, all written instructions) necessary to enable the Issuer to effect such exchange.
- 15.10 Any such exchange shall be achieved in such manner as the Issuer may reasonably determine, but in all events in accordance with the Applicable Procedures.

16. TRANSFER AGENT AND PAYING AGENT

- 16.1 The Issuer is entitled to vary or terminate the appointment of the Transfer Agent and Paying Agent and/or appoint additional or other agents, provided that there will at all times be a Transfer Agent and Paying Agent with a Specified Office. These agents act solely as the agents of the Issuer and do not assume any obligation towards or relationship of agency or trust for or with any Stub Holders.
- 16.2 To the extent that the Issuer acts as the Transfer Agent or Paying Agent, all references in the Terms and Conditions to:
- 16.2.1 any action, conduct or functions in such role shall be understood to mean that the Issuer shall perform such action, conduct or functions itself in such capacity; and
- 16.2.2 requirements for consultation, indemnification by or of, payment by or to, delivery by or to, notice by or to, consent by or to or agreement between the Issuer and such Transfer Agent or Paying Agent (as the case may be) shall be disregarded to the extent that the Issuer performs such role.

17. NOTICES

- 17.1 Notices to Stub Holders of Stub Instruments issued in certificated form shall be valid if mailed by registered mail to their registered addresses appearing in the Register. Any such notice shall be deemed to have been given on the seventh day after the day on which it is mailed.
- 17.2 For so long as any of the Stub Instruments are held in the CSD, notices to Stub Holders of Uncertificated Stub Instruments shall be valid and effective if delivered only to the CSD for communication by them to the Participants (and for communication by the Participants, in turn to the Registered Holders or the holders of Beneficial Interests in such Stub Instruments in accordance with the Applicable Procedures). Each such notice will be deemed to have been received by the holders of Uncertificated Stub Instrument or Beneficial Interests therein on the day of delivery of such notice to the CSD.
- 17.3 A notice to be given by any Stub Holder to the Issuer either (i) shall be in writing and given by lodging (either by hand delivery or posting by registered mail) that notice, together with a certified copy of the relevant Individual Certificate at the registered office of the Issuer, or (ii) for so long as any of the Stub Instruments are

uncertificated, may be given by any holder of an Uncertificated Stub Instrument to the Issuer in accordance with the Applicable Procedures, in such manner as the Issuer may approve for this purpose.

- 17.4 Any notice to the Issuer shall be deemed to have been received by the Issuer, if delivered by hand to the registered office of the Issuer, on the date of delivery, if sent by registered mail, on the seventh day after the day on which it is sent, and if given in accordance with the Applicable Procedures, then when deemed received by the Issuer under the Applicable Procedures or if the Applicable Procedures do not provide for such matter then on such date as the Issuer may provide. The Issuer may change its registered office upon prior written notice to the Stub Holders specifying such new registered office.

18. MEETINGS OF STUB HOLDERS

18.1 General

- 18.1.1 This condition 18 contains provisions for convening meetings of Relevant Stub Holders to consider any matter affecting their rights, including any of the matters contemplated in condition 19.
- 18.1.2 A reference in this condition 18:
- 18.1.2.1 to "meeting" or "meetings of Stub Holders" is to a meeting of the Relevant Stub Holders;
- 18.1.2.2 to "Stub Instruments" or "relevant Stub Instruments" is to all the Stub Instruments or Stub Instruments of a particular Series or Stub Instruments of a particular ranking, as the case may be; and
- 18.1.2.3 to "Stub Holders" is to Relevant Stub Holders.
- 18.1.3 Every director, the secretary of and the attorney to the Issuer and every other person authorised in writing by the Issuer, may attend and speak at a meeting of Stub Holders, but will not be entitled to vote, other than as a Stub Holder or proxy or duly authorised representative of a Stub Holder. Save as aforesaid, no person shall be entitled to attend and speak nor shall any person be entitled to vote at any meeting of the Stub Holders or join with others in requisitioning the convening of such a meeting unless he either produces proof acceptable to the Issuer that he is the Stub Holder or is a proxy or a representative as contemplated in condition 18.12 below.

18.2 **Resolutions of Stub Holders**

18.2.1 A meeting of Stub Holders will have power, in addition to all powers specifically conferred elsewhere in the Terms and Conditions to consider, consent to and sanction those matters contemplated in condition 19 and in the manner contemplated therein.

18.3 **Convening of meetings**

18.3.1 The Issuer may at any time convene a meeting of Stub Holders.

18.3.2 Further, the Issuer will convene:

18.3.2.1 a meeting of Stub Holders upon the requisition in writing of Stub Holders holding not less than ten per cent. in Nominal Amount of the relevant Stub Instruments;

18.3.2.2 a separate meeting of holders of a particular Series of Stub Instruments, upon the requisition in writing of Stub Holders in that Series holding not less than ten per cent. in Nominal Amount of the Stub Instruments of that Series,

as the case may be (a "**requisition notice**").

18.3.3 Whenever the Issuer wishes to convene a meeting, it will forthwith give notice in writing to the Stub Holders in the manner prescribed in condition 17 of the place, day and hour of the meeting, the nature of the business to be transacted at the meeting and the resolutions to be proposed and considered at the meeting. All meeting of Stub Holders will be held in South Africa.

18.4 **Requisition**

18.4.1 A requisition notice will state the nature of the business for which the meeting is to be held and the resolutions to be proposed and considered at the meeting and will be deposited at the Specified Office of the Issuer.

18.4.2 A requisition notice may consist of several documents in like form, each signed by one or more requisitionists.

18.5 **Convening of meetings by requisitionists**

If the Issuer does not convene a meeting to be held within 30 days of the deposit of a requisition notice, the requisitionists may themselves convene the meeting, but the meeting so convened will be held within 90 days from the date of such deposit and will be convened as nearly as possible in the same manner as that in which meetings may be convened by the Issuer. Whenever the requisitionists are about to so convene any such meeting, requisitionists shall forthwith give notice of the meeting to the Issuer.

18.6 **Notice of meeting**

18.6.1 Unless the holders of at least 90 per cent. of the aggregate Nominal Amount of the relevant Stub Instruments agree in writing to a shorter period, at least 21 days' written notice (exclusive of the day on which the notice is given and the day on which the meeting is held), specifying the place, day and time of the meeting, the nature of the business for which the meeting is to be held and the resolutions to be proposed and considered at the meeting, will be given to each Stub Holder and to the Issuer if applicable.

18.6.2 The accidental omission to give such notice to any Stub Holder or the non-receipt of any such notice by any Stub Holder will not invalidate the proceedings at a meeting.

18.7 **Quorum**

18.7.1 A quorum at a meeting shall consist of Stub Holders present in person or by proxy and holding in the aggregate not less than the majority of the aggregate Nominal Amount of the relevant Stub Instruments.

18.7.2 No business (other than the choosing of a chairperson) will be transacted at a meeting of the Stub Holders unless a quorum is present at the time when the meeting proceeds to business.

18.7.3 If, within 15 minutes from the time appointed for the meeting, a quorum is not present, the meeting will, if it was convened on the requisition of Stub Holders, be dissolved.

18.7.4 In every other case, if, within 15 minutes from the time appointed for the meeting, a quorum is not present, and if the Issuer so elects the meeting will stand adjourned to the same day in the third week thereafter, at the same time

and place, or if that day is not a Business Day, the next succeeding Business Day. At such adjourned meeting one or more Stub Holders present in person or by proxy and holding in the aggregate not less than one-third of the aggregate Nominal Amount of the relevant Stub Instruments will constitute a quorum for the purpose of considering any such resolution.

18.8 **Chairperson**

The chairperson of the meeting shall be appointed by the Issuer. If the Issuer or the person appointed by the Issuer to preside as chairperson of the meeting is not present within 10 minutes of the time appointed for the holding of the meeting, the Stub Holders then present will choose one of their own number to preside as chairperson.

18.9 **Adjournment**

18.9.1 Subject to the provisions of this condition 18, the chairperson may, with the consent of, and will on the direction of, the meeting, adjourn the meeting from time to time and from place to place.

18.9.2 No business will be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

18.9.3 At least 14 days' written notice of the place, day and time of an adjourned meeting will be given by the Issuer to each Stub Holder. In the case of a meeting adjourned in terms of condition 18.7.4 the notice will state the quorum requirement for such adjourned meeting (being that contained in condition 18.7.4 above).

18.10 **How questions are decided**

18.10.1 At a meeting, a resolution put to the vote will be decided on a poll.

18.10.2 In the case of an equality of votes, the chairperson will not be entitled to a casting vote in addition to the vote, if any, to which he is entitled.

18.11 **Votes**

18.11.1 Voting shall only take place on a poll and not on a show of hands. On a poll every Stub Holder, present in person or by proxy, will be entitled to that proportion of the total votes which the aggregate Nominal Amount of the relevant Stub Instruments held by such Stub Holder bears to the aggregate

Nominal Amount of all of the relevant Stub Instruments held by Stub Holders present in person or by proxy at the meeting.

18.11.2 In relation to joint Stub Holders, the vote may be exercised only by that Stub Holder whose name appears first on the Register in the event that more than one of such Stub Holders is present, in person or by proxy, at the meeting.

18.11.3 The Stub Holder in respect of Uncertificated Stub Instruments shall vote at any such meeting on behalf of the holders of Beneficial Interests in such Stub Instruments in accordance with the instructions from the holders of Beneficial Interests conveyed through the Participants in accordance with the Applicable Procedures.

18.12 **Proxies and representatives**

18.12.1 Stub Holders present either in person or by proxy may vote on a poll. A Stub Holder may by an instrument in writing (a "proxy form") signed by the Stub Holder (or his duly authorised agent) or, in the case of a juristic person, signed on its behalf by a duly authorised officer of the juristic person, appoint any person (a "proxy" or "proxies") to act on his or its behalf in connection with any meeting or proposed meeting.

18.12.2 A person appointed to act as proxy need not be a Stub Holder.

18.12.3 The proxy form will be deposited at the Specified Office of the Issuer or at the Specified Office of the Transfer Agent, as the case may be, not less than 24 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such proxy proposes to vote.

18.12.4 No proxy form will be valid after the expiration of 6 months from the date named in it as the date of its execution.

18.12.5 Notwithstanding condition 18.12.4 above, a proxy form will be valid for any adjourned meeting, unless the contrary is stated thereon. A vote given in accordance with the terms of a proxy form will be valid, notwithstanding the previous death or incapacity of the principal or revocation or amendment of the proxy form or of any of the Stub Holder's instructions pursuant to which the proxy form was executed or of the authority under which the proxy form was executed or the transfer of Stub Instruments in respect of which the proxy was given, provided that no intimation in writing of such death, incapacity,

revocation or amendment shall have been received by the Issuer at its Specified Office or the Transfer Agent at its Specified Office, as the case may be, more than, and that the transfer has been given effect to in accordance with condition 14, less than, 12 hours before the commencement of the meeting or adjourned meeting at which the proxy is to be used.

18.12.6 Any Stub Holder which is a juristic person may authorise any person to act as its representative in connection with any meeting or proposed meeting of Stub Holders by resolution of the directors or other governing body of the juristic person. Any reference in the Terms and Conditions to a Stub Holder present in person includes the duly authorised representative of a Stub Holder which is a juristic person.

18.13 **Minutes**

18.13.1 The Issuer will cause minutes of all resolutions and proceedings of meetings to be duly entered in the minute books of the Issuer.

18.13.2 Any such minutes as aforesaid, if purporting to be signed by the chairperson of the meeting at which such resolutions were passed or proceedings held or by the chairperson of the next succeeding meeting, will be receivable in evidence without any further proof, and until the contrary is proved, a meeting of the Relevant Stub Holders in respect of the proceedings of which minutes have been so made will be deemed to have been duly held and convened and all resolutions passed thereat, or proceedings held, to have been duly passed and held.

18.14 **Written Resolutions**

A resolution in writing (which may consist of two or more elements in the same form each of which is signed by one or more of the Relevant Stub Holders) submitted to the Relevant Stub Holders, entitled to exercise voting rights in relation to the resolution, and signed by the requisite majority of the Relevant Stub Holders, shall be as valid and effective as if it had been passed at a meeting duly convened and constituted.

18.15 **Binding Nature**

Any resolution passed in accordance with the provisions hereof and agreed to by the Issuer shall be binding upon all the Stub Holders whether present or not present

at such meeting and whether or not voting (or whether or not they signed any written resolution as contemplated in condition 18.14 above, as the case may be), and all the Stub Holders shall be bound to give effect thereto.

19. AMENDMENTS, MODIFICATION AND WAIVER

19.1 Subject to condition 19.3, condition 19.4 and condition 19.5, no term of the Terms and Conditions may be amended, modified or waived without the sanction of an Extraordinary Resolution of Senior Stub Holders and the agreement of the Issuer, which resolution and resultant amendment, modification or waiver shall be binding on all Stub Holders.

19.2 In addition to condition 19.1 but subject to condition 19.3, the sanction of an Extraordinary Resolution of Senior Stub Holders and the agreement of the Issuer will be required -

19.2.1 to sanction any scheme or proposal for the exchange or sale of the Senior Stub Instruments, or the conversion of the Senior Stub Instruments or the cancellation of the Senior Stub Instruments, in consideration of shares, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other entity formed or to be formed, or for or into or in consideration of cash, or partly for or into consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration for cash;

19.2.2 to sanction any compromise or arrangement proposed to be made between the Issuer and the Senior Stub Holders, or

19.2.3 subject to condition 19.5, to sanction any of the matters contemplated in condition 19.4,

and such resolution and sanction shall be binding on all Senior Stub Holders.

19.3 Notwithstanding anything to the contrary contained in condition 19.1 or condition 19.2, if the amendment, modification or waiver contemplated in condition 19.1 or any scheme or proposal contemplated in condition 19.2 (each a "Relevant Action") relates to one Series of Senior Stub Instruments only and not any other Series of Stub Instruments or impacts the rights of the holders of one Series of Senior Stub Instruments (and not holders of any other Series of Stub Instruments), then only the sanction of an Extraordinary Resolution of Senior Stub Holders of the affected

Series of Senior Stub Instruments and the agreement of the Issuer will be required in order for the Relevant Action to be implemented. For the purposes of this condition 19.3, "Series of Senior Stub Instruments" means all Transferable Senior Stub Instruments or all Non-Transferable Senior Stub Instruments.

19.4 An Extraordinary Resolution of Subordinated Stub Holders and the agreement of the Issuer will be required -

19.4.1 to sanction any scheme or proposal for the exchange or sale of the Subordinated Stub Instruments, or the conversion of the Subordinated Stub Instruments or the cancellation of the Subordinated Stub Instruments, in consideration of shares, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other entity formed or to be formed, or for or into or in consideration of cash, or partly for or into consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration for cash; or

19.4.2 to sanction any compromise or arrangement proposed to be made between the Issuer and the Subordinated Stub Holders,

and such resolution and sanction shall be binding on all Subordinated Stub Holders.

19.5 Notwithstanding anything contained in condition 19.4, if the proposed scheme, proposal, compromise or arrangement contemplated in condition 19.4 (each a "Proposed Action") would adversely affect the rights of the Senior Stub Holders under the Terms and Conditions if implemented, then in addition to the sanction of an Extraordinary Resolution of Subordinated Stub Holders and the agreement of the Issuer contemplated in condition 19.4, the sanction of an Extraordinary Resolution of Senior Stub Holders will be required in order for the Proposed Action to be implemented. If there is a dispute between the Issuer and/or the Subordinated Stub Holders, on the one hand, and the Senior Stub Holders on the other hand, as to whether or not the Proposed Action would adversely affect the rights of the Senior Stub Holders under the Terms and Conditions if implemented, such dispute shall be referred to the Expert for determination, whose determination will be final and binding on the Issuer and the Stub Holders. For the purposes of this condition 19.5, the "Expert" shall be an independent expert agreed to between the parties to the dispute and failing agreement within 10 Business Days of any such party calling for agreement as appointed by the Issuer's auditors.

- 19.6 Any amendment, modification or waiver which relates to:
- 19.6.1 the definition of "Interest Rate", "JIBAR", "Nominal Amount"; "Quarter Commencement Dates", and "Specified Currency";
- 19.6.2 conditions 5, 6 and 10 and/or
- 19.6.3 the method or basis of calculating any amount of interest in respect of the Stub Instruments,

and which, in each case, if implemented would adversely impact or diminish the residue available to Subordinated Stub Holders shall also require the sanction of an Extraordinary Resolution of Subordinated Stub Holders in order to be implemented. If there is a dispute between the Issuer and/or the Senior Stub Holders, on the one hand, and the Subordinated Stub Holders on the other hand, as to whether or not any amendment, modification or waiver relating to any of the matters contemplated in condition 19.6 would adversely impact or diminish the residue available to Subordinated Stub Holders if implemented, such dispute shall be referred to the Expert (as defined in condition 19.5) for determination, whose determination will be final and binding on the Issuer and the Stub Holders.

- 19.7 The Issuer shall notify all Stub Holders in terms of condition 17 of all and any amendments, modifications, waivers, consents and resolutions made or given or passed pursuant to this condition 19.

20. PROVISIONS RELATING TO THE CURATOR

- 20.1 The Curator has signed the Terms and Conditions in his capacity as duly appointed curator of the Issuer, acting in terms of his express and implied powers in terms of and pursuant to section 69(1)(a) of the South African Banks Act, 1990, any other applicable legislation and the common law, for and on behalf of the Issuer and neither he, his firm, nor its members, partners, directors, officers, employees, nor any of their respective agents, advisers or representatives will incur any personal liability whatsoever in respect of any of the obligations undertaken by the Issuer; or in respect of any failure on the part of the Issuer to observe, perform or comply with any such obligations; or under or in relation to any associated arrangements or negotiations; or under any document or assurance made pursuant to the Terms and Conditions. The exclusion of liability set out in this condition 20 will arise and continue notwithstanding the termination of the appointment of the Curator and will

operate as a waiver of any and all claims (including, but not limited to, claims in delict as well as under the laws of contract).

20.2 Any reference to the "Curator" in the Terms and Conditions will be construed as including any Person who is appointed as a curator of the Issuer in substitution for any curator of the Issuer or as an additional curator of the Issuer in conjunction with any other curator of the Issuer.

21. **GOVERNING LAW**

The validity of the Stub Instruments, their interpretation, the respective rights and obligations of the Issuer and the Stub Holders and all other matters arising in any way out of the Stub Instruments or their performance shall be determined in accordance with the laws of the Republic of South Africa. Furthermore, the courts of South Africa shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Stub Instruments or the Terms and Conditions and, accordingly, any suit, action or proceedings arising out of or in connection with the foregoing may be brought only in such courts.

SIGNED at Midrand, South Africa, on 4 April 2016

For and on behalf of
RESIDUAL DEBT SERVICES LIMITED formerly known as African Bank Limited
(Under Curatorship)

Signed by Thomas Winterboer on 4 April 2016.

Name: Thomas Winterboer
Title: Curator
Date: 4 April 2016

ISSUER

**Residual Debt Services Limited
(Under Curatorship)**

59, 16th Road

Midrand, 1685

South Africa

Contact: The Treasury Department

TRANSFER AGENT

Link Market Services South Africa (Proprietary) Limited

19 Ameshoff Street

13th Floor, Rennie House

Braamfontein

Johannesburg, 2001

South Africa

Contact: Mr I Haniff

PAYING AGENT

**Residual Debt Services Limited
(Under Curatorship)**

59, 16th Road

Midrand, 1685

South Africa

Contact: The Treasury Department

PRO FORMA SENIOR STUB INSTRUMENT TERM SHEET

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)

Issue of ZAR[●],000,000 Unsecured

[NON-TRANSFERABLE/TRANSFERABLE] Floating Rate Senior Stub Instruments

Under the Stub Instrument Terms and Conditions

This document constitutes the Stub Instrument Term Sheet relating to the issue of Senior Stub Instruments described herein. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions set forth in the document titled **TERMS AND CONDITIONS OF THE STUB INSTRUMENTS** dated [●] 2016 as amended or supplemented from time to time as available on the following websites: www.africanbank.co.za or <http://www.africanbank.co.za/about-us/investors> (the "**Stub Instrument Terms and Conditions**"). The Senior Stub Instruments described in this Senior Stub Instrument Term Sheet are subject to the Stub Instrument Terms and Conditions and this Senior Stub Instrument Term Sheet must be read in conjunction with such Terms and Conditions. To the extent that there is any conflict or inconsistency between the contents of this Senior Stub Instrument Term Sheet and the Stub Instrument Terms and Conditions, the provisions of this Senior Stub Instrument Term Sheet shall prevail.

DESCRIPTION OF SENIOR STUB INSTRUMENTS

1. Issuer	Residual Debt Services Limited (Under Curatorship)
2. ISIN No.	ZAG000[●]
3. Nominal Amount:	ZAR[●]
4. Status of Senior Stub Instruments	Senior Unsecured
5. Series	[Transferable Series /Non-transferable Series]
6. Tranche Number	[●]
7. Transferability	[Transferable/Non-transferable]
8. Form of Senior Stub Instruments	Unlisted registered Senior Stub Instruments: The Senior Stub Instruments in this Tranche are issued in uncertificated form in the CSD
9. Issue Date	[●] 2016
10. Interest Commencement Date	10 August 2014
11. Quarter Commencement Dates	each of 10 August, 10 November, 10 February and 10 May of each year commencing on the Interest Commencement Date
12. Party responsible for calculating amount of principal and interest	Residual Debt Services Limited (Under Curatorship)
13. Day Count Fraction	Actual/365

SIGNED at Midrand, South Africa, on [●] 2016

For and on behalf of
RESIDUAL DEBT SERVICES LIMITED formerly known as African Bank Limited
(Under Curatorship)

Name
Title
Date

PRO FORMA SUBORDINATED STUB INSTRUMENT TERM SHEET

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)

Issue of ZAR[●],000,000 Subordinated Unsecured

Transferable Floating Rate Stub Instruments

Under the Stub Instrument Terms and Conditions

This document constitutes the Stub Instrument Term Sheet relating to the issue of Subordinated Stub Instruments described herein. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions set forth in the document titled **TERMS AND CONDITIONS OF THE STUB INSTRUMENTS** dated [●] 2016 as amended or supplemented from time to time as available on the following websites: www.africanbank.co.za or <http://www.africanbank.co.za/about-us/investors> (the "**Stub Instrument Terms and Conditions**"). The Subordinated Stub Instruments described in this Subordinated Stub Instrument Term Sheet are subject to the Stub Instrument Terms and Conditions and this Subordinated Stub Instrument Term Sheet must be read in conjunction with such Terms and Conditions. To the extent that there is any conflict or inconsistency between the contents of this Subordinated Stub Instrument Term Sheet and the Stub Instrument Terms and Conditions, the provisions of this Subordinated Stub Instrument Term Sheet shall prevail.

DESCRIPTION OF SUBORDINATED STUB INSTRUMENTS

1. Issuer	Residual Debt Services Limited (under Curatorship)
2. ISIN No.	ZAG000[●]
3. Nominal Amount	ZAR[●]
4. Status of Subordinated Stub Instruments	Subordinated Unsecured
5. Series	Transferable Series
6. Tranche Number	[●]
7. Transferability	Transferable
8. Form of Subordinated Stub Instruments	Unlisted registered Subordinated Stub Instruments: The Subordinated Stub Instruments in this Tranche are issued in uncertificated form in the CSD
9. Issue Date	[●] 2016
10. Interest Commencement Date	The Issue Date
11. Quarter Commencement Dates	each of [●] [TED Month], [●] [TED Month plus 3 months], [●] [TED Month plus 6 months] and [●] [TED Month plus 9 months] of each year commencing on the [TED] 2016;
12. Party responsible for calculating amount of principal and interest	Residual Debt Services Limited (Under Curatorship)
13. Day Count Fraction	Actual/365

SIGNED at Midrand, South Africa on [●] 2016

For and on behalf of
RESIDUAL DEBT SERVICES LIMITED formerly known as African Bank Limited
(Under Curatorship)

Name
Title
Date