

AFRICAN BANK LIMITED (in Curatorship)  
(Incorporated in the Republic of South Africa)  
(Registered bank)  
(Registration number 1975/002526/06)  
Company code: BIABL  
("African Bank" or "the Bank")

## **Confirmation of completion of the Restructuring and quarterly update in terms of Section 1.10(c) of the Requirements**

### **Confirmation of completion of the African Bank Restructuring**

The Curator wishes to provide final confirmation of the completion of the African Bank Restructuring as was indicated would be provided in the announcement of 30 March 2016.

### **Quarterly update in terms of Section 1.10(c) of the JSE Listings Requirements**

This quarterly update is made in terms of Section 1.10(c) of the JSE Listings Requirements, and contains a summary of the relevant Johannesburg Stock Exchange News Service ("SENS") announcements made since the publication of the previous quarterly announcement on 31 December 2015.

On 18 January 2016 an announcement by the Curator informed the public that African Insurance Group Limited ("InsureCo"), the company which will hold all insurance interests as part of the Good Bank Group under the African Bank Restructuring Proposal, had concluded an agreement with Guardrisk Life Limited ("Guardrisk") in respect of a captive cell within that company. InsureCo is a fellow subsidiary of Good Bank, both of which are held 100% by African Bank Holdings Limited ("New HoldCo").

The Guardrisk cell captive commenced providing credit life and other insurance underwriting arrangements for African Bank's new business with effect from 17 January 2016, and will do so in respect of Good Bank's new business with effect from the targeted Transaction Effective Date of 4 April 2016 ("TED").

On 4 February 2016 an announcement was made by the Curator in respect of the issuance of the Exchange Offer Documents to creditors of African Bank, including a proposal to exchange their claims in African Bank for, amongst other things, new debt in Good Bank. The Exchange Offers were in line with the arrangements contemplated in the Information Memorandum issued on 9 September 2015, as updated by the Supplementary Memorandum issued on 8 December 2015. The Curator had considered the comments received from creditors on those documents and concluded that the African Bank Restructuring remains the most appropriate resolution for affected parties. The Offer Information Memorandum, which forms an integral part of the Exchange Offer

Documents, provides detailed information about the African Bank Restructuring, the Exchange Offers, Good Bank and African Bank.

The Exchange Offer Documents included an invitation to creditors to exchange their Existing Debt Instruments in African Bank for, amongst other things, New Debt Instruments in Good Bank through a one-on-one exchange offer process, a series exchange offer process or an amendment proposal, as the case may be, (all on the terms set out in the Exchange Offer Documents) ("Exchange Offers") ("Publication of Exchange Offer Documents and Offer Information Memorandum for the African Bank Restructuring", hereinafter "the Offer Notice"). The Offer Notice was also made on the London Stock Exchange via the Regulatory News Service ("RNS") platform and the Swiss Stock Exchange via the Swiss Securities Services Corporation ("SIX") platform on the same day. Exchange Offer Documents in respect of bilateral corporate instruments not held in the Strate platform were sent directly to holders thereof or the relevant investment managers.

The Offer Notice contained details of the noteholder meetings in respect of the existing senior and subordinated DMTN noteholders and existing EMTN noteholders. These noteholder meetings were held on 29 February 2016 and 1 March 2016, in Johannesburg in respect of the senior and subordinated notes issued under the DMTN, and on 1 March 2016 in London in respect of the notes issued under the EMTN.

In addition it was announced that Standard & Poor's Rating Services ("S&P") assigned a preliminary B+/B long and short term counterparty credit ratings to the Good Bank, with a negative outlook. At the same time, a preliminary BB-/B South Africa national scale rating was assigned to Good Bank.

On 16 February 2016 an announcement was issued to invite investors to attend a conference call to outline the respective processes in respect of each debt security/instrument to which the Exchange Offers apply. The details for the conference call were provided in an announcement on 17 February 2016.

On 24 February 2016 the Curator strongly encouraged Sub-Denomination Holders to take immediate steps to increase their holding in a Series of USD Existing Notes to at least the Minimum Denomination Requirement in order that they can receive Good Bank Notes pursuant to the EMTN Liability Management Exercise without requiring use of the Escrow Arrangement. In the event that an Extraordinary Resolution was passed in respect of a Series of USD Existing Notes, Sub-Denomination Holders should have taken such action prior to the Redemption Record Date (then expected to be 16 March 2016) or exited their position prior to the Redemption Record Date.

The Curator anticipated that some Sub-Denomination Holders may not, or may not be able to, increase their holding in a Series of USD Existing Notes to the Minimum Denomination Requirement in order to receive the Good Bank Notes pursuant to the EMTN Liability Management Exercise and as a result proposed to implement,

for these Sub-Denomination Holders, the Escrow Arrangement (the “Proposal”) in order to allow these Sub-Denomination Holders to participate in the Exchange Offers via the Escrow Arrangement and receive value for those Good Bank Notes they would otherwise not have been able to receive on the relevant Settlement Date. The aim of the Proposal was to ensure that Sub-Denomination Holders are treated in an equitable manner and that a reasonable likelihood exists that they will not incur greater losses, as at the Transaction Effective Date, than would have been incurred if African Bank was wound up on the Transaction Effective Date.

On 29 February 2016 the announcement by the Curator related to the Offer Notice and contained details of the noteholder meetings in respect of the existing senior and subordinated DMTN noteholders and existing EMTN noteholders. There were a total of 30 noticeholder meetings across the two locations split as follows:

- Johannesburg
  - 29 February 2016 – 16 meetings
  - 01 March 2016 – 7 meetings
- London
  - 01 March 2016 – 7 meetings

Individual announcements related to the results of the meetings held in respect of each series of notes listed on the JSE, LSE and SIX were posted at the conclusion of the relevant meeting, as were summary announcements in respect of the results of the meetings of all existing senior DMTN bonds, all existing subordinated DMTN bonds and all existing EMTN bonds, at the conclusion of each day. All announcements were made via the relevant exchanges.

On 2 March 2016 the comprehensive results announced, in summary, were:

1. More than 50% by value of the Existing Senior Debt Instruments have elected to make an Exchange Offer to African Bank, meaning that the minimum acceptance threshold for the proposed restructuring to proceed has been attained. In aggregate, the percentage of those holding Existing Senior Debt Instruments who elected to make an Exchange Offer is 95.40% of eligible creditors by value.
2. More than 75% by value of the Existing Subordinated Debt Instruments have elected to make an Exchange Offer to African Bank, meaning that the proposed restructuring for Existing Subordinated Debt Instruments may proceed, subject to fulfilment or waiver (if applicable) of the remaining Suspensive Conditions referred to below. In aggregate, the percentage of those holding Existing Subordinated Debt Instruments who elected to make an Exchange Offer is 99.99% of eligible creditors by value.
3. For each series of notes issued under the African Bank Domestic Medium Term Note Program (“DMTNs”) and each series of notes issued under the African Bank Euro Medium Term Note Program (“EMTNs”, being USD Dollar and CHF EMTNs) the relevant Extraordinary Resolutions were passed, so that if the proposed restructuring proceeds, all parties holding such notes will participate in the Exchange Offer. In respect of the DMTNs, the Bank intends (subject to the Settlement Condition) to effect the Series

Exchange Offer in respect of all (and not only some) of the Existing Notes in each Series. In respect of the EMTNs, the Bank intends (subject to the Settlement Condition) to accept Existing Notes for exchange through exercise of the Mandatory Exchange Options.

On 3 March 2016, following no written representations having been received by the Curator in respect of the Proposal, it was announced that consequently the Proposal would be implemented.

On 11 March 2016 the Record Date (the date from and including which all Senior Notes in each Series of Senior Notes will be blocked in the Clearing System and trading in such Senior Notes will no longer be Permitted) was announced as 16 March 2016.

On 15 March 2016 the Curator announced the fulfilment of the following key Suspensive Conditions in respect of the African Bank Restructuring:

- The Minister of Finance has provided his formal consent for the African Bank Restructuring; and
- Approval by the Registrar of Banks for registration of Good Bank as a bank and its holding company as a bank controlling company, under Section 17(1) and 44(1) respectively of the Banks Act, 1990 (Act No. 94 of 1990). These approvals have been granted subject to the fulfilment of certain conditions, which in themselves are not Suspensive Conditions and which the Curator and Good Bank management expect to meet in due course.

On 24 March 2016 the fulfilment of the following additional key Suspensive Conditions in respect of the African Bank Restructuring was announced:

- Approval by the JSE of:
  - the registration of the Good Bank DMTN programme; and
  - the listing of the Good Bank DMTNs on 4 April 2016.
- Insurance Arrangement - The Curator has confirmed in writing that he is reasonably satisfied that an arrangement is in place with a cell captive insurer, other registered long-term insurer or otherwise, that will (together with any run-off arrangement with Stangen) enable Good Bank to arrange or maintain adequate credit life insurance for its loan book (including the Good Book) after the Transaction Effective Date.

On 30 March 2016 the Curator announced the fulfilment of the remaining Suspensive Conditions in respect of the African Bank Restructuring and that consequently the Restructuring transaction had become unconditional.

In a 31 March 2016 announcement by the Curator, investors in debt securities of African Bank listed on the JSE were advised of:

- the redemption and consequential cancellation of all of the outstanding notes issued by African Bank under its ZAR25 000 000 000.00 Domestic Medium Term Note Programme (the “Existing DMTN Programme”) on the Transaction Effective Date of 4 April 2016 pursuant to and as a consequence of the implementation of the relevant Exchange Offers; and
- the consideration for such exchanged (redeemed) notes; and
- the subsequent deregistration of the programme memorandum for the Existing DMTN Programme (such deregistration to be effective immediately upon the redemption and cancellation of such notes on the Transaction Effective Date).

The securities in African Bank listed on the JSE will remain suspended from trading until the implementation of the relevant Exchange Offers pursuant to which the existing securities (all of which comprise debt securities issued by African Bank under the Existing DMTN Programme) will be redeemed and cancelled on 4 April 2016.

African Bank Limited will be renamed Residual Debt Services Limited on or shortly after 4 April 2016.

With the resolution of the Bank set for 4 April 2016, this is likely to be the last SENS announcement made by what is currently African Bank. The Curator would like to take this opportunity to thank all of those involved in the African Bank Restructuring.

On behalf of the Curator of the Bank

Midrand

1 April 2016

Debt Sponsor

RAND MERCHANT BANK (A division of FirstRand Bank Limited)

Mr. T Winterboer was appointed as Curator of African Bank Limited on 10 August 2014 by the Minister of Finance of the Republic of South Africa and pursuant to the Banks Act No. 94 of 1990 (as amended) to manage the affairs of African Bank Limited subject to the supervision of the Registrar of Banks. Please note that Mr. Winterboer acts in the aforesaid capacity.

The distribution of this announcement may be restricted by law in certain jurisdictions. Persons into whose possession this announcement comes are required to inform themselves about and to observe any such restrictions. This announcement does not constitute, and may not be used for the purpose of, an offer or solicitation to the public or to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

