

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

Residual Debt Services Limited

(Under Curatorship)

(formerly known as African Bank Limited (under Curatorship), incorporated with limited liability in the Republic of South Africa under Registration Number 1975/002526/06)

(the Company)

ISIN: ZAU000014557 and ZAU000014540

**Introduction and background:**

The Company was placed under curatorship, in terms of Section 69 of the South African Banks Act 94 of 1990 (the Banks Act), on 10 August 2014.

The Curator, T Winterboer, issued an Offering Information Memorandum (OIM) to affected parties detailing the intended restructure of the Company on 4 February 2016. On 4 April 2016, the restructure of the Company took place, inter alia, through the creation of a new bank (African Bank Limited) registered under the Banks Act and the transfer of the core assets and business of the Company to the new African Bank Limited.

As part of the restructure of the Company its material liabilities were exchanged for (i) new debt instruments in African Bank Limited; and (ii) transferable and non-transferable senior stub instruments and sub-ordinated stub instruments in the Company that entitle the holders thereof to payments from the Company under certain circumstances (the Exchange Offer).

Before any payments could be made by the Company to senior stub holders it had to discharge, in full, certain obligations to the South African Reserve Bank and accumulate a specified amount of indemnity reserve funds.

These obligations / undertakings have now been fulfilled and, as indicated in the results announcement of the Company on 22 November 2017, an inaugural R500m will be paid to senior stub holders (transferable and non-transferable) as set out below. The Curator also announced his intention to make 6-monthly distributions of the surplus funds collected by the Company to the holders of the stub instruments in accordance with the terms of such instruments.

**Interest payment amounts:**

The table below illustrates the two senior stub instruments' nominal values and resultant payment distribution percentage, expressed as a percentage of the nominal value as at 10 August 2014. The associated senior stub instruments' contractual carrying amounts, as at 31 December 2017, are also disclosed for illustrative purposes.

Senior stub instruments:	Transferable stub (ZAU000014557)	Non - transferable stub (ZAU000014540)
Nominal as at 10 August 2014	R3 972 899 101.87	R1 326 100.00

Payment distribution percentage (R500m relative to the nominal value, rounded down to the nearest 10 <sup>th</sup> decimal )	12.5810686260%	12.5810686260%
Or expressed in cents per R1 of stub instrument	12.5810686260 cents	12.5810686260 cents
Payment distribution amount	R499 833 162.45	R166 837.55
Contractual carrying value as at 31 December 2017	R5 511 856 831.84	R1 839 783.28

As a result of the platform on which the stub instruments are managed at the South African Central Securities Depository (CSD), only the beneficial holders' proportional share of the original nominal value as at 10 August 2014 is reflected in the register. Consequently, the payment of the R500m has been expressed as a percentage of this original nominal value, and will be paid via existing CSD processes. The proportionate refund of legal fees collected in excess of that required (see below) will be treated on a similar basis and be paid in addition to the R500m described above.

As this cash payment of R500 million is less than the interest accrued from 10 August 2014 to 31 December 2017, it will be a payment in respect of interest only.

The month end contractual carrying values are disclosed on [www.residualdebtsecurities.co.za](http://www.residualdebtsecurities.co.za), and will be updated to reflect any payment distribution.

Interest paid by the CSD to stub holders that are not tax residents of the Republic of South Africa (Foreign Stub Holders) may be subject to South African withholding tax on interest imposed at a rate of 15% (fifteen percent), subject to certain exemptions contained in the Income Tax Act No. 58 of 1962 and any relief available in terms of the applicable agreement for the prevention of double taxation. To the extent that any Foreign Stub Holders intend to rely on the aforementioned exemptions / relief they must furnish the CSD with the prescribed declaration and undertaking before the payment date of 29 January 2018.

#### **Refund of amount relating to legal fees collected in excess of that required**

At the time of the Exchange Offer, the senior funders contributed towards senior legal advisors fees based on the fee estimate. This amount was deducted from the cash payment paid to each senior funder as part of the Exchange Offer. The final invoice of the senior legal advisors amounted to R2.4 million less than had been deducted from the senior funders. Accordingly, this amount, together with interest, totalling R2.7m will also be refunded to the senior funders.

Senior stub instruments:	<b>Transferable stub (ZAU000014557)</b>	<b>Non - transferable stub (ZAU000014540)</b>
Nominal as at 10 August 2014	R3 972 899 101.87	R1 326 100.00
Refund of legal fees over collected percentage	0.06829203485%	0.06829203485%
Or expressed in cents per R1 of stub instrument	0.06829203485 cents	0.06829203485 cents
Legal fees to be refunded	R2 713 173.64	R905.62

**Salient dates:**

Declaration and finalisation date: Tuesday, 16 January 2018

Last date to trade: Tuesday, 23 January 2018

Record date: Friday, 26 January 2018

Payment date: Monday, 29 January 2018

**Ends.**