



## TENDER OFFER - TERM SHEET

African Bank Limited  
invitation to:-

ABK1; ABK2; ABK3; ABK4; ABK5; ABK11 & ABKI01  
noteholders to offer to sell these notes (“Tender Offer  
Notes”) through a Tender Offer (“Invitation”)

THIS DOCUMENT IS FOR DISTRIBUTION IN THE REPUBLIC OF SOUTH AFRICA ONLY AND IS NOT FOR DISTRIBUTION DIRECTLY OR INDIRECTLY TO ANY U.S. PERSON (AS DEFINED IN REGULATION S OF THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”)) OR ANY PERSON LOCATED OR RESIDENT IN THE UNITED STATES OF AMERICA, ITS TERRITORIES AND POSSESSIONS OR IN ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DISTRIBUTE THIS TERM SHEET.



**African Bank**

Friday, 8 September 2017

# Tender Offer Details



Rationale for Tender Offer	The rationale for African Bank inviting noteholders to tender offers to sell all or any of their relevant Tender Offer Notes is that the Bank currently has surplus liquidity, upon which it suffers a cost known as “negative carry”. By using some of its cash balances to purchase certain of the DMTN notes issued by it, the Bank reduces the effect of negative carry and thus improves its overall financial performance in future years. The targeting of the shorter dated DMTN notes is explicit, so as to preserve longer term liquidity, while structuring the balance sheet more effectively from a capital and liquidity perspective.
Note Purchaser	African Bank Limited (the “Bank” or “African Bank”)
Relevant Noteholders	The Invitation is directed only at those persons who are existing holders of the Tender Offer Notes and must not be acted on or relied upon by any other persons. This Invitation does not constitute an invitation to participate in the Tender Offer in or from any jurisdiction in or from which, or to or from any person to or from whom, it is unlawful to make such Invitation under applicable securities laws. Each holder of Tender Offer Notes participating in the Tender Offer will be deemed to have represented that it is not a person to whom it is unlawful to make an Invitation or for whom it is unlawful to make a Tender Offer under applicable securities laws.
Tender Agent	Rand Merchant Bank, a division of FirstRand Bank Limited (“RMB”)
Issuer Credit Rating	S&P zaBBB
Amendment, Withdrawal, Termination or Extension	The Bank, may, in its sole discretion, (i) amend the terms of or extend the duration of the Tender Offer by further announcement published on SENS, provided that there shall be no amendment to the Offer Spread; or (ii) terminate or withdraw the Tender Offer by further announcement published on SENS at any time prior to the announcement by the Bank of whether or not it accepts any Tender Offer Notes for purchase. If the Bank terminates the Tender Offer, any Tender Offer Notes offered for sale will not be purchased.
To tender your offer email - Tender Agent	Delia Patterson +27 (0) 11 282 4162; email <a href="mailto:ABKtenderoffer@rmb.co.za">ABKtenderoffer@rmb.co.za</a>
Offer process	Tender offer at <u>Set</u> Offer Spread as per page 4 and detailed per pages 5&6

# Tender Offer Timetables

Please note the following important dates and times relating to the Tender Offer. Each is indicative only and is subject to change as a result of any amendment, withdrawal, termination or extension as set out under "Amendment, Withdrawal, Termination or Extension".

Tender Offer Launch Date	08 September 2017
Tender Offer Period	08 September to 14 September 2017
Tender Closing Time and Date	17:00 on 14 September 2017
Announcement of the results of the Tender Offer	The Bank will announce, via the SENS news service of the JSE, on 15 September 2017 at 09:00, whether and to what extent the Bank will accept valid offers of Tender Offer Notes for purchase. Such announcement shall constitute the Bank's acceptance of the Tender Offer Notes detailed in such announcement.
Settlement Date	19 September 2017 (T+3)



# Details of Tender Offer Notes

Stock Code	Nominal on offer	Coupon Rate	Nature of Interest	MTM <sup>(1)</sup>	MTM Clean Price <sup>(1)</sup>	Maturity Date	Remaining Duration Months	Benchmark	Set Offer Spread	Clean Price (Purchase Price) <sup>(2)</sup>	All In Price (AIP) <sup>(2) (3)</sup>
ABK1	R360m	11.50%	Fixed	4.00%	100.63%	07-Nov-18	14	R204	2.15%	102.58%	106.84%
ABK2	R420m	9.50%	Fixed	2.95%	99.75%	24-May-18	8	R204	1.85%	100.47%	103.54%
ABK3	R400m	10.22%	FRN	4.00%	99.10%	07-Nov-18	14	JIBAR	2.15%	101.07%	102.27%
ABK4	R304m	9.55%	FRN	3.50%	99.34%	24-May-18	8	JIBAR	1.85%	100.41%	101.09%
ABK5	R800m	9.48%	FRN	4.00%	98.32%	31-Oct-18	14	JIBAR	2.15%	100.26%	101.56%
ABK11	R408m	10.19%	FRN	3.80%	98.56%	20-May-19	20	JIBAR	2.50%	100.53%	101.32%
ABKI01	R541.5m	5.10%	Linker	4.01%	146.77%	07-Nov-18	14	R212	2.15%	149.89%	152.70%

## NOTES:

(1) As reflected in the JSE Detailed Daily MTM (Mark to Market) Extract as at 6 September 2017

(2) The final Clean Price and All In Price (AIP) will be determined at 17h00 on the Tender Closing Date, based on a curve as determined by the Tender Agent, in its sole and absolute discretion, in respect of the floating rate notes and market rates with respect to the relevant benchmark bonds with respect to the fixed and inflation linked notes.

(3) The AIP includes accrued interest and will be rounded to five (5) decimals for the final consideration value



## TENDER PROCESS

- The Invitation is open to existing ABK1; ABK2; ABK3; ABK4; ABK5; ABK11 & ABK101 noteholders only
- Noteholders will offer to sell the relevant Tender Offer Notes at the Set Offer Spread by submission of the completed Tender Instruction Form via email instruction to the Tender Agent at [ABKtenderoffer@rmb.co.za](mailto:ABKtenderoffer@rmb.co.za)
- Any Tender Offer sent by email will only be deemed to be validly made if acknowledged by return email from the Tender Agent, and once made shall be irrevocable.
- The Nominal amount of the notes offered through this Tender must be the exact Nominal value and notes must be held for delivery on the Settlement Date.
- The Bank reserves the right to reject or accept any Tender Offer Notes offered pursuant to the Tender Offer in its sole and absolute discretion. The Bank shall have no liability to any person for any refusal to accept an offer of Tender Offer Notes for purchase pursuant to the Tender Offer and the Bank is under no obligation to noteholders to furnish any reason or justification for refusing to accept any such offer. In particular, offers of Tender Offer Notes for purchase may be rejected if the Tender Offer is terminated or withdrawn, the Tender Offer does not comply with the relevant laws or requirements of a particular jurisdiction, or for any other reason. Until the Bank announces the final aggregate principal amount of the Tender Offer Notes accepted for purchase, no assurance can be given that any Tender Offer Notes validly tendered for purchase pursuant to the Tender Offer will be accepted. Such announcement, via the SENS news service of the JSE at 09:00 on 15 September 2017, shall constitute the Banks acceptance of the Tender Offer Notes detailed in such announcement.

# Acceptance and Settlement Process



## ACCEPTANCE AND SETTLEMENT PROCESS

- All Tender Offer Notes accepted for purchase will settle on the Settlement Date.
- Only noteholders that have submitted the completed Tender Instruction Form by email to the Tender Agent and acknowledged by a return email from the Tender Agent by 17h00 on the Tender Closing Date will be considered for acceptance.
- All Tender Offer Notes accepted for purchase by the Bank will be traded at the respective Set Offer Spread as indicated on page 4.
- The final AIP will be finalised at 17h00 on 14 September 2017, based on a curve as determined by the Tender Agent, in its sole and absolute discretion, in respect of the floating rate notes and market rates with respect to the relevant benchmark bonds with respect to the fixed and inflation linked notes and will be rounded to five decimals for calculation of the total consideration for settlement.
- A confirmation summary will be sent by the Tender Agent confirming the AIP, total consideration and booking instructions on 15 September 2017, following the SENS announcement by the Bank with respect to the acceptance of the offer.



# Important Information

---

- African Bank Limited is making this invitation for Tender Offers at the Set Offer Spread and RMB is acting as Tender Agent on behalf of African Bank Limited.
- African Bank Limited undertakes to have sufficient funds available to carry out the Tender Offer and settlement of Tender Offer Notes tendered to and accepted for repurchase by African Bank on the Settlement Date.
- This document is for distribution in the Republic of South Africa only.
- This document is confidential and is being supplied to you solely for your information and may not be reproduced, redistributed or passed on to any other person or published in whole or in part for any other purpose.
- Any decision to sell notes in the context of a proposed repurchase of notes, if any, should be made solely on the basis of information contained within this term sheet and the Tender Instruction Form.
- Neither African Bank nor the Tender Agent (and their directors, employees or affiliates) make any recommendations whatsoever regarding this Invitation or the Tender Offer.
- By accepting any copy of the document presented, you agree to be bound by the foregoing limitations.