



# FIRSTRAND BANK

## FIRSTRAND BANK LIMITED

(Registration Number 1929/001225/06)

(incorporated with limited liability in South Africa)

**U.S.\$1,500,000,000**

## **Euro Medium Term Note Programme**

This Base Prospectus has been approved by the United Kingdom Financial Conduct Authority in its capacity as competent authority (the "**UK Listing Authority**") as a base prospectus issued in compliance with Article 5.4 of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU) (the "**Prospectus Directive**") and relevant implementing measures in the United Kingdom for the purpose of giving information with regard to the issue of notes ("**Notes**") issued under the Euro Medium Term Note Programme (the "**Programme**") described in this Base Prospectus during the period of twelve months after the date hereof. The requirement to publish a prospectus under the Prospectus Directive only applies to Notes which are to be admitted to trading on a regulated market in the European Economic Area and/or offered to the public in the European Economic Area other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive (as implemented in the relevant Member State(s)). References in this Base Prospectus to "**Exempt Notes**" are to Notes for which no prospectus is required to be published under the Prospectus Directive. **The UK Listing Authority has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Notes.**

Applications have been made for Notes other than Exempt Notes to be admitted during the period of twelve months after the date hereof to listing on the Official List of the UK Listing Authority (the "**Official List**") and to trading on the regulated market of the London Stock Exchange plc (the "**London Stock Exchange**"). References in this Base Prospectus to Notes being "**listed**" (and all related references) shall mean that such Notes have been admitted to trading on the London Stock Exchange's regulated market and have been admitted to the Official List. The London Stock Exchange's regulated market is a regulated market for the purpose of Directive 2004/39/EC (the Markets in Financial Instruments Directive). The Programme also permits Exempt Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

Notes to be issued under the Programme may comprise (i) unsubordinated Notes (the "**Unsubordinated Notes**") and (ii) subordinated Notes (the "**Tier 2 Notes**") as described herein and with terms capable of qualifying the proceeds of such Tier 2 Notes as Tier 2 Capital (as defined in the "*Terms and Conditions of the Notes*").

**Prior written approval of the Financial Surveillance Department (the "FSD") of the South African Reserve Bank ("SARB"), and, in respect of an issue of Notes which are intended to qualify as Tier 2 Capital, the Registrar of Banks is required for the issuance of each Tranche of Notes under the Programme. The prior approval of the Registrar of Banks is not required for the issuance of Unsubordinated Notes.**

*Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed under "Risk Factors" below.*

The Programme is rated BBB- (senior unsecured debt maturing in one year or more) and A-3 (senior unsecured debt maturing in less than one year) by Standard & Poor's Credit Market Services Europe Limited ("**S&P**"), (P)Baa2 (senior unsecured) and (P)Ba1 (subordinated) by Moody's Investors Service Cyprus Ltd ("**Moody's**") and BBB (long-term senior unsecured) and F3 (short-term senior unsecured) from Fitch Ratings Limited ("**Fitch**"). Each of S&P, Moody's and Fitch is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). Each Series of Notes issued under the Programme may or may not be rated. Where a Series of Notes issued under the Programme is to be rated, such rating will be specified in the relevant Final Terms (or, the relevant Pricing Supplement, in the case of Exempt Notes) and its rating will not necessarily be the same as the rating assigned to the Programme.

*Arranger*

**The Royal Bank of Scotland**

*Co-Arranger*

**FirstRand Bank Limited London Branch**

*Dealers*

**BNP PARIBAS  
ING  
Morgan Stanley  
The Royal Bank of Scotland**

**FirstRand Bank Limited London Branch  
J.P. Morgan  
Standard Chartered Bank  
UBS Investment Bank**

4 December 2014

## IMPORTANT NOTICES

FirstRand Bank Limited (the "**Issuer**") accepts responsibility for the information contained in this Base Prospectus and the Final Terms (as defined below) for each Tranche (as defined herein) of Notes issued under the Programme and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Certain information identified as such in this Base Prospectus has been extracted from independent sources identified in this Base Prospectus. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by the relevant sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Each Tranche of Notes other than Exempt Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" (the "**Conditions**") as completed by a document specific to such Tranche called final terms (the "**Final Terms**"), the form of which is set out in "*Form of Final Terms*", or in a separate prospectus specific to such Tranche (the "**Drawdown Prospectus**") as described under "*Final Terms and Drawdown Prospectuses*" below. In the case of a Tranche of Notes other than Exempt Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise. In the case of Exempt Notes, each Tranche will be issued on the terms set out in the Conditions as completed by a document specific to such Tranche called a pricing supplement (the "**Pricing Supplement**"), the form of which is set out in "*Form of Pricing Supplement*".

This Base Prospectus must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes which is the subject of Final Terms or Pricing Supplement, as the case may be, must be read and construed together with the relevant Final Terms or Pricing Supplement, as applicable.

The Issuer has confirmed to the Dealers named under "*Subscription and Sale*" below that this Base Prospectus contains all information which is (in the context of the Programme, the issue, offering and sale of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Base Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme, the issue, offering and sale of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Dealer.

Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus, any Final Terms or (in the case of Exempt Notes) Pricing Supplement, nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Base Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer. For the purposes of this paragraph, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

The distribution of this Base Prospectus and any Final Terms or (in the case of Exempt Notes) Pricing Supplement and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus, any Final Terms or (in the case of Exempt Notes) Pricing Supplement comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus, any Final Terms or (in the case of Exempt Notes) Pricing Supplement and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**"). Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

Neither this Base Prospectus nor any Final Terms or (in the case of Exempt Notes) Pricing Supplement constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Dealers or any of them that any recipient of this Base Prospectus, any Final Terms or (in the case of Exempt Notes) Pricing Supplement should subscribe for or purchase any Notes. Each recipient of this Base Prospectus, any Final Terms or (in the case of Exempt Notes) any Pricing Supplement shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer on the basis of the information contained in, or incorporated by reference in, this Base Prospectus.

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such an investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments

unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed U.S.\$1,500,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into U.S. dollars at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement)). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under "*Subscription and Sale*".

In this Base Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "**South Africa**" are references to the Republic of South Africa, references to "**U.S.\$**", "**U.S. dollars**" or "**dollars**" are to United States dollars, references to "**EUR**" or "**euro**" are to 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 and references to "**ZAR**", "**R**" or "**Rand**" are to South African rand.

For ease of information, certain financial information relating to the Issuer included herein has been presented as translated into U.S. dollars at the U.S. dollar/Rand official rates of exchange deemed appropriate by the Issuer. Unless otherwise specified, such rates were applicable as of the end of the relevant specified period(s). Such translations should not be construed as a representation that the amounts in question have been, could have been or could be converted into U.S. dollars at that or any other rate.

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

**In connection with the issue of any Tranche of Notes, one or more relevant Dealer(s) (the "Stabilisation Manager(s)") (or persons acting on behalf of any Stabilisation Manager(s)) may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager(s) (or persons acting on behalf of a Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.**

## CONTENTS

	<b>Page</b>
IMPORTANT NOTICES .....	1
RISK FACTORS .....	5
INFORMATION INCORPORATED BY REFERENCE .....	18
SUPPLEMENT TO THIS BASE PROSPECTUS.....	20
KEY FEATURES OF THE PROGRAMME.....	21
FINAL TERMS, PRICING SUPPLEMENTS AND DRAWDOWN PROSPECTUSES .....	26
FORMS OF THE NOTES .....	27
TERMS AND CONDITIONS OF THE NOTES .....	29
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM .....	59
DESCRIPTION OF FIRSTRAND BANK LIMITED.....	61
RELATED PARTY TRANSACTIONS .....	100
THE BANKING SECTOR IN SOUTH AFRICA .....	102
TAXATION.....	107
SUBSCRIPTION AND SALE .....	112
FORM OF FINAL TERMS .....	115
FORM OF PRICING SUPPLEMENT .....	122
GENERAL INFORMATION .....	130

## **RISK FACTORS**

*The Issuer believes that the factors outlined below may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below. The value of the Notes could decline due to any of these risks, and investors may lose some or all of their investment.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it, or which it may not currently be able to anticipate. Accordingly, the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive.*

*Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus to reach their own views prior to making any investment decision.*

*Capitalised terms used herein and not otherwise defined shall bear the meanings ascribed to them in the Conditions.*

### **Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme**

#### **Risks relating to the Issuer**

*The investments, business, profitability and results of operations of the Issuer may be adversely affected as a result of volatility in the economy and financial markets or a deterioration in the conditions thereof.*

The Issuer's businesses are inherently subject to the risk of economic and market fluctuations as well as the effects of these. In particular, the Issuer's activities are subject to interest rate risks and may in some cases also be subject to foreign exchange, bond and equity price risks. Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised between lending and borrowing costs. The performance of financial markets may cause changes in the value of the Issuer's investment and trading portfolios. The Issuer has implemented risk management methods to mitigate and control these and other market risks to which the Issuer is exposed. However, it is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on the Issuer's financial performance. Should market circumstances deteriorate, this could lead to a decline in credit quality, decreases in asset prices, increases in defaults and non-performing debt and/or a worsening of general economic conditions in the markets in which the Issuer operates, all of which may materially adversely affect the Issuer's business, profitability and results of operations.

Furthermore it is not possible to predict what structural and/or regulatory changes may result from market conditions or whether such changes may be materially adverse to the Issuer and its prospects.

Although there have been periods where market conditions have generally improved, the legacy of the 2008 financial crisis remains one of significant macroeconomic uncertainty. The global financial markets, in particular, have experienced significant volatility.

The large sovereign debts and/or fiscal deficits of a number of European countries and the United States have raised concerns regarding the financial condition of financial institutions that have direct or indirect exposure to those countries and/or whose counterparties, custodians, customers, service providers or sources of funding have direct or indirect exposure to these countries. A restructuring of sovereign debt issued by one or more Eurozone Member States or a significant decline in the credit rating of one or more sovereigns or financial institutions could cause severe stress in the financial system generally and could adversely affect the financial markets in which the Issuer operates.

The South African economy is not immune to global developments. A significant decline in the economic growth of any of South Africa's major trading partners, such as the European Union, could have a material

adverse impact on South Africa's balance of trade and adversely affect South Africa's economic growth. The European Union is South Africa's largest export market. A decline in demand for imports from the European Union could have a material adverse effect on South African exports and its economic growth. The Issuer's business is significantly focused on South Africa and therefore adverse changes affecting the South African economy are likely to have an adverse impact on the Issuer's financial condition and results of its operations.

South Africa currently has a large current account deficit, reflecting the country's dependence on foreign capital inflows to fund growth. Such a dependence may make the South African economy vulnerable to adverse global or domestic economic developments that could affect foreign capital inflows, increasing the risk to growth.

No assurance can be given that a further economic downturn or financial crisis will not occur, or that the Issuer would be able to sustain its current performance levels if such events or circumstances affecting the South African economy were to occur.

### ***Risk Management***

The Issuer, in common with other issuers in South Africa and elsewhere, is exposed to commercial and market risks in its ordinary course of business, the most significant of which are credit risk, market risk, liquidity risk, interest rate risk, operational risk and foreign exchange risk. Credit risk is the risk of loss due to non-performance of a counterparty in respect of any financial or performance obligation due to deterioration in the financial status of the counterparty. Market risk is the risk of loss on trading instruments and portfolios due to changes in market prices and rates. Liquidity risk is the inability to discharge funding or trading obligations which fall due at market related prices. Interest rate risk is defined as the sensitivity of the balance sheet and income statement to unexpected, adverse movements of interest rates. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Foreign exchange risk is the risk of losses occurring or a foreign investment's value changing from movement in foreign exchange rates.

In addition, the Issuer is also exposed to counterparty credit risk, equity investment risk, strategic risk, business risk, volume and margin risk, reputational risk, macroeconomic risk and environmental, social and governance risk. Counterparty credit risk is the risk of a counterparty to a bilateral contract, transaction or agreement defaulting prior to the final settlement of the transaction's cash flows. Equity investment risk is the risk of an adverse change in the fair value of an investment in a company, fund or any other financial instrument, whether listed, unlisted or bespoke. Strategic risk is the risk to current or prospective earnings arising from adverse business decisions or the improper implementation of such decisions. Business risk is the risk to earnings and capital from potential changes in the business environment, client behaviour and technological progress. Volume and margin risk is the risk that the capital base is negatively impacted by a downturn in revenue due to market factors (for example, margin compression), combined with the risk that the cost base is inflexible. Reputational risk is the risk of reputational damage due to compliance failures, pending litigation or bad press reports. Macroeconomic risk is the risk to the business due to changes in macroeconomic conditions, global economic conditions or credit shocks. Environmental, social and governance risks focus on the environmental, social and governance issues which may impact the Issuer's ability to successfully and sustainably implement business strategy.

Any failure to control these risks adequately or unexpected developments in the future economic environment could have an adverse effect on the financial condition and reputation of the Issuer (see "*Description of FirstRand Bank Limited—Risk Management*").

### ***Concentration Risk***

The Issuer's business is significantly focused on the South African markets and therefore faces a geographic concentration risk. Any adverse changes affecting the South African economy are likely to have an adverse impact on the Issuer's loan portfolio and, as a result, on its financial condition and results of its operations.

South Africa continues to run a large current account deficit. This imbalance reflects the economy's dependence on foreign capital inflows to fund growth and renders the economy vulnerable to any global or domestic economic developments that could affect foreign capital inflows. The normalisation of monetary policy in the US could also result in a slowdown in capital flows to South Africa, which may result in more currency

weakness, higher inflation and lower economic growth. Other factors may also affect the South African economy, including power blackouts, an economic slump in China and/or a renewed deterioration in the prospects of the Eurozone.

### *Liquidity Risk*

#### **Structural characteristics impacting the funding profile of South African banks**

The banking sector in South Africa is characterised by certain structural features, such as a low discretionary savings rate and a higher degree of contractual savings that are captured by institutions such as pension funds, provident funds and providers of asset management services. A portion of these contractual savings translate into institutional funding (comprising wholesale funding from financial institutions across a range of deposits, loans and financial instruments) for banks, which has higher liquidity risk than retail deposits.

Given these structural issues, and as a result of the significant growth in risk weighted assets between 2005 and 2007, South African banks' overall proportion of institutional funding increased during this period. This is reflected in the table below which sets out the Bank's analysis of the composition of the funding base for the South African banking sector. In preparing this table, the Bank has grouped together certain data sourced from SARB BA900 consolidated banking sector returns as at 30 June 2014 into the broad categories identified in the table. SARB BA900 returns are filed by all banks and branches in South Africa which are subject to regulation by SARB.

SA banks' funding sources (unaudited)	30 June 2014 (% of funding liabilities)			
	Total	Short-term (<1 month)	Medium-term (1 to 6 months)	Long-term (> 6 months)
Institutional	40.4	13.9	8.9	17.6
Corporate	21.5	17.7	1.7	2.1
Retail	16.5	12.5	2.3	1.7
SMEs	5.0	4.3	0.5	0.2
Government and parastatals	7.6	6.1	1.1	0.4
Foreign*	8.0	4.3	1.1	2.6
Other	1.0	0.2	0.1	0.7
<b>Total</b>	<b>100.0</b>	<b>59.0</b>	<b>15.7</b>	<b>25.3</b>

Source: South African banking sector aggregate SARB BA900 returns (30 June 2014), FirstRand research.

\* This category includes all funds and deposits which are not denominated in South African Rand regardless of source.

As retail funding represents only 16.5 per cent. of the banking sector's funding base this means that short-term, expensive institutional deposits are utilised to fund longer-dated assets such as mortgages. Liquidity risk in the South African banking system is therefore structurally higher than in most other markets.

However, this risk is to some extent mitigated by the following factors:

- the "closed Rand" system, whereby all Rand transactions (whether physical or derivative) have to be cleared and settled in South Africa through registered bank and clearing institutions domiciled in South Africa. The Issuer is one of the major clearing/settlement banks;
- the institutional funding base is fairly stable as it is, in effect, recycled contractual retail savings;
- the country has a prudential exchange control framework in place; and
- South African banks have a low dependence on foreign currency funding (i.e. low roll-over risk).



These factors contributed to South Africa's resilience during the recent global financial crisis.

Although the Issuer believes that its level of access to domestic and international inter-bank and capital markets and its liquidity risk management policy allow and will continue to allow the Issuer to meet its short-term and long-term liquidity needs, any maturity mismatches may have a material adverse effect on its financial condition and results of operations. Furthermore, there can be no assurance that the Issuer will be successful in obtaining additional sources of funds on acceptable terms or at all.

### **Changing regulatory environment**

The Issuer is subject to the laws, regulations, administrative actions and policies of South Africa and each other jurisdiction in which it operates, and the Issuer's activities may be constrained by such regulations. Changes in supervision and regulation, particularly in South Africa, could materially affect the Issuer's business, the products or services offered, the value of its assets and its financial condition. Although the Issuer works closely with its regulators and continually monitors the situation, future changes in regulation, fiscal or other policies cannot be predicted and are beyond the control of the Issuer.

Important regulatory developments in South Africa include the Companies Act, 2008 (the "**Companies Act**"), the Consumer Protection Act, 2008 (the "**CPA**"), the Financial Markets Act, 2012 ("**Financial Markets Act**") and the Protection of Personal Information Act, 2013 (the "**POPI Act**"). The POPI Act has introduced certain minimum conditions such as acquiring customer consent before processing personal information and provides for the establishment of an Information Regulator. During 2011, the Companies Act and the CPA came into effect. The Companies Act has had an impact on institutional reform, company categorisation, company formation, accountability and transparency, corporate finance, shareholder provisions, directors' duties and board governance, fundamental transactions, takeovers and share purchases. The CPA will be supplemented by a new market conduct regime for financial services providers based on the United Kingdom Financial Conduct Authority's Treating Customers Fairly regulatory initiative. This will mainly affect the retail business. All credit agreements governed by the National Credit Act, 2005 (the "**NCA**") do not fall within the ambit of the CPA. However, the goods or services that are the subject of the credit agreement are not excluded from the ambit of the CPA. The CPA is a relatively new piece of legislation in South Africa which stipulates certain additional regulatory compliance requirements to which the Issuer must adhere, including, but not necessarily limited to, ensuring that customer-facing documents (i) are in plain and understandable language, (ii) include certain prescribed provisions, and (iii) contain adequate risk disclosures.

The Financial Markets Act, which introduces an enabling framework for the regulation of over-the-counter ("**OTC**") derivatives trading and gives effect to South Africa's G20 commitments, came into effect on 3 June 2013. The Financial Markets Act repealed the Securities Services Act, 2004 and is the primary legislation governing financial markets, market infrastructure and securities services in South Africa. A phased approach to OTC derivative regulation will be implemented, starting with mandatory reporting of OTC trades to a trade repository. Phase two will include the central clearing of standardised OTC products. Both such phases will be provided for in regulations. The National Treasury in South Africa ("**National Treasury**") published draft regulations for unlisted OTC derivatives on 4 July 2014 which seek to provide further detail on both phases. The regulations are currently the subject of a mandatory public consultation process, and it is unclear when a revised draft will be published. The full extent of the impact of the developments on the Issuer thus remains unclear.

In addition, the global banking sector is experiencing increased political and regulatory pressures, and some of these pressures will materialise in South Africa. On 16 December 2010 and 13 January 2011, the Basel Committee on Banking Supervision (the "**Basel Committee**") published its final guidance in relation to new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions ("**Basel III**"). Basel III prescribes two minimum liquidity standards for funding liquidity, namely a liquidity coverage ratio ("**LCR**"), which is anticipated to become effective on 1 January 2015 and aims to ensure that banks maintain an adequate level of high-quality liquid assets to meet liquidity needs for a 30 calendar day period under a severe stress scenario, and a net stable funding ratio ("**NSFR**"), which is anticipated to become effective 1 January 2018 and aims to promote medium and long-term funding of banks' assets and activities. South Africa, as a G20 and a Basel Committee member country, commenced with the phasing-in of the Basel III framework on 1 January 2013 and will continue to implement the accord up to 2018 in line with the timelines determined by the Basel Committee.

The Basel Committee has formalised processes in order to ensure the consistent implementation of Basel III across jurisdictions. Both the LCR and the NSFR requirements are subject to an observation period and include a review clause to address any unintended consequences.

Given the structural funding profile of South Africa's financial sector and the limited availability of high-quality liquid assets (as defined in Basel III) in South Africa, the South African banking sector (including the Issuer) will, based on their current funding profiles, experience difficulty in complying with the Basel III LCR and NSFR requirements. These issues have been recognised by the South African regulatory authorities, the banking industry and the National Treasury. In response, and under the direction of the South African Minister of Finance, a financial cross sector task team was established and mandated to consider relevant issues relating to, among other, issues pertaining to the structural funding profile of South Africa's financial sector and the disparate regulatory treatment of banks and money market funds. Furthermore, the SARB has approved the provision of a committed liquidity facility available to banks to assist banks to meet the LCR. The SARB's approach to the committed liquidity facility is detailed in, *inter alia*, Guidance Note 6 of 2013 (*Provision of a committed liquidity facility by the South African Reserve Bank*).

The Banking Supervision Department of the SARB commenced with the phasing in of Basel III from 1 January 2013 through the Regulations promulgated under section 90 of the Banks Act (published on 12 December 2012 as No. R. 12 1029 in Government Gazette No. 35950) (the "**Regulations Relating to Banks**"), which are aimed at giving effect to the principles contained in the document entitled "*Basel III: A global regulatory framework for more resilient banks and banking systems*", finalised by the Basel Committee in June 2011, and will continue with the implementation process up to 2018. The Regulations Relating to Banks provide a broad framework for the phasing-in of the accord, but specific detail regarding implementation (including the domestic application of elements of Basel III where regulators are entitled to exercise national discretion) is periodically provided by the SARB, after engaging with the role-players in the banking industry in the form of guidance notes, circulars and directives. The consultation process is on-going and the Issuer is not able to predict precisely whether future regulatory reforms and the implementation in South Africa of Basel III minimum standards for funding liquidity will have a material impact on the Issuer's financial condition, business or results of operations.

***The Issuer's risk management policies and procedures may not have identified or anticipated all potential risk exposures***

The Issuer has devoted significant resources to developing its risk management policies and procedures, particularly in connection with credit, concentration and liquidity risks, and expects to continue to do so in the future. Nonetheless, its risk management techniques may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some of the Issuer's methods of managing risk are based upon its use of observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than historical measures indicate. Other risk management methods depend upon evaluation of information regarding the markets in which the Issuer operates, its clients or other matters that are publicly available or otherwise accessible by the Issuer. This information may not be accurate in all cases, complete, up-to-date or properly evaluated. Any failure arising out of the Issuer's risk management techniques may have an adverse effect on the results of its operations and financial condition.

***Downgrade in the Issuer's credit ratings or credit rating of South Africa could have an adverse effect on the Issuer's liquidity sources and funding costs***

The Issuer's credit ratings affect the cost and other terms upon which the Issuer is able to obtain funding. Rating agencies regularly evaluate the Issuer and their ratings of its long-term debt are based on a number of factors, including capital adequacy levels, quality of earnings, credit exposure, the risk management framework and funding diversification. These parameters and their possible impact on the Issuer's credit rating are monitored closely and incorporated into its liquidity risk management and contingency planning considerations.

A downgrade or potential downgrade of the South African sovereign rating or a change in rating agency methodologies relating to systemic support provided by the South African sovereign could also negatively affect the perception by rating agencies of the Issuer's rating.

There can also be no assurance that the rating agencies will maintain the Issuer's current ratings or outlooks or those of South Africa. Ratings are not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organisation. Each rating should be evaluated independently of any other rating.

### ***Competitive Landscape***

The Issuer is subject to significant competition from other major banks operating in South Africa, including competitors that may have greater financial and other resources, and, in certain markets, from international banks. Many of these banks operating in the Issuer's markets compete for substantially the same customers as the Issuer. Competition may increase in some or all of the Issuer's principal markets and may have an adverse effect on its financial condition and results of operations.

### ***The Issuer is subject to capital requirements that could limit its operations***

The Issuer is subject to capital adequacy guidelines adopted by the SARB, which provide for a minimum target ratio of capital to risk-weighted assets. Any failure by the Issuer to maintain its ratios may result in sanctions against the Issuer, which may in turn impact on its ability to fulfil its obligations under the Notes.

The phasing in of the Basel III framework by the SARB, which commenced on 1 January 2013, is aimed at raising the quality and quantity of the regulatory capital base and enhancing risk coverage in line with the framework. The SARB continues to assess the impact of the Regulations Relating to Banks and engage with market participants, and it is possible that the Regulations Relating to Banks may undergo further changes.

### ***Political, social and economic risks in South Africa or regionally may have an adverse effect on the Issuer's operations***

The Issuer's operations are concentrated in South Africa, with the majority of its revenues deriving from operations in South Africa. Operations in this market are subject to various risks which need to be assessed in comparison to jurisdictions elsewhere. These include political, social and economic risks particularly relating to South Africa, such as general economic volatility, recession, inflationary pressure, exchange rate risks, exchange controls, crime and diseases (including, for example, HIV/AIDS), which could affect an investment in the Notes. The existence of such factors may have a negative impact on South African and international economic conditions generally, and more specifically on the business and results of the Issuer in ways that cannot be predicted.

### ***Cyber-crime could have a negative impact on the Issuer's operations***

The Issuer's operations are dependent on its own information technology systems and those of its third party service providers. The Issuer could be negatively impacted by cyber-attacks on any of these. As the Issuer moves banking to the digital and mobile world, the risk of cyber-crime increases, especially as infiltrating technology is becoming increasingly sophisticated, and there can be no assurance that the Issuer will be able to prevent all threats.

### ***The Issuer may not be able to detect money laundering and other illegal or improper activities fully or on a timely basis, which could expose it to additional liability and have a material adverse effect on it***

The Issuer is required to comply with applicable anti-money laundering, anti-terrorism laws and other regulations in South Africa. These laws and regulations require the Issuer, among other things, to adopt and enforce "know your customer" policies and procedures and to report suspicious and large transactions to the applicable regulatory authorities. While the Issuer has adopted policies and procedures aimed at detecting and preventing the use of its banking network for money laundering activities by terrorists and terrorist-related organisations and individuals generally, such policies and procedures may not completely eliminate instances in which the Issuer may be used by other parties to engage in money laundering or other illegal or improper activities. To the extent the Issuer may fail to fully comply with applicable laws and regulations, the relevant government agencies to which it reports have the power and authority to impose fines and other penalties on the Issuer. In addition, the Issuer's business and reputation could suffer if customers use it for money laundering or illegal or improper purposes.

## **Risks Relating to the Notes**

### ***There is no active trading market for the Notes***

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although applications have been made for the Notes issued under the Programme to be admitted to listing on the Official List of the UK Listing Authority and to trading on the regulated market of the London Stock Exchange, there is no assurance that such applications will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

### ***The Notes may be redeemed prior to maturity***

Unless in the case of any particular Tranche of Notes the relevant Final Terms specify otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of South Africa or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions. In respect of any Tier 2 Notes, the Issuer may also redeem all outstanding Notes in the event of a Tax Event (Deductibility) or a Regulatory Event (each as defined in Condition 2).

In addition, if in the case of any particular Tranche of Notes the relevant Final Terms specify that the Notes are redeemable at the Issuer's option in certain other circumstances, the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes. Potential investors should consider reinvestment risk in light of other investments available at that time. Any redemption of Tier 2 Notes prior to their Maturity Date requires the prior written approval of the Registrar of Banks.

### ***Because the Global Note Certificates are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer***

Notes issued under the Programme may be represented by one or more Global Note Certificates. Such Global Note Certificates will be deposited with a common depository for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") and registered in the name of its nominee. Except in the circumstances described in the relevant Global Note Certificate, investors will not be entitled to receive Individual Note Certificates. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Note Certificates. While the Notes are represented by one or more Global Note Certificates, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are represented by one or more Global Note Certificates the Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common depository for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note Certificate must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Note Certificates.

Holders of beneficial interests in the Global Note Certificates will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Note Certificates will not have a direct right under the Global Note Certificates to take enforcement action against the Issuer in the event of a default under the relevant Notes but will have to rely upon their rights under the Deed of Covenant (defined below).

### ***Credit Rating***

Tranches of Notes issued under the Programme may be rated or unrated. If a rating is assigned to any issue of Notes, the rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed herein, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes issued under the Programme.

### ***EU Savings Directive and Other Withholding Tax Obligations***

If, pursuant to the European Council Directive 2003/48/EC on the taxation of savings income (the "**Directive**") (see "*Taxation—European Union Savings Directive*" below), a payment of interest in respect of a Note were to be made within or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to such Note as a result of the imposition of such withholding tax (see Condition 13). The Issuer is required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive (see Condition 17(b)).

There may be other occasions in other jurisdictions in which an amount of, or in respect of, tax is required to be withheld from a payment in respect of any Note and in respect of which neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to such Note as set out in Condition 13.

### ***U.S. Foreign Account Tax Compliance Withholding***

Whilst the Notes are in global form and held within Euroclear or Clearstream, Luxembourg (together the "**ICSDs**"), in all but the most remote circumstances, it is not expected that the new reporting regime and potential withholding tax imposed by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") will affect the amount of any payment received by the ICSDs (see "*Taxation—Foreign Account Tax Compliance Act*"). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose their custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has paid the common depositary for the ICSDs and the Issuer has therefore no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries.

### ***Notes issued at a substantial discount or premium***

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

### ***Modification***

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

### ***Change of law***

The Notes, and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, English law, save that Conditions 5(b) (*Status of Tier 2 Notes*), 11(e) (*Redemption of Tier 2 Notes*) and 11(l) (*Statutory Loss Absorption of Tier 2 Notes*) are governed by, and shall be construed in accordance with, South African law. No assurance can be given as to the impact of any possible judicial decision or change to English or South African law or administrative practice in such jurisdiction after the date of this Base Prospectus. Such changes in South African law may include, but are not limited to, the introduction of a variety of statutory resolution and loss-absorption tools which may affect the rights of holders of securities issued by the Issuer, including the Tier 2 Notes. Such tools may include the ability to write off sums otherwise payable on such securities at a time when the Issuer is no longer considered viable by its regulator or upon the occurrence of another trigger event (see "*Risks relating to the Tier 2 Notes—Loss Absorption at the Point of Non-viability of the Issuer*" below for further details).

### **Risks relating to the Tier 2 Notes**

#### ***Notes may be subordinated to most of the Issuer's liabilities***

The payment obligations of the Issuer under Tier 2 Notes will rank behind Depositors and Senior Creditors (each as defined below). See Condition 5(b) (*Status of Tier 2 Notes*) for a full description of subordination and the payment obligations of the Issuer under Tier 2 Notes.

With regard to any Tier 2 Notes, in the event of the dissolution of the Issuer or if the Issuer is placed into liquidation, curatorship or wound-up, the Issuer will be required to pay or discharge the claims of (i) any person having a claim against the Issuer in respect of a "*deposit*" (as defined in the South African Banks Act, 1990) (a "**Depositor**") and (ii) creditors of the Issuer who are either unsubordinated creditors of the Issuer or whose claims are, or are expressed to be, subordinated to the claims of other creditors, whether subordinated or unsubordinated, of the Issuer other than those whose claims rank, or are expressed to rank, *pari passu* with, or junior to, Tier 2 Noteholders (together "**Senior Creditors**") in full before it can make any payments in respect of such Tier 2 Notes. If this occurs, the Issuer may not have enough assets remaining after these payments to pay amounts due under such Tier 2 Notes.

#### ***No restrictions on the issuance of securities or indebtedness which ranks senior or pari passu to Tier 2 Notes***

There is no restriction on the amount of securities or indebtedness which the Issuer may issue or incur which rank senior to or *pari passu* with the relevant Tier 2 Notes. The issue of any such securities or indebtedness may reduce the amount recoverable by Tier 2 Noteholders on a winding-up, liquidation or curatorship of the Issuer.

#### ***Winding-up, liquidation, curatorship and limited rights of acceleration***

If the Issuer is wound-up or put into liquidation or curatorship, voluntarily or involuntarily, Tier 2 Noteholders will not be entitled to any payments of the Tier 2 Notes until the claims of Depositors and Senior Creditors which are admissible in any such winding-up, liquidation or curatorship have been paid or discharged in full. If the Issuer does not have sufficient assets at the time of winding-up, liquidation or curatorship to satisfy those claims, Tier 2 Noteholders will not receive any payment on the Tier 2 Notes. There is no limitation on the ability to issue debt securities in the future that would rank equal or senior in winding-up, liquidation or curatorship to the Tier 2 Notes.

In addition, the rights of Tier 2 Noteholders are limited in certain respects. In particular, if the Issuer defaults on a payment of principal due on a Tier 2 Note for a period of 5 days or more, or if the Issuer defaults on a payment

of interest due on a Tier 2 Note for a period of ten days or more, the holder of such Tier 2 Note may only institute proceedings for the winding-up of the Issuer (and/or prove in any winding-up of the Issuer) but take no other action in respect of that default. Only if an order is made or an effective resolution is passed for the winding-up of the Issuer (other than pursuant to a Solvent Reconstruction (as defined in Condition 2(a))) shall the holder of a Tier 2 Note be able to declare (upon written notice) such Tier 2 Note immediately due and payable.

### ***Capital Regulations***

In order for the proceeds of the issuance of Tier 2 Notes to qualify as Tier 2 Capital the Tier 2 Notes must comply with the applicable Capital Regulations in respect of any Tranche of Tier 2 Notes, where "**Capital Regulations**" means, at any time, any legislation, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in South Africa in relation to banks registered under the Banks Act and licensed to conduct the business of a bank in South Africa (or if the Issuer becomes domiciled in a jurisdiction other than South Africa, any legislation, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in such other jurisdiction in relation to banks registered in, and licensed to conduct the business of a bank in, such other jurisdiction).

### ***Statutory Loss Absorption at the Point of Non-viability of the Issuer***

Basel III requires the implementation of certain non-viability requirements as set out in the press release dated 13 January 2011 of the Basel Committee entitled "*Minimum requirements to ensure loss absorbency at the point of non-viability*" (the "**Basel III Non-Viability Requirements**"). The Basel III Non-Viability Requirements represent part of the broader package of guidance issued by the Basel Committee on 16 December 2010 and 13 January 2011 in relation to Basel III.

Under the Basel III Non-Viability Requirements, the terms and conditions of all non-common tier 1 and tier 2 instruments issued by an internationally active bank must have a provision that requires such instruments, at the option of the relevant authority, to either be written off or converted into common equity upon the occurrence of a trigger event (described below) unless:

- (a) the governing jurisdiction of the bank has in place laws that (i) require such tier 1 and tier 2 instruments to be written off upon such event, or (ii) otherwise require such instruments to fully absorb losses before tax payers are exposed to loss (a "**Statutory Loss Absorption Regime**");
- (b) a peer group review confirms that the jurisdiction conforms with paragraph (a) above; and
- (c) it is disclosed by the relevant regulator and by the issuing bank, in issuance documents going forward, that such instruments are subject to loss under paragraph (a) above.

The trigger event is the earlier of: (1) a decision that a write-off, without which the issuing bank would become non-viable, is necessary, as determined by the relevant authority; and (2) the decision to make a public sector injection of capital, or equivalent support, without which the issuing bank would have become non-viable, as determined by the relevant authority.

Regulation 38(14) of the Regulations Relating to Banks refers to the need for the Basel III Non-Viability Requirements to be reflected in the terms and conditions of a tier 2 instrument (defined below) unless a duly enforceable Statutory Loss Absorption Regime is in place.

The SARB has provided some clarity on the loss absorbency requirements contemplated in the Regulations Relating to Banks in Guidance Note 2 of 2012 (*Matters related to the implementation of Basel III*), Guidance Note 7 of 2013 (*Loss absorbency requirements for Additional Tier 1 and Tier 2 capital instruments*) ("**Guidance Note 7**") and Circular 6 of 2014 (*Interpretation of specified conditions for the issuing of instruments or shares which rank as additional tier 1 capital and tier 2 capital*), and has indicated that it, together with National Treasury, is in the process of drafting legislation that will provide for a detailed Statutory Loss Absorption Regime. No official statement has however been made as to when the Statutory Loss Absorption Regime will be implemented in South Africa. The SARB has also provided detail in relation to its approach to bank recovery and outlined the phased-in approach to be followed in relation to the development of

bank resolution plans in Guidance Note 4 of 2012 (*Further guidance on the development of recovery and resolution plans by South African banks*). These Guidance Notes are broadly drafted and require further refinement, and market participants continue to discuss the Regulations Relating to Banks and the Guidance Notes with the SARB. Paragraph 1.3 of Guidance Note 7 provides that the SARB will continue to monitor international developments around loss absorbency requirements, and if necessary, will issue further guidance.

Guidance Note 7 requires banks to indicate, in the contractual terms and conditions of any tier 2 capital instruments ("**tier 2 instruments**") issued, whether such instruments would be either written-off or converted into the most subordinated form of equity of the bank and/or its controlling company (such conversion, "**Conversion**") at the occurrence of a trigger event determined at the Registrar of Bank's discretion, as envisaged in Regulation 38(14)(a)(i) of the Regulations Relating to Banks. To the extent that any tier 2 instruments are issued prior to the commencement of the Statutory Loss Absorption Regime, such tier 2 instruments will have to contractually provide for write-off or Conversion at the discretion of the Registrar of Banks at the occurrence of a trigger event (as write-off and Conversion are understood and applied in terms of the regulatory framework applicable at the time of the issuance of such tier 2 instruments).

Notwithstanding the above, paragraph 6.3 of Guidance Note 7 provides that banks have the option to elect to have the contractual terms and conditions of any tier 2 instruments issued prior to the implementation of the Statutory Loss Absorption Regime dealing with write-off and/or Conversion replaced with the Statutory Loss Absorption Regime upon its commencement.

The Conditions do not contain any contractual terms and conditions to enable write-off and/or Conversion in respect of the Tier 2 Notes, but are expressed to be subject to any provisions of South African law that implement the Statutory Loss Absorption Regime. See Condition 11(l) (*Statutory Loss Absorption of Tier 2 Notes*) in this regard. Until such time that a Statutory Loss Absorption Regime is implemented in South Africa, Notes issued under the Programme would not qualify as tier 2 instruments.

Subject to the implementation and content of the Statutory Loss Absorption Regime (which will apply to all Tier 2 Notes issued after its commencement date), Tier 2 Notes will be subject to write-off or Conversion upon the occurrence of the trigger event specified in writing by the Registrar of Banks. This may result in Noteholders losing some or all of their investment. The exercise of any such power or any suggestion of such exercise could materially adversely affect the price or value of a Noteholder's investment in Tier 2 Notes and/or the ability of the Issuer to satisfy its obligations under such Tier 2 Notes.

Whether regulated by the contractual terms and conditions or the Statutory Absorption Regime, clause 2.6 of Guidance Note 7 provides that write-off or Conversion of tier 2 instruments will only occur to the extent deemed by the Registrar of Banks as necessary to ensure that the Bank is viable, as specified in writing by the Registrar of Banks. Accordingly, any write-off or Conversion of the Tier 2 Notes pursuant to the Statutory Loss Absorption Regime will generally be effected to ensure compliance with these minimum requirements only. Any write-offs or Conversions will also be subject to any restrictions on holding shares in a bank and/or a controlling company of a bank under South African law.

***The investment in, and disposal or write off of, Tier 2 Notes may have tax consequences in the hands of Tier 2 Noteholders, the Issuer or both***

The investment in, and disposal or write-off upon the occurrence of a trigger event of, Tier 2 Notes, may have considerable tax consequences in the hands of the Tier 2 Noteholders, the Issuer or both. As any such potential consequences depend on various factors, prospective investors in Tier 2 Notes are strongly advised to consult their own professional advisers as to the tax consequence of investing in Tier 2 Notes, and particularly as to whether a disposal or write off of Tier 2 Notes will result in an income tax liability. See "*South African Taxation*" in the section entitled "*Taxation*" on pages 107 to 109 of this Base Prospectus.

**Risks relating to South Africa**

***Risk relating to Emerging Markets***

South Africa is generally considered by international investors to be an emerging market. Investors in emerging markets such as South Africa should be aware that these markets carry risks which are different from those



which apply to investment in more developed markets. These risks include economic and financial market instability which may be exacerbated by global economic instability, as well as, in some cases, significant legal and political risks.

Economic and financial market instability in South Africa has been caused by many different factors, including:

- high interest rates;
- changes in currency values;
- high levels of inflation;
- exchange controls;
- industrial action;
- commodity price fluctuations;
- the slowdown in the economic activity of its trading partners;
- wage and price controls;
- changes in economic and tax policies;
- the imposition of trade barriers;
- perceived or actual security issues; and
- general social, economic and business conditions.

Any of these factors, amongst others, as well as volatility in the markets for securities similar to the Notes, may adversely affect the value or liquidity of the Notes.

Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved, and prospective investors are urged to consult with their own legal and financial advisors before making an investment in the Notes.

Investors should also note that developing markets, such as South Africa, are subject to rapid change and that the information set out in this Base Prospectus may become outdated relatively quickly.

### ***Regulatory Environment***

The Issuer is subject to government regulation in South Africa. Regulatory agencies have broad jurisdiction over many aspects of the Issuer's business, which may include capital adequacy, premium rates, marketing and selling practices, advertising, licensing agents, policy forms, terms of business and permitted investments.

Changes in government policy, legislation or regulatory interpretation applying to the financial services industry in the markets in which the Issuer operates may adversely affect the Issuer's product range, distribution channels, capital requirements, environmental and social obligations and, consequently, reported results and financing requirements.

### ***Exchange Controls***

Foreign-derived loan capital or equity capital may be introduced into South Africa through a formal system of exchange control as summarised under "*The Banking Sector in South Africa—Exchange Control*" on pages 105

to 106 of this Base Prospectus. However, unless the prior approval of the SARB has been obtained, the proceeds from the sale of assets in South Africa owned by a non-resident are not remittable to the non-resident.

Since 1995, certain exchange controls in South Africa have been relaxed. The extent to which the South African Government (the "**Government**") may further relax such exchange controls cannot be predicted with certainty, although the Government has committed itself to a gradual approach of relaxation. Further relaxation, or abolition of exchange controls may precipitate a change in the capital flows to and from South Africa. If the net result of this were to cause large capital outflows, this could adversely affect the Issuer's business and it could have an adverse effect on the financial condition of the Issuer as a whole. In the event of the immediate abolition of exchange control there may be a sudden withdrawal of Rand from the South African market by investors. Because South Africa has a fully-floating exchange rate and a flexible interest rate policy, this would result in a rapid depreciation of the Rand exchange rate which would serve to stem the flight and would also result in an increase in interest rates due to the depreciation of the Rand. The SARB would sell reserves to protect the value of the Rand. Such reserve activity by the SARB is likely to be sterilised and as such should not have a significant impact on inflation.

## INFORMATION INCORPORATED BY REFERENCE

The following information shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- (1) the audited non-consolidated financial statements (including the accounting policies, audited financial statements and notes thereto) of the Issuer and the auditors' report thereon in respect of (a) the year ended 30 June 2014, set out on pages 77 and 192 to 359 of the Issuer's annual report for the year ended 30 June 2014 (the "**2014 Audited Non-Consolidated Financial Statements**" and the "**2014 FirstRand Bank Annual Report**", respectively) and (b) the year ended 30 June 2013, set out on pages 175 and 178 to 319 of the 2013 non-consolidated annual report of the Issuer (the "**2013 Audited Non-Consolidated Financial Statements**");
- (2) the audited consolidated financial statements (including the accounting policies, audited financial statements and notes thereto) of the Issuer and the auditors' report thereon in respect of (a) the year ended 30 June 2014, set out on pages 365 and 368 to 558 of the 2014 FirstRand Bank Annual Report (the "**2014 Audited Consolidated Financial Statements**" and, together with the 2014 Audited Non-Consolidated Financial Statements, the "**Audited Financial Statements**") and (b) the year ended 30 June 2013, set out on pages 99 and 102 to 245 of the 2013 consolidated annual report of the Issuer (the "**2013 Audited Consolidated Financial Statements**");
- (3) the risk and capital management report of the Issuer in respect of (a) the year ended 30 June 2014, set out on pages 83 to 190 of the 2014 FirstRand Bank Annual Report and (b) the year ended 30 June 2013, set out on pages 81 to 170 of the 2013 consolidated annual report of the Issuer (together, the "**Risk and Capital Management Reports**");
- (4) the normalised analysis of financial results set out on pages 11 to 72 of the 2014 FirstRand Bank Annual Report (the "**Analysis of Financial Results**");
- (5) the credit ratings information set out on pages 564 to 565 of the 2014 FirstRand Bank Annual Report (the "**Credit Ratings Information**");
- (6) the definitions set out on page 568 of the 2014 FirstRand Bank Annual Report (the "**Definitions**");
- (7) supplementary capital, funding and credit information in respect of the year ended 30 June 2013, set out on pages 58 to 77 of the 2013 non-consolidated annual report of the Issuer (the "**Supplementary Information**");
- (8) the terms and conditions set out on pages 19 to 39 of the base prospectus dated 24 May 2007 relating to the Programme under the heading "Terms and Conditions of the Notes" (the "**May 2007 Conditions**");
- (9) the terms and conditions set out on pages 26 to 53 of the base prospectus dated 30 November 2007 relating to the Programme under the heading "Terms and Conditions of the Unsubordinated, Tier 2 and Tier 3 Notes";
- (10) the terms and conditions set out on pages 27 to 57 of the base prospectus dated 27 January 2011 relating to the Programme under the heading "Terms and Conditions of the Unsubordinated, Tier 2 and Tier 3 Notes";
- (11) the terms and conditions set out on pages 21 to 42 of the base prospectus dated 9 November 2011 relating to the Programme under the heading "Terms and Conditions of the Notes";
- (12) the terms and conditions set out on pages 27 to 55 of the base prospectus dated 8 November 2012 relating to the Programme under the heading "Terms and Conditions of the Notes"; and
- (13) the terms and conditions set out on pages 29 to 58 of the base prospectus dated 4 December 2013 relating to the Programme under the heading "Terms and Conditions of the Notes".

Copies of the documents specified above as containing information incorporated by reference in this Base Prospectus may be inspected, free of charge, at the registered office of the Issuer and have also been published on the website of the London Stock Exchange through a regulatory information service (<http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>).

The credit ratings of the Turbo Finance, Nitro and Fresco securitisations referred to in the Risk and Capital Management Reports have been issued by Moody's Investors Service Limited ("**Moody's IS**") and Fitch. Moody's IS is established in the European Union and is registered under the CRA Regulation.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

Certain information contained in the documents listed above has not been incorporated by reference in this Base Prospectus. Such information is either (i) not considered by the Issuer to be relevant for prospective investors in the Notes to be issued under the Programme or (ii) is covered elsewhere in this Base Prospectus.

### **Presentation of Financial Information**

The financial information set out in this Base Prospectus is non-consolidated financial information in respect of the Issuer and has, unless otherwise indicated, been derived from its 2014 Audited Non-Consolidated Financial Statements. The Issuer has incorporated by reference into this Base Prospectus its 2014 Audited Non-Consolidated Financial Statements, 2013 Audited Non-Consolidated Financial Statements, 2014 Audited Consolidated Financial Statements and 2013 Audited Consolidated Financial Statements, which were in each case prepared in accordance with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board.

The Issuer has also incorporated by reference into this Base Prospectus the Risk and Capital Management Reports, the Analysis of Financial Results, the Credit Rating Information, the Definitions, the Analysis of Financial Results and the Supplementary Information (the **Additional Information**). Certain information contained in the Additional Results is unaudited.

In addition, the information contained in the Supplementary Information and the Analysis of Financial Results is presented on a normalised basis to take into account certain non-operational items and accounting anomalies. A detailed description of the differences between the normalised and audited information is provided on page 19 of the 2014 FirstRand Bank Annual Report, which is incorporated by reference as part of the Analysis of Financial Results. The Issuer believes that the information presented on a normalised basis most accurately reflects its economic performance. However, the normalised information is not a measure of performance under IFRS and should not be considered in isolation or as a substitute for the Issuer's Audited Financial Statements, which have been audited in accordance with IFRS.

The information relating to certain contingent exposures of the Issuer in the section headed "*FirstRand Bank Limited – Loan Portfolio – Conduit Programmes*" is not audited and has been extracted from the Risk and Capital Management Reports.

## **SUPPLEMENT TO THIS BASE PROSPECTUS**

If at any time during the duration of the Programme a significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus arises or is noted which is capable of affecting the assessment of any Notes which may be issued under the Programme whose inclusion is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and the rights attaching to the Notes, the Issuer will prepare a supplement to this Base Prospectus.

## KEY FEATURES OF THE PROGRAMME

*The following overview of key features of the Programme does not purport to be complete and is qualified in its entirety by the remainder of this Base Prospectus. Words and expressions defined in the Conditions or elsewhere in this Base Prospectus have the same meanings in this overview of the key features of the Programme.*

<b>Issuer:</b>	FirstRand Bank Limited.
<b>Risk Factors:</b>	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed under "Risk Factors" above.
<b>Arranger</b>	The Royal Bank of Scotland plc.
<b>Co-Arranger</b>	FirstRand Bank Limited London Branch.
<b>Dealers:</b>	BNP Paribas, FirstRand Bank Limited London Branch, ING Bank N.V., J.P. Morgan Securities plc, Morgan Stanley & Co. International plc, Standard Chartered Bank, The Royal Bank of Scotland plc and UBS Limited and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes.
<b>Fiscal Agent:</b>	The Bank of New York Mellon, acting through its London office.
<b>Registrar:</b>	The Bank of New York Mellon (Luxembourg) S.A.
<b>Final Terms or Drawdown Prospectus:</b>	Notes other than Exempt Notes issued under the Programme may be issued either (1) pursuant to this Base Prospectus and associated Final Terms or (2) pursuant to a Drawdown Prospectus. The terms and conditions applicable to any particular Tranche of Notes other than Exempt Notes will be the Terms and Conditions of the Notes as completed by the relevant Final Terms or as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus, as the case may be.
<b>Exempt Notes:</b>	The Issuer may agree with any Dealer that Exempt Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event the relevant provisions will be included in the applicable Pricing Supplement.
<b>Listing and Trading:</b>	Applications have been made for Notes to be admitted during the period of twelve months after the date hereof to listing on the Official List of the UK Listing Authority and to trading on the regulated market of the London Stock Exchange. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer, subject in all cases to the Issuer obtaining the consent from the FSD and the Registrar of Banks, to the extent necessary.

<b>Clearing Systems:</b>	Euroclear and/or Clearstream, Luxembourg and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms or (in the case of Exempt Notes) Pricing Supplement.
<b>Initial Programme Amount:</b>	Up to U.S.\$1,500,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time.
<b>Issuance in Series:</b>	Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.  Prior written approval of the FSD and, in respect of the issue of Notes which are intended to qualify as Tier 2 Capital, the Registrar of Banks is required for the issuance of each Tranche of Notes under the Programme. The prior approval of the Registrar of Banks is not required for the issuance of Unsubordinated Notes.
<b>Forms of Notes:</b>	Notes may only be issued in registered form. Each Tranche of Notes will initially be represented by a global note certificate in registered form (a " <b>Global Note Certificate</b> "). The Global Note Certificate will be deposited with the common depository for Euroclear and Clearstream, Luxembourg and registered in the name of its nominee. Persons holding beneficial interests in the Global Note Certificate will be entitled or required, as the case may be, to receive physical delivery of individual note certificates (" <b>Individual Note Certificates</b> ").  Interests in a Global Note Certificate will be exchangeable (free of charge), in whole but not in part, for Individual Note Certificates without interest coupons or talons attached only in the limited circumstances described under " <i>Summary of Provisions Relating to the Notes While in Global Form</i> ".
<b>Currencies:</b>	Notes may be denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.
<b>Status of the Notes:</b>	Notes may be issued on a subordinated or unsubordinated basis, as specified in the relevant Final Terms or (in the case of Exempt Notes) Pricing Supplement.
<b>Status of the Unsubordinated Notes:</b>	The Unsubordinated Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 6 ( <i>Negative Pledge</i> )) unsecured obligations of the Issuer, all as described in Condition 5(a) ( <i>Status of the Unsubordinated Notes</i> ) and the relevant Final Terms or (in the case of Exempt Notes) Pricing Supplement.
<b>Status of the Tier 2 Notes:</b>	The Tier 2 Notes constitute direct, unsecured and, in accordance with Condition 5(b)(iii) ( <i>Subordination</i> ), subordinated obligations of the Issuer and rank <i>pari passu</i> without any preference among themselves and (save for those that have been accorded by law preferential rights)

at least *pari passu* with all other claims of creditors of the Issuer which rank or are expressed to rank (and which are entitled to rank) *pari passu* with the Tier 2 Notes.

**Issue Price:**

Notes may be issued at any price and will be issued on a fully paid basis, as specified in the relevant Final Terms or (in the case of Exempt Notes) Pricing Supplement. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

**Maturities:**

Notes may be issued with any maturity date, subject, in relation to Tier 2 Notes, to such minimum maturities as may be required from time to time by the applicable Capital Regulations and, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "FSMA") by the Issuer.

Subject to the applicable Capital Regulations, Tier 2 Notes will have a minimum maturity of five years and one day.

**Redemption:**

Subject as described in "*Maturities*" above, Notes may be redeemable at par or at such other Redemption Amount as may be specified in the relevant Final Terms or (in the case of Exempt Notes) Pricing Supplement. For so long as the Capital Regulations so require, Tier 2 Notes may only be redeemed if (i) the Issuer has received the prior written approval of the Registrar of Banks, (ii) the redemption is effected in accordance with the conditions (if any) approved by the Registrar of Banks in writing, and (iii) the Issuer is in compliance with the capital adequacy requirements that are applicable to it both at the time notice of the redemption is given to the Registrar of Banks and immediately following such redemption, as described in Condition 11(e) (*Redemption of Tier 2 Notes*).

**Optional Redemption:**

Subject as described in "*Redemption*" above, Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or (if specified in the relevant Final Terms or (in the case of Exempt Notes) Pricing Supplement) in part) and (in the case of Unsubordinated Notes) the Noteholders to the extent (if at all) specified in the relevant Final Terms or (in the case of Exempt Notes) Pricing Supplement.



<b>Tax Redemption:</b>	Subject as described in " <i>Redemption</i> " above, early redemption of the Notes in whole (but not in part) is permitted for tax reasons as described in Condition 11(b) ( <i>Redemption for tax reasons</i> ).
<b>Redemption for Regulatory Reasons:</b>	Subject as described in " <i>Redemption</i> " above, early redemption of the Tier 2 Notes in whole (but not in part) is permitted at the option of the Issuer if a Regulatory Event occurs and while it is continuing as described in Condition 11(c) ( <i>Redemption for regulatory reasons</i> ).
<b>Interest:</b>	Notes may be interest bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate.
<b>Denominations:</b>	No Notes may be issued under the Programme (a) where such Notes are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in circumstances which require the publication of a prospectus under the Prospectus Directive, with a minimum denomination of less than EUR100,000 (or its equivalent in another currency at the Issue Date of such Notes), or (b) which carry the right to acquire shares (or transferable securities equivalent to shares) issued by the Issuer or by any entity to whose group the Issuer belongs. Subject thereto, Notes will be issued in such denominations as may be specified in the relevant Final Terms or (in the case of Exempt Notes) the relevant Pricing Supplement, subject to compliance with all applicable legal and/or regulatory and/ or central bank requirements. See also " <i>Maturities</i> " above.
<b>Negative Pledge:</b>	Unsubordinated Notes will have the benefit of a negative pledge as described in Condition 6 ( <i>Negative Pledge</i> ).
<b>Cross Default:</b>	Unsubordinated Notes will have the benefit of a cross default as described in Condition 14 ( <i>Events of Default</i> ).
<b>Taxation:</b>	All payments in respect of Notes will be made free and clear of withholding taxes of South Africa, unless the withholding is required by law. In that event, the Issuer will (subject as provided in Condition 13 ( <i>Taxation</i> )) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.
<b>Governing Law:</b>	English law, save that Conditions 5(b) ( <i>Status of Tier 2 Notes</i> ), 11(e) ( <i>Redemption of Tier 2 Notes</i> ) and 11(l) ( <i>Statutory Loss Absorption of Tier 2 Notes</i> ) are governed by, and shall be construed in accordance with, South African law.
<b>Enforcement of Notes in Global Form:</b>	In the case of Global Note Certificates, individual investors' rights against the Issuer will be governed by a Deed of Covenant (the " <b>Deed of Covenant</b> ") dated 4 December 2013, a copy of which will be available for inspection at the specified office of the Fiscal Agent.
<b>Ratings:</b>	Each Tranche of Notes may be rated or unrated. Where applicable, the ratings of the Notes will be specified in the relevant Final Terms or (in the case of Exempt Notes) Pricing Supplement. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

**Selling Restrictions:**

For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the European Economic Area (including the United Kingdom), South Africa and Japan, see "*Subscription and Sale*" below.

## FINAL TERMS, PRICING SUPPLEMENTS AND DRAWDOWN PROSPECTUSES

In this section the expression "**necessary information**" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme the Issuer has endeavoured to include in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus or any supplement hereto and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either (i) in the case of Notes other than Exempt Notes, in the relevant Final Terms or in a Drawdown Prospectus or (ii) in the case of Exempt Notes, in the relevant Pricing Supplement. In the case of Notes other than Exempt Notes, such information will be contained in the relevant Final Terms unless any of such information constitutes a significant new factor relating to the information contained in this Base Prospectus in which case such information, together with all of the other necessary information in relation to the relevant series of Notes, will be contained in a Drawdown Prospectus.

For a Tranche of Notes which is the subject of Final Terms or (in the case of Exempt Notes) a Pricing Supplement, such Final Terms or Pricing Supplement, as applicable, will, for the purposes of that Tranche only, complete the Conditions contained in this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms or (in the case of Exempt Notes) Pricing Supplement are the Conditions as completed by the relevant Final Terms or Pricing Supplement, as applicable.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

Each Drawdown Prospectus will be constituted either (1) by a single document containing the necessary information relating to the Issuer and the relevant Notes or (2) by a registration document (the "**Registration Document**") containing the necessary information relating to the Issuer, a securities note (the "**Securities Note**") containing the necessary information relating to the relevant Notes and, if necessary, a summary note. In addition, if the Drawdown Prospectus is constituted by a Registration Document and a Securities Note, any significant new factor, material mistake or inaccuracy relating to the information included in the Registration Document which arises or is noted between the date of the Registration Document and the date of the Securities Note which is capable of affecting the assessment of the relevant Notes will be included in the Securities Note.

## FORMS OF THE NOTES

Each Tranche of Notes will initially be represented by a Global Note Certificate. Global Note Certificates will be deposited with the common depositary and registered in the name of its nominee. Persons holding beneficial interests in a Global Note Certificate will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Individual Note Certificates in fully registered form.

Payments of principal, interest and any other amount in respect of the Global Note Certificates will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 2(a) (*Definitions*)) as the registered holder of the Global Note Certificate. None of the Issuer, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Global Note Certificates or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Individual Note Certificates will, in the absence or provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 12(f) (*Record Date*)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Global Note Certificate will be exchangeable (free of charge), in whole but not in part, for Individual Note Certificates without interest coupons or talons attached only upon the occurrence of an Exchange Event. The Issuer will promptly give notice to Noteholders in accordance with Condition 19 (*Further Issues*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Global Note Certificate) may give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

### **Terms and Conditions applicable to the Notes**

The terms and conditions applicable to any Notes represented by an Individual Note Certificate will be endorsed on that Individual Note Certificate and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms or (in the case of Exempt Notes) Pricing Supplement which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Notes represented by a Global Note Certificate will differ from those terms and conditions which would apply to the Note were it in individual form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

### **Legend concerning United States persons**

In the case of any Tranche of Notes having a maturity of more than 365 days, the Global Note Certificate and the Individual Note Certificates will bear a legend to the following effect:

*"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."*

### **Legend to appear on Tier 2 Notes Certificates**

The Global Note Certificate and the Individual Note Certificates representing Tier 2 Notes will bear a legend to the following effect:

*"The proceeds obtained through the issue of the Notes represented by this Certificate qualify as capital for the issuing bank in terms of the provisions of the South African Banks Act, 1990 (the "**Banks Act**"). Any direct or indirect acquisition of the Notes represented by this Certificate by a bank or controlling company, as defined in the Banks Act, or by a non-bank subsidiary of a bank or controlling company, shall be regarded as a deduction against the capital of the acquiring bank or controlling company in*

*question, in an amount equal to the book value of the said investment in the Notes represented by this Certificate.*

*The Notes represented by this Certificate constitute direct, unsecured and, in accordance with Condition 5(b) (Status of Tier 2 Notes), subordinated obligations of the Issuer and rank pari passu without any preference amongst themselves and (save for those that have been accorded by law preferential rights) at least pari passu with all other claims of creditors of the Issuer which rank or are expressed to rank (and which are entitled to rank) pari passu with the Tier 2 Notes.*

*If the Issuer is wound-up or put into liquidation or curatorship, voluntarily or involuntarily, the claims of the Holders of the Notes represented by this Certificate shall be subordinated to the claims of Depositors and Senior Creditors (each as defined in Condition 2 (Interpretation)). In any such event, no amount shall be payable to any Holder of the Notes represented by this Certificate entitled to be paid amounts due under the Notes represented by this Certificate until the claims of Depositors and Senior Creditors which are admissible in any such winding-up, liquidation or curatorship have been paid or discharged in full, as set out more fully in Condition 5(b) (Status of the Tier 2 Notes)".*

*The Registrar of Banks has approved the issue of the Notes represented by this Certificate in terms of the Banks Act (as read with Regulation 38(14)(b) of the "Regulations Relating to Banks" promulgated under the Banks Act) and for the proceeds thereof to rank as "secondary capital" as defined in the Banks Act.*

*The Notes represented by this Certificate are issued for a minimum period of five years and one day."*

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions which will be endorsed on each Note in definitive form issued under the Programme, as completed by the relevant Final Terms or (in the case of an Exempt Note) as replaced, modified and/or completed by the relevant Pricing Supplement. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below.*

### 1. Introduction

- (a) *Programme:* FirstRand Bank Limited (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to U.S.\$1,500,000,000 in aggregate principal amount of notes (the "**Notes**").
- (b) *Final Terms and Pricing Supplement:* Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of a written final terms (the "**Final Terms**") or, if the Notes of any Tranche are Notes which are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive ("**Exempt Notes**"), a pricing supplement (the "**Pricing Supplement**") which completes these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of the Notes are these Conditions as (i) in the case of Notes other than Exempt Notes, completed by the relevant Final Terms or (ii) in the case of Exempt Notes, as replaced, modified and/or completed by the relevant Pricing Supplement. In the event of any inconsistency between these Conditions and the relevant Final Terms or (in the case of Exempt Notes) Pricing Supplement, the relevant Final Terms or Pricing Supplement, as applicable, shall prevail. If the Notes of any Tranche are to be admitted to trading on the regulated market of the London Stock Exchange, the relevant Final Terms will be published on the website of the London Stock Exchange through a regulatory information service. If the Notes of any Tranche are Exempt Notes, the relevant Pricing Supplement will only be obtainable from the Specified Offices of the Agents (the initial Specified Offices of which are set out below) by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the relevant Agent as to its holding of such Notes and identity. Any reference in the Conditions to "**relevant Final Terms**" shall be deemed to include a reference to "**relevant Pricing Supplement**" where relevant.
- (c) *Deed of Covenant:* The Notes are constituted by a deed of covenant dated 4 December 2013 (the "**Deed of Covenant**") entered into by the Issuer.
- (d) *Agency Agreement:* The Notes are the subject of an amended and restated issue and paying agency agreement dated 4 December 2013 (the "**Agency Agreement**") between the Issuer, The Bank of New York Mellon (Luxembourg) S.A. as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), The Bank of New York Mellon as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes and any reference to a "**Paying Agent**" is to any one of them). References herein to the "**Agents**" are to the Registrar, the Fiscal Agent and the Paying Agents and any reference to an "**Agent**" is to any one of them.
- (e) *The Notes:* All subsequent references in these Conditions to "**Notes**" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for viewing at, and copies may be obtained from, the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.
- (f) *Summaries:* Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Covenant and are subject to their detailed provisions. The Noteholders (as defined below) are

bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Covenant. Copies of the Agency Agreement and the Deed of Covenant are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Agents.

## 2. Interpretation

(a) *Definitions:* In these Conditions the following expressions have the following meanings:

**"2010 PD Amending Directive"** means Directive 2010/73/EU;

**"5-year Mid-Swap Rate"** means, the rate, expressed as a percentage, for swap transactions in the Specified Currency with a term of 5 years;

**"5-year Mid-Swap Rate Quotations"** means the arithmetic mean of the bid and offered rates for the fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating interest rate swap transaction in the Specified Currency which:

- (i) has a term of 5 years commencing on the relevant Reset Date;
- (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market; and
- (iii) has a floating leg based on the Reset Reference Rate (calculated on an Actual/360 day count basis);

**"Accrual Yield"** has the meaning given in the relevant Final Terms;

**"Additional Business Centre(s)"** means the city or cities specified as such in the relevant Final Terms;

**"Additional Financial Centre(s)"** means the city or cities specified as such in the relevant Final Terms;

**"Authorised Holding"** has the meaning given to it in Condition 3 (*Form, Denomination and Title*);

**"Banks Act"** means the South African Banks Act, 1990;

**"Business Day"** means:

- (i) in relation to any sum payable in Euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre;
- (ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre; and
- (iii) in relation to the determination of any Reset Rate of Interest, a day on which commercial banks and foreign exchange markets settle payments generally in London and in the Relevant Centre;

**"Business Day Convention"**, in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) **"Following Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day;

- (ii) **"Modified Following Business Day Convention"** or **"Modified Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) **"Preceding Business Day Convention"** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) **"FRN Convention"**, **"Floating Rate Convention"** or **"Eurodollar Convention"** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**
  - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (v) **"No Adjustment"** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

**"CA Selected Bond"** has the meaning given in Condition 11(c) (*Redemption for regulatory reasons*);

**"Calculation Agent"** means the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms, or (for the purposes of determining any Reset Rate of Interest in accordance with Condition 7(e) (*Determination of Reset Rate of Interest and Reset Coupon Amount(s)*)) an Independent Investment Bank;

**"Calculation Amount"** has the meaning given in the relevant Final Terms;

**"Call Option"** has the meaning given in the relevant Final Terms;

**"Capital Regulations"** means, at any time, any legislation, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in South Africa in relation to banks registered under the Banks Act and licensed to conduct the business of a bank in South Africa (or if the Issuer becomes domiciled in a jurisdiction other than South Africa, any legislation, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in such other jurisdiction in relation to banks registered in, and licensed to conduct the business of a bank in, such other jurisdiction);

**"Central Bank"** means the South African Reserve Bank or any other central bank, federal reserve or equivalent body in any jurisdiction, or any other entity established and operated by any of the aforementioned parties;

**"Day Count Fraction"** means, in respect of the calculation of an amount for any period of time (the **"Calculation Period"**), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:



- (i) if "**Actual/Actual (ICMA)**" is so specified, means:
- (A) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
- (B) where the Calculation Period is longer than one Regular Period, the sum of:
- (x) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
- (y) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year;
- (ii) if "**Actual/365**" or "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) if "**30/360**" is so specified, means the number of days in the Calculation period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the first day immediately following the last day included in the Calculation Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the first day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (vi) if "30E/360" or "Eurobond Basis" is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (vii) if "30E/360 (ISDA)" is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30;

"**Deposit**" means a "deposit" as defined in the Banks Act;

"**Depositor**" means any Person having a claim against the Issuer in respect of a Deposit;

"**Dispute**" has the meaning given to it in Condition 23(b) (*English courts*);

**"Early Redemption Amount (Regulatory)"** has the meaning given in Condition 11(c) (*Redemption for regulatory reasons*);

**"Early Redemption Amount (Tax Deductibility)"** means, in respect of any Note, the Early Redemption Amount (Tax Deductibility) specified in the relevant Final Terms;

**"Early Redemption Amount (Tax Gross up)"** means, in respect of any Note, the Early Redemption Amount (Tax Gross up) specified in the relevant Final Terms, subject as set out in Condition 11(i) (*Early redemption of Zero Coupon Notes*);

**"Event of Default"** means any of the events described in Condition 14 (*Events of Default*);

**"Extraordinary Resolution"** has the meaning given in the Agency Agreement;

**"Final Redemption Amount"** means, in respect of any Note, the Final Redemption Amount specified in the relevant Final Terms;

**"Financial Indebtedness"** means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (i) amounts raised by acceptance under any acceptance credit facility;
- (ii) amounts raised under any note purchase facility;
- (iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (iv) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 90 days; and
- (v) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

**"First Interest Payment Date"** means the date specified as such in the relevant Final Terms;

**"First Reset Date"** means the date specified in the relevant Final Terms;

**"Fixed Coupon Amount"** means:

- (i) unless the relevant Final Terms specify the Reset Rate as being applicable, the amount specified as the Fixed Coupon Amount in the relevant Final Terms; or
- (ii) if the relevant Final Terms specify the Reset Rate as being applicable:
  - (A) in respect of any Interest Period falling in the Initial Period, the amount specified as the Fixed Coupon Amount in the relevant Final Terms; or
  - (B) in respect of any Interest Period beginning on or after the First Reset Date, the relevant Reset Coupon Amount;

**"Guarantee"** means, in relation to any Financial Indebtedness of any Person, any obligation of another Person to pay such Financial Indebtedness including (without limitation):

- (i) any obligation to purchase such Financial Indebtedness;

- (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Financial Indebtedness;
- (iii) any indemnity against the consequences of a default in the payment of such Financial Indebtedness; and
- (iv) any other agreement to be responsible for such Financial Indebtedness;

**"Holder"** of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint-holding, the first named thereof) and **"Noteholders"** shall be construed accordingly;

**"Independent Investment Bank"** means the independent investment bank or financial institution of international repute selected and appointed by the Issuer (at the Issuer's expense) for the purposes of performing one or more of the functions expressed to be performed by it under these Conditions;

**"Initial Period"** means the period from (and including) the Issue Date to (but excluding) the First Call Date;

**"Interest Amount"** means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

**"Interest Commencement Date"** means the Interest Commencement Date specified in the relevant Final Terms;

**"Interest Determination Date"** means:

- (i) where the Reference Rate is LIBOR (other than Sterling LIBOR or euro LIBOR), the second London business day prior to the start of each Interest Period;
- (ii) where the Reference Rate is Sterling LIBOR, the first day of each Interest Period; or
- (iii) where the Reference Rate is EURIBOR or euro LIBOR, the second day on which TARGET2 is open prior to the start of each Interest Period;

**"Interest Payment Date"** means the First Interest Payment Date and any other date or dates specified as such in the relevant Final Terms or determined in accordance with the provisions of these Conditions as completed by the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the First Interest Payment Date) or the previous Interest Payment Date (in any other case);

**"Interest Period"** means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

**"ISDA Definitions"** means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

"**ISDA Rate**" has the meaning given to it in Condition 8(d) (*ISDA Determination*);

"**Issue Date**" has the meaning given in the relevant Final Terms;

"**Make Whole Redemption Amount**" has the meaning given in Condition 11(c) (*Redemption for regulatory reasons*);

"**Margin**" has the meaning given in the relevant Final Terms;

"**Maturity Date**" has the meaning given in the relevant Final Terms;

"**Maximum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**Minimum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**Note Certificate**" has the meaning given to it in Condition 4(a) (*Register*);

"**Optional Redemption Amount (Call)**" means, in respect of any Note, the Optional Redemption Amount(s) (Call) specified in the relevant Final Terms, subject as set out in Condition 11(i) (*Early redemption of Zero Coupon Notes*);

"**Optional Redemption Amount (Put)**" means, in respect of any Unsubordinated Note, the Optional Redemption Amount(s) (Put) specified in the relevant Final Terms, subject as set out in Condition 11(i) (*Early redemption of Zero Coupon Notes*);

"**Optional Redemption Date (Call)**" has the meaning given in the relevant Final Terms;

"**Optional Redemption Date (Put)**" has the meaning given in the relevant Final Terms;

"**Payment Business Day**" means:

- (i) if the Specified Currency is euro, any day which is:
  - (A) a day on which banks in the relevant place of surrender or endorsement are open for surrender or endorsement of note certificates and payment and for dealings in foreign currencies; and
  - (B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the Specified Currency is not euro, any day which is:
  - (A) a day on which banks in the relevant place of surrender or endorsement are open for surrender or endorsement of note certificates and payment and for dealings in foreign currencies; and
  - (B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the Specified Currency and in each (if any) Additional Financial Centre;

"**Permitted Security Interest**" means any Security Interest created or outstanding upon any property or assets (including current and/or future revenues, accounts receivables and other payments) of the Issuer or any Subsidiary arising out of any securitisation of such property or assets or other similar asset backed finance transaction in relation to such property or assets where:

- (i) (A) the payment obligations secured by such Permitted Security Interest are to be discharged primarily from, and recourse under such Permitted Security Interest is

limited to, the proceeds of such property or assets or a guarantee from an entity other than the Issuer or any of its consolidated Subsidiaries; and

- (B) such Security Interest is created pursuant to any securitisation, asset-backed financing or like arrangement in accordance with normal market practice; or
- (ii) the Relevant Indebtedness secured by such Security Interest has been issued in order to secure the obligations of the Issuer or any Subsidiary to any Central Bank in respect of any liquidity facility or any other funding arrangement pursuant to which the Issuer or any Subsidiary incurs Financial Indebtedness provided by such Central Bank;

**"Person"** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

**"Principal Financial Centre"** means, in relation to any currency, the principal financial centre for that currency **provided, however, that:**

- (i) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;
- (ii) in relation to South African Rand, it means Johannesburg;
- (iii) in relation to Australian dollars, it means either Sydney or Melbourne;
- (iv) in relation to New Zealand dollars, it means either Wellington or Auckland; and
- (v) in any case any financial centre that is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

**"Principal Subsidiary"** means a Subsidiary of the Issuer or any of its consolidated Subsidiaries whose (a) total profits before tax represent in excess of 10 per cent. of the consolidated total profits before tax of the Issuer and its Subsidiaries, or (b) total value of net assets represent in excess of 10 per cent. of the total value of all consolidated net assets owned by the Issuer and its Subsidiaries in each case calculated by reference to the latest audited financial statements of each Subsidiary and the latest audited consolidated financial statements of the Issuer and its Subsidiaries but if a Subsidiary has been acquired or sold since the date as at which the latest audited consolidated financial statements of the Issuer and its Subsidiaries were prepared, the financial statements shall be adjusted in order to take into account the acquisition or sale of that Subsidiary (that adjustment being certified by the Issuer and its Subsidiaries' auditors as representing an accurate reflection of the revised consolidated profits before interest and tax or turnover of the Issuer and its Subsidiaries). A report by the auditors of the Issuer that a Subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Noteholders;

**"Proceedings"** has the meaning given to it in Condition 23(d) (*Rights of the Noteholders to take proceedings outside England*);

**"Prospectus Directive"** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State;

**"Put Option Notice"** means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem an Unsubordinated Note at the option of the Noteholder;

**"Rate of Interest"** means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

"**Record Date**" has the meaning given to it in Condition 12(f) (*Record date*);

"**Redemption Amount**" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax Deductibility), the Early Redemption Amount (Tax Gross up), the Early Redemption Amount (Regulatory), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put) or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms;

"**Reference Banks**" has the meaning given in the relevant Final Terms or, if none, four major banks selected (after consultation with the Issuer, if reasonably practicable) by the Calculation Agent in the market that is most closely connected with the Reference Rate;

"**Reference Bond**" has the meaning given in Condition 11(c) (*Redemption for regulatory reasons*);

"**Reference Bond Price**" has the meaning given in Condition 11(c) (*Redemption for regulatory reasons*);

"**Reference Market Maker**" has the meaning given in Condition 11(c) (*Redemption for regulatory reasons*);

"**Reference Market Maker Quotation**" has the meaning given in Condition 11(c) (*Redemption for regulatory reasons*);

"**Reference Price**" has the meaning given in the relevant Final Terms;

"**Reference Rate**" has the meaning given in the relevant Final Terms;

"**Register**" means the register maintained by the Registrar in respect of the Notes in accordance with the Agency Agreement;

"**Registrar of Banks**" means the South African Registrar of Banks designated under section 4 of the Banks Act;

"**Regular Period**" means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the First Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

"**Regulatory Change**" means a change in, or amendment to, the Capital Regulations or any change in the application of or official or generally published guidance or interpretation of the Capital Regulations, which change or amendment (i) becomes, or would become, effective on or after the Issue Date of the first Tranche of Notes of the relevant Series and (ii) was not, in the opinion of the Issuer, reasonably foreseeable as at the Issue Date of the first Tranche of Notes of the relevant Series;

**"Regulatory Event"** means an event which is deemed to have occurred if, with respect to the Notes of any Series which comprise Tier 2 Capital on the Issue Date of the first Tranche of Notes of that Series, the aggregate outstanding nominal amount of the Notes of that Series is, as a result of a Regulatory Change, fully excluded from Tier 2 Capital of the Issuer on a solo and/or consolidated basis (save where such non-qualification is only as a result of any applicable limitation on the amount of such capital);

**"Regulatory Reference Rate"** has the meaning given in Condition 11(c) (*Redemption for regulatory reasons*);

**"Relevant Centre"** means the Relevant Centre specified in the relevant Final Terms;

**"Relevant Date"** means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

**"Relevant Indebtedness"** means any present or future Financial Indebtedness which is in the form of any bond, note, debenture, debenture stock, loan stock, certificate or other similar security which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) and having an original maturity of more than 364 days from its date of issue;

**"Relevant Member State"** means each Member State of the European Economic Area which has implemented the Prospectus Directive;

**"Relevant Screen Page"** means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

**"Reserved Matter"** means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

**"Reset Coupon Amount"** means, in respect of each Note of a Specified Denomination for any Interest Period beginning on or after the First Reset Date, an amount calculated by applying the relevant Reset Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the relevant Specified Denomination of such Note divided by the Calculation Amount. For this purpose a **"sub-unit"** means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent;

**"Reset Date"** means the First Reset Date and each day (other than the Maturity Date) which falls on the fifth anniversary of the immediately preceding Reset Date;

**"Reset Interest Period"** means each period beginning on (and including) the First Reset Date or any subsequent Reset Date and ending on (but excluding) the next Reset Date or, as the case may be, the Maturity Date;

**"Reset Margin"** means the Reset Margin specified in the relevant Final Terms;



"**Reset Rate of Interest**" has the meaning given in Condition 7(e) (*Determination or Reset Rate of Interest and Reset Coupon Amount(s)*);

"**Reset Rate of Interest Determination Date**" means, in relation to a Reset Interest Period, the day falling two Business Days prior to the Reset Date on which such Reset Interest Period commences;

"**Reset Reference Banks**" means five leading swap dealers active in the interbank market for swap transactions in the Specified Currency selected by the Calculation Agent in consultation with the Issuer;

"**Reset Reference Rate**" has the meaning given in the relevant Final Terms;

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

"**Senior Creditors**" means:

- (i) creditors of the Issuer who are unsubordinated creditors of the Issuer; and
- (ii) creditors of the Issuer whose claims are, or are expressed to be, subordinated to the claims of other creditors, whether subordinated or unsubordinated, of the Issuer other than those whose claims rank, or are expressed to rank, *pari passu* with, or junior to, Tier 2 Noteholders;

"**Solvent Reconstruction**" means the event where an order is made or an effective resolution is passed for the winding-up or curatorship of the Issuer, other than under or in connection with a scheme of amalgamation or reconstruction not involving a bankruptcy or insolvency where the obligations of the Issuer in relation to the outstanding Notes are assumed by the successor entity to which all, or substantially all, of the property, assets and undertaking of the Issuer are transferred or where an arrangement with similar effect not involving bankruptcy or insolvency is implemented;

"**South Africa**" means the Republic of South Africa as constituted from time to time;

"**Specified Currency**" has the meaning given in the relevant Final Terms;

"**Specified Denomination(s)**" has the meaning given in the relevant Final Terms, save that the minimum denomination of any Note to be admitted to trading on a regulated market within the European Economic Area or offered to the public in circumstances which require the publication of a prospectus under the Prospectus Directive will be EUR100,000 (or its equivalent in another currency at the Issue Date of such Notes);

"**Specified Office**" has the meaning given in the Agency Agreement;

"**Specified Period**" has the meaning given in the relevant Final Terms;

"**Subsidiary**" means, in relation to any Person (the "**first Person**") at any particular time, any other Person (the "**second Person**") whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise;

"**Swap Rate Screen Page**" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Swap Rate Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices for swap transactions in the Specified Currency with a term of 5 years;

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single share platform and which was launched on 19 November 2007;

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro;

"**Taxes**" has the meaning given to it in Condition 13(a) (*Gross up*);

"**Tax Event (Deductibility)**" means an event where, as a result of a Tax Law Change, in respect of the Issuer's obligation to make any payment of interest on the next following Interest Payment Date or any subsequent Interest Payment Date, the Issuer would not be entitled to claim a deduction in respect of computing its taxation liabilities in South Africa, or such entitlement is materially reduced, and in each case the Issuer cannot avoid the foregoing in connection with the Notes by taking measures reasonably available to it (such reasonable measures to exclude any requirement to instigate litigation in respect of any decision or determination of the South African Revenue Service that any such interest does not constitute a tax deductible expense);

"**Tax Event (Gross up)**" means an event where, as a result of a Tax Law Change, the Issuer has paid or will or would on the next Interest Payment Date be required to pay additional amounts as provided or referred to in Condition 13 (*Taxation*), provided that, in the case of Tier 2 Notes only, no Tax Event (Gross up) shall be deemed to have occurred if a Tax Event (Deductibility) has occurred as a result of the same Tax Law Change;

"**Tax Law Change**" means a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of South Africa, or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), whether or not having retrospective effect, which change or amendment is (i) announced on or after the Issue Date of the first Tranche of Notes of the relevant Series and (ii) in the case of Tier 2 Notes only, was not, in the opinion of the Issuer, reasonably foreseeable as at the Issue Date of the first Tranche of Notes of the relevant Series;

"**Tier 2 Capital**" means Tier 2 capital of the Issuer for the purposes of the Capital Regulations applicable to the Issuer;

"**Tier 2 Noteholder**" means a Holder of Tier 2 Notes;

"**Tier 2 Notes**" means Notes specified as such in the relevant Final Terms and the proceeds of which are capable of qualifying as Tier 2 Capital on the Issue Date;

"**Unsubordinated Notes**" means any Notes issued with the status and characteristics set out in Condition 5(a) (*Status of the Unsubordinated Notes*) as specified in the relevant Final Terms; and

"**Zero Coupon Note**" means a Note specified as such in the relevant Final Terms.

(b) *Interpretation:* In these Conditions:

- (i) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 13 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (ii) any reference to interest shall be deemed to include payment of any Interest Amount, any additional amounts in respect of interest which may be payable under Condition 13 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (iii) references to Notes being "**outstanding**" shall be construed in accordance with the Agency Agreement;

- (iv) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "**Not Applicable**" then such expression is not applicable to the Notes; and
- (v) any reference to the Agency Agreement or the Deed of Covenant shall be construed as a reference to the Agency Agreement or the Deed of Covenant, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

### 3. **Form, Denomination and Title**

The Notes are in registered form in the Specified Denomination(s) and may be held in holdings equal to any specified minimum amount and integral multiples equal to any specified increments (as specified in the relevant Final Terms) in excess thereof (each, an "**Authorised Holding**"). The Holder of each Note shall (except as otherwise required by law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Note Certificate) and no Person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

### 4. **Register, Title and Transfers**

- (a) *Register*: The Registrar will maintain the register in accordance with the provisions of the Agency Agreement. A certificate (each, a "**Note Certificate**") will be issued to each Noteholder in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.
- (b) *Transfers*: Subject to paragraphs (e) (*Closed periods*) and (f) (*Regulations concerning transfers and registration*) below, a Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar, together with such evidence as the Registrar may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; **provided, however, that** a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are Authorised Holdings. Where not all the Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor.
- (c) *Registration and delivery of Note Certificates*: Within five business days of the surrender of a Note Certificate in accordance with paragraph (b) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Notes transferred to each relevant Holder at its Specified Office or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar has its Specified Office.
- (d) *No charge*: The transfer of a Note will be effected without charge by or on behalf of the Issuer or the Registrar but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (e) *Closed periods*: Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes.
- (f) *Regulations concerning transfers and registration*: All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the

Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

5. **Status**

(a) *Status of the Unsubordinated Notes:*

- (i) *Application:* This Condition 5(a) applies only to Unsubordinated Notes.
- (ii) *Status of the Unsubordinated Notes:* The Unsubordinated Notes constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 6 (*Negative Pledge*)) unsecured obligations of the Issuer which will at all times rank *pari passu* without preference or priority among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(b) *Status of the Tier 2 Notes:*

- (i) *Application:* This Condition 5(b) applies only to Tier 2 Notes.
- (ii) *Status of the Tier 2 Notes:* The Tier 2 Notes constitute direct, unsecured and, in accordance with Condition 5(b)(iii) (*Subordination*) below, subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and (save for those that have been accorded by law preferential rights) at least *pari passu* with all other claims of creditors of the Issuer which rank or are expressed to rank (and which are entitled to rank) *pari passu* with the Tier 2 Notes.
- (iii) *Subordination:* The claims of Tier 2 Noteholders entitled to be paid amounts due in respect of the Tier 2 Notes are subordinated to the claims of Depositors and Senior Creditors and, accordingly, in the event of the dissolution of the Issuer or if the Issuer is placed into liquidation, curatorship or wound-up:
  - (A) no Tier 2 Noteholder shall be entitled to prove or tender to prove a claim in respect of the Tier 2 Notes;
  - (B) no amount due under the Tier 2 Notes shall be eligible for set-off, counterclaim, abatement or other similar remedy which a Tier 2 Noteholder might otherwise have under the laws of any jurisdiction in respect of the Tier 2 Notes nor shall any amount due under the Tier 2 Notes be payable to any Tier 2 Noteholder; and
  - (C) subject to applicable law, a Tier 2 Noteholder may not exercise or claim any right of set-off in respect of any amount in respect of the principal of and/or interest on the Tier 2 Notes owed to it by the Issuer and each Tier 2 Noteholder shall, by virtue of its subscription, purchase or holding of any Tier 2 Notes, be deemed to have waived all such rights of set-off and, to the extent that any set-off takes place, whether by operation of law or otherwise, between: (aa) any amount in respect of the principal and/or interest on the Tier 2 Notes owed by the Issuer to a Tier 2 Noteholder; and (bb) any amount owed to the Issuer by such Tier 2 Noteholder, such Tier 2 Noteholder will immediately transfer such amount which is set-off to the Issuer or, in the event of its winding-up or curatorship (as the case may be), the liquidator, curator or other relevant insolvency official of the Issuer, to be held on trust for the Depositors and Senior Creditors,

until the claims of Depositors and Senior Creditors which are admissible in any such dissolution, insolvency or winding-up have been paid or discharged in full.

(c) *Capital Regulations*

In order for the proceeds of the issuance of the Notes to qualify as Tier 2 Capital, Tier 2 Notes must comply with the applicable Capital Regulations in respect of a particular Tranche of Tier 2 Notes. The Issuer will specify in the relevant Final Terms whether any issue of Notes is an issue of Tier 2 Notes the proceeds of which are intended to qualify as Tier 2 Capital.

6. **Negative Pledge**

(a) *Application:* This Condition 6 only applies to Unsubordinated Notes.

(b) *Negative Pledge:* So long as any Unsubordinated Note remains outstanding, the Issuer shall not, and the Issuer shall procure that none of its Principal Subsidiaries shall, create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Unsubordinated Notes equally and rateably therewith or (b) providing such other security for the Unsubordinated Notes, as may be approved by an Extraordinary Resolution of Noteholders.

7. **Fixed Rate Note Provisions**

(a) *Application:* This Condition 7 is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.

(b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 12 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

(d) *Calculation of interest amount:* The amount of interest payable in respect of each Note for any period for which (i) a Fixed Coupon Amount is not specified in the relevant Final Terms and (ii) a Reset Coupon Amount has not been determined in accordance with Condition 7(e) (*Determination of Reset Rate of Interest and Reset Coupon Amount(s)*) shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

(e) *Determination of Reset Rate of Interest and Reset Coupon Amount(s):* If Reset Rate is specified as being applicable in the relevant Final Terms, the Reset Rate of Interest applicable to the Notes for each Reset Interest Period will be determined by the Calculation Agent on the following basis:

(i) the Calculation Agent will:

- (A) determine the 5-year Mid Swap Rate which appears on the Swap Rate Screen Page as of 11:00 a.m. (local time in the Relevant Centre) on the relevant Reset Rate of Interest Determination Date; or
- (B) if the 5-year Mid Swap Rate does not appear on the Swap Rate Screen Page as of 11:00 a.m. (local time in the Relevant Centre) on the relevant Reset Rate of Interest Determination Date or if the Swap Rate Screen Page is unavailable, request the principal Relevant Centre office of each of the Reset Reference Banks to provide a 5-year Mid Swap Rate Quotation as soon as practicable after 11:00 a.m. (local time in the Relevant Centre) on the relevant Reset Rate of Interest Determination Date and:
  - (I) if at least three such 5-year Mid Swap Rate Quotations are provided, eliminate the highest such quotation (or, in the case of equality, one of the highest such quotations) and the lowest quotation (or, in the case of equality, one of the lowest such quotations) and determine the arithmetic mean of the remaining such quotations;
  - (II) if only two such 5-year Mid Swap Rate Quotations are provided, determine the arithmetic mean of such quotations; or
  - (III) if only one such 5-year Mid Swap Rate Quotation is provided, use such quotation; and
- (ii) the Calculation Agent will, as soon as practicable after determination of the relevant rate in accordance with paragraph (i) above, determine the "Reset Rate of Interest" applicable to the Notes for the relevant Reset Interest Period as the sum of (A) the Reset Margin and (B) the amount determined by the Calculation Agent in accordance with paragraph (i) above.

The Calculation Agent will, as soon as practicable after determination of the Reset Rate of Interest applicable to the Notes for any Reset Interest Period, calculate each Reset Coupon Amount in relation to each Interest Period falling in such Reset Interest Period.

- (f) *Publication of Reset Rate of Interest and Reset Coupon Amount(s)*: If Reset Rate is specified as being applicable in the relevant Final Terms, with respect to each Reset Interest Period, the Calculation Agent will cause the relevant Reset Rate of Interest and the relevant Reset Coupon Amount(s) determined by it, together with the relevant Interest Payment Dates in relation to each Interest Period falling in such Reset Interest Period, to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but in any event not later than the relevant Reset Date. Notice thereof shall also promptly be given to the Noteholders.
- (g) *Notifications etc.*: All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 by the Calculation Agent will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Paying Agents and the Noteholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

## 8. **Floating Rate Note Provisions**

- (a) *Application*: This Condition 8 is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest*: The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 12 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 8 (as well after as before judgment)

until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

- (c) *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the relevant Interest Determination Date;
  - (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the relevant Interest Determination Date;
  - (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
    - (A) request the principal London (in the case of a determination of LIBOR) or Euro-zone (in the case of a determination of EURIBOR) office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date to prime banks in the London (in the case of a determination of LIBOR) or Euro-zone (in the case of a determination of EURIBOR) interbank market in an amount that is representative for a single transaction in that market at that time; and
    - (B) determine the arithmetic mean of such quotations; and
  - (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time, and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.
- (d) *ISDA Determination:* If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
  - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
  - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is as specified in the relevant Final Terms.
- (e) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (f) *Linear Interpolation:* Where Linear Interpolation is specified as being applicable in respect of an Interest Period in the relevant Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined) or the relevant Floating Rate Option (where ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period **provided, however, that** if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

**"Designated Maturity"** means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

- (g) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (h) *Calculation of other amounts:* If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.
- (i) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents, and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only



the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

- (j) *Notifications etc.:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 8 by the Calculation Agent will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Paying Agents and the Noteholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.
- (k) *Exempt Notes:* In the case of Exempt Notes where the relevant Pricing Supplement identifies that Screen Rate Determination applies to the calculation of interest, if the Reference Rate from time to time is specified in the applicable Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Exempt Notes will be determined as provided in the applicable Pricing Supplement.

## 9. **Zero Coupon Note Provisions**

- (a) *Application:* This Condition 9 is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
  - (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

## 10. **Dual Currency Note Provisions**

This Condition has been intentionally deleted.

## 11. **Redemption and Purchase**

- (a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 12 (*Payments*).
- (b) *Redemption for tax reasons:* Subject to Condition 11(e) (*Redemption of Tier 2 Notes*), the Notes may be redeemed at the option of the Issuer in whole, but not in part if a Tax Event (Gross up) or (in the case of Tier 2 Notes only) a Tax Event (Deductibility) occurs and is continuing:
  - (i) at any time (if the Floating Rate Note Provisions are not specified in the relevant Final Terms as being applicable or, if they are, such provisions are not applicable at the time of redemption); or
  - (ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable and are applicable at the time of redemption),

on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 20 (*Notices*) and to the Registrar and the Fiscal Agent, at (A)

in the case of a Tax Event (Gross up), their Early Redemption Amount (Tax Gross up) or (B) in the case of a Tax Event (Deductibility), their Early Redemption Amount (Tax Deductibility), plus in either case accrued interest (if any) to the date fixed for redemption,

**provided, however, that** no such notice of redemption shall be given earlier than:

- (1) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts or would not be entitled (or such entitlement is materially reduced) to claim a deduction in respect of computing its taxation liabilities; or
- (2) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts or would not be entitled (or such entitlement is materially reduced) to claim a deduction in respect of computing its taxation liabilities, as applicable.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (B) an opinion of independent advisers of recognised standing to the effect that a Tax Event (Gross up) or a Tax Event (Deductibility), as applicable, has occurred. Upon the expiry of any such notice as is referred to in this Condition 11(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 11(b).

- (c) *Redemption for regulatory reasons:* Subject to Condition 11(e) (*Redemption of Tier 2 Notes*), any Series of Tier 2 Notes may be redeemed at the option of the Issuer in whole, but not in part:
  - (i) at any time (if the Floating Rate Note Provisions are not specified in the relevant Final Terms as being applicable or, if they are, such provisions are not applicable at the time of redemption); or
  - (ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable and are applicable at the time of redemption),

on giving not less than 30 nor more than 60 days' notice prior to the date of such redemption (the "**Regulatory Redemption Date**") to Noteholders (which notice shall be irrevocable) in accordance with Condition 20 (*Notices*) and to the Registrar and the Fiscal Agent, at their Early Redemption Amount (Regulatory), together with interest accrued (if any) to the Regulatory Redemption Date, if a Regulatory Event occurs and is continuing.

Prior to the publication of any notice of redemption pursuant to this Condition 11(c), the Issuer shall deliver to the Fiscal Agent (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (B) and (if required pursuant to the Capital Regulations in force at the relevant time) written confirmation from the Registrar of Banks to the Issuer that the aggregate outstanding nominal amount of the Notes of any Series which comprise Tier 2 Capital on the Issue Date is, as a result of a Regulatory Change, fully excluded from Tier 2 Capital of the Issuer on a solo and/or a consolidated basis. Upon the expiry of any such notice as is referred to in this Condition 11(c), the Issuer shall be bound to redeem the Notes in accordance with this Condition 11(c).

In these Conditions, "**Early Redemption Amount (Regulatory)**" means:

- (a) if "**Make Whole Amount**" is specified in the relevant Final Terms, the amount which is the higher of (i) the principal amount outstanding of the Notes or (ii) the sum, as determined by an Independent Investment Bank, of the present values of the remaining scheduled payments of

principal and interest on the Notes to be redeemed (not including any portion of such payments of interest accrued to the Regulatory Redemption Date) discounted to the Regulatory Redemption Date on an annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Regulatory Reference Rate plus the Make Whole Margin specified in the relevant Final Terms, where:

**"CA Selected Bond"** means a government security or securities (which, if the Specified Currency is euro, will be a German *Bundesobligationen*) selected by the Independent Investment Bank as having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Notes;

**"Reference Bond"** means (i) if "CA Selected Bond" is specified in the relevant Final Terms, the relevant CA Selected Bond or (ii) if "CA Selected Bond" is not specified in the relevant Final Terms, the security specified in the relevant Final Terms;

**"Reference Bond Price"** means (i) the arithmetic average of five Reference Market Maker Quotations for the relevant Regulatory Redemption Date, after excluding the highest and lowest Reference Market Maker Quotations, (ii) if the Independent Investment Bank obtains fewer than five, but more than one, such Reference Market Maker Quotations, the arithmetic average of all such quotations, or (iii) if only one such Reference Market Maker Quotation is obtained, the amount of the Reference Market Maker Quotation so obtained;

**"Reference Market Maker Quotation"** means, with respect to each Reference Market Maker and any Regulatory Redemption Date, the arithmetic average, as determined by the Independent Investment Bank, of the bid and asked prices for the Reference Bond (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Bank at the Quotation Time specified in the relevant Final Terms on the date which is the third Business Day in London prior to the Regulatory Redemption Date;

**"Reference Market Maker"** means a broker or market maker of securities such as the Reference Bond selected by the Independent Investment Bank or such other person operating in the market for securities such as the Reference Bond as is selected by the Independent Investment Bank in consultation with the Issuer; and

**"Regulatory Reference Rate"** means, with respect to any Regulatory Redemption Date, the rate per annum equal to the equivalent yield to maturity of the Reference Bond, calculated using a price for the Reference Bond (expressed as a percentage of its principal amount) equal to the Reference Bond Price for such Regulatory Redemption Date. The Regulatory Reference Rate will be calculated on the date which is the third Business Day in London prior to the Regulatory Redemption Date; or

- (b) if **"Make Whole Amount"** is not specified in the relevant Final Terms, such amount as is specified in the relevant Final Terms.
- (d) *Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Final Terms as being applicable, (subject (in the case of Tier 2 Notes) to Condition 11(e) (*Redemption of Tier 2 Notes*)) the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) upon the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the relevant Notes on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).
- (e) *Redemption of Tier 2 Notes:* Subject to the applicable Capital Regulations, Tier 2 Notes may be redeemed or purchased and cancelled at the option of the Issuer pursuant to this Condition 11 (*Redemption and Purchase*) only and provided that:

- (i) the Issuer has notified the Registrar of Banks of its intention to redeem or purchase and cancel the relevant Tier 2 Notes (as applicable) at least one month (or such other period, longer or shorter, as the Registrar of Banks may then require or accept) prior to the date scheduled for such redemption or such purchase and cancellation, as the case may be, and (if required pursuant to the Capital Regulations in force at the relevant time) written approval of the same has been received from the Registrar of Banks; and
  - (ii) such redemption or purchase and cancellation (as applicable) is effected in accordance with conditions (if any) approved by the Registrar of Banks in writing.
- (f) *Partial redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 11(d) (*Redemption at the option of the Issuer*), each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Notes on such date.
- (g) *Redemption at the option of Noteholders:* This Condition 11(g) applies only to Unsubordinated Notes. If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the Holder of any Unsubordinated Note redeem such Unsubordinated Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 11(g), the Holder of an Unsubordinated Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit the Note Certificate relating to such Unsubordinated Note with any Paying Agent together with a duly completed Put Option Notice in the form obtainable from any Paying Agent. No Note Certificate, once deposited with a duly completed Put Option Notice in accordance with this Condition 11(g), may be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date (Put), the Unsubordinated Notes evidenced by any Note Certificate so deposited become immediately due and payable or, upon due presentation of any Note Certificate on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, such Note Certificate shall, without prejudice to the exercise of the Put Option, be returned to the Holder by uninsured first class mail (airmail if overseas) at the address specified by such Holder in the relevant Put Option Notice.
- (h) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (f) above.
- (i) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
- (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 11(i) or, if none is so specified, a Day Count Fraction of 30E/360.

- (j) *Purchase:* Subject to Condition 11(e) (*Redemption of Tier 2 Notes*), the Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price.
- (k) *Cancellation:* All Notes so redeemed or purchased by the Issuer or any of its Subsidiaries may, at its option, be cancelled and may, if cancelled, not be reissued or resold.

- (1) *Statutory Loss Absorption of Tier 2 Notes:* To the extent any regulations and/or legislation come(s) into effect in South Africa after the Issue Date of the first Tranche of any Series of Tier 2 Notes for the purpose described in paragraph 1(a) of the Annex (entitled "*minimum requirements to ensure loss absorbency at the point of non-viability*") to the Press Release dated 13 January 2011 by the Basel Committee on Banking Supervision, and such regulations and/or legislation are applicable to such Series of Tier 2 Notes, such Series of Tier 2 Notes will be subject to such regulations and/or legislation, and these Conditions shall be construed accordingly.

## 12. **Payments**

- (a) *Principal:* Payments of principal shall be made by cheque drawn in the currency in which the payment is due on, or, upon application by a Holder of a Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (b) *Interest:* Payments of interest shall be made by cheque drawn in the currency in which the payment is due on, or, upon application by a Holder of a Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (c) *Payments subject to fiscal laws:* All payments by or on behalf of the Issuer in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 13 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.
- (d) *Payments on business days:* Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not a Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the Payment Business Day immediately preceding the due date for payment. A Holder of a Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a Payment Business Day or (B) a cheque mailed in accordance with this Condition 12(d) arriving after the due date for payment or being lost in the mail.
- (e) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and date of such payment is endorsed on the relevant Note Certificate.
- (f) *Record date:* Each payment in respect of a Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Note is to be

made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

### 13. **Taxation**

- (a) *Gross up*: All payments of principal and interest in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of South Africa or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such Taxes is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note:
- (i) presented for payment by, or on behalf of, or held by, a Holder which is liable to such Taxes in respect of such Note by reason of its having some connection with South Africa other than the mere holding of such Note; or
  - (ii) where such withholding or deduction is imposed on a payment to an individual or a residual entity and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
  - (iii) presented for payment by, or on behalf of, or held by a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Note Certificate or by arranging to receive the relevant payment through another Paying Agent in a Member State of the European Union; or
  - (iv) where (in the case of a payment of principal or interest on redemption) the relevant Note Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such additional amounts if it had surrendered the relevant Note Certificate on the last day of such period of 30 days; or
  - (v) presented for payment by or on behalf of, or held by, a Holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying with any statutory requirements in force at the present time or in the future by making a declaration of non-residence or other claim or filing for exemption to which it is entitled to the relevant tax authority or the Paying Agent.
- (b) *FATCA withholding*: All payments by or on behalf of the Issuer in respect of the Notes will be made subject to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.
- (c) *Taxing jurisdiction*: If the Issuer becomes subject at any time to any taxing jurisdiction other than South Africa, references in these Conditions to South Africa shall be construed as references to South Africa and/or such other jurisdiction.

### 14. **Events of Default**

#### 14.1 *Events of Default relating to Unsubordinated Notes*

This Condition 14.1 only applies to Unsubordinated Notes.

If any of the following events occurs and is continuing:

- (a) *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Notes within five days of the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within 10 days of the due date for payment thereof; or
- (b) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Deed of Covenant and such default remains unremedied for 30 days after written notice thereof, has been delivered by any Noteholder to the Issuer or to the Specified Office of the Fiscal Agent (addressed to the Issuer); or
- (c) *Cross-default of Issuer or Principal Subsidiary*:
  - (i) any Financial Indebtedness of the Issuer or any of its Principal Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;
  - (ii) any such Financial Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer or (as the case may be) the relevant Principal Subsidiary or (**provided that** no Event of Default, howsoever described, has occurred) any Person entitled to such Financial Indebtedness; or
  - (iii) the Issuer or any of its Principal Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Financial Indebtedness;

**provided that** the amount of Financial Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above individually or in the aggregate exceeds U.S.\$10,000,000 (or its equivalent in any other currency or currencies); or

- (d) *Unsatisfied judgment*: one or more judgment(s) or order(s) from which no further appeal is permissible under applicable law for the payment of any amount in excess of U.S.\$10,000,000 (or its equivalent in any other currency or currencies) is rendered against the Issuer or any of its Principal Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (e) *Security enforced*: any present or future Security Interest created by the Issuer or any Principal Subsidiary over all or a substantial part of its undertaking, assets and revenues for an amount at the relevant time in excess of U.S.\$10,000,000 (or its equivalent in any other currency or currencies) becomes enforceable and any step is taken to enforce it (including, but not limited to, the taking of possession or the appointment of a receiver, administrative receiver, manager or other similar person or analogous event) unless such enforcement is discharged within 45 days or the Issuer or Principal Subsidiary (as the case may be) is contesting such enforcement in good faith; or
- (f) *Insolvency etc.*: (i) the Issuer or its Principal Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator, curator, business rescue practitioner or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer or any of its Principal Subsidiaries or in respect of the whole or a substantial part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries, (iii) the Issuer or any of its Principal Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Financial Indebtedness or any Guarantee of any Financial Indebtedness given by it or (iv) the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business (otherwise than (A) in the case of a Principal Subsidiary of the Issuer for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent; or (B) in the case of the Issuer, in respect of a Solvent Reconstruction); or

- (g) *Winding-up etc.*: an order is made or an effective resolution is passed for the winding-up, liquidation, curatorship, dissolution or commencement of business rescue proceedings in respect of the Issuer or any of its Principal Subsidiaries (otherwise than (A) in the case of a Principal Subsidiary of the Issuer for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent; or (B) in the case of the Issuer, in respect of a Solvent Reconstruction); or
- (h) *Analogous event*: any event occurs which under the laws of South Africa or other relevant jurisdiction in the case of a Principal Subsidiary has an analogous effect to any of the events referred to in paragraphs (d) to (g) above; or
- (i) *Failure to take action etc.*: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes and the Deed of Covenant, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Note Certificates and the Deed of Covenant admissible in evidence in the courts of South Africa is not taken, fulfilled or done; or
- (j) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Deed of Covenant,

then any Unsubordinated Note may, by written notice from the Holder thereof to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent (addressed to the Issuer), be declared immediately due and payable, whereupon it shall become immediately due and payable at its nominal amount together with accrued interest (if any) without further action or formality.

#### 14.2 *Events of Default relating to Tier 2 Notes*

This Condition 14.2 only applies to Tier 2 Notes.

- (a) If default shall be made in the payment of any principal or interest due on the Tier 2 Notes of the relevant Series for a period of five days or more after any date on which the payment of principal is due or 10 days or more after any date on which the payment of interest is due (as the case may be), any Tier 2 Noteholder of that Series may, subject as provided below, at its discretion and without further notice, institute proceedings for the winding-up of the Issuer and/or prove in any winding-up of the Issuer, but take no other action in respect of that default.
- (b) If an order is made or an effective resolution is passed for the winding-up, liquidation or curatorship of the Issuer (other than pursuant to a Solvent Reconstruction), a Tier 2 Note shall, upon written notice from the Holder of such Tier 2 Note to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent (and addressed to the Issuer), be declared immediately due and payable, whereupon it shall become immediately due and payable at its nominal amount together with accrued interest (if any) (subject to Condition 5(b)(iii) (*Subordination*)) without further action or formality.
- (c) Without prejudice to paragraph (a) or (b) above, if the Issuer breaches any of its obligations under the Tier 2 Notes of the relevant Series (other than any obligation in respect of the payment of principal or interest on such Notes) then each Tier 2 Noteholder may at its discretion and without further notice, bring such proceedings as it may think fit to enforce the obligation in question provided that the Issuer shall not, as a result of the bringing of any such proceedings, be obliged to pay any sum representing or measured by reference to principal or interest on such Series of Tier 2 Notes sooner than the same would otherwise have been payable by it.



15. **Prescription**

Claims for principal and interest on redemption shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

16. **Replacement of Notes**

If any Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Note Certificates must be surrendered before replacements will be issued.

17. **Agents and Registrar**

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

The initial Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor Registrar, Fiscal Agent or Calculation Agent and additional or successor Paying Agents; **provided, however, that:**

- (a) the Issuer shall at all times maintain a Fiscal Agent and a Registrar; and
- (b) the Issuer shall at all times maintain a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC; and
- (c) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (d) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or Registrar in any particular place, the Issuer shall maintain a Paying Agent and/or a Registrar each with a Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or the Registrar or in their Specified Offices shall promptly be given to the Noteholders.

18. **Meetings of Noteholders; Modification**

- (a) *Meetings of Noteholders:* The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by it upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; **provided, however, that** Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a

quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) *Modification:* The Notes, these Conditions and the Deed of Covenant may be amended without the consent of the Noteholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

19. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

20. **Notices**

Notices to the Noteholders will be sent to them by first class mail (or its equivalent) or, if posted to an overseas address, by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing. In addition, notices to Noteholders will be published on the date of such mailing in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe.

21. **Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

22. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in

or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

23. **Governing Law and Jurisdiction**

- (a) *Governing law:* The Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law save that Conditions 5(b) (*Status of Tier 2 Notes*), 11(e) (*Redemption of Tier 2 Notes*) and 11(l) (*Statutory Loss Absorption of Tier 2 Notes*) are governed by, and shall be construed in accordance with, South African law.
- (b) *English courts:* Subject to Condition 23(d) (*Rights of the Noteholders to take proceedings outside England*), the courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including any non-contractual obligation arising out of or in connection with the Notes).
- (c) *Appropriate forum:* The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (d) *Rights of the Noteholders to take proceedings outside England:* Condition 23(b) (*English courts*) is for the benefit of the Noteholders only. As a result, nothing in this Condition 23 prevents any Noteholder from (to the extent allowed by law) taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.
- (e) *Process agent:* The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to FirstRand Bank Limited, London Branch, at Austin Friars House, 2-6 Austin Friars, London EC2N 2HD, United Kingdom or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with Part XXIII of the Companies Act 2006. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of any Noteholder addressed and delivered to the Issuer or to the Specified Office of the Fiscal Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

### Clearing System Accountholders

Each Global Note will be in registered form. Consequently, in relation to any Tranche of Notes represented by a Global Note Certificate, references in the Terms and Conditions of the Notes to "**Noteholders**" are references to the registered holder of the relevant Global Note Certificate which, for so long as the Global Note Certificate is registered in the name of a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system (or the nominee of any such depository or common depository), will be that depository or common depository (or that nominee).

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note Certificate (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the registered holder of such Global Note Certificate and in relation to all other rights arising under the Global Note Certificate. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note Certificate will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note Certificate, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the registered holder of the Global Note Certificate.

### Exchange of Global Note Certificates

Whenever a Global Note Certificate is to be exchanged for Individual Note Certificates, the Issuer shall procure the prompt delivery (free of charge to the registered holder) of such Individual Note Certificates, duly authenticated, in an aggregate principal amount equal to the principal amount of the Global Note Certificate to the registered holder of the Global Note Certificate against the surrender of the Global Note Certificate to or to the order of the Registrar within 30 days of the registered holder requesting such exchange.

If:

- (a) Individual Note Certificates have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the registered holder of a Global Note Certificate has duly requested exchange of the Global Note Certificate for Individual Note Certificates; or
- (b) a Global Note Certificate (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the registered holder of the Global Note Certificate in accordance with the terms of the Global Note Certificate on the due date for payment,

then the Global Note Certificate (including the obligation to deliver Individual Note Certificates) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the registered holder of the Global Note Certificate will have no further rights thereunder (but without prejudice to the rights which the registered holder of the Global Note Certificate or others may have under the Deed of Covenant. Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note Certificate will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global Note Certificate became void, they had been the registered holders of Individual Note Certificates in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

## Conditions applicable to Global Note Certificates

Each Global Note Certificate will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note Certificate. The following is a summary of certain of those provisions:

*Payments:* All payments in respect of the Global Note Certificate will be made against presentation for endorsement of the Global Note Certificate to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note Certificate, the Issuer shall procure that the payment is noted in a schedule thereto.

*Record date:* All payments in respect of Notes represented by a Global Note Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) immediately prior to the date of payment.

*Exercise of put option:* In order to exercise the option contained in Condition 11(g) (*Redemption at the option of Noteholders*) the registered holder of the Global Note Certificate must, within the period specified in the Conditions for the deposit of the relevant Note Certificate and put option notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

*Partial exercise of call option:* In connection with an exercise of the option contained in Condition 11(d) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Global Note Certificate may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg.

*Notices:* Notwithstanding Condition 20 (*Notices*), while all the Notes are represented by a Global Note Certificate and the Global Note Certificate is deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 20 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

## DESCRIPTION OF FIRSTRAND BANK LIMITED

### OVERVIEW

FirstRand Bank Limited (the "**Bank**" or the "**Issuer**") is a wholly owned subsidiary of FirstRand Limited ("**FirstRand**", together with its subsidiaries, the "**Group**"). The Bank provides a comprehensive range of retail commercial, corporate and investment banking services in South Africa and offers niche products in certain international markets. FirstRand is listed on the Johannesburg Stock Exchange (the "**JSE**") and the Namibian Stock Exchange (the "**NSX**").

The Bank has three major operating franchises which are separately branded, comprising First National Bank ("**FNB**"), the retail and commercial bank, Rand Merchant Bank ("**RMB**"), the corporate and investment bank and WesBank, the instalment finance business. The activities of these operating franchises are also undertaken outside of the Bank in other wholly-owned subsidiaries of FirstRand, namely, FirstRand EMA Holdings Limited ("**FREMA**") and FirstRand Investment Holdings (Pty) Ltd ("**FRIHL**").

As at 30 June 2014, the Bank was the second largest bank in South Africa measured by total assets (according to statistics published by the South African Reserve Bank ("**SARB**") (Source: BA900, SARB)). As at 30 June 2014, the Bank had total assets of R851.2 billion (equivalent to U.S.\$80.1 billion at a U.S.\$/R exchange rate of 10.63), compared to R779.6 billion (equivalent to U.S.\$77.9 billion at a U.S.\$/R exchange rate of 10.01) as at 30 June 2013. The Bank's profit attributable to ordinary shareholders amounted to R12.6 billion for the year ended 30 June 2014, up from R10.8 billion for the year ended 30 June 2013.

### The FirstRand Limited Group

FirstRand Limited is a bank controlling company for the purposes of the South African Banks Act 1990. Listed on the JSE and the NSX, FirstRand is one of the largest financial institutions in South Africa, with a market capitalisation of R242.5 billion (equivalent to U.S.\$21.5 billion at a U.S.\$/R exchange rate of 11.30) as at 30 September 2014. It provides banking, insurance and investment products and services to retail, commercial, corporate and public sector customers. FirstRand's objective is to be the African financial services group of choice. In addition to South Africa, the Group operates in eight key African territories.

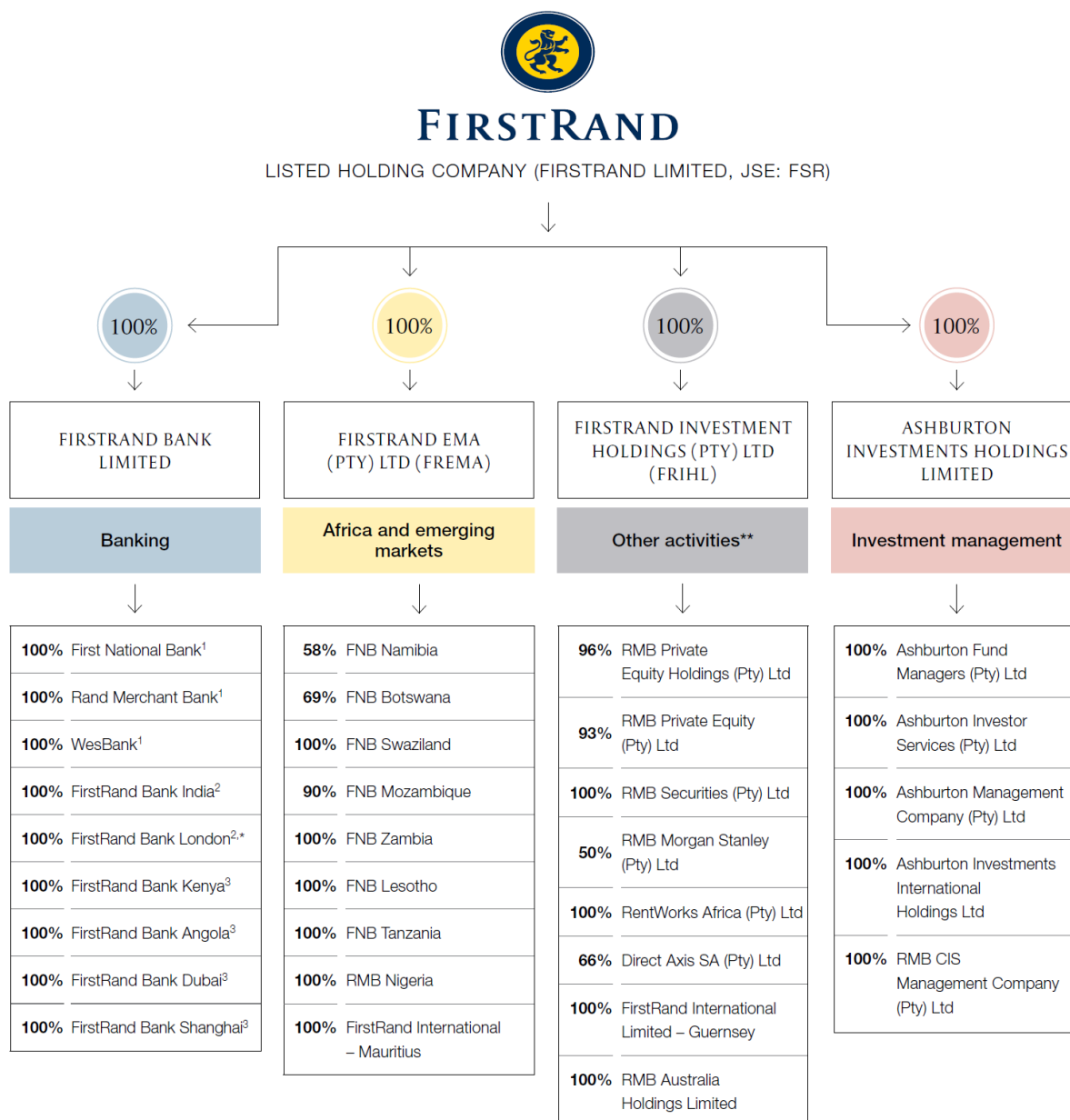
The Group's overall banking operations include the activities carried out by the Bank domestically through its operating franchises, as well as the banking operations of FNB and RMB in Namibia, Botswana, Lesotho, Swaziland, Mozambique, Zambia, Tanzania and Nigeria (the "**African subsidiaries**"). The African subsidiaries are housed in FREMA, a wholly owned subsidiary of FirstRand, and their activities do not therefore form part of the activities and performance of the Bank. In addition, certain banking activities, including the private equity businesses, are also housed in FRIHL and therefore not aggregated in the financial results of the Bank.

The Bank is the most significant contributor to the Group's revenues and profits (constituting 80 per cent. of its total gross revenues (net interest income before impairment of advances, non-interest income and share of profits of associates and joint ventures) as at 30 June 2014).

The Bank holds a full banking licence granted by the SARB and is authorised as a financial services provider in South Africa by the Registrar of Financial Services Providers. The Bank is also an authorised dealer in foreign exchange in terms of the Exchange Control Regulations. It is a Central Securities Depository Participant in STRATE Limited and is a member of the JSE.

## Group structure

A simplified version of the Group's structure by legal entity is depicted below.



Structure shows effective consolidated shareholding.

1. Division
2. Branch
3. Representative office

\* MotoNovo Finance is a business segment of FirstRand Bank Limited (London Branch).

\*\* For segmental analysis purposes, entities included in FRIHL and FREMA are reported as part of results of the managing franchise.

The Group's securitisations and conduits are in FRIHL.

## The Bank's income statement and statement of financial position highlights

The relative contributions from the Bank's major operating franchises are depicted in the tables below.

### *The Bank's income statement and statement of financial position highlights for the year ended 30 June 2014*

<i>R million</i>	<b>Total FNB*</b>	<b>RMB†</b>	<b>WesBank</b>	<b>FCC**</b>	<b>Consolidation and IFRS adjustments</b>	<b>Total</b>
<b>Net interest income before impairment of advances.....</b>	<b>15,034</b>	<b>1,295</b>	<b>6,764</b>	<b>2,069</b>	<b>37</b>	<b>25,199</b>
Impairment of advances .....	(2,181)	(103)	(2,060)	(34)	(449)	(4,827)
<b>Net interest income after impairment of advances.....</b>	<b>12,853</b>	<b>1,192</b>	<b>4,704</b>	<b>2,035</b>	<b>(412)</b>	<b>20,372</b>
Non-interest income .....	<b>15,873</b>	<b>8,924</b>	<b>3,002</b>	<b>1,948</b>	<b>(1,125)</b>	<b>28,622</b>
<b>Income from operations .....</b>	<b>28,726</b>	<b>10,116</b>	<b>7,706</b>	<b>3,983</b>	<b>(1,537)</b>	<b>48,994</b>
Operating expenses .....	(17,806)	(5,203)	(4,668)	(3,735)	336	(31,076)
<b>Income before tax .....</b>	<b>10,920</b>	<b>4,913</b>	<b>3,038</b>	<b>248</b>	<b>(1,201)</b>	<b>17,918</b>
Indirect tax .....	(489)	(82)	(253)	28	-	(796)
<b>Profit before tax.....</b>	<b>10,431</b>	<b>4,831</b>	<b>2,785</b>	<b>276</b>	<b>(1,201)</b>	<b>17,122</b>
<b>Profit for the year .....</b>	<b>7,512</b>	<b>3,478</b>	<b>2,005</b>	<b>199</b>	<b>(447)</b>	<b>12,747</b>
<b>Statement of financial position includes:</b>						
Investments in associates .....	-	-	-	-	-	-
Total assets .....	<b>270,766</b>	<b>326,513</b>	<b>156,743</b>	<b>99,879</b>	<b>(2,692)</b>	<b>851,209</b>
Total liabilities.....	<b>260,472</b>	<b>321,753</b>	<b>155,058</b>	<b>52,103</b>	<b>(2,241)</b>	<b>787,145</b>

\* Comprises FNB and FNB Africa (FNB Africa results reported herein relate to the Bank's head office costs. Earnings of the African subsidiaries form part of FREMA and are not reported within the Bank)

† Comprises investment banking and corporate banking

\*\* "FCC" is discussed below

### *The Bank's income statement and statement of financial position highlights for the year ended 30 June 2013*

<i>R million</i>	<b>Total FNB*</b>	<b>RMB†</b>	<b>WesBank</b>	<b>FCC**</b>	<b>Consolidation and IFRS adjustments</b>	<b>Total</b>
<b>Net interest income before impairment of advances.....</b>	<b>13,145</b>	<b>1,076</b>	<b>6,303</b>	<b>1,155</b>	<b>4</b>	<b>21,683</b>
Impairment of advances .....	(2,862)	(62)	(1,565)	48	-	(4,441)
<b>Net interest income after impairment of advances.....</b>	<b>10,283</b>	<b>1,014</b>	<b>4,738</b>	<b>1,203</b>	<b>4</b>	<b>17,242</b>
Non-interest income .....	<b>14,673</b>	<b>8,332</b>	<b>2,038</b>	<b>963</b>	<b>(1,883)</b>	<b>24,123</b>
<b>Income from operations .....</b>	<b>24,956</b>	<b>9,346</b>	<b>6,776</b>	<b>2,166</b>	<b>(1,879)</b>	<b>41,365</b>



<i>R million</i>	<b>Total FNB*</b>	<b>RMB†</b>	<b>WesBank</b>	<b>FCC**</b>	<b>Consolidation and IFRS adjustments</b>	<b>Total</b>
Operating expenses.....	(15,897)	(4,829)	(3,789)	(2,725)	567	(26,673)
<b>Income before tax.....</b>	<b>9,059</b>	<b>4,517</b>	<b>2,987</b>	<b>(559)</b>	<b>(1,312)</b>	<b>14,692</b>
Indirect tax.....	(389)	(81)	(219)	110	-	(579)
<b>Profit before tax...</b>	<b>8,670</b>	<b>4,436</b>	<b>2,768</b>	<b>(449)</b>	<b>(1,312)</b>	<b>14,113</b>
<b>Profit for the year .....</b>	<b>6,236</b>	<b>3,193</b>	<b>1,993</b>	<b>(323)</b>	<b>(121)</b>	<b>10,978</b>

**Statement of financial position includes:**

Investments in associates .....	-	44	-	-	-	44
Total assets .....	248,638	301,636	134,869	95,724	(1,292)	779,575
Total liabilities.....	239,927	298,821	132,765	54,918	(1,263)	725,168

\* Comprises FNB and FNB Africa (FNB Africa results reported herein relate to the Bank's head office costs. Earnings of the African subsidiaries form part of FREMA and are not reported within the Bank)

† Comprises investment banking and corporate banking

\*\* "FCC" is discussed below

## HISTORY

The Bank was incorporated and registered in South Africa on 11 January 1929 under registration number 1929/001225/06 and is a public company with limited liability duly registered under the company laws of South Africa. The Bank's headquarters and registered address are located at 4 Merchant Place, Corner of Fredman Drive and Rivonia Road, Sandton 2196, South Africa (telephone number: +27 11 2821808; fax number: +27 11 2828088).

Although the Bank was formally incorporated in 1929, the current structure and name resulted from a merger in 1998 of the financial services interests of RMB Holdings Limited ("**RMBH**") and the Anglo American Corporation. This merger created FirstRand Limited.

## STRATEGIC OBJECTIVES

As the Bank represents the banking activities of the Group and is the most significant contributor to revenues and profits, the strategic objectives of both entities are the same.

FirstRand's vision is to be the African financial services group of choice, create long-term franchise value, deliver superior and sustainable economic returns to shareholders within acceptable levels of volatility and maintain balance sheet strength.

FirstRand seeks to achieve this with two parallel growth strategies, which are executed through its portfolio of operating franchises, within a framework set by the Group. The growth strategies are:

- become a predominant player in all of the financial services profit pools in South Africa, growing in existing markets and those where it is under-represented; and
- grow its franchise in the broader African continent, targeting those countries expected to show above average domestic growth and which are well positioned to benefit from the trade and investment flows between Africa, China and India.

The Group executes its growth strategies through the appropriate Group entities.

With regard to expansion into the rest of Africa, there are three pillars to its execution:

- utilise the capabilities of the South African franchise, particularly the domestic balance sheet, intellectual capital, international platforms and the existing operating footprint in the rest of Africa;
- start an in-country franchise and grow organically; and
- small- to medium-sized acquisitions where it makes commercial sense.

The Bank's balance sheet is utilised for the first pillar of the rest of Africa expansion strategy and to capitalise on the investment flows between Africa, India and China.

The Group's Strategic Executive Committee comprising the FirstRand Chief Executive Officer ("**CEO**"), Deputy CEO, Chief Financial Officer and franchise CEOs, determines the Group's strategy and is accountable for the overall performance of the Group. Each franchise then takes ownership of its strategy, which is executed within the boundaries of the Group's vision and shared business philosophy.

These strategies are executed by separately branded operating entities. In the case of the Bank these entities are RMB, the corporate and investment bank, FNB, the retail and commercial bank and WesBank, the instalment finance business.

## **FIRSTRAND'S REGIONAL PRESENCE AND GROWTH STRATEGIES OUTSIDE OF SOUTH AFRICA**

The Group seeks to generate incremental growth outside of its domestic market. It executes its strategy through its operating franchises both within and outside of the Bank. The Bank has a number of representative offices and branches in both London and India. RMB has been active in Kenya for a number of years, and, through the management of the Bank's representative office, is increasing its focus on the broader East African region which it regards as a key trade and investment hub, with increasing flows from China and India. The Angolan representative office also provides a platform to identify investment banking opportunities in this market.

The Middle East remains an important source of global capital and the Bank's representative office in Dubai is also part of the strategy to capture trade and investment flows between Europe, Africa and Asia.

China is strategically important to the African continent's growth story. The Shanghai representative office, which was opened in 2007, also focuses on trade flows between China and the African continent and the opportunities that arise from supporting the ongoing investment and infrastructural development that China is able to provide.

With the increased international investment in the African continent, the major focus of the Bank's London branch is one of funding – both through capital and banking markets. It has built a track record in arranging and distributing African-based debt instruments.

The Bank remains the only South African bank with a branch in India. The branch focuses on trade finance, investment banking, fixed income, currency and commodity products, as well as debt capital markets and other structured products. It has also started offering retail and commercial banking products.

## **BUSINESS OF THE BANK AND OPERATING FRANCHISE-SPECIFIC OBJECTIVES**

Aligned to the overall strategic framework described above, the separate operating franchises execute growth strategies appropriate to their segments and customer bases. Below is a description of the strategies and operations of each franchise in its domestic markets.

## **FNB**

FNB represents the Bank's activities in the retail and commercial segments in both South Africa and the broader African continent. FNB's activities outside of South Africa are mainly carried out by FREMA and not the Bank. FNB is growing its franchise in both existing and new markets on the back of innovative products and delivery channels, particularly focusing on electronic and digital platforms.

As at 30 June 2014, FNB had 744 physical representation points (including branches, agencies and EasyPlan branches) and 6,119 ATMs, primarily established across South Africa. FNB continues to focus on aligning infrastructure to customer needs and behaviour changes towards delivering customer services through electronic channels, focussing on the use of innovative products and service delivery solutions.

### ***Retail segment***

FNB's Retail segment focuses on providing financial services solutions to individual customers across all the income ranges. The primary business areas for the Retail segment include:

- Residential mortgages (including Wealth mortgages and Housing Finance);
- Credit cards (issuing);
- Personal loans (including micro and student loans); and
- Retail Other.

The following business lines and products are included in Retail Other:

- Cheque and transmission products, including cheque and debit cards, overdrafts and revolving loans;
- Investments and equity products;
- Certain trust and fiduciary services;
- Insurance Brokers;
- Rewards (including eBucks, Fuel and Airtime rewards programmes);
- Electronic banking (including online, Cellphone Banking, Connect, Banking App) ; and
- Manual banking (including ATMs and EasyPlan branches).

### ***Commercial segment***

FNB's Commercial segment provides financial solutions, including working capital, structured finance, investment products, transactional banking and term loans to two sub-segments. These segments are Business (comprising small businesses with turnover up to ZAR10m per annum) and Commercial (medium-sized corporates). FNB's commercial segment offers the following products and business lines:

- Cheque and transmission products, including overdrafts and revolving loans;
- Investment products;
- Commercial property finance;
- Debtor and leveraged finance;
- Retail and business foreign exchange services; and
- Merchant services (card acquiring).

### ***FNB's strategy***

In line with the Group's overall strategy, FNB seeks to strengthen its relative positioning in the domestic market, grow its domestic franchise in market segments where it is currently under-represented and to target selected African countries for investment. FNB Africa's activities outside of South Africa are mainly carried out by FREMA and not by the Bank.

In the domestic South African market, FNB has put in place a strategy to grow and retain core transactional accounts with retail and commercial customers. FNB offers customers innovative products and channels at an acceptable cost, supported by reward programmes such as eBucks (whereby customers are allocated virtual eBucks currency amounts to, for example, purchase discounted products and vouchers through the eBucks shop and other online retailers), SLOW lounges (providing qualifying customers free access to the SLOW lounges, shared with British Airways business class customers, at various South African airports) and fuel, data and airtime rewards. Innovations such as a FNB banking app for use on smartphones, cell phone banking and eWallet (electronic card and card-less wallets enabling the transmission of funds to individuals without bank accounts) are also designed to attract new customers. FNB's success in cross-selling to its customers also increased the average products per customer from 2.13 to 2.34 during the year ended 30 June 2014. A positive outcome from this customer growth and cross-sell is the commensurate increase in transactional volumes, particularly as a result of FNB's deliberate objective to drive customers onto its electronic platforms.

FNB's focus on customer acquisition and retention has also resulted in growth in customer deposits, where historically FNB has been under-represented compared to some of its peers. FNB's strategy is focused on building long-term relationships and is not interest rate or price led. FNB considers this to be a sustainable strategy which is linked to the Group's overall objective to attract liabilities onto its banking platforms.

### **RMB**

RMB is the corporate and investment banking arm of the Bank. RMB's portfolio spans investment banking, global markets and corporate transactional banking activities. RMB's private equity and principal investing businesses are carried out by FRIHL and not by the Bank. RMB services corporate, institutional and public sector clients across all industries.

RMB's three major divisions operating within the Bank are described in more detail below.

#### ***Investment Banking***

The Investment Banking division comprises the majority of RMB's debt and advisory businesses. It focuses on servicing leading listed and unlisted companies across all industries, as well as financial institutions and government organisations. Within Investment Banking there are a number of industry or product specialist groups:

- *Corporate Finance*: offers a range of advisory services, including mergers and acquisitions, capital raising solutions, and equity and debt restructuring.
- *Leveraged Finance*: finances management buy-outs, leveraged buy-outs and other forms of acquisition finance.
- *Resources Finance*: provides advice and finance in the resource sector of the economy.
- *Infrastructure Finance*: provides finance for large scale infrastructure projects in South Africa and the rest of Africa, including rail, road, ports, telecommunications, and water projects.
- *Property and Asset Finance*: RMB is a major asset financier in the South African market, providing finance for a range of assets such as commercial, industrial and retail properties, as well as moveable assets such as rolling stock, aeroplanes and port equipment.
- *Debt Capital Markets*: enables RMB's clients to access the local and international capital markets through debt raising and securitisations.

### ***Global Markets***

RMB's Global Markets division ("**GM**") comprises fixed income, currency, credit, commodities and equities trading activities. GM activities cover market making and execution services for clients, structured solutions, flow trading and agency services. Within GM, the specialist groups are:

- *Sales and Structuring*: provides trading, execution, agency (such as prime broking) and structured solutions to corporate, retail and institutional clients and local and non-resident banks.
- *Fixed Interest Trading*: provides trading services in fixed income securities and derivatives.
- *Foreign Exchange Trading*: provides foreign exchange trading services in currency spot, forwards, options and derivatives across major traded currencies, Rand and other African currencies.
- *Commodities*: provides a range of commodity trading, execution and structuring solutions across the major commodity classes – soft (agricultural) commodities, energy, base- and precious metals.
- *Equities*: the equities structuring activities fall within the scope of the Bank as well as some agency services (such as prime broking, futures clearing and securities lending). Other equities activities (such as stockbroking) are carried out by FRIHL and not the Bank.

### ***Corporate Banking***

The Corporate Banking division provides transactional banking services to corporate, institutional and public sector clients. Within Corporate Banking the specialist services offered are:

- *Transactional Banking*: provides transactional accounts, electronic banking, cash and liquidity management;
- *Working Capital*: provides a range of short term facilities and trade finance; and
- *Global Forex*: provides cross border payments and collection services, custody, clearing and settlement.

### ***RMB's strategy***

RMB has actively targeted generating more income from client-driven activities. RMB's risk appetite strategy is designed to effectively manage the trade-offs between earnings volatility, profit growth and returns. This strategy is designed to deliver a higher quality and less volatile earnings profile. Currently the largest contributors to client activities are financing, client execution and transactional banking both in South Africa and the rest of Africa.

RMB's risk appetite framework remains central to ensuring that its portfolio continues to reflect the appropriate mix of client, investing and asset management activities. In line with the Bank's overall strategy, RMB's strategic imperatives aim to strengthen the client franchise both locally and regionally.

### **WESBANK**

WesBank provides instalment credit finance and personal loans to retail customers and asset-based finance and fleet-management solutions to corporate customers.

WesBank's major business units are described below.

*WesBank Motor*: WesBank Motor provides vehicle finance to the retail sector and sources its business primarily through motor dealers. Through this model, WesBank aims to dominate the point of sale. It makes use of a joint alliance strategy amongst selected dealers to ensure critical mass. WesBank Motor has also established strong relationships with motor manufacturers. These relationships have enabled WesBank to offer vehicle finance and insurance in partnership with the manufacturers trading under the brands of Nissan Finance, GMSA Financial Services, Fiat Finance, Honda Finance and Peugeot Financial Services, amongst others.

*WesBank Corporate*: WesBank Corporate specialises in financing all moveable assets such as plant, machinery, aircraft, computers, office equipment and vehicle fleets. WesBank Corporate offers a full range of financing

products including instalment sales, financial and operating leases, rentals, loans, full maintenance leases , discounting facilities and fleet cards. Lines of credit are established for corporate customers, allowing customers flexibility to draw down on these facilities as the need for additional finance arises. WesBank Corporate also collaborates with RMB on mutual wholesale customers and with FNB on mutual commercial customers to provide clients with a consolidated offering. WesBank Corporate has also created a number of profit sharing alliances, similar to those in the Motor division, with industry suppliers, manufacturers and distributors. These include Bell Equipment, Caterpillar, National Airways Corporation, the Spar Group, Afagri Limited and Komatsu, amongst others.

*WesBank Personal Loans:* WesBank Personal Loans provides personal loans, largely to middle market customers. Loan applications are made to a central call centre where applications are recorded using call voice logging. The loan products are marketed to customers through a number of direct marketing strategies. Direct Axis also originates loan products to customers of several alliance partners in the financial services industry, including WesBank, Sanlam, Clientele and the Telesure Group.

*MotoNovo:* MotoNovo is based in the United Kingdom and provides finance primarily for used cars via independent motor dealers and has a strong digital presence through the internet. It finances cars, light commercial vehicles and motorbikes on traditional hire purchase products, as well as more recently on private contract purchase. It also provides dealer funding facilities.

### ***WesBank's strategy***

WesBank continues to focus on growing its core business, while concurrently developing new revenue streams from businesses complementary to the core retail based asset finance operation in South Africa, particularly given the cyclical nature of WesBank's core business. WesBank's corporate and commercial offering incorporates a full suite of products, including traditional instalment finance, leases and rentals (through its subsidiary RentWorks), Auto Card and Fleet Management services and Full Maintenance Rental.

### **FIRSTRAND CORPORATE CENTRE ("FCC")**

FCC represents key group-wide functions, including Group Treasury (capital, liquidity and financial resource management), Group Finance, Group Tax, Enterprise Risk Management ("**ERM**"), Regulatory Risk Management ("**RRM**") and Group Internal Audit.

- The Group's financial resources are managed by Group Treasury and are independent of FirstRand's operating franchises, comprising capital, funding, liquidity and risk appetite. Group Treasury is responsible for managing the Bank's funding and liquidity position, and ensuring that business strategies are aligned with funding constraints. The capital management function in Group Treasury retains responsibility for capital planning and advises the Board, as well as the Strategic executive committee, on potential capital actions, dividend strategy and other capital management related topics.
- The ERM function provides central independent oversight and risk control as part of the Bank's risk governance structure.
- The RRM function ensures that business practices, policies, frameworks and approaches across the organisation are consistent with applicable laws.
- Group Internal Audit provides independent assurance of the adequacy and effectiveness of risk management practices.

### **LOAN PORTFOLIO**

#### ***Introduction***

As at 30 June 2014, the Bank's total gross advances (before impairments but after interest in suspense) amounted to R632 billion compared to R557 billion as at 30 June 2013, representing 73 per cent. and 70 per cent. (after impairments), respectively, of the Bank's total assets as at such dates.

The Bank primarily provides advances to retail customers and 52 per cent. of total gross advances were made to individuals in the year ended 30 June 2014 (53 per cent. for the preceding financial year). Home loans constituted the largest category of advances. The Bank advanced R170.5 billion by way of home loans, constituting 27 per cent. of total gross advances (before impairments) as at 30 June 2014 (compared to R162.8 billion comprising 29 per cent. of total gross advances (before impairments) as at 30 June 2013).

### **Loan Portfolio structured by category**

The following table sets out the composition of the Bank's advances by category as at 30 June 2014 and 2013 (excluding interest in suspense):

<i>Category analysis</i>	<b>As at 30 June 2014</b>		<b>As at 30 June 2013</b>	
	<i>(R million)</i>	<i>Share per cent.</i>	<i>(R million)</i>	<i>Share per cent.</i>
Overdraft and cash managed accounts.....	48,574	8	39,634	7
Term loans .....	22,576	4	20,537	4
Card loans .....	17,032	3	13,741	2
Instalment sales and hire purchase agreements	128,051	20	107,762	19
Lease payments receivable .....	7,262	1	8,852	2
Property finance.....	184,482	29	177,187	32
- Home Loans .....	170,549	27	162,778	29
- Commercial property finance .....	13,933	2	14,409	3
Personal loans .....	24,443	4	21,836	4
Preference share agreements.....	25,555	4	21,772	4
Other* .....	21,368	3	17,944	3
Assets under agreement to resell .....	32,753	5	40,502	7
Investment bank term loans .....	119,555	19	87,526	16
<b>Gross value of advances .....</b>	<b>631,651</b>	<b>100</b>	<b>557,293</b>	<b>100</b>
<b>Impairment of advances.....</b>	<b>(9,539)</b>		<b>(8,712)</b>	
<b>Net Advances.....</b>	<b>622,112</b>		<b>548,581</b>	

\* Comprises Long-term loans to associates and Other

### **Contingent Liabilities**

The Bank has commitments and contingent liabilities in respect of, *inter alia*, guarantees and letters of credit on behalf of its customers. The following table sets out details of the Bank's contingencies and commitments as at 30 June 2014 and 2013.

<i>Category analysis</i>	<b>As at 30 June 2014</b>		<b>As at 30 June 2013</b>	
	<i>(R million)</i>	<i>Share per cent</i>	<i>(R million)</i>	<i>Share per cent</i>
Guarantees .....	30,895	26.5	28,515	24.4
Letters of credit.....	7,075	6.1	8,928	7.7
Irrevocable commitments .....	73,659	63.1	74,054	63.5
Other* .....	5,062	4.3	5,152	4.4
<b>TOTAL contingencies .....</b>	<b>116,691</b>	<b>100</b>	<b>116,649</b>	<b>100</b>
Legal proceedings.....	218		60	
Claims:				
Commitments in respect of capital expenditure and long-term investments approved by directors: .....				
Contracted for.....	694		1,166	
Not contracted for.....	2,320		1,805	

\* Comprises Committed capital expenditure, Operating lease commitments and Other

### Loan Portfolio Structure by Sector

The following table sets out the structure of the Bank's loan portfolio by economic sector, as at 30 June 2014 and 2013 (excluding interest in suspense):

<i>Category analysis</i>	<b>As at 30 June 2014</b>		<b>As at 30 June 2013</b>	
	<i>(R million)</i>	<i>Share per cent.</i>	<i>(R million)</i>	<i>Share per cent.</i>
Agriculture.....	20,345	3	18,495	3
Banks and financial institutions.....	83,144	13	72,486	13
Building and property development .....	29,541	5	29,037	5
Government, Land Bank and public authorities ....	13,926	2	15,946	3
Individuals .....	327,268	52	296,768	53
Manufacturing and commerce .....	75,203	12	62,494	11
Mining .....	20,154	3	19,840	4
Transport and communication .....	17,898	3	13,884	3
Other services .....	44,172	7	28,343	5
<b>Gross value of advances .....</b>	<b>631,651</b>	<b>100</b>	<b>557,293</b>	<b>100</b>
<b>Impairment of advances.....</b>	<b>(9,539)</b>		<b>(8,712)</b>	
<b>Net Advances.....</b>	<b>622,112</b>		<b>548,581</b>	

### Geographical concentration of loans

The Bank has a significant geographical concentration of loans issued to borrowers in South Africa. Loans to borrowers in South Africa constituted 93 per cent. of gross advances as at 30 June 2014 (95 per cent. at the end of the previous financial year).

The following table sets out a geographical analysis (based on credit risk) of the Bank's notional loan portfolio as at 30 June 2014 and 2013 (excluding interest in suspense):

<i>Category analysis</i>	<b>As at 30 June 2014</b>		<b>As at 30 June 2013</b>	
	<i>(R million)</i>	<i>Share per cent.</i>	<i>(R million)</i>	<i>Share per cent.</i>
South Africa.....	586,999	93	530,300	95
Other Africa.....	19,192	3	10,858	2
United Kingdom .....	18,794	3	10,358	2
Other.....	6,666	1	5,777	1
<b>Gross value of advances .....</b>	<b>631,651</b>	<b>100</b>	<b>557,293</b>	<b>100</b>
<b>Impairment of advances.....</b>	<b>(9,539)</b>		<b>(8,712)</b>	
<b>Net advances.....</b>	<b>622,112</b>		<b>548,581</b>	

### Analysis of NPLs

The following table sets out the Bank's non-performing loans ("NPLs") for the years ended 30 June 2014 and 30 June 2013. Certain portfolios have been restated to reflect the current segmentation of the business.

<i>R million/%</i>	<b>NPLs</b>			<b>NPLs as a % of advances</b>	
	<b>2014</b>	<b>2013</b>	<b>% change</b>	<b>2014</b>	<b>2013</b>
<b>Retail.....</b>	<b>11,339</b>	<b>11,527</b>	<b>(2)</b>	<b>3.47</b>	<b>3.89</b>
Residential mortgages.....	5,625	6,911	(19)	3.30	4.24



<i>R million/%</i>	NPLs			NPLs as a % of advances	
	2014	2013	% change	2014	2013
Vehicle and asset finance.....	3,424	2,468	(39)	3.14	2.64
Credit card .....	341	302	13	2.33	2.32
Personal loans* .....	1,388	1,387	-	6.41	6.89
Retail other .....	561	459	22	5.29	6.64
<b>Corporate and commercial .....</b>	<b>3,645</b>	<b>4,598</b>	<b>(21)</b>	<b>1.19</b>	<b>1.77</b>
FNB Commercial.....	1,321	1,429	(8)	2.61	3.34
WesBank Corporate.....	578	864	(33)	1.50	2.63
RMB Investment Banking .....	1,740	2,296	(24)	0.83	1.28
RMB Corporate Banking .....	6	9	(33)	0.09	0.18
<b>Total NPLs .....</b>	<b>14,984</b>	<b>16,125</b>	<b>(7)</b>	<b>2.36</b>	<b>2.88</b>
Of which:					
Accrual book .....	13,344	13,835	(4)	2.94	3.42
Fair value book .....	1,640	2,290	(28)	0.90	1.47

\* Comprises FNB loans and WesBank loans

Source: FirstRand Bank Limited's Analysis of Financial Results for the year ended 30 June 2014. This information is unaudited and is presented on a normalised basis.

#### *Analysis of income statement credit impairments*

The following table sets out an analysis of the Bank's impairment charges for the years ended 30 June 2014 and 30 June 2013. Certain portfolios have been restated to reflect the current segmentation of the business.

<i>R million/%</i>	Total impairment charge			As a % of average advances	
	2014	2013	% change	2014	2013
<b>Retail.....</b>	<b>3,790</b>	<b>3,765</b>	<b>1</b>	<b>1.22</b>	<b>1.34</b>
Residential mortgages.....	158	507	(69)	0.09	0.32
Vehicle and asset finance.....	1,339	1,005	33	1.32	1.20
Credit card .....	88	23	>100	0.64	0.19
Personal loans* .....	1,582	1,832	(14)	7.57	9.70
Retail other .....	623	398	57	7.12	7.49
<b>Corporate and commercial .....</b>	<b>652</b>	<b>1,387</b>	<b>(53)</b>	<b>0.23</b>	<b>0.57</b>
FNB Commercial.....	332	317	5	0.71	0.80
WesBank Corporate.....	119	130	(8)	0.33	0.41
RMB Investment Banking .....	170	912	(81)	0.09	0.54
RMB Corporate Banking .....	31	28	11	0.54	0.72
<b>FCC (including Group Treasury)** .....</b>	<b>483</b>	<b>(48)</b>	<b>(&gt;100)</b>	<b>0.08</b>	<b>(0.01)</b>
<b>Business as usual impairment charge** .....</b>	<b>4,925</b>	<b>5,104</b>	<b>(4)</b>	<b>0.82</b>	<b>0.97</b>
Special impairment** .....	-	230	(100)	-	0.04
<b>Total impairment charge .....</b>	<b>4,925</b>	<b>5,334</b>	<b>(8)</b>	<b>0.82</b>	<b>1.01</b>

<i>R million/%</i>	<b>Total impairment charge</b>			<b>As a % of average advances</b>	
	<b>2014</b>	<b>2013</b>	<b>% change</b>	<b>2014</b>	<b>2013</b>
Of which:					
Portfolio impairment charge .....	971	1,211	(20)	0.16	0.23
Specific impairment charge .....	3,954	4,123	(4)	0.66	0.78

\* Comprises FNB loans and WesBank loans

\*\* Percentages calculated on total average advances

Source: FirstRand Bank Limited's Analysis of Financial Results for the year ended 30 June 2014. This information is unaudited and is presented on a normalised basis.

Further information relating to the Bank's NPLs, impairments and coverage ratios are set out in Notes 2, 3 and 4 of the Analysis of Financial Results incorporated into the Base Prospectus by reference.

### **Conduit programmes**

The Bank's conduit programmes are debt capital market vehicles which provide investment grade South African corporate counterparties with a source of funding alternative to direct access to the capital markets via their own note programmes and traditional bank funding. They also provide institutional investors with highly-rated short-term alternative investments. All the assets originated for the conduit programmes are rigorously evaluated as part of the ordinary credit approval process applicable to any other corporate exposure held by the Bank.

As at 30 June 2014, the Bank has a contingent exposure of R4,363 million in the form of liquidity facilities it has granted to these conduits. It has a further R1,044 million in contingent exposure in the form of a guarantee it has extended to one of the conduit vehicles for credit enhancement purposes. All liquidity facilities granted to the conduit vehicles rank as senior, unsecured and unsubordinated obligations of the Bank in terms of payment priority in the event of drawdown and attract economic capital as if the underlying assets held in the vehicles were held by the Bank.

### **MANAGEMENT**

The board of directors of the Bank (the "**Board**") is responsible for reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, monitoring corporate performance and overseeing major capital expenditures, acquisitions and disposals, information technology and stakeholders relations while still retaining full and effective control over the Bank.

The Bank has a unitary Board. Its chairman is non-executive, but not independent in terms of the King III definition. King III is a report on corporate governance in South Africa, which came into effect in March 2010. It classifies a director as independent for these purposes if, among other things, the director has not served in an executive capacity within a company for three years prior to appointment. The Board comprises twenty two directors of whom three serve in an executive capacity. Non-executive directors comprise individuals of high calibre with diverse backgrounds and expertise. The Bank complies with King III. The Board meets quarterly. Two further meetings are scheduled to approve the annual financial statements and to review strategic plans and the resulting budgets. Additional meetings are convened as and when necessary.

To fulfil their responsibilities, Board members have access to accurate, relevant and timely information. Any director may call on the advice and services of the company secretary, who gives guidance on legislative or procedural matters.

There is a formal transparent Board nomination process. Non-executive directors are appointed, subject to re-election and to the applicable provisions of the South African Companies Act 71 of 2008 (as amended) (the "**South African Companies Act**") relating to removal, and retire by rotation, every three years. Re-appointment of non-executive directors is not automatic.

The Board consists of twenty two members elected by the general shareholders' meeting. The current members of the Board and their position within the Board, as well as their position within the board of directors of other members of the Group, are set out below as at the date of this Base Prospectus:

<b>Name</b>	<b>Position</b>
Lauritz Lanser Dippenaar .....	Chairman of the Board, Chairman of FirstRand and Director of RMBH
Sizwe Errol Nxasana .....	Chief Executive Officer of the Bank, Director of FirstRand, FREMA and FRIHL and Ashburton Investments
Vivian Wade Bartlett .....	Director of FirstRand
Johan Petrus Burger .....	Group Deputy Chief Executive Officer and Director of Ashburton Investments
Patrick Maguire Goss .....	Director of FirstRand and RMBH
Paul Kenneth Harris .....	Director of FirstRand and RMBH
William Rodger Jardine .....	Director of FirstRand
Ethel Matenge-Sebesho .....	Director of FirstRand
Benedict James Van der Ross .....	Director of FirstRand
Jurie Johannes Human Bester .....	Director of FirstRand
Leon Crouse .....	Director of FirstRand and RMBH
Jan Hendrik van Greuning .....	Director of FirstRand
Nolulamo Nobambiswano Gwagwa	Director of FirstRand
Amanda Tandiwe Nzimande .....	Director of FirstRand
Kgotso Buni Schoeman .....	Director of FirstRand
Deepak Premnarayan .....	Director of FirstRand
Mary Sina Bomela .....	Director of FirstRand
Grant Glenn Gelink .....	Director of FirstRand
Jan Jonathan Durand .....	Director of FirstRand and RMBH
Peter Cooper (alternate non-executive director)	Director of FirstRand and RMBH
Hetash Surendrakumar Kellan	Financial Director of the FirstRand Bank, Financial Director of FirstRand, and Director of FREMA and FRIHL
Russell Mark Loubser	Director of FirstRand (appointed with effect from 5 September 2014)

The business address of the members of the Board is the Bank's registered office. The names, and certain other information about each of the current members of the Board and their activities, are set out below:

Lauritz Lanser Dippenaar, MCom, CA(SA)

Mr. Dippenaar graduated from Pretoria University, qualified as a Chartered Accountant with Aiken & Carter (now KPMG) and worked with the Industrial Development Corporation before becoming co-founder of RCI. RCI acquired control of RMB in 1985, and Mr. Dippenaar became an executive director of RMB. He was appointed managing director in 1988, which is a position he held until 1992, when RMBH acquired a controlling interest in Momentum Life Assurers. He was appointed as executive chairman of Momentum Life Assurers, a post he occupied until becoming chief executive officer of FirstRand in 1998. In December 2005 he moved to a non-executive position in the Group. He was elected to the position of chairman of FirstRand and the Banking Group in November 2008.

*Directorships – FirstRand (Chairman), RMB Holdings Limited, RMI Holdings Limited, OUTsurance Holdings Limited (Chairman)*

Sizwe Errol Nxasana, BCom, BCompt (Hons), CA(SA)

Mr. Nxasana is a Chartered Accountant and holds a Bachelor of Commerce (University of Fort Hare). He started his career at Unilever and Price Waterhouse and in 1989 established Sizwe & Co, the first black-owned audit practice in South Africa. In 1996 he became the founding partner of Nkonki Sizwe Ntsaluba, the first black-owned national firm of accountants in South Africa and was national managing partner until 1998 when he joined Telkom SA as chief executive officer. He joined the Bank as CEO in January 2006.

*Directorships – FirstRand (CEO), FREMA, MMI Holdings Limited, FRIHL and Ashburton Investments*

Paul Kenneth Harris, MCom

Mr. Harris graduated from the University of Stellenbosch and joined the Industrial Development Corporation. He was a co-founder of RCI in 1977. RCI acquired control of RMB in 1985, and he became an executive director of RMB. He spent four years in Australia where he founded Australian Gilt Securities (later to become RMB Australia) and returned to South Africa in 1991 as deputy managing director of RMB. In 1992, he took over as chief executive officer of RMB. Subsequent to the formation of FirstRand, he was appointed chief executive officer of FirstRand Bank Holdings in 1999, a position he held until December 2005, when he was appointed chief executive officer of FirstRand.

*Directorships – FirstRand, Remgro Limited, RMB Holdings Limited, RMI Holdings Limited*

Johan Petrus Burger, BCom(Hons), CA(SA)

Mr. Burger is a Chartered Accountant and joined RMB in 1986. During his initial period at RMB, he held the position of chief financial officer ("CFO") of the Treasury Division. He was appointed financial director of RMB in 1995 with responsibility for finance, taxation, credit, risk management and internal audit. During 1998, he served as chairman of the Executive Committee of RMB. Since the restructuring of FirstRand banking operations in February 1999, Mr. Burger

has had responsibility as financial director of the Bank for finance, risk management, internal audit, credit, taxation, development of performance/profit models for the banking group and the Group secretarial office.

*Directorships – FirstRand, MMI Holdings Limited, RMBH, RMI Holdings and Ashburton Investments*

William Rodger Jardine, BSc, MSc

Mr Jardine was the CEO of Aveng Limited between July 2008 and August 2013. In February 2014 he took up the position of Chief Executive of the Primedia Group. After graduating from Wayne State University in 1991, he assumed the role of co-ordinator for the ANC's desk of Science and Technology. In 1995 he joined the Department of Science and Technology as director general, a role he fulfilled for five years. Mr. Jardine joined Kagiso Media in 1999 as chief executive officer. In November 2006 he became chief operating officer of Kagiso Trust Investments.

He is a trained physicist and obtained a Bachelor of Science (BSc) and a Master of Science (MSc) degree from Haverford College, Pennsylvania (United States).

Mr. Jardine was an executive director of the Aveng Group and also served as chairman of the CSIR and the Nuclear Energy Corporation of South Africa (NECSA) for six years.

*Directorships – FirstRand, The Sharks (Pty) Ltd and Primedia (Pty) Ltd*

Vivian Wade Bartlett, AMP (Harvard), FIBSA

Mr. Bartlett started his career with Barclays Bank Dominium, Colonial and Overseas South Africa, which subsequently became First National Bank of Southern Africa in 1987. After some four years of overseas secondments, he returned to South Africa in 1992 where he served as general manager and managing director in various group companies until being appointed as group managing director and chief executive officer of First National Bank of Southern Africa in 1996. In 1998, he was appointed deputy chief executive officer of the Bank, a position he held until his retirement in 2004.

*Directorships – FirstRand*

Patrick Maguire Goss, BEcon(Hons), BAccSc (Hons), CA(SA)

Mr. Goss, after graduating from the University of Stellenbosch, served as President of the Association of Economics and Commerce Students, representing South Africa at The Hague and Basel. He thereafter qualified as a Chartered Accountant with Ernst and Young and then joined the Industrial Development Corporation where he worked for two years. A former chairman of the Natal Parks Board, his family interests include Umngazi River Bungalows and Spa.

*Directorships – FirstRand, RMB Holdings Limited, RMI Holdings Limited*

Benedict James Van der Ross, Dip Law (UCT)

Mr. Van der Ross has a diploma in Law from the University of Cape Town and was admitted to the Cape Side Bar as an

attorney and conveyancer. Thereafter he practiced for his own account for 16 years. He became an executive director with the Urban Foundation for five years up to 1990 and thereafter of the Independent Development Trust where he was deputy chief executive officer from 1995 to 1998. He acted as chief executive officer of the South African Rail Commuter Corporation from 2001 to 2003 and as chief executive officer of Business South Africa from 2003 to 2004. He was appointed to the board of The Southern Life Association in 1986.

*Directorships – FirstRand, Lewis Group Limited, Naspers Investments Limited, Pick 'n Pay Stores Limited, Strategic Real Estate Management – Chairman, MMI Holdings Limited and various subsidiaries, and Distell Group Limited*

Ethel Matenge-Sebesho, CAIB (SA), MBA

Mrs Matenge-Sebesho has considerable experience in the banking and financial services sector at strategic and policy levels and in several microfinance initiatives in Southern Africa. She started her career in banking with Standard Chartered Bank Botswana Limited from 1973 to 1996, during which time she studied for an MBA at Brunel University in London. She was the first person in Botswana to obtain the Institute of Bankers' Associate Diploma (CIAB) South Africa.

She is currently working for Home Finance Guarantors Africa Reinsurance, whose main objective is to facilitate access to housing finance in the low to medium income market in Africa. Her main role is to drive the establishment of new markets for the company in a number of African countries.

Mrs Matenge-Sebesho has served on various bodies, among them, Air Botswana (as vice chairman), Oikocredit (an international development financial institution based in the Netherlands), Botswana Housing Corporation and WDB-micro finance.

*Directorships – FirstRand, Momentum Ability, Momentum Structured Insurance, Momentum Alternative Insurance, Momentum Investments (Pty) Ltd*

Leon Crouse, CA(SA)

Mr. Crouse studied at the Nelson Mandela Metropolitan University in Port Elizabeth and after obtaining a Certificate in the Theory of Accounting in 1976, he qualified as a Chartered Accountant (SA) in 1977. During his professional career of more than 30 years, he gained financial knowledge and experience by lecturing at the University of Stellenbosch and holding various financial management positions in the sectors of telecommunications, luxury goods, chemicals and clothing and textiles.

He joined the former Rembrandt Group in 1986 in which year he transferred to Switzerland to hold the position of Financial Controller of Compagnie Financière Richemont AG and to be part of the team that unbundled the luxury goods business from the Rembrandt Group to form

Richemont and list it on the Swiss, Luxembourg and South African Stock Exchanges.

In 1993, as a Rembrandt appointee, he returned to South Africa to become a founder member of the Vodacom Group executive team. Rembrandt, at the time, held a 15 per cent. interest in Vodacom. During his nearly 15 year career at Vodacom, he served as general manager, Finance between 1993 and 1996 and as CFO from 1996 until March 2008. He joined Remgro in April 2008 as designate Director, Group Finance and was appointed to the board of Remgro on 18 June 2008.

*Directorships – FirstRand, Remgro Limited, RMBH, Dark Fibre Africa (Pty) Ltd, MMI Holdings Limited and Total South Africa (Pty) Limited*

Jurie Johannes Human Bester, BSc Eng Elect (Pret), ISMP (Harvard)

Mr. Bester was appointed to the Board on 17 June 2008.

Mr. Bester has broad experience and expertise in all aspects of senior management, strategic planning, banking management, treasury management, financial market analysis, financial market trading, investment management, credit risk management and risk management.

Mr. Bester joined the Group in November 1997 as risk manager of RMB and was Group Risk Manager until he retired in December 2005.

Mr. Bester serves on the FirstRand International Board and on various Committees within the Group.

*Directorships – FirstRand*

Jan Hendrik van Greuning, CA(SA), CFA, D.Compt (Accounting Science) and D.Com (Economics)

Dr. van Greuning joined the World Bank in 1994 from the South African Reserve Bank, where he served as Registrar of Banks (1990 – 1994) and financial manager (1986 – 1989). Prior to that he was a partner with Deloitte, where he had spent ten years.

During his World Bank career, Dr. van Greuning worked in the Financial Sector Development Department as well as the Europe and Central Asia region before moving to the World Bank Treasury, until his retirement in late 2009. He has worked extensively on financial regulatory, securities accounting and operational risk management issues.

His World Bank publication on International Financial Reporting Standards (IFRS – A Practical Guide) has appeared in five editions and he has co-authored "Analysing Banking Risk" (three editions), "Risk Analysis for Islamic Banks" (1st edition November 2007) as well as International Financial Statement Analysis (CFA Institute – November 2008). Some of the books have been translated into more than fifteen languages.

*Directorships – FirstRand*

Nolulamo Gwagwa, BA (Fort Hare), MTRP (Natal), MSc (*cum laude*), (London), PhD (London)

Mrs. Lulu Gwagwa worked as a town planner in the private, public and NGO sectors between 1981 and 1986, whereafter she proceeded to further her studies. In 1992 she joined the University of Natal as a senior lecturer in the Department of Town and Regional Planning. In 1995 she was appointed as a deputy director general in the national Department of Public Works, where she was responsible for the national public works programme and the transformation of the construction industry.

From 1998 to 2003 she was the chief executive officer of the Independent Development Trust. She is currently the chief executive officer of Lereko Investments

*Directorships – FirstRand, Lereko Investments (Pty) Ltd, Massmart Holdings and Sun International*

Amanda Tandiwe Nzimande, BCom, CTA(UCT), CA(SA), Diploma in Company Law (Wits)

Mrs Nzimande is the Chief Financial Officer of both WDB Trust and WDB Investment Holdings ("**WDBIH**"). In addition to ensuring that adequate financial systems and controls are in place at WDBIH and WDB Trust, her role includes executing transactions and the monitoring of on-going investment relationships, participating in the management of WDBIH's portfolio of investments, as well as formulating strategic objectives for WDB.

She qualified in 1996 as a chartered accountant while with KPMG. She was a senior associate in the investment banking division of Deutsche Bank where she spent five years gaining experience in mergers and acquisitions internationally and in South Africa.

*Directorships – FirstRand, Mosana Petroleum Solutions (Pty) Ltd, WDB Investment Holdings (Pty) Ltd and WDB Discovery Investments (Pty) Ltd, WDB Inyosi Investments (Pty) Ltd and Hollard Foundation Trust - Trustee*

Kgotso Buni Schoeman, BA Economics, Advanced Financial Management Diploma

Mr. Kgotso Schoeman is currently the chief executive officer of Kagiso Trust. He has been involved with the trust for over 14 years. He led the team that developed the new strategy of the trust from being a general conduit grant funding agency to a development and implementing agency in the early education and rural finance development fields. He is currently heading negotiations with the provincial education department and the private sector to secure long term partnership for possible national rollout on a programme to improve rural education. He has considerable experience in programme design and management. He has over the past ten years participated as a team member or led a number of projects including: the Alexandra Renewal Programme, the Local Economic Development Study for the Amajuba Municipality in Newcastle, the Impact Study of the SMME Micro-financing sector around the Tshwane area and the Public Participation Process that led to Robben Island gaining world heritage status.

*Directorships – FirstRand, and Kagiso Tiso Holdings Ltd*



*and its subsidiaries*

Deepak Premnarayan, BA Economics (Hons)  
India

Mr. Premnarayan started his career as a management trainee in 1968 with New India Assurance. He later moved to Citibank and then Reckitt & Coleman in India. In 1998 he founded the ICS Group to pursue emerging infrastructure development opportunities in India. He continues to serve as Chairman of the ICS Group, which has now broadened its interests to include asset management, property management and related services, and hospitality. He acts as FirstRand's mentor in India and is a member of its Advisory Board.

*Directorships – FirstRand, ICS Group*

Mary Sina Bomela BCom(Hons), CA(SA),  
MBA

Mrs. Bomela is an executive director at Mineworkers Investment Company (MIC) responsible for the investment strategy and recommending investment decisions to the board. She is a shareholder representative on investee company board of directors and provides strategic direction to selected investee companies. She qualified in 2002 as a chartered accountant while with PWC.

*Directorships – FirstRand, Metrofile, Masana Petroleum, BP Southern Africa Ltd and Set Point Technology Holdings*

Grant Glenn Gelink, CA (SA)

Mr. Grant has had extensive work experience within Deloitte, which includes the following positions which span over 26 years – Chief Executive (2006 to 2012), Chief Executive Human Capital Corporation (2004 to 2006), Managing Partner, Consulting and Advisory Services (2001 to 2006), and Partner in Charge Pretoria Office (1997 to 1999).

*Directorships – FirstRand, Santam, Allied Electronics Corporation (ALTRON), Grindrod, Eqstra Holdings and MTN Zakele (RF)*

Jan Jonathan Durand, CA(SA)

Mr. Jannie Durand studied at the University of Stellenbosch and after obtaining his B. Accountancy degree in 1989 and Hons. B. Accountancy degree in 1990, he obtained his M.Phil (Management Studies) degree from Oxford in 1992. He qualified as a chartered accountant in 1995. He joined the Rembrandt Group in 1996. He became the Financial Director of VenFin Ltd in 2000, becoming the CEO of VenFin Ltd in May 2006. He was appointed Chief Investment Officer of Remgro Ltd in November 2009, and has been the CEO of Remgro Ltd since 7 May 2012.

*Directorships – FirstRand RMI Holdings, Discovery Holdings, Distell Group, Mediclinic International, RCL Foods and Unilever SA Holdings*

Peter Cooper, BCom (Hons), H Dip Tax,  
CA(SA)

Mr. Peter Cooper graduated from the University of Cape Town. After qualifying as a Chartered Accountant (SA) in 1981 he worked in the financial services sector, first as a tax consultant and later specialising in structured finance. Peter joined RMB's Special Projects division in 1992 and transferred to RMB Holdings Limited in 1997. He is chief executive officer of RMB Holdings (FirstRand's most

significant shareholder) as well as of its sister company, Rand Merchant Insurance Holdings Limited, both of which are listed on the JSE Securities Exchange.

*Directorships – FirstRand, RMBH and RMI Holdings*

Hetash Surendrakumar Kellan, BCom, BCom (Hons), CA (SA)

Mr Kellan graduated from the University of Witwatersrand in 1994 and qualified as a chartered accountant after serving articles at Arthur Andersen. He spent nearly six years with Arthur Andersen in Johannesburg and London and thereafter over four years with HSBC South Africa in the corporate finance department.

He joined FNB in 2005 and was appointed CFO in 2007. In January 2014 he was appointed the financial director of FirstRand Limited.

*Directorships – FirstRand (FD), FREMA, and FRIHL (Pty) Ltd*

Russell Mark Loubser, M Com (Statistics), BCom (Hons) (Accounting), CA(SA) (appointed with effect from 5 September 2014)

Mr Loubser was the CEO of the Johannesburg Stock Exchange (JSE) from January 1997 until December 2011. Prior to being appointed to the JSE, he was Executive Director of Financial Markets at RMB, which he joined in May 2005. He was part of the small team at RMB that started the Stock Index Derivatives Industry in South Africa in 1987. During his tenure at RMB, he served as the Chairman of Safex for two years and Deputy Chairman for one year. He was also a member of the King Committee on Corporate Governance for 15 years and a Council Member of the University of Pretoria (since 2007). He was a member of the Securities Regulation Panel of South Africa for 15 years and served on the Board of Directors of the World Federation of Exchanges ("WFE") for approximately 13 years. He chaired the Working Committee of the WFE for two years.

*Directorships – FirstRand*

Additionally, the Bank has a company secretary, C Low, who is suitably qualified and was appointed by the Board on 6 January 2014. She is, *inter alia*, responsible for the duties stipulated in Section 88 of the South African Companies Act.

**Conflicts of Interest**

All directors of the Bank serve as directors of one or more of the Bank's affiliates (including FirstRand and other companies within the Group). The Bank engages in transactions with some of these affiliates, including transactions in the ordinary course of business. See "*Related Party Transactions*" below.

All of the directors of the Bank are also directors of the Bank's parent company, FirstRand, and they therefore also owe duties in that capacity to FirstRand as well as to the Bank. It is possible that the duties which these directors owe to FirstRand may potentially conflict with their duties to the Bank.

In respect of potential conflicts of interest that may arise in the future, the Bank has processes for the management of such conflicts such that it does not expect that any actual conflict of interest would arise.

Other than as described above, there is no potential conflict of interests between any duties which the members of the Board owe to the Bank and their private interests or other duties.

As described below in "*Risk Management*", the Board discharges its duties through several FirstRand committees and subcommittees. Although the Group and the Bank each has its own board of directors, there is a single set of governance committees for the Group and each of its major subsidiaries, including the Bank.

FirstRand committees responsible for the Bank include the following:

***FirstRand Audit Committee***

The current members of the Audit Committee are as follows:

<b>Name</b>	<b>Position</b>
Jan Hendrik van Greuning	Non-executive Chairman
Vivian Wade Bartlett	Non-executive
Jurie Johannes Human Bester	Non-executive
Leon Crouse	Non-executive
Ethel Matenge-Sebesho	Non-executive
Grant Glenn Gelink	Non-executive

The Audit Committee is responsible for considering the annual financial statements for approval by the Board, and monitoring the quality of the internal controls and processes of the Bank and the implementation of corrective actions. The committee meets quarterly.

***FirstRand Risk Capital Management and Compliance Committee ("RCC Committee")***

The current members of the RCC Committee are as follows:

<b>Name</b>	<b>Position</b>
Jurie Johannes Human Bester	Non-executive Chairman
Grant Glenn Gelink	Non-executive
Leon Crouse	Non-executive
Jan Hendrik van Greuning	Non-executive
Mary Bombela	Non-executive
Zelda Roscherr	Specialist Consultant
Russell Loubser	Non-executive

The RCC Committee is responsible for approving the risk management policy, standards and processes, monitoring the Bank's risk assessments and the effectiveness of risk management and high priority corrective actions. The RCC Committee has delegated responsibility for a number of specialist topics to various subcommittees as described further in "*Risk Management*" below. The committee meets quarterly.

### ***FirstRand Large Exposures Committee***

The current members of the Large Exposures Committee are:

<b>Name</b>	<b>Position</b>
Jurie Johannes Human Bester	Non-executive Chairman
Vivian Wade Bartlett	Non-executive
Johan Petrus Burger	Executive
Sizwe Nxasana	Executive
William Rodger Jardine	Non-executive
Benedict James Van der Ross	Non-executive
Jacques Mouton	Executive
Jaco Grobler	Executive
Ferdie Swanepoel	Executive
Russel Loubser	Non-executive

The Large Exposures Committee is responsible for approving credit exposures in excess of 10 per cent. of the Bank's capital. The committee meets quarterly.

### ***FirstRand Director's Affairs and Governance Committee***

The current members of the Director's Affairs and Governance Committee are:

<b>Name</b>	<b>Position</b>
William Rodger Jardine	Non-executive Chairman
Leon Crouse	Non-executive
Vivian Wade Bartlett	Non-executive
Laurie Dippenaar	Non-executive
Patrick Maguire Goss	Non-executive
Benedict James van der Ross	Non-executive
Ethel Matenge-Sebesho	Non-executive
Jurie Johannes Human Bester	Non-executive
Jan Hendrik van Greuning	Non-executive
Jan Jonathan du Rand	Non-executive
Paul Kenneth Harris	Non-executive

<b>Name</b>	<b>Position</b>
Nolulamo Gwagwa	Non-executive
Amanda Tandiwe Nzimande	Non-executive
Kgotso Buni Schoeman	Non-executive
Deepak Premnarayen	Non-executive
Mary Sina Bomela	Non-executive
Grant Glenn Gelink	Non-executive
Peter Cooper	Non-executive
Russel Loubser	Non-executive

The objective of this committee is to assist the Board in discharging its responsibilities relative to corporate governance structures, matters relating to performance and remuneration of directors, the appointment of new directors, the effectiveness of the Board and succession planning at executive level. The committee meets quarterly.

## **EMPLOYEES**

As at 30 June 2014 the Bank had approximately 32,831 employees, compared to 32,237 as at 30 June 2013. The approximate number of employees within each of the Bank's major divisions and its Corporate Centre is set out below:

• FNB	26,720
• RMB	2,654
• WesBank	2,794
• FCC (including Group Treasury)	663

To date, the Bank has not experienced industrial action or other work stoppages resulting from labour disputes.

## **COMPETITION**

In South Africa, there are currently 10 registered banks with local control, 6 registered banks with foreign control, 14 branches of foreign banks, 3 registered mutual banks, and 43 representative offices of foreign banks (Source: SARB website). As at 30 June 2014, the South African banking sector had total assets of R4.02 trillion according to statistics published by the SARB (Source: BA900, June 2014).

In addition to the Bank, the largest banks in South Africa (and the Bank's principal competitors) are Absa Bank Limited, Nedbank Limited and The Standard Bank of South Africa Limited. The following table sets out total assets and capital and reserves for each:

	<b>Total Assets</b>	<b>Capital and Reserves</b>
	<i>(R billion)</i>	
Absa Bank Limited .....	801.1	52.8
FirstRand Bank Limited .....	835.9	64.5
Nedbank Limited .....	687.7	47.4
The Standard Bank of South Africa Limited .....	1,017.1	76.7

Source: SARB BA900, June 2014

The Bank's competitors also include Investec Bank Limited, as well as the local operations of international banks.

## **CAPITAL ADEQUACY**

The Bank is subject to regulatory capital requirements. The capital adequacy of the Bank is measured in terms of the South African Banks Act.

The Bank's capital planning process ensures that its total capital adequacy and Tier 1 ratios remain within approved ranges or above target levels across economic and business cycles. The Bank is appropriately capitalised under a range of normal and severe scenarios as well as a range of stress events.

The Board-approved capital plan is reviewed as part of the Group's Internal Capital Adequacy Assessment Process ("**ICAAP**"), with the stress testing framework being an extension to the process. These processes are under continuous review and refinement and continue to inform the targeted buffer above the minimum capital requirement.

Regular reviews of economic capital are carried out and the Bank remains well capitalised in the current environment, with levels of Tier 1 capital exceeding the level of economic capital required. The Bank aims to back all economic risk with Tier 1 capital, which offers the greatest capacity to absorb losses.

For the year ended 30 June 2014, the Bank (excluding foreign branches), operated above its targeted capitalisation range with a total capital adequacy of 16.1 per cent and a solid Common Equity Tier 1 ("**CET1**") ratio of 13.6 per cent.

The Bank follows a conservative approach to capital levels and prefers to maintain strong capital ratios at the upper end of its targeted capitalisation range. The Group will revisit the internal target capitalisation levels during the transitional period of Basel III.

### ***Basel III***

Basel III was successfully implemented in South Africa on 1 January 2013 and the impact on the Bank's CET1 ratio was positive. However, Tier 1 and total capital adequacy ratios will decline from 1 January 2013 to 2019, as the current Additional Tier 1 and Tier 2 instruments do not meet the Basel III qualifying criteria. These instruments will be grandfathered from 2013 over a ten-year period. Given the transitional period to comply with the final capital framework, the Bank remains focused on meeting the end-state CET1 requirement, while looking at ways to optimise its overall capital mix. The Bank continues to participate in the SARB's bi-annual quantitative impact studies to assess the impact of Basel III on capital adequacy ratios.

The targeted capital levels as well as the current ratios as at 30 June 2014 for the Bank (excluding foreign branches) are summarised in the table below:

	<b>Actual</b>	<b>Target</b>	<b>Regulatory minimum*</b>
Capital adequacy ratio (%) .....	16.1	>14.0	10.0
Tier 1 ratio (%) .....	14.2	>12.0	7.0
CET1 ratio (%) .....	13.6	10.0-11.0	5.5

\* The regulatory minimum excludes the bank specific individual capital requirement.

Source: FirstRand Bank Limited's Risk and Capital Management Report for the year ended 30 June 2014. This information is unaudited.

The following table shows the composition of regulatory capital for the Bank as at 30 June 2014, while the subsequent tables provide a breakdown of risk weighted assets and the respective approaches required by the current SARB regulations.

	FRB*			
	30 June 2014	%	30 June 2013	%
	<i>(R million)</i>			
Total CET1 capital.....	57,532	13.6	50,173	12.6
Total Tier 1 capital .....	59,932	14.2	52,873	13.3
Total qualifying capital and reserves .....	68,164	16.1	59,572	14.9

\* Reflects solo supervision, i.e. FirstRand Bank Limited excluding foreign branches.

Source: FirstRand Bank Limited's Risk and Capital Management Report for the year ended 30 June 2014. This information is unaudited.

#### Risk weighted assets ("RWA") for each risk type

	FRB#			
	30 June 2014		30 June 2013	
	RWA	Capital requirement*	RWA	Capital requirement*
	<i>(R million)</i>			
Credit and counterparty credit risk .....	320,495	32,050	297,863	28,297
Operational risk .....	67,364	6,736	62,748	5,961
Market risk.....	11,577	1,158	7,855	746
Equity investment risk .....	6,564	656	10,511	999
Other risk.....	17,257	1,726	19,542	1,856
Total RWA .....	423,257	42,326	398,519	37,859

# Reflects solo supervision, i.e. FirstRand Bank Limited excluding foreign branches.

\* Capital requirements calculated at 10.0 per cent. of RWA (2013: 9.5 per cent. of RWA).

Source: FirstRand Bank Limited's Risk and Capital Management Report for the year ended 30 June 2014. This information is unaudited.

The table below provides the RWA numbers per current SARB regulations for each risk type as at 30 June 2014.

	<u>R million</u>
<b>Credit risk and counterparty credit risk</b>	
Advanced Internal Ratings Based Approach ("AIRB") .....	<b>320,495</b>
Corporate, banks and sovereigns .....	140,257
SME.....	41,835
Residential mortgages.....	48,203
Qualifying revolving retail .....	20,030
Other retail.....	67,130
Securitisation exposure .....	1,913
Counterparty credit risk* .....	1,127
<b>Equity investment risk</b> .....	<b>6,564</b>
Simple risk weighted method .....	6,564
<b>Operational risk</b> .....	<b>67,364</b>
Advanced measurement Approach .....	67,364
<b>Market risk</b> .....	<b>11,577</b>
Internal Model Approach.....	11,577
<b>Other assets</b> .....	<b>17,257</b>
Standardised Approach.....	17,257

\*Counterparty credit risk excluding default risk

Source: FirstRand Limited's Risk and Capital Management Report for the year ended 30 June 2014. This information is unaudited.

#### LEGAL PROCEEDINGS

The Bank has been, and continues to be, the subject of legal proceedings and adjudications from time to time.

There are a number of legal or potential claims against the Bank, the outcome of which cannot at present be foreseen. These claims are not regarded by management as material either on an individual or collective basis.

However, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Bank is aware), in the 12 months prior to the date of this Base Prospectus, which may have or have had in the recent past, a significant effect on the financial position or profitability of the Bank and its subsidiaries.

## **PROPERTY**

As at 30 June 2014, the Bank held the freehold title to land and buildings with a net book value of R4,802 million and leasehold title to properties with a net book value of R2,016 million compared to R4,555 million and R1,868 million respectively as at 30 June 2013.

## **INSURANCE**

The Bank has a comprehensive insurance programme with cover for bankers bond, computer crime, professional indemnity, directors and officers liability, assets and liabilities. Regular benchmarking reviews of policy provisions, covers and limits ensure that the level of risk mitigation is adequate in relation to the Bank's risk profile.

All major insurance covers are placed at Group level to maximise economies of scale and to ensure all entities are included. However, where appropriate, non-South African Group companies place their local requirements in their countries of operation.

## **IT/TECHNOLOGY**

Information technology is an integral part of the Bank's operations. The Bank is continually seeking to improve the operating features and security of its IT systems, in particular for new technologies to support and enhance its business strategies.

Information risk management within the Group not only involves securing bank information and systems, but also entails the application of risk management principles to ensure efficient, reliable and timely delivery of information.

## **FUNDING**

See the "*Risk Factors – Liquidity Risk – Structural characteristics impacting the funding profile of South African banks*" section above for a discussion of certain structural characteristics of the South Africa banking sector which are relevant to the Bank's funding sources and strategy. In this section, "institutional funding" refers to wholesale funding from financial institutions across a range of deposits, loans and financial instruments.

### **Funding strategy**

FirstRand's objective is to fund its activities in a sustainable, diversified, efficient and flexible manner, underpinned by strong counterparty relationships within prudential limits and requirements. The objective is to maintain natural market share of transactional accounts and balances, but also to outperform at the margin, which will provide the Group with a natural liquidity buffer. The four building blocks of the Group's funding strategy are discussed in more detail below.

### **Diversification**

The Group views funding diversification from a number of different perspectives:

- Segments – the Group has a strong and stable deposit franchise, which spans the retail, commercial and corporate segments. Institutional funding represents approximately 37 per cent. of the Bank's total



funding and this reliance represents a risk concentration that is actively managed through the holding of appropriate liquidity buffers and continued focus on lengthening the term profile.

- Country and currency of issue – the Bank has access to a variety of funding and capital markets offshore and locally, including South Africa, Europe, Asia, Australia, Middle East and Botswana in ZAR, USD, GBP, EUR, AUD and BWP.
- Instrument types and maturity profile – the Bank funds itself with a variety of different funding instruments, including negotiable certificates of deposit ("NCDs"), fixed and floating rate notes, syndicated loans, development finance facilities, vanilla and structured capital market issuances, and various retail and corporate products.

The Bank seeks to broaden its investor base as far as possible, while actively pursuing an investor relations strategy.

An analysis of the Bank's funding base is provided in the following tables.

The table below provides an historic analysis of the Bank's funding sources and reflects the stability of, and its reliance on, institutional funding as at the dates indicated.

#### Funding analysis by source (unaudited)

	<b>30 June 2011</b>	<b>31 December 2011</b>	<b>30 June 2012</b>	<b>31 December 2012</b>	<b>30 June 2013</b>	<b>31 December 2013</b>	<b>30 June 2014</b>
Institutional	41%	39%	37%	39%	39%	37%	37%
Corporate	21%	22%	22%	22%	22%	23%	23%
Retail	16%	17%	17%	17%	17%	17%	17%
SME	5%	5%	6%	6%	5%	5%	5%
Public	9%	10%	11%	9%	9%	10%	10%
Foreign	5%	5%	5%	5%	6%	6%	6%
Other	3%	2%	2%	2%	2%	2%	2%
<b>TOTAL</b>	<b>R516bn</b>	<b>R544bn</b>	<b>R558bn</b>	<b>R599bn</b>	<b>R639bn</b>	<b>R657bn</b>	<b>R705bn</b>

Source: SARB BA900 returns as at 30 June 2014.

A historical analysis of the average maturity of the Bank's institutional funding base as at the dates indicated is provided in the table below, and it shows that the Bank has reduced its reliance on short-term funding over time.

#### Term profile of institutional funding base (unaudited)

	<b>30 June 2011</b>	<b>31 December 2011</b>	<b>30 June 2012</b>	<b>31 December 2012</b>	<b>30 June 2013</b>	<b>31 December 2013</b>	<b>30 June 2014</b>
Short Term (0 to 1 month)	42%	40%	38%	35%	37%	37%	33%
Medium Term (1 to 6 months)	18%	18%	18%	18%	23%	22%	22%
Long Term (>6 months)	40%	42%	44%	47%	40%	40%	45%
<b>TOTAL</b>	<b>R209bn</b>	<b>R210bn</b>	<b>R207bn</b>	<b>R231bn</b>	<b>R249bn</b>	<b>R242bn</b>	<b>R261bn</b>

Source: SARB BA900 returns as at 30 June 2014

The table below sets out the maturity profile as at 30 June 2014 of all outstanding capital markets instruments issued by the Bank. The Bank does not have concentration risk in any one year.

**FirstRand Bank capital markets instruments (unaudited)**

	Senior debt	Inflation - linked senior debt	Subordinated debt	EMTN issuance	Credit-linked notes	<b>Total</b>
	(R million)	(R million)	(R million)	(R million)	(R million)	(R million)
<i>Maturity</i>						
2015	5,001	9	-	-	732	5,742
2016	4,381	-	100	5,587	3,462	13,531
2017	2,612	-	2,675	-	2,199	7,485
2018	2,618	-	3,133	38	899	6,667
2019	3,899	-	1,738	1,916	655	8,209
2020	613	-	-	-	20	633
2021	218	-	272	482	20	992
2022	-	667	-	-	224	892
2023	1,021	4,433	-	-	101	5,555
2024	1,953	194	-	-	30	2,177
2025	-	800	-	-	10	810
2026	2,761	-	-	-	-	2,761
2028	-	1,688	-	-	-	1,688
2031	4,492	-	-	-	-	4,492
2033	-	1,011	-	-	-	1,011
2038	-	520	-	-	-	520
2042	-	141	-	-	-	141
2045	337	-	-	-	-	337

**Efficiency**

The Group's aim is to fund the balance sheet in the most efficient manner, taking into account the liquidity risk management framework, as well as regulatory and rating agency requirements.

To ensure maximum efficiency and flexibility in accessing funding opportunities, a range of debt programmes have been established. The Group's strategy for domestic public capital market issues is to create actively-traded benchmarks, which facilitate secondary market liquidity in both domestic and offshore markets. The value of this strategy is that it assists the Group to identify cost-effective funding opportunities and ensures an understanding of market liquidity dynamics.

**Flexibility**

The Group has a track record of differentiating itself through new and innovative funding mechanisms. It constantly reviews new proposals relating to funding strategies based on forecast balance sheet structures, in order to anticipate and plan for future funding and structural liquidity requirements.

**Strong Counterparty Relationships**

The Group places great value on its established strong relationships with investors and is committed to keeping investors fully informed. Therefore an active marketing approach is embedded in the funding strategy. Through forums such as conference calls, domestic and international roadshows and investor presentations, the Group aims to extend its investor base, and keep stakeholders up to date on its financial performance and counterparty status.

**Deposits**

The following table sets out the Bank's deposits (in R millions) for the years ended 30 June 2014 and 2013. (Note that deposits include both amounts deposited by customers, as well as institutional funding via debt capital market issuances but excluding subordinated debt).

R million	As at June 2014			As at June 2013		
	Designated at fair value through profit or loss	At amortised cost	Total	Designated at fair value through profit or loss	At amortised cost	Total
<b>Category analysis</b>						
Current accounts	-	155,128	155,128	-	126,508	126,508
Savings accounts	-	5,958	5,958	-	4,673	4,673
Call deposits	133	130,680	130,813	1,211	122,874	124,085
Fixed and notice deposits	51,104	138,232	189,336	40,079	159,948	200,027
Negotiable certificates of deposit	3,062	49,578	52,640	1,729	26,448	28,177
Repurchase agreements	16,953	4,749	21,702	28,265	3,094	31,359
Securities lending	-	6,303	6,303	-	6,414	6,414
Credit linked notes and cash collateral	9,379	12,370	21,749	7,627	17,441	25,068
Fixed and floating rate notes	2,268	86,233	88,501	3,986	61,078	65,064
Other	282	20,764	21,046	210	18,287	18,497
<b>Total deposits</b>	<b>83,181</b>	<b>609,995</b>	<b>693,176</b>	<b>83,107</b>	<b>546,765</b>	<b>629,872</b>
<b>Total liabilities</b>			<b>787,145</b>			<b>725,168</b>

The vast majority of the Bank's funding is denominated in Rand, although the Bank accepts deposits and funding in other currencies.

The table set out at note 5 of the Bank's annual report for the year ended 30 June 2014, which has been incorporated by reference into this Base Prospectus, sets out the current (within 12 months) and non-current (over 12 months) analysis of the Bank's balance sheet.

### Securitisation

From an accounting perspective, traditional securitisations are treated as sales transactions. At inception, the assets are sold to a SPV at carrying value and no gains or losses are recognised. For synthetic securitisations, the credit derivatives used in the transaction are recognised at fair value, with any fair value adjustments reported in profit or loss.

Securitisation entities are consolidated into FRIHL for financial reporting purposes. Any retained notes are accounted for within the banking book of the appropriate entity (i.e. the Bank or the consolidated accounts of FRIHL).

### *Traditional and synthetic securitisations*

The following tables show the traditional and synthetic securitisations currently in place, the rating distribution of any exposures retained and a breakdown of the various roles performed by the Bank. Whilst national scale ratings have been used in this table, global scale equivalent ratings are used for internal risk management purposes and regulatory capital reporting. All assets in these vehicles were originated by the Bank and in each of these transactions the Bank acted as originator, sponsor and servicer.

## Securitisation transactions

R million	Asset type	Year initiated	Expected close	Rating agency	Assets securitised	Assets outstanding*		Notes outstanding		Retained exposure		
						2014	2013	2014	2013	2014	2013	
<i>Traditional securitisations**</i>						19,167	10,066	7,019	10,895	7,823	1,739	179
Nitro 4	Retail: Auto loans	2007	2016	Moody's	3,982	576	1,453	717	1,747	38	179	
Turbo Finance 2	Retail: Auto loans	2012	2015	Moody's and Fitch	4,037	1,067	2,200	1,189	2,402	-	-	
Turbo Finance 3	Retail: Auto loans	2012	2015	Moody's and Fitch	4,570	1,907	3,366	2,108	3,674	-	-	
Turbo Finance 4	Retail: Auto loans	2013	2021	Moody's and Fitch	6,578	6,516	-	6,881	-	1,701	-	
<i>Synthetic securitisation**</i>						20,000	-	5,000	-	5,000	-	3,095
Fresco 2	Corporate receivables	2007	2013	Fitch	20,000	-	5,000	-	5,000	-	3,095	
<b>Total</b>					<b>39,167</b>	<b>10,066</b>	<b>12,019</b>	<b>10,895</b>	<b>12,823</b>	<b>1,739</b>	<b>3,274</b>	

\* Does not include cash reserves.

\*\* This table includes transactions that have been structured by the Bank and therefore excludes third-party transactions.

Source: FirstRand Bank Limited's Risk and Capital Management Report for the year ended 30 June 2014. This information is unaudited.

## Rating distribution of retained and purchased securitisation exposure

R million	AAA (zaf)	AA+ (zaf)	AA (zaf)	AA- (zaf)	A+ (zaf)	A (zaf)	BBB+ (zaf)	BBB (zaf)	BB (zaf)	B+ (zaf)	Not rated	Total
<i>Traditional</i>												
At 30 June 2014	1,463	-	-	-	247	-	-	30	-	-	-	1,740
At 30 June 2013	98	-	-	-	81	-	-	-	-	-	-	179
<i>Synthetic</i>												
At 30 June 2014	-	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2013	-	-	-	-	-	-	-	3,020	52	-	23	3,095
<i>Third party</i>												
At 30 June 2014	504	-	-	-	-	-	-	-	-	-	-	504
At 30 June 2013	503	-	-	-	-	-	-	-	-	-	-	503

This table includes the rating distribution of transactions retained by the Bank and those purchased from third parties.

Source: FirstRand Bank Limited's Risk and Capital Management Report for the year ended 30 June 2014. This information is unaudited.

## The Bank's credit ratings

On 18 June 2014, S&P announced that it had lowered its long and short-term counterparty credit ratings on four South African banks, including the Issuer (the "**S&P Announcement**"). The S&P Announcement confirmed that S&P had lowered these ratings because S&P does not rate South African banks above the sovereign's foreign currency ratings and, on 13 June 2014, S&P had lowered its foreign currency ratings on the Republic of South Africa.

The S&P Announcement stated that the lowering of the ratings on South Africa reflects S&P's expectation of lacklustre GDP growth in South Africa, against a backdrop of relatively high current account deficits, rising general government debt, and the potential volatility and cost of external financing, among other factors. S&P affirmed a stable outlook for the Issuer's credit ratings.

The Bank's ratings from S&P are as follows: A-3 (short term) and BBB- (long term) foreign currency counterparty credit ratings, A-3 (short term) and BBB- (long term) local currency counterparty credit ratings and zaAA (long term) and zaA-1 (short term) national scale credit ratings and bbb standalone credit profile.

On 19 August 2014, Moody's announced that it had downgraded by one notch the long term local-currency deposit ratings, the long term national scale deposit ratings and (where Moody's rates their senior unsecured debt) the associated debt ratings of the four largest South African banks, including the Issuer (the "**August 2014 Moody's Announcement**"). In addition, all of these ratings and their corresponding long term foreign-currency ratings were placed on review for downgrade.

The August 2014 Moody's Announcement confirmed that the one notch downgrade of the local-currency deposit and senior unsecured debt ratings reflects Moody's view of the lower likelihood of systemic support from South African authorities to fully protect creditors in the event of need. Moody's stated that this was prompted, most recently, by the actions taken by the SARB in response to the abrupt loss of creditor confidence in African Bank Limited including SARB's willingness to proceed with a burden sharing restructuring plan for African Bank Limited involving debt holders and wholesale depositors.

On 10 November 2014, Moody's announced that following the lowering of South Africa's bond rating on 6 November 2014, the long-term deposit and senior debt ratings of the five largest South African banks, including the Issuer were downgraded by one notch to Baa2 from Baa1 (the **November 2014 Moody's Announcement**).

The November 2014 Moody's Announcement indicated that the rating actions were driven primarily by (1) the weakening of the South African government's credit profile, combined with the banks' level of holdings of sovereign debt securities, which link their creditworthiness to that of the national government; and to a lesser extent by (2) the challenges banks in South Africa face in view of weaker economic growth in South Africa.

The Bank's ratings from Moody's are as follows: P-2 (short term) and Baa2 (long term) foreign currency bank deposit ratings, P-2 (short term) and Baa2 (long term) local currency bank deposit ratings, P-1.za (short term) and A1.za (long term) national scale credit ratings and C- bank financial strength rating and baa2 baseline credit assessment.

The Bank's ratings from Fitch are as follows: F3 (short term) and BBB (long term) foreign currency issuer default rating, BBB (long term) local currency issuer default rating, F1+(zaf) (short term) and AA(zaf) (long term) national scale credit ratings, bbb viability credit rating, 3 support credit rating and BB+ support rating floor credit rating.

## **RISK MANAGEMENT**

The Group believes that effective risk management is of primary importance to its success and is a key component of the delivery of sustainable returns to its shareholders. It is therefore deeply embedded in the Group's tactical and strategic decision making. The Group aligns its risk management approach to its strategy.

The Group defines risk widely – as any factor that, if not adequately assessed, monitored and managed, may prevent it from achieving its business objectives or result in adverse outcomes, including damage to its reputation. Risk taking is an essential part of the Group's business and FirstRand explicitly recognises risk identification, assessment, monitoring and management as core competencies and important differentiators in the competitive environment in which it operates.

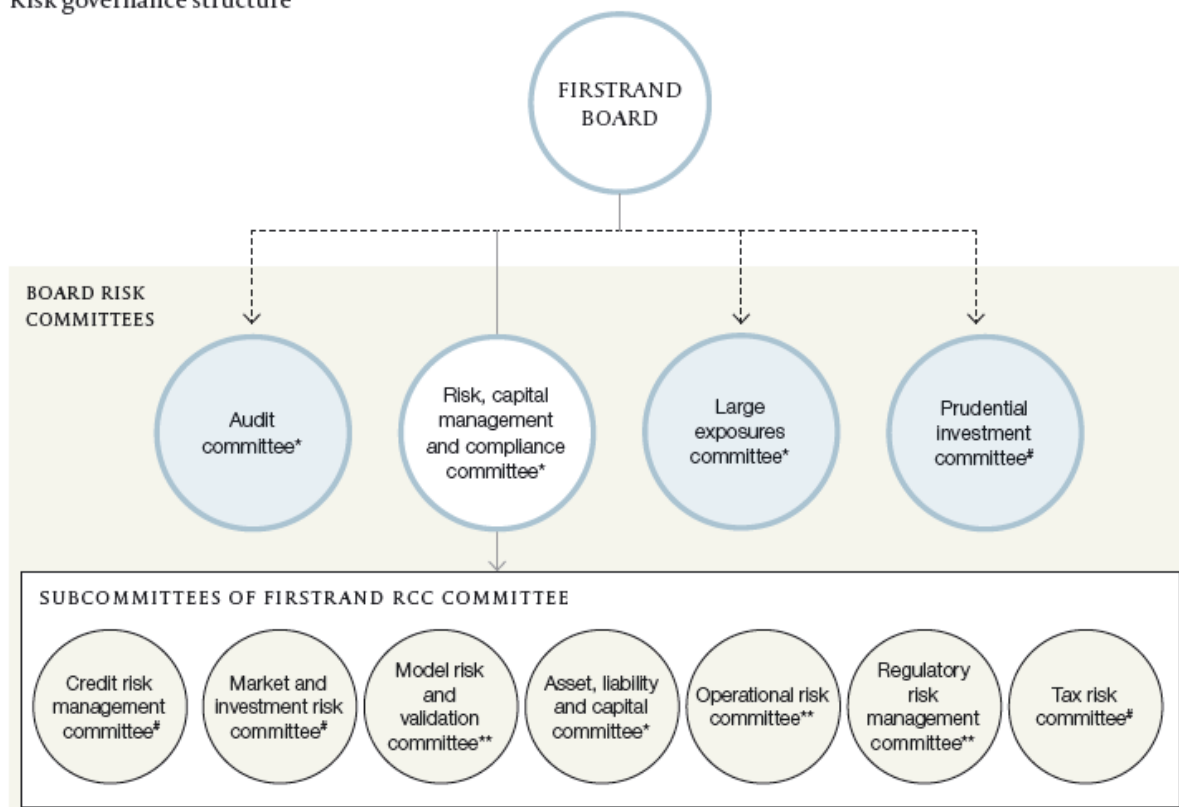
### ***Risk governance structure***

In line with the Group's corporate governance framework, the Board retains ultimate responsibility for ensuring that risks are adequately identified, measured, monitored and managed. The Group believes that a culture focused on risk paired with an effective governance structure is a prerequisite for managing risk effectively.

The risk governance structure for the Bank is set out in the business performance and risk management framework. As a policy of both the Board and the Executive Committee, it delineates the roles and responsibilities of key stakeholders in business, support and control functions across the various franchises and the Group.

The table below sets out the risk governance structure for the Group.

### Risk governance structure



\* Chairperson is an independent non-executive board member.

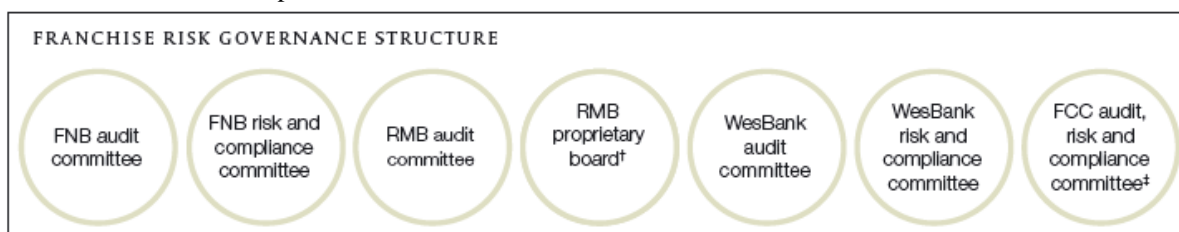
\*\* Chairperson is an external member.

# Chairperson is a member of senior executive management. The credit risk management committee has non-executive board representation.

The Board discharges its duty through relevant policies and frameworks as well as several board committees and subcommittees, as illustrated in the chart above. Although the Group and the Bank each has its own board of directors, there is a single set of governance committees for the Group and all three of its major subsidiaries (i.e. the Bank, FREMA and FRIHL.)

The primary board committee overseeing risk matters is the risk, capital management and compliance committee ("RCC"). It has delegated responsibility for a number of specialist topics to various subcommittees, as outlined in the previous chart. A number of the individual committees' members are non-executives, further strengthening the Group's central, independent risk oversight and control functions.

Additional risk, audit and compliance committees exist in each franchise, the governance structures of which align closely with that of the Group. The board committees are staffed by members of the respective franchise committees so as to ensure a common understanding of the challenges businesses face and how these are addressed across the Group.



† The RMB proprietary board is the risk and regulatory committee for RMB.

‡ Ashburton Investments audit, risk and compliance committee is a subcommittee of FCC audit, risk and compliance committee.

The table below sets out the roles and responsibilities of the Board risk committees, the RCC Committee and its subcommittees.

Committee	Responsibility
Audit committee	<ul style="list-style-type: none"> <li>‣ assists the board with its duties relating to the safeguarding of assets, operation of adequate systems and controls, assessment of going concern status and ensuring that relevant compliance and risk management processes are in place;</li> <li>‣ ensures that a combined assurance model is applied to provide a coordinated approach to all assurance activities (by management, internal and external assurance providers);</li> <li>‣ oversees and reviews work performed by the external auditors and internal audit function; and</li> <li>‣ oversees financial risks and internal financial controls including the integrity, accuracy and completeness of the integrated report, which are provided to shareholders and other stakeholders.</li> </ul>
Risk, capital management and compliance committee	<ul style="list-style-type: none"> <li>‣ approves risk management policies, frameworks, strategies and processes;</li> <li>‣ monitors containment of risk exposures within the risk appetite framework;</li> <li>‣ report assessment of the adequacy and effectiveness of the risk appetite, risk management, ICAAP and compliance processes to the board;</li> <li>‣ monitors the implementation of the risk management strategy, risk appetite limits and effectiveness of risk management;</li> <li>‣ initiates and monitors corrective action, where appropriate;</li> <li>‣ monitors that the Group takes appropriate action to manage its regulatory and supervisory risks and complies with applicable laws, rules, codes and standards;</li> <li>‣ approves regulatory capital models, risk and capital targets, limits and thresholds; and</li> <li>‣ monitors capital adequacy and ensures that a sound capital management process exists.</li> </ul>
Large exposures committee (LEC)	<ul style="list-style-type: none"> <li>‣ approves credit applications or renewals in excess of 10% of the Group's qualifying capital and reserves; and</li> <li>‣ delegates the mandate for approval of group and individual facilities to the FirstRand wholesale credit approval committee, commercial credit approval committee and the FirstRand retail credit policy, risk appetite committee and mandate approval (subcommittees of LEC), as appropriate.</li> </ul>
Prudential investment committee	<ul style="list-style-type: none"> <li>‣ provide oversight to ensure that investment risk and transactions are carefully assessed prior to approval; and</li> <li>‣ ensures investment exposures comply with FirstRand's prudential investment guidelines.</li> </ul>

## Responsibilities of the subcommittees of the RCC Committee

Committee	Responsibility
Credit risk management committee	<ul style="list-style-type: none"> <li>➤ approves credit risk management and risk appetite policies as well as forward looking credit risk indicators developed by the retail, commercial and corporate portfolios;</li> <li>➤ independent analysis, evaluation and ongoing oversight of credit portfolio quality and performance relative to credit risk appetite thresholds;</li> <li>➤ monitors quality of the in-force business, new business origination and underlying assets in the securitisation process;</li> <li>➤ monitors scenario and sensitivity analysis, stress tests, credit economic capital utilisation, credit pricing and credit concentrations;</li> <li>➤ ensures uniform interpretation of credit regulatory requirements and acceptable standards of credit reporting;</li> <li>➤ monitors corrective actions in terms of non-adherence to the credit risk management framework based on reports by Group Internal Audit and reports to the RCC committee; and</li> <li>➤ reviews credit economic conditions outlook as described in the Group's house view and ensures that business units align credit origination strategies accordingly.</li> </ul>
Market and investment risk committee	<ul style="list-style-type: none"> <li>➤ approves market and investment risk management policies, standards and processes;</li> <li>➤ monitors the effectiveness of market and investment risk management processes;</li> <li>➤ monitors the market and investment risk profile; and</li> <li>➤ approves market and investment risk-related limits.</li> </ul>
Model risk and validation committee	<ul style="list-style-type: none"> <li>➤ approves or recommends for approval by the RCC committee, all material aspects of model validation work including credit ratings and estimations, internal models for market risk and advanced measurement operational risk models for the calculation of regulatory capital calculation.</li> </ul>
Asset, liability and capital committee (ALCCO)	<ul style="list-style-type: none"> <li>➤ approves and monitors effectiveness of management policies, assumptions, limits and processes for liquidity and funding risk, capital risk and market risk in the banking book (interest rate risk and foreign exchange and translation risk);</li> <li>➤ monitors the management of funding of the Group's balance sheet;</li> <li>➤ provides governance and oversight of the level and composition of capital, and considers the supply and demand of capital across the Group;</li> <li>➤ approves buffers over regulatory capital and monitors capital adequacy ratios; and</li> <li>➤ approves frameworks and policies relating to internal funds transfer pricing for the Group.</li> </ul>
Committee	Responsibility
Operational risk committee	<ul style="list-style-type: none"> <li>➤ provides governance, oversight and coordination of relevant operational risk management practices and initiates corrective action, where required;</li> <li>➤ monitors the Group and franchise operational risk profiles against operational risk appetite;</li> <li>➤ mandates the FirstRand operational risk management committee to approve operational risk-related methodologies, processes, guidelines and relevant documentation;</li> <li>➤ reviews and recommends for approval by RCC committee, the Group's operational risk appetite;</li> <li>➤ approves the operational risk management framework and all its subpolicies/frameworks used in the management of the different operational risk classes including fraud risk, legal risk, business resilience, information governance, information technology and physical security;</li> <li>➤ monitors the formal reports of the ORC subcommittees on the effectiveness of specific operational risk classes;</li> <li>➤ ensures the maintenance of an independent and appropriately skilled operational risk management function;</li> <li>➤ monitors the adequate and effective implementation of the operational risk management framework across the Group and key corrective actions; and</li> <li>➤ reports on material operational risk items to the RCC committee.</li> </ul>
Regulatory risk management committee	<ul style="list-style-type: none"> <li>➤ approves regulatory risk management principles, frameworks, plans, policies and standards; and</li> <li>➤ monitors the effectiveness of regulatory risk management across the Group and initiates corrective action where required.</li> </ul>
Tax risk committee	<ul style="list-style-type: none"> <li>➤ sets tax strategy and tax risk appetite;</li> <li>➤ approves the tax management frameworks and policies; and</li> <li>➤ monitors tax risk assessments and profiles, compliance tax risks, corrective actions and escalation to the RCC committee, where required.</li> </ul>



### ***Risk governance framework***

Effective risk management requires multiple points of control or safeguards that should be applied consistently at various levels throughout the organisation. There are three primary lines of control across the Group's operations:

- *First line - risk ownership* – Risk taking is inherent in the individual businesses' activities. Management carries the primary responsibility for the risks in its business, in particular with respect to identifying and managing risk appropriately and is supported in these tasks by Group Treasury in FCC;
- *Second line risk control* – Business heads are supported by deployed risk management functions that are involved in all business decisions and are represented at an executive level across all franchises. Franchise heads of risk have a direct reporting line to the Bank's Chief Risk Officer and relevant franchise CEO. Deployed risk functions are embedded in the business units. They are represented on the respective franchises' executive committees and are involved in strategy setting and business decision-making while remaining independent from a governance perspective with a primary focus on risk identification, measurement and control. Franchise and segment risk management activities are overseen by the independent, central risk control functions in FCC, namely Enterprise Risk Management ("**ERM**") and Regulatory Risk Management ("**RRM**"); and
- *Third line - independent assurance* – Group Internal Audit and external advisors provide independent and objective assurance on the adequacy and effectiveness of governance, risk management and control across the Group to the board, audit committee and regulators. These include internal audit functions at a business and at a Group level.

### ***Risk appetite***

The Group's risk appetite frames all organisational decision making and is fully integrated with the Group's strategic objectives. The risk/reward framework, which includes the risk appetite statement below, aims to ensure that the Bank maintains an appropriate balance between risk and reward. Business and strategic decisions and the setting of risk appetite are aligned to risk appetite targets to ensure they are met during normal business cycles. Therefore, at a business unit level, strategy and execution are managed through the availability and price of financial resources, earnings volatility limits and required hurdle rates.

### ***Risk appetite statement***

FirstRand's risk appetite is the aggregate level and type of risks the Group is willing and able to accept within its overall risk capacity, and is captured by a number of qualitative principles and quantitative measures. The aim is to ensure that the Group maintains an appropriate balance between risk and reward. Risk appetite limits and targets are set to ensure the Group achieves its overall strategic objectives, namely to:

- deliver long-term franchise value;
- deliver superior and sustainable economic returns to shareholders within acceptable levels of volatility; and
- maintain balance sheet strength.

The Group's strategic objectives and financial targets frame its risk appetite in the context of risk and reward and contextualise the level of reward the Group expects to deliver to its stakeholders under normal and stressed conditions for the direct and consequential risk it assumes in the normal course of business.

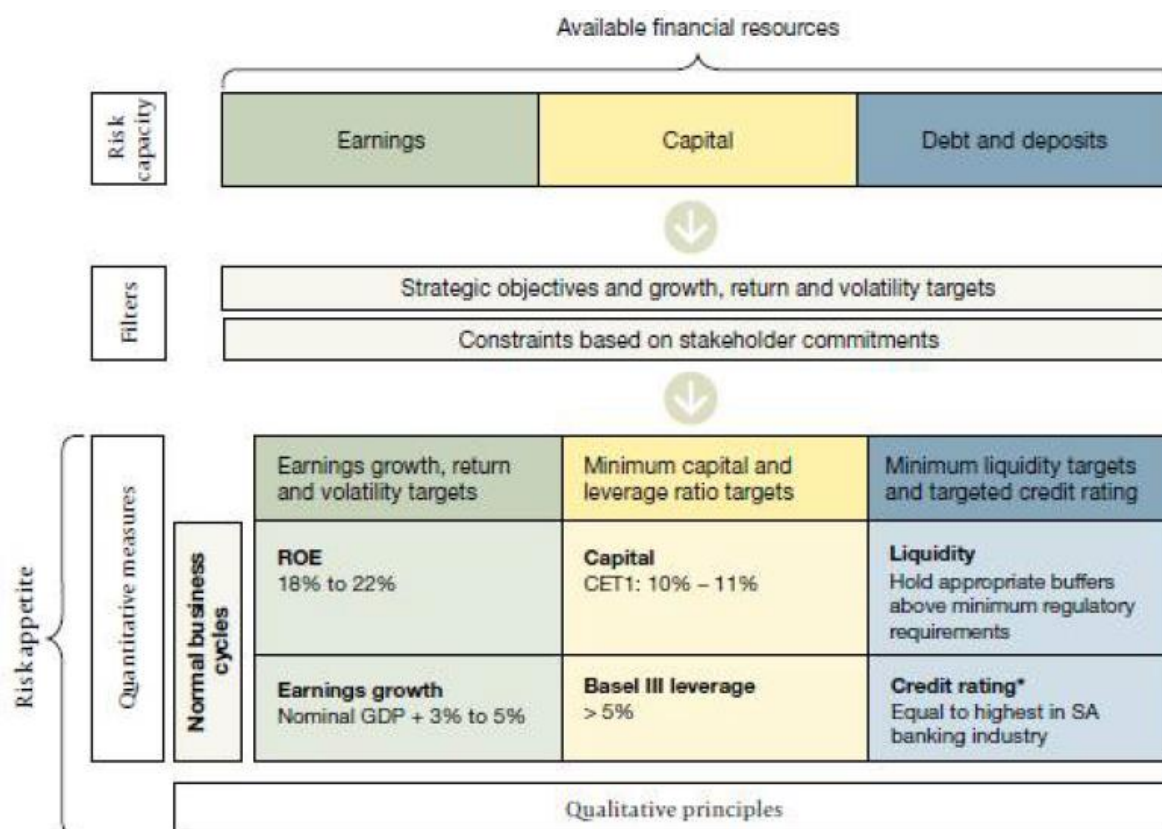
Risk capacity represents the absolute maximum level of risk the Group can technically assume given its current available financial resources, i.e. earnings, capital, debt and deposits. The Group views earnings as the primary defence against adverse outcomes. Risk capacity provides a reference for risk appetite and is not intended to be reached under any circumstances.

Risk appetite articulates what proportion of the Group's financial resources should be utilised in the execution of its strategy and is determined through consideration of a number of filters, including:

- overall strategic objectives;
- growth, volatility and return targets; and
- meeting the Group's commitments to all stakeholders including regulators, depositors, debt holders and shareholders.

Risk appetite is captured through both quantitative measures and qualitative principles, which include set objectives for the level of earnings volatility and minimum levels of capital and liquidity to be maintained during defined time horizons in normal and stressed environments within a defined level of confidence.

**Process for determining risk appetite**



\* Refers to a rating agency's measure of a bank's intrinsic creditworthiness before considering external factors, e.g. affiliate or government support. The three major rating agencies use different terminology for this concept – Standard & Poor's, standalone credit profile; Fitch Ratings, viability rating; and Moody's, baseline credit assessment.

The qualitative principles include:

- always act with a fiduciary mindset;
- comply with prudential regulatory requirements;
- comply with the spirit and intention of accounting and regulatory requirements;
- build and maintain a strong balance sheet which reflects conservatism and prudence across all disciplines;
- no risk taking without a deep understanding thereof;
- comply with internal targets in various defined states to the required confidence interval;
- no business models with excessive gearing through either on- or off-balance sheet leverage;
- limit concentrations in risky asset classes or sectors;

- ensure the Group's sources of income remain appropriately diversified across business lines, products, markets and regions;
- manage the business on a through-the-cycle basis to ensure sustainability;
- identify, measure, understand and manage the impact of downturn and stress conditions;
- strive for operational excellence and responsible business conduct; and
- avoid reputational damage.

### ***Application of the risk/reward framework***

Risk appetite, targets and limits are used to monitor the Group's risk/reward profile on an ongoing basis. The risk/reward profile should be measured point-in-time and forward looking. Risk appetite should influence the business plans of each of the businesses and inform the risk taking activities and strategies set in each business.

The Group cascades overall appetite into targets and limits at risk type and franchise and subsequent activity level, and these represent the constraints the Group imposes to ensure its commitments are attainable. Management of risk is the responsibility of everybody across all levels of the organisation, supported through the three lines of control of risk management.

The risk/reward framework provides for a structured approach to define risk appetite, targets and limits that apply to each key resource as well as the level of risk that can be assumed in this context. The framework provides guidance on how financial resources, including risk-taking capacity, should be allocated. Although different commitments are made to various stakeholders, these are monitored collectively. Quantitative targets and limits are augmented by a number of qualitative principles that serve to provide guidelines on boundaries for risk taking activities.

The Group employs a comprehensive, consistent and integrated approach to stress testing and scenario planning. The impact of risk scenarios on the business is evaluated and the need for adjustment to origination is considered and appropriate actions are taken. More severe scenarios are run less frequently but are critical to inform buffers, capital and liquidity planning, validate existing quantitative risk models and to understand required management action.

Stress testing and scenario planning are used to assess whether the desired profile can be delivered and whether the business stays within the constraints it has set for itself. The scenarios are based on changing macroeconomic variables, plausible event risks, and regulatory and competitive changes.

## **RISK PROFILE**

The Group is exposed to a number of risks that are inherent in its operations. Identifying, assessing, pricing and managing these risks appropriately are core competencies of the individual business areas. The major risk types to which the Bank is exposed include:

- *Credit risk* is the risk of loss due to the non-performance of a counterparty in respect of any financial or performance obligation. For fair value portfolios, the definition of credit risk is expanded to include the risk of losses through fair value changes arising from changes in credit spreads. Credit risk also includes credit default risk, pre-settlement risk, country risk, concentration risk and securitisation risk.
- *Counterparty credit risk* is defined as the risk of a counterparty to a contract, transaction or agreement defaulting prior to the final settlement of the transaction's cash flows.
- *Market risk in the trading book* is the risk of adverse revaluation of any financial instrument as a consequence of changes in market prices or rates.
- *Equity investment risk* - the risk of an adverse change in the fair value of an investment in a company, fund or any other financial instrument, whether listed, unlisted or bespoke.

- *Foreign exchange and translation risk in the banking book* - Foreign exchange risk is the risk of losses occurring or a foreign investment's value changing from movements in foreign exchange rates. A bank is exposed to currency risk in its net open positions in foreign currency positions and foreign investments. Translation risk is the risk associated with banks that deal in foreign currencies or hold foreign assets. The greater the proportion of asset, liability and equity classes denominated in a foreign currency, the greater the translation risk.
- *Funding and liquidity risk:*  

Funding liquidity risk is the risk that a bank will not be able to meet current and future cash flows and collateral requirements (expected and unexpected) without negatively affecting its reputation, daily operations and/or financial position.

Market liquidity risk is the risk that market disruptions or lack of market liquidity will cause the bank to be unable (or able, but with difficulty) to trade in specific markets without affecting market prices significantly.
- *Interest rate risk in the banking book* is defined as the sensitivity of a bank's financial position and earnings to unexpected, adverse movements in interest rates.
- *Operational risk* is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes fraud and criminal activity (internal and external), project risk, legal risk, business continuity, information and IT risk, process and human resources risk.
- *Regulatory risk* is the risk of statutory or regulatory sanction and material financial loss or reputational damage as a result of a failure to comply with any applicable laws, regulations or supervisory requirements.
- *Strategic risk* is the risk to current or prospective earnings arising from inappropriate business decisions or the improper implementation of such decisions.
- *Business risk* is the risk to earnings and capital from potential changes in the business environment, client behaviour and technological progress. It is often associated with volume and margin risk and relates to the Bank's ability to generate sufficient levels of revenue to offset its costs. *Reputational risk* is the risk of reputational damage due to compliance failures, pending litigations or negative media coverage.
- *Environmental and social risks* focus on the environmental and social issues which impact the Bank's ability to successfully and sustainably implement its business strategy.

A comprehensive overview of the Bank's risk profile is provided in the Risk and Capital Management report in the Bank's audited non-consolidated annual report for the year ended 30 June 2014, which is incorporated by reference into this Base Prospectus.

## RELATED PARTY TRANSACTIONS

The Bank enters into banking transactions in the normal course of business with related parties.

The Bank defines related parties as:

- (a) the parent company;
- (b) subsidiaries and fellow subsidiaries;
- (c) associate companies;
- (d) joint ventures;
- (e) associates and joint ventures of the parent company and fellow subsidiaries;
- (f) groups that have significant influence over the parent. If an investor has significant influence over the parent, it is a related party not only of the parent but also of the subsidiaries, including the Bank. If an investor that has significant influence over the parent has subsidiaries, those subsidiaries are also related to the Bank;
- (g) post-retirement benefit funds (pension funds);
- (h) key management personnel, being the FirstRand Limited board of directors, the Bank's Board of directors and the Bank's Executive Committee;
- (i) close family members of key management personnel (individual's spouse/domestic partner and children; domestic partner's children and dependants of individual or domestic partner); and
- (j) entities controlled, jointly controlled or significantly influenced by an individual referred to in (h) and (i).

The following tables set out transactions with relevant related parties for the years ended 30 June 2014 and 2013, respectively.

	2014					
	Parent	Entities that have significant influence over the parent and their subsidiaries	Fellow subsidiaries	Own associates	Associates of the parent and fellow subsidiaries	Joint ventures of the parent and fellow subsidiaries
			<i>(R million)</i>			
Advances .....	–	1,488	–	33	3,574	5,375
Accounts receivable.....	–	–	–	–	247	36
Amounts due by holding company and fellow subsidiary companies.....	–	–	26,055	–	–	–
<b>Derivative assets</b>						
Notional amount .....	–	5	–	–	3,173	20,152
Fair value.....	–	–	–	–	47	82
Deposits.....	–	3	–	–	358	15
Accounts payable.....	–	–	–	–	46	32
Amounts due to holding company and fellow subsidiary companies.....	133	–	12,159	–	–	–
<b>Derivative liabilities</b>						
Notional amount .....	–	1	–	–	–	–
Fair value.....	–	–	–	–	–	–

**2014**

	Entities that have significant influence over the parent and their subsidiaries					Joint ventures of the parent and fellow subsidiaries
	Parent		Fellow subsidiaries	Own associates	Associates of the parent and fellow subsidiaries	
Guarantees received .....	-	-	-	-	4	-
Interest received.....	-	-	1,069	6	28	216
Interest paid .....	-	-	467	-	1	52
Non-interest revenue.....	-	19	2,695	10	202	1,168
Operating expenditure ....	-	-	785	-	536	57
Dividends paid.....	(4,289)	83	-	-	-	7

**2013**

	Entities that have significant influence over the parent and their subsidiaries					Joint ventures of the parent and fellow subsidiaries
	Parent		Fellow subsidiaries	Own associates	Associates of the parent and fellow subsidiaries	
						<i>(R million)</i>
Advances .....	-	1,237	-	100	1,020	3,375
Accounts receivable.....	-	-	-	-	174	37
Amounts due by holding company and fellow subsidiary companies.....	-	-	20,628	-	-	-
<b>Derivative assets</b>						
Notional amount .....	-	11	-	-	667	14,507
Fair value.....	-	-	-	-	19	79
Deposits .....	-	3	-	-	122	60
Accounts payable.....	-	-	-	-	41	50
Amounts due to holding company and fellow subsidiary companies.....	766	-	13,762	-	-	-
<b>Derivative liabilities</b>						
Notional amount .....	-	27	-	-	1	-
Fair value.....	-	-	-	-	-	-
<b>Guarantees received .....</b>	-	-	-	-	-	60
<b>Interest received.....</b>	-	-	736	14	13	132
<b>Interest paid .....</b>	-	-	540	-	7	94
<b>Non-interest revenue.....</b>	-	92	1,598	-	466	1,286
<b>Operating expenditure ....</b>	-	-	731	-	437	11
<b>Dividends paid.....</b>	(5,710)	-	-	-	-	-

Transactions with related parties entered into by the Bank for the years ended 30 June 2014 and 2013, respectively, were made in the ordinary course of business and on arm's length terms.

## THE BANKING SECTOR IN SOUTH AFRICA

The South African banking system is well-developed and effectively regulated, comprising a central bank, several large, financially-strong banking groups and a number of smaller banks. Many foreign banks and investment institutions have also established operations in South Africa. The South African Government (the "**Government**") generally endorses the IMF and World Bank standards. South African banks are regulated by the SARB and the Basel III framework (which is being phased in by the SARB from 1 January 2013 through the Regulations Relating to Banks which replaced previous iterations of the regulations). The South African banking regulator actively participates in international regulatory and supervisory standard-setting forums at which it is represented and provides input into the continued refinement of the supervisory framework in terms of Basel III.

The National Payment System Act, 1998 (as amended) was introduced to bring the South African financial settlement system in line with international practice and systematic risk management procedures. The Payment Association of South Africa, under the supervision of the SARB, has facilitated the introduction of payment clearing house agreements. It has also introduced agreements pertaining to settlement, clearing and netting agreements, and rules to create certainty and reduce systemic and other risks in inter-bank settlement. These developments have brought South Africa in line with international inter-bank settlement practice. Electronic banking facilities are extensive, with a nationwide network of automatic teller machines and internet banking being available.

### *Regulation*

Financial regulation legislation in South Africa is increasingly following international best practice through the accords of international bodies such as the Bank of International Settlements ("**BIS**") the International Organisation of Securities Commissions; and the International Association of Insurance Supervisors. Banks in South Africa are governed by a comprehensive legislative framework, most significantly the Banks Act, which is primarily based on similar legislation in the United Kingdom, Australia and Canada.

### *South African Government Policy Priorities*

During 2011, the Government issued a policy paper, "A Safer Financial Sector to Serve South Africa Better", which enunciates its strategic regulatory objectives. The document identifies four policy priorities to reform the financial sector, namely: financial stability; consumer protection and market conduct; expanding access of financial services through inclusion; and combating financial crime. Achieving these objectives will evidently necessitate a change in the South African regulatory landscape from both a structural and a policy perspective including the introduction of a "twin-peaks" approach to financial sector regulation in terms of which macroprudential regulation will be mandated separately from market conduct and consumer protection regulation. The document was followed on 1 February 2013 with a further plan titled "*Roadmap for Implementing Twin Peaks Reform*".

The introduction of a "twin-peaks" approach to financial sector regulation will primarily be aimed at the enhancement of systemic stability, improving market conduct regulation, sound micro- and macro prudential regulation and the strengthening of the operational independence, governance and accountability of regulators. The perimeters of regulation will continue to be expanded to cover all sources of systemic risk, the regulation of all private pools of capital (for example, hedge funds and over-the-counter derivatives) and unregulated financial activities such as the functioning of credit rating agencies (now regulated by the Credit Rating Services Act, 2012).

To pave the way for the phasing-in of the "twin peaks" model, the Financial Services Laws General Amendment Act, 2013 (the "**Amendment Act**") has recently been enacted by Parliament. The Amendment Act took effect for the most part on 28 February 2014, with only particular provisions singled out for commencement at a later date. The Amendment Act contains a raft of amendments to eleven key pieces of financial sector legislation, and seeks to ensure that South Africa has a sounder and better-regulated financial services industry which promotes financial stability by strengthening the financial sector regulatory framework, enhancing the supervisory powers of the regulators and enhancing the powers of the Government to address potential risks to the financial system even during the transition to the twin peaks system. The memorandum published together with the Amendment Act makes it clear that the Amendment Act does not cover the more fundamental reforms envisaged in the shift

towards a twin peaks model of financial regulation, but rather addresses the more urgent legislative gaps and the removal of inconsistencies in current legislation.

Rather, it appears that the twin peaks model will be introduced in phases through, amongst others, the Financial Sector Regulation Bill, 2013. A draft bill (the "**Draft Bill**") was published by National Treasury for public comment at the end of 2013. According to the explanatory memorandum published together with the Draft Bill, such Draft Bill is intended to be the first in a series of bills that will give effect to the Government's decision to implement the "twin-peaks" model of financial regulation (discussed above) with a view to ensuring that the sector is safer and more effective. The Draft Bill reflects the Government's undertaking to eliminate lending malpractices, protect customers and reduce systemic risk through increased market conduct regulation. It is envisaged that a new financial market conduct regulator (referred to as the Market Conduct Authority in the Draft Bill) will be appointed with a purview over the full range of financial services related matters, such as the regulation of banking charges. The Market Conduct Authority (in contrast to the Prudential Authority which will be responsible for the oversight of the safety and soundness of banks, insurers and financial conglomerates), will be mandated to protect customers of financial services, improve the way in which financial service providers conduct their business, ensure that the integrity and efficiency of the financial markets is maintained, and promote effective financial consumer education.

The period for public consultation closed earlier this year, and the Minister of Finance has recently announced that a revised draft of the bill will be tabled in Parliament during its final sitting for 2014. The Minister also reiterated the Government's intention to provide a framework for the new Prudential Authority and Market Conduct Authority to begin their work in early 2015. Whether this timeline will be adhered to remains to be seen.

The current legislative framework that underpins market conduct and consumer protection includes the following legislation: Financial Advisory and Intermediary Services Act, 2002, the CPA, the NCA as well as a comprehensive set of principles relating to Treating Customers Fairly as released by the Financial Services Board under its Discussion Paper (April 2010) and Treating Customers Fairly – The Roadmap (March 2011).

#### *Anti-money laundering regulations*

The Government has identified the combating of financial crime as policy priority. South Africa has a well-established anti-money laundering ("**AML**") and counter terror financing ("**CTF**") legislative framework (which includes but is not limited to the Financial Intelligence Centre Act, 2001 as amended). The mutual evaluation report issued by the Financial Action Task Force - an inter-governmental body whose purpose is the development and promotion of national and international AML and CTF policies - confirmed that South Africa has demonstrated a strong commitment to implementing AML/CTF systems facilitated by close cooperation and coordination among a variety of government departments and agencies. The authorities have sought to construct a system which uses, as its reference, the relevant United Nations Conventions and the international standards as set out by the Financial Action Task Force. The Government also recognises the importance of being able to respond effectively to international instruments such as sanctions resolutions.

The South African banking regulator strives to maintain an effective compliance framework and operational capacity to oversee compliance by banks with AML and CTF standards. The banking regulator co-operates with the South African Financial Intelligence Centre (the "**FIC**") by helping to ensure compliance with FIC guidance notes, circulars and other announcements by banks. The Issuer has implemented an AML framework which includes CTF policies and takes measures to effect continuous improvement in its processes to address the global AML and CTF risks.

#### *South African Reserve Bank*

The SARB is responsible for bank regulation and supervision in South Africa with the purpose of achieving a sound, efficient banking system in the interest of the depositors of banks and the economy as a whole. The SARB holds various international memberships including the G-20, the International Monetary Fund ("**IMF**"), the BIS and the Committee of Central Bank Governors in the Southern African Development Community. The SARB serves on various BIS committees including the Basel Committee and the Committee on Payments and Settlement Systems. The SARB performs its function as banking regulator through its Bank Supervision Department, which issues banking licences to institutions and supervises their activities under the applicable



legislation. The Registrar of Banks has extensive regulatory and supervisory powers. Every bank is obliged to furnish certain prescribed returns to the Banking Supervision Department in order to enable the banking regulator to monitor compliance with the various prudential and other regulatory requirements imposed on banks in terms of the Banks Act and the Regulations Relating to Banks. The Registrar of Banks acts with relative autonomy in the execution of his duties and reports annually to the Minister of Finance on his activities, who in turn has to table a copy of the said report in Parliament.

In terms of the Banks Act, the Bank Supervision Department of the SARB, among other things, supervises banking groups on a consolidated basis from the bank controlling company downwards. In this regard, controlling companies of banks are required to submit, on a quarterly basis, a consolidated supervision return which includes information on all of the entities within that banking group that potentially constitute a material or significant risk to that banking group. The return covers issues such as group capital adequacy, group concentration risk, intra-group exposures and group currency risk. Moreover, a bank controlling company is also required to furnish the regulator, on a quarterly basis, with bank consolidated and group consolidated information which includes a detailed balance sheet, an off-balance sheet activities return and an income statement.

A banking group is required to satisfy the regulator's requirements in respect of the adequacy and effectiveness of its management systems for monitoring and controlling risks, including those in its offshore operations, and the integrity of its accounting records and systems. Banking groups are required to comply with the provisions of the Banks Act as well as with all financial and prudential requirements, including minimum capital and liquidity requirements, which are actively monitored by the banking regulator. In addition, banking groups have to satisfy the banking regulator's requirements pertaining to issues such as overall financial soundness worldwide, including the quality of its loan assets and the adequacy of its provisioning policy. As part of its supervisory process, the banking regulator undertakes on-site and off-site examinations. The banking supervisor seeks to apply the Core Principles for Effective Banking Supervision as issued by the Basel Committee.

The Issuer, as a bank, is supportive of the SARB's objectives and endorses improvements in risk management and governance practices as an active participant in the new regulatory landscape. The same approach is also applied in respect of the Issuer's cooperation with other regulatory authorities and much effort and resources are dedicated in a cost-efficient manner in order to reap maximum benefits emanating from the implementation of best practice and the resultant enablement of its global business activities.

Currently the banking industry works within a three-tiered framework:

1. the Banks Act (effecting changes to the Banks Act requires Parliamentary approval);
2. the South African Regulations Relating to Banks (changes to the Regulations require the approval of the South African Minister of Finance); and
3. Banks Act circulars, directives and guidance notes:
  - circulars may be issued by the Registrar of Banks to furnish banks with guidelines regarding the application and interpretation of the provisions of the Banks Act;
  - guidance notes may be issued by the Registrar of Banks in respect of market practices or market and industry developments; and
  - directives may be issued by the Registrar of Banks, after consultation with the relevant parties, regarding the application of the Banks Act. It is obligatory for banks to comply with such directives.

The Banks Act and Regulations Relating to Banks, circulars, guidance notes and directives issued by the Registrar of Banks set out the framework governing the formal relationship between South African banks and the Bank Supervision Department of the SARB. The Issuer and representatives of the office of the Registrar of Banks meet on a regular basis. These meetings include, *inter alia*, bilateral meetings (between the Issuer's board of directors and the Bank Supervision Department of the SARB), annual trilateral meetings between the Issuer's Audit Committee, the Bank Supervision Department of the SARB and the Issuer's auditors) and prudential meetings (which usually include meetings with risk management executives and the heads of each of the Issuer's

business divisions). The Issuer also engages in frequent on-site reviews conducted by representatives and supervisory teams of the office of the Registrar of Banks.

In response to fundamental weaknesses in international financial markets, revealed by the recent global financial crisis, a large volume of new regulatory and supervisory standards and requirements were issued by international standard-setting bodies such as the Basel Committee. The incorporation of the changes and enhancements into the domestic regulatory framework requires an ongoing review of South African banking legislation and regulatory requirements in order to ensure the appropriate alignment of the regulatory framework with international standards. In this regard, both the Banks Act and the Regulations Relating to Banks are amended from time to time. As an example, the implementation of Basel III (which commenced on 1 January 2013 and will continue up to 2018 in line with the timelines determined by the Basel Committee) necessitated and will require certain further amendments to the legal framework for the regulation and supervision of banks in South Africa.

The Issuer's relationship with the office of the Registrar of Banks is managed by a dedicated regulatory risk management department (which reports to the CEO's office) to ensure open, constructive and transparent lines of communication. Meetings, updates, trends and strategies are reported to the Registrar of Banks on a regular basis. The Issuer also employs a senior, independent compliance officer to ensure adherence to the applicable legislation.

The Issuer views its relationship with the Registrar of Banks as being of the utmost importance and it is committed to fostering sound banking principles for the industry as a whole. In this regard, the Issuer is a member of the Banking Association of South Africa, whose role is to establish and maintain the best possible platform on which banking groups can conduct competitive, profitable and responsible banking.

#### *Current Environment*

As at 30 June 2014, there were 10 registered banks with local control, three mutual banks, 14 local branches of foreign banks and 43 foreign banks with approved representative offices in South Africa. The five largest commercial banks by assets (Source: BA900, 30 June 2014) are Absa Bank Limited, FirstRand Bank Limited, Investec Bank Limited, Nedbank Limited and The Standard Bank of South Africa Limited, which continue to consolidate their position in the retail market (accounting for some 84 per cent. of deposits and 83 per cent. of total assets). Investment and merchant banking remains the most competitive sector in the industry. According to the SARB, the banking sector in South Africa had total assets of ZAR4.19 trillion as at 30 June 2014 (Source: BA900, 30 June 2014).

## **EXCHANGE CONTROL**

The information below is not intended as legal advice and it does not purport to describe all of the considerations that may be relevant to a prospective purchaser of notes. Prospective purchasers of notes who are non-South African residents or emigrants from the Common Monetary Area (defined below) are urged to seek further professional advice in regard to the purchase of notes.

Exchange controls restrict the export of capital from South Africa, Namibia and the Kingdoms of Swaziland and Lesotho (collectively the "**Common Monetary Area**"). These exchange controls are administered by the FSD and regulate transactions involving South African residents. The purpose of exchange controls is to mitigate the decline of foreign capital reserves in South Africa. The Issuer expects that South African exchange controls will continue to operate for the foreseeable future. The South African government has, however, committed itself to gradually relaxing exchange controls and significant relaxation has occurred in recent years. It is the stated objective of the South African authorities to achieve equality of treatment between South African residents and non-South African residents in relation to inflows and outflows of capital. This gradual approach towards the abolition of exchange controls adopted by the South African government is designed to allow the economy to adjust more smoothly to the removal of controls that have been in place for a considerable period of time.

Since 1 March 2010 South African banks have been able to acquire direct and indirect foreign exposure up to 25 per cent. of their total liabilities (excluding equity), covering all foreign exposure but excluding foreign exposures directly related to infrastructural development and/or outward foreign direct investment.

The prior written approval of the FSD is required for the issuance of each Tranche of notes issued under the Programme. The Issuer will obtain the prior written approval of the FSD for the issuance of each Tranche of the notes under the Programme. The Final Terms or (in the case of Exempt Notes) Pricing Supplement applicable to each Tranche of notes issued under the Programme will be required to contain a statement that the requisite the FSD approval has been obtained for that issuance.

The FSD may (and is currently expected to) impose certain conditions on the issue of each Tranche of notes under the Programme, for example, with regard to maturity, issue size and listing.

## TAXATION

*The following is a general description of certain aspects of current South African tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in that country or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.*

### South African Taxation

#### *Withholding Tax*

Under current taxation law in South Africa, all payments made under the Notes to resident and non-resident Noteholders will be made free of withholding or deduction for or on account of any taxes, duties, assessments or governmental charges in South Africa. However, there will be a withholding tax ("**WHT**") on interest payments to non-residents at 15 per cent., subject to any relief available under a double taxation agreement, proposed to be effective from 1 March 2015 and applicable to interest that is paid or that becomes due and payable on or after 1 March 2015. This WHT will apply to interest which is sourced in South Africa (refer below).

There are exemptions which extend to any interest paid by any South African bank, excluding 'back to back' arrangements between non-residents and a South African bank. As the Issuer is a South African bank, the interest paid by it will not attract WHT. In addition, interest paid in respect of any debt listed on a recognised exchange will also be exempt from the WHT. The regulated market of the London Stock Exchange plc is a recognised exchange. On this basis the interest paid on the Notes would also qualify for this exemption from the WHT.

#### *Securities Transfer Tax (STT)*

No STT is payable on the issue or transfer of Notes (bonds) under the South African Securities Transfer Tax Act, No 25 of 2007, because they do not constitute securities for the purposes of that Act.

#### *Value-Added Tax (VAT)*

No VAT is payable on the issue or transfer of Notes.

Notes (bonds) constitute "*debt securities*" as defined in section 2(2)(iii) of the South African Value-Added Tax Act, No. 89 of 1991. The issue, allotment, drawing, acceptance, endorsement or transfer of ownership of a debt security is a financial service, which is exempt from VAT in terms of section 12(a) of that Act.

Commissions, fees or similar charges raised for the facilitation of these services will however be subject to VAT at the standard rate (currently 14 per cent.), except where the recipient is a non-resident in which case such commissions, fees or similar charges may be subject to VAT at a zero rate.

#### *Income Tax*

Under current taxation law effective in South Africa, a "*resident*" (as defined in section 1 of the Income Tax Act, No 58 of 1962 (the "**Income Tax Act**")) is subject to income tax on his/her world-wide income. Accordingly, all Noteholders who are "*residents*" of South Africa will generally be liable to pay income tax, subject to available deductions, allowances and exemptions, on any income (including income in the form of interest) earned pursuant to the Notes. Non-residents of South Africa are subject to income tax on all income derived from a South African source (subject to domestic exemptions or relief in terms of an applicable double taxation treaty). Interest income is from a South African source if it is attributable to an amount incurred by a person that is a resident, unless the interest is attributable to a permanent establishment which is situated outside the Republic of South Africa; or derived from the utilisation or application in South Africa by any person of funds or credit obtained in terms of any form of interest-bearing arrangement. The Issuer is a resident of South Africa and the Notes will constitute an interest-bearing arrangement. Accordingly, if the Notes are not

attributable to a permanent establishment of the Issuer outside South Africa or the funds raised from the issuance of any Tranche of Notes are applied by the Issuer in South Africa, the interest earned by a Noteholder will be from a South African source and subject to South African income tax, unless such interest income is exempt from South African income tax under section 10(1)(h) of the Income Tax Act (see below).

Under section 24J of the Income Tax Act, any discount or premium to the Nominal Amount of a Note is treated as part of the interest income on the Note. Interest income which accrues (or is deemed to accrue) to a Noteholder is deemed, in accordance with section 24J of the Income Tax Act, to accrue on a day-to-day basis until that Noteholder disposes of the Note or until maturity, unless an election has been made by the Noteholder (if the Noteholder is entitled under Section 24J(9)<sup>1</sup> of the Income Tax Act to make such election) to treat its Notes as trading stock on a mark-to-market basis. This day-to-day basis accrual is determined by calculating the yield to maturity and applying it to the capital involved for the relevant tax period. The amount of interest income deemed to accrue to a Noteholder in terms of section 24J of the Income Tax Act may qualify for the exemption under section 10(1)(h) of the Income Tax Act (see below). Section 24JB of the Income Tax Act deals with the fair value taxation of financial instruments for certain "covered persons" (as defined thereunder) and applies in respect of years of assessment ending on or after 1 January 2014. Noteholders should seek advice as to whether these provisions may apply to them.

Under section 10(1)(h) of the Income Tax Act interest received by or accruing to a Noteholder who, or which, is not a resident of South Africa, will be exempt from income tax, unless:

that person

- (a) is a natural person who was physically present in South Africa for a period exceeding 183 days in aggregate during the twelve-month period preceding the date on which the interest is received or accrues by or to that person; or
- (b) at any time during the twelve month period preceding the date on which the interest is received by or accrued to that person, carries on business through a permanent establishment in South Africa<sup>2</sup>.

If a Noteholder does not qualify for the exemption under section 10(1)(h) of the Income Tax Act, exemption from, or reduction of, any South African tax liability may be available under an applicable double taxation treaty. Furthermore, certain entities may be exempt from South African income tax. Purchasers are advised to consult their own professional advisers as to whether the interest income earned on the Notes will be exempt under section 10(1)(h) of the Income Tax Act or under an applicable double taxation treaty.

Section 8F of the Income Tax Act applies to "hybrid debt instruments", and section 8FA of the Income Tax Act applies to "hybrid interest". Section 8F and 8FA provide that interest incurred on a hybrid debt instrument and hybrid interest are, for purposes of the Income Tax Act, deemed to be a dividend *in specie*. If either of these provisions apply the tax treatment of the interest will differ from what is set out above and such payments may be subject to dividends tax as a result of the deemed classification as dividends *in specie*.

Both section 8F and 8FA contain exemptions for a tier 1 or tier 2 capital instrument referred to in the regulations issued in terms of section 90 of the Banks Act issued by a bank as defined in the Bank Act. To the extent that sections 8F and/or 8FA apply to the Notes, then the abovementioned exemptions should apply to the Notes to the extent that the Notes constitute tier 1 or tier 2 capital instruments referred to in the regulations issued in terms of the Banks Act, and on the basis that the Issuer is a bank as defined in the Banks Act.

---

<sup>1</sup> The provisions of section 24J(9) of the Income Tax Act will not apply to a company which is a "covered person" as defined in the Income Tax Act during any year of assessment ending on or after 1 April 2014 (in terms of the Taxation Laws Amendment Bill, 2014 this date will be amended to 1 January 2014).

<sup>2</sup> This exemption will be amended with effect from 1 January 2015 and applicable in respect of amounts received or accrued on or after that date. In particular, interest received by or accruing to a Noteholder who, or which, is not a resident of South Africa during any year of assessment, will be exempt from income tax unless the debt from which the interest arises is effectively connected to a permanent establishment of that person in South Africa.

### *Capital Gains Tax*

Capital gains and losses of residents of South Africa on the disposal of Notes are subject to South African capital gains tax. Any discount or premium on acquisition which has already been treated as interest for income tax purposes, under section 24J of the Income Tax Act will not be taken into account when determining any capital gain or loss.

Under section 24J(4A) of the Income Tax Act a loss on disposal will, to the extent that it has previously been included in taxable income (as interest), be allowed as a deduction from the taxable income of the holder when it is incurred and accordingly should not give rise to a capital loss.

The capital gains tax provisions would not apply to the extent that the Noteholder constitutes a covered person and section 24JB applies to the Note.

Capital gains tax under the Eighth Schedule to the Income Tax Act will not be levied in relation to Notes disposed of by a person who is not a resident of South Africa unless the Notes disposed of are attributable to a permanent establishment of that person in South Africa.

Purchasers are advised to consult their own professional advisers as to whether a disposal of Notes will result in a liability to capital gains tax.

### *Definition of interest*

Unless stated otherwise, the references to "*interest*" above mean "*interest*" as understood in South African tax law. The statements above do not take any account of any different definitions of "*interest*" or "*principal*" which may prevail under any other law or which may be created by the Terms and Conditions of the Notes or any related documentation.

### **EU Savings Tax Directive**

Under Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Tax Directive**"), Member States of the European Union ("**Member States**") are required to provide to the tax authorities of other Member States details of certain payments of interest or other similar income paid or secured by a person established in a Member State to or for the benefit of to an individual resident in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the EU Savings Tax Directive, in particular to include additional types of income payable on securities. The amending Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the EU Savings Tax Directive.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

## Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 and associated regulations ("**FATCA**") impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "**foreign financial institution**", or "**FFI**" (as defined by FATCA)) that does not become a "**Participating FFI**" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Issuer (a "**Recalcitrant Holder**"). The Issuer is classified as an FFI.

The new withholding regime is currently in effect for payments from sources within the United States and will apply to "**foreign passthru payments**" (a term not yet defined) no earlier than 1 July 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued after the "**grandfathering date**", which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued on or before the grandfathering date, and additional Notes of the same series are issued after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "**Reporting FI**" not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "**FATCA Withholding**") from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and South Africa have entered into an agreement (the "**US-SA IGA**") based largely on the Model 1 IGA.

If the Issuer is treated as a Reporting FI pursuant to the US-SA IGA it does not anticipate that it will be obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. The Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Notes are in global form and held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the common depository for the ICSDs, given that each of the entities in the payment chain between the Issuer and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Notes will only be printed in remote circumstances.

**FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.**

### **The proposed financial transactions tax ("FTT")**

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

A joint statement issued on May 2014 by ten of the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially apply to shares and certain other derivatives with the initial implementation occurring by 1 January 2016. The FTT, as initially implemented on this basis, may not apply to dealings in the Notes. The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.



## SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of BNP Paribas, FirstRand Bank Limited London Branch, ING Bank N.V., J.P. Morgan Securities plc, Morgan Stanley & Co. International plc, Standard Chartered Bank, The Royal Bank of Scotland plc and UBS Limited (the "**Dealers**"). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in an amended and restated Dealer Agreement dated 4 December 2013 (such Dealer Agreement as modified and/or supplemented and/or further restated from time to time, the "**Dealer Agreement**") and made between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

### **United States of America: Regulation S Category 2.**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Fiscal Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Fiscal Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### **Public Offer Selling Restriction Under The Prospectus Directive:**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Prospectus as completed by the Final Terms or (in the case of Exempt Notes) a Pricing Supplement in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

- (b) *Fewer than 100 offerees:* at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) *Other exempt offers:* at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

**provided that** no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

#### **Selling Restrictions Addressing Additional United Kingdom Securities Laws:**

Each Dealer has represented, warranted and agreed that:

- (a) *No deposit-taking:* in relation to any Notes having a maturity of less than one year:
  - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
  - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
    - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
    - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

- (b) *Financial promotion:* it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) *General compliance:* it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

#### **Selling Restrictions Addressing Additional Securities Laws:**

##### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "**FIEA**") and each Dealer has represented and agreed that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined

under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### ***South Africa***

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not and will not offer or solicit any offers for sale or subscription or sell any Notes, in each case except in accordance with the South African exchange control regulations, the South African Companies Act, 2008, the South African Banks Act, 1990 and any other applicable laws and regulations of South Africa in force from time to time. In particular, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will not offer Notes for subscription, or otherwise sell any Notes, to any person who, or which, is a Resident (as defined in the South African exchange control regulations) other than in strict compliance with the South African exchange control regulations in effect from time to time, and, without prejudice to the foregoing, that it will take all reasonable measures available to it to ensure that no Note will be purchased by, or sold to, or beneficially held or owned by, any Resident other than in strict compliance with the South African exchange control regulations in effect from time to time.

### ***General***

Each Dealer has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus, any Final Terms or (in the case of Exempt Notes) Pricing Supplement or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms or (in the case of Exempt Notes) Pricing Supplement comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus, any Final Terms or (in the case of Exempt Notes) Pricing Supplement or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "*General*" above.

## FORM OF FINAL TERMS

*The Final Terms in respect of each Tranche of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue.*

**Final Terms dated [ ]**



# FIRSTRAND BANK

**FIRSTRAND BANK LIMITED**

*(Registration Number 1929/001225/06)*

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] (the "**Notes**")

under the U.S.\$1,500,000,000

**Euro Medium Term Note Programme**

## **PART A – CONTRACTUAL TERMS**

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the Base Prospectus dated 4 December 2014 [and the supplement[s] to the Base Prospectus dated [ ] [and [ ]] which [together] constitute[s] a base prospectus] (the "**Base Prospectus**") for the purposes of the Prospectus Directive. This document constitutes the Final Terms relating to the issue of Notes described herein for the purposes of Article 5.4 of the Prospectus Directive. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus.

Full information on the Issuer and the Notes described herein is only available on the basis of a combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on the website of the London Stock Exchange through a regulatory information service (<http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>).

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the Base Prospectus dated [ ] which are incorporated by reference in the Base Prospectus dated 4 December 2014. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus and must be read in conjunction with the Base Prospectus dated 4 December 2014 [and the supplement[s] to the Base Prospectus dated [ ] [and [ ]], which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on the website of the London Stock Exchange through a regulatory information service (<http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>).

1. Issuer: FirstRand Bank Limited
2. (i) Series Number: [ ]
- (ii) Tranche Number: [ ]
- [(iii) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with [ ] on [the Issue Date/[ ]]
3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount:
  - (i) Series: [ ]
  - (ii) Tranche: [ ]
5. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [ ]].
6. (i) Specified Denominations: [ ]
- (ii) Calculation Amount: [ ]
7. [(i)] Issue Date [ ]
- [(ii) Interest Commencement Date: [ ]]
8. Maturity Date [ ]
9. Interest Basis:
 

[[ ] per cent. Fixed Rate [to (but excluding) the First Reset Date]]

[[ ] +/-] [ ] per cent. Floating Rate]

[Zero Coupon]

[Reset Rate of Interest from (and including) the First Reset Date]
10. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount
11. Change of Interest or Redemption/Payment Basis: [ ] [Not Applicable]
12. Put/Call Options
 

[Investor Put]

[Issuer Call]
13. (i) Status of the Notes: [Unsubordinated Notes] [Tier 2 Notes]
- (ii) [Date [Board] approval for issuance of Notes obtained: [ ] [and [ ], respectively]
- (iii) Date of approval(s) of the Financial Surveillance Department of the South African Reserve Bank for issuance of Notes obtained [ ]

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (i) Rate(s) of Interest: [In respect of each Interest Period beginning prior to the First Reset Date,] [ ] per cent. per annum payable in arrear on each Interest Payment Date.
- [In respect of each Interest Period beginning on or after the First Reset Date, the relevant Reset Rate of Interest payable in arrear on each Interest Payment Date.]
- (ii) Interest Payment Date(s): [ ] in each year up to and including the Maturity Date.
- [There will be a [short/long] first interest period from, and including, the Interest Commencement Date to, but excluding, [ ] (the "[Short]/[Long] **First Coupon**").]
- [There will be a [short/long] final interest period from, and including, [ ] to, but excluding, the Maturity Date (the "[Short]/[Long] **Final Coupon**").]
- (iii) Fixed Coupon Amount(s): [In respect of each Interest Period beginning prior to the First Reset Date,] [ ] per Calculation Amount [other than in respect of the [Short]/[Long] [First]/[Final] Coupon (as to which see paragraph 14(iv) below)].
- [In respect of each Interest Period beginning on or after the First Reset Date, the amount(s) determined in accordance with Condition 7(e).]
- (iv) Broken Amount(s): [In respect of the [Short]/[Long] [First]/[Final] Coupon, [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]] [Not Applicable]
- (v) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (vi) Determination Dates: [[ ] in each year] [Not Applicable]
- (vi) Reset Rate: [Applicable/Not Applicable]
- First Reset Date: [ ]
  - Reset Margin: [ ]
  - Swap Rate Screen Page: [ ]
  - Relevant Centre: [ ]
  - Reset Reference Rate: [ ]
15. **Floating Rate Note Provisions** [Applicable/Not Applicable]

- (i) Specified Period: [ ]
- (ii) Specified Interest Payment Dates: [ ], subject to adjustment in accordance with the Business Day Convention set out in (iv) below /, not subject to any adjustment, as the Business Day Convention in (iv) below is specified to be Not Applicable]
- (iii) First Interest Payment Date: [ ], subject to adjustment in accordance with the Business Day Convention set out in (iv) below /, not subject to any adjustment, as the Business Day Convention in (iv) below is specified to be Not Applicable]
- (iv) Business Day Convention: [Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention] [Not Applicable]
- (v) Additional Business Centre(s): [ ] [Not Applicable]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ ISDA Determination]
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Fiscal Agent): [[ ] shall be the Calculation Agent]
- (viii) Screen Rate Determination Reference Rate: [LIBOR / EURIBOR]
- Relevant Screen Page: [ ]
- (ix) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (x) Linear Interpolation: [Not Applicable][Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
- (xi) Margin(s): [+/-][ ] per cent. per annum
- (xii) Minimum Rate of Interest: [ ] per cent. per annum
- (xiii) Maximum Rate of Interest: [ ] per cent. per annum
- (xiv) Day Count Fraction: [Actual/365] [Actual/Actual (ISDA)]  
[Actual/365 (Fixed)]  
[Actual/360]  
[30/360]  
[30E/360] [Eurobond Basis]  
[30E/360 (ISDA)]

16. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
- (i) Accrual Yield: [ ] per cent. per annum
- (ii) Reference Price: [ ]
- (iii) Day Count Fraction in relation to early redemption: [Actual/Actual (ICMA)]  
[Actual/365] [Actual/Actual (ISDA)]  
[Actual/360]  
[30/360]  
[30E/360] [Eurobond Basis]

**PROVISIONS RELATING TO REDEMPTION**

17. **Call Option** [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) (Call): [[ ] per Calculation Amount / As set out in Condition 11(i)]
- (iii) If redeemable in part: [Applicable/Not Applicable]
- (a) Minimum Redemption Amount: [ ] per Calculation Amount
- (b) Maximum Redemption Amount: [ ] per Calculation Amount
18. **Put Option** [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) (Put): [[ ] per Calculation Amount / As set out in Condition 11(i)]
19. **Final Redemption Amount of each Note** [ ] per Calculation Amount
20. **Early Redemption Amounts**
- (i) Early Redemption Amount (Regulatory): [[ ] per Calculation Amount / Make Whole Redemption Amount / Not Applicable]
- (a) Make Whole Margin: [[ ] / Not Applicable]
- (b) Reference Bond: [CA Selected Bond / [ ] / Not Applicable]
- (c) Quotation Time: [[5.00 p.m. [Brussels / London / [ ] time] / Not Applicable]
- (ii) Early Redemption Amount (Tax Gross up): [[ ] per Calculation Amount / As set out in Condition 11(i)]
- (iii) Early Redemption Amount (Tax Deductibility): [[ ] per Calculation Amount / Not Applicable]



**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

21. Additional Financial Centre(s) or other  [Not Applicable]  
special provisions relating to Payment Dates:

Signed on behalf of FirstRand Bank Limited:

By: .....

Duly authorised

## PART B - OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading: [London]
- (ii) Estimate of total expenses related to admission to trading: [ ]

### 2. RATINGS

Ratings: [S&P: [ ]]  
[Moody's: [ ]]  
[Moody's IS: [ ]]  
[Fitch: [ ]]

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save as discussed in "Subscription and Sale" in the Base Prospectus, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business]

### 4. Yield (*Fixed Rate Notes only*): [ ]

### 5. OPERATIONAL INFORMATION

ISIN Code: [ ]

Common Code: [ ]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): [ ] [Not Applicable]

Names and addresses of additional Paying Agent(s) (if any): [ ]

## FORM OF PRICING SUPPLEMENT

### EXEMPT NOTES OF ANY DENOMINATION

*Set out below is the form of Pricing Supplement which will be completed for each Tranche of Exempt Notes, whatever the denomination of those Notes, issued under the Programme.*

**NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC (AS AMENDED) FOR THE ISSUE OF NOTES DESCRIBED BELOW AND, ACCORDINGLY, THE UK LISTING AUTHORITY HAS NEITHER APPROVED NOR REVIEWED THE INFORMATION CONTAINED IN THIS PRICING SUPPLEMENT.**

[Date]



# FIRSTRAND BANK

**FIRSTRAND BANK LIMITED**

(Registration Number 1929/001225/06)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] (the "Notes")

under the U.S.\$1,500,000,000

**Euro Medium Term Note Programme**

## PART A – CONTRACTUAL TERMS

This document constitutes the Pricing Supplement for the Notes described herein. This document must be read in conjunction with the Base Prospectus dated [date] [as supplemented by the supplement[s] dated [date[s]]] (the "**Base Prospectus**"). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus. Copies of the Base Prospectus may be obtained from [address].

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus [dated [original date] which are incorporated by reference in the Base Prospectus]<sup>3</sup>.

*[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement.]*

*[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination [must/may need to] be £100,000 or its equivalent in any other currency.]*

- |    |                      |                        |
|----|----------------------|------------------------|
| 1. | Issuer:              | FirstRand Bank Limited |
| 2. | (i) Series Number:   | [ ]                    |
|    | (ii) Tranche Number: | [ ]                    |

<sup>3</sup> Only include this language where it is a fungible issue and the original Tranche was issued under a Base Prospectus with a different date.

- [(iii) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/[ ]]
3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount:
- (i) Series: [ ]
- (ii) Tranche: [ ]
5. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)].
6. (i) Specified Denominations: [ ]
- (ii) Calculation Amount: [ ]
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. [(i)] Issue Date [ ]
- [(ii)] Interest Commencement Date: [ ]
8. Maturity Date [*Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*]
- (If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to "professional investors" or (ii) another applicable exemption from section 19 of the FSMA must be available.)*
9. Interest Basis: [[ ] per cent. Fixed Rate [to (but excluding) the First Reset Date]]  
 [[*specify reference rate*] +/-] [ ] per cent. Floating Rate]  
 [Zero Coupon]  
 [Reset Rate of Interest from (and including) the First Reset Date]
10. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100] per cent. of their nominal amount

11. Change of Interest or Redemption/Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis]* [Not Applicable]
12. Put/Call Options [Investor Put]  
[Issuer Call]
13. (i) Status of the Notes: [Unsubordinated Notes] [Tier 2 Notes]
- (ii) [Date [Board] approval for issuance of Notes obtained: [ ] [and [ ], respectively]
- (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*
- (iii) Date of approval(s) of the Financial Surveillance Department of the South African Reserve Bank for issuance of Notes obtained *[Required for each issue]*

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate(s) of Interest: [In respect of each Interest Period beginning prior to the First Reset Date,] [ ] per cent. per annum payable in arrear on each Interest Payment Date.
- [In respect of each Interest Period beginning on or after the First Reset Date, the relevant Reset Rate of Interest payable in arrear on each Interest Payment Date.]
- (ii) Interest Payment Date(s): [ ] in each year up to and including the Maturity Date.
- [There will be a [short/long] first interest period from, and including, the Interest Commencement Date to, but excluding, [ ] (the "[Short]/[Long] **First Coupon**").]
- [There will be a [short/long] final interest period from, and including, [ ] to, but excluding, the Maturity Date (the "[Short]/[Long] **Final Coupon**").]
- (iii) Fixed Coupon Amount(s): [In respect of each Interest Period beginning prior to the First Reset Date,] [ ] per Calculation Amount [other than in respect of the [Short]/[Long] [First]/[Final] Coupon (as to which see paragraph 14(iv) below)].
- [In respect of each Interest Period beginning on or after the First Reset Date, the amount(s) determined in accordance with Condition 7(e).]

- (iv) Broken Amount(s): [In respect of the [Short]/[Long] [First]/[Final] Coupon, [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]] [Not Applicable]
- (v) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (vi) Determination Dates: [[ ] in each year] [Not Applicable]
- (Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/ Actual (ICMA))*
- (vi) Reset Rate: [Applicable/Not Applicable]
- First Reset Date: [ ]
  - Reset Margin: [ ]
  - Swap Rate Screen Page: [ ]
  - Relevant Centre: [ ]
  - Reset Reference Rate: [ ]
15. **Floating Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Specified Period: [ ]
- (Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable".)*
- (ii) Specified Interest Payment Dates: [ ][, subject to adjustment in accordance with the Business Day Convention set out in (iv) below /, not subject to any adjustment, as the Business Day Convention in (iv) below is specified to be Not Applicable]
- (Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable".)*
- (iii) First Interest Payment Date: [ ][, subject to adjustment in accordance with the Business Day Convention set out in (iv) below /, not subject to any adjustment, as the Business Day Convention in (iv) below is specified to be Not Applicable]

- (iv) Business Day Convention: [Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention/ Preceding Business Day Convention]  
[Not Applicable]
- (v) Additional Business Centre(s): [ ] [Not Applicable]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ ISDA Determination]
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Fiscal Agent): [[Name] shall be the Calculation Agent]
- (viii) Screen Rate Determination Reference Rate: [LIBOR / EURIBOR / *specify other Reference Rate*]
- Relevant Screen Page: [*For example, Reuters LIBOR 01 / EURIBOR 01*]
- (ix) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (x) Linear Interpolation: [Not Applicable][Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each long or short interest period*)]
- (xi) Margin(s): [+/-][ ] per cent. per annum
- (xii) Minimum Rate of Interest: [ ] per cent. per annum
- (xiii) Maximum Rate of Interest: [ ] per cent. per annum
- (xiv) Day Count Fraction: [Actual/365] [Actual/Actual (ISDA)]  
[Actual/365 (Fixed)]  
[Actual/360]  
[30/360]  
[30E/360] [Eurobond Basis]  
[30E/360 (ISDA)]
16. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Accrual Yield: [ ] per cent. per annum
- (ii) Reference Price: [ ]
- (iii) Day Count Fraction in relation to early redemption: [Actual/Actual (ICMA)]  
[Actual/365] [Actual/Actual (ISDA)]  
[Actual/360]

[30/360]  
[30E/360] [Eurobond Basis]

## PROVISIONS RELATING TO REDEMPTION

17. **Call Option** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) (Call): [[ ] per Calculation Amount / As set out in Condition 11(i)]
- (iii) If redeemable in part: [Applicable/Not Applicable]
- (a) Minimum Redemption Amount: [ ] per Calculation Amount
- (b) Maximum Redemption Amount: [ ] per Calculation Amount
18. **Put Option** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) (Put): [[ ] per Calculation Amount / As set out in Condition 11(i)]
19. **Final Redemption Amount of each Note** [ ] per Calculation Amount
20. **Early Redemption Amounts**
- (i) Early Redemption Amount (Regulatory): [[ ] per Calculation Amount / Make Whole Redemption Amount / Not Applicable]
- (a) Make Whole Margin: [[ ] / Not Applicable]
- (b) Reference Bond: [CA Selected Bond / [ ] / Not Applicable]
- (c) Quotation Time: [[5.00 p.m. [Brussels / London / [ ] time] / Not Applicable]
- (ii) Early Redemption Amount (Tax Gross up): [[ ] per Calculation Amount / As set out in Condition 11(i)]
- (iii) Early Redemption Amount (Tax Deductibility): [[ ] per Calculation Amount / Not Applicable]



**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

21. Additional Financial Centre(s) or other special provisions relating to Payment Dates:  [Not Applicable]

*(Note that this item relates to the date and place of payment, and not interest period end dates, to which item 15(v) relates)*

22. Other final terms:  [Not Applicable/give details]

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in this Pricing Supplement. *[[Relevant third party information]* has been extracted from *[specify source]*. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by *[specify source]*, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of FirstRand Bank Limited:

By: .....  
Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

(i) Listing and Admission to trading: [ ] [Not Applicable]

(ii) Estimate of total expenses related to admission to trading: [ ]

*(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*

### 2. RATINGS

Ratings: [S&P: [ ]]  
[Moody's: [ ]]  
[Moody's IS: [ ]]  
[Fitch: [ ]]

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save as discussed in "*Subscription and Sale*" in the Base Prospectus, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business]

4. **Yield (Fixed Rate Notes only):** [ ]

### 5. OPERATIONAL INFORMATION

ISIN Code: [ ]

Common Code: [ ]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): [ ] [Not Applicable]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any): [ ]

## GENERAL INFORMATION

### 1. Authorisations

The establishment of the Programme was authorised by written resolutions of the Board of Directors of the Issuer passed on 22 May 2007. The update of the Programme was authorised by written resolutions of the Board of Directors of the Issuer passed on 13 October 2014. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

### 2. Significant/Material Change

Since 30 June 2014 there has been no material adverse change in the prospects of the Issuer or the Issuer and its Subsidiaries (taken as a whole) nor any significant change in the financial or trading position of the Issuer or the Issuer and its Subsidiaries (taken as a whole).

### 3. Auditors

The audited non-consolidated financial statements of the Issuer for the years ended 30 June 2014 and 30 June 2013 and the audited consolidated financial statements of the Issuer for the years ended 30 June 2014 and 30 June 2013 have been audited without qualification by PricewaterhouseCoopers Inc. whose address is 2 Eglin Road, Sunninghill 2157, South Africa and Deloitte & Touche whose address is The Woodlands, 20 Woodlands Drive, Woodmead 2199, South Africa.

### 4. Approvals

Notes, the proceeds of which are intended to qualify as Tier 2 Capital, to be issued under the Programme are "debt instruments" as contemplated by section 79(1)(b) of the Banks Act. Accordingly, the Issuer requires the consent of the Registrar of Banks in accordance with section 79(1)(b) of the Banks Act and Regulation 38 of the Regulations Relating to Banks, for permission to issue Notes the proceeds of which are intended to qualify as Tier 2 Capital under the Programme. No authorisation is required from the Registrar of Banks to issue Unsubordinated Notes.

The Issuer will have to obtain the approval of the FSD for the issue of each Tranche of Notes under the Programme.

### 5. Documents on Display

Copies of the following documents may be inspected during normal business hours at the specified offices of the Fiscal Agent and from the registered office of the Issuer for 12 months from the date of this Base Prospectus:

- (a) the Certificate of Incorporation, Memorandum of Association and Articles of Association of the Issuer;
- (b) the audited non-consolidated financial statements of the Issuer for the years ended 30 June 2014 and 30 June 2013;
- (c) the audited consolidated financial statements of the Issuer for the years ended 30 June 2014 and 30 June 2013;
- (d) the Agency Agreement;
- (e) the Deed of Covenant; and

- (f) the programme manual (which contains the forms of the Note Certificates in global and individual form) dated 4 December 2014 and signed for the purposes of identification by the Issuer and the Fiscal Agent.

**6. Clearing of the Notes**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Final Terms or (in the case of Exempt Notes) Pricing Supplement. The relevant Final Terms or (in the case of Exempt Notes) Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

**7. Use of Proceeds**

The net proceeds of the issue of each Tranche of Notes will be applied by the Issuer for its general corporate purposes.

**8. Post Issuance Information**

The Issuer does not intend to provide any post-issuance information in relation to any Note issues.

**9. Indicative Yield for Fixed Rate Notes**

In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the relevant Final Terms or (in the case of Exempt Notes) Pricing Supplement. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity (or, in the case of Tier 2 Notes, to the first Optional Redemption Date (Call)) as at the Issue Date of the Notes and will not be an indication of future yield.

**10. Dealers transacting with the Issuer**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.

**REGISTERED OFFICE OF FIRSTRAND BANK LIMITED**

4 Merchant Place  
Corner of Fredman Drive and Rivonia Road  
Sandton  
2196  
South Africa

**ARRANGER**

**The Royal Bank of Scotland plc**  
135 Bishopsgate  
London EC2M 3UR  
United Kingdom

**CO-ARRANGER**

**FirstRand Bank Limited London Branch**  
Austin Friars House  
2-6 Austin Friars  
London EC2N 2HD  
United Kingdom

**DEALERS**

**BNP PARIBAS**  
10 Harewood Avenue  
London NW1 6AA  
United Kingdom

**ING Bank N.V.**  
Foppingadreef 7  
1102 BD Amsterdam  
The Netherlands

**Morgan Stanley & Co. International plc**  
25 Cabot Square  
Canary Wharf  
London E14 4QA  
United Kingdom

**The Royal Bank of Scotland plc**  
135 Bishopsgate  
London EC2M 3UR  
United Kingdom

**FirstRand Bank Limited London Branch**  
Austin Friars House  
2-6 Austin Friars  
London EC2N 2HD  
United Kingdom

**J.P. Morgan Securities plc**  
25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

**Standard Chartered Bank**  
1 Basinghall Avenue  
London EC2V 5DD  
United Kingdom

**UBS Limited**  
1 Finsbury Avenue  
London EC2M 2PP  
United Kingdom

**FISCAL AGENT**

**The Bank of New York Mellon**  
One Canada Square  
London E14 5AL  
United Kingdom

**REGISTRAR AND LUXEMBOURG PAYING AGENT**

**The Bank of New York Mellon (Luxembourg) S.A.**

Vertigo Building - Polaris  
2-4 rue Eugène Ruppert  
L-2453 Luxembourg  
Luxembourg

**LEGAL ADVISERS**

*To the Issuer as to English law:*

**Dentons UKMEA LLP**

One Fleet Place  
London EC4M 7WS  
United Kingdom

*To the Issuer as to South African law:*

**ENSafrica**

1 North Wharf Square  
Loop Street  
Cape Town  
8001  
South Africa

*To the Dealers as to English law:*

**Allen & Overy LLP**

One Bishops Square  
London E1 6AD  
United Kingdom

*To the Dealers as to South African law:*

**Bowman Gilfillan Attorneys**

165 West Street  
Sandton  
2196  
South Africa

**INDEPENDENT AUDITORS TO THE ISSUER**

**PricewaterhouseCoopers Inc.**

2 Eglin Road  
Sunninghill  
2157  
South Africa

**Deloitte & Touche**

The Woodlands  
20 Woodlands Drive  
Woodmead  
2199  
South Africa