



STANDARD BANK GROUP LIMITED

(Incorporated with limited liability on 25 November 1969 under Registration Number 1969/017128/06 in the Republic of South Africa)

ZAR50 000 000 000

Domestic Medium Term Note Programme

On 28 November 2016 Standard Bank Group Limited (the "**Issuer**") established a ZAR50,000,000,000 Domestic Medium Term Note Programme (the "**Programme**") pursuant to a programme memorandum dated 28 November 2016 (the "**Previous Programme Memorandum**") in terms of which Programme the Issuer may from time to time issue notes ("**Notes**"), which expression shall include (i) Senior Notes and/or (ii) Subordinated Notes (each as defined herein) and, in the case of Subordinated Notes, with or without terms capable of qualifying such Subordinated Notes as Additional Tier 1 Capital or Tier 2 Capital, as the case may be. As at the Programme Date (as defined herein), the Programme Amount is ZAR50,000,000,000. This Programme Memorandum (the "**Programme Memorandum**") will apply to Notes issued under the Programme on or after 13 November 2018 (the "**Programme Date**") in an aggregate Outstanding Principal Amount which will not exceed ZAR50,000,000,000 unless such amount is increased by the Issuer pursuant to the section of this Programme Memorandum headed "*General Description of the Programme*". This Programme Memorandum will supersede and replace the Previous Programme Memorandum in its entirety. Notes issued under the Programme on or after the Programme Date are subject to the provisions described herein. This Programme Memorandum does not affect any Notes issued before the Programme Date and the Previous Programme Memorandum will continue to apply to such Notes.

Notes issued under the Programme are subject to the terms and conditions contained in the section of the Programme Memorandum headed "*General Terms and Conditions*" (the "**General Terms and Conditions**") or "*Additional Tier 1 Terms and Conditions*" (the "**Additional Tier 1 Terms and Conditions**"), and together with the General Terms and Conditions, the "**Terms and Conditions**") (as applicable). Capitalised terms used in this Programme Memorandum are defined in the Terms and Conditions, unless separately defined, and/or in relation to a Tranche of Notes, in a pricing supplement (the "**Applicable Pricing Supplement**").

Subject to the Capital Rules, (i) the proceeds of the issue of Additional Tier 1 Notes will rank as Additional Tier 1 Capital, and (ii) the proceeds of the issue of Tier 2 Notes will rank as Tier 2 Capital. Any other terms and conditions not contained in the Terms and Conditions that are applicable to the Notes, will be set forth in the Applicable Pricing Supplement. In addition, any Notes issued are subject to all Applicable Laws (as defined herein) and, in the case of Notes listed on the JSE or such other Financial Exchange(s) (each term as defined herein) as may be determined by the Issuer, in accordance with the debt listings requirements of the JSE or such other Financial Exchange(s), as the case may be.

Notes will be issued in individual Tranches, which together with other Tranches, may form a Series of Notes. A Tranche of Notes will be issued on, and subject to, the relevant Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions of that Tranche of Notes set out in the Applicable Pricing Supplement.

This Programme Memorandum has been registered with the JSE. A Tranche of Notes may be listed on the Interest Rate Market of the JSE or on such other or additional Financial Exchange(s) as may be selected by the Issuer and the relevant Dealer (as defined below), subject to all Applicable Laws. Unlisted Notes may also be issued under the Programme but will not be regulated by the JSE. Claims against the JSE Debt Guarantee Fund Trust and/or the JSE Guarantee Fund, as applicable, may only be made in respect of the trading of Notes listed on the JSE in accordance with the rules of the JSE Debt Guarantee Fund Trust and/or the JSE Guarantee Fund, as applicable. The holders of the Notes not listed on the Interest Rate Market of the JSE will have no recourse against the JSE or the JSE Guarantee Fund. Unlisted Notes are not regulated by the JSE. The Applicable Pricing Supplement relating to a Tranche of Notes which is to be listed on the JSE will specify the relevant platform or sub-market of the JSE on which such Tranche of Notes is to be listed and will be delivered to the JSE and the Central Depository, before the Issue Date. A Tranche of Notes listed on the JSE may be traded by or through members of the JSE from the date specified in the Applicable Pricing Supplement, in accordance with the Applicable Procedures. The settlement of trades on the JSE will take place in accordance with the electronic settlement procedures of the JSE and the Central Depository for all trades done through the JSE. The placement of a Tranche of unlisted Notes may (at the sole discretion of the Issuer) be reported through the JSE reporting system, in which event the settlement of trades in such Notes will take place in accordance with the electronic settlement procedures of the JSE and the Central Depository. The settlement and redemption procedures for a Tranche of Notes listed on any Financial Exchange (other than or in addition to the JSE) will be specified in the Applicable Pricing Supplement.

The Notes may be issued on a continuing basis and be placed by one or more of the Dealers specified under the section of this Programme Memorandum headed "*Summary of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue or on an ongoing basis. References in this Programme Memorandum to the "**relevant Dealer**" shall, in the case of Notes being (or intended to be) placed by more than one Dealer, be to all Dealers agreeing to place such Notes.

As at the Programme Date the Issuer is rated by Fitch Ratings Ltd and Moody's Investors Service Cyprus Limited. See the section of this Programme Memorandum headed "*General Description of the Programme*" for the ratings assigned to the Issuer as at the Programme Date. The Programme is not rated but may after the Programme Date be rated by a Rating Agency on a national or international scale basis. A Tranche of Notes may also, on or before the Issue Date, be rated by a Rating Agency on a national or international scale basis. Notes issued under the Programme may be rated by a rating agency on a national or international scale basis. The rating assigned to the Issuer and/or the Programme and/or the Notes, as the case may be, as well as the rating agency(ies) which assigned such rating(s), will be specified in the Applicable Pricing Supplement and made available on the Issuer's website at <http://reporting.standardbank.com/debt-centre-confidentiality-and-disclaimer.php>.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplementary Programme Memorandum, if appropriate, will be made available, which will describe the effect of the agreement reached in relation to such Notes.

Arranger, Dealer and JSE Debt Sponsor
The Standard Bank of South Africa Limited
(acting through its Corporate and Investment Banking Division)

Programme Memorandum dated 13 November 2018

IMPORTANT NOTICES

Where any term is defined within the context of any particular clause or section in this Programme Memorandum, the term so defined, unless it is clear from the clause or section in question that the term so defined has limited application to the relevant clause or section, shall bear the meaning ascribed to it for all purposes in this Programme Memorandum, unless qualified by the relevant terms and conditions of any particular Tranche of Notes as set out in the Applicable Pricing Supplement or unless the context otherwise requires. Expressions defined in this Programme Memorandum shall bear the same meanings in supplements to this Programme Memorandum which do not themselves contain their own definitions.

The Issuer certifies that to the best of its knowledge and belief there are no facts that have been omitted which would make any statement in this Programme Memorandum false or misleading and that all reasonable enquiries to ascertain such facts have been made as well as that this Programme Memorandum contains all information required by Applicable Laws and the Debt Listings Requirements of the JSE. The Issuer accepts full responsibility for the accuracy of the information contained in this Programme Memorandum, the annual financial statements, the Applicable Pricing Supplements and the annual reports and any amendments or supplements to the aforementioned documents, except as otherwise stated therein.

The JSE takes no responsibility for the contents of this Programme Memorandum, the annual financial statements, any Applicable Pricing Supplements, or the annual reports of the Issuer and any amendments or supplements to the aforesaid documents. The JSE makes no representation as to the accuracy or completeness of this Programme Memorandum, the annual financial statements, any Applicable Pricing Supplements, or the annual reports of the Issuer and any amendments or supplements to the aforementioned documents and expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of the aforementioned documents. The JSE's approval of the registration of the Programme Memorandum and listings of the Notes is not to be taken in any way as an indication of the merits of the Issuer or the Notes and that, to the extent permitted by law, the JSE will not be liable for any claim whatsoever.

The Issuer, having made all reasonable enquiries, confirms that this Programme Memorandum contains or incorporates by reference all information which is material in the context of the issue and the offering of Notes, that the information contained or incorporated by reference in this Programme Memorandum is true and accurate in all material respects and is not misleading, that the opinions and the intentions expressed in this Programme Memorandum are honestly held and that there are no other facts the omission of which would make this Programme Memorandum or any such information or expression of any such opinions or intentions misleading in any material respect and that all proper enquiries have been made to verify the foregoing.

This Programme Memorandum is to be read in conjunction with any amendment or supplement thereto and in conjunction with all documents which are deemed to be incorporated herein by reference (see the section headed "*Documents Incorporated by Reference*") and, in relation to any Tranche of Notes, should be read and construed together with the Applicable Pricing Supplement. This Programme Memorandum shall be read and construed on the basis that such documents are incorporated by reference into and form part of this Programme Memorandum.

None of the Arranger, the Dealers, the JSE Debt Sponsor, the JSE nor any of their professional advisers or any of their respective affiliates (other than the Issuer) has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by any of the Arranger, the Dealers, the JSE Debt Sponsor, the JSE or other professional advisers or any of their respective affiliates (other than the Issuer) as to the accuracy or completeness of the information contained in this Programme Memorandum or any other information provided by the Issuer. None of the Arranger, the Dealers, the JSE Debt Sponsor, the JSE nor any of their professional advisers or any of their respective affiliates (other than the Issuer) accept any liability in relation to the information contained in this Programme Memorandum or any other information provided by the Issuer in connection with the Programme.

No Person has been authorised to give any information or to make any representation not contained in or not consistent with this Programme Memorandum or any other information supplied in connection with the Programme and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger, any Dealer, the JSE Debt Sponsor nor any of their professional advisers or any of their respective affiliates.

Neither this Programme Memorandum nor any other information supplied in connection with the Programme or the Notes is intended to provide a basis for any credit or other evaluation, or should be considered as a recommendation by the Issuer, the Arranger, the Dealers, the JSE Debt Sponsor, the JSE nor any of their professional advisers or any of their respective affiliates that any recipient of this Programme Memorandum, or

any other information supplied in connection with the Programme or the Notes should purchase any of the Notes.

Each investor contemplating the subscription for, or purchase of, any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the condition (financial or otherwise), of (a) the Issuer and (b) the Issuer and its consolidated Subsidiaries (the "**Group**"). Neither this Programme Memorandum nor any other information supplied in connection with the Programme or the Notes constitutes an offer or invitation by or on behalf of the Issuer, the Arranger or the Dealers or any of their respective affiliates to any Person to subscribe for or to purchase any of the Notes.

The delivery of this Programme Memorandum does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other financial statements or other information supplied in connection with the Programme or any Notes is correct as at any time subsequent to the date indicated in the document containing the same. The Arranger and the Dealers expressly do not undertake to review the financial condition or affairs of the Issuer and its Subsidiaries during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, among others, the most recently published annual report of the Issuer and the annual financial statements of the Issuer and of the Group and, if published later, the most recently published interim financial statements of the Group when deciding whether or not to purchase any Notes.

Neither this Programme Memorandum nor any Applicable Pricing Supplement constitutes an offer to sell or the solicitation of an offer to buy or an invitation to subscribe for or purchase any Notes in any jurisdiction to any Person to whom it is unlawful to make such offer, solicitation or invitation in such jurisdiction.

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) Notes are legal investments for it, (b) Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

The distribution of this Programme Memorandum and any Applicable Pricing Supplement and the offer or sale of Notes may be restricted by law in certain jurisdictions. In particular, there are restrictions on the distribution of this Programme Memorandum and the offer or sale of Notes in the United States of America, the United Kingdom, South Africa and certain other jurisdictions (see the section headed "*Subscription and Sale*"). The Issuer does not represent that this Programme Memorandum may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, nor does it assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Programme Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any Applicable Laws and regulations.

Persons into whose possession this Programme Memorandum or any Applicable Pricing Supplement or any Notes come are required to inform themselves about, and observe, any such restrictions.

Notes have not been and will not be registered under the United States Securities Act of 1933 (the "*Securities Act*"). Notes may not be offered, sold or delivered within the United States of America or to U.S. persons except in accordance with Regulation S under the Securities Act.

In this Programme Memorandum, references to websites or uniform resource locators ("**URLs**") are inactive textual references and are included for information purposes only. The contents of any such website or URL shall not form part of, or be deemed to be incorporated into, this Programme Memorandum.

All references in this document to "**Rand**", "**ZAR**", "**South African Rand**", "**R**" and "**cent**" refer to the currency of South Africa.

In this Programme Memorandum, references to a numbered "**Condition**" shall be to such specified condition in the relevant Terms and Conditions.

The Notes may not be a suitable investment for all investors. It is advisable that each potential investor in the Notes determines the suitability of that investment in light of its own circumstances. In particular, it is advisable

that each potential investor (a) has 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 Programme Memorandum or any applicable supplement, (b) has 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 investment will have on its overall investment portfolio, (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency, (d) understands thoroughly the terms of the Notes and is familiar with the behaviour of the relevant financial markets, and (e) is 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.

In connection with the issue and distribution of any Tranche of Notes, the Issuer or a Dealer disclosed as the approved stabilisation manager (if any) or any Person acting for it (the "Stabilisation Manager") in the Applicable Pricing Supplement may, subject to the terms and conditions for stabilisation contained in the Applicable Pricing Supplement and only if such stabilising is permitted by the Debt Listings Requirements of the JSE and approved by the JSE, over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there may be no obligation on the Stabilisation Manager or any of its agents to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period and is to be carried out in accordance with all Applicable Laws and regulations.

The price/yield, amount and allocation of Notes to be issued under this Programme will be determined by the Issuer and each Arranger and Dealer at the time of issue, in accordance with the prevailing market conditions.

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DOCUMENTS INCORPORATED BY REFERENCE

Capitalised terms used in this section headed "Documents Incorporated by Reference" shall have the same meanings as defined in the relevant Terms and Conditions, unless they are defined in this section or this is clearly inappropriate from the context.

The following documents shall be deemed to be incorporated in, and to form part of, this Programme Memorandum:

- (a) all amendments and supplements to this Programme Memorandum circulated by the Issuer from time to time;
- (b) the audited annual financial statements, and notes thereto, of the Issuer and the Group for the three financial years ended 31 December 2015, 2016 and 2017 as well as the published audited annual financial statements, and notes thereto, of the Issuer and the Group in respect of all financial years of the Issuer after the Programme Date, as and when same become available;
- (c) the unaudited interim financial statements of the Group for the period ended 30 June 2018, together with such statements, reports and notes attached to or intended to be read with such unaudited interim financial statements as well as the unaudited interim financial statements of the Group prepared after the Programme Date, together with such statements, reports and notes attached to or intended to be read with such unaudited interim financial statements, as when such unaudited interim financial statements become available;
- (d) any other audited or unaudited financial statements of the Issuer published in the manner required by the JSE Debt Listings Requirements, which do not fall within the ambit of paragraph (b) or (c) above;
- (e) each Applicable Pricing Supplement relating to any Tranche of Notes issued under the Programme on or after the Programme Date (and listed on the Interest Rate Market of the JSE); and
- (f) all information pertaining to the Issuer which is relevant to the Programme and/or this Programme Memorandum which is electronically submitted by the Stock Exchange News Service established by the JSE ("SENS"), to SENS subscribers, if required and/or which is available on any electronic news service established or used or required by the JSE,

save that any statement contained in this Programme Memorandum or in any of the documents incorporated by reference in and forming part of this Programme Memorandum shall be deemed to be modified or superseded for the purpose of this Programme Memorandum to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

The Issuer will, in connection with the listing of Notes on the JSE or on such other or further Financial Exchange(s) as may be selected by the Issuer and the relevant Dealer, and for so long as any Note remains Outstanding and listed on such Financial Exchange, publish a new Programme Memorandum or a further supplement to the Programme Memorandum, and release an announcement on SENS where:

- (a) there is a material change in the financial or trading condition of the Issuer; or
- (b) a material event has occurred which affects any matter contained in this Programme Memorandum, the disclosure of which would reasonably be required by Noteholders and/or potential investors in the Notes; or
- (c) any of the information contained in this Programme Memorandum becomes out-dated in a material respect; or
- (d) this Programme Memorandum no longer contains all the materially correct information required by the Applicable Procedures,

provided that, in the circumstances set out in paragraphs (a), (b) (c) and (d) above, no new Programme Memorandum or supplement to this Programme Memorandum, as the case may be, is required in respect of the Issuer's annual financial statements or interim financial statements if such financial statements are incorporated by reference into this Programme Memorandum and such financial statements are published, as required by the Companies Act and the JSE, and submitted to the JSE within the time period required by the JSE Debt Listings Requirements.

Any such new Programme Memorandum or Programme Memorandum as supplemented shall be deemed to have been substituted for the previous Programme Memorandum from the date of issue of the new Programme Memorandum, or Programme Memorandum as supplemented, as the case may be.

The Issuer will provide, free of charge, to any Person, upon request of such Person, a copy of any of the public documents deemed to be incorporated herein by reference for so long as the Programme Memorandum remains registered with the JSE, unless such documents have been modified or superseded, in which case the modified or superseding documentation will be provided. In addition, any Noteholder shall be entitled to request a copy of the Register in respect of the Notes held by that Noteholder. Requests for such documents should be directed to the Issuer at its Specified Office.

| | Information incorporated by reference: | Accessible on the Issuer's website | Available for inspection at the registered office of the Issuer (as set out at the end of this Programme Memorandum) | Available on the JSE's website www.jse.co.za |
|-----|---|---|---|---|
| (a) | Programme Memorandum, any amendments and/or supplements to this Programme Memorandum. | Yes, available at: http://reporting.standardbank.com/debt-centre-confidentiality-and-disclaimer.php | Yes | Yes |
| (b) | All Applicable Pricing Supplements relating to Notes in issue under the Programme. | Yes, available at: http://reporting.standardbank.com/debt-centre-confidentiality-and-disclaimer.php | Yes | Yes |
| (c) | Audited annual financial statements and unaudited interim financial statements of the Issuer. | Yes, available at: http://reporting.standardbank.com/resultreports.php | Yes | |
| (d) | The full names of the Issuer's directors. | Yes, available at: https://reporting.standardbank.com/downloads/SBG_FY17_1_Annual%20integrated%20report.pdf | | |
| (e) | Constitutional documents of the Issuer. | | Yes | |
| (f) | Implementation by the Issuer of the King Code through the application of the King Code disclosure and application regime. | Yes available at : https://www.standardbank.com/pages/StandardBankGroup/web/docs/16012_SBG%20King%20IV%20application%20of%20principles.pdf | | |

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| (g) | All information pertaining to the Issuer which is relevant to the Programme and/or this Programme Memorandum | Yes, available at: http://reporting.standardbank.com/debt-centre-confidentiality-and-disclaimer.php | Yes | Yes |
|-----|--|---|-----|-----|

In relation to any Tranche of Notes listed on the Interest Rate Market of the JSE, copies of any notices to Noteholders, including of meetings and any amendments to the relevant Terms and Conditions or amendments to the Credit Rating of a Tranche of Notes and/or to the Programme Memorandum, shall be published on SENS.

The Issuer will, for so as the Programme Memorandum remains registered with the JSE, announce by electronically publishing such announcement on SENS, or any other similar service established by the JSE, when any information incorporated by reference is updated and where such updated information is available.

GENERAL DESCRIPTION OF THE PROGRAMME

Capitalised terms used in this section headed "General Description of the Programme" shall have the same meaning as defined in the relevant Terms and Conditions, unless they are defined in this section or this is clearly inappropriate from the context.

Subject to the prior consent of the Relevant Regulator (if required by the Capital Rules), the Issuer may from time to time (without the consent of any Noteholder) issue one or more Tranches of Notes under the Programme, pursuant to this Programme Memorandum, provided that the aggregate Outstanding Principal Amount of all of the Notes issued under the Programme from time to time does not exceed the Programme Amount. The applicable terms of any Notes will be set out in the relevant Terms and Conditions incorporated by reference into the Notes, as modified and supplemented by the Applicable Pricing Supplement relating to the Notes and any supplementary Programme Memorandum. A summary of the Programme, the General Terms and Conditions and the Additional Tier 1 Terms and Conditions appears in the section of this Programme Memorandum headed "*Summary of the Programme*".

As at the Programme Date, the Programme Amount is ZAR50,000,000,000 (or its equivalent in such other currency or currencies as Notes are issued). This Programme Memorandum will only apply to Notes issued under the Programme in an aggregate Outstanding Principal Amount which does not exceed the Programme Amount, unless such amount is increased as set out below. For the purpose of calculating the aggregate Outstanding Principal Amount of Notes Outstanding issued under the Programme from time to time:

- (a) the ZAR equivalent of Notes denominated in another currency shall be determined at or about the time at which an agreement is reached for the issue of such Notes as between the Issuer and the relevant Dealer(s) on the basis of the spot rate at such time for the sale of such ZAR amount against the purchase of such currency or unit of account in the Johannesburg inter-bank foreign exchange markets, as quoted by The Standard Bank of South Africa Limited or by any leading bank selected by the Issuer;
- (b) the amount of Indexed Notes and Partly Paid Notes shall be calculated by reference to the original Nominal Amount of such Notes (and, in the case of Partly Paid Notes, regardless of the subscription price paid); and
- (c) the amount of Zero Coupon Notes and Other Notes issued at a discount or premium shall be calculated by reference to the Nominal Amount received by the Issuer for the relevant issue.

From time to time, the Issuer may wish to increase the Programme Amount. Subject to the Applicable Procedures, the Programme Agreement and all Applicable Laws, the Issuer may, without the consent of Noteholders, increase the Programme Amount by delivering notice thereof to (i) the JSE Debt Sponsor, (ii) Noteholders in accordance with Condition 17 (*Notices*) of the General Terms and Conditions and Condition 18 (*Notices*) of the Additional Tier 1 Terms and Conditions, (iii) the relevant Financial Exchange(s), (iv) the Transfer, Paying and Calculation Agents, and (v) the Arranger and (vi) the Dealers. Upon such notices being given, all references in the Programme Memorandum or any other agreement, deed or document in relation to the Programme, to the Programme Amount, shall be, and shall be deemed to be, references to the increased Programme Amount.

A Tranche of Notes may be listed on the Interest Rate Market of the JSE or on such other or additional Financial Exchange(s) as may be determined by the Issuer, subject to Applicable Laws. Unlisted Notes may also be issued under the Programme. The Applicable Pricing Supplement will specify whether or not a Tranche of Notes will be listed and, if so, on which Financial Exchange.

To the extent that Notes may be listed on the JSE, the JSE's approval of the listing of any Notes is not to be taken in any way as an indication of the merits of the Issuer or the Notes. The JSE has not verified the accuracy and truth of the contents of the Programme Memorandum and, to the extent permitted by law, the JSE will not be liable for any claim of whatsoever kind.

Claims against the JSE Debt Guarantee Fund Trust and/or the JSE Guarantee Fund, as the case may be, may only be made in respect of trading in Notes listed on the JSE and in accordance with the rules of the JSE Debt Guarantee Fund Trust and/or the JSE Guarantee Fund, as the case may be. Unlisted Notes are not regulated by the JSE.

As at the Programme Date, the Programme has not been rated by any Rating Agency. The Issuer has been rated by Fitch Ratings Ltd ("**Fitch**") and Moody's Investors Service Cyprus Limited ("**Moody's**") as follows:

| | Moody's | | Fitch | |
|--|-------------------|------------------|-----------------------|----------------------|
| | Short Term | Long Term | Short Term | Long Term |
| Foreign currency issuer default rating | - | - | B (Stable) | BB+ (Stable) |
| Local currency issuer default rating | - | - | - | BB+- (Stable) |
| National rating | - | - | F1+ (ZAF) (Stable) | AA (ZAF) (Stable) |
| Issuer rating | - | Ba1 (Stable) | - | - |

The Issuer may, at any time, obtain a rating by a Rating Agency for this Programme or any issue of Notes pursuant to this Programme. A Tranche of Notes may, on or before the Issue Date, be rated by a Rating Agency on a national scale or international scale basis. Unrated Tranches of Notes may also be issued. The Applicable Pricing Supplement will reflect the rating, if any, which has been assigned to a Tranche of Notes, as well as the rating agency or rating agencies which assigned such rating or ratings. Where a Tranche of Notes is rated, such rating (which may be an expected rating) will not necessarily be the same as the rating(s) assigned to the Programme or the Issuer and/or the same as the ratings(s) assigned to previous Tranches of Notes already issued. Neither a rating of the Programme nor a rating of a Tranche of Notes nor a rating of the Issuer is a recommendation to subscribe for, buy, sell or hold any Notes. A rating of the Programme and/or a rating of a Tranche of Notes and/or a rating of the Issuer may be subject to revision, suspension or withdrawal at any time by the Rating Agency. Any amendment of the rating(s) of the Issuer and/or the granting of any rating(s) of the Programme and/or a Tranche of Notes, as the case may be, after the Programme Date, will be announced on SENS.

Investing in the Notes involves certain risks (see the section of this Programme Memorandum headed "*Risk Factors*").

SUMMARY OF THE PROGRAMME

The following summary does not purport to be complete and is taken from, and is qualified by, the remainder of this Programme Memorandum and, in relation to the relevant Terms and Conditions of any particular Tranche of Notes, the Applicable Pricing Supplement. Capitalised terms used in this section headed "Summary of the Programme" shall have the same meanings as defined in the relevant Terms and Conditions, unless they are defined in this section or this is clearly inappropriate from the context.

PARTIES

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|---|---|
| Arranger | The Standard Bank of South Africa Limited (acting through its Corporate and Investment Banking Division) (Registration Number 1962/000738/06). |
| CSD | Strate Proprietary Limited (Registration Number 1998/022242/07), a central securities depository licensed in terms of the Financial Markets Act or such additional or alternative depository as may be agreed between the Issuer and the relevant Dealer(s). |
| CSD Procedures | In relation to a Tranche of Registered Notes which is listed on the Interest Rate Market of the JSE (and/or held in the Central Depository), the rules and operating procedures for the time being of the Central Depository and Participants. |
| Dealers | The Standard Bank of South Africa Limited (acting through its Corporate and Investment Banking Division) (Registration Number 1962/000738/06) and any other Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis, subject to the Issuer's right to terminate the appointment of any Dealer. |
| Issuer | Standard Bank Group Limited (Registration Number 1969/017128/06). |
| JSE | JSE Limited (Registration Number 2005/022939/06), licensed as an exchange in terms of the Financial Markets Act. |
| JSE Debt Sponsor | The Standard Bank of South Africa Limited (acting through its Corporate and Investment Banking Division) (Registration Number 1962/000738/06). |
| Transfer Agent, Calculation Agent and Paying Agent | The Standard Bank of South Africa Limited (Registration Number 1962/000738/06), or such other entity appointed by the Issuer as Transfer Agent, Calculation Agent or Paying Agent (as the case may be), in which event that other entity shall act in such capacity in respect of that Tranche or Series of Notes, as specified in the Applicable Pricing Supplement. |

GENERAL

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| JSE Debt Guarantee Fund Trust and/or the JSE Guarantee Fund | <p>Claims against the JSE Debt Guarantee Fund Trust may only be made in respect of the trading of Notes which are listed on the separate platform or sub-market of the JSE designated as the "<i>Interest Rates Market</i>" and in accordance with the rules of the JSE Debt Guarantee Fund Trust. The holders of Notes that are not listed on the separate platform or sub-market of the JSE designated as the "<i>Interest Rates Market</i>" will have no recourse against the JSE or the JSE Debt Guarantee Fund Trust. Unlisted Notes are not regulated by the JSE.</p> <p>Claims against the JSE Guarantee Fund may only be made in respect of the trading of Notes which are listed on the JSE (other than on the separate platform or sub-market of the JSE designated as the "<i>Interest Rates Market</i>") and in accordance with the rules of the JSE Guarantee Fund. The holders of Notes that are not listed on the JSE will have no recourse against the JSE or the JSE Guarantee Fund. Unlisted Notes are not regulated by the JSE.</p> |
| Blocked Rand | Blocked Rand may be used to subscribe for or purchase Notes, subject to South African Exchange Control Regulations (see the section of this Programme Memorandum headed " <i>South African Exchange Control</i> "). |

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| Commercial Paper Regulations | The Commercial Paper Regulations comprise an exemption to " <i>the business of a bank</i> " as defined in the Banks Act. The question of whether the Issuer, in the issue and placing of a Tranche of Notes, conducts " <i>the business of a bank</i> " as defined in the Banks Act is a question of fact. If the Issuer, in relation to the issue and placing of a Tranche of Notes, is obliged (or is not obliged but nevertheless elects) to comply with the Commercial Paper Regulations, the Issuer will procure that Annexure "A" to the Applicable Pricing Supplement relating to that Tranche of Notes is completed and attached to that Applicable Pricing Supplement. |
| Cross Default | Senior Notes will have the benefit of a cross default as described in Condition 12.1(c) (<i>Cross default of Issuer</i>) of the General Terms and Conditions. |
| Denomination of Notes | Notes will be issued in such denominations as may be specified in the Applicable Pricing Supplement. |
| Description of the Programme | Standard Bank Group Limited ZAR50,000,000,000 Domestic Medium Term Note Programme. |
| Distribution | Notes may be distributed by way of private placement, auction or bookbuild or any other means permitted under South African law, and in each case on a syndicated or non-syndicated basis as may be determined by the Issuer and the relevant Dealer(s) and reflected in the Applicable Pricing Supplement. |
| Method of Transfer | The method of transfer is by registration for transfer of Notes to occur through the Register and by electronic book entry in the securities accounts of Participants or the CSD, as the case may be, for transfers of Beneficial Interests in the Notes, in all cases subject to the restrictions described in this Programme Memorandum. The Notes will be freely transferable. |
| Form of Notes | Senior Notes and Subordinated Notes (other than Additional Tier 1 Notes and Tier 2 Notes) may be issued in the form of Registered Notes, Bearer Notes or Order Notes. Additional Tier 1 Notes and Tier 2 Notes will only be issued in the form of Registered Notes. Registered Notes may be issued in certificated or uncertificated form, as specified in the Applicable Pricing Supplement (see section of this Programme Memorandum headed " <i>Form of the Notes</i> " below). Bearer Notes and Order Notes will, if issued, be issued in certificated form. |
| Governing Law | The Programme Memorandum, the General Terms and Conditions, the Additional Tier 1 Terms and Conditions and the Notes will be governed by, and construed in accordance with, the laws of South Africa. |
| Interest | A Tranche of Notes may be interest-bearing or non-interest bearing, as specified in the Applicable Pricing Supplement. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index linked, and the method of calculating interest may vary between the Issue Date and the Maturity Date (if any), all as specified in the Applicable Pricing Supplement. |
| Interest Period(s) or Interest Payment Date(s) | The Interest Rate(s), Interest Payment Date(s) and Interest Period(s) applicable to interest-bearing Notes will be specified in the Applicable Pricing Supplement. |
| Interest Payment Limitations (Additional Tier 1 Notes) | Interest on each Tranche of Additional Tier 1 Notes will be due and payable only at the sole and absolute discretion of the Issuer and, accordingly, the Issuer shall have sole and absolute discretion to elect not to pay (in whole or in part) the Interest Amount otherwise scheduled to be paid on any Interest Payment Date. In addition, the Issuer will not be obliged to pay any Interest Amount otherwise scheduled to be paid on each Tranche of Additional Tier 1 Notes on an Interest Payment Date to the extent that (a) such Interest Amount together with any Additional Amounts payable with respect thereto, when aggregated with other Relevant Distributions paid, declared or required to be paid in the then current financial year of the Issuer exceeds the amount of the Issuer's |

Distributable Items, or (b) the Issuer shall not be obliged to pay such Interest Amount in accordance with the requirements of the Capital Rules, or (c) the Relevant Regulator orders the Issuer not to pay such Interest Amount (in whole or in part).

All accrued and unpaid Interest Amounts on Additional Tier 1 Notes will also not be paid, and the Issuer will not be obliged to pay such Interest Amounts, if a Non-Viability Event occurs.

If practicable, notice that a scheduled Interest Amount (in whole or in part) will not be paid will be given to the Noteholders of the Additional Tier 1 Notes, the Transfer Agent and the Paying Agent as soon as possible prior to the relevant Interest Payment Date. However, any failure to provide such notice will not invalidate the Issuer's election not to pay a scheduled Interest Amount or any part thereof nor give rise to an obligation to pay that scheduled Interest Amount or any part thereof where the Issuer does not otherwise have an obligation to make such payment, and non-payment of any Interest Amount (in whole or in part) on any Interest Payment Date shall constitute evidence that the Issuer has elected or is required not to pay such Interest Amount (or the relevant part thereof).

If the Issuer provides notice of its election to not pay a portion, but not all, of an Interest Amount and the Issuer subsequently does not make a payment of the remaining portion of such Interest Amount on the relevant Interest Payment Date, such non-payment shall evidence the Issuer's exercise of its discretion to elect not to pay such remaining portion of that Interest Amount and, accordingly, such remaining portion of that Interest Amount shall also not be due and payable.

The non-payment of any Interest Amount (or any part thereof) in accordance with the provisions set out above shall not constitute a default for any purpose on the part of the Issuer. For the avoidance of doubt, Interest Amounts which the Issuer has elected (or is deemed to have elected) not to pay or which the Issuer is not obliged to pay will never become due and are non-cumulative, and no Interest Amount (or any part thereof) which has not been paid (or any amount in lieu thereof) shall be payable in respect of the Additional Tier 1 Notes thereafter, whether in a winding-up, curatorship or administration of the Issuer or otherwise.

If an Interest Amount (or any portion thereof) (the "**Relevant Interest Amount**") is not paid in full on the relevant Interest Payment Date in accordance with above provisions, then during the period from that relevant Interest Payment Date until the immediately succeeding Interest Payment Date on which the Issuer has paid in full the Interest Amount due and payable for that Interest Period on that succeeding Interest Payment Date, the Issuer shall not:

- (a) declare or pay a distribution or dividend or pay any interest on any Common Equity Tier 1 Capital Securities or any Junior Securities other than:
 - (i) dividends due and payable on Mandatory Preference Shares;
 - (ii) any dividend which has been declared on any Common Equity Tier 1 Capital Securities or any Junior Securities prior to the date of notice to the Noteholders referred to in the above provisions;
 - (iii) distributions, dividends or interest on any Junior Securities paid by any entity which is a subsidiary of the Issuer to its immediate holding company or to the Issuer; or
 - (iv) scrip dividends or capitalisation awards; or

- (b) save in the case of redemptions, repurchases or reductions stemming from the exercise of share options or similar share-based incentives by employees of the Issuer and/or any Subsidiary of the Issuer, redeem, purchase, reduce the capital of or otherwise acquire:
 - (i) any Common Equity Tier 1 Capital Securities or Junior Securities; or
 - (ii) any securities of any subsidiary of the Issuer benefitting from a guarantee or similar support agreement which ranking as to the right of repayment of principal (in the case of such securities) or as to the payment of sums under any such guarantee or similar support agreement (in the case of any such guarantee or similar support agreement), is, as the case may be, junior to the Additional Tier 1 Notes.

The non-payment of any Relevant Interest Amount in accordance with the above provisions shall not impose any other restrictions on the Issuer.

Issue Price

Notes may be issued on a fully-paid or (except in the case of Tier 2 Notes and Additional Tier 1 Notes) a partly-paid basis and at an issue price which is at their Nominal Amount or at a discount to, or premium over, their Nominal Amount as specified in the Applicable Pricing Supplement.

Listing

This Programme has been approved and registered with the JSE. Notes issued under the Programme may be listed on the JSE, or on a successor exchange or such other or additional Financial Exchange(s) as may be selected by the Issuer and (if applicable) the relevant Dealer in relation to such issue. Unlisted Notes may also be issued under the Programme. Unlisted Notes are not regulated by the JSE.

The Applicable Pricing Supplement in respect of a Tranche of Notes will specify whether or not such Tranche of Notes will be listed, on which Financial Exchange they are to be listed (if applicable) and, if such Tranche of Notes is to be listed on the JSE, the relevant platform or sub-market of the JSE on which such Tranche of Notes is to be listed.

Maturities of Notes

Any maturity, subject to, in relation to a Tranche of Subordinated Notes and a Tranche of Tier 2 Notes, such minimum or maximum maturities as may be allowed or required from time to time by the applicable Capital Rules, as set out in the Applicable Pricing Supplement. Tier 2 Notes will have a minimum maturity of 5 (five) years and 1 (one) day. Additional Tier 1 Notes will have no scheduled maturity.

Noteholder(s)

The holders of the Registered Notes (as recorded in the Register) and/or Bearers of the Bearer Notes and/or the Payees of the Order Notes.

Notes

Save as stated below, Notes may, subject to Applicable Laws and the Capital Rules, comprise:

Fixed Rate Notes: Fixed Rate Notes will bear interest at a fixed interest rate, as indicated in the Applicable Pricing Supplement;

Floating Rate Notes: Floating Rate Notes will bear interest at a floating rate, as indicated in the Applicable Pricing Supplement;

Zero Coupon Notes: Zero Coupon Notes will be offered and sold at a discount to their Nominal Amount or at par and will not bear interest other than in the case of late payment;

Indexed Notes: payments in respect of interest on Indexed Interest Notes or in respect of principal on Indexed Redemption Amount Notes will be calculated by reference to such index and/or formula as may be indicated in the Applicable Pricing Supplement;

Mixed Rate Notes: Mixed Rate Notes will bear interest over respective

periods at the rates applicable for any combination of Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or Indexed Notes, each as specified in the Applicable Pricing Supplement;

Instalment Notes: the Applicable Pricing Supplement in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed;

Partly Paid Notes: the Issue Price of Partly Paid Notes will be payable in two or more instalments as set out in the Applicable Pricing Supplement;

Exchangeable Notes: Notes which may be redeemed by the Issuer in cash or by the delivery of securities as specified in the Applicable Pricing Supplement; and

Other Notes: terms applicable to Notes other than those specifically contemplated under this Programme Memorandum will be set out in the Applicable Pricing Supplement.

Additional Tier 1 Notes and Tier 2 Notes will not comprise Zero Coupon Notes, Indexed Notes, Instalment Notes or Partly Paid Notes.

Participants

The persons accepted by the Central Depository as participants in terms of the Financial Markets Act. As at the Programme Date, the Participants are Citibank NA, South Africa branch, FirstRand Bank Limited (RMB Custody and Trustee Services), Nedbank Limited, The Standard Bank of South Africa Limited, Standard Chartered Bank, Johannesburg Branch, Société Générale, Johannesburg branch and the SARB. Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream Banking**") may hold Notes through their Participant (see the section of this Programme Memorandum headed "*Settlement, Clearing and Transfer of Notes*").

Programme Agreement

The Amended and Restated Programme Agreement dated 13 November 2018 between the Arranger, Dealers and the Issuer.

Programme Amount

The maximum aggregate Outstanding Principal Amount of all Notes Outstanding that may be issued under the Programme at any one point in time, being as at the Programme Date ZAR50,000,000,000 (or its equivalent in other currencies) or such increased amount as is determined by the Issuer from time to time, subject to the Applicable Procedures, Applicable Laws and the Programme Agreement, as more fully set out in the section of this Programme Memorandum headed "*General Description of the Programme*".

Purchases

The Issuer or any holding company of the Issuer or any Subsidiary of the Issuer or of any such holding company may at any time purchase Notes (other than Tier 2 Notes and Additional Tier 1 Notes) (including all matured Coupons and Receipts) in the open market or otherwise at any price. Such Notes may, at the option of the Issuer or the relevant holding company or the relevant Subsidiary, be held, re-issued, re-sold or surrendered to the Paying Agent for cancellation.

Subject to Condition 8.7 (*Conditions to Redemption, Purchase, Modification, Substitution or Variation of Tier 2 Notes*) of the General Terms and Conditions, the Issuer may at any time purchase Tier 2 Notes in the open market or otherwise at any price. Subject to Condition 9.7 (*Conditions to Redemption, Purchase, Modification, Substitution or Variation of Additional Tier 1 Notes*) of the Additional Tier 1 Terms and Conditions, the Issuer may at any time purchase Additional Tier 1 Notes in the open market or otherwise at any price. Such Tier 2 Notes or Additional Tier 1 Notes, as the case may be, may (subject to the Capital Rules), at the option of the Issuer be held, re-issued, re-sold or surrendered to the Paying Agent for cancellation.

Redemption

A Tranche of Notes (other than Additional Tier 1 Notes) will, subject to the General Terms and Conditions, be redeemed on the Maturity Date, as set out

in Condition 8.1 (*Scheduled Redemption*) of the General Terms and Conditions. A Tranche of Additional Tier 1 Notes will have no scheduled maturity date.

Notes may be redeemable at par or at such other Redemption Amount (detailed in a formula, index or otherwise) as may be specified in the Applicable Pricing Supplement. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the Applicable Pricing Supplement relating to the relevant Tranche of Notes.

For so long as the applicable Capital Rules so require, Tier 2 Notes may be redeemed or purchased only if (a) the Issuer has notified the Relevant Regulator of, and the Relevant Regulator has consented in writing to, such redemption or purchase, subject to such conditions (if any) as the Relevant Regulator may deem appropriate and (b) the redemption or purchase of the Tier 2 Notes is not prohibited by the Capital Rules as described in Condition 8.7 (*Conditions to Redemption, Purchase, Modification, Substitution or Variation of Tier 2 Notes*) of the General Terms and Conditions.

For so long as the applicable Capital Rules so require, Additional Tier 1 Notes may be redeemed or purchased only if (a) the Issuer has notified the Relevant Regulator of, and the Relevant Regulator has consented in writing to, such redemption or purchase, subject to such conditions (if any) as the Relevant Regulator may deem appropriate and (b) the redemption or purchase of the Additional Tier 1 Notes is not prohibited by the Capital Rules as described in Condition 9.7 (*Conditions to Redemption, Purchase, Modification, Substitution or Variation of Additional Tier 1 Notes*) of the Additional Tier 1 Terms and Conditions.

Optional Redemption

Subject as described in "*Redemption*" above, the Applicable Pricing Supplement will indicate whether, and the extent (if at all) to which, Notes (other than Additional Tier 1 Notes) may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders in accordance with the General Terms and Conditions.

Subject as described in "*Redemption*" above, the Applicable Pricing Supplement will indicate whether, and the extent (if at all) to which, Additional Tier 1 Notes may be redeemed at the option of the Issuer (either in whole or in part) in accordance with the Additional Tier 1 Terms and Conditions. No Optional Redemption Date(s) (Call) in respect of Additional Tier 1 Notes may occur earlier than 5 (five) years and 1 (one) day after the Issue Date.

Tax Redemption and redemption if a Change in Law occurs

Subject as described in "*Redemption*" above, early redemption of:

- (a) Notes (other than Additional Tier 1 Notes) will only be permitted for tax reasons as described in Condition 8.2 (*Redemption for Tax reasons or Change in Law*) of the General Terms and Conditions; and
- (b) Additional Tier 1 Notes will only be permitted for tax reasons as described in Condition 9.3 (*Redemption for Tax reasons or Change in Law*) of the Additional Tier 1 Terms and Conditions.

Senior Notes may be redeemed at the option of the Issuer if a Tax Event (Gross up) occurs. Subordinated Notes (including Tier 2 Notes and Additional Tier 1 Notes) may be redeemed if a Tax Event (Gross up), a Tax Event (Deductibility) or, if specified in the Applicable Pricing Supplement as applicable, a Change in Law occurs.

Redemption for Regulatory Reasons

Subject as described in "*Redemption*" above, early redemption of the Tier 2 Notes in whole (but not in part) is permitted at the option of the Issuer if a Capital Disqualification Event occurs and is continuing as described in Condition 8.5 (*Redemption following the occurrence of a Capital*

Disqualification Event) of the General Terms and Conditions.

Subject as described in "*Redemption*" above, early redemption of the Additional Tier 1 Notes in whole (but not in part) is permitted at the option of the Issuer if a Capital Disqualification Event occurs and is continuing as described in Condition 9.5 (*Redemption following the occurrence of a Capital Disqualification Event*) of the Additional Tier 1 Terms and Conditions.

Register

The Register is the register of the Issuer's securities (including the register of the Issuer's uncertificated securities) contemplated in (and maintained in accordance with) Part E of the Companies Act.

The Register will be maintained by the Transfer Agent in terms of the relevant Terms and Conditions.

The registered holder of an Uncertificated Note which is held in the Central Depository will be determined in accordance with the CSD Procedures, and such registered holders of Notes will be named in the Register as the registered holder of Notes.

Each holder of Notes represented by an Individual Certificate will be named in the Register as the registered Noteholder of such Notes.

Risk Factors

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

Securities Transfer Tax

As at the Programme Date, no Securities Transfer Tax (as contemplated in the Securities Transfer Tax Act, 2007) is payable on the issue or on the transfer of Notes.

Selling Restrictions

The distribution of this Programme Memorandum and/or any Applicable Pricing Supplement and any offering or sale of or subscription for any Tranche of Notes may be restricted by law in certain jurisdictions, and is restricted by law in the United States of America, the United Kingdom, the European Economic Area, South Africa and certain other jurisdictions (see the section headed "*Subscription and Sale*"). Any other or additional restrictions which are applicable and which may be required to be met in relation to an offering or sale of a particular Tranche of Notes will be included in the Applicable Pricing Supplement. Persons who come into possession of this Programme Memorandum and/or any Applicable Pricing Supplement must inform themselves about and observe all applicable selling restrictions.

**Solvency Condition
(Additional Tier 1 Notes)**

Except in a winding-up, dissolution, de-registration or administration as provided in Condition 9.2 (*Winding-up of the Issuer*) of the Additional Tier 1 Terms and Conditions, all payments in respect of or arising from (including any damages for breach of any obligations under) the Additional Tier 1 Notes are, without prejudice to the right of the Issuer to cancel payments under the Additional Tier 1 Terms and Conditions, conditional upon the Issuer being solvent at the time of payment by the Issuer and no payment shall be due and payable in respect of or arising from the Additional Tier 1 Notes except to the extent that the Issuer could make such payment and still be solvent immediately thereafter (the "**Solvency Condition**"). For the purposes of the Solvency Condition, the Issuer shall be considered to be "*solvent*" if both (a) it is able to pay its debts to its Senior Creditors as they fall due and (b) its Assets exceed its Liabilities. A certificate as to the solvency of the Issuer signed by 2 (two) authorised officers or, if the Issuer is in winding-up or administration, its liquidator or administrator (as the case may be) shall, in the absence of manifest error, be treated and accepted by the Issuer and the Noteholders as correct and sufficient evidence thereof.

Specified Currency

South African Rand or, subject to all Applicable Laws and, in the case of Notes listed on the JSE, the Debt Listings Requirements of the JSE, such other currency as specified in the Applicable Pricing Supplement.

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| Status of Notes | Notes may be issued on a senior or subordinated basis, as specified in the Applicable Pricing Supplement. |
| Status of the Senior Notes | The Senior Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer, all as described in Condition 5.1 (<i>Status of Senior Notes</i>) of the General Terms and Conditions and the Applicable Pricing Supplement. |
| Status of Subordinated Notes that are Tier 2 Notes | The Tier 2 Notes will constitute direct, unsecured and subordinated obligations of the Issuer, all as described in Condition 5.2 (<i>Status of Tier 2 Notes</i>) of the General Terms and Conditions and the Applicable Pricing Supplement. |
| Status of Additional Tier 1 Notes | The Additional Tier 1 Notes will constitute direct, unsecured and subordinated obligations of the Issuer, all as described in Condition 5 (<i>Status of Additional Tier 1 Notes</i>) of the Additional Tier 1 Terms and Conditions and the Applicable Pricing Supplement. |
| Status of Subordinated Notes that are not Tier 2 Notes or Additional Tier 1 Notes | Subordinated Notes that are not Tier 2 Notes or Additional Tier 1 Notes will constitute direct, unsecured and subordinated obligations of the Issuer, all as described in Condition 5.3 (<i>Status of Subordinated Notes that are not Additional Tier 1 Notes or Tier 2 Notes</i>) of the General Terms and Conditions and the Applicable Pricing Supplement. |
| Non-Viability Loss Absorption (Tier 2 Notes) | <p>In relation to Tier 2 Notes a "Non-Viability Event" shall occur when a "<i>trigger event</i>" specified in writing by the Relevant Regulator in accordance with the Capital Rules has occurred; provided that, as a minimum, the aforesaid "<i>trigger event</i>" shall be the earlier of:</p> <ul style="list-style-type: none"> (a) a decision that a write-off, without which the Issuer would become non-viable, is necessary as determined by the Relevant Regulator; or (b) the decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by the Relevant Regulator. <p>Upon the occurrence of a Non-Viability Event, the Issuer will notify Tier 2 Noteholders and subsequently Write-off the Tier 2 Notes, in accordance with the Capital Rules, as described in Condition 5.4 (<i>Loss Absorption Following A Non-Viability Event</i>) of the General Terms and Conditions.</p> <p>If a Statutory Loss Absorption Regime is implemented in South Africa, and the Tier 2 Notes are subject to such a Statutory Loss Absorption Regime upon the occurrence of a Non-Viability Event, then the Issuer, if so specified in the Applicable Pricing Supplement, shall have the option to elect that the Non-Viability Loss Absorption Condition referred to in Condition 5.4 (<i>Loss Absorption Following A Non-Viability Event</i>) of the General Terms and Conditions shall cease to apply and that the Statutory Loss Absorption Regime will apply to the Tier 2 Notes from the date specified by the Issuer in accordance with Condition 5.4 (<i>Loss Absorption Following A Non-Viability Event</i>) of the General Terms and Conditions.</p> |
| Non-Viability Loss Absorption (Additional Tier 1 Notes) | <p>In relation to Additional Tier 1 Notes a "Non-Viability Event" shall occur when:</p> <ul style="list-style-type: none"> (a) a "<i>trigger event</i>" specified in writing by the Relevant Regulator in accordance with the Capital Rules has occurred; provided that, as a minimum, the aforesaid "<i>trigger event</i>" shall be the earlier of: <ul style="list-style-type: none"> (i) a decision that a write-off, without which the Issuer would become non-viable, is necessary as determined by the Relevant Regulator; or (ii) the decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by the Relevant |

Regulator; or.

- (b) the Issuer's Common Equity Tier 1 Capital Ratio is equal to or below 5.875 per cent.,

whichever is the earlier to occur; provided that paragraph (b) above will only apply if the Additional Tier 1 Notes are liability accounted by the Issuer.

The Applicable Pricing Supplement relating to a Tranche of Additional Tier 1 Notes will specify whether that Tranche of Additional Tier 1 Notes will, upon the occurrence of a Non-Viability Event, be Written-off or Converted into Issuer Ordinary Shares in (at the direction of the Relevant Regulator at the time of the occurrence of that Non-Viability Event) whole or in part.

Conversion of Additional Tier 1 Notes:

If Conversion upon the occurrence of a Non-Viability Event is specified as applicable to a Series of Additional Tier 1 Notes in the Applicable Pricing Supplement then upon the occurrence of a Non-Viability Event, the Issuer will Convert the Current Principal Amount of the Additional Tier 1 Notes (or the Relevant Part thereof) into Issuer Ordinary Shares, in accordance with the Capital Rules, by such amount (the "**Conversion Amount**") as the Relevant Regulator shall require; provided that:

- (a) a Conversion of the Additional Tier 1 Notes need only occur up until the point where the Issuer is deemed by the Relevant Regulator to be viable again, as specified in writing by the Relevant Regulator, and the Issuer's Common Equity Tier 1 Capital Ratio is above 5.875 per cent. to the extent that the Additional Tier 1 Notes are liability accounted; and
- (b) the Additional Tier 1 Notes shall be Converted in whole, or in part, on a *pro rata* basis with other Loss Absorbing Instruments.

Any such Conversion shall take place on such date selected by the Issuer in consultation with the Relevant Regulator (the "**Conversion Date**") but no later than 30 (thirty) days following the occurrence of the Non-Viability Event unless:

- (a) in accordance with the Capital Rules, the Relevant Regulator has agreed with the Issuer in writing that the Current Principal Amount (or the Relevant Part thereof) of the Additional Tier 1 Notes may be Converted after a longer period, in which case, the Conversion Date shall be such date as agreed with the Relevant Regulator; or
- (b) the Issuer, using its best efforts, is unable to complete the Conversion within the aforesaid 30-day period as a result of the need to comply with any Applicable Laws, regulations or written instructions of the Relevant Regulator (including but not limited to the time required to interface and consult with the Relevant Regulator), in which case the Conversion Date shall be a date as soon as reasonably possible after the end of the aforesaid 30-day period.

A Conversion may occur on more than one occasion following the occurrence of a Non-Viability Event and the Additional Tier 1 Notes may be Converted on more than one occasion.

To the extent that the conversion or write-off of any Loss Absorbing Instruments is not effective for any reason:

- (a) the ineffectiveness of any such conversion or write-off shall not prejudice the requirement to effect a Conversion of the Additional Tier 1 Notes; and
- (b) the conversion or write-off of any Loss Absorbing Instrument which is not effective shall not be taken into account in determining the

Conversion Amount of the Additional Tier 1 Notes.

If a Conversion of any Additional Tier 1 Notes will take place pursuant to the occurrence of a Non-Viability Event specified in the Non-Viability Event Notice, the Issuer shall deliver a further written notice (the "**Conversion Notice**") to the Noteholders which specifies:

- (a) the Conversion Price;
- (b) the Conversion Record Date;
- (c) the Conversion Date;
- (d) the number of Conversion Shares to be issued pursuant to that Conversion; and
- (e) details of the arrangement for the settlement of the Conversion,

within the time period specified in the Applicable Pricing Supplement or failing any time period stipulated therein, as soon as the Conversion Price has been determined and such details are available. In this regard, the Issuer is required to do all things which may be necessary to enable such price and details to be determined as soon as is reasonably possible in the circumstances.

On the Conversion Date, in accordance with Applicable Laws, the Capital Rules and (if applicable) the written instructions received from the Relevant Regulator:

- (a) the Issuer shall issue to the relevant Noteholders (as they appear, and into the relevant Securities Accounts of the Beneficial Interest holders of the Converted Additional Tier 1 Notes recorded as such on the Conversion Record Date (or to the relevant Participant managing such Securities Account, if such Issuer Ordinary Shares are certificated), or, as the case may be, to the holder of Individual Certificates in respect of Converted Additional Tier 1 Notes as set out in the Register on the Conversion Record Date) such number of Issuer Ordinary Shares (the "**Conversion Shares**") calculated by dividing the Conversion Amount on the Conversion Date by the Conversion Price;
- (b) the relevant Noteholders shall be deemed to have subscribed for the Conversion Shares for an aggregate subscription price equal to the Conversion Amount (the "**Subscription Price**");
- (c) the Subscription Price shall be automatically off-set against the Conversion Amount and the aggregate Current Principal Amount of the Additional Tier 1 Notes shall be reduced by the Conversion Amount; and
- (d) the Conversion Shares shall be credited as fully paid and shall be freely transferable and shall have the same rights as, and *pari passu* in all respects with, and be of the same class as, all of the Issuer Ordinary Shares as at the Conversion Date. If the Issuer Ordinary Shares are issued in registered certificated form, the Issuer shall procure that the certificate/s evidencing the Relevant Number of Issuer Ordinary Shares is/are delivered to each relevant Subordinated Noteholder.

Should all other issued Issuer Ordinary Shares be listed on a Relevant Stock Exchange at the time the Conversion Shares are issued to the relevant Noteholders pursuant to Condition 8.2 (*Conversion of Additional Tier 1 Notes upon a Non-Viability Event*) of the Additional Tier 1 Terms and Conditions, the Issuer shall procure that such Conversion Shares are, upon issue, likewise listed on that Relevant Stock Exchange.

Where, at the occurrence of the relevant Non-Viability Event, the Conversion

of the relevant Tranche of Additional Tier 1 Notes pursuant to Condition 8.2 (*Conversion of Additional Tier 1 Notes upon a Non-Viability Event*) of the Additional Tier 1 Terms and Conditions (a) cannot be undertaken for any reason or (b) is not irrevocable or (c) will not result in an immediate increase in the Common Equity Tier 1 Capital Ratio, then the relevant Tranche of Additional Tier 1 Notes shall, instead of being Converted, be Written-off, at the occurrence of that Non-Viability Event (at the discretion of the Relevant Regulator), *mutatis mutandis* in accordance with the provisions of Condition 8.3 (*Write-off of Additional Tier 1 Notes upon a Non-Viability Event*) of the Additional Tier 1 Terms and Conditions.

For the avoidance of doubt, following any Conversion of the Additional Tier 1 Notes (or the Relevant Part thereof) the Issuer shall not be obliged to pay compensation in any form to the Noteholders.

Any Conversion of the Additional Tier 1 Notes (or the Relevant Part thereof) upon the occurrence of a Non-Viability Event will not constitute an event of default or any other breach of the Issuer's obligations, or a failure to perform by the Issuer, under the Additional Tier 1 Terms and Conditions and shall not entitle the Noteholders to petition or apply for the liquidation, winding-up or dissolution of the Issuer.

Once a Conversion of all or the Relevant Part of the Current Principal Amount of the Additional Tier 1 Notes has occurred, no Conversion Amount shall be restored under any circumstances (including, without limitation, where the Non-Viability Event ceases to continue) and the Noteholders will automatically irrevocably lose their rights to receive, and no longer have any rights against the Issuer with respect to, interest accrued on the Additional Tier 1 Notes prior to the Conversion Date and repayment of the Conversion Amount; provided that, if the Additional Tier 1 Notes are Converted in part, interest will continue to accrue on the Current Principal Amount.

The Issuer shall at all times (to the extent that it is within the Issuer's control and/or power to do so) obtain and maintain all prior authorisations (including, without limitation, all Issuer shareholder approvals in terms of the Companies Act and the JSE Listings Requirements applicable to the Main Board of the JSE) necessary to ensure the Conversion of the relevant Tranche of Additional Tier 1 Notes. The Issuer will not issue and list a Tranche of Additional Tier 1 Notes to which Conversion is applicable unless the Issuer shall have secured and/or obtained the required shareholders' approval in accordance with the JSE Listings Requirements applicable to the Main Board of the JSE.

Write-off of Additional Tier 1 Notes:

If Write-off upon the occurrence of a Non-Viability Event is specified as applicable to a Series of Additional Tier 1 Notes in the Applicable Pricing Supplement then upon the occurrence of a Non-Viability Event, the Issuer will Write-off the Current Principal Amount of the Additional Tier 1 Notes (or the Relevant Part thereof), in accordance with the Capital Rules, by such amount (the "**Written-off Amount**") as the Relevant Regulator shall require; provided that:

- (a) a Write-off of the Additional Tier 1 Notes need only occur up until the point where the Issuer is deemed by the Relevant Regulator to be viable again, as specified in writing by the Relevant Regulator, and the Issuer's Common Equity Tier 1 Capital Ratio is above 5.875 per cent. to the extent that the Additional Tier 1 Notes are liability accounted; and
- (b) the Additional Tier 1 Notes shall be Written-off in whole, or in part, on a *pro rata* basis with other Loss Absorbing Instruments.

Any such Write-off shall take place on such date selected by the Issuer in consultation with the Relevant Regulator (the "**Write-off Date**") but no later

than 30 (thirty) days following the occurrence of the Non-Viability Event unless in accordance with the Capital Rules, the Relevant Regulator has agreed with the Issuer in writing that the Current Principal Amount (or the Relevant Part thereof) of the Additional Tier 1 Notes may be Written-off after a longer period, in which case, the Write-off shall take place on such date as agreed with the Relevant Regulator.

A Write-off may occur on more than one occasion following the occurrence of a Non-Viability Event and the Additional Tier 1 Notes may be Written-off on more than one occasion.

For the avoidance of doubt, following any Write-off of the Additional Tier 1 Notes (or the Relevant Part thereof) the Issuer shall not be obliged to pay compensation in any form to the Noteholders.

Any Write-off of the Additional Tier 1 Notes (or the Relevant Part thereof) upon the occurrence of a Non-Viability Event will not constitute an event of default or any other breach of the Issuer's obligations, or a failure to perform by the Issuer, under the Additional Tier 1 Terms and Conditions and shall not entitle the Noteholders to petition or apply for the liquidation, winding-up or dissolution of the Issuer.

Once a Write-off of all or the Relevant Part of the Current Principal Amount of the Additional Tier 1 Notes has occurred, no Written-off Amount shall be restored under any circumstances (including, without limitation, where the Non-Viability Event ceases to continue) and the Noteholders will automatically irrevocably lose their rights to receive, and no longer have any rights against the Issuer with respect to, interest accrued on the Additional Tier 1 Notes prior to the Write-off Date and repayment of the Written-off Amount; provided that, if the Additional Tier 1 Notes are Written-off in part, interest will continue to accrue on the Current Principal Amount.

Disapplication of Non-Viability Loss Absorption Condition:

If a Statutory Loss Absorption Regime is implemented in South Africa, and the Additional Tier 1 Notes are subject to such a Statutory Loss Absorption Regime upon the occurrence of a Non-Viability Event, then the Issuer, if so specified in the Applicable Pricing Supplement, shall have the option to elect that the Non-Viability Loss Absorption Condition referred to in Condition 8 (*Loss Absorption Following A Non-Viability Event*) of the Additional Tier 1 Terms and Conditions shall cease to apply and that the Statutory Loss Absorption Regime will apply to the Additional Tier 1 Notes from the date specified by the Issuer in accordance with Condition 8.4 (*Disapplication of Non-Viability Loss Absorption Condition*) of the Additional Tier 1 Terms and Conditions.

Taxation

A summary of the applicable tax legislation in respect of the Notes, as at the Programme Date, is set out in the section of this Programme Memorandum headed "*South African Taxation*". The summary does not constitute tax advice. Potential investors in the Notes should consult their own professional advisers as to the potential tax consequences of, and their tax positions in respect of, an investment in the Notes. It should be noted that the tax consequences to the holders of Additional Tier 1 Notes of the compulsory Conversion of Additional Tier 1 Notes into Issuer Ordinary Shares or the compulsory Write-off of Tier 2 Notes or Additional Tier 1 Notes, upon the occurrence of a Non-Viability Event, are complicated and potential investors in or purchasers of Tier 2 Notes and/or Additional Tier 1 Notes must consult their professional advisers in this regard.

Terms and Conditions

The Terms and Conditions of Senior Notes, Subordinated Notes (other than Additional Tier 1 Notes) and Tier 2 Notes are set out in the section of this Programme Memorandum headed "*General Terms and Conditions*". The Terms and Conditions of Additional Tier 1 Notes are set out in the section of this Programme Memorandum headed "*Additional Tier 1 Terms and Conditions*".

Withholding Tax

A withholding tax on South African-sourced interest paid to or for the benefit of a foreign person applies at a rate of 15%, in accordance with the Income Tax Act, 1962. The legislation exempts, *inter alia*, from the withholding tax on interest any amount of interest paid by a bank as defined in the Banks Act, to a foreign person. It is envisaged that this exemption would apply to the interest payments made to Noteholders on listed Notes.

In the event that an additional withholding tax or such other deduction is required by Applicable Laws, then the Issuer will, subject to the Issuer's rights to redeem Notes following a Tax Event (Gross up), Tax Event (Deductibility) or Change in Law pursuant to Condition 8.2 (*Redemption for Tax reasons or Change in Law*) of the General Terms and Conditions or Condition 9.3 (*Redemption for Tax reasons or Change in Law*) of the Additional Tier 1 Terms and Conditions (as applicable) (and subject to certain exceptions as provided in Condition 10 (*Taxation*) of the General Terms and Conditions or Condition 11 (*Taxation*) of the Additional Tier 1 Terms and Conditions), pay such additional amounts as shall be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes in the absence of such withholding or deduction.

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 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 Programme Memorandum to reach their own views prior to making any investment decision. The information given below is as at the date of this Programme Memorandum.

Capitalised terms used in this section headed "Risk Factors" and not otherwise defined shall bear the meanings ascribed to them in the relevant "Terms and Conditions of the Notes" and words and expressions defined elsewhere in this Programme Memorandum shall have the same meanings in this section.

Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme are set out below. For more information concerning risks relating to the Group, please refer to the Risk and Capital Management Report which can be found at the following address: <http://reporting.standardbank.com/resultsreports.php>.

Risks relating to the Issuer

General

The Issuer is the ultimate holding company for the Group's interests. The Issuer is the "*controlling company*" (as defined in the Banks Act) of The Standard Bank of South Africa Limited ("**SBSA**"). SBSA carries on "*the business of a bank*" (as defined in the Banks Act) and is registered as a bank in terms of the Banks Act. SBSA is a wholly-owned Subsidiary of the Issuer. The Issuer also holds a controlling interest in various other entities including Liberty Holdings Limited ("**Liberty**"), which is the holding company of various operating Subsidiaries engaged in the provision of financial services including long-term and short-term insurance, investment and asset management services.

The investments, business, profitability and results of operations of the Group may be adversely affected as a result of the difficult conditions in the global and South African financial markets.

Global economic conditions

The global economy appears to be on course for growth of around 4% this year which is quite healthy in historical terms. However, scratch beneath the surface, and the situation does not seem quite so robust. For a start, the thrust of growth has switched in the US's direction and away from others as US government policymakers effectively 'steal' growth from trade rivals through protectionist policies and steal growth from the future via large tax cuts. That this is being done when the economy is already past its full-employment rate creates the probability that the Federal Reserve will have to lift policy rates by more than generally anticipated. Higher US policy rates have already helped contribute to significant tensions in many emerging markets in recent months, but this could prove a mere foretaste of what's to come if US inflation rises materially and the Fed is forced to lift policy rates well above levels that it considers to be 'neutral' – which is 3% for the fed funds target rate. While US growth forecasts are being revised up, those for most other countries in the world are being revised down and there's a likelihood that global growth in 2019 will come through below 4%; not above. While there is some hope that US-initiated trade policy aggression towards some adversaries, such as Japan and the EU, might be resolved swiftly and without too much damage to business confidence, the dispute with China suggests two countries digging in for the long haul. This occurs at a time when China is already trying to manage the slowdown in its economy and avoid any capital flight that could arise from a full-on trade war with the US. The weakness in emerging markets this year suggests that many assets have 'cheapness' on their side should trade disputes escalate and/or Fed rate hikes go far beyond what's ultimately expected. However, we rather doubt that this will prove sufficient support and hence challenging financial market conditions seem set to persist, at least until it becomes clear that the Fed is close to the end of its rate-tightening cycle, and that is likely to be more than a year away.

Sub-Saharan and South African conditions

In H1:18, South African economy expanded only 0.6% YoY, which implies that very brisk growth (which would be inconsistent with recent activity data) is required in H2:18 to underpin even moderate full-year growth. Select factors should provide stronger support to the momentum in H2:18, such as the delayed government wage settlement, a recovery in agricultural production and no further decline in the terms of trade. However, the weaker-than-expected data compels us to trim our full-year forecast to 0.9% (from 1.2% previously), and 1.8% in 2019. The general growth disappointment since the start of the year is owing to a combination of headwinds, including a sharper-than-expected deterioration in the terms of trade, (arguably) an increase policy uncertainty, a less benign global economic setting and possibly significant government (infrastructure) under-spending.

Recent market movements have not meaningfully affected our assessment of a reasonable fair value range for the rand, but the recovery is unlikely to be swift given the local policy uncertainty and lingering concerns about a possible credit rating downgrade by Moody's at its October review (which would cause SA's expulsion from the World Government Bond Index) in an unsettled global setting. While SA's near-term outlook has deteriorated, we maintain our view that, in the absence of an unexpected populist policy shift, the rand (along with local bonds), are significantly undervalued. Investors' concerns about the risk of a Moody's downgrade are understandable. However, our view remains that the rating agency will stick to its decision to look through any pre-election noise and lack of reform; recent comments by Moody's are consistent with our expectation. Moody's stressed some of the structural positives in SA versus other emerging markets, such as the rather large portion of SA's government debt that is rand-denominated or longer-dated, and its positive net international investment position (or external assets exceeding external liabilities).

We expect headline inflation to remain within the SARB's inflation target band throughout the forecast horizon. This is notwithstanding the inflationary impact of the VAT and other tax increases that were announced in the February national budget. The SARB, similarly, expects inflation to remain within the inflation target band over the medium term. Our inflation forecasts average 4.7% for 2018 and 5.6% in 2019. We see the risks as biased to the downside of our 2019 forecasts, premised on the rand's overshoot fading. The SARB is expected to hike interest rates now only if it is concerned that a lack of action might jeopardise its inflation-fighting credibility. In our view this concern is overshadowed by weakness in growth, inflation pass-through and underlying inflation (including a moderation in general wage increases and five-year breakeven inflation still sub-6%). Inflation should remain reasonably benign unless the rand is weaker than we currently forecast.

It seems highly probable that the performance of African economies will diverge from that of its markets. We still believe that economic growth across the continent will accelerate in the coming 2 years. The global growth backdrop is still likely to support elevated commodity prices, allowing the continent's commodity-producing

countries, specifically those whose policymakers have addressed their balance of payments challenges, to recover meaningfully. Meanwhile, the investment-led growth story for many of the non-commodity-producing countries will likely remain intact.

Fiscal policy conduct might yet derail some countries' growth trajectory, depriving these respective governments of the external financing they and their economies need. Ten years after the global financial crisis, and some 12 to 13 years after many governments obtained debt relief under the Heavily Indebted Poor Countries and the Multilateral Debt Relief Initiative, the debt burden has increased to levels comparable to just before the debt relief in the mid-2000s. Similarly, external debt service is absorbing a significant amount of resources.

South African political conditions

The year thus far has been characterised by fairly profound, and largely positive or at least stabilising, political change. Most of the reforms that have been initiated have been allowed by the election of Cyril Ramaphosa as ANC president in December last year, and as state president in February this year.

Perhaps most importantly, there have been meaningful changes to Cabinet; at the board and executive level across virtually all key state-owned entities (SOEs); and in many of the various institutions that make up government's so-called Anti-Corruption Task Team (these being the SAPS; the Hawks; the National Prosecuting Authority, and the Asset Forfeiture Unit; the Special Investigative Unit; and SARS). These fairly extensive changes have allowed a general improvement in levels of confidence amongst the local and international investor community with regards to South Africa's institutional credibility.

Further to this, the "economic recovery plan" announced by President Ramaphosa in late September pushed forward the prospect for meaningful macroeconomic interventions to stimulate growth in some of the sectors – none more so than mining, tourism and telecommunications – which had been most clearly undermined by the rudderless nature of the previous administration's policy agenda.

Then, and crucially, President Ramaphosa's hold on political power within the ANC and the tripartite alliance has clearly strengthened in recent months based in large part on the following developments.

- **Gauteng, Limpopo and the Eastern Cape:** Recent ANC elections in key 'pro-CR' provinces have either confirmed or further fortified support for the president. These include elections in Limpopo and Gauteng. Then, and despite some internal ANC calls for its disbandment, the ANC's Eastern Cape provincial executive committee – which remains firmly in support of the president – has also been maintained.
- **North West and KZN:** ANC elections in KZN introduced a broad 'unity' collective which includes at least two of the president's provincial allies and dilutes the threat that the provincial executive could be used as a structural base for a new resistance to build against his executive authority. Further to this, the removal of Supra Mahumapelo as North West premier, and then as ANC chairperson in the province following the disbandment of the party's provincial executive committee, has certainly weakened the institutional resistance that the president faces from the province.
- **Tripartite alliance:** in recent elections COSATU elected its former second deputy president Zingiswa Losi as president of the federation. Ms Losi is fairly closely-aligned to President Ramaphosa, with COSATU officials agreeing at the congress to support the ANC's 2019 election campaign.

Though these reforms have certainly lowered the intensity of risk that has dominated the political outlook in recent years, there are clear risks still within the system.

For one, the decade of economic malaise; rising social frustrations; intensified political competition; and reduced trust in government that Mr Zuma presided over has given rise to heightened and more pressing debates around the levels of race-based inequality that still determine patterns of ownership across the economy. Notably, in February a parliamentary motion which proposes a change to the Constitution to more explicitly allow 'land expropriation without compensation' was passed by a majority of MPs. The motion was introduced by the opposition Economic Freedom Fighters, but gained support from the ANC given that the party had endorsed this approach at its elective conference last year. Parliament's Constitutional Review Committee has held public meetings to garner input on the motion and is scheduled to report back to the National Assembly in November this year (having requested for an extension on the previous deadline of 30 August).

Second, divisions within the ANC remain problematic, and threaten to compromise the relative political stability, and the projection of party 'unity', that has prevailed since December last year. Recent reports that former President Zuma, ANC Secretary General Ace Magashule, and Mr Mahumapelo (amongst others) are engaged in a "plot" to weaken and remove President Ramaphosa have generated public and internal ANC concern.

Third, general elections are scheduled to be held in April/May 2019. It should be expected that the pre-election period in the country will be characterised by heightened levels of political, and in some instances openly populist, positioning; as well as by the likely intensification of local-level battles for political power, which often manifest in the proliferation of 'service delivery protests' in mostly peri-urban areas around the country. Recent polls have suggested that the EFF could potentially double its share of the vote in the elections, too, which would potentially lead to a leftward drift in the national policy discussion, particularly if the party secures sufficient support in Gauteng to allow it to play the 'kingmaker' role in the province that it already plays in two of its key metros (Johannesburg and Tshwane).

South African conditions specific to the banking sector

The domestic macroeconomic environment is expected to be slightly less favourable for the domestic banking sector this year. Growth has disappointed in 1H18 with the economy entering a technical recession for the first time since 2009 and is being depressed by headwinds from weak business confidence, stagnant employment, an uncertain global economic setting, and weakened terms of trade (export price-import price ratio). Rising fuel costs and higher taxes are considerable headwinds to consumer spending momentum. The impact of these headwinds on consumers are however likely to be limited by still benign food inflation and reasonably strong household credit growth.

A still accommodative monetary policy, given benign inflation outlook should provide further support to consumers despite stagnant employment. The recently amended, and positively so, Mining Charter, and President Ramaphosa's economic stimulus plan which includes plans to reduce the cost of doing business (i.e. revisiting electricity, port and rail tariffs); reviving the agricultural sector, rural and township economy; and expanding procurement to small businesses, should boost economic growth over the medium term. Over the near term, real GDP growth will likely manage a lacklustre 0.9% average this year, with the risks tilted to the downside, and perhaps 1.8% in 2019. Beyond that, GDP growth could average 2.5% per annum through to 2022 due to improved confidence as policy uncertainty should ease, as should structural bottlenecks.

Failures in risk management

The Group, in common with other banks in sub-Saharan Africa and elsewhere, is exposed to a variety of risks arising in the ordinary course of its business, the most significant of which are credit risk, market risk, liquidity risk, interest rate risk and operational risk, with credit risk constituting the largest.

Whilst the Group believes that it has implemented appropriate standards, policies, systems and processes to control and mitigate these risks, investors should note that any failure to manage these risks adequately could have an adverse effect on the financial condition and reputation of the Issuer and the Group.

Credit Risk

The Group's lending and trading businesses are subject to inherent risks relating to the credit quality of its counterparties, which may impact the recoverability of loans and advances due from these counterparties. Changes in the credit quality of the Group's lending and trading counterparties or arising from systemic risk in the financial sector could reduce the value of the Group's assets, and require increased provisions for bad and doubtful debts.

As at 31 December 2017, non-performing loans for the Issuer were 3.1 per cent. of average loans and advances, up from 3.0 per cent. in the prior year. At a divisional level, non-performing loans remained flat at 4.7 per cent. of the Personal & Business Banking SA division's gross loans and advances at 31 December 2017. The Issuer's Corporate & Investment Banking SA division's non-performing loans represented 1.0 per cent. of its gross loans and advances (compared with 0.9 per cent. at 31 December 2016). For the year ended 31 December 2017, the Issuer's credit impairment charges increased by 2 per cent. to R7.1 billion and the total credit loss ratio worsened to 0.77 per cent. from 0.75 per cent. for the year ended 31 December 2017.

The Personal and Business Banking SA division reported a 4% decline in impairment charges year-on-year. This performance was the result of improved collection strategies across the portfolio, better customer payment capabilities, and the proactive detection and rehabilitation of accounts. Lower impairments in mortgage lending, card and vehicle and asset finance were also contributors to the lower impairments charge.

The Issuer's Corporate and Investment Banking SA division reported an increase in impairment charges of 58 per cent. for the 2017 financial year. This increase was all in the performing portfolio provision and was driven largely by the deterioration in risk ratings of clients in the power and infrastructure, mining and metals and consumer sectors following the downgrade of South Africa's sovereign risk.

Many factors affect the ability of the Issuer's customers to repay their loans. Some of these factors, including adverse changes in consumer confidence levels due to local, national and global factors, consumer spending, bankruptcy rates, and increased market volatility, might be difficult to anticipate and are outside of the Issuer's control. The Issuer conducts regular credit risk type scenario and sensitivity stress testing on its portfolios to assess the impact on the Issuer's risk profile and to inform changes to forward-looking risk appetite and strategy.

The Issuer continues to apply appropriate and responsible lending criteria and to manage credit risk by maintaining a culture of responsible lending and a robust risk policy and control framework, in line with anticipated economic conditions and forward-looking risk appetite. Despite this, if prospects for future growth in South Africa continue to remain uncertain and demand for credit remains lackluster, the level of the Issuer's

non-performing loans and credit impairments may increase. This, in turn, could have an adverse effect on the Issuer's financial condition or results of operations. The Issuer is however optimistic that recent positive political events in South Africa, including a change of leadership, will positively impact business and consumer confidence, and that in the medium term this will be reflected in more positive economic indicators.

Credit Concentration Risk

Credit concentration risk is the risk of loss to the Group arising from an excessive concentration of exposure to a single counterparty, an industry, a market or segment of a market, a product, a financial instrument or type of security, a country or geography, or a maturity.

The Group's credit portfolio is well diversified. The Group manages this exposure within a clearly defined risk appetite framework and also stress tests the portfolio against weaknesses and possible sovereign downgrades. The Group implements hedging and other strategies from time-to-time to manage actual or potential portfolio risk concentrations in areas of higher credit risk and credit portfolio growth. This is done at individual counterparty, sub-portfolio and portfolio levels through the use of syndication, distribution and sale of assets, asset and portfolio limit management, credit derivatives and credit protection.

Market Risk

Market risk is the risk of a change in the market value, actual or effective earnings, or future cash flows of a portfolio of financial instruments, including commodities which is caused by adverse movements in market variables such as equity, bond and commodity prices, currency exchange and interest rates, credit spreads, recovery rates, correlations and implied volatilities in all of these variables. The Group's key market risks are trading book market risk, interest rate risk in the banking book, equity risk in the banking book and foreign currency risk, own-equity-linked transactions and post-employment obligations risk.

Trading book market risk is represented by financial instruments, including commodities, held in the Group's trading book arising out of normal global market's trading activity. Banking book-related market risk exposure principally involves managing the potential adverse effect of interest rate movements on banking book earnings (net interest income and banking book mark-to-market profit or loss) and the economic value of equity.

Equity risk is defined as the risk of loss arising from a decline in the value of equity or an equity-type instrument held in the banking book, whether caused by deterioration in the underlying operating asset performance, net asset value, enterprise value of the issuing entity, or by a decline in the market price of the equity or instrument itself.

The Group's primary non-trading related exposures to foreign currency risk arise as a result of the translation effect on the Group's net assets in foreign operations, intragroup foreign-denominated debt and foreign-denominated cash exposures and accruals.

The Group has exposure to changes in its share price arising from its equity-linked remuneration contractual commitments and post-employment obligation risk through the requirement to contribute as an employer to an underfunded defined benefit plan.

Although the Group has implemented risk management methods, including stress testing, to seek to mitigate and control these and other market risks to which it is exposed and these exposures are constantly measured and monitored, there can be no assurance that these risk management methods will be effective, particularly in unusual or extreme market conditions. 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 Group's financial performance and business operations.

Market risk relating to the Group's long-term insurance business is split into three categories by Liberty for management purposes, namely:

- market risks to which a long-term strategic exposure is maintained;
- market risks where a long-term strategic exposure is not maintained as they are not expected to provide an adequate return on economic capital over time; and
- market risks to which Liberty does not wish to maintain exposure but where Liberty are unable to economically mitigate these risks through hedging.

In addition, market risk from short-term insurance business arises from investments in cash, corporate money market and collective investment schemes and is not material in the context of the Group's business.

Liquidity Risk

The Group's primary funding sources are in the form of deposits across a spectrum of retail and wholesale clients, as well as long-term capital and loan markets. The banking sector in South Africa is characterised by certain structural features, such as a low discretionary savings rate in general with a high percentage of these being captured by institutions such as pension funds, provident funds and providers of asset management services. A portion of these savings translates into institutional funding for the banking system that comprises wholesale funding from financial institutions across a range of deposits, loans and financial instruments. These deposits have a different liquidity profile to retail deposits. As a result, the Group, along with other banking groups in South Africa, has a higher reliance on wholesale funding than retail deposits, especially compared to peers in other emerging markets. As at 31 December 2017, retail deposits comprised 23 per cent. of the total funding-related liabilities of the Issuer.

Wholesale funding sourced by the Group is usually of a short-to-medium term on a contractual basis, is more expensive than retail deposits, and is sourced from a small number of depositors (principally fund managers). As at 31 December 2017, 83 per cent. of the Issuer's deposits and debt funding had a contractual maturity date of 12 months or less or were repayable on demand. As at 31 December 2017, the largest single depositor accounted for 2.0 per cent. of total deposits and the top 10 depositors accounted for 9.3 per cent. of total deposits. If a substantial portion of the Group's depositors withdraw their demand deposits or do not roll over their term deposits upon maturity, the Group may need to seek more expensive sources of funding to meet its funding requirements, and no assurance can be made that the Group will be able to obtain additional funding on commercially reasonable terms as and when required, or at all. The Group's inability to refinance or replace such deposits with alternative funding could adversely affect the Group's liquidity and financial condition.

Disruptions, uncertainty or volatility in the capital and credit markets may limit the Group's ability to refinance maturing liabilities with long-term funding and increase the cost of such funding. The availability to the Group of any additional financing it may need will depend on a variety of factors, such as market conditions, the availability of credit generally and to borrowers in the financial services industry specifically, and the Group's financial condition, credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of the Group's financial prospects if, for example, the Group incurs large losses, experiences significant deposit outflows or if the level of the Group's business activity decreases.

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

The principal risk relating to long-term insurance operations is a function of policyholder behaviour. Liquidity requirements are monitored on an ongoing basis as a part of normal insurance operating activities. Short term insurance liquidity risk is managed on a stand-alone basis such that no reliance is placed on the Group to provide contingent funding to Standard Insurance Ltd. ("**SIL**").

Operational Risk

The Group's businesses are subject to operational risk, and losses can result from:

- *inadequate or failed internal processes, documentation, people, systems and/or equipment;*
- *fraud;*
- *natural disasters; and/or*
- *the failure of external systems, including those of the Group's suppliers and counterparties.* The occurrence of one or more of the above, or any weakness in the Group's internal control structures and procedures, could result in a material adverse impact on the Group's results, financial condition and prospects, as well as reputational damage, and could give rise to regulatory penalties and litigation.

The Group's systems, processes and internal controls are designed to ensure that the operational risks associated with its activities are appropriately monitored and controlled. In addition, business resumption and disaster recovery processes have been implemented to mitigate operational risks inherent in the Group's business. Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that the Issuer will be unable to comply with its obligations as a company with securities admitted to the Official List.

Competition Commission Investigation

South Africa's Competition Commission has referred a complaint to the Competition Tribunal that eighteen banks (of which the Issuer is one) colluded at some time between 2007 and 2013 in the trading of USD/ZAR currency pairs in alleged contravention of South Africa's Competition Act. The Issuer's internal investigation has found no evidence of collusion and the Issuer has applied to the Competition Tribunal for an order that the complaint against it be dismissed. Nevertheless, no assurance can be given that the Issuer's application for dismissal will be successful. Based upon independent legal advice the Issuer believes that the evidence made available by the Competition Commission does not substantiate the collusion that it contends. Furthermore, the amount of any penalty, if the Issuer's defence is not successful, would not be material. There may also be adverse publicity associated with the investigation which could harm the reputation of the Issuer.

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 Group. Although applications have been, or will be, made for the Notes issued under the Programme to be listed on the Financial 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 (if any)

Unless in the case of any particular Tranche of Notes the relevant Applicable Pricing Supplement 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 relevant Terms and Conditions.

In addition, if in the case of any particular Tranche of Notes the relevant Applicable Pricing Supplement specifies 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. In such circumstances 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. Any redemption of Tier 2 Notes prior to their Maturity Date (if any) or Additional Tier 1 Notes requires the prior written approval of the Prudential Authority (or any successor or replacement authority).

Because the Uncertificated Notes are held by or on behalf of the Central Depository, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

Notes issued under the Programme will be uncertificated. Except in the circumstances described in Condition 13 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*) of the General Terms and Conditions and Condition 14 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*) of the Additional Tier 1 Terms and Conditions, investors will not be entitled to receive certificated Notes. The Participants will maintain records of the Beneficial Interests in the Uncertificated Notes. Investors of such Uncertificated Notes will be able to trade their Beneficial Interests only through the Central Depository.

The Issuer will discharge its payment obligations under the Uncertificated Notes by making payments to or to the order of the common depository for the Central Depository for distribution, via the Participants, to the holders of Beneficial Interests in such Uncertificated Notes, in accordance with the CSD Procedures. A holder of a Beneficial Interest in an Uncertificated Note must rely on CSD Procedures 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.

Holders of Beneficial Interests in the Uncertificated Notes must vote in accordance with the CSD Procedures. Holders of Beneficial Interests in the Uncertificated Notes must exercise their respective rights to vote through their respective Participants. The respective Participants will vote in accordance with the respective instructions conveyed to them by the respective holders of Beneficial Interests in the Uncertificated Notes, in accordance with CSD Procedures.

Credit Rating of Notes

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.

Exchange rate risks

The Issuer will pay principal and interest on the Notes in the Specified Currency (as defined in the Applicable Pricing Supplement). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes. Similarly, the Issuer may be exposed to potential losses if the Specified Currency were to depreciate against key currencies in which the Issuer's revenues are based, which may have an adverse effect on its financial condition and results of operations.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk based capital or similar rules.

The Notes may be de-listed, which may materially affect an investor's ability to resell

Any Notes that are listed on the JSE or any other Financial Exchange may be de-listed. Although no assurance is made as to the liquidity of the Notes as a result of listing on the JSE or any other Financial Exchange, de-listing the Notes may have a material adverse effect on a Noteholder's ability to resell the Notes in the secondary market.

Risks related to the structure of the particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Notes subject to optional redemption by the Issuer

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 generally would not be able to re-invest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index-Linked and Dual Currency Notes

The Issuer may issue Notes, the terms of which provide for interest or principal payable in respect of such Note to be determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "**Relevant Factor**") or with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- no interest may be payable on such Notes;
- payments of principal or interest on such Notes may occur at a different time or in a different currency than expected;

- the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

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 and waivers and substitution

The applicable Terms and Conditions of the Notes 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 in law

This Programme Memorandum, the Notes and the applicable Terms and Conditions, are governed by, and will be construed in accordance with, the laws of South Africa. No assurance can be given as to the impact of any possible judicial decision or change to the laws of South Africa or administrative practice in South Africa after the Programme Date.

Risks relating to Subordinated Notes

Substitution or Variation of Tier 2 Notes upon the occurrence of a Capital Disqualification Event, Tax Event (Gross Up), Tax Event (Deductibility) or a Change in Law

Upon the occurrence and continuation of a Capital Disqualification Event, Tax Event (Gross Up), Tax Event (Deductibility) or, if specified in the Applicable Pricing Supplement, a Change in Law (each as defined in Condition 1 (*Interpretation*) of the General Terms and Conditions), the Issuer may, subject as provided in Condition 8.6 (*Substitution or Variation*) of the General Terms and Conditions and without the need for any consent of the Noteholders, substitute all (but not some only) of any Series of Tier 2 Notes, or vary the terms of all (but not only some) such Tier 2 Notes so that they remain or, as appropriate, become Qualifying Tier 2 Securities (as defined in Condition 1 (*Interpretation*) of the General Terms and Conditions).

Substitution or Variation of Additional Tier 1 Notes upon the occurrence of a Capital Disqualification Event, Tax Event (Gross Up), Tax Event (Deductibility) or a Change in Law

Upon the occurrence and continuation of a Capital Disqualification Event, Tax Event (Gross Up), Tax Event (Deductibility) or, if specified in the Applicable Pricing Supplement, a Change in Law (each as defined in Condition 1 (*Interpretation*) of the Additional Tier 1 Terms and Conditions), the Issuer may, subject as provided in Condition 9.6 (*Substitution or Variation*) of the Additional Tier 1 Terms and Conditions and without the need for any consent of the Noteholders, substitute all (but not some only) of any Series of Additional Tier 1 Notes, or vary the terms of all (but not only some) such Additional Tier 1 Notes so that they remain or, as appropriate, become Qualifying Tier 1 Securities (as defined in Condition 1 (*Interpretation*) of the Additional Tier 1 Terms and Conditions).

Early Redemption of Subordinated Notes (other than Additional Tier 1 Notes) upon the occurrence of a Capital Disqualification Event (in relation to Tier 2 Notes only), Tax Event (Gross Up), Tax Event (Deductibility) or a Change in Law

Upon the occurrence and continuation of a Capital Disqualification Event (in relation to Tier 2 Notes only), Tax Event (Gross Up), Tax Event (Deductibility) or, if specified in the Applicable Pricing Supplement, a Change in Law (each as defined in Condition 1 (*Interpretation*) of the General Terms and Conditions), but (other than in respect of a Capital Disqualification Event) subject to Condition 8.7 (*Conditions to Redemption, Purchase, Modification, Substitution or Variation of Tier 2 Notes*) of the General Terms and Conditions, the Issuer may, at its option, redeem all (but not some only) of the Subordinated Notes at the Early Redemption Amount as specified in, or determined in the manner specified in, the Applicable Pricing Supplement. Noteholders will not receive a make-whole amount or any other compensation in the event of any early redemption of Subordinated Notes.

There can be no assurance that holders of Subordinated Notes will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in the relevant Subordinated Notes.

Early Redemption of Additional Tier 1 Notes upon the occurrence of a Capital Disqualification Event, Tax Event (Gross Up), Tax Event (Deductibility) or a Change in Law

Upon the occurrence and continuation of a Capital Disqualification Event, Tax Event (Gross Up), Tax Event (Deductibility) or, if specified in the Applicable Pricing Supplement, a Change in Law (each as defined in Condition 1 (*Interpretation*) of the Additional Tier 1 Terms and Conditions), but (other than in respect of a Capital Disqualification Event) subject to Condition 9.7 (*Conditions to Redemption, Purchase, Modification, Substitution or Variation of Additional Tier 1 Notes*) of the Additional Tier 1 Terms and Conditions, the Issuer may, at its option, redeem all (but not some only) of the Additional Tier 1 Notes at the Redemption Amount as specified in, or determined in the manner specified in, the Applicable Pricing Supplement. Noteholders will not receive a make-whole amount or any other compensation in the event of any early redemption of Additional Tier 1 Notes.

There can be no assurance that holders of Additional Tier 1 Notes will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in the Additional Tier 1 Notes.

The Issuer's obligations under Tier 2 Notes are subordinated

The Issuer's obligations under Tier 2 Notes will be unsecured and subordinated and will, in the event that the Issuer is placed into liquidation or is wound-up, be subordinated to the claims of Senior Creditors (as defined in Condition 1 (*Interpretation*) of the General Terms and Conditions).

If the Issuer is wound-up or put into liquidation, voluntarily or involuntarily, Tier 2 Noteholders will not be entitled to any payments of principal or interest in respect of the Tier 2 Notes until the claims of Senior Creditors which are admissible in any such winding-up or liquidation have been paid or discharged in full. If the Issuer does not have sufficient assets at the time of winding-up or liquidation to satisfy the claims of Senior Creditors, then Tier 2 Noteholders will not receive any payment in respect of their 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 any amount due on a Tier 2 Note for a period of 7 (seven) days or more, such Tier 2 Noteholder may only institute proceedings for the winding-up of the Issuer (and/or prove a claim in any winding-up of the Issuer) but take no other action in respect of that default. Only if an order of court is made or an effective resolution is passed for the winding-up, liquidation or dissolution of the Issuer (other than pursuant to a Solvent Reconstruction (as defined in Condition 1 (*Interpretation*) of the General Terms and Conditions) shall Tier 2 Noteholders be able to declare (upon written notice) such Tier 2 Note immediately due and payable.

Accordingly, although Tier 2 Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that an investor in Tier 2 Notes will lose all or some of its investment should the Issuer become insolvent.

The Issuer's obligations under Additional Tier 1 Notes are subordinated

The Issuer's obligations under Additional Tier 1 Notes will be unsecured and subordinated and will, in the event that the Issuer is placed into liquidation or is wound-up, be subordinated to the claims of Senior Creditors (as defined in Condition 1 (*Interpretation*) of the Additional Tier 1 Terms and Conditions).

If the Issuer is wound-up or put into liquidation, voluntarily or involuntarily, the Additional Tier 1 Notes shall become repayable but rank junior to the claims of Senior Creditors and holders of Tier 2 Preference Shares. The amount payable in such instance by the Issuer in respect of each Note (in lieu of any other payment by the Issuer) shall be equal to the amount as would have been payable to the Noteholder if, on the day prior to the commencement of such winding-up or administration and thereafter, such Noteholder were (in respect of such Note) the holder of one of a class of preference shares in the capital of the Issuer ranking *pari passu* as to a return of assets in such winding-up or administration with other Additional Tier 1 Noteholders of the Issuer and with that class or classes of preference shares (if any) from time to time issued or which may be issued by the Issuer which have a preferential right to a return of assets in such winding-up or administration over, and so rank ahead of, the holders of all other classes of issued shares for the time being in the capital of the Issuer other than preference shares which, upon issue, qualified (or were intended to qualify) as Tier 2 Capital .

In addition, the rights of Additional Tier 1 Noteholders are limited in certain respects. In particular, if the Issuer defaults on a payment of any amount due on an Additional Tier 1 Note for a period of 7 (seven) days or more, such Additional Tier 1 Noteholder may only institute proceedings for the winding-up of the Issuer but take no other action in respect of that default. Further, if at any time prior to the date on which the Original Principal Amount of the Additional Tier 1 Notes has been Converted or Written-off (as applicable) in full, a liquidation or winding-up (whether or not instituted by an Additional Tier 1 Noteholder as aforesaid and other than an Approved Winding-up) or administration of the Issuer occurs where the liquidator or administrator has given notice that it intends to declare and distribute a dividend, each Additional Tier 1 Noteholder may only prove in such winding-up or administration of the Issuer and/or claim in the liquidation of the Issuer in respect of the Additional Tier 1 Notes, such claim being as provided in Condition 9.2 (*Winding-up of the Issuer*) of the Additional Tier 1 Terms and Conditions. Consequently, Additional Tier 1 Noteholders have no rights to accelerate the payment obligations of the Issuer under Additional Tier 1 Notes.

Accordingly, although Additional Tier 1 Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that an investor in Additional Tier 1 Notes will lose all or some of its investment should the Issuer become insolvent.

Subordinated Notes that are not Tier 2 Notes or Additional Tier 1 Notes will be subordinated to most of the Issuer's liabilities

The payment obligations of the Issuer under Subordinated Notes that are not Tier 2 Notes or Additional Tier 1 Notes will rank behind Senior Notes. Subordinated Notes that are not Tier 2 Notes or Additional Tier 1 Notes constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* among themselves and at least *pari passu* with all Other Subordinated Securities (as defined in Condition 1 (*Interpretation*) of the General Terms and Conditions) but in priority to Tier 2 Capital and Additional Tier 1 Capital.

With regard to any Subordinated Notes that are not Tier 2 Notes or Additional Tier 1 Notes, if the Issuer is declared insolvent and a winding-up is initiated, the Issuer will be required to pay the holders of unsubordinated debt and meet its obligations to all its other creditors (including unsecured creditors but excluding any obligations in respect of Other Subordinated Securities, Additional Tier 1 Securities and Tier 2 Securities) in full before it can make any payments on Subordinated Notes that are not Tier 2 Notes or Additional Tier 1 Notes. If this occurs, the Issuer may not have enough assets remaining after these payments to pay amounts due under such Subordinated Notes that are not Tier 2 Notes or Additional Tier 1 Notes.

The Issuer is not prohibited from issuing further debt which may rank pari passu with or senior to the Subordinated Notes

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

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 Additional 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**" or "**SLAR**");
- (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(11)(b) 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 an Additional Tier 1 capital instrument ("**Additional Tier 1 instrument**") unless a duly enforceable SLAR is in place. Regulation 38(12) 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 capital instrument ("**Tier 2 instrument**") unless a duly enforceable SLAR is in place.

The SARB has provided 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*) and Guidance Note 6 of 2017 (*Loss absorbency requirements for Additional Tier 1 and Tier 2 capital instruments*) ("**Guidance Note 6**"), Circular 6 of 2013 (*Matters related to conditions for the issue of instruments or shares, the proceeds of which rank as Tier 2 capital*) 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 SLAR. No official statement has however been made as to when the SLAR will be implemented in South Africa. The SARB has also provided guidance for its approach on 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 6 provides that the SARB will continue to monitor international developments around loss absorbency requirements, and, if necessary, will issue further guidance.

Tier 2 Notes

Guidance Note 6 requires banks to indicate, in the contractual terms and conditions of any 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, a "**Conversion**") at the occurrence of a trigger event determined in the Prudential Authority's discretion, as envisaged in Regulation 38(12)(a)(i) of the Regulations Relating to Banks. To the extent that any Tier 2 instruments are issued prior to the commencement of the SLAR, such Tier 2 instruments will have to contractually provide for write-off or Conversion (at the discretion of the Relevant Regulator) at the occurrence of a Non-Viability 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 in order to qualify as Tier 2 Capital. The terms and conditions of Tier 2 Notes issued under this Programme accordingly provide for the Write-off (as defined in Condition 1 (*Interpretation*)) of the General Terms and Conditions of such Tier 2 Notes at the discretion of the Relevant Regulator upon the occurrence of a Non-Viability Event (see Condition 5.4 (*Loss Absorption Following A Non-Viability Event*) of the General Terms and Conditions (subject to Condition 5.5 (*Disapplication of Non-Viability Loss Absorption*) of the General Terms and Conditions)).

Notwithstanding the requirement to provide for write-off and/or Conversion in the contractual terms and conditions of a Tier 2 instrument, paragraph 6.3 of Guidance Note 6 provides that banks have the option to elect, on the commencement of the SLAR, to have the existing contractual write-off/Conversion provisions of any Tier 2 instruments issued prior to the implementation of the SLAR replaced with the write-off/Conversion provisions in the legislation and/or regulations which implement(s) the SLAR (see Condition 5.5 (*Disapplication of Non-Viability Loss Absorption*) of the General Terms and Conditions). Where the Issuer elects to have the Non-Viability Loss Absorption Condition continue to apply to Tier 2 Notes issued subject to such Non-Viability Loss Absorption Condition, rather than subjecting such Tier 2 Notes to the SLAR (on commencement of the legislation and/or regulations which implement(s) the SLAR), such Tier 2 Notes will

be subject to such minimum requirements of the Statutory Loss Absorption Regime required to ensure that the Tier 2 Notes continue to qualify as Tier 2 Capital.

Whether in terms of the contractual write-off/Conversion provisions or the write-off/Conversion provisions in the legislation and/or regulations which implement(s) the SLAR, the possibility of write-off means that Tier 2 Noteholders may lose some or all of their investment. The exercise of any such power by the Relevant Regulator or any suggestion of such exercise could materially adversely affect the price or value of a Tier 2 Noteholder's investment in Tier 2 Notes and/or the ability of the Issuer to satisfy its obligations under such Tier 2 Notes.

Despite the above, whether regulated by the contractual write-off/Conversion provisions or the write-off/Conversion provisions in the legislation and/or regulations which implement(s) the SLAR, clause 2.6 of Guidance Note 6 provides that write-off or Conversion of Tier 2 instruments will only occur to the extent deemed by the Relevant Regulator as necessary to ensure that the Issuer is viable, as specified in writing by the Relevant Regulator. Accordingly, any write-off or Conversion of the Tier 2 Notes will generally be effected to ensure compliance with these minimum requirements only.

Additional Tier 1 Notes

Guidance Note 6 requires banks to indicate, in the contractual terms and conditions of any Additional Tier 1 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, a "**Conversion**") at the occurrence of a trigger event determined in the Prudential Authority's discretion, as envisaged in Regulation 38(11)(b)(i) of the Regulations Relating to Banks. To the extent that any Additional Tier 1 instruments are issued prior to the commencement of the SLAR, such Additional Tier 1 instruments will have to contractually provide for write-off or Conversion (at the discretion of the Relevant Regulator) at the occurrence of a Non-Viability 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 Additional Tier 1 instruments in order to qualify as Additional Tier 1 Capital. The terms and conditions of Additional Tier 1 Notes issued under this Programme accordingly provide for the Conversion (as defined in Condition 1 (*Interpretation*) of the Additional Tier 1 Terms and Conditions) or the Write-off (as defined in Condition 1 (*Interpretation*)) of the Additional Tier 1 Terms and Conditions of such Additional Tier 1 Notes, as specified in the Applicable Pricing Supplement, at the discretion of the Relevant Regulator upon the occurrence of a Non-Viability Event (see Condition 8 (*Loss Absorption Following A Non-Viability Event*) of the Additional Tier 1 Terms and Conditions (subject to Condition 8.4 (*Disapplication of Non-Viability Loss Absorption Condition*) of the Additional Tier 1 Terms and Conditions).

Notwithstanding the requirement to provide for write-off and/or Conversion in the contractual terms and conditions of an Additional Tier 1 instrument, paragraph 6.3 of Guidance Note 6 provides that banks have the option to elect, on the commencement of the SLAR, to have the existing contractual write-off/Conversion provisions of any Additional Tier 1 instruments issued prior to the implementation of the SLAR replaced with the write-off/Conversion provisions in the legislation and/or regulations which implement(s) the SLAR (see Condition 8.4 (*Disapplication of Non-Viability Loss Absorption Condition*) of the Additional Tier 1 Terms and Conditions). Where the Issuer elects to have the Non-Viability Loss Absorption Condition continue to apply to Additional Tier 1 Notes issued subject to such Non-Viability Loss Absorption Condition, rather than subjecting such Additional Tier 1 Notes to the SLAR (on commencement of the legislation and/or regulations which implement(s) the SLAR), such Additional Tier 1 Notes will be subject to such minimum requirements of the Statutory Loss Absorption Regime required to ensure that the Additional Tier 1 Notes continue to qualify as Additional Tier 1 Capital.

Whether in terms of the contractual write-off/Conversion provisions or the write-off/Conversion provisions in the legislation and/or regulations which implement(s) the SLAR, the possibility of write-off means that Additional Tier 1 Noteholders may lose some or all of their investment. The exercise of any such power by the Relevant Regulator or any suggestion of such exercise could materially adversely affect the price or value of an Additional Tier 1 Noteholder's investment in Additional Tier 1 Notes and/or the ability of the Issuer to satisfy its obligations under such Additional Tier 1 Notes.

Despite the above, whether regulated by the contractual write-off/Conversion provisions or the write-off/Conversion provisions in the legislation and/or regulations which implement(s) the SLAR, paragraph 2.6 of Guidance Note 6 provides that write-off or Conversion of Additional Tier 1 instruments will only occur to the extent deemed by the Relevant Regulator as necessary to ensure that the Issuer is viable, as specified in writing by the Relevant Regulator. Accordingly, any write-off or Conversion of the Additional Tier 1 Notes will generally be effected to ensure compliance with these minimum requirements only.

Payment of any amounts of principal and interest in respect of Tier 2 Notes will be cancelled or written-off upon the occurrence of a Non-Viability Event

Upon the occurrence of a Non-Viability Event (as defined in Condition 1 (*Interpretation*) of the General Terms and Conditions), Tier 2 Notes will be cancelled (in the case of a Write-off in whole) or written-off in part on a *pro rata* basis (in the case of a Write-off in part) in accordance with the Capital Rules (as defined in Condition 1 (*Interpretation*) of the General Terms and Conditions). Further to such cancellation or Write-off, Tier 2 Noteholders will no longer have any rights against the Issuer with respect to any amounts cancelled or Written-off and the Issuer shall not be obliged to pay compensation in any form to Tier 2 Noteholders. Furthermore, any such cancellation or Write-off will not constitute an Event of Default or any other breach of the Issuer's obligations under the General Terms and Conditions.

A Non-Viability Event will occur when the relevant regulator has notified the Issuer that it has determined that a "trigger event", as specified in the Capital Rules, has occurred. A trigger event in relation to Tier 2 instruments in the Capital Rules is described as being, at a minimum, the earlier of:

- (a) a decision that a write-off, without which the Issuer would become non-viable, is necessary, as determined and notified by the Relevant Regulator; or
- (b) a decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined and notified by the Relevant Regulator.

The occurrence of a Non-Viability Event is therefore inherently unpredictable and depends on a number of factors, many of which are outside of the Issuer's control.

Payment of any amounts of principal and interest in respect of Additional Tier 1 Notes will be cancelled or written-off upon the occurrence of a Non-Viability Event

Upon the occurrence of a Non-Viability Event (as defined in Condition 1 (*Interpretation*) of the Additional Tier 1 Terms and Conditions, Additional Tier 1 Notes will be cancelled (in the case of a Conversion or Write-off (as applicable) in whole) or converted or written-off in part on a *pro rata* basis (in the case of a Conversion or Write-off (as applicable) in part) in accordance with the Capital Rules (as defined in Condition 1 (*Interpretation*) of the Additional Tier 1 Terms and Conditions). Further to such cancellation or Conversion or Write-off (as applicable), Additional Tier 1 Noteholders will no longer have any rights against the Issuer with respect to any amounts cancelled or Converted or Written-off (as applicable) and the Issuer shall not be obliged to pay compensation in any form to Additional Tier 1 Noteholders. Furthermore, any such cancellation or Conversion or Write-off (as applicable) will not constitute an event of default or any other breach of the Issuer's obligations under the Additional Tier 1 Terms and Conditions nor will it constitute an Event of Default or any other breach of the Issuer's obligations under the General Terms and Conditions.

A Non-Viability Event will occur when the relevant regulator has notified the Issuer that it has determined that a "trigger event", as specified in the Capital Rules, has occurred. A trigger event in relation to Additional Tier 1 instruments in the Capital Rules is described as being:

- (a) at a minimum, the earlier of:
 - (i) a decision that a write-off, without which the Issuer would become non-viable, is necessary, as determined and notified by the Relevant Regulator; or
 - (ii) a decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined and notified by the Relevant Regulator; or
- (b) when the Issuer's Common Equity Tier 1 Capital Ratio is equal to or below 5.875 per cent.,
whichever is the earlier to occur; provided that paragraph (b) above will only apply if the Additional Tier 1 Notes are liability accounted by the Issuer.

The occurrence of a Non-Viability Event is therefore inherently unpredictable and depends on a number of factors, many of which are outside of the Issuer's control.

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 a Non-Viability Event in respect of Tier 2 Notes may have tax consequences in the hands of Tier 2 Noteholders, the Issuer or both. As any such potential consequence depends 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 a tax liability.

The investment in, and disposal or write-off of, Additional Tier 1 Notes may have tax consequences in the hands of Additional Tier 1 Noteholders, the Issuer or both

The investment in, and disposal or write-off upon the occurrence a Non-Viability Event in respect of Additional Tier 1 Notes may have tax consequences in the hands of Additional Tier 1 Noteholders, the Issuer or both. As any such potential consequence depends on various factors, prospective investors in Additional Tier 1 Notes are strongly advised to consult their own professional advisers as to the tax consequence of investing in Additional Tier 1 Notes, and particularly as to whether a disposal, conversion or write-off of Additional Tier 1 Notes will result in a tax liability.

The Additional Tier 1 Notes are a novel form of security and may not be a suitable investment for all investors

The Additional Tier 1 Notes are a novel form of security. As a result, an investment in a Series of Additional Tier 1 Notes will involve certain increased risks. Each potential investor in a Series of Additional Tier 1 Notes must determine the suitability of such investment in light of its own circumstances. In particular, in respect of each Series of Additional Tier 1 Notes, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Additional Tier 1 Notes, the merits and risks of investing in the Additional Tier 1 Notes and the information contained in this Programme Memorandum;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Additional Tier 1 Notes and the impact the Additional Tier 1 Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Additional Tier 1 Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Additional Tier 1 Notes, such as the provisions governing a Conversion or Write-off and the election or obligation to not pay interest, understand under what circumstances a Non-Viability Event will or may be deemed to occur, and be familiar with the behaviour of any relevant financial markets and their potential impact on the likelihood of a Non-Viability Event, a Capital Disqualification Event, a Tax Event or, if specified in the Applicable Pricing Supplement, a Change in Law occurring; 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, the Conversion or Write-off of the Additional Tier 1 Notes and its ability to bear the applicable risks.

There is no scheduled redemption or maturity of the Additional Tier 1 Notes

The Additional Tier 1 Notes are undated securities without any fixed redemption or maturity date. The Issuer is under no obligation to redeem any Series of Additional Tier 1 Notes at any time. Any optional redemption by the Issuer is subject to the prior approval of the Relevant Regulator. There is no redemption at the option of the holders of a Series of Additional Tier 1 Notes.

The Issuer may decide to elect to not make interest payments in its sole and absolute discretion. The Additional Tier 1 Notes are not cumulative instruments and interest the Issuer elects or is not obliged to pay will not be cumulative

Interest on each Tranche of Additional Tier 1 Notes will be due and payable only at the sole and absolute discretion of the Issuer and, accordingly, the Issuer shall have sole and absolute discretion to elect not to pay (in whole or in part) the Interest Amount otherwise scheduled to be paid on any Interest Payment Date.

In addition, the Issuer will not be obliged to pay any Interest Amount otherwise scheduled to be paid on each Tranche of Additional Tier 1 Notes on an Interest Payment Date to the extent that (a) such Interest Amount together with any Additional Amounts payable with respect thereto, when aggregated with other Relevant Distributions paid, declared or required to be paid in the then current financial year of the Issuer exceeds the amount of the Issuer's Distributable Items, or (b) the Issuer shall not be obliged to pay that Interest Amount in accordance with the requirements of the Capital Rules, or (c) the Relevant Regulator orders the Issuer not to pay that Interest Amount (in whole or in part).

All accrued and unpaid Interest Amounts on Additional Tier 1 Notes will also not be paid, and the Issuer will not be obliged to pay such Interest Amounts if a Non-Viability Event occurs.

If the Issuer provides notice of its election to not pay a portion, but not all, of an Interest Amount and the Issuer subsequently does not make a payment of the remaining portion of such Interest Amount on the relevant Interest Payment Date, such non-payment shall evidence the Issuer's exercise of its discretion to elect not to pay such remaining portion of that Interest Amount and, accordingly, such remaining portion of that Interest Amount shall also not be due and payable.

The non-payment of any Interest Amount (or any part thereof) in accordance with the provisions set out above shall not constitute a default for any purpose on the part of the Issuer. Interest Amounts which the Issuer has elected not to pay or which the Issuer is not obliged to pay will never become due and are non-cumulative, and no Interest Amount (or any part thereof) which has not been paid (or any amount in lieu thereof) shall be payable in respect of the Additional Tier 1 Notes thereafter, whether in a winding-up, curatorship or administration of the Issuer or otherwise.

The non-payment of any Relevant Interest Amount in accordance with the above provisions shall not impose any other restrictions on the Issuer.

Any actual or anticipated non-payment of interest on Additional Tier 1 Notes in accordance with the above provisions will likely have an adverse effect on the market price of such Additional Tier 1 Notes. In addition, as a result of the interest payment provisions of the Additional Tier 1 Notes, the market price of Additional Tier 1 Notes may be more volatile than the market prices of other securities on which interest accrues that are not subject to such provisions and may be more sensitive generally to adverse changes in the Issuer's financial condition.

FORM OF THE NOTES

Capitalised terms used in this section headed "Form of the Notes" shall bear the same meanings as used in the relevant Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

A Tranche of Senior Notes or Subordinated Notes (other than Additional Tier 1 Notes or Tier 2 Notes) may be issued in the form of listed or unlisted Registered Notes, Bearer Notes or Order Notes as specified in the Applicable Pricing Supplement. Additional Tier 1 Notes and Tier 2 Notes may be issued in the form of listed or unlisted Registered Notes as specified in the Applicable Pricing Supplement.

The Notes may be listed on the JSE and/or a successor exchange to the JSE or such other or further exchange or exchanges as the Issuer may select in relation to an issue and specify in the Applicable Pricing Supplement.

Registered Notes

A Tranche of Registered Notes will be issued in certificated form or uncertificated form as specified in the Applicable Pricing Supplement. Each Tranche of Notes which is listed on the JSE will be issued in uncertificated form and held in the Central Depository in the name of, and for the account of, the Central Depository. A Tranche of unlisted Notes may also be held in the Central Depository.

Notes issued in certificated form

All certificated Registered Notes will be represented by single Individual Certificates in registered form. Registered Notes represented by Individual Certificates will be registered in the Register in the name of the individual Noteholders of such Notes.

Subject to the Applicable Laws, title to Registered Notes represented by Individual Certificates will pass upon registration of transfer in accordance with Condition 14.1 (*Transfer of Registered Notes*) of the General Terms and Conditions or Condition 15 (*Transfer of Additional Tier 1 Notes*) of the Additional Tier 1 Terms and Conditions (as applicable).

The Issuer shall regard the Register as the conclusive record of title to the Registered Notes represented by Individual Certificates.

Payments of all amounts due and payable in respect of Registered Notes represented by Individual Certificates will be made in accordance with Condition 9 (*Payments*) of the General Terms and Conditions or Condition 10 (*Payments*) of the Additional Tier 1 Terms and Conditions (as applicable) to the Person reflected as the registered Noteholder of such Registered Notes in the Register at 17:00 (South African time) on the Last Day to Register, and the Issuer's obligations will be discharged by proper payment to or to the order of such registered holder in respect of each amount so paid.

Notes issued in uncertificated form

A Tranche of Registered Notes which is listed on the JSE will, subject to Applicable Laws and Applicable Procedures, be issued in uncertificated form in terms of section 33 of the Financial Markets Act.

Registered Notes issued in uncertificated form will not be represented by any certificate or written instrument. A Tranche of Registered Notes issued in uncertificated form will be held by the Central Depository, and the Central Depository will be named in the Register as the registered Noteholder of that Tranche of Notes.

Title to Registered Notes issued in uncertificated form will pass upon registration of transfer in accordance with Condition 14.1 (*Transfer of Registered Notes*) of the General Terms and Conditions or Condition 15 (*Transfer of Additional Tier 1 Notes*) of the Additional Tier 1 Terms and Conditions (as applicable).

Payments of all amounts due and payable in respect of Registered Notes issued in uncertificated form will be made in accordance with Condition 9 (*Payments*) of the General Terms and Conditions or Condition 10 (*Payments*) of the Additional Tier 1 Terms and Conditions (as applicable) to the Person reflected as the registered Noteholder of such Registered Notes in the Register at 17:00 (South African time) on the Last Day to Register, and the Issuer will be discharged by proper payment to or to the order of such registered holder in respect of each amount so paid.

Beneficial Interests in Notes held in the Central Depository

The Participants will maintain records of the Beneficial Interests in Registered Notes held in the Central Depository.

The registered Noteholders of Registered Notes in a Tranche of Registered Notes held in the Central Depository will be determined in accordance with the CSD Procedures, and such registered Noteholders will be named in the Register as the registered holders of such Registered Notes.

A Tranche of Registered Notes which is listed on the JSE will be issued in uncertificated form and held in the Central Depository. A Tranche of unlisted Registered Notes may also be issued in uncertificated form and held in the Central Depository. While a Tranche of Registered Notes is held in the Central Depository, the registered Noteholder of the Registered Notes in that Tranche of Registered Notes, determined in accordance with the CSD Procedures, will be named in the Register as the Noteholder of the Registered Notes in that Tranche.

The Central Depository will hold each Tranche of Registered Notes subject to the Financial Markets Act and the Applicable Procedures. All amounts to be paid and, subject to the CSD Procedures, all rights to be exercised in respect of Registered Notes held in the Central Depository will be paid to and, subject to the CSD Procedures, may be exercised only by the Central Depository for the holders of Beneficial Interests in such Registered Notes.

The Central Depository maintains central securities accounts only for Participants. As at the Programme Date, the Participants are Citibank NA, Johannesburg branch, FirstRand Bank Limited (RMB Custody and Trustee Services), Nedbank Limited, The Standard Bank of South Africa Limited, Standard Chartered Bank, Johannesburg branch, Société Générale Johannesburg branch, and the SARB. Beneficial Interests which are held by Participants will be held directly through the Central Depository, and the Central Depository will hold such Beneficial Interests, on behalf of such Participants, through the central securities accounts maintained by the Central Depository for such Participants.

The Participants are in turn required to maintain securities accounts for their clients. Beneficial Interests which are held by clients of Participants will be held indirectly through such Participants, and such Participants will hold such Beneficial Interests, on behalf of such clients, through the securities accounts maintained by such Participants for such clients. The clients of Participants may include the holders of Beneficial Interests in the Notes or their custodians. The clients of Participants, as the holders of Beneficial Interests or as custodians for such holders, may exercise their rights in respect of the Notes held by them in the Central Depository only through their Participants. Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme, (Clearstream, Luxembourg) ("**Clearstream**") may hold Registered Notes through their Participant.

In relation to each Person shown in the records of the Central Depository or the relevant Participant, as the case may be, as the holder of a Beneficial Interest in a particular outstanding Nominal Amount of Registered Notes, a certificate or other document issued by the Central Depository or the relevant Participant, as the case may be, as to the outstanding Nominal Amount of such Registered Notes standing to the account of any Person shall be *prima facie* proof of such Beneficial Interest.

Subject to the Applicable Laws, title to Beneficial Interests held by Participants directly through the Central Depository will pass on transfer thereof by electronic book entry in the central securities accounts maintained by the Central Depository for such Participants. Subject to the Applicable Laws, title to Beneficial Interests held by clients of Participants indirectly through such Participants will pass on transfer thereof by electronic book entry in the security accounts maintained by such Participants for such clients. Beneficial Interests may be transferred only in accordance with the CSD Procedures. Holders of Beneficial Interests in Registered Notes must vote in accordance with the Applicable Procedures. Holders of Beneficial Interests in Registered Notes must exercise their respective rights to vote through their respective Participants. The respective Participants will vote in accordance with the respective instructions conveyed to them by the respective holders of Beneficial Interests in Registered Notes, in accordance the CSD Participants.

The holder of a Beneficial Interest will only be entitled to exchange such Beneficial Interest for Registered Notes represented by an Individual Certificate in accordance with Condition 13 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*) of the General Terms and Conditions or Condition 14 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*) of the Additional Tier 1 Terms and Conditions (as applicable).

Bearer and Order Notes

Bearer Notes issued in bearer form and Order Notes issued in order form and which are interest bearing may, if indicated in the Applicable Pricing Supplement, have interest coupons and, if indicated in the Applicable Pricing Supplement, Talons for further Coupons attached on issue. Notes repayable in instalments may have Receipts for the payment of the instalments of principal (other than the final instalment) attached on issue, as if indicated in the Applicable Pricing Supplement.

Title to Bearer Notes and/or Receipts, Coupons and Talons attached on issue to the Individual Certificate evidencing such Bearer Notes will pass by delivery of such Individual Certificate, Receipt, Coupon or Talon (as the case may be). Title to Order Notes and/or any Receipts, Coupons and Talons attached on issue to the Individual Certificate evidencing such Order Note, will pass by way of endorsement and delivery of such Individual Certificate, Receipt, Coupon or Talon (as the case may be).

Additional Tier 1 Notes and Tier 2 Notes will not be issued in the form of Bearer Notes or Order Notes.

PRO FORMA APPLICABLE PRICING SUPPLEMENT (GENERAL TERMS AND CONDITIONS)

Set out below is the form of Applicable Pricing Supplement that will be completed for each Tranche of Senior Notes, Subordinated Notes (other than Additional Tier 1 Notes) and Tier 2 Notes issued under the Programme:

Applicable Pricing Supplement dated [●]



Standard Bank Group Limited

(Incorporated with limited liability under Registration Number 1969/017128/06 in the Republic of South Africa)

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] due [Maturity Date]
Under its ZAR50 000 000 000 Domestic Medium Term Note Programme**

This document constitutes the Applicable Pricing Supplement relating to the issue of Notes described herein. The terms and conditions set forth in the section of the Programme Memorandum dated 13 November 2018 (the "**Programme Memorandum**"), as updated and amended from time to time, headed "*General Terms and Conditions*" (the "**General Terms and Conditions**") apply to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the General Terms and Conditions. This Applicable Pricing Supplement must be read in conjunction with such Programme Memorandum. To the extent that there is any conflict or inconsistency between the contents of this Applicable Pricing Supplement and the Programme Memorandum, the provisions of this Applicable Pricing Supplement shall prevail.

DESCRIPTION OF THE NOTES

| | | |
|-----|--|---|
| 1. | Issuer | Standard Bank Group Limited |
| 2. | Status of the Notes | [Senior/Subordinated/Tier 2 Notes] [Secured/Unsecured] |
| 3. | (a) Series Number | [●] |
| | (b) Tranche Number | [●] |
| | | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)</i> |
| 4. | Aggregate Nominal Amount | [●] |
| | (a) Series | [●] |
| | (b) Tranche | [●] |
| 5. | Redemption/Payment Basis | [Partly Paid/Instalment/Exchangeable/Other] |
| 6. | Type of Notes | [Fixed Rate Notes]/[Floating Rate Notes]/[Indexed Notes]/[Exchangeable Notes]/[Partly Paid Notes]/[Zero Coupon Notes]/[Mixed Rate Notes]/[Instalment Notes]/[specify other] |
| 7. | Interest Payment Basis | [Fixed Rate]/[Floating Rate]/[Zero Coupon]/[Indexed Interest]/[Indexed Redemption Amount]/[Mixed Rate] |
| 8. | Form of Notes | [Registered Notes]/[Bearer Notes]/[Order Notes] |
| 9. | Automatic/Optional Conversion from one Interest/Payment Basis to another | <i>[insert details including date for conversion]</i> |
| 10. | Issue Date/Settlement Date | [●] |
| 11. | Business Centre | [●] |

| | | |
|---|--|--|
| 12. | Additional Business Centre | [●] |
| 13. | Specified Denomination | [●] |
| 14. | Calculation Amount | [●] |
| 15. | Issue Price | [●] |
| 16. | Interest Commencement Date | [●] |
| 17. | Maturity Date | [●] |
| 18. | Maturity Period | [●] |
| 19. | Specified Currency | [●] |
| 20. | Applicable Business Day Convention | [Floating Rate Business Day]/[Following Business Day]/[Modified Following Business Day]/[Preceding Business Day]/[other convention – <i>insert details</i>] |
| 21. | Calculation Agent | [The Standard Bank of South Africa Limited] |
| 22. | Paying Agent | [The Standard Bank of South Africa Limited] |
| 23. | Transfer Agent | [The Standard Bank of South Africa Limited] |
| 24. | Settlement Agent | [The Standard Bank of South Africa Limited] |
| 25. | Specified office of the Calculation Agent, Paying Agent, Transfer Agent and Settlement Agent | [●] |
| 26. | Final Redemption Amount | [●] |
| PARTLY PAID NOTES | | [Applicable]/[Not Applicable] |
| <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> | | |
| 27. | Amount of each payment comprising the Issue Price | [●] |
| 28. | Date upon which each payment is to be made by Noteholder | [●] |
| 29. | Consequences (if any) of failure to make any such payment by Noteholder | [●] |
| 30. | Interest Rate to accrue on the first and subsequent instalments after the due date for payment of such instalments | [●] per cent. |
| INSTALMENT NOTES | | [Applicable]/[Not Applicable] |
| <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> | | |
| 31. | Instalment Dates | [●] |
| 32. | Instalment Amounts (expressed as a percentage of the aggregate Nominal Amount of the Notes) | [●] |
| FIXED RATE NOTES | | [Applicable]/[Not Applicable] |
| <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> | | |
| 33. | (a) Fixed Interest Rate(s) | [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (<i>specify</i>)] in arrear] |
| | (b) Interest Payment Date(s) | [●] in each year [adjusted in accordance with [<i>specify Business Day Convention and any applicable Business</i>] |

| | | |
|-----|---|--|
| | | <i>Centre(s) for the definition of "Business Day"/[not adjusted]</i> |
| | (c) Fixed Coupon Amount[(s)] | [●] per Calculation Amount |
| | (d) Initial Broken Amount | [●] |
| | (e) Final Broken Amount | [●] |
| | (f) Any other terms relating to the particular method of calculating interest | [Not Applicable]/[give details] |
| | FLOATING RATE NOTES | [Applicable]/[Not Applicable] |
| | | <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> |
| 34. | (a) Interest Payment Date(s) | [●], with the first Interest Payment Date being [●] |
| | (b) Interest Period(s) | [●] |
| | (c) Definitions of Business Day (if different from that set out in Condition 1 (<i>Interpretation</i>)) | [●] |
| | (d) Interest Rate(s) | [●] per cent. |
| | (e) Minimum Interest Rate | [●] per cent. |
| | (f) Maximum Interest Rate | [●] per cent. |
| | (g) Other terms relating to the method of calculating interest (e.g. Day Count Fraction, rounding up provision, if different from Condition 6.2 (<i>Interest on Floating Rate Notes and Indexed Notes</i>)) | [●] |
| 35. | Manner in which the Interest Rate is to be determined | [ISDA Determination/Screen Rate Determination/other (<i>give details</i>)] |
| 36. | Margin | [(+/-) [●] per cent. to be added to/subtracted from the relevant (ISDA Rate/Reference Rate)] |
| 37. | If ISDA Determination: | |
| | (a) Floating Rate | [●] |
| | (b) Floating Rate Option | [●] |
| | (c) Designated Maturity | [●] |
| | (d) Reset Date(s) | [●] |
| 38. | If Screen Rate Determination: | |
| | (a) Reference Rate (including relevant period by reference to which the Interest Rate is to be calculated) | [e.g. ZAR-JIBAR-SAFEX/Prime Rate] |
| | (b) Interest Determination Date(s) | [The second day on which the TARGET system is open prior to the start of each Interest Period/The first day of each Interest Period/other (<i>give details</i>)] |
| | (c) Relevant Screen Page | [●] |
| | (d) Relevant Time | [●] |
| | (e) Reference Banks | [●] |
| 39. | If Interest Rate to be calculated otherwise than by reference to 37 or 38 above | |

- (a) Margin
- (b) Minimum Interest Rate
- (c) Maximum Interest Rate
- (d) Business Day Convention
- (e) Day Count Fraction
- (f) Default Rate
- (g) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest for Floating Rate Notes

40. If different from Calculation Agent, agent responsible for calculating amount of principal and interest *[[Name] shall be the Calculation Agent (no need to specify if the Calculation Agent is to perform this function)]*

MIXED RATE NOTES

Applicable/ Not Applicable

(If not applicable, delete the remaining subparagraphs of this paragraph)

41. Period(s) during which the interest rate for the Mixed Rate Notes will be (as applicable) for:

- (a) Fixed Rate Notes
- (b) Floating Rate Notes
- (c) Indexed Notes
- (d) Other

ZERO COUPON NOTES

Applicable/ Not Applicable

(If not applicable, delete the remaining subparagraphs of this paragraph)

- 42. (a) Implied Yield per cent. per annum
- (b) Reference Price
- (c) Any other formula or basis for determining amount(s) payable *[Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition 8.9(c)]*

INDEXED NOTES

Applicable/ Not Applicable

(If not applicable, delete the remaining subparagraphs of this paragraph)

- 43. (a) Type of Indexed Notes *[Indexed Interest Notes/Indexed Redemption Amount Notes]*
- (b) Index/Formula by reference to which Interest Amount/Final Redemption Amount is to be determined
 - Name of Index:
 - Index Code:
 - Index Currency:
 - Index Sponsor:
 - Index Calculator:

The Index ground rules document is available at [www.\[\]](http://www.[]).

Any change to the Index methodology will be published on SENS and communicated to the JSE. All other changes as detailed in the ground rules document

will be published on the Index Calculator's website, www.[●].

- (c) Index of Indices [Yes/No]
(If yes, complete the below information for each underlying index)
[Underlying Indices: [●]]
The Index Level is published [daily/monthly] on www.[●]]
- (d) Manner in which the Interest Amount/Final Redemption Amount is to be determined [●]
The Index Level is published [daily/monthly] on www.[●]
- (e) Initial Index Level [●]
- (f) Interest Payment Date(s) [●]
- (g) If different from the Calculation Agent, agent responsible for calculating amount of principal and interest [●]
- (h) Provisions where calculation by reference to index and/or formula is impossible or impracticable [●]
- (i) Minimum Interest Rate [●]
- (j) Maximum Interest Rate [●]
- (k) Other terms relating to the calculation of the Interest Rate [●]

EXCHANGEABLE NOTES

44. Mandatory Exchange applicable? [Yes]/[No]
45. Noteholders' Exchange Right applicable? [Yes]/[No]
46. Exchange Securities [●]
47. Manner of determining Exchange Price [●]
48. Exchange Period [●]
49. Other [●]

OTHER NOTES

50. If the Notes are not Partly Paid Notes, Instalment Notes, Fixed Rate Notes, Floating Rate Notes, Mixed Rate Notes, Zero Coupon Notes, Indexed Notes or Exchangeable Notes or if the Notes are a combination of any of the foregoing, set out the relevant description and any additional terms and conditions relating to such Notes. [●]

PROVISIONS REGARDING REDEMPTION/MATURITY

51. Redemption at the Option of the Issuer (Call Option): [Applicable]/[Not Applicable]
If applicable:
- (a) Optional Redemption Date(s) (Call) [●]
- (b) Optional Redemption Amount(s) [●]

- (Call) and method, if any, of calculation of such amount(s)
- (c) Minimum period of notice (if different from Condition 8.3 *(Redemption at the option of the Issuer (Call Option))*) [●]
- (d) If redeemable in part: [●]
 Minimum Redemption Amount(s) [●]
 Higher Redemption Amount(s) [●]
- (e) Other terms applicable on Redemption [●]
52. Redemption at the option of the Noteholders of Senior Notes (Put Option): [Applicable]/[Not Applicable]
 If applicable:
 (a) Optional Redemption Date(s) (Put) [●]
 (b) Optional Redemption Amount(s) (Put) and method, if any, of calculation of such amount(s) [●]
 (c) Minimum period of notice (if different to Condition 8.4 *(Redemption at the option of Noteholders of Senior Notes (Put Option))*) [●]
 (d) If redeemable in part:
 Minimum Redemption Amount(s) [●]
 Higher Redemption Amount(s) [●]
 (e) Other terms applicable on Redemption [●]
 (f) Attach *pro forma* Put Notice(s) [●]
53. Early Redemption Amount(s) payable on redemption pursuant to the provisions of Conditions 8.2 *(Redemption for Tax reasons or Change in Law)*, Condition 8.5 *(Redemption following the occurrence of a Capital Disqualification Event)* or Condition 12 *(Events of Default)* and/or the method of calculating same (if required or if different from that set out in Condition 8.9 *(Early Redemption Amounts)*) [●]
54. Optional Redemption for Subordinated Notes upon a Change in Law [Applicable]/[Not Applicable]
55. Substitution and Variation for Tier 2 Notes [Applicable]/[Not Applicable]
56. Substitution and Variation for Tier 2 Notes upon a Change in Law [Applicable]/[Not Applicable]
57. Option to dis-apply Non-viability Loss Absorption Condition for Tier 2 Notes pursuant to Condition 5.5 *(Disapplication of Non-Viability Loss Absorption)* [Applicable]/[Not Applicable]

GENERAL

| | | |
|-----|--|--|
| 58. | Material Changes | As at the date of this Applicable Pricing Supplement, there has been no material change in the financial or trading position of the Issuer and its subsidiaries since the date of the Issuer's latest [audited financial statements/ unaudited interim financial statements], dated [●]. As at the date of this Applicable Pricing Supplement, there has been no involvement by [●], the auditors of the Issuer, in making the aforementioned statement. |
| 59. | Other terms or special conditions | [Not Applicable]/[give details] |
| 60. | [Date of [Board] approval for issuance of Notes obtained] | [●] <i>(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)</i> |
| 61. | Additional selling restrictions | [●] |
| 62. | (a) International Securities Identification Number (ISIN) | [●] |
| | (b) Stock Code | [●] |
| 63. | (a) Financial Exchange | [●] |
| | (b) Relevant sub-market of the Financial Exchange | [●] |
| | (c) Clearing System | [Strate Proprietary Limited] |
| 64. | If syndicated, names of managers | [●] |
| 65. | Receipts attached? If yes, number of Receipts attached | [Yes]/[No] [●] |
| 66. | Coupons attached? If yes, number of Coupons attached | [Yes]/[No] [●] |
| 67. | Credit Rating assigned to the [Issuer]/[Programme]/[Notes] | [●] |
| 68. | Date of issue of Credit Rating and date of next review | [●] |
| 69. | Stripping of Receipts and/or Coupons prohibited as provided in Condition 14.4 (<i>Prohibition on Stripping</i>)? | [Yes]/[No] |
| 70. | Governing law (if the laws of South Africa are not applicable) | [●] |
| 71. | Other Banking Jurisdiction | [●] |
| 72. | Last Day to Register, which shall mean that the "books closed period" (during which the Register will be closed) will be from each Last Day to Register to the applicable Payment Day until the date of redemption | [17h00 on [[●]], [●], [●] and [●]] of each year commencing on [●], until the Maturity Date] |
| 73. | Books Closed Period | [The Register will be closed from [●] to [●] and from [●] to [●] (all dates inclusive) in each year until the Maturity Date.]/[●] |
| 74. | Stabilisation Manager (if any) | [●] |
| 75. | Method of distribution | [●] |

76. Authorised amount of the Programme [●]
77. Total Notes in issue (including current issue) [●] The Issuer confirms that aggregate Nominal Amount of all Notes Outstanding under this Programme is within the Programme Amount.
78. Rights of cancellation
- The Notes will be delivered to investors on the Issue Date through the settlement system of the Central Depository, provided that:
- (i) no event occurs prior to the settlement process being finalised on the Issue Date which the Dealers (in their sole discretion) consider to be a *force majeure* event; or
 - (ii) no event occurs which the Dealers (in their sole discretion) consider may prejudice the issue, the Issuer, the Notes or the Dealers,
- (each, a "**Withdrawal Event**").
- If the Issuer decides to terminate this transaction due to the occurrence of a Withdrawal Event, this transaction shall terminate and no party hereto shall have any claim against any other party as a result of such termination. In such event, the Notes, if listed, will immediately be de-listed.
79. Responsibility statement
- The Issuer certifies that, to the best of its knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made, as well as that the Programme Memorandum as read together with this Applicable Pricing Supplement contains all information required by Applicable Laws and the JSE Debt Listings Requirements. The Issuer accepts full responsibility for the accuracy of the information contained in the Programme Memorandum as read together with the annual financial statements and this Applicable Pricing Supplement and the annual reports and any amendments or any supplements to the aforementioned documents, except as otherwise stated therein or herein.

The JSE takes no responsibility for the contents of the information contained in the Programme Memorandum as read together with this Applicable Pricing Supplement and any amendments or any supplements to the aforementioned documents. The JSE makes no representation as to the accuracy or completeness of any of the Applicable Pricing Supplement and any amendments or any supplements to the aforementioned documents and expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of the aforementioned documents. The JSE's approval of the registration of the Programme Memorandum and listing of the debt securities is not to be taken in any way as an indication of the merits or the Issuer or of any of the debt securities and that, to the extent permitted by law, the JSE will not be liable for any claim whatsoever and the Issuer further confirms that the authorised amount of the Programme of ZAR50 000 000 000 has not been exceeded.

80. Commercial Paper Regulations

[Not Applicable]/[Applicable – see Annexure "A" to this Applicable Pricing Supplement]

81. Other provisions

[●]

Application [**is hereby**]/[**will not be**] made to list this issue of Notes [on ● ●●]. The Programme was registered with the JSE on 13 November 2018.

SIGNED at _____ on this _____ day of _____ 20_____.

For and on behalf of
STANDARD BANK GROUP LIMITED
Issuer

Name:
Capacity: Authorised Signatory
Who warrants his/her authority hereto

Name:
Capacity: Authorised Signatory
Who warrants his/her authority hereto

ANNEXURE "A" TO THE APPLICABLE PRICING SUPPLEMENT
COMMERCIAL PAPER REGULATIONS

Disclosure requirements in terms of paragraph 3(5) of the Commercial Paper Regulations

The information required to be disclosed in terms of paragraph 3(5) of the Commercial Paper Regulations is set out in this Annexure "A" (except where such information is disclosed in the Programme Memorandum and/or the Applicable Pricing Supplement):

1. **Issuer and Ultimate Borrower** (paragraph 3(5)(a) of the Commercial Paper Regulations)
The Issuer of the relevant Tranche of Notes is Standard Bank Group Limited (incorporated with limited liability under registration number 1969/017128/06 in South Africa).
The "*ultimate borrower*" is [the Issuer] [specify other],
2. **Going concern** (paragraph 3(5)(b) of the Commercial Paper Regulations)
The Issuer is a going concern and can in all circumstances be reasonably expected to meet its commitments, thereby reflecting the adequacy of the liquidity and solvency of the Issuer.
3. **Auditor** (paragraph 3(5)(c) of the Commercial Paper Regulations)
The auditors of the Issuer as at the Issue Date are [●] and [●].
[●] and [●] have acted as the auditors of the Issuer's latest audited financial statements.
4. **Total amount of Commercial Paper** (paragraph 3(5)(d) of the Commercial Paper Regulations)
 - (a) [The Issuer has not, prior to the Issue Date, issued any "*commercial paper*" (as defined in the Commercial Paper Regulations).]
[The Issuer has, prior to the Issue Date, issued "*commercial paper*" (as defined in the Commercial Paper Regulations) in an aggregate amount of ZAR[●].]
 - (b) [As at Issue Date, to the best of the Issuer's knowledge and belief, the Issuer estimates that it will not issue any "*commercial paper*" (as defined in the Commercial Paper Regulations) during the Issuer's current financial year (excluding this Tranche of Notes).]
[As at Issue Date, to the best of the Issuer's knowledge and belief, the Issuer estimates that it will issue "*commercial paper*" (as defined in the Commercial Paper Regulations) in an aggregate amount of ZAR[●] during the Issuer's current financial year (excluding this Tranche of Notes).]
5. **Other information** (paragraph 3(5)(e) of the Commercial Paper Regulations)
All information that may reasonably be necessary to enable the investor to ascertain the nature of the financial and commercial risk of its investment in this Tranche of Notes is contained in the Programme Memorandum and the Applicable Pricing Supplement.
6. **Material adverse change** (paragraph 3(5)(f) of the Commercial Paper Regulations)
Save as disclosed in the Programme Memorandum [and as set out below], there has been no material adverse change in the Issuer's financial position since the date of the Issuer's last audited financial statements.
[give details, if applicable]
7. **Listing** (paragraph 3(5)(g) of the Commercial Paper Regulations)
This Tranche of Notes will be [unlisted] [listed on [the Interest Rate Market of the JSE] [specify other]].
8. **Use of proceeds** (paragraph 3(5)(h) of the Commercial Paper Regulations)
[The proceeds of the issue of this Tranche of Notes will be used by the Issuer for its general corporate purposes] [specify other]
9. **Security** (paragraph 3(5)(i) of the Commercial Paper Regulations)
This Tranche of Notes is [secured] [unsecured].

10. **Auditors confirmation** (paragraph 3(5)(j) of the Commercial Paper Regulations)

[●], being one of the Issuer's auditors as at the Issue Date, have confirmed in writing that nothing has come to their attention which causes them to believe that the issue of this Tranche of Notes under the Programme, pursuant to the Programme Memorandum (as read with the Applicable Pricing Supplement) will not comply in all material respects with the provisions of the Commercial Paper Regulations.

11. **Audited financial statements** (paragraphs 3(5)(j)(i) and (j)(ii) of the Commercial Paper Regulations)

Where, in relation to the issue and placing of this Tranche of Notes, the Programme Memorandum and/or the Applicable Pricing Supplement is distributed and/or made available for inspection in South Africa, a copy of the Issuer's latest audited annual financial statements will at all times separately accompany (either by electronic delivery or by physical delivery) the Programme Memorandum and/or the Applicable Pricing Supplement, as required by the Commercial Paper Regulations.

GENERAL TERMS AND CONDITIONS

The following are the Terms and Conditions of the Senior Notes, Subordinated Notes (other than Additional Tier 1 Notes) and Tier 2 Notes to be issued by the Issuer pursuant to this Programme Memorandum. Senior Notes, Subordinated Notes (other than Additional Tier 1 Notes) and Tier 2 Notes will be issued in individual Tranches which, together with other Tranches, may form a Series of Senior Notes, Subordinated Notes (other than Additional Tier 1 Notes) or Tier 2 Notes. Before the Issuer issues any Tranche of Senior Notes, Subordinated Notes (other than Additional Tier 1 Notes) or Tier 2 Notes, the Issuer shall complete and sign the Applicable Pricing Supplement, based on the pro forma Pricing Supplement included in the section of the Programme Memorandum headed "Pro Forma Applicable Pricing Supplement (General Terms and Conditions)", setting out details of such Senior Notes, Subordinated Notes (other than Additional Tier 1 Notes) or Tier 2 Notes. The Applicable Pricing Supplement in relation to any Tranche of Senior Notes, Subordinated Notes (other than Additional Tier 1 Notes) or Tier 2 Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Tranche of Senior Notes, Subordinated Notes (other than Additional Tier 1 Notes) or Tier 2 Notes.

Any reference in this Programme Memorandum to any statute, regulation or other legislation shall be a reference to that statute, regulation or other legislation at the Programme Date, as amended or substituted from time to time.

1. INTERPRETATION

1.1 Definitions

In these Terms and Conditions, unless inconsistent with the context or separately defined in the Applicable Pricing Supplement, the following expressions shall have the following meanings:

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| Additional Amount | shall have the meaning defined in Condition 10 (<i>Taxation</i>); |
| Additional Business Centre(s) | the city or cities specified as such in the Applicable Pricing Supplement; |
| Additional Conditions | in relation to any issue of Notes, the proceeds of which are intended by the Issuer to qualify as Tier 2 Capital, such conditions, in addition to the conditions specified in the applicable Capital Rules, as may be prescribed by the Relevant Regulator for the proceeds of the issue of such Notes to qualify as Tier 2 Capital, pursuant to the approval granted by the Relevant Regulator for the issue of such Notes, as specified in the Applicable Pricing Supplement; |
| Additional Tier 1 Capital | " <i>additional tier 1 capital</i> " as defined in section 1(1) of the Banks Act; |
| Additional Tier 1 Capital Rules | shall have the meaning defined in the Additional Tier 1 Terms and Conditions; |
| Additional Tier 1 Capital Securities | any obligations or securities of the Issuer which upon issue qualified (or were intended to qualify) as Additional Tier 1 Capital; |
| Additional Tier 1 Notes | shall have the meaning defined in the Additional Tier 1 Terms and Conditions; |
| Additional Tier 1 Terms and Conditions | the terms and conditions applicable to Additional Tier 1 Notes issued under the Programme as set out in the section of this Programme Memorandum headed " <i>Additional Tier 1 Terms and Conditions</i> "; |
| Agency Agreement | the Amended and Restated Agency Agreement dated 13 November 2018 and made between the Issuer, the Transfer Agent, the Calculation Agent and the Paying Agent, as may be further supplemented and/or amended and/or restated from time to time; |
| Applicable Laws | in relation to a Party, means all and any: (a) statutes and subordinate legislation and common law; |

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| | <ul style="list-style-type: none"> (b) regulations; (c) ordinances and by-laws; (d) directives, codes of practice, circulars, guidance notices, judgments and decisions of any competent authority, or any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation; and (e) other similar provisions, |
| | from time to time, compliance with which is mandatory for that Party; |
| Applicable Pricing Supplement | the Pricing Supplement relating to each Tranche of Notes; |
| Applicable Procedures | CSD Procedures, the rules, listing requirements and operating procedures from time to time of the, Settlement Agents, JSE and/or any Financial Exchange, as the case may be; |
| Banks Act | the Banks Act, 1990; |
| Bearer | the bearer of an Individual Certificate evidencing a Bearer Note or of a Receipt or Coupon attached to such Individual Certificate on issue; |
| Bearer Note | a Note payable to the Bearer thereof, transferable by way of delivery in accordance with Condition 14.2 (<i>Transfer of Bearer Notes</i>) and the term "Bearer Note" shall include the rights to payment of any interest or principal represented by a Coupon or Receipt (if any) attached on issue to the Individual Certificate evidencing such Bearer Note; |
| Beneficial Interest | in relation to a Tranche of Notes which is held in the Central Depository, the beneficial interest as a co-owner of an undivided share of all of the Notes in that Tranche, as contemplated in section 37(1) of the Financial Markets Act, the nominal value of which beneficial interest, in relation to any number of Notes in that Tranche, is determined by reference to the portion that the aggregate Nominal Amount of such number of Notes Outstanding bears to the aggregate Nominal Amount of all of the Notes in that Tranche Outstanding, as provided in section 37(3) of the Financial Markets Act; |
| Books Closed Period | in relation to a Tranche of Notes, the period, as specified in the Applicable Pricing Supplement, commencing after the Last Day to Register, during which transfer of the Notes will not be recorded in the Register, or such other shorter period as the Issuer may decide to determine those Noteholders entitled to receive interest or redemption monies; |
| Business Day | a day (other than a Saturday or Sunday or public holiday within the meaning of the Public Holidays Act, 1994) which is a day on which commercial banks settle ZAR payments in Johannesburg or any Additional Business Centre specified in the Applicable Pricing Supplement save that if the Specified Currency is not ZAR, "Business Day" shall mean a day (other than a Saturday or Sunday) which is a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the Specified Currency and in each (if any) Additional Business Centre, save further that if the Applicable Pricing Supplement so provides, " Business Day " shall include a Saturday; |

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| Calculation Agent | The Standard Bank of South Africa Limited (Registration Number 1962/000738/06), unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Notes, another entity as Calculation Agent in accordance with the Agency Agreement, in which event that other entity shall act as a calculation agent in respect of that Tranche or Series of Notes; |
| Calculation Amount | has the meaning ascribed thereto in the Applicable Pricing Supplement; |
| Call Option | if specified as applicable in the Applicable Pricing Supplement, the option of the Issuer to early redeem the Notes in that Tranche of Notes in whole or, if so specified in the Applicable Pricing Supplement, in part at the Optional Redemption Amount(s) on the Optional Redemption Date(s) in accordance with Condition 8.3 (<i>Redemption at the option of the Issuer (Call Option)</i>); |
| Capital Disqualification Event | is an event which will be deemed to have occurred with respect to the Tier 2 Notes of any Series if, as a result of a Regulatory Change, the Tier 2 Notes of that Series are fully, or to the extent permitted by the Capital Rules, partially, 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 and any amortisation of recognition as Tier 2 Capital under the Capital Rules in the final five years prior to maturity); |
| Capital Rules | at any time, any capital adequacy rules, legislation, regulations, requirements, guidance notes 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 (and where relevant, the rules applicable specifically to the Issuer) as applied by the Relevant Regulator; |
| Central Depository | Strate Proprietary Limited (Registration Number 1998/022242/07), a private company registered as a central securities depository in terms of the Financial Markets Act (or any successor legislation thereto), or any additional or alternate depository approved by the Issuer; |
| Change in Law | on, or after the Issue Date of the first Tranche of Subordinated Notes in any Series of Subordinated Notes, (a) due to the adoption of or any change in any Applicable Law or regulation (including, without limitation, any tax law), or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any Applicable Law or regulation (including any action taken by a taxing authority), the Issuer determines in good faith that it will incur a materially increased cost in performing its obligations under such Notes (including, without limitation, due to any tax liability, decrease in tax benefit or other adverse effect on its tax position); |
| Class or Class of Noteholders | the holders of a Series of Notes or, where appropriate, the holders of different Series of Notes; |
| Common Equity Tier 1 Capital | " <i>common equity tier 1 capital</i> " as defined in section 1(1) of the Banks Act; |
| Companies Act | the Companies Act, 2008; |
| Coupon | an interest coupon evidencing title to an interest payment in respect of an interest bearing Note which is a Bearer Note or an Order |

Note, attached on issue to the Individual Certificate evidencing such interest bearing Note and any reference to a Coupon shall, unless the context otherwise requires, be deemed to include a reference to a Talon;

Cross Default Threshold Amount

in relation to any Financial Indebtedness of the Issuer at any time, an amount which is 5 per cent. of Total Assets from time to time;

CSD Procedures

the rules and operating procedures, for the time being, of the Central Securities Depository and Participants;

Day Count Fraction

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 Terms and Conditions or the Applicable Pricing Supplement:

- (a) if "**Actual/Actual (ICMA)**" is so specified, means:
 - (i) 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
 - (ii) where the Calculation Period is longer than one Regular Period, the sum of:
 - (1) 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
 - (2) 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 in any year;
- (b) 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);
- (c) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;
- (d) "**Actual/360**" is so specified, means the number of days in the Calculation Period divided by 360;
- (e) if "**30/360**" is so specified, means the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th

or 31st day of a month, in which case the month that included the last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and

- (f) if "**30E/360**" or "**Eurobond Basis**" is so specified, means the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the date of final maturity is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month);

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| Dealers | The Standard Bank of South Africa Limited (acting through its Corporate and Investment Banking Division) (Registration Number 1962/000738/06) and any other additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis, subject to the Issuer's right to terminate the appointment of any Dealer; |
| Early Redemption Amount | the amount at which the Notes will be redeemed by the Issuer pursuant to the provisions of Condition 8.2 (<i>Redemption for Tax reasons or Change in Law</i>), Condition 8.5 (<i>Redemption following the occurrence of a Capital Disqualification Event</i>) and/or Condition 12 (<i>Events of Default</i>), determined in accordance with Condition 8.9 (<i>Early Redemption Amounts</i>) or as set out in the Applicable Pricing Supplement; |
| Endorsement | an "indorsement", <i>mutatis mutandis</i> , within the meaning of the Bills of Exchange Act, 1964; |
| Endorsement in Blank | an Endorsement which specifies no named Payee; |
| Event of Default | an event of default by the Issuer as set out in Condition 12 (<i>Events of Default</i>); |
| Exchangeable Notes | Notes which may be redeemed by the Issuer in the manner specified in the Applicable Pricing Supplement by the delivery to the Noteholders of cash or of so many of the Exchange Securities as are determined in accordance with the Applicable Pricing Supplement; |
| Exchange Control Regulations | the Exchange Control Regulations, 1961 promulgated pursuant to the Currency and Exchanges Act, 1933; |
| Exchange Period | in respect of Exchangeable Notes to which the Noteholders' Exchange Right applies (as specified in the Applicable Pricing Supplement), the period specified in the Applicable Pricing Supplement during which such right may be exercised; |
| Exchange Price | the value specified in the Applicable Pricing Supplement according to which the number of Exchange Securities which may be delivered in redemption of an Exchangeable Note will be determined; |
| Exchange Securities | the securities specified in the Applicable Pricing Supplement which may be delivered by the Issuer in redemption of Exchangeable Notes to the value of the Exchange Price; |
| Extraordinary Resolution | a resolution passed at a meeting (duly convened) of the Noteholders by a majority consisting of not less than 66.67 per |

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| | cent. of the persons voting thereat upon a show of hands or if a poll be duly demanded, then by a majority consisting of not less than 66.67 per cent. of the votes given on such poll; |
| Extraordinary Written Resolution | a resolution passed other than at a meeting of the Noteholders or members of the relevant Class of Noteholders, with the written consent of the Noteholders holding not less than 66.7% in Nominal Amount, of the Notes or of the Notes in that relevant Class, as the case may be, for the time being Outstanding. A resolution of Noteholders or members of the relevant Class of Noteholders shall state the date that the Issuer selected to determine which Noteholders recorded in the Register will receive notice of the written resolution; |
| Final Broken Amount | has the meaning ascribed thereto in the Applicable Pricing Supplement; |
| Final Redemption Amount | the amount of principal payable in respect of each Note upon final redemption thereof, as specified in the Applicable Pricing Supplement; |
| Financial Indebtedness | any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of: <ul style="list-style-type: none"> (a) amounts raised by acceptance under any acceptance credit facility; (b) amount raised under any note purchase facility; (c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with the Applicable Laws and generally accepted accounting principles, be treated as finance and capital leases as at the Programme Date; (d) 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 (ninety) days; and (e) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing; |
| Financial Exchange | the JSE and/or such other or further financial exchange(s) as may be selected by the Issuer and the relevant Dealer, subject to Applicable Laws; |
| Financial Markets Act | the Financial Markets Act, 2012; |
| Fixed Coupon Amount | has the meaning ascribed thereto in the Applicable Pricing Supplement; |
| Fixed Interest Rate | the rate or rates of interest applicable to Fixed Rate Notes, as specified in the Applicable Pricing Supplement; |
| Fixed Rate Notes | Notes which will bear interest at the Fixed Interest Rate, as specified in the Applicable Pricing Supplement and more fully described in Condition 6.1 (<i>Interest on Fixed Rate Notes</i>); |
| Floating Rate Notes | Notes which will bear interest as specified in the Applicable Pricing Supplement and more fully described in Condition 6.2 (<i>Interest on Floating Rate Notes and Indexed Notes</i>); |
| Implied Yield | the yield accruing on the Issue Price of Zero Coupon Notes, as specified in the Applicable Pricing Supplement; |
| Income Tax Act | the Income Tax Act, 1962; |

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| Indexed Interest Notes | Notes in respect of which the Interest Amount is calculated by reference to such index and/or formula as specified in the Applicable Pricing Supplement; |
| Indexed Notes | an Indexed Interest Note and/or an Indexed Redemption Amount Note, as applicable; |
| Indexed Redemption Amount Notes | Notes in respect of which the Final Redemption Amount is calculated by reference to an index and/or a formula as specified in the Applicable Pricing Supplement; |
| Individual Certificate | <p>(a) <i>in respect of Registered Notes</i>: a Note in the definitive registered form of a single certificate and, in respect of Registered Notes, being a certificate exchanged for a Beneficial Interest in accordance with Condition 13 (<i>Exchange of Beneficial Interests and Replacement of Individual Certificates</i>) and any further certificate issued in consequence of a transfer thereof;</p> <p>(b) <i>in respect of Bearer Notes</i>: a Note in the definitive bearer form of a single certificate together with Coupons and/or Receipts, if applicable; or</p> <p>(c) <i>in respect of Order Notes</i>: a Note in the definitive order form of a single certificate together with Coupons and/or Receipts, if applicable;</p> |
| Initial Broken Amount | has the meaning ascribed thereto in the Applicable Pricing Supplement; |
| Instalment Amount | the amount expressed as a percentage of the Nominal Amount of an Instalment Note, being an instalment of principal (other than the final instalment) on an Instalment Note; |
| Instalment Notes | Notes redeemable in Instalment Amounts by the Issuer on an amortised basis on different Instalment Dates, as specified in the Applicable Pricing Supplement; |
| Interest Amount | in relation to a Tranche of Notes and an Interest Period, the amount of interest payable in respect of that Tranche of Notes for that Interest Period; |
| Interest Commencement Date | the first date from which interest on the Notes, other than Zero Coupon Notes, will accrue, as specified in the Applicable Pricing Supplement; |
| Interest Determination Date | has the meaning ascribed thereto in the Applicable Pricing Supplement; |
| Interest Payment Date | if applicable in relation to a Tranche of Notes, the date(s) specified in the Applicable Pricing Supplement or if no such date(s) is/are specified in the Applicable Pricing Supplement, the last day of each Interest Period as may be adjusted in accordance with the relevant Business Day Convention (as specified in the Applicable Pricing Supplement); |
| Interest Period | 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; |
| Interest Rate | the rate or rates of interest applicable to Notes other than Zero Coupon Notes, as indicated in the Applicable Pricing Supplement; |
| ISDA | International Swaps and Derivatives Association, Inc.; |
| ISDA Definitions | the ISDA Definitions as published by ISDA (as amended, supplemented, revised or republished from time to time) as |

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| | specified in the Applicable Pricing Supplement; |
| Issue Date | has the meaning ascribed thereto in the Applicable Pricing Supplement; |
| Issuer | Standard Bank Group Limited (Registration Number 1969/017128/06), a public company incorporated in accordance with the laws of South Africa; |
| JSE | JSE Limited (Registration Number 2005/022939/06), a public company incorporated in accordance with the laws of South Africa, licensed as an exchange under the Financial Markets Act; |
| JSE Debt Guarantee Fund Trust | the guarantee fund trust operated by the JSE as a separate guarantee fund in terms of the rules of the JSE, as required by sections 8(1)(h) and 17(1)(w) of the Financial Markets Act or any successor fund; |
| JSE Debt Sponsor | The Standard Bank of South Africa Limited (acting through its Corporate and Investment Banking division) (Registration Number 1962/000738/06), a public company incorporated in accordance with the laws of South Africa; |
| JSE Guarantee Fund | the Guarantee Fund established and operated by the JSE as a separate guarantee fund, in terms of the rules of the JSE, as required by sections 8(1)(h) and 17(1)(w) of the South African Financial Markets Act or such other fund of any successor exchange, as the case may be; |
| Junior Securities | in relation to the Tier 2 Notes: <ul style="list-style-type: none"> (a) any securities issued by the Issuer which qualify (or were intended to qualify at issue) as Common Equity Tier 1 Capital; (b) any securities issued by the Issuer which qualify (or were intended to qualify at issue) as Additional Tier 1 Capital; and (c) any securities issued by, or any other obligations of the Issuer which rank, or are expressed to rank, junior to the Tier 2 Notes on liquidation, winding-up or bankruptcy of the Issuer; |
| Last Day to Register | with respect to a particular Series of Notes (as specified in the Applicable Pricing Supplement), the last date or dates preceding a Payment Day on which the Transfer Agent will accept Transfer Forms and record the transfer of Notes in the Register for that particular Series of Notes and whereafter, the Register is closed for further transfers or entries until the Payment Day and in the case of Notes listed on the Main Board of the JSE, shall mean "Last Day to Trade" as set out in the Debt Listings Requirements of the JSE; |
| Mandatory Exchange | if specified in the Applicable Pricing Supplement, the obligation of the Issuer to redeem Exchangeable Notes on the Maturity Date by delivery of Exchange Securities to the relevant Noteholders of Exchangeable Notes; |
| Margin | has the meaning ascribed thereto in the Applicable Pricing Supplement; |
| Maturity Date | has the meaning ascribed thereto in the Applicable Pricing Supplement; |
| Maturity Period | shall be the period referred to in the Applicable Pricing Supplement; |
| Maximum Redemption | has the meaning ascribed thereto in the Applicable Pricing |

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| Amount | Supplement; |
| Minimum Redemption Amount | has the meaning ascribed thereto in the Applicable Pricing Supplement; |
| Mixed Rate Notes | Notes which will bear interest over respective periods at differing interest rates applicable to any combination of Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or Indexed Notes, each as specified in the Applicable Pricing Supplement and as more fully described in Condition 6.3 (<i>Interest on Mixed Rate Notes</i>); |
| Nominal Amount | in relation to any Note, the total amount, excluding interest owing by the Issuer under the Note, as specified in the Applicable Pricing Supplement; |
| Non-Viability Event | shall have the meaning defined in Condition 5.4(b); |
| Non-Viability Event Notice | shall have the meaning defined in Condition 5.4(c); |
| Non-Viability Loss Absorption Condition | the conditions applicable to the Tier 2 Notes set out Condition 5.4 (<i>Loss Absorption Following A Non-Viability Event</i>); |
| Noteholders | the holders of the Registered Notes (as recorded in the Register) and/or the Bearers of the Bearer Notes and/or the Payees of the Order Notes; |
| Noteholders' Exchange Right | if specified in the Applicable Pricing Supplement, the right of Noteholders of Exchangeable Notes to elect to receive delivery of the Exchange Securities in lieu of cash from the Issuer upon redemption of such Notes; |
| Notes | the notes issued or to be issued by the Issuer under the Programme; |
| Optional Redemption Amount (Call) | in respect of any Note, its Nominal Amount or such other amount as may be specified in, or determined in accordance with, the Applicable Pricing Supplement; |
| Optional Redemption Amount (Put) | in respect of any Note, its Nominal Amount or such other amount as may be specified in, or determined in accordance with, the Applicable Pricing Supplement; |
| Optional Redemption Date(s) (Call) | the date(s) specified as such in the Applicable Pricing Supplement in relation to a Tranche of Notes pursuant to which the Issuer is specified as having an option to redeem in accordance with Condition 8.4 (<i>Redemption at the option of the Issuer (Call Option)</i>). If no such date(s) is/are specified in the Applicable Pricing Supplement, the Optional Redemption Date(s) (Call) shall be the Interest Payment Date(s) (in the case of interest-bearing Notes) or, such other date(s) (in the case of non-interest-bearing Notes) stipulated as the date(s) for redemption of such Tranche of Notes or the relevant portion of such Tranche of Notes, as the case may be, in the notice delivered by the Issuer pursuant to Condition 8.4 (<i>Redemption at the option of the Issuer (Call Option)</i>); |
| Optional Redemption Date(s) (Put) | the date(s) specified as such in the Applicable Pricing Supplement in relation to a Tranche of Senior Notes pursuant to which the Senior Noteholders are specified as having an option to redeem in accordance with Condition 8.4 (<i>Redemption at the option of Noteholders of Senior Notes (Put Option)</i>). If no such date(s) is/are specified in the Applicable Pricing Supplement, the Optional Redemption Date(s) (Put Option) shall be the Interest Payment Date(s) (in the case of interest-bearing Notes) or such other date(s) (in the case of non-interest-bearing Notes) stipulated as the date(s) for redemption of such Tranche of Senior Notes or the relevant portion of such Tranche of Senior Notes, as the case may be, in the |

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| | Put Notice; |
| Other Subordinated Securities | in relation to a Series of Subordinated Notes (other than Additional Tier 1 Notes or Tier 2 Notes), any obligations or securities of the Issuer which rank or are expressed to rank on a liquidation, bankruptcy or winding-up of the Issuer <i>pari passu</i> with the Subordinated Notes of that Series; |
| Other Tier 2 Securities | any obligations or securities of the Issuer (other than the Tier 2 Notes): <ul style="list-style-type: none"> (a) which upon issue qualified (or were intended to qualify) as Tier 2 Capital; or (b) which otherwise rank or are expressed to rank on a liquidation, bankruptcy or winding-up of the Issuer <i>pari passu</i> with the Tier 2 Notes or with other obligations or securities falling within paragraph (a) above; |
| Order Note | a Note payable to the Payee thereof, transferable by way of Endorsement and delivery in accordance with Condition 14.3 (<i>Transfer of Order Notes</i>) and the term "Order Note" shall include the rights to interest or principal represented by a Coupon or Receipt (if any) attached on issue to the Individual Certificate evidencing such Order Note; |
| Outstanding | in relation to the Notes, all the Notes issued other than: <ul style="list-style-type: none"> (a) those which have been redeemed in full; (b) those in respect of which the date for redemption in accordance with these Terms and Conditions or the Additional Tier 1 Terms and Conditions (as applicable) has occurred and the redemption moneys wherefore (including all interest (if any) accrued thereon to the date for such redemption and any interest (if any) payable under these Terms and Conditions or the Additional Tier 1 Terms and Conditions (as applicable) after such date) remain available for payment against presentation of Individual Certificates; (c) those which have been purchased and cancelled as provided in Condition 8.14 (<i>Cancellation</i>) of these Terms and Conditions or Condition 9.9 (<i>Cancellation</i>) of the Additional Tier 1 Terms and Conditions (as applicable); (d) those which have become prescribed under Condition 11 (<i>Prescription</i>) of these Terms and Conditions or Condition 12 (<i>Prescription</i>) of the Additional Tier 1 Terms and Conditions (as applicable) ; (e) Notes represented by those mutilated or defaced Individual Certificates which have been surrendered in exchange for replacement Individual Certificates pursuant to Condition 13 (<i>Exchange of Beneficial Interests and Replacement of Individual Certificates</i>) of these Terms and Conditions or Condition 14 (<i>Exchange of Beneficial Interests and Replacement of Individual Certificates</i>) of the Additional Tier 1 Terms and Conditions (as applicable); and (f) (for the purpose only of determining how many Notes are Outstanding and without prejudice to their status for any other purpose), those Notes represented by Individual Certificates alleged to have been lost, stolen or destroyed and in respect of which replacement Individual |

Certificates have been issued pursuant to Condition 13 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*) of these Terms and Conditions or Condition 14 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*) of the Additional Tier 1 Terms and Conditions (as applicable),

provided that for each of the following purposes, namely:

- (1) the right to attend and vote at any meeting of the Noteholders; and
- (2) the determination of how many and which Notes are for the time being Outstanding for the purposes of Conditions 18 (*Meetings of Noteholders*) and 19 (*Modification*) of these Terms and Conditions,

all:

- (i) Notes (if any) which are for the time being held by the Issuer (subject to any Applicable Laws) or by any Person for the benefit of the Issuer and not cancelled (unless and until ceasing to be so held); and
- (ii) Receipts and Coupons,

shall be deemed not to be Outstanding;

Outstanding Principal Amount

in relation to a Note, the principal amount of that Note less

- (a) on each occasion on which that Note is partially redeemed in accordance with these Terms and Conditions or the Additional Tier 1 Terms and Conditions (as applicable), that portion of such principal amount of that Note which has been so partially redeemed;
- (b) in the case of Tier 2 Notes, that portion of such principal amount as which has been reduced, on one or more occasions, pursuant to a Write-off following the occurrence of a Non-Viability Event; and
- (c) in the case of Additional Tier 1 Notes, that portion of such principal amount as which has been reduced, on one or more occasions, pursuant to a Conversion or Write-off (each as defined in the Additional Tier 1 Terms and Conditions) (as applicable) following the occurrence of a Non-Viability Event (as defined in the Additional Tier 1 Terms and Conditions);

Participants

depository institutions accepted by the Central Depository as participants in terms of the Financial Markets Act;

Partly Paid Notes

Unlisted Notes which are issued with the Issue Price partly paid and which Issue Price is paid up fully by the Noteholder in instalments (as specified in the Applicable Pricing Supplement);

Payee

a Person reflected (either as the subscriber or by way of Endorsement) as the payee on an Individual Certificate evidencing an Order Note or a Receipt or Coupon, attached thereto on issue, and to whom such Individual Certificate, Receipt or Coupon (as

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| | the case may be) has been delivered; |
| Paying Agent | The Standard Bank of South Africa Limited (Registration Number 1962/000738/06), unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Notes, another entity as Paying Agent, in which event that other entity shall act as a Paying Agent in respect of that particular Tranche or Series of Notes; |
| Payment Day | any day which is a Business Day and upon which a payment is due by the Issuer in respect of the Notes; |
| Person | 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; |
| Prime Rate | the publicly quoted basic rate of interest (per cent., per annum, compounded monthly in arrear and calculated on a 365 (three hundred and sixty-five) day year (irrespective of whether or not the year is a leap year)) from time to time published by The Standard Bank of South Africa Limited as being its prime overdraft rate as certified by any authorised official of such bank, whose appointment, designation or authority need not be proved; |
| Programme | the Standard Bank Group Limited ZAR50,000,000,000 Domestic Medium Term Note Programme; |
| Programme Amount | the maximum aggregate Nominal Amount of all Notes Outstanding that may be issued under the Programme at any one point in time being as at the Programme Date, ZAR50,000,000,000 (or its equivalent in other currencies) or such increased amount as is determined by the Issuer from time to time, subject to the Applicable Procedures, Applicable Laws and the Programme Agreement, as set out in the section of this Programme Memorandum headed " <i>General Description of the Programme</i> "; |
| Programme Date | the date of this Programme Memorandum being 13 November 2018; |
| Put Notice | a notice which must be delivered to the Paying Agent by any Noteholder wanting to exercise the Put Option; |
| Put Option | if specified as applicable in the Applicable Pricing Supplement, the option of a Noteholder of Senior Notes to require the Issuer to redeem the Senior Notes in that Tranche of Notes held by the Noteholder, in whole or in part at the Optional Redemption Amount on the Optional Redemption Date in terms of Condition 8.4 (<i>Redemption at the option of Noteholders of Senior Notes (Put Option)</i>); |
| Qualifying Tier 2 Securities | securities issued directly by the Issuer that: <ul style="list-style-type: none"> (a) have terms not materially less favourable to an investor than the terms of the Notes being substituted or varied in accordance with Condition 8.6 (<i>Substitution or Variation</i>) (as reasonably determined by the Issuer in consultation with an investment bank or financial adviser of international standing (which in either case is independent of the Issuer), and provided that a certification to such effect of two authorised officers shall have been delivered to the Paying Agent prior to the issue or, as appropriate, variation of the relevant securities), and, subject thereto, which: (i) contain terms which comply with the then current minimum requirements of the Relevant Regulator in relation to Tier 2 Capital, required to ensure that such |

Qualifying Tier 2 Securities qualify as Tier 2 Capital; (ii) include terms which provide for the same Interest Rate or rate of return from time to time applying to the Notes, and preserve the Interest Payment Dates; (iii) rank senior to, or *pari passu* with, the ranking of the Notes; (iv) preserve any existing rights under these Terms and Conditions to any accrued interest or other amounts which have not been paid; and (v) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption; and

- (b) if the Notes are listed (i) are listed on the JSE, or (ii) are listed on such other Financial Exchange at that time as selected by the Issuer;

Receipt a receipt evidencing title to payment of an Instalment Amount payable on an Instalment Note which is a Bearer Note or an Order Note, attached upon issue to the Individual Certificate evidencing such Instalment Note;

Redemption Amount the Final Redemption Amount, the Optional Redemption Amount, the Early Redemption Amount or such other amount in the nature of a redemption amount, as appropriate, as may be specified in, or determined in accordance with the provisions of, the relevant Applicable Pricing Supplement;

Reference Banks has the meaning ascribed thereto in the Applicable Pricing Supplement;

Reference Price has the meaning ascribed thereto in the Applicable Pricing Supplement;

Reference Rate has the meaning ascribed thereto in the Applicable Pricing Supplement;

Reference Price in relation to a Tranche of Notes (where applicable), the price specified as such in the Applicable Pricing Supplement;

Register the register of Noteholders maintained by the Transfer Agent in terms of Condition 15 (*Register*);

Registered Note a Note issued in registered form and transferable in accordance with Condition 14.1 (*Transfer of Registered Notes*) and which may include Uncertificated Notes;

Regular Period (a) 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;

(b) 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

(c) 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 the 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;

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| Regulations Relating to Banks | the Regulations Relating to Banks published under Government Notice R1029 in Government Gazette 35950 of 12 December 2012 (as amended by Government Notice R1029 in Government Gazette No. 35950 on 12 December 2012, Government Notice R261 in Government Gazette 38616 of 27 March 2015, Government Notice R309 in Government Gazette 38682 of 10 April 2015 and Government Notice R297 in Government Gazette 40002 of 20 May 2016), issued under section 90 of the Banks Act; |
| Regulatory Change | a change in, or amendment to, the Capital Rules or any change in the application of or official or generally published guidance or interpretation of the Capital Rules, which change or amendment becomes, or would become, effective on or after the Issue Date of the first Tranche of Notes of the relevant Series; |
| Relevant Date | <p>in respect of any payment relating to the Notes, the date on which such payment first becomes due, except that, in relation to monies payable to the Central Depository in accordance with these Terms and Conditions, it means the first date on which:</p> <ul style="list-style-type: none">(a) the full amount of such monies have been received by the Central Depository;(b) such monies are available for payment to the holders of Beneficial Interests; and(c) notice to that effect has been duly given to such holders in accordance with the Applicable Procedures; |
| Relevant Regulator | the Prudential Authority in terms of the Banks Act and any successor or replacement thereto, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer; |
| Relevant Screen Page | the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the Applicable Pricing Supplement, 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; |
| Relevant Time | has the meaning ascribed thereto in the Applicable Pricing Supplement; |
| Representative | a Person duly authorised to act on behalf of a Noteholder, who may be regarded by the Issuer, the Transfer Agent and the Paying Agent (all acting in good faith) as being duly authorised based upon the tacit or express representation thereof by such Representative, in the absence of express notice to the contrary from such Noteholder; |
| SARB | the South African Reserve Bank; |
| Senior Claims | shall have the meaning defined in Condition 5.3(b)(iii); |
| Senior Creditors | creditors of the Issuer: <ul style="list-style-type: none">(a) who are unsubordinated creditors of the Issuer; and |

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| | (b) (other than the holders of Additional Tier 1 Capital Securities or Tier 2 Securities) whose claims are, or are expressed to be, subordinated (whether in the event of a dissolution, liquidation or winding-up of the Issuer or otherwise) to the claims of unsubordinated creditors of the Issuer but not further or otherwise; |
| Senior Notes | Notes issued with the status and characteristics set out in Condition 5.1 (<i>Status of Senior Notes</i>) as specified in the Applicable Pricing Supplement; |
| SENS Series | the Stock Exchange News Service established by the JSE; a Tranche of Notes together with any further Tranche or Tranches of Notes which are: (a) expressed to be consolidated and form a single series; and (b) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices; |
| Settlement Agent | The Standard Bank of South Africa Limited (Registration Number 1962/000738/06), unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Notes, another entity as Settlement Agent, in which event that other entity shall act as a Settlement Agent in respect of that particular Tranche or Series of Notes; |
| Solvent Reconstruction | the event where an order is made or an effective resolution is passed for the winding-up of the Issuer, other than under or in connection with a scheme of amalgamation or reconstruction 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 | the Republic of South Africa; |
| Specified Currency | subject to the Exchange Control Regulations, has the meaning ascribed thereto in the Applicable Pricing Supplement; |
| Specified Denomination | has the meaning ascribed thereto in the Applicable Pricing Supplement; |
| Specified Office | the registered address of the Issuer as specified in the Applicable Pricing Supplement or such other address as the Issuer may specify by notice to the Noteholders which change of address shall in each case be notified to the Noteholders in accordance with Condition 17 (<i>Notices</i>); |
| Statutory Loss Absorption Regime | any legal, statutory or regulatory regime or requirement implemented in South Africa which provides the Relevant Regulator with the power to implement principal loss absorption measures in respect of capital instruments (such as Tier 2 Capital), including, but not limited to, any such regime or requirement which is implemented pursuant to Basel III; |
| Subordinated Notes | (i) any Notes issued with the status and characteristics set out in Condition 5.2 (<i>Status of Tier 2 Notes</i>) and specified as Tier 2 Notes in the Applicable Pricing Supplement, (ii) any Notes issued with the status and characteristics set out in Condition 5.3 (<i>Status of Subordinated Notes that are not Additional Tier 1 Notes or Tier 2 Notes</i>) as specified in the Applicable Pricing Supplement, or (iii) any Notes issued with the status and characteristics set out in Condition 5 (<i>Status of Additional Tier 1 Notes</i>) of the Additional |

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| | Tier 1 Terms and Conditions as specified in the Applicable Pricing Supplement; |
| Subsidiary | an entity of which a Person has direct or indirect control or owns directly or indirectly more than 50 per cent. of the voting capital or similar right of ownership and control for this purpose means the power to direct the management and the policies of the entity whether through the ownership of voting capital, by contract or otherwise; |
| Talon | a talon entitling the holder to receive further Coupons in relation to an interest-bearing Bearer Note or Order Note, if specified in the Applicable Pricing Supplement, attached to the Individual Certificate evidencing such interest-bearing Note; |
| Tax Event (Deductibility) | 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 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, in the opinion of the Issuer, 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) | 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 10 (<i>Taxation</i>); |
| Tax Law Change | a change or proposed change in, or amendment or proposed amendment to, the tax 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 tax laws or regulations (including a holding by a court of competent jurisdiction), whether or not having retrospective effect, which actual or proposed change or amendment becomes effective on or after the date of issue of the Notes; |
| Tier 2 Capital | " <i>tier 2 capital</i> " as defined in section 1(1) of the Banks Act; |
| Tier 2 Capital Rules | Regulation 38(12) of the Regulations Relating to Banks and such other provisions of the Capital Rules with which Tier 2 Notes must comply in order for the proceeds of the issue of such Notes to qualify as Tier 2 Capital; |
| Tier 2 Noteholder | a holder of a Tier 2 Note; |
| Tier 2 Notes | Notes specified as such in the Applicable Pricing Supplement and complying with the Tier 2 Capital Rules; |
| Total Assets | the aggregate of all of the assets of the Issuer as set out in the most recently published audited financial statements of the Issuer from time to time and if no such financial statements of the Issuer have been published at such time, means all of the assets of the Issuer as certified by the Chief Financial Officer of the Issuer; |
| Tranche | in relation to any particular Series, all Notes which are identical in all respects (including as to listing); |
| Transfer Agent | The Standard Bank of South Africa Limited (Registration Number 1962/000738/06), unless the Issuer elects to appoint, in relation to |

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| | a particular Tranche or Series of Notes, another entity as Transfer Agent, in which event that other entity shall act as a Transfer Agent in respect of that particular Tranche or Series of Notes; |
| Transfer Form | the written form for the transfer of a Registered Note, in the form approved by the Transfer Agent, and signed by the transferor and transferee; |
| Uncertificated Note | a Note that is an uncertificated security as contemplated in the Financial Markets Act; |
| Write-off | means, in respect of Tier 2 Notes: <ul style="list-style-type: none"> (a) the Tier 2 Notes shall be cancelled (in the case of a Write-off in whole) or written-off in part on a <i>pro rata</i> basis (in the case of a Write-off in part), in accordance with the Capital Rules and as determined by the Relevant Regulator; and (b) all rights of any Tier 2 Noteholder for payment of any amounts under or in respect of the Tier 2 Notes (including, without limitation, any amounts arising as a result of, or due and payable upon the occurrence of, an Event of Default) shall, as the case may be, be cancelled or written off pro rata among the Tier 2 Noteholders and, in each case, not restored under any circumstances, irrespective of whether such amounts have become due and payable prior to the date of the Non-Viability Event Notice and even if the Non-Viability Event has ceased; |
| ZAR | the lawful currency of South Africa, being South African Rand, or any successor currency; |
| ZAR-JIBAR-SAFEX | the mid-market rate for deposits in ZAR for a period of the Designated Maturity which appears on the Reuters Screen SAFEX Page as at 12h00 (Johannesburg time) on the relevant date, or any successor rate; and |
| Zero Coupon Notes | Notes which will be offered and sold at a discount to their Nominal Amount or at par and will not bear interest other than in the case of late payment. |

1.2 Interpretation

In these Terms and Conditions, unless inconsistent with the context, any reference to:

- (a) one gender includes a reference to the others;
- (b) the singular includes the plural and vice versa;
- (c) natural persons include juristic persons and vice versa;
- (d) a "**subsidiary**" or "**holding company**" shall be interpreted in accordance with section 1 of the Companies Act;
- (e) any agreement or instrument is a reference to that agreement or instrument as amended, supplemented, varied, novated, restated or replaced from time to time, and "**amended**" or "**amendment**" will be construed accordingly;
- (f) a provision of law is a reference to that provision as amended or re-enacted, and includes any subordinate legislation;
- (g) a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law but, if not having the force of law, being of a type with which any person to which it applies is accustomed to comply) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
- (h) "**assets**" includes present and future properties, revenues and rights of every description;

- (i) "**disposal**" means a sale, transfer, grant, lease or other disposal (whether voluntary or involuntary);
- (j) "**indebtedness**" includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
- (k) an "**authorisation**" includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration or notarisation;
- (l) a party or any other person includes that person's permitted successor, transferee, cessionary and/or delegate; and
- (m) a time of day is a reference to South African standard time.

1.3 **Application of these Terms and Conditions**

These Terms and Conditions apply only to Senior Notes, Subordinated Notes (other than Additional Tier 1 Notes) and Tier 2 Notes and, accordingly, unless expressly stated to the contrary or the context otherwise indicates, all references in these Terms and Conditions to Notes shall exclude Additional Tier 1 Notes. The Additional Tier 1 Terms and Conditions shall not apply to Senior Notes, Subordinated Notes (other than Additional Tier 1 Notes) and Tier 2 Notes.

2. **ISSUE**

2.1 Subject to the prior consent of the Relevant Regulator (to the extent required by the Capital Rules), Notes may be issued by the Issuer in Tranches pursuant to the Programme. A Tranche of Notes may, together with a further Tranche or Tranches, form a Series of Notes issued under the Programme, provided that the aggregate Outstanding Principal Amount of all Notes Outstanding under the Programme at any one point in time does not exceed the Programme Amount.

2.2 The Applicable Pricing Supplement for each Tranche of Notes is (to the extent relevant) incorporated herein for the purposes of those Notes and supplements these Terms and Conditions. The Applicable Pricing Supplement may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of those Notes.

3. **FORM**

3.1 **General**

- (a) A Tranche of Notes may be issued in the form of listed or unlisted Registered Notes, Bearer Notes or Order Notes as specified in the Applicable Pricing Supplement.
- (b) A Tranche of Notes may be listed on the JSE or on such other or further Financial Exchange(s) as may be determined by the Issuer, subject to any Applicable Laws. Unlisted Notes may also be issued under the Programme. Unlisted Notes are not regulated by the JSE. The Applicable Pricing Supplement will specify whether or not a Tranche of Notes will be listed, on which Financial Exchange(s) they are to be listed (if applicable) and, if such Tranche of Notes is to be listed on the JSE, the relevant platform or sub-market of the JSE on which such Tranche of Notes is to be listed.

3.2 **Registered Notes**

A Tranche of Registered Notes will be issued in certificated form, as contemplated in Condition 3.2(a) (*Notes issued in certificated form*), or in uncertificated form, as contemplated in Condition 3.2(b) (*Notes issued in uncertificated form*), as specified in the Applicable Pricing Supplement. Each Tranche of Notes which is listed on the JSE, and issued in uncertificated form, will be held in the Central Depository, as contemplated in Condition 3.2(b) (*Notes issued in uncertificated form*). A Tranche of unlisted Notes may also be held in the Central Depository, as contemplated in Condition 3.2(c) (*Beneficial Interests in Notes held in the Central Depository*).

- (a) *Notes issued in certificated form*

Each Tranche of Registered Notes which is not listed on the JSE and/or held in the Central Depository will, subject to Applicable Laws and the Applicable Procedures, be issued in certificated form represented by an Individual Certificate.

(b) *Notes issued in uncertificated form*

A Tranche of Registered Notes which is listed on the JSE will, subject to Applicable Laws and Applicable Procedures, be issued in uncertificated form in terms of section 33 of the Financial Markets Act. Registered Notes issued in uncertificated form will be held in the Central Depository. Registered Notes issued in uncertificated form will not be represented by any certificate or written instrument. A Registered Note which is represented by an Individual Certificate may be replaced by uncertificated securities in terms of section 33 of the Financial Markets Act.

(c) *Beneficial Interests in Notes held in the Central Depository*

The Central Depository will hold Registered Notes issued in uncertificated form, subject to the Financial Markets Act and the CSD Procedures.

All amounts to be paid and all rights to be exercised in respect of Registered Notes held in the Central Depository will be paid to and may be exercised, subject to CSD Procedures, only by the Central Depository for the holders of Beneficial Interests in such Registered Notes.

A holder of a Beneficial Interest shall only be entitled to exchange such Beneficial Interest for Registered Notes represented by an Individual Certificate in accordance with Condition 13 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*).

(d) *Bearer Notes and Order Notes*

Bearer Notes and Order Notes will be issued in certificated form and will be evidenced by Individual Certificates. Bearer Notes or Order Notes, other than Zero Coupon Notes, may have Coupons (as indicated in the Applicable Pricing Supplement) attached to the Certificate on issue. Instalment Notes which are Bearer Notes or Order Notes may have Receipts (as indicated in the Applicable Pricing Supplement) attached to the Individual Certificate on issue.

(e) *Denomination*

The Aggregate Nominal Amount, Specified Currency and Specified Denomination of a Tranche of Notes will be specified in the Applicable Pricing Supplement.

(f) *Recourse to the JSE Debt Guarantee Fund Trust and/or the JSE Guarantee Fund*

The holders of Notes that are not listed on the JSE will have no recourse against the JSE, the JSE Debt Guarantee Fund Trust or the JSE Guarantee Fund. Claims against the JSE Debt Guarantee Fund Trust or the JSE Guarantee Fund, as applicable, may only be made in respect of the trading of Notes listed on the JSE and can in no way relate to a default by the Issuer of its obligations under the Notes listed on the JSE. Any claims against the JSE Debt Guarantee Fund Trust or the JSE Guarantee Fund may only be made in accordance with the rules of the JSE Debt Guarantee Fund or the JSE Guarantee Fund, as applicable. Unlisted Notes are not regulated by the JSE.

4. **TITLE**

4.1 **Registered Notes**

(a) *Registered Notes issued in certificated form*

Each holder of Registered Notes represented by an Individual Certificate will be named in the Register as the registered holder of such Registered Notes.

Title to Registered Notes represented by an Individual Certificate will pass upon registration of transfer in the Register in accordance with Condition 14.1 (*Transfer of Registered Notes*).

The Issuer, the Transfer Agent and the Paying Agent shall recognise a holder of Registered Notes represented by an Individual Certificate as the sole and absolute owner of the Registered Notes registered in that Noteholder's name in the Register (notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) and shall not be bound to enter any trust in the Register or to take notice of or to accede to the execution of any trust, express, implied or constructive, to which any Registered Note may be subject.

(b) *Registered Notes issued in uncertificated form*

The registered Noteholder of Registered Notes which are held in the Central Depository, will be determined in accordance with the CSD Procedures, and will be named in the Register as the registered holder of such Registered Notes.

Title to Registered Notes issued in uncertificated form will pass upon registration of transfer in the Register in accordance with Condition 14.1 (*Transfer of Registered Notes*).

The Central Depository (as the registered holder of such Registered Uncertificated Notes named in the Register) will be treated by the Issuer, the Paying Agent, the Transfer Agent and the relevant Participant as the holder of that aggregate Nominal Amount of such Registered Uncertificated Notes for all purposes.

(c) *Beneficial Interests in Registered Notes held in the Central Depository*

The Participant will maintain records of the Beneficial Interests in Registered Notes held in the Central Depository.

While a Tranche of Registered Notes is held in the Central Depository, the registered Noteholder of the Registered Notes in that Tranche of Notes, determined in accordance with the CSD Procedures, will be named in the Register as the sole Noteholder of such Registered Note.

Beneficial Interests which are held by clients of Participants will be held indirectly through such Participants, and such Participants will hold such Beneficial Interests, on behalf of such clients, through the securities accounts maintained by such Participants for such clients. The clients of Participants may include the holders of Beneficial Interests or their custodians. The clients of Participants, as the holders of Beneficial Interests or as custodians for such holders, may exercise their rights in respect of the Notes held by them in the Central Depository only through their Participants.

In relation to each Person shown in the records of the Central Depository or the relevant Participant, as the case may be, as the holder of a Beneficial Interest in a particular Nominal Amount of Registered Notes, a certificate or other document issued by the Central Depository or the relevant Participant, as the case may be, as to the aggregate Nominal Amount of such Registered Notes standing to the account of such Person shall be *prima facie* proof of such Beneficial Interest.

Beneficial Interest in Registered Notes may be transferred only in accordance with the CSD Procedures.

Any reference in these Terms and Conditions to the relevant Participant shall, in respect of a Beneficial Interest, be a reference to the Participant appointed to act as such by the holder of such Beneficial Interest.

4.2 **Bearer Notes**

Title to Bearer Notes (including rights to Instalment Amounts and/or interest thereon, as applicable) will pass by delivery of the Individual Certificate evidencing such Note or of the Receipt and/or Coupon relating thereto, as the case may be, in accordance with Condition 14.2 (*Transfer of Bearer Notes*). The Issuer, the Transfer Agent and the Paying Agent may deem and treat the Bearer of any such Individual Certificate, Receipt or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes.

The disposal or acquisition of or dealing in Bearer Notes is subject to the prior written approval of the Minister of Finance (or a Person authorised by the Minister of Finance) in accordance with Regulation 15 of the Exchange Control Regulations.

4.3 **Order Notes**

Title to Order Notes (including rights to Instalment Amounts and/or interest thereon, as applicable) will initially pass by Endorsement and delivery of the Individual Certificate evidencing such Note or of the Receipt and/or Coupon relating thereto, as the case may be, in accordance with Condition 14.3 (*Transfer of Order Notes*). Any Individual Certificate evidencing an Order Note or such Receipt or Coupon upon which the last Endorsement is an Endorsement in Blank shall be treated as a

Bearer Note, for so long as not subject to further Endorsement. The Issuer, the Transfer Agent and the Paying Agent may deem and treat the Person who from the face of the Individual Certificate, Receipt or Coupon relating to an Order Note appears to be the Payee thereto as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or notice of any previous loss or theft thereof) for all purposes and payment to such Person or their Representative shall discharge the Issuer from all liability to the Payee in relation to such Individual Certificate, Receipt or Coupon, as the case may be, even if such Endorsement has been forged or made without authority. Provided that the Issuer pays any amount due upon presentation and surrender of an Individual Certificate evidencing an Order Note, or any Receipt or Coupon attached thereto on issue, in good faith, it shall not be incumbent upon the Issuer or the Transfer Agent to determine or prove that the Endorsement of the Payee making such Endorsement was made by or under the authority of the Person whose Endorsement it purports to be.

5. STATUS OF NOTES

5.1 Status of Senior Notes

(a) *Application*

This Condition 5.1 applies only to Senior Notes.

(b) *Status of the Senior Notes*

Unless otherwise specified in the Applicable Pricing Supplement, the Senior Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer which will at all times rank *pari passu* without preference or priority among themselves and rank at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time owing, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

5.2 Status of Tier 2 Notes

(a) *Application*

This Condition 5.2 applies only to Tier 2 Notes.

(b) *Status of the Tier 2 Notes*

Subject to Condition 5.4 (*Loss Absorption Following A Non-Viability Event*), the Tier 2 Notes constitute direct, unsecured and, in accordance with Condition 5.2(c) (*Subordination*), subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and (save for the claims of those creditors that have been accorded preferential rights by law):

- (i) *pari passu* with Other Tier 2 Securities;
- (ii) senior to Common Equity Tier 1 Capital Securities and the obligations of the Issuer under any Junior Securities; and
- (iii) junior to the present and/or future claims of Senior Creditors.

(c) *Subordination*

The claims of Tier 2 Noteholders entitled to be paid amounts due in respect of the Tier 2 Notes are subordinated to the present and/or future claims of Senior Creditors and, accordingly, in the event of the dissolution of the Issuer or if the Issuer is placed into liquidation or is wound-up (in each case other than pursuant to a Solvent Reconstruction):

- (i) notwithstanding that any Tier 2 Noteholder shall have proved a claim for any amount in respect of the Tier 2 Notes in the event of the dissolution, liquidation or winding-up of the Issuer no such amount shall be paid to that Tier 2 Noteholder until the claims of the Senior Creditors have been fully satisfied; and
- (ii) 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, until the claims of all Senior Creditors which are admissible in any such dissolution, liquidation or winding-up have been paid or discharged in full.

- (d) *Set-off*
- (i) Subject to Applicable Laws, no Tier 2 Noteholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer under or in connection with the Tier 2 Notes and each Tier 2 Noteholder shall, by virtue of being the holder of any Tier 2 Note, be deemed to have waived all such rights of set-off, compensation or retention. Notwithstanding the preceding sentence, if any of the amounts owing to any Tier 2 Noteholder by the Issuer is discharged by set-off (whether by operation of law or otherwise), such Tier 2 Noteholder shall, unless such payment is prohibited by law, immediately pay an amount equal to the amount of such discharge to the Issuer or, in the event of its winding-up or administration, the liquidator or administrator, as appropriate, of the Issuer for payment to the Senior Creditors in respect of amounts owing to them by the Issuer, and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer, or the liquidator or administrator, as appropriate, of the Issuer (as the case may be), for payment to the Senior Creditors in respect of amounts owing to them by the Issuer and accordingly any such discharge shall be deemed not to have taken place.
- (ii) As used in this Condition 5.2(d), the expression "*obligations*" includes any direct or indirect obligations of the Issuer and whether by way of guarantee, indemnity, other contractual support arrangement or otherwise and regardless of name or designation.

5.3 **Status of Subordinated Notes that are not Additional Tier 1 Notes or Tier 2 Notes**

- (a) *Application*
- This Condition 5.3 applies only to Subordinated Notes that are not Additional Tier 1 Notes or Tier 2 Notes.
- (b) *Status of the Subordinated Notes that are not Additional Tier 1 Notes or Tier 2 Notes*
- Subordinated Notes that are not Additional Tier 1 Notes or Tier 2 Notes constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and (save for the claims of those creditors that have been accorded preferential rights by law):
- (i) *pari passu* with Other Subordinated Securities;
- (ii) senior to the claims of holders of Additional Tier 1 Capital and Tier 2 Capital; and
- (iii) junior to the present and/or future claims of Senior Creditors (the **Senior Claims**) in relation to which such claims of the holders of such Subordinated Notes are (or are expressed to be) subordinated in the event of the dissolution, liquidation or winding-up of the Issuer as provided in the Applicable Pricing Supplement.
- (c) *Subordination*
- Subject to Applicable Laws, in the event of the dissolution of the Issuer or if the Issuer is placed into liquidation or wound-up, the claims of the holders of Subordinated Notes that are not Additional Tier 1 Notes or Tier 2 Notes shall be subordinated to Senior Claims to the extent that in any such event, (i) no holder of such Subordinated Notes that are not Additional Tier 1 Notes or Tier 2 Notes shall be entitled to prove or tender to prove a claim in respect of such Subordinated Notes and (ii) no amount due under such Subordinated Notes shall be eligible for set-off, counterclaim, abatement or such other similar remedy under the laws of any jurisdiction in respect of such Subordinated Notes nor shall any amount due under such Subordinated Notes be payable to the holders of such Subordinated Notes in respect of the obligations of the Issuer thereunder until all Senior Claims which are admissible in any such dissolution, liquidation or winding-up have been paid or discharged in full.

5.4 **Loss Absorption Following A Non-Viability Event**

- (a) This Condition 5.4 applies only to Tier 2 Notes and is referred to as the "**Non-Viability Loss Absorption Condition**" in these Conditions.

- (b) a **Non-Viability Event** shall occur when a "*trigger event*" specified in writing by the Relevant Regulator in accordance with the Capital Rules has occurred; provided that, as a minimum, the aforesaid "*trigger event*" shall be the earlier of:
 - (i) a decision that a write-off, without which the Issuer would become non-viable, is necessary as determined by the Relevant Regulator; or
 - (ii) the decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by the Relevant Regulator.
- (c) Upon the occurrence of a Non-Viability Event, the Issuer will notify Tier 2 Noteholders (a **Non-Viability Event Notice**) in accordance with Condition 17 (*Notices*) and subsequently Write-off the Tier 2 Notes, in accordance with the Capital Rules.
- (d) For the avoidance of doubt, following any Write-off of the Tier 2 Notes (in accordance with these terms) the Issuer shall not be obliged to pay compensation in any form to the Tier 2 Noteholders.
- (e) Any Write-off of the Tier 2 Notes upon the occurrence of a Non-Viability Event will not constitute an Event of Default or any other breach of the Issuer's obligations under the Terms and Conditions of any Notes.

5.5 **Disapplication of Non-Viability Loss Absorption**

- (a) This Condition 5.5 applies only to Tier 2 Notes.
- (b) If a Statutory Loss Absorption Regime is implemented in South Africa and the Tier 2 Notes are subject to such Statutory Loss Absorption Regime upon the occurrence of a Non-Viability Event, then the Issuer, if so specified in the Applicable Pricing Supplement, shall have the option at any time by written notice (the "**Amendment Notice**") to the Tier 2 Noteholders in accordance with Condition 17 (*Notices*), to elect that that the Non-Viability Loss Absorption Condition shall cease to apply and that the Statutory Loss Absorption Regime will apply to the Tier 2 Notes from the date specified in the Amendment Notice (the "**Amendment Date**"), being a date no earlier than the date on which the Statutory Loss Absorption Regime takes effect (the "**Amendment Option**"). If the Issuer exercises the Amendment Option, the Non-Viability Loss Absorption Condition will cease to apply and the Tier 2 Notes will be subject to such minimum requirements of the Statutory Loss Absorption Regime required to ensure that the Tier 2 Notes continue to qualify as Tier 2 Capital with effect from the Amendment Date. If the Amendment Option is not specified in the Applicable Pricing Supplement or if the Amendment Option is specified in the Applicable Pricing Supplement but is not exercised by the Issuer, then the Tier 2 Notes will not be subject to the Statutory Loss Absorption Regime and the Non-Viability Loss Absorption Condition will continue to apply to the Tier 2 Notes.
- (c) For the avoidance of doubt, if a Non-Viability Event occurs on or after such date on which the Non-Viability Loss Absorption Condition referred to in Condition 5.4 is dis-applied, the Relevant Regulator or the Issuer following instructions from the Relevant Regulator, may take such action in respect of the Tier 2 Notes as is required or permitted by such Statutory Loss Absorption Regime.

5.6 **Capital Rules and Additional Conditions**

In order for the proceeds of the issuance of any Tranche of Notes to qualify as Tier 2 Capital, Subordinated Notes must comply with the applicable Capital Rules (including the Additional Conditions (if any) prescribed by the Relevant Regulator in respect of a particular Tranche of Subordinated Notes). The Issuer will specify in the Applicable Pricing Supplement whether any issue of Notes is an issue of Tier 2 Notes, the proceeds of which are intended to qualify as Tier 2 Capital. The Additional Conditions (if any) prescribed by the Relevant Regulator in respect of Subordinated Notes will be specified in the Applicable Pricing Supplement or a supplement to the Programme Memorandum.

6. **INTEREST**

If the Applicable Pricing Supplement so specifies, the Notes of any Tranche will bear interest from the Interest Commencement Date at the Interest Rate(s) specified in, or determined in accordance with, the Applicable Pricing Supplement and such interest will be payable in respect of each Interest Period on

the Interest Payment Date(s) specified in the Applicable Pricing Supplement. The interest payable on the Notes of any Tranche for a period other than a full Interest Period shall be determined in accordance with the Applicable Pricing Supplement.

6.1 **Interest on Fixed Rate Notes**

Unless otherwise specified in the Applicable Pricing Supplement, interest on Fixed Rate Notes will be paid on a six-monthly basis on the Interest Payment Dates.

(a) *Accrual of Interest*

The Notes bear interest from the Interest Commencement Date at the Interest Rate payable in arrear on each Interest Payment Date, subject as provided in Condition 9 (*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 Condition 9 (*Payments*) (before as well as after 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 7 (seven) days after the Paying 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).

(b) *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.

(c) *Calculation of Interest Amount*

The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Interest Rate 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, provided that:

- (i) if an Initial Broken Amount is specified in the Applicable Pricing Supplement, then the first Interest Amount shall equal the Initial Broken Amount specified in the Applicable Pricing Supplement; and
- (ii) if a Final Broken Amount is specified in the Applicable Pricing Supplement, then the final Interest Amount shall equal the Final Broken Amount specified in the Applicable Pricing Supplement.

6.2 **Interest on Floating Rate Notes and Indexed Notes**

(a) *Accrual of Interest*

The Notes bear interest from the Interest Commencement Date at the Interest Rate payable in arrear on each Interest Payment Day, subject as provided in Condition 9 (*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 6.2 (before as well as after judgement) until whichever is the earlier of (i) the day on which all sums due in respect of such Notes to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is 7 (seven) days after the Paying 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 there is subsequent default in payment).

(b) *Interest Rate*

The Interest Rate which is applicable to a Tranche of Floating Rate Notes for an Interest Period will be determined on the basis of Screen Rate Determination or on the basis of ISDA Determination or on such other basis as may be determined by the Issuer and specified in the Applicable Pricing Supplement.

(c) *ISDA Determination including fallback provisions*

If ISDA Determination is specified in the Applicable Pricing Supplement as the manner in which the Interest Rate(s) is/are to be determined, the Interest Rate applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where **ISDA Rate** for an 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 that 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 is as specified in the Applicable Pricing Supplement;
- (ii) the Designated Maturity is the period specified in the Applicable Pricing Supplement; and
- (iii) the relevant Reset Date is either: (A) if the applicable Floating Rate Option is based on ZAR-JIBAR-SAFEX, the first day of that Interest Period; or (B) in any other case, as specified in the Applicable Pricing Supplement.

"Floating Rate", "Floating Rate Option", "Designated Maturity" and "Reset Date" have the meanings given to those expressions in the ISDA Definitions and "JIBAR" means the average mid-market yield rate per annum for a period of the Designated Maturity which appears on the Reuters Screen SAFEX page at or about 11h00 (Johannesburg time) on the relevant date (or any successor rate).

(d) *Screen Rate Determination including fallback provisions*

If Screen Rate Determination is specified in the Applicable Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate 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 the Relevant Time on the relevant Interest Determination Date; or
- (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 the Relevant Time 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 Johannesburg office of each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 12h00 (Johannesburg time) on the Interest Determination Date in question; and
 - (B) determine the arithmetic mean of such quotations; and
- (iv) if fewer than 3 (three) such offered quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Johannesburg inter-bank market, selected by the Calculation Agent, at approximately 12h00 (Johannesburg time) on the first day of the relevant Interest Period for loans in the Specified Currency to leading banks in the Johannesburg inter-bank market 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 Interest Rate 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 Interest Rate 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.

(e) *Indexed Interest*

If the Indexed Interest Note provisions are specified in the Applicable Pricing Supplement as being applicable, the Interest Rate(s) applicable to the Notes for each Interest Period will be determined in accordance with the manner specified in the Applicable Pricing Supplement.

(f) *Maximum and/or Minimum Interest Rate*

If the Applicable Pricing Supplement specifies a Maximum Interest Rate for any Interest Period, then the Interest Rate for such Interest Period shall in no event be greater than such Maximum Interest Rate and/or if it specifies a Minimum Interest Rate for any Interest Period, then the Interest Rate for such Interest Period shall in no event be less than such Minimum Interest Rate.

(g) *Determination of Interest Rate and Calculation of Interest Amount*

The Calculation Agent, in the case of Floating Rate Notes will, at or as soon as practicable after each time at which the Interest Rate 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 Interest Rate for such Interest Period to the Calculation Amount and 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.

(h) *Calculation of Other Amounts*

If the Applicable Pricing Supplement 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 Applicable Pricing Supplement.

(i) *Publication*

The Calculation Agent will cause each Interest Rate 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 Issuer, the Paying Agent, the Transfer Agent, the Noteholders in respect of any Floating Rate Notes which are Bearer Notes or Order Notes, any Financial Exchange on which the relevant Floating Rate Notes are for the time being listed and any central securities depository in which Individual Certificates in respect of the Notes are immobilised, as soon as possible after their determination but (in the case of each Interest Rate, Interest Amount and Interest Payment Date) in any event not later than 3 (three) Business Days after the Interest Determination Date (in the case of the determination of Interest Rate applicable to a Tranche of Floating Rate Notes) and no later than 3 (three) Business Days before the Interest Payment Date (in the case of the determination of the Interest Amount). Notice thereof shall also promptly be given to the Noteholders in accordance with Condition 17 (*Notices*).

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. Any such amendment will be promptly notified to the Issuer and to the Noteholders in accordance with Condition 17 (*Notices*) and, if the relevant Tranche of Notes is listed on the JSE, the JSE and the Central Depository. 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 Interest Amount in respect of a Note having the minimum Specified Denomination.

(j) *Notifications etc. to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the Condition 6.2 (*Interest on Floating Rate Notes and Indexed Notes*) by the Calculation Agent will (in the absence of wilful default,

bad faith or manifest error) be binding on the Issuer, the Paying Agent 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.

6.3 **Interest on Mixed Rate Notes**

The interest rate payable from time to time on Mixed Rate Notes shall be the interest rate payable on any combination of Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or Indexed Notes for respective periods, each as specified in the Applicable Pricing Supplement. During each such applicable period, the interest rate on the Mixed Rate Notes shall be determined and fall due for payment on the basis that, and to the extent that, such Mixed Rate Notes are Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or Indexed Notes, as the case may be.

6.4 **Interest on Partly Paid Notes**

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue on the paid-up Nominal Amount of such Notes and otherwise as specified in the Applicable Pricing Supplement.

6.5 **Interest on Instalment Notes**

In the case of Instalment Notes, interest will accrue on the amount outstanding on the relevant Note from time to time and otherwise as specified in the Applicable Pricing Supplement.

6.6 **Accrual of Interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date of its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will accrue at the SAFEX Overnight Deposit Rate (to be found on the Reuters Screen SAFEX page as at 12h00 (Johannesburg time) on the presentation date, or any successor rate) until the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; or
- (b) in respect of Uncertificated Notes, the date on which the full amount of the moneys payable has been received by the Paying Agent and notice to that effect has been given to Noteholders in accordance with Condition 17 (*Notices*).

In the event that the SAFEX Overnight Deposit Rate is not ascertainable from the relevant screen page at the time contemplated above, the Calculation Agent shall follow the procedure contemplated in Condition 6.2(b) (*Interest Rate*) to ascertain a rate.

6.7 **Notes listed on the JSE**

The amount of any interest payable in respect of the Notes in terms of Condition 6 will be announced on SENS at least 3 (three) Business Days before the relevant Interest Payment Date.

6.8 **Business Day Convention**

If any Interest Payment Date (or other date) which is specified in the Applicable Pricing Supplement to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (a) the "**Floating Rate Business Day Convention**", such Interest Payment Date (or other date) shall in any case where Interest Periods are specified in accordance with Condition 6.2 (*Interest on Floating Rate Notes and Indexed Notes*), be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event: (i) such Interest Payment Date (or other date) shall be brought forward to the first preceding Business Day; and (ii) each subsequent Interest Payment Date (or other date) shall be the last Business Day in the month which falls the number of months or other period specified as the Interest Period in the Applicable Pricing Supplement after the preceding applicable Interest Payment Date (or other date) has occurred; or
- (b) the "**Following Business Day Convention**", such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or
- (c) the "**Modified Following Business Day Convention**", such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall

into the next calendar month, in which event such Interest Payment Date (or other such date) shall be brought forward to the first preceding Business Day; or

- (d) the "**Preceding Business Day Convention**", such Interest Payment Date (or other date) shall be brought forward to the first preceding Business Day.

7. EXCHANGE OF TALONS

On or after the Interest Payment Date on which the final Coupon (being the Coupon in respect of the relevant Individual Certificate relating to the latest Interest Payment Date in respect of that series of Coupons) matures, but not later than the date of prescription (in accordance with Condition 11 (*Prescription*)) of the Talon which may be exchanged for the respective Coupons, the Talon (if any) attached to the relevant Individual Certificate upon issue may be surrendered at the specified office of the Transfer Agent in exchange for further Coupons, including (if such further Coupons do not include Coupons up to, and including, the final date for the payment of interest due in respect of the Notes to which they pertain) a further Talon, subject to the provisions of Condition 11 (*Prescription*). Each Talon shall, for the purposes of these Terms and Conditions, mature on the Interest Payment Date on which the final Coupon issued pursuant to such Talon matures.

8. REDEMPTION AND PURCHASE

8.1 Scheduled Redemption

Unless previously redeemed or purchased and cancelled as specified below, the Notes will be redeemed at the Final Redemption Amount on the Maturity Date (if any), to the provisions contained in Condition 9 (*Payments*).

8.2 Redemption for Tax reasons or Change in Law

Senior Notes may be redeemed at the option of the Issuer in whole, but not in part, if a Tax Event (Gross up) occurs and Subordinated Notes may be redeemed (subject to Condition 8.7 (*Conditions to Redemption, Purchase, Modification, Substitution or Variation of Tier 2 Notes*)) in respect of Tier 2 Notes only) at the option of the Issuer in whole, but not in part, if a Tax Event (Gross up) or a Tax Event (Deductibility) occurs and, if specified in the Applicable Pricing Supplement, upon the occurrence of a Change in Law:

- (a) at any time (if neither the Floating Rate Note provisions nor the Indexed Note provisions are specified in the Applicable Pricing Supplement as being applicable or, if they are, such provisions are not applicable at the time of redemption); or
- (b) on any Interest Payment Date (if the Floating Rate Note Provisions or the Indexed Note provisions are specified in the Applicable Pricing Supplement as being applicable and are applicable at the time of redemption),

on giving not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Noteholders and to the Transfer Agent and the Paying Agent (which notice shall be irrevocable in accordance with Condition 17 (*Notices*)), at their Early Redemption Amount, together with interest accrued (if any) to the date fixed for redemption, provided, however, that no such notice of redemption shall be given earlier than:

- (i) where the Notes may be redeemed at any time, 90 (ninety) days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts or would be entitled (as such entitlement is materially reduced) to claim a deduction in respect of computing its taxation liabilities; or
- (ii) where the Notes may be redeemed only on an Interest Payment Date, 60 (sixty) 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.

Prior to the publication of any notice of redemption pursuant to this Condition 8.2, the Issuer shall deliver to the Transfer Agent and the Paying Agent (A) a certificate signed by 2 (two) authorised officers 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 legal advisers of recognised standing to the effect that a Tax Event (Gross up), Tax Event (Deductibility), or if applicable, a Change in Law has occurred. Upon

the expiry of any such notice as is referred to in this Condition 8.2, the Issuer shall be bound to redeem the Notes in accordance with this Condition 8.2.

8.3 **Redemption at the option of the Issuer (Call Option)**

If Redemption at the option of the Issuer (Call Option) is specified in the Applicable Pricing Supplement as being applicable, the Notes may be redeemed (subject to Condition 8.7 (*Conditions to Redemption, Purchase, Modification, Substitution or Variation of Tier 2 Notes*) in respect of Tier 2 Notes only) at the option of the Issuer in whole or, if so specified in the Applicable Pricing Supplement, in part upon the Issuer having given:

- (a) not less than 30 (thirty) and not more than 60 (sixty) days' notice to the Noteholders in accordance with Condition 17 (*Notices*); and
- (b) not less than 7 (seven) days before giving the notice referred to in (a) above, notice to the Transfer Agent,

(both of which notices shall be irrevocable) on the Optional Redemption Date(s) (Call) and at the Optional Redemption Amount(s) (Call) specified in, or determined in the manner specified in, the Applicable Pricing Supplement together, if appropriate, with interest accrued up to (but excluding) the Optional Redemption Date(s) (Call). In respect of Tier 2 Notes, no Optional Redemption Date(s) (Call) shall fall earlier than the date being 5 (five) years and 1 (one) day after the Issue Date.

Any such redemption amount must be of a nominal amount equal to or greater than the Minimum Redemption Amount or equal to or less than a Higher Redemption Amount, both as specified in the Applicable Pricing Supplement, if applicable. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Applicable Notes**") will be selected:

- (a) in the case of Applicable Notes represented by Individual Certificates, individually by lot; and
- (b) in the case of Applicable Notes issued in uncertificated form, in accordance with the Applicable Procedures,

and in each such case not more than 30 (thirty) days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**").

A list of the serial numbers of the Individual Certificates (and, in the case of Applicable Notes which are Bearer Notes or Order Notes, the relevant Receipts and/or Coupons) will be published in accordance with Condition 17 (*Notices*) not less than 15 (fifteen) days prior to the date fixed for redemption. The aggregate Nominal Amount of Applicable Notes represented by Individual Certificates shall bear the same proportion to the aggregate Nominal Amount of all Applicable Notes as the aggregate Nominal Amount of Individual Certificates outstanding bears to the aggregate Nominal Amount of the Notes Outstanding, in each case on the Selection Date, provided that such first mentioned Nominal Amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination and the aggregate Nominal Amount of Applicable Notes issued in uncertificated form shall be equal to the balance of the Applicable Notes. No exchange of Beneficial Interests in Uncertificated Notes for Individual Certificates will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this Condition 8.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 17 (*Notices*) at least 5 (five) days prior to the Selection Date.

Holders of Applicable Notes shall surrender the Individual Certificates, together with Receipts and Coupons (if any) relating to the Notes in accordance with the provisions of the notice given to them by the Issuer as contemplated above. Where only a portion of the Notes represented by such Individual Certificates, Receipts and Coupons (as applicable) are redeemed, the Transfer Agent shall deliver new Individual Certificates, Receipts and Coupons (as applicable) to such Noteholders in respect of the balance of the Notes.

8.4 **Redemption at the option of Noteholders of Senior Notes (Put Option)**

This Condition 8.4 applies only to Senior Notes. If Redemption at the option of Noteholders of Senior Notes (Put Option) is specified in the Applicable Pricing Supplement as being applicable, the Issuer shall, at the option of each Noteholder of Senior Notes in such Tranche of Senior Notes, redeem the Senior Notes on the Optional Redemption Date(s) (Put) specified in the relevant Put Notice or in the Applicable Pricing Supplement, as the case may be, at the relevant Optional Redemption Amount together with interest (if any) accrued to such date. In order to exercise the option contained in this

Condition 8.4, the Noteholders of such Senior Notes must, not less than 30 (thirty) nor more than 60 (sixty) days before the relevant Optional Redemption Date(s) (Put), surrender the Individual Certificates (if any) relating to such Senior Notes with the Paying Agent in accordance with Condition 17 (*Notices*), together with a duly completed Put Notice. The redemption amount specified in such Put Notice in respect of any such Note must be of a nominal amount equal to or greater than the Minimum Redemption Amount or equal to or less than the Higher Redemption Amount, each as specified in the Applicable Pricing Supplement, if applicable.

The redemption of Senior Notes issued in uncertificated form shall take place in accordance with the Applicable Procedures.

Where a Noteholder puts Senior Notes represented by an Individual Certificate, such Noteholder shall deliver the Individual Certificate, together with Receipts and/or Coupons (if any), to the Transfer Agent for cancellation by attaching it to a Put Notice. A holder of an Individual Certificate shall specify its payment details in the Put Notice for the purposes of payment of the Optional Redemption Amount.

The delivery of Put Notices shall be required to take place during normal office hours of the Transfer Agent. *Pro forma* Put Notices shall be available from the Specified Office of the Issuer.

Any Put Notice given by a holder of any Senior Note pursuant to this Condition 8.4 shall be irrevocable except where after giving the notice, but prior to the due date of redemption, an Event of Default shall have occurred and be continuing in which event such Noteholder, at its option, may elect by notice to the Issuer and the Transfer Agent to withdraw the notice given pursuant to this Condition 8.4 and instead to declare such Senior Note forthwith due and payable pursuant to Condition 12 (*Events of Default*).

8.5 Redemption following the occurrence of a Capital Disqualification Event

This Condition 8.5 applies only to Tier 2 Notes.

The Issuer may redeem the Notes of any Tranche of Notes in whole, but not in part:

- (a) at any time (if neither the Floating Rate Note provisions nor the Indexed Note provisions are specified in the Applicable Pricing Supplement as being applicable or, if they are, such provisions are not applicable at the time of redemption); or
- (b) on any Interest Payment Date (if the Floating Rate Note Provisions or the Indexed Note provisions are specified in the Applicable Pricing Supplement as being applicable and are applicable at the time of redemption),

on giving not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Noteholders and to the Transfer Agent and the Paying Agent (which notice shall be irrevocable in accordance with Condition 17 (*Notices*)), at their Early Redemption Amount, following the occurrence of a Capital Disqualification Event.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Transfer Agent and the Paying Agent (i) a certificate signed by 2 (two) authorised officers 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 (ii) unless the Relevant Regulator has confirmed to the Issuer that a Capital Disqualification Event applies to the relevant Notes, an opinion of independent legal advisers of recognised standing to the effect that a Capital Disqualification Event applies. Upon the expiry of any such notice as is referred to in this Condition 8.5, the Issuer shall be bound to redeem the Notes in accordance with this Condition 8.5.

8.6 Substitution or Variation

Where Substitution or Variation for Tier 2 Notes is specified in the Applicable Pricing Supplement as being applicable, and a Tax Event (Gross up), Tax Event (Deductibility) or a Capital Disqualification Event and, if specified in the Applicable Pricing Supplement, a Change in Law has occurred and is continuing, then the Issuer may, subject to Condition 8.7 (*Conditions to Redemption, Purchase, Modification, Substitution or Variation of Tier 2 Notes*) and/or as directed or approved by the Relevant Regulator and having given not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Noteholders in accordance with Condition 18 (*Notices*), the Paying Agent and the Transfer Agent (which notice shall be irrevocable) but without any requirement for the consent or approval of the Noteholders, at any time either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Qualifying Tier 2 Securities. Upon the expiry

of such notice, the Issuer shall either vary the terms of or substitute the Notes in accordance with this Condition 8.6, as the case may be.

8.7 **Conditions to Redemption, Purchase, Modification, Substitution or Variation of Tier 2 Notes**

- (a) Notwithstanding the foregoing provisions of this Condition 8 or Condition 17 (*Notices*) and subject to Condition 8.7(b) below, for so long as the applicable Capital Rules so require, Tier 2 Notes may be redeemed, purchased (in whole or in part), modified, substituted or varied, prior to the Maturity Date, only at the option of the Issuer, and only if:
- (i) the Issuer has notified the Relevant Regulator of, and the Relevant Regulator has consented in writing to, such redemption, purchase, modification, substitution or variation (as applicable), subject to such conditions (if any) as the Relevant Regulator may deem appropriate (in any case, only if and to the extent such a notification or consent is required by the Capital Rules (including any prescribed notice periods with which the Issuer may need to comply, if any, in such Capital Rules));
 - (ii) the redemption, purchase, modification, substitution or variation of the Tier 2 Notes is not prohibited by the Capital Rules; and
 - (iii) prior to the publication of any notice of redemption, substitution or variation or redemption pursuant to this Condition 8, the Issuer shall deliver to the Paying Agent and the Transfer Agent a certificate signed by two authorised officers stating that the relevant requirement or circumstance giving rise to the right to redeem, substitute or, as appropriate, vary is satisfied and, in the case of a substitution or variation, that the relevant Qualifying Tier 2 Securities have terms not materially less favourable to an investor than the terms of the Notes and will as from the date of such substitution or variation otherwise comply with the requirements of the definition thereof in Condition 1 (*Interpretation*).
- (b) This Condition 8.7 does not apply in respect of a redemption in whole, but not in part, of Tier 2 Notes upon a Capital Disqualification Event in accordance with Condition 8.5 (*Redemption following the occurrence of a Capital Disqualification Event*).

8.8 **Early Redemption upon the occurrence of an Event of Default**

Upon the occurrence of an Event of Default and receipt by the Issuer of a written notice declaring Notes held by the relevant Noteholder to be forthwith due and payable in accordance with Condition 12 (*Events of Default*), such Notes shall become forthwith due and payable at the Early Redemption Amount in the manner set out in Condition 8.9 (*Early Redemption Amounts*), together with interest (if any) to the date of payment, in accordance with Condition 12 (*Events of Default*).

8.9 **Early Redemption Amounts**

For the purpose of Condition 8.2 (*Redemption for Tax reasons or Change in Law*), Condition 8.5 (*Redemption following the occurrence of a Capital Disqualification Event*) and Condition 12 (*Events of Default*) (and otherwise as stated herein), the Notes will be redeemed at the Early Redemption Amount calculated as follows:

- (a) in the case of Notes with a Final Redemption Amount equal to the Nominal Amount, at the Final Redemption Amount thereof; or
- (b) in the case of Notes (other than Zero Coupon Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price (to be determined in the manner specified in the Applicable Pricing Supplement), at that Final Redemption Amount or, if no such amount or manner is so specified in the Pricing Supplement, at their Nominal Amount; or
- (c) in the case of Zero Coupon Notes, at an amount (the "**Amortised Face Amount**") equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Implied Yield (compounded semi-annually) being applied to the Reference Price from (and including) the Issue Date up to (but excluding) the date fixed for redemption or, as the case may be, the date upon which such Note becomes due and payable, or such other amount as is specified in the Applicable Pricing Supplement.

Where such calculation is to be made for a period which is not a whole number of years, it shall be calculated on the basis of actual days elapsed divided by 365, or such other calculation basis as may be specified in the Applicable Pricing Supplement.

8.10 **Instalment Notes**

Instalment Notes will be redeemed at the Instalment Amounts and on the Instalment Dates. In the case of early redemption in accordance with Condition 8.2 (*Redemption for Tax reasons or Change in Law*), or Condition 8.5 (*Redemption following the occurrence of a Capital Disqualification Event*) or Condition 8.9 (*Early Redemption Amounts*), the Early Redemption Amount will be determined pursuant to Condition 8.9 (*Early Redemption Amounts*).

8.11 **Partly Paid Notes**

If the Notes are Partly Paid Notes, they will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 8 and the Applicable Pricing Supplement.

8.12 **Exchangeable Notes**

If the Notes are Exchangeable Notes, they will be redeemed, whether at maturity, early redemption or otherwise in the manner specified in the Applicable Pricing Supplement. Exchangeable Notes, in respect of which Mandatory Exchange is specified in the Applicable Pricing Supplement as applying, or upon the exercise by the Noteholder of the Noteholder's Exchange Right (if applicable), will be redeemed by the Issuer delivering to each Noteholder so many of the Exchange Securities as are required in accordance with the Exchange Price. The delivery by the Issuer of the Exchange Securities in the manner specified in the Applicable Pricing Supplement shall constitute the *in specie* redemption in full of such Notes.

8.13 **Purchases**

- (a) The Issuer or any holding company of the Issuer or any Subsidiary of the Issuer or of any such holding company may at any time purchase Notes (other than Tier 2 Notes and Additional Tier 1 Notes) (including all unmatured Coupons and Receipts) in the open market or otherwise at any price. Such Notes may at the option of the Issuer be held, re-issued, re-sold or surrendered to the Paying Agent for cancellation in accordance with Condition 8.14 (*Cancellation*).
- (b) Subject to Condition 8.7 (*Conditions to Redemption, Purchase, Modification, Substitution or Variation of Tier 2 Notes*), the Issuer may at any time purchase Tier 2 Notes (including all unmatured Coupons and Receipts) in the open market or otherwise at any price. Such Notes may (subject to the Capital Rules) at the option of the Issuer be held, re-issued, re-sold or surrendered to the Paying Agent for cancellation in accordance with Condition 8.14 (*Cancellation*).

8.14 **Cancellation**

Subject Condition 8.13 (*Purchases*), all Notes which are redeemed or purchased by the Issuer or any holding company of the Issuer or any of Subsidiary of the Issuer of any such holding company may, at its option be cancelled and may, if cancelled, not be reissued or resold. Where only a portion of Notes represented by an Individual Certificate are cancelled, the Transfer Agent shall deliver an Individual Certificate to such Noteholder in respect of the balance of the Notes.

8.15 **Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note, pursuant to this Condition 8 or upon its becoming due and repayable as provided in Condition 12 (*Events of Default*), is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 8.9(c), as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of: (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and (b) where relevant, 5 (five) days after the date on which the full amount of the moneys payable has been received by the Central Depository, and notice to that effect has been given to the Noteholders in accordance with Condition 17 (*Notices*).

9. PAYMENTS

9.1 General

Only Noteholders named in the Register at 17h00 (Johannesburg time) on the relevant Last Day to Register shall be entitled to payment of amounts due and payable in respect of Registered Notes.

All payments of all amounts (whether in respect of principal, interest or otherwise) due and payable in respect of any Notes shall be made by the Issuer (where the Issuer itself acts as Paying Agent) or the Paying Agent on behalf of the Issuer (where the Issuer has appointed a third party to act as Paying Agent), as the case may be, on the terms and conditions of the Agency Agreement (if any) and this Condition 9 (*Payments*).

All references in this Condition 9 to "*Paying Agent*" shall be construed as references to the Issuer (where the Issuer itself acts as Paying Agent) or the Paying Agent on behalf of the Issuer (where the Issuer has appointed a third party entity to act as Paying Agent), as the case may be.

Payments will be subject in all cases to any fiscal or other laws, directives and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 10 (*Taxation*).

9.2 Payments – Registered Notes/Certificated and Uncertificated

(a) *Method of payment*

The Paying Agent shall pay all amounts due and payable in respect of any Registered Notes:

- (i) in the case of Notes which are held in the Central Depository, in immediately available and freely transferable funds, in the Specified Currency, by electronic funds transfer to the bank account of the Central Depository, as the registered Noteholder of such Notes; and
- (ii) in the case of Note(s) which are represented by an Individual Certificate, in immediately available and freely transferable funds, in the Specified Currency, by electronic funds transfer, to the bank account of the Person named as the registered Noteholder of such Notes in the Register or, in the case of joint registered Noteholders, the bank account of the first one of them named in the Register in respect of such Notes; provided that if several Persons are entered into the Register as joint registered Noteholders of such Notes then, without affecting the previous provisions of this Condition 9, payment to any one of them shall be an effective and complete discharge by the Issuer of the amount so paid, notwithstanding any notice (express or otherwise) which the Paying Agent and/or the Issuer may have of the right, title, interest or claim of any other Person to or in any such Notes.

Neither the Issuer nor the Paying Agent shall be responsible for the loss in transmission of any such funds, and payment of any amount into the bank accounts referred to above, in accordance with this Condition 9.2(a), shall be satisfaction *pro tanto*, to the extent of such amount, of the Issuer's obligations to the Noteholders under the relevant Registered Notes and the applicable Terms and Conditions.

(b) *Beneficial Interest*

Following payment to the Central Depository of amounts due and payable in respect of Notes which are held in the Central Depository, the relevant funds will be transferred by the Central Depository, via the Participants, to the holders of Beneficial Interest in such Notes, in accordance with the CSD Procedures.

Each of the Persons reflected in the records of the Central Depository or the relevant Participant, as the case may be, as the holders of Beneficial Interests in Notes, will look solely to the Central Depository or the relevant Participants, as the case may be, for such Person's share of each payment so made by the Paying Agent, on behalf of the Issuer, to or for the order of the Central Depository, as the registered Noteholder of such Notes.

Neither the Paying Agent nor the Issuer will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, Beneficial Interests or for maintaining, supervising or reviewing any records relating to Beneficial Interests.

Payments of amounts due and payable in respect of Beneficial Interests in Notes will be recorded by the Central Depository, as the registered holder of such Notes, distinguishing

between interest and principal, and such record of payments by the Central Depository, as the registered Noteholder of such Notes, will be *prima facie* proof of such payments.

(c) *Surrender of Individual Certificates*

Payments of principal in respect of any Registered Note(s) which is/are represented by Individual Certificate(s) shall be made to the Noteholder(s) of such Registered Note(s) only if, prior to the date on which the relevant Tranche of Notes are redeemed, such Individual Certificate(s) shall have been surrendered to the Transfer Agent at its Specified Office.

If the relevant Individual Certificate is not surrendered to the Transfer Agent at its Specified Office in accordance with this Condition 9.2(c), the amount of principal payable to the Noteholder of the Registered Note(s) represented by that Individual Certificate shall be retained by the Paying Agent for such Noteholder, at the latter's risk, until that Individual Certificate shall have been surrendered to the Transfer Agent at its Specified Office, and such Noteholder will not be entitled to any interest and/or other payments in respect of any delay in payment occasioned as a result of such failure to surrender such Individual Certificate.

9.3 Payments – Bearer Notes

Payments of interest in respect of Bearer Notes will be made to the Bearer only against presentation and surrender by the Bearer or its Representative of the relevant Coupon or (in respect of interest-bearing Bearer Notes issued without Coupons) only against presentation by the Bearer or its Representative of the relevant Individual Certificate to the Paying Agent at its Specified Office.

Payments of Instalment Amounts in respect of Bearer Notes will be made to the Bearer only following presentation and surrender by the Bearer or its Representative of the relevant Receipt to the Paying Agent at its Specified Office. Payments of the final instalment of principal in respect of Bearer Notes which are Instalment Notes, or of the principal of all other Bearer Notes, will be made to the Bearer only following presentation and surrender by the Bearer or its Representative of the Individual Certificate evidencing such Bearer Notes to the Paying Agent at its Specified Office.

Upon presentation and/or surrender as aforesaid, the Bearer or its Representative shall be required to nominate in writing to the Paying Agent a bank account within South Africa (or any other banking jurisdiction specified in the Applicable Pricing Supplement) into which the relevant payment must be made and provide details of its address (being an address within South Africa or any other banking jurisdiction specified in the Applicable Pricing Supplement).

9.4 Payments – Order Notes

Payments of interest in respect of Order Notes will be made to the Payee only following presentation and surrender by the Payee or its Representative of the relevant Coupon or (in respect of interest-bearing Order Notes issued without Coupons) only against presentation by the Payee or its Representative of the relevant Individual Certificate to the Paying Agent at its Specified Office.

Payments of Instalment Amounts in respect of Order Notes will be made to the Noteholder only following presentation and surrender by the Payee or its Representative of the relevant Receipt to the Paying Agent at its Specified Office. Payments of the final instalment of principal in respect of Order Notes which are Instalment Notes, or of the principal of all other Order Notes, will be made to the Payee only following presentation and surrender by the Payee or its Representative of the Individual Certificate evidencing such Order Notes.

Upon presentation and/or surrender as aforesaid, the Payee or its Representative shall be required to nominate in writing to the Paying Agent a bank account within South Africa (or any other banking jurisdiction specified in the Applicable Pricing Supplement) into which the relevant payment must be made and provide details of its address (being an address within South Africa or any other banking jurisdiction specified in the Applicable Pricing Supplement).

9.5 Method of Payment

Payments of interest and principal will be made in the Specified Currency by electronic funds transfer.

If the Issuer is prevented or restricted directly or indirectly from making any payment by electronic funds transfer in accordance with the preceding paragraph (whether by reason of strike, lockout, fire, explosion, floods, riot, war, accident, act of God, embargo, legislation, shortage of or breakdown in facilities, civil commotion, unrest or disturbances, cessation of labour, Government interference or control or any other cause or contingency beyond the control of the Issuer), the Issuer shall make such

payment by cheque (or by such number of cheques as may be required in accordance with applicable banking law and practice) of any such amounts. Such payments by cheque shall be sent by post to:

- (a) the address of the Noteholder of Registered Notes as set forth in the Register or, in the case of joint Noteholders of Registered Notes, the address set forth in the Register of that one of them who is first named in the Register in respect of that Note; or
- (b) the address nominated by the Bearer or the Payee in respect of Bearer Notes or Order Notes, as the case may be, upon presentation and surrender in accordance with Condition 9.3 (*Payments – Bearer Notes*) or Condition 9.4 (*Payments – Order Notes*), as the case may be.

Each such cheque shall be made payable to the relevant Noteholder or, in the case of joint Noteholders of Registered Notes, the first one of them named in the Register. Cheques may be posted by ordinary post, provided that neither the Issuer nor the Paying Agent shall be responsible for any loss in transmission and the postal authorities shall be deemed to be the agent of the Noteholders for the purposes of all cheques posted in terms of this Condition 9.5 (*Method of Payment*).

In the case of joint Noteholders of Registered Notes payment by electronic funds transfer will be made to the account of the Noteholder first named in the Register. Payment by electronic transfer to the Noteholder first named in the Register shall discharge the Issuer of its relevant payment obligations under the Notes.

Payments will be subject in all cases to any taxation or other laws, directives and regulations applicable thereto in the place of payment, but subject to the provisions of Condition 10 (*Taxation*).

9.6 **Surrender of Individual Certificates, Receipts and Coupons**

No payment in respect of the final redemption of a Registered Note shall be made until 10 (ten) days after the date on which the Individual Certificate in respect of the Note to be redeemed has been surrendered to the Paying Agent.

Payments of interest in respect of Bearer Notes or Order Notes shall be made in accordance with Condition 9.5 (*Method of Payment*) only following presentation and surrender of the relevant Coupon (if any) to the Paying Agent.

Payments of Instalment Amounts in respect of Instalment Notes which are Bearer Notes or Order Notes shall be made by the Issuer in accordance with Condition 9.5 (*Method of Payment*) only following presentation and surrender of the relevant Receipt to the Paying Agent.

No payment in respect of the final redemption of a Bearer Note or Order Note shall be made until the later of:

- (a) the Relevant Date; and
- (b) the date on which the Individual Certificate in respect of the Note to be redeemed has been presented and surrendered to the Paying Agent.

Upon final redemption as aforesaid, all unmatured Coupons relating to Bearer Notes or Order Notes, as the case may be, (whether or not surrendered with the relevant Individual Certificate) shall become void and no payment shall be made thereafter in respect of them.

Documents required to be presented and/or surrendered to the Paying Agent in accordance with these Terms and Conditions shall be so presented and/or surrendered at the office of the Paying Agent specified in the Applicable Pricing Supplement.

Holders of Uncertificated Notes are not required to present and/or surrender any documents of title.

9.7 **Payment Day**

- (a) If the date for payment of any amount in respect of any Note is not a Business Day and is not subject to adjustment in accordance with a Business Day Convention, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place for payment and shall not be entitled to further interest or other payment in respect of any such delay.
- (b) If an Interest Period in respect of any Note which would otherwise end on a date which is not a Business Day has been adjusted in accordance with a Business Day Convention to end on a date which is the next Business Day, the holder thereof shall be entitled to payment of interest

in respect of the number of additional days in that extended Interest Period in accordance with that Business Day Convention.

9.8 Interpretation of principal and interest

Any reference in these Terms and Conditions to principal in respect of the Notes shall include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 9.5 (*Method of Payment*);
- (b) the Final Redemption Amount of the Notes or the Early Redemption Amount of the Notes, as the case may be;
- (c) the Optional Redemption Amount(s) (if any) of the Notes;
- (d) in relation to Instalment Notes, the Instalment Amounts;
- (e) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined under Condition 8.9 (*Early Redemption Amounts*)); and
- (f) any premium and any other amounts which may be payable under or in respect of the Notes, but excluding for the avoidance of doubt, interest.

Any reference in these Terms and Conditions to interest in respect of the Notes shall include, as applicable, any additional amounts which may be payable with respect to interest under Condition 10 (*Taxation*).

10. TAXATION

- 10.1 A Noteholder whose Notes are redeemed shall pay all taxes payable in connection with the payment of the Interest Amount, or the redemption of such Notes and/or the payment of the Final Redemption Amount and/or the Optional Redemption Amount and/or the Early Redemption Amount as a result of such redemption. The Issuer is not liable for or otherwise obliged to pay any taxes that may arise as a result of the ownership, transfer, redemption or enforcement of any Note.
- 10.2 All payments of principal and interest in respect of the Notes by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of South Africa or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law.
- 10.3 In such event, the Issuer will pay such additional amounts (each, an **Additional Amount**) as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, as the case may be, in the absence of such withholding or deduction except that no such Additional Amounts shall be payable with respect to any Note:
 - (a) held by or on behalf of a Noteholder, who is liable for such taxes or duties in respect of such Note by reason of his having some connection with South Africa other than the mere holding of such Note or the receipt of principal or interest in respect thereof; or
 - (b) presented for payment by or on behalf of, or held by, a Noteholder who could lawfully avoid (but has not so avoided) such withholding or deduction by complying with any statutory requirements in force at the present time or in the future by making a declaration of non-residency or other similar claim or filing for exemption to which it is entitled to the relevant tax authority or the Paying Agent (the effect of which is not to require the disclosure of the identity of the relevant Noteholder); or
 - (c) where such withholding or deduction is in respect of taxes levied or imposed on interest or principal payments only by virtue of the inclusion of such payments in the taxable income (as defined in section 1 of the Income Tax Act) or taxable capital gain (as defined in paragraph 1 of Schedule 8 to the Income Tax Act) of any Noteholder; or
 - (d) where (in the case of payment of principal and/or interest which is conditional on surrender and/or presentation of the relevant Individual Certificate in accordance with these Terms and Conditions) the relevant Individual Certificate is surrendered and/or presented more than 30 (thirty) days after the Relevant Date except to the extent that the Noteholder thereof would

have been entitled to an Additional Amount on presenting the same for payment on such 30th (thirtieth day); or

- (e) if such withholding or deduction arises through the exercise by revenue authorities of special powers in respect of disputers or alleged tax defaulters.

10.4 Any reference in these Terms and Conditions to any amounts in respect of the Notes shall be deemed also to refer to any Additional Amounts which may be payable under these Terms and Conditions or under any undertakings given in addition to, or in substitution for, these Terms and Conditions.

10.5 *FATCA withholding*

Notwithstanding any other provision in these Terms and Conditions, the Issuer, and the Paying Agents, shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any intergovernmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. IRS ("**FATCA withholding**"). The Issuer will have no obligations to pay Additional Amounts or otherwise indemnify a holder for any FATCA withholding deducted or withheld by the Issuer, a Paying Agent or any other party as a result of any person (other than an agent of the Issuer) not being entitled to receive payments free of FATCA withholding.

10.6 *Taxing jurisdiction*

If the Issuer becomes subject at any time to any taxing jurisdiction other than South Africa, references in these Terms and Conditions to South Africa shall be construed as references to South Africa and/or such other jurisdiction.

11. **PRESCRIPTION**

The Notes, Receipts and Coupons will become prescribed unless presented for payment of principal and interest within a period of 3 (three) years after the Relevant Date therefor save that any relevant Individual Certificate, Receipt or Coupon constituting a "*bill of exchange or other negotiable instrument*" in accordance with section 11 of the Prescription Act, 1969 will become prescribed unless presented for payment of principal and interest within a period of 6 (six) years from the Relevant Date thereof.

12. **EVENTS OF DEFAULT**

12.1 **Events of Default relating to Senior Notes**

An Event of Default in relation to Senior Notes shall arise if any one or more of the following events shall have occurred and be continuing:

- (a) *Non-payment*: the failure by the Issuer to pay within 7 (seven) Business Days from the due date any amount due in respect of any of the Senior Notes; 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 Senior Notes and such default remains unremedied for 30 (thirty) days after written notice thereof has been delivered by any Noteholder to the Issuer or to the Specified Office of the Transfer Agent (addressed to the Issuer); or
- (c) *Cross default of Issuer*:
 - (i) any Financial Indebtedness of the Issuer is not paid when due or and payable (whether by scheduled maturity, required prepayment, acceleration, demand, or similar), and such failure is continuing beyond the finally determined cure period, if any; or
 - (ii) any such Financial Indebtedness becomes due and payable prior to its stated maturity as a result of a default (howsoever described) and such default is continuing beyond the applicable cure period, if any,

provided that the amount of Financial Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above individually or in the aggregate exceeds the Cross Default Threshold Amount; or

- (d) *Insolvency, winding-up etc.* the granting of an order by any competent court or authority for the liquidation, curatorship, winding-up or dissolution of the Issuer, whether provisionally

(and not dismissed or withdrawn within 30 (thirty) days thereof) or finally, or the placing of the Issuer under voluntary liquidation or curatorship, provided that no liquidation, curatorship, winding-up or dissolution shall constitute an event of default if: (i) the liquidation, curatorship, winding-up or dissolution is for purposes of effecting an amalgamation, merger, demerger, consolidation, reorganisation or other similar arrangement within the SB Group; or (ii) in respect of a Solvent Reconstruction; or (iii) the liquidation, curatorship, winding-up or dissolution is for purposes of effecting an amalgamation, merger, demerger, consolidation, reorganisation or other similar arrangement, the terms of which were approved by Extraordinary Resolution or an Extraordinary Written Resolution of Noteholders before the date of the liquidation, curatorship, winding-up or dissolution; or

- (e) *Failure to take action:* any action, condition or thing (including the obtaining of any consent, licence, approval or authorisation) now or hereafter necessary to enable the Issuer to comply with its obligations under the Programme for the issuance of the Notes is not taken, fulfilled or done, or any such consent, licence, approval or authorisation shall be revoked, modified, withdrawn or withheld or shall cease to remain in full force and effect, resulting in the Issuer being unable to perform any of its payment or other obligations in terms of the Notes or the Programme for the issuance of the Notes,

if the Issuer becomes aware of the occurrence of any Event of Default, the Issuer shall forthwith notify all Noteholders and, in respect of listed Notes, shall forthwith notify the Central Depository, the JSE and/or such other Financial Exchange upon which such Notes are listed, as the case may be.

Upon the happening of an Event of Default, any holder of Senior Notes may, by written notice to the Issuer at its registered office, effective upon the date of receipt thereof by the Issuer, declare the Notes held by such Noteholder to be forthwith due and payable. Upon receipt of that notice, such Notes shall become forthwith due and payable at the Early Redemption Amount, together with accrued interest (if any) to the date of payment.

12.2 Events of Default relating to Subordinated Notes

An Event of Default in relation to Subordinated Notes shall arise if any one or more of the following events occurs and is continuing:

- (a) *Non-payment:* subject to Condition 6.1(a) (*Accrual of Interest*), if applicable, the failure by the Issuer to pay within 7 (seven) days from the due date any amount due in respect of the Subordinated Notes; or
- (b) *Insolvency, winding-up etc.:* the granting of an order by any competent court or authority for the liquidation, winding-up or dissolution of the Issuer, whether provisionally (and not dismissed or withdrawn within 30 (thirty) days thereof) or finally, or the placing of the Issuer under voluntary liquidation or curatorship (provided that no liquidation, winding-up or dissolution shall constitute an Event of Default if the liquidation, winding-up or dissolution is (i) for purposes of effecting an amalgamation, merger, demerger, consolidation, reorganisation or other similar arrangement within the SB Group, (ii) in respect of a Solvent Reconstruction, or (iii) the liquidation, curatorship, winding-up or dissolution is for purposes of effecting an amalgamation, merger, demerger, consolidation, reorganisation or other similar arrangement, the terms of which were approved by Extraordinary Resolution or an Extraordinary Written Resolution of Noteholders before the date of the liquidation, winding-up or dissolution.

If the Issuer becomes aware of the occurrence of any Event of Default, the Issuer shall forthwith notify all Noteholders of that Class and, in respect of listed Notes, shall forthwith notify the Central Depository, the JSE and/or such other Financial Exchange upon which such Notes are listed, as the case may be.

Upon the happening of an Event of Default referred to in Condition 12.2(a) (*Non-payment*), any holder of Subordinated Notes of that Class may, subject to Condition 5.2(c) (*Subordination*) and the Capital Rules in the case of Tier 2 Notes or Condition 5.3(c) (*Subordination*) in the case of other Subordinated Notes, and subject as provided below, at its discretion and without further notice, institute proceedings for the winding-up of the Issuer and/or prove a claim in any winding-up of the Issuer, but take no other action in respect of that default.

Upon the happening of an Event of Default referred to in Condition 12.2(b) (*Insolvency, winding-up etc.*), any holder of Subordinated Notes of the Series may, by written notice to the Issuer at its registered office, effective upon the date of receipt thereof by the Issuer, declare the Notes of the Series

held by such Noteholder to be forthwith due and payable. Upon receipt of that notice, such Notes shall, subject to Condition 5.2(c) (*Subordination*) and the Capital Rules in the case of Tier 2 Notes or Condition 5.3(c) (*Subordination*) in the case of other Subordinated Notes, become forthwith due and payable at the Early Redemption Amount, together with accrued interest (if any) to the date of payment.

Without prejudice to the preceding Conditions, if the Issuer breaches any of its obligations under the Subordinated Notes of that Series (other than any obligation in respect of the payment of principal or interest on such Notes), then any holder of Subordinated Notes of that Series 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 or satisfy any other payment obligation in relation to such Subordinated Notes sooner than the same would otherwise have been payable by it.

12.3 **Additional Tier 1 Notes**

No:

- (a) non-payment of any interest (in whole or in part) in respect of Additional Tier 1 Notes in accordance with Condition 7.1 (*Optional Interest Non-Payment*) or Condition 7.2 (*Mandatory Interest Non-Payment*) of the Additional Tier 1 Terms and Conditions;
- (b) Write-off of Tier 2 Notes in accordance with these Terms and Conditions; and
- (c) Write-off or Conversion (each as defined in the Additional Tier 1 Terms and Conditions) of Additional Tier 1 Notes, in accordance with the Additional Tier 1 Terms and Conditions,

shall constitute an Event of Default under, or breach of, these Terms and Conditions for any purpose on the part of the Issuer.

13. **EXCHANGE OF BENEFICIAL INTERESTS AND REPLACEMENT OF INDIVIDUAL CERTIFICATES**

13.1 **Exchange of Beneficial Interests**

- (a) The holder of a Beneficial Interest in Notes may, in terms of the Applicable Procedures and subject to section 34(e) and section 42 of the Financial Markets Act read with section 35(2)(i) of the Financial Markets Act (or the relevant provisions of any successor legislation), by written notice to the holder's nominated Participant (or, if such holder is a Participant, the Central Depository), request that such Beneficial Interest be exchanged for Notes in definitive form represented by an Individual Certificate (the **Exchange Notice**). The Exchange Notice shall specify (i) the name, address and bank account details of the holder of the Beneficial Interest and (ii) the day on which such Beneficial Interest is to be exchanged for an Individual Certificate; provided that such day shall be a Business Day and shall fall not less than 30 (thirty) days after the day on which such Exchange Notice is given.
- (b) The holder's nominated Participant will, following receipt of the Exchange Notice, through the Central Depository, notify the Transfer Agent that it is required to exchange such Beneficial Interest for Notes represented by an Individual Certificate. The Transfer Agent will, as soon as is practicable but within 14 (fourteen) days after receiving such notice, in accordance with the Applicable Procedures, procure that an Individual Certificate is prepared, authenticated and made available for delivery, on a Business Day falling within the aforementioned 14 (fourteen) day period, to the Participant acting on behalf of the holder of the Beneficial Interest in respect of the conversion at the Specified Office of the Transfer Agent; provided that joint holders of a Beneficial Interest shall be entitled to receive only one Individual Certificate in respect of that joint holding, and the delivery to one of those joint holders shall be delivery to all of them.
- (c) In the case of the exchange of a Beneficial Interest in any Registered Notes:
 - (i) such Registered Note will, prior to the Exchange Date, be surrendered (through the Central Depository system) to the Transfer Agent at its Specified Office; and
 - (ii) the Transfer Agent will obtain the release of such uncertificated Notes from the Central Depository in accordance with the CSD Procedures.

- (d) An Individual Certificate shall, in relation to a Beneficial Interest:
 - (i) in a Tranche of Notes which is held in the Central Depository, represent that number of Notes as have, in the aggregate, the same aggregate Nominal Amount of Notes standing to the account of the holder of such Beneficial Interest; and
 - (ii) in any number of Notes issued in uncertificated form of a particular aggregate Nominal Amount standing to the account of the holder thereof, represent that number of Notes of that aggregate Nominal Amount,

as the case may be, and shall otherwise be in such form as may be agreed between the Issuer and the Transfer Agent; provided that if such aggregate Nominal Amount is equivalent to a fraction of the Specified Denomination or a fraction of any multiple thereof, such Individual Certificate shall be issued in accordance with, and be governed by, the Applicable Procedures.
- (e) Subject always to Applicable Laws and Applicable Procedures, upon the replacement of a Beneficial Interest in Notes, with Notes in definitive form represented by an Individual Certificate in accordance with this Condition 13, such Notes (now represented by an Individual Certificate) will cease to be listed on the Financial Exchange and will no longer be lodged in the Central Depository. Notes represented by Individual Certificates will be registered in the Register in the name of the individual Noteholders of such Notes.

13.2 Replacement

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

13.3 Death and sequestration or liquidation of Noteholder

Any Person becoming entitled to Registered Notes in consequence of the death, sequestration or liquidation of the holder of such Notes may, upon producing evidence to the satisfaction of the Issuer that he holds the position in respect of which he proposes to act under this Condition 13.3 (*Death and sequestration or liquidation of Noteholder*) or of his title as the Issuer and the Transfer Agent shall require, be registered himself as the holder of such Notes or, subject to the Applicable Procedures, this Condition 13.3 (*Death and sequestration or liquidation of Noteholder*) and Condition 14.1 (*Transfer of Registered Notes*), may transfer such Notes. The Issuer and (if applicable) the Central Depository and the relevant Participant shall be entitled to retain any amount payable upon the Notes to which any Person is so entitled until such Person shall be registered as aforesaid or shall duly transfer the Notes.

13.4 Costs

The costs and expenses of the printing, issue and delivery of each Individual Certificate and all taxes and any and all governmental charges or insurance charges that may be imposed in relation to such Individual Certificate shall be borne by the holder of the Notes represented by that Individual Certificate. Separate costs and expenses relating to the provision of Individual Certificates and/or the transfer of Notes may be levied by other Persons, such as a Participant, under the Applicable Procedures, and such costs and expenses shall not be borne by the Issuer. The costs and expenses of the printing, issue and delivery of Bearer Notes and Order Notes, and any Coupons, shall be borne by the Issuer, save as otherwise provided in the Applicable Pricing Supplement.

14. TRANSFER OF NOTES

14.1 Transfer of Registered Notes

- (a) *Transfer of Beneficial Interests in Registered Notes (including Uncertificated Notes) held in the Central Depository*
 - (i) Beneficial Interests may be transferred only in accordance with the Applicable Procedures through the Central Depository.
 - (ii) Transfers of Beneficial Interests to and from clients of Participants occur by way of electronic book entry in the securities accounts maintained by the Participants for their clients, in accordance with the Applicable Procedures.

- (iii) Transfers of Beneficial Interests among Participants occur through electronic book entry in the central securities accounts maintained by the Central Depository for the Participants, in accordance with the Applicable Procedures.
 - (iv) Transfers of Beneficial Interests in Registered Notes will not be recorded in the Register and the Central Depository will continue to be reflected in the Register as the Noteholder of such Notes notwithstanding such transfers.
- (b) *Transfer of Registered Notes represented by Individual Certificates*
- (i) In order for any transfer of Registered Notes represented by an Individual Certificate to be recorded in the Register, and for such transfer to be recognised by the Issuer:
 - (A) the transfer of such Registered Notes must be embodied in a Transfer Form;
 - (B) the Transfer Form must be signed by the registered Noteholder of such Registered Notes and the transferee, or any authorised representatives of that registered Noteholder or transferee; and
 - (C) the Transfer Form must be delivered to the Transfer Agent at its specified office together with the Individual Certificate representing such Registered Notes for cancellation.
 - (ii) Registered Notes represented by an Individual Certificate may only be transferred, in whole or in part, in amounts of not less than the Specified Denomination (or any multiple thereof).
 - (iii) Subject to this Condition 14.1(b), the Transfer Agent will, within 10 (ten) Business Days of receipt by it of a valid Transfer Form (or such longer period as may be required to comply with any Applicable Laws and/or Applicable Procedures), record the transfer of Registered Notes represented by an Individual Certificate (or the relevant portion of such Registered Notes) in the Register, and authenticate and deliver to the transferee at the Transfer Agent's specified office or, at the risk of the transferee, send by mail to such address as the transferee may request, a new Individual Certificate in respect of the Registered Notes transferred reflecting the Nominal Amount Outstanding of the Registered Notes transferred.
 - (iv) Where a Noteholder has transferred a portion only of Registered Notes represented by an Individual Certificate, the Transfer Agent will authenticate and deliver to such Noteholder at the Transfer Agent's Specified Office or, at the risk of such Noteholder, send by mail to such address as such Noteholder may request, a new Individual Certificate representing the balance of the Registered Notes held by such Noteholder.
 - (v) The transferor of any Registered Notes represented by an Individual Certificate will be deemed to remain the owner thereof until the transferee is registered in the Register as the holder thereof.
 - (vi) Before any transfer of Registered Notes represented by an Individual Certificate is registered in the Register, all relevant transfer taxes (if any) must have been paid by the transferor and/or the transferee and such evidence must be furnished as the Issuer and the Transfer Agent may reasonably require as to the identity and title of the transferor and the transferee.
 - (vii) No transfer of any Registered Notes represented by an Individual Certificate will be registered whilst the Register is closed as contemplated in Condition 15 (*Register*).
 - (viii) If a transfer of any Registered Notes represented by an Individual Certificate is registered in the Register, the Transfer Form and cancelled Individual Certificate will be retained by the Transfer Agent.
 - (ix) In the event of a partial redemption of Notes, the Transfer Agent shall not be obliged to register the transfer of any Notes during the period beginning on the 10th (tenth) day before the date of the partial redemption and ending on the date of the partial redemption (both inclusive).

14.2 **Transfer of Bearer Notes**

Bearer Notes (including rights to Instalment Amounts and/or interest thereon, as applicable) may be transferred by the delivery of the Individual Certificate evidencing such Bearer Note or the relevant Receipt or Coupon relating thereto, as the case may be. Where the last Endorsement on an Individual Certificate evidencing an Order Note or a Receipt or Coupon relating thereto is an Endorsement in Blank, then such Individual Certificate, Receipt or Coupon, as the case may be, shall be treated as evidencing a Bearer Note.

14.3 **Transfer of Order Notes**

Order Notes (including rights to Instalment Amounts and/or interest thereon, as applicable) may be transferred by the Endorsement of the Individual Certificate evidencing such Order Note or Receipt or Coupon relating thereto, as the case may be, by the old Payee and the delivery of such Individual Certificate, Receipt or Coupon to the new Payee.

14.4 **Prohibition on Stripping**

Where so specified in the Applicable Pricing Supplement, Bearer Notes or Order Notes which are issued with Receipts and/or Coupons attached and which are redeemable at the option of the Issuer and/or Noteholders shall be issued subject to the condition that the relevant Notes (including rights to Instalment Amounts and/or interest thereon, as applicable) may only be transferred to a single transferee at a time and accordingly that the various rights in respect of such Notes may not be stripped and transferred to various transferees at different times. Stripping of Receipts and/or Coupons is otherwise permitted.

15. **REGISTER**

15.1 The Register shall:

- (a) be kept at the Specified Offices of the Transfer Agent or such other person as may be appointed for the time being by the Issuer to maintain the Register;
- (b) reflect the number of Registered Notes issued and Outstanding, the date upon which each of the Noteholders was registered as such and whether they are Registered Notes, Bearer Notes or Order Notes;
- (c) contain the name, address, and bank account details of the Noteholders of Registered Notes;
- (d) set out the Nominal Amount of the Notes issued to such Noteholders and shall show the date of such issue;
- (e) show the serial number of Individual Certificates issued in respect of any Notes;
- (f) be open for inspection during the normal business hours of the Issuer to any Noteholder or any person authorised in writing by any Noteholder; and
- (g) be closed during the Books Closed Period.

15.2 The registered Noteholder of the Registered Notes in a Tranche of Registered Notes which is held in the Central Depository will be determined in accordance with the CSD Procedures, and such registered Noteholder will be named in the Register as the registered holder of such Registered Notes.

15.3 The Transfer Agent shall not be obliged to record any transfer while the Register is closed.

15.4 The Transfer Agent shall alter the Register in respect of any change of name, address or bank account number of any of the Noteholders of any Registered Notes of which it is notified in accordance with these Terms and Conditions.

15.5 Except as provided for in these Terms and Conditions or as required by law, in respect of Registered Notes, the Issuer will only recognise a Noteholder as the owner of the Notes registered in that Noteholder's name as per the Register.

15.6 Except as provided for in these Terms and Conditions or as required by Applicable Laws, the Transfer Agent shall not be bound to enter any trust into the Register or to take notice of any or to accede to any trust executed, whether express, implied or constructive, to which any Individual Certificate may be subject.

16. **TRANSFER AGENT, CALCULATION AGENT AND PAYING AGENT**

- 16.1 Any third party appointed by the Issuer as Calculation Agent, Paying Agent and/or Transfer Agent shall act solely as the agent of the Issuer and does not assume any obligation towards or relationship of agency or trust for or with any Noteholders.
- 16.2 If the Issuer elects to appoint another entity (not being the Issuer) as Calculation Agent, Paying Agent and/or Transfer Agent, that other entity, on execution of an appropriate Agency Agreement or an appropriate accession letter to the Agency Agreement, as the case may be, shall serve in that capacity in respect of the Notes. The Issuer shall notify the Noteholders in the manner set out in Condition 17 (*Notices*) of any such appointment and, if any Notes are listed on the JSE, the Issuer shall notify the JSE of any such appointment.
- 16.3 The Issuer is entitled to vary or terminate the appointment of the Transfer Agent, the Calculation Agent and the Paying Agent and/or appoint additional or other agents and/or approve any change in the specified office through which any such agent acts on the terms of the Agency Agreement, provided that there will at all times be a Transfer Agent, Calculation Agent and a Paying Agent with an office in such place as may be required by the Applicable Procedures. The Transfer Agent, Paying Agent and Calculation Agent act solely as the agents of the Issuer and do not assume any obligation towards or relationship of agency or trust for or with any Noteholders.
- 16.4 To the extent that the Issuer acts as the Transfer Agent, Calculation Agent or Paying Agent, all references in these Terms and Conditions to:
- (a) any action, conduct or functions in such role shall be understood to mean that the Issuer shall perform such action, conduct or function itself; and
 - (b) requirements for consultation, indemnification by or of, payment by or to, delivery by or to, notice by or to, consent by or to or agreement between the Issuer and such Transfer Agent, Calculation Agent or Paying Agent (as the case may be) shall be disregarded to the extent that the Issuer performs such role.

17. **NOTICES**

17.1 **Notice by the Issuer**

Notices to Noteholders shall be valid and effective:

- (a) in the case of uncertificated Notes listed on the JSE, if delivered to:
 - (i) the JSE and electronically published on SENS, or any other similar service, established by the JSE; and
 - (ii) the Central Depository and the Participants; or
- (b) in the case of unlisted uncertificated Notes, if mailed to the registered addresses of the Noteholders appearing in the Register or, if delivered to the Central Depository and the Participants (and if required, electronically published on SENS, or any other similar service, established by the JSE); or
- (c) in the case of Notes being represented by an Individual Certificate (whether evidencing Registered Notes, Bearer Notes or Order Notes), if mailed to the registered addresses of the holders of the Notes appearing in the Register and published, not earlier than 4 (four) calendar days after the date of posting of such notice by registered mail:
 - (i) in an English language daily newspaper of general circulation in South Africa; and
 - (ii) for so long as the Notes are listed on the JSE or such other Financial Exchange, a daily newspaper of general circulation in the city in which the JSE or such other Financial Exchange is situated or any electronic news service of general distribution.

Any such notice shall be deemed to have been given on the seventh day after the day on which it is mailed, or the day of its publication, as the case may be.

17.2 **Notice by the Noteholders**

A notice to be given by any Noteholder to the Issuer shall be in writing and given by lodging (either by hand delivery or posting by registered mail) that notice, together with a certified copy of the relevant Individual Certificate, Coupon or Receipt at the office of the Transfer Agent specified in the

Applicable Pricing Supplement. For so long as any of the Notes are uncertificated, notice may be given by any holder of a Beneficial Interest in such Notes to the Issuer via the relevant Participant in accordance with the Applicable Procedures, in such manner as the Issuer and the relevant Participant may approve for this purpose. Such notices shall be deemed to have been received by the Issuer, if delivered by hand, on the second Business Day after being hand delivered, or, if sent by registered mail, 7 (seven) days after posting.

17.3 **Notice in relation to Notes listed on the JSE**

For so long as any Notes are listed on the JSE, notwithstanding Conditions 17.1 and 17.2, all notices in respect of such JSE-listed Notes shall be made by way of an announcement on SENS.

18. **MEETINGS OF NOTEHOLDERS**

18.1 **Convening of meetings**

The Issuer may at any time convene a meeting of all Noteholders or holders of any Class of Notes, and shall be obliged to do so upon the request in writing of Noteholders holding not less than 10 per cent. of the aggregate Nominal Amount of all Notes or Notes in that Class, as the case may be, for the time being Outstanding. Should the Issuer fail to requisition a meeting within 7 (seven) days of such a request being delivered to the Specified Office of the Issuer, the Noteholders requesting such a meeting may convene such meeting by written notice to the Issuer and the relevant Noteholders to which such meeting applies in accordance with Condition 17 (*Notices*). A meeting so convened will be convened as nearly as possible in the same manner as that in which meetings may be convened by the Issuer.

18.2 **Notice**

Unless Noteholders of at least 90 per cent. of the aggregate Nominal Amount of all Notes or Class of Notes Outstanding, as the case may be, agree in writing to a shorter period, at least 15 (fifteen) business days' prior written notice (exclusive of the day on which the notice is given and of the day on which the relevant meeting is to be held) specifying the date, time and place of the meeting shall be given to the Noteholders and the Transfer Agent (with a copy to the Issuer). Every such meeting shall be held at such time and place as the Transfer Agent may approve. The notice shall set out the nature of the business for which the meeting is to be held, the full text of any resolutions to be proposed and shall state that a Noteholder may appoint a proxy (as defined below) by delivering a form of proxy (as defined below) to the Specified Officers of the Transfer Agent by no later than 24 hours before the time fixed for the meeting.

For as long as any Notes are listed on the JSE, notices of meetings in respect of such JSE-listed Notes, shall be announced on SENS, which announcement shall state the date that the Issuer has selected to determine which Noteholders recorded in the Register will receive notice of the meeting, and the last date by which proxy forms must be submitted.

A requisition notice by Noteholders requesting a meeting of Noteholders pursuant to Condition 18.1 above may consist of several documents in like form, each signed by one or more requisitioning Noteholders. Such a requisition notice will be delivered to the Specified Offices of the Issuer.

18.3 **Proxy**

A Noteholder may by an instrument in writing (a "**form of proxy**") signed by the holder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation, appoint any Person (a "**proxy**") to act on his or its behalf in connection with any meeting or proposed meeting of the Noteholders.

Any Noteholder which is a corporation may by resolution of its directors or other governing body authorise any Person to act as its Representative in connection with any meeting or proposed meeting of the Noteholders.

Any proxy or Representative appointed shall, so long as the appointment remains in force, be deemed for all purposes in connection with any meeting or proposed meeting of the Noteholder specified in the appointment, to be the holder of the Notes to which the appointment relates and the holder of the Notes shall be deemed for such purposes not to be the holder.

18.4 **Chairperson**

The chairperson (who may, but need not, be a Noteholder) of the meeting shall be appointed by the Issuer. The procedures to be followed at the meeting shall be as determined by the chairperson subject

to the remaining provisions of this Condition 18. Should the Noteholder requisition a meeting, and the Issuer fails to call such a meeting within 7 (seven) days of the requisition, then the chairperson of the meeting held at the instance of the Noteholders shall be selected by a majority of Noteholders present in Person, by Representative or by proxy. The chairman of an adjourned meeting need not be the same Person as was chairman of the original meeting.

18.5 **Quorum**

At any such meeting one or more Noteholders present in Person, by Representative or by proxy, holding in aggregate not less than 30 (thirty) per cent. of the Nominal Amount of Notes for the time being Outstanding shall form a quorum for the transaction of business. The quorum at any such meeting for passing an Extraordinary Resolution shall (subject as provided below) be one or more Noteholders of that Class present or represented by proxies or Representatives and holding or representing in the aggregate a clear majority in Nominal Amount of the Notes held by the applicable Class for the time being Outstanding. At any meeting the business of which includes any of the following matters ("**Reserved Matters**"), any such Reserved Matter shall only be capable of being effected after having been approved by Extraordinary Resolution namely:

- (a) modification of the Maturity Date of any Notes or reduction or cancellation of the Redemption Amount payable upon redemption of the Notes; or
- (b) reduction or cancellation of the amount payable or modification of the payment date in respect of any interest in respect of the Notes or variation of the method of calculating the Interest Rate in respect of the Notes; or
- (c) reduction or increase of any Minimum Interest Rate and/or Maximum Interest Rate specified in the Applicable Pricing Supplement of any Note; or
- (d) modification of the currency in which payments under the Notes are to be made; or
- (e) modification of the majority required to pass an Extraordinary Resolution or an Extraordinary Written Resolution; or
- (f) the sanctioning of any such scheme or proposal as is described in Condition 18.13(g) below; or
- (g) alteration of this proviso or the proviso to Condition 18.7(c) below.

At any meeting whose business includes any Reserved Matter, the quorum shall be one or more Noteholders of that Class present or represented by proxies or Representatives and holding or representing in the aggregate not less than 66.67 per cent. in Nominal Amount of the Notes of that Class for the time being Outstanding. An Extraordinary Resolution passed at any meeting of the holders of Notes of that Class will be binding on all holders of Notes, whether or not they are present at the meeting. No amendment to or modification of the Conditions may be effected without the written agreement of the Issuer.

18.6 **Adjournment of meetings**

The Chairperson may, with the consent of (and shall if directed by) any Noteholders, adjourn a meeting of Noteholders or a Class of Noteholders from time to time and from place to place.

If within thirty minutes after the time fixed for any such meeting a quorum is not present, then:

- (a) in the case of a meeting requested by Noteholders, it shall be dissolved; or
- (b) in the case of any other meeting, it shall be adjourned for such period (which shall be not less than 14 (fourteen) days and not more than 21 (twenty-one) days) and to such time and place as the Chairperson determines and approved by the Transfer Agent; provided, however, that:
 - (i) the meeting shall be dissolved if the Issuer so decides; and
 - (ii) no meeting may be adjourned more than once for want of a quorum subject to as provided in Condition 18.7(c) below.

No business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which adjournment took place.

18.7 **Notice following adjournment**

Condition 18.2 above shall apply to any meeting which is to be resumed after adjournment for want of a quorum save that:

- (a) 7 (seven) days' notice (exclusive of the day on which the notice is given and of the day on which the relevant meeting is to be held) shall be sufficient; and
- (b) the notice shall state that (except in the circumstances where sub-paragraph (c) below applies) one or more Noteholders present in Person, by Representative or by proxy whatever the Nominal Amount of the Notes held or represented by them, will form a quorum;
- (c) in relation to any adjourned meeting the business of which includes any Reserved Matter, the quorum shall be one or more Noteholders present in Person, by Representative or by proxy holding or representing not less than one third in aggregate Nominal Amount of the Notes for the time being Outstanding.

It shall not be necessary to give notice of the resumption of a meeting which has been adjourned for any other reason.

18.8 **Participation**

The following may attend and speak at a meeting:

- (a) Noteholders present, by Representative or by proxy provided that no such Person shall be entitled to attend and speak (or vote) unless he provides proof acceptable to the Issuer that he is a Noteholder, its Representative or proxy if so required by the Issuer to do so;
- (b) any officer or duly appointed representative of the Issuer and every other Person authorised in writing by the Issuer provided that such Person shall not be entitled to vote, other than as a proxy or Representative;
- (c) the legal counsel to the Issuer;
- (d) the Transfer Agent;
- (e) any other Person approved by the Noteholders at such meeting; and
- (f) every director or duly appointed representative of the Issuer and every other Person authorised in writing by the Issuer may attend and speak at a meeting of Noteholders, but shall not be entitled to vote, other than as a proxy or Representative.

18.9 **Show of hands**

Except where otherwise provided, every resolution proposed to be passed at a meeting shall be decided in the first instance by a show of hands. Unless a poll is validly demanded before or at the time that the result is declared, the Chairperson's declaration that on a show of hands a resolution has been passed, passed by a particular majority, rejected or rejected by a particular majority shall be conclusive, without proof of the number of votes cast for, or against, the resolution.

18.10 **Poll**

A demand for a poll shall be valid if it is made by the Chairperson, the Issuer or one or more Noteholders present, by Representative or by proxy (whatever the Nominal Amount of Notes held or represented by them). The poll may be taken immediately or after such adjournment as the Chairperson directs, but any poll demanded on the election of the Chairperson or on any question of adjournment shall be taken at the meeting without adjournment. A valid demand for a poll shall not prevent the continuation of the relevant meeting for any other business as the Chairperson directs.

18.11 **Votes**

Every Noteholder present in Person, by Representative or by proxy and who provided proof acceptable to the Issuer of his entitlement to vote, if so required by the Issuer, shall have one vote per Specified Denomination (or the nearest rounded off multiple thereof) of the relevant Class of Notes Outstanding held or represented by him. For the avoidance of doubt, the holders of Coupons or Receipts shall be entitled to receive notice of and to attend and speak at any meeting in respect of which they fall within the Series of Noteholders but no such Person shall have rights to vote at such meetings.

Notwithstanding any other provision contained in this Condition 18, the holders of Beneficial Interests in Registered Notes must vote in accordance with the CSD Procedures. Holders of Beneficial Interests

in Registered Notes must exercise their respective rights to vote through their respective Participants. The respective Participants will vote in accordance with the respective instructions conveyed to them by the respective holders of the Beneficial Interest in Registered Notes, in accordance with the CSD Procedures.

In the case of a voting tie, the Chairperson shall have a casting vote.

Unless the form of proxy states otherwise, a Representative or proxy shall not be obliged to exercise all the votes which he is entitled or cast all the votes which he exercises in the same way.

A majority shall be required to ordinarily pass a resolution of Noteholders.

Notwithstanding anything to the contrary contained herein, any Noteholder that is the Issuer or any of its Subsidiaries shall not be entitled to vote.

18.12 **Validity of votes by proxies**

Any vote by a proxy in accordance with the form of proxy shall be valid even if such form of proxy or any instruction pursuant to which it was given has been amended or revoked, provided that the Transfer Agent or the Issuer at its Specified Office has not been notified in writing of such amendment or revocation by the time which is 24 hours before the time fixed for the relevant meeting. Unless revoked, any appointment of a proxy under a form of proxy in relation to a meeting shall remain in force in relation to any resumption of such meeting following an adjournment.

18.13 **Powers**

A meeting of Noteholders will have power (exercisable by Extraordinary Resolution at a meeting of Noteholders or by Extraordinary Written Resolution), without prejudice to any other powers conferred on it or any other Person:

- (a) power to sanction any compromise or arrangement proposed to be made between the Issuer and the Class of Noteholders or any of them;
- (b) power to approve the substitution of any entity for the Issuer which shall be proposed by the Issuer;
- (c) power to sanction any abrogation, modification, compromise or arrangement in respect of the rights of the Class of Noteholders against the Issuer or against any of its property whether such rights shall arise under the Notes or otherwise;
- (d) power to assent to any modification of the provisions contained in these Terms and Conditions which shall be proposed by the Issuer;
- (e) power to give any authority or sanction which under these Terms and Conditions is required to be given by Extraordinary Resolution or an Extraordinary Written Resolution;
- (f) power to appoint any persons (whether Noteholders or not) as a committee or committees to represent the interests of the Noteholders of that Class and to confer upon such committee or committees any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution or an Extraordinary Written Resolution;
- (g) power to sanction any scheme or proposal for the exchange or sale of the Notes for, or the conversion of the Notes into or the cancellation of the Notes in consideration of, shares, stocks, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any entity (corporate or otherwise) formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration for cash.

18.14 **Binding effect of resolutions**

Any resolution passed at a meeting of a Class of Noteholders duly convened shall be binding upon all Noteholders of that Class whether or not present at such meeting and whether or not voting, and each Noteholder of that Class shall be bound to give effect to it accordingly.

An Extraordinary Resolution or an Extraordinary Written Resolution shall be binding upon all Noteholders whether or not present at such meeting and whether or not voting, and each of the Noteholders shall be bound to give effect to it accordingly.

18.15 **Notice of the result of voting on any resolution**

Notice of the result of the voting on any resolution (including any Extraordinary Resolution or an Extraordinary Written Resolution) duly considered by the Noteholders shall be given to the Noteholders within 14 (fourteen) days of the conclusion of the meeting in accordance with Condition 17 (*Notices*). Non-publication shall not invalidate any such resolution.

18.16 **Minutes**

Minutes shall be made of all resolutions and proceedings of meetings by the company secretary of the Issuer and duly entered in books to be provided by the Issuer for that purpose. The Chairperson shall sign the minutes, which shall be *prima facie* evidence of the proceedings recorded therein. Unless and until the contrary is proved, every such meeting in respect of which minutes have been summarised and signed shall be deemed to have been duly convened and held and all resolutions passed thereat, or proceedings held, to have been duly passed and held.

19. **MODIFICATION**

19.1 The Issuer may effect, without the consent of the relevant Class of Noteholders, any amendment or modification of these Terms and Conditions which is of a technical nature made to correct a manifest error or to comply with mandatory provisions of any applicable laws.

19.2 Save as provided in Condition 19.1 and subject to Condition 9.6 (*Substitution or Variation*) and Condition 8.7 (*Conditions to Redemption, Purchase, Modification, Substitution or Variation of Tier 2 Notes*), no amendment, variation or modification of these Terms and Conditions may be effected or be of any force or effect unless:

- (a) in writing and signed by or on behalf of the Issuer and by or on behalf of the members of the relevant Class of Noteholders holding not less than 66.67 per cent. in Nominal Amount, of the Notes in that Class for the time being Outstanding; or
- (b) sanctioned by an Extraordinary Resolution or Extraordinary Written Resolution of the relevant Class of Noteholders,

provided that no such amendment, variation or modification shall be of any force or effect unless notice of the intention to make such amendment, variation or modification shall have been given to all the members of the relevant Class of Noteholders in terms of Condition 17 (*Notices*).

19.3 Save for modification pursuant to Condition 8.7 (*Conditions to Redemption, Purchase, Modification, Substitution or Variation of Tier 2 Notes*), the Issuer shall be obliged to first obtain approval from the JSE prior to seeking approval of Noteholders as contemplated in Condition 19.2. In order to obtain such approval from the JSE, the amended placing document, whether in the form of a supplement to this Programme Memorandum or otherwise, must be submitted to the JSE and once approved, such amended placing document must also be published on SENS according to the requirements of the JSE from time to time.

19.4 No amendment or modification to these Terms and Conditions (or applicable Terms and Conditions) may be effected unless such amendment or modification complies with the applicable provisions of the Debt Listings Requirements of the JSE or such other Financial Exchange, as the case may be.

19.5 Any modification of these Terms and Conditions applicable to the Tier 2 Notes in accordance with this Condition 19 is subject to the Issuer obtaining the consent of the Relevant Regulator (if and to the extent that such consent is required by the Capital Rules) pursuant to Condition 8.7 (*Conditions to Redemption, Purchase, Modification, Substitution or Variation of Tier 2 Notes*).

19.6 Any such modification of these Terms and Conditions made pursuant to this Condition 19 shall be binding on the relevant Class of Noteholders and any such modification shall be notified to the relevant Class of Noteholders in accordance with Condition 17 (*Notices*) and to the relevant Financial Exchange as soon as practicable thereafter.

19.7 For the avoidance of doubt:

- (a) the exercise by the Issuer of its rights under Condition 16 (*Transfer Agent, Calculation Agent and Paying Agent*) shall not constitute an amendment, variation or modification of these Terms and Conditions; and
- (b) it is recorded that, the Applicable Pricing Supplement, in relation to any Tranche of Notes, may specify other terms and conditions which shall, to the extent so specified or to the extent

inconsistent with these Terms and Conditions, replace or modify such Terms and Conditions for the purposes of such Tranche of Notes. The issuing of any such Applicable Pricing Supplement shall not constitute an amendment, variation or modification of these Terms and Conditions as contemplated by this Condition 19 requiring the approval of the Noteholders or the JSE.

20. **FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further Notes (including Additional Tier 1 Notes) (the "**Additional Notes**") having terms and conditions which are identical to any of the other Notes (including Additional Tier 1 Notes) already issued under the Programme (the "**Existing Notes**") or the same in all respects save for their respective Issue Prices, Issue Dates and aggregate Nominal Amounts, so that the Additional Notes shall (i) be consolidated to form a single Series with the Existing Notes and (ii) rank *pari passu* in all respects with the Existing Notes.


21. **GOVERNING LAW**

Unless otherwise specified in the Applicable Pricing Supplement, the provisions of the Programme Memorandum, the applicable Terms and Conditions and the Notes are governed by, and shall be construed in accordance with, the laws of South Africa.

SIGNED at Rosebank on this 13th day of November 2018.

For and on behalf of
STANDARD BANK GROUP LIMITED


Name: Douglas Hardy
Capacity: Authorised Signatory
Who warrants his/her authority hereto


Name: Faye Drew
Capacity: Authorised Signatory
Who warrants his/her authority hereto

PRO FORMA APPLICABLE PRICING SUPPLEMENT (ADDITIONAL TIER 1 TERMS AND CONDITIONS)

Set out below is the form of Applicable Pricing Supplement that will be completed for each Tranche of Additional Tier 1 Notes issued under the Programme:

Applicable Pricing Supplement dated [●]



Standard Bank Group Limited

(Incorporated with limited liability under Registration Number 1969/017128/06 in The Republic of South Africa)

**Issue of [Aggregate Nominal Amount of Tranche] Additional Tier 1 Notes
Under its ZAR50 000 000 000 Domestic Medium Term Note Programme**

This document constitutes the Applicable Pricing Supplement relating to the issue of Additional Tier 1 Notes described herein. The terms and conditions set forth in the section of the Programme Memorandum date 13 November 2018 (the "**Programme Memorandum**"), as updated and amended from time to time, headed "*Additional Tier 1 Terms and Conditions*" (the "**Additional Tier 1 Terms and Conditions**") apply to the issue of Additional Tier 1 Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Additional Tier 1 Terms and Conditions. This Applicable Pricing Supplement must be read in conjunction with the Programme Memorandum. To the extent that there is any conflict or inconsistency between the contents of this Applicable Pricing Supplement and the Programme Memorandum, the provisions of this Applicable Pricing Supplement shall prevail.

DESCRIPTION OF THE NOTES

| | | |
|----|--|---|
| 1. | Issuer | Standard Bank Group Limited |
| 2. | Status of the Notes | Additional Tier 1 Notes Unsecured In accordance with the Capital Rules, Additional Tier 1 Notes issued under and pursuant to this Applicable Pricing Supplement will be subject to [Conversion]/[Write-off] upon the occurrence of a Non-Viability Event. |
| 3. | (a) Series Number | [●] |
| | (b) Tranche Number | [●] <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)</i> |
| 4. | Aggregate Nominal Amount | [●] |
| | (a) Series | [●] |
| | (b) Tranche | [●] |
| 5. | Type of Notes | [Fixed Rate Notes]/[Floating Rate Notes]/[Mixed Rate Notes] |
| 6. | Interest Payment Basis | [Fixed Rate]/[Floating Rate]/[Mixed Rate] |
| 7. | Form of Notes | [Listed]/[Unlisted] Registered Notes |
| 8. | Automatic/Optional Conversion from one Interest Payment Basis to another | <i>[insert details including date for conversion]</i> |

- | | | |
|-----|---|--|
| 9. | Issue Date | [●] |
| 10. | Business Centre | [●] |
| 11. | Additional Business Centre | [●]/[Not Applicable] |
| 12. | Nominal Amount per Additional Tier 1 Note | [●] |
| 13. | Specified Denomination | [●] |
| 14. | Calculation Amount | [●] |
| 15. | Issue Price | 100% |
| 16. | Interest Commencement Date | [●] |
| 17. | Specified Currency | [●] |
| 18. | Applicable Business Day Convention | [Floating Rate Business Day]/[Following Business Day]/[Modified Following Business Day]/[Preceding Business Day]/[other convention – <i>insert details</i>] |
| 19. | Calculation Agent | [●] |
| 20. | Paying Agent | [●] |
| 21. | Transfer Agent | [●] |
| 22. | Settlement Agent | [●] |
| 23. | Specified office of the Calculation Agent, Paying Agent, Transfer Agent and Settlement Agent | [●] |
| 24. | Redemption Amount (if different from that set out in the definition of " <i>Redemption Amount</i> " in Condition 1 (<i>Interpretation</i>)) | [●] |

FIXED RATE NOTES

[Applicable]/[Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- | | | | |
|-----|-----|---|--|
| 25. | (a) | Fixed Interest Rate(s) | [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (<i>specify</i>)] in arrear] |
| | (b) | Interest Payment Date(s) | [●] in each year [adjusted in accordance with [<i>specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"</i>]/[not adjusted] |
| | (c) | Fixed Coupon Amount[(s)] | [●] per Calculation Amount |
| | (d) | Initial Broken Amount | [●] |
| | (e) | Any other terms relating to the particular method of calculating interest | [Not Applicable]/[<i>give details</i>] |

FLOATING RATE NOTES

[Applicable]/[Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- | | | | |
|-----|-----|---|---|
| 26. | (a) | Interest Payment Date(s) | [●], with the first Interest Payment Date being [●] |
| | (b) | Interest Period(s) | [●] |
| | (c) | Definitions of Business Day (if different from that set out in Condition 1 (<i>Interpretation</i>)) | [●] |
| | (d) | Interest Rate(s) | [●] per cent. |

- (e) Minimum Interest Rate [●] per cent.
- (f) Maximum Interest Rate [●] per cent.
- (g) Other terms relating to the method of calculating interest (e.g. Day Count Fraction, rounding up provision, if different from Condition 6.2 (*Interest on Floating Rate Notes*)) [●]
27. Manner in which the Interest Rate is to be determined [ISDA Determination/Screen Rate Determination/other (*give details*)]
28. Margin [(+/-) [●] per cent. to be added to/subtracted from the relevant (ISDA Rate/Reference Rate)]
29. If ISDA Determination:
- (a) Floating Rate [●]
- (b) Floating Rate Option [●]
- (c) Designated Maturity [●]
- (d) Reset Date(s) [●]
30. If Screen Rate Determination:
- (a) Reference Rate (including relevant period by reference to which the Interest Rate is to be calculated) [e.g. ZAR-JIBAR-SAFEX/Prime Rate]
- (b) Interest Determination Date(s) [●]
- (c) Relevant Screen Page [●]
- (d) Relevant Time [●]
- (e) Reference Banks [●]
31. If Interest Rate to be calculated otherwise than by reference to 28 or 29 above
- (a) Margin [●]
- (b) Minimum Interest Rate [●]
- (c) Maximum Interest Rate [●]
- (d) Business Day Convention [●]
- (e) Day Count Fraction [●]
- (f) Default Rate [●]
- (g) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest for Floating Rate Notes [●]
32. If different from Calculation Agent, agent responsible for calculating amount of principal and interest [[Name] shall be the Calculation Agent (*no need to specify if the Calculation Agent is to perform this function*)]

MIXED RATE NOTES

[Applicable]/[Not Applicable]

(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

33. Period(s) during which the interest rate for the Mixed Rate Notes will be (as applicable) for:

- (a) Fixed Rate Notes [●]
- (b) Floating Rate Notes [●]

PROVISIONS REGARDING EARLY REDEMPTION

34. Redemption at the Option of the Issuer (Call Option): [Applicable]/[Not Applicable]

If applicable:

- (a) Optional Redemption Date(s) (Call) [●]
- (b) Redemption Amount and method, if any, of calculation of such amount(s) (if different from that set out in the definition of "*Redemption Amount*" in Condition 1 (*Interpretation*)) [●]
- (c) Minimum period of notice (if different from Condition 8.3 (*Redemption at the option of the Issuer (Call Option)*)) [●]
- (d) If redeemable in part: [●]
 Minimum Redemption Amount(s) [●]
 Higher Redemption Amount(s) [●]
- (e) Other terms applicable on Redemption [●]

35. Redemption Amount(s) payable on redemption pursuant to the provisions of Condition 9.3 (*Redemption for Tax reasons or Change in Law*) or Condition 9.5 (*Redemption following the occurrence of a Capital Disqualification Event*) and/or the method of calculating same (if different from that set out in the definition of "*Redemption Amount*" in Condition 1 (*Interpretation*)) [●]

36. Optional Redemption upon a Change in Law [Applicable]/[Not Applicable]

37. Substitution and Variation [Applicable]/[Not Applicable]

38. Substitution and Variation upon a Change in Law [Applicable]/[Not Applicable]

NON-VIABILITY LOSS ABSORPTION

39. Conversion upon the occurrence of a Non-Viability Event [Applicable]/[Not Applicable]

If applicable:

- (a) Conversion Price [●]/[Determined in the manner set out in Annexure [●] to this Applicable Pricing Supplement]
- (b) Conversion Record Date if different from the Additional Tier 1 Terms and Conditions [●]
- (c) Conversion Date if different from the Additional Tier 1 Terms and Conditions [●]/[Not Applicable]
- (d) Time period for the delivery of the [●]

Conversion Notice if different from
Condition 8.2(f)

40. Write-off upon the occurrence of a Non-Viability Event [Applicable]/[Not Applicable]
41. Option to dis-apply Non-Viability Loss Absorption Condition pursuant to Condition 8.4 (*Disapplication of Non-Viability Loss Absorption Condition*) [Applicable]/[Not Applicable]

GENERAL

42. Other terms or special conditions [Not Applicable]/[give details]
43. [Date of [Board] approval for issuance of Additional Tier 1 Notes obtained] [●]
(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)
44. Additional selling restrictions [●]
45. (a) International Securities Identification Number (ISIN) [●]
(b) Stock Code [●]
46. (a) Financial Exchange [●]
(b) Relevant sub-market of the Financial Exchange [●]
47. If syndicated, names of managers [●]
48. Credit Rating assigned to the [Issuer]/[Programme]/[Notes] [●]
49. Date of issue of Credit Rating and date of next review [●]
50. Applicable Rating Agency [●]
51. Governing law (if the laws of South Africa are not applicable) [●]
52. Other Banking Jurisdiction [●]
53. Last Day to Register, which shall mean that the "books closed period" (during which the Register will be closed) will be from each Last Day to Register to the applicable Payment Day until the date of redemption [●]
54. Books Closed Period [The Register will be closed from [●] to [●] and from [●] to [●] (all dates inclusive) in each year until the Maturity Date.]/[●]
55. Stabilisation Manager (if any) [●]
56. Method of distribution [●]
57. Authorised amount of the Programme [●]
58. Total Notes in issue (excluding Additional Tier 1 Notes described in this Applicable Pricing Supplement) [●]
59. Right of cancellation The Additional Tier 1 Notes will be delivered to investors on the Issue Date through the settlement system of the Central Depository, provided that:

- (i) no event occurs prior to the settlement process being finalised on the Issue Date which the Dealers (in their sole discretion) consider to be a *force majeure* event; or
- (ii) no event occurs which the Dealers (in their sole discretion) consider may prejudice the issue, the Issuer, the Additional Tier 1 Notes or the Dealers,

(each a "**Withdrawal Event**").

If the Dealers decide to terminate this transaction due to the occurrence of a Withdrawal Event, this transaction shall terminate and no party hereto shall have any claim against any other party as a result of such termination. In such event, the Additional Tier 1 Notes, if listed, will immediately be de-listed.

60. Material Change

As at the date of this Applicable Pricing Supplement, there has been no material change in the financial or trading position of the Issuer and its subsidiaries since the date of the Issuer's latest audited financial statements or unaudited interim reports, dated [●]. As at the date of this Applicable Pricing Supplement, there has been no involvement by [●], the auditors of the Issuer, in making the aforementioned statement.

61. Responsibility statement

The Issuer certifies that, to the best of its knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made, as well as that the Programme Memorandum read together with this Applicable Pricing Supplement contains all information required by Applicable Laws and the JSE Debt Listings Requirements. The Issuer accepts full responsibility for the accuracy of the information contained in the Programme Memorandum as read together with the annual financial statements and this Applicable Pricing Supplement and the annual reports and supplements to the aforementioned documents, except as otherwise stated therein or herein.

The JSE takes no responsibility for the contents of the information contained in the Programme Memorandum as read together with this Applicable Pricing Supplement and any amendments or any supplements to the aforementioned documents. The JSE makes no representation as to the accuracy or completeness of any of the Applicable Pricing Supplement and any amendments or any supplements to the aforementioned documents and expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of the aforementioned documents. The JSE's approval of the registration of the Programme Memorandum and listing of the debt securities is not to be taken in any way as an indication of the merits or the Issuer or any of the debt securities and that, to the extent permitted by law, the JSE will not be liable for any claim whatsoever and the Issuer further confirms that the authorised amount of the Programme of ZAR50 000 000 000 has not been exceeded.

62. Other provisions [●]

Application [is hereby]/[will not be] made to list this issue of Additional Tier 1 Notes [on ●●●●●]. The Programme was registered with the JSE on 13 November 2018.

SIGNED at _____ on this _____ day of _____ 20_____.

For and on behalf of
STANDARD BANK GROUP LIMITED
Issuer

Name:
Capacity: Authorised Signatory
Who warrants his/her authority hereto

Name:
Capacity: Authorised Signatory
Who warrants his/her authority hereto

ADDITIONAL TIER 1 TERMS AND CONDITIONS

The following are the Terms and Conditions of the Additional Tier 1 Notes to be issued by the Issuer pursuant to this Programme Memorandum. Additional Tier 1 Notes will be issued in individual Tranches which, together with other Tranches, may form a Series of Additional Tier 1 Notes. Before the Issuer issues any Tranche of Additional Tier 1 Notes, the Issuer shall complete and sign the Applicable Pricing Supplement, based on the pro forma Applicable Pricing Supplement (included in the section of the Programme Memorandum headed "Pro Forma Applicable Pricing Supplement (Additional Tier 1 Terms and Conditions)", setting out details of such Additional Tier 1 Notes. The Applicable Pricing Supplement in relation to any Tranche of Additional Tier 1 Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Tranche of Additional Tier 1 Notes.

Any reference in this Programme Memorandum to any statute, regulation or other legislation shall be a reference to that statute, regulation or other legislation at the Programme Date, as amended or substituted from time to time.

1. INTERPRETATION

1.1 Definitions

In these Terms and Conditions, unless inconsistent with the context or separately defined in the Applicable Pricing Supplement, the following expressions shall have the following meanings:

| | |
|---|---|
| Additional Amount | shall have the meaning defined in Condition 10 (<i>Taxation</i>); |
| Additional Business Centre(s) | the city or cities specified as such in the Applicable Pricing Supplement; |
| Additional Conditions | in relation to any issue of Additional Tier 1 Notes, the proceeds of which are intended by the Issuer to qualify as Additional Tier 1 Capital, such conditions, in addition to the conditions specified in the applicable Capital Rules, as may be prescribed by the Relevant Regulator for the proceeds of the issue of such Notes to qualify as Additional Tier 1 Capital, pursuant to the approval granted by the Relevant Regulator for the issue of such Additional Tier 1 Notes, as specified in the Applicable Pricing Supplement; |
| Additional Tier 1 Capital | " <i>additional tier 1 capital</i> " as defined in section 1(1) of the Banks Act; |
| Additional Tier 1 Capital Rules | Regulation 38(11)(b) of the Regulations Relating to Banks and such other provisions of the Capital Rules with which Additional Tier 1 Notes must comply in order for the proceeds of the issue of such Notes to qualify as Additional Tier 1 Capital; |
| Additional Tier 1 Capital Securities | any obligations or securities of the Issuer which upon issue qualified (or were intended to qualify) as Additional Tier 1 Capital; |
| Additional Tier 1 Notes | the notes issued or to be issued by the Issuer under the Programme and represented by an Individual Certificate (if any) or Uncertificated Notes and specified as such in the Applicable Pricing Supplement and complying with the Additional Tier 1 Capital Rules; |
| Agency Agreement | the Amended and Restated Agency Agreement dated 13 November 2018 and made between the Issuer, the Transfer Agent, the Calculation Agent and the Paying Agent, as may be further supplemented and/or amended and/or restated from time to time; |
| Applicable Laws | in relation to a Party, means all and any: <ul style="list-style-type: none">(a) statutes and subordinate legislation and common law;(b) regulations;(c) ordinances and by-laws; |

| | | |
|------------------------------|----------------|---|
| | | (d) directives, codes of practice, circulars, guidance notices, judgments and decisions of any competent authority, or any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation; and |
| | | (e) other similar provisions, |
| | | from time to time, compliance with which is mandatory for that Party; |
| Applicable Supplement | Pricing | the Pricing Supplement relating to each Tranche of Additional Tier 1 Notes; |
| Applicable Procedures | | CSD Procedures, the rules, listings requirements and operating procedures from time to time of the, Settlement Agents, JSE and/or any Financial Exchange, as the case may be; |
| Approved Winding-up | | a solvent winding-up of the Issuer solely for the purposes of a merger, reconstruction, reorganisation or amalgamation, the terms of which merger, reconstruction, reorganisation or amalgamation: <ul style="list-style-type: none"> (a) have previously been approved in writing by an Extraordinary Resolution of the Noteholders; and (b) do not provide that the Additional Tier 1 Notes shall thereby become repayable; |
| Assets | | the consolidated gross assets of the Issuer, as shown in the latest published audited or reviewed balance sheet of the Issuer, but adjusted for subsequent events or contingencies in such manner as the directors of the Issuer or its auditors may determine or, if the Issuer is in liquidation or administration, its liquidator or administrator (as the case may be) may determine; |
| Banks Act | | the Banks Act, 1990; |
| Basel III | | (a) the agreements on capital requirements, a leverage ratio and liquidity standards contained in "Basel III: A global regulatory framework for more resilient banks and banking systems", "Basel III: International framework for liquidity risk measurement, standards and monitoring" and "Guidance for national authorities operating the countercyclical capital buffer" published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated; |
| | | (b) the rules for global systemically important banks contained in "Global systemically important banks: assessment methodology and the additional loss absorbency requirement – Rules text" published by the Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and |
| | | (c) any further guidance or standards published by the Basel Committee on Banking Supervision relating to "Basel III"; |
| Beneficial Interest | | in relation to a Tranche of Additional Tier 1 Notes which is held in the Central Depository, the beneficial interest as a co-owner of an undivided share of all of the Additional Tier 1 Notes in that Tranche, as contemplated in section 37(1) of the Financial Markets Act, the nominal value of which beneficial interest, in relation to any number of Notes in that Tranche, is determined by reference to the portion that the aggregate Nominal Amount of such number of Notes Outstanding bears to the aggregate Nominal Amount of all |

of the Notes in that Tranche Outstanding, as provided in section 37(3) of the Financial Markets Act;

| | |
|---------------------------------------|--|
| Books Closed Period | in relation to a Tranche of Additional Tier 1 Notes, the period, as specified in the Applicable Pricing Supplement, commencing after the Last Day to Register, during which transfer of the Additional Tier 1 Notes will not be recorded in the Register, or such other shorter period as the Issuer may decide to determine those Noteholders entitled to receive interest or redemption monies; |
| Business Day | a day (other than a Saturday or Sunday or public holiday within the meaning of the Public Holidays Act, 1994) which is a day on which commercial banks settle ZAR payments in Johannesburg or any Additional Business Centre specified in the Applicable Pricing Supplement save that if the Specified Currency is not ZAR, "Business Day" shall mean a day (other than a Saturday or Sunday) which is a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the Specified Currency and in each (if any) Additional Business Centre, save further that if the Applicable Pricing Supplement so provides, " Business Day " shall include a Saturday; |
| Calculation Agent | The Standard Bank of South Africa Limited (Registration Number 1962/000738/06), unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Additional Tier 1 Notes, another entity as Calculation Agent in accordance with the Agency Agreement, in which event that other entity shall act as a calculation agent in respect of that Tranche or Series of Additional Tier 1 Notes; |
| Calculation Amount | has the meaning ascribed thereto in the Applicable Pricing Supplement; |
| Call Option | if specified as applicable in the Applicable Pricing Supplement, the option of the Issuer to early redeem the Additional Tier 1 Notes in that Tranche of Additional Tier 1 Notes in whole or, if so specified in the Applicable Pricing Supplement, in part at the Optional Redemption Amount(s) on the Optional Redemption Date(s) in accordance with Condition 9.4 (<i>Redemption at the option of the Issuer (Call Option)</i>); |
| Capital Disqualification Event | is an event which will be deemed to have occurred with respect to the Additional Tier 1 Notes of any Series if, as a result of a Regulatory Change, the Additional Tier 1 Notes of that Series are fully, or to the extent permitted by the Capital Rules, partially, excluded from Additional Tier 1 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); |
| Capital Rules | at any time, any capital adequacy rules, legislation, regulations, requirements, guidance notes 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 (and where relevant, the rules applicable specifically to the Issuer) as applied by the Relevant Regulator; |
| Central Depository | Strate Proprietary Limited (Registration Number 1998/022242/07), a private company registered as a central securities depository in terms of the Financial Markets Act (or any successor legislation thereto), or any additional or alternate depository approved by the |

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| | Issuer; |
| Change in Law | on, or after the Issue Date of the first Tranche of Additional Tier 1 Notes in any Series of Additional Tier 1 Notes, (a) due to the adoption of or any change in any Applicable Laws or regulation (including, without limitation, any tax law), or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any Applicable Laws or regulation (including any action taken by a taxing authority), the Issuer determines in good faith that it will incur a materially increased cost in performing its obligations under such Additional Tier 1 Notes (including, without limitation, due to any tax liability, decrease in tax benefit or other adverse effect on its tax position); |
| Class or Class of Noteholders | the holders of a Series of Additional Tier 1 Notes or, where appropriate, the holders of different Series of Additional Tier 1 Notes; |
| Common Equity Tier 1 | at any time, the sum, expressed in Rands, of all amounts that constitute Common Equity Tier 1 Capital of the Issuer as at such time, less any deductions from Common Equity Tier 1 Capital required to be made as at such time, in each case as calculated by the Issuer on a consolidated basis in accordance with the then prevailing Capital Rules but without taking into account any transitional, phasing in or similar provisions; |
| Common Equity Tier 1 Capital | " <i>common equity tier 1 capital</i> " as defined in section 1(1) of the Banks Act; |
| Common Equity Tier 1 Capital Ratio | with respect to the Issuer, at any time, the ratio of Common Equity Tier 1 of the Issuer as at such time to the Risk Weighted Assets of the Issuer at the same time, expressed as a percentage; |
| Common Equity Tier 1 Capital Securities | securities of the Issuer which qualify (or were intended to qualify at issue) as Common Equity Tier 1 Capital (including, without limitation, the Issuer Ordinary Shares); |
| Companies Act | the Companies Act, 2008; |
| Conversion | the conversion of Additional Tier 1 Notes into Issuer Ordinary Shares upon the occurrence of a Non-Viability Event and after the delivery of an Issuer Non-Viability Event Notice in accordance with Condition 8.2 (<i>Conversion of Additional Tier 1 Notes upon a Non-Viability Event</i>), and its cognates shall bear the same meaning; |
| Conversion Amount | shall have the meaning defined in Condition 8.2(b); |
| Conversion Date | shall have the meaning defined in Condition 8.2(c); |
| Conversion Last Day to Trade | the date which is 5 (five) Business Days prior to a Conversion Record Date; |
| Conversion Price | in relation to a Tranche of Additional Tier 1 Notes, the conversion price set out, or determined in the manner set out, in the Applicable Pricing Supplement; |
| Conversion Record Date | the date which is 5 (five) Business Days prior to a Conversion Date or such other date specified in the Applicable Pricing Supplement; |
| Conversion Shares | shall have the meaning defined in Condition 8.2(g)(i); |
| Converted Additional Tier 1 Notes | the Series of Additional Tier 1 Notes which the Relevant Regulator requires to be Converted upon the occurrence of a Non-Viability Event or, as the case may be, the Relevant Part(s) thereof identified by the Relevant Regulator; |

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| CSD Procedures | the rules and operating procedures, for the time being, of the Central Depository and Participants; |
| Current Principal Amount | <ul style="list-style-type: none"> (a) with respect to the Additional Tier 1 Notes or an Additional Tier 1 Note (as the context requires), the principal amount thereof, calculated on the basis of the Original Principal Amount, as such amount may be reduced, on one or more occasions, pursuant to a Conversion or Write-off (as applicable) following the occurrence of a Non-Viability Event; or (b) with respect to any other Loss Absorbing Instrument, the principal amount thereof (or amount analogous to a principal amount), calculated on an analogous basis to the calculation of the Current Principal Amount of the Additional Tier 1 Notes; |
| Day Count Fraction | <p>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 Terms and Conditions or the Applicable Pricing Supplement:</p> <ul style="list-style-type: none"> (a) if "Actual/Actual (ICMA)" is so specified, means: <ul style="list-style-type: none"> (i) 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 (ii) where the Calculation Period is longer than one Regular Period, the sum of: <ul style="list-style-type: none"> (1) 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 (2) 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 in any year; (b) 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); (c) if "Actual/365 (Fixed)" is so specified, means the actual number of days in the Calculation Period divided by 365; (d) "Actual/360" is so specified, means the number of days in the Calculation Period divided by 360; |

- (e) if **30/360** is so specified, means the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that included the last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (f) if **30E/360** or **Eurobond Basis** is so specified, means the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the date of final maturity is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month);

Dealers

The Standard Bank of South Africa Limited (acting through its Corporate and Investment Banking Division) (Registration Number 1962/000738/06) and any other additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis, subject to the Issuer's right to terminate the appointment of any Dealer;

Distributable Items

with respect to an Interest Payment Date and subject as otherwise defined in the Capital Rules:

- (a) the amount of the profits of the Issuer at the end of its financial year immediately preceding that Interest Payment Date plus any profits brought forward and reserves available for that purpose before discretionary distributions to holders of own funds instruments; less
- (b) any losses brought forward, profits which are non-distributable pursuant to provisions in legislation or the Issuer's memorandum of incorporation and sums placed to non-distributable reserves in accordance with applicable law in South Africa or the Issuer's memorandum of incorporation,

those losses and reserves being determined on the basis of the consolidated accounts of the Issuer;

Exchange Regulations

Control

the Exchange Control Regulations, 1961 promulgated pursuant to the Currency and Exchanges Act, 1933;

Extraordinary Resolution

a resolution passed at a meeting (duly convened) of the Noteholders by a majority consisting of not less than 66.67 per cent. of the persons voting thereat upon a show of hands or if a poll be duly demanded, then by a majority consisting of not less than 66.67 per cent. of the votes given on such poll;

Extraordinary Resolution

Written

a resolution passed other than at a meeting of the Noteholders or members of the relevant Class of Noteholders, with the written consent of the Noteholders holding not less than 66.7% in Nominal Amount, of the Notes or of the Notes in that relevant Class, as the case may be, for the time being Outstanding. A resolution of

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| | Noteholders or members of the relevant Class of Noteholders shall state the date that the Issuer selected to determine which Noteholders recorded in the Register will receive notice of the written resolution; |
| Financial Exchange | the JSE and/or such other or further financial exchange(s) as may be selected by the Issuer and the relevant Dealer, subject to Applicable Laws; |
| Financial Markets Act | the Financial Markets Act, 2012; |
| First Call Date | in relation to a Tranche of Additional Tier 1 Notes, the date which is 5 (five) years and 1 (one) day after the Issue Date; |
| Fixed Coupon Amount | has the meaning ascribed thereto in the Applicable Pricing Supplement; |
| Fixed Interest Rate | the rate or rates of interest applicable to Fixed Rate Notes, as specified in the Applicable Pricing Supplement; |
| Fixed Rate Notes | Additional Tier 1 Notes which will bear interest at the Fixed Interest Rate, as specified in the Applicable Pricing Supplement and more fully described in Condition 6.1 (<i>Interest on Fixed Rate Notes</i>); |
| Floating Rate Notes | Additional Tier 1 Notes which will bear interest as specified in the Applicable Pricing Supplement and more fully described in Condition 6.2 (<i>Interest on Floating Rate Notes</i>); |
| General Terms and Conditions | the terms and conditions applicable to Notes (other than Additional Tier 1 Notes) issued under the Programme as set out in the section of this Programme Memorandum headed " <i>General Terms and Conditions</i> "; |
| Income Tax Act | the Income Tax Act, 1962; |
| Individual Certificate | an Additional Tier 1 Note in the definitive registered form of a single certificate and, in respect of Registered Notes, being a certificate exchanged for a Beneficial Interest in accordance with Condition 14 (<i>Exchange of Beneficial Interests and Replacement of Individual Certificates</i>) and any further certificate issued in consequence of a transfer thereof; |
| Initial Broken Amount | has the meaning ascribed thereto in the Applicable Pricing Supplement; |
| Interest Amount | in relation to a Tranche of Additional Tier 1 Notes and an Interest Period, the amount of interest payable in respect of that Tranche of Additional Tier 1 Notes for that Interest Period; |
| Interest Commencement Date | the first date from which interest on the Additional Tier 1 Notes will accrue, as specified in the Applicable Pricing Supplement; |
| Interest Determination Date | has the meaning ascribed thereto in the Applicable Pricing Supplement; |
| Interest Payment Date | the date(s) specified in the Applicable Pricing Supplement or if no such date(s) is/are specified in the Applicable Pricing Supplement, the last day of each Interest Period as may be adjusted in accordance with the relevant Business Day Convention (as specified in the Applicable Pricing Supplement); |
| Interest Period | 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; |
| Interest Rate | the rate or rates of interest applicable to Additional Tier 1 Notes, as indicated in the Applicable Pricing Supplement; |

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| ISDA | International Swaps and Derivatives Association, Inc.; |
| ISDA Definitions | the ISDA Definitions as published by ISDA (as amended, supplemented, revised or republished from time to time) as specified in the Applicable Pricing Supplement; |
| Issue Date | has the meaning ascribed thereto in the Applicable Pricing Supplement; |
| Issuer | Standard Bank Group Limited (Registration Number 1969/017128/06), a public company incorporated in accordance with the laws of South Africa; |
| Issuer Ordinary Shares | ordinary shares in the share capital of the Issuer; |
| JSE | JSE Limited (Registration Number 2005/022939/06), a public company incorporated in accordance with the laws of South Africa, licensed as an exchange under the Financial Markets Act; |
| JSE Debt Guarantee Fund Trust | the guarantee fund trust operated by the JSE as a separate guarantee fund in terms of the rules of the JSE, as required by sections 8(1)(h) and 17(1)(w) of the Financial Markets Act or any successor fund; |
| JSE Debt Sponsor | The Standard Bank of South Africa Limited (acting through its Corporate and Investment Banking division) (Registration Number 1962/000738/06), a public company incorporated in accordance with the laws of South Africa; |
| JSE Guarantee Fund | the Guarantee Fund established and operated by the JSE as a separate guarantee fund in terms of the rules of the JSE, as required by sections 8(1)(h) and 17(1)(w) of the South African Financial Markets Act or such other fund of any successor exchange, as the case may be; |
| Junior Securities | in relation to the Additional Tier 1 Notes: <ul style="list-style-type: none"> (a) the Issuer Ordinary Shares, other share capital or any other securities issued by the Issuer the proceeds of which qualify (or were intended to qualify at issue) as Common Equity Tier 1 Capital; and (b) any other shares or securities issued by, or any other obligations of, the Issuer which rank, or are expressed to rank, junior to the Additional Tier 1 Notes on a liquidation, winding-up or bankruptcy of the Issuer; |
| Last Day to Register | with respect to a particular Series of Additional Tier 1 Notes, the last date or dates preceding a Payment Day on which the Transfer Agent will accept Transfer Forms and record the transfer of Notes in the Register for that particular Series of Additional Tier 1 Notes and whereafter, the Register is closed for further transfers or entries until the Payment Day and in the case of Notes listed on the Main Board of the JSE shall mean "Last Day to Trade" as set out in the Debt Listings Requirements of the JSE; |
| Liabilities | the consolidated gross liabilities of the Issuer, as shown in the latest published audited or reviewed balance sheet of the Issuer, but adjusted for subsequent events or contingencies in such manner as the directors of the Issuer or its auditors may determine, or if the Issuer is in liquidation or administration, its liquidator or administrator (as the case may be) may determine; |
| Loss Absorbing Instrument | at any time any Other Additional Tier 1 Security which may have all or some of its principal amount written-off (whether in whole or in part or on a permanent or temporary basis) or converted |

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| | | (whether in whole or in part) (in each case in accordance with its conditions or otherwise) on the occurrence or as a result of a Non-Viability Event; |
| Mandatory Shares | Preference | any class of preference shares issued by the Issuer: <ul style="list-style-type: none"> (a) the terms of which do not allow the board of directors of the Issuer to cancel, defer, pass or eliminate any distribution or dividend payment at its discretion; and (b) the proceeds of which preference shares do not qualify on issue for inclusion in the Regulatory Capital of the Issuer; |
| Margin | | has the meaning ascribed thereto in the Applicable Pricing Supplement; |
| Maximum Amount | Redemption | has the meaning ascribed thereto in the Applicable Pricing Supplement; |
| Minimum Amount | Redemption | has the meaning ascribed thereto in the Applicable Pricing Supplement; |
| Mixed Rate Notes | | Additional Tier 1 Notes which will bear interest over respective periods at differing interest rates applicable to any combination of Fixed Rate Notes or Floating Rate Notes, each as specified in the Applicable Pricing Supplement and as more fully described in Condition 6.3 (<i>Interest on Mixed Rate Notes</i>); |
| Nominal Amount | | in relation to any Additional Tier 1 Note, the total amount, excluding interest owing by the Issuer under the Additional Tier 1 Note, as specified in the Applicable Pricing Supplement; |
| Non-Viability Event | | shall have the meaning defined in Condition 8.1(a); |
| Non-Viability Event Notice | | shall have the meaning defined in Condition 8.1(c); |
| Non-Viability Absorption Condition | Loss | shall have the meaning as defined in Condition 8 (<i>Loss Absorption Following A Non-Viability Event</i>); |
| Noteholders | | the holders of the Registered Notes (as recorded in the Register); |
| Notes | | the notes issued or to be issued by the Issuer under the Programme (including, without limitation, Additional Tier 1 Notes); |
| Optional Redemption Date(s) (Call) | | the date(s) specified as such in the Applicable Pricing Supplement in relation to a Tranche of Additional Tier 1 Notes pursuant to which the Issuer is specified as having an option to redeem in accordance with Condition 9.4 (<i>Redemption at the option of the Issuer (Call Option)</i>). If no such date(s) is/are specified in the Applicable Pricing Supplement, the Optional Redemption Date(s) (Call) shall be the Interest Payment Date(s) stipulated as the date(s) for redemption of such Tranche of Additional Tier 1 Notes or the relevant portion of such Tranche of Additional Tier 1 Notes, as the case may be, in the notice delivered by the Issuer pursuant to Condition 9.4 (<i>Redemption at the option of the Issuer (Call Option)</i>); |
| Original Principal Amount | | the principal amount (which, for these purposes, is equal to the Nominal Amount) of the Additional Tier 1 Notes at the Issue Date without having regard to any subsequent Conversion or Write-off (as applicable); |
| Other Additional Tier 1 Securities | | in relation to the Additional Tier 1 Notes, any obligations or securities of the Issuer (other than the Additional Tier 1 Notes): <ul style="list-style-type: none"> (a) which upon issue qualified (or were intended to qualify) as Additional Tier 1 Capital; or |

- (b) which otherwise rank or are expressed to rank on a liquidation, bankruptcy or winding-up of the Issuer *pari passu* with the Additional Tier 1 Notes or with other obligations or securities falling within paragraph (a) above;

Outstanding

in relation to the Notes, all the Notes issued other than:

- (a) those which have been redeemed in full;
- (b) those in respect of which the date for redemption in accordance with these Terms and Conditions or the General Terms and Conditions (as applicable) has occurred and the redemption moneys wherefore (including all interest (if any) accrued thereon to the date for such redemption and any interest (if any) payable under these Terms and Conditions or the General Terms and Conditions (as applicable) after such date) remain available for payment against presentation of Individual Certificates;
- (c) those which have been purchased and cancelled as provided in Condition 9.9 (*Cancellation*) of these Terms and Conditions or Condition 8.14 (*Cancellation*) of the General Terms and Conditions (as applicable);
- (d) those which have become prescribed under Condition 12 (*Prescription*) of these Terms and Conditions or Condition 11 (*Prescription*) of the General Terms and Conditions (as applicable);
- (e) Notes represented by those mutilated or defaced Individual Certificates which have been surrendered in exchange for replacement Individual Certificates pursuant to Condition 14 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*) of these Terms and Conditions or Condition 13 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*) of the General Terms and Conditions (as applicable); and
- (f) (for the purpose only of determining how many Notes are Outstanding and without prejudice to their status for any other purpose), those Notes represented by Individual Certificates alleged to have been lost, stolen or destroyed and in respect of which replacement Individual Certificates have been issued pursuant to Condition 14 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*) of these Terms and Conditions or Condition 13 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*) of the General Terms and Conditions (as applicable),

provided that for each of the following purposes, namely:

- (1) the right to attend and vote at any meeting of the Noteholders; and
- (2) the determination of how many and which Additional Tier 1 Notes are for the time being Outstanding for the purposes of Conditions 19 (*Meetings of Noteholders*) and 20 (*Modification*) of these Terms and Conditions,

all Additional Tier 1 Notes (if any) which are for the time being

held by the Issuer (subject to any Applicable Laws) or by any Person for the benefit of the Issuer and not cancelled (unless and until ceasing to be so held) shall be deemed not to be Outstanding;

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| Outstanding Amount | Principal | <p>in relation to a Note, the principal amount of that Note less</p> <ul style="list-style-type: none">(a) on each occasion on which that Note is partially redeemed in accordance with these Terms and Conditions or the General Terms and Conditions (as applicable), that portion of such principal amount of that Note which has been so partially redeemed;(b) in the case of Tier 2 Notes, that portion of such principal amount as which has been reduced, on one or more occasions, pursuant to a Write-off (as defined in the General Terms and Conditions) following the occurrence of a Non-Viability Event (as defined in the General Terms and Conditions); and(c) in the case of Additional Tier 1 Notes, that portion of such principal amount as which has been reduced, on one or more occasions, pursuant to a Conversion or Write-off (as applicable) following the occurrence of a Non-Viability Event; |
| Participants | | depository institutions accepted by the Central Depository as participants in terms of the Financial Markets Act; |
| Paying Agent | | The Standard Bank of South Africa Limited (Registration Number 1962/000738/06), unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Additional Tier 1 Notes, another entity as Paying Agent, in which event that other entity shall act as a Paying Agent in respect of that particular Tranche or Series of Additional Tier 1 Notes; |
| Payment Day | | any day which is a Business Day and upon which a payment is due by the Issuer in respect of the Additional Tier 1 Notes; |
| Person | | 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; |
| Programme | | the Standard Bank Group Limited ZAR50,000,000,000 Domestic Medium Term Note Programme; |
| Programme Amount | | the maximum aggregate Outstanding Principal Amount of all Notes Outstanding that may be issued under the Programme at any one point in time being as at the Programme Date, ZAR50,000,000,000 (or its equivalent in other currencies) or such increased amount as is determined by the Issuer from time to time, subject to the Applicable Procedures, Applicable Laws and the Programme Agreement, as set out in the section of this Programme Memorandum headed " <i>General Description of the Programme</i> "; |
| Programme Date | | the date of this Programme Memorandum being 13 November 2018; |
| Qualifying Additional Tier 1 Securities | | <p>securities issued directly by the Issuer that:</p> <ul style="list-style-type: none">(a) have terms not materially less favourable to an investor than the terms of the Additional Tier 1 Notes being substituted or varied in accordance with Condition 9.6 (Substitution or Variation) (as reasonably |

determined by the Issuer in consultation with an investment bank or financial adviser of international standing (which in either case is independent of the Issuer), and provided that a certification to such effect of two authorised officers shall have been delivered to the Paying Agent prior to the issue or, as appropriate, variation of the relevant securities), and, subject thereto, which: (i) contain terms which comply with the then current minimum requirements of the Relevant Regulator in relation to Additional Tier 1 Capital, required to ensure that such Qualifying Additional Tier 1 Securities qualify as Additional Tier 1 Capital; (ii) include terms which provide for the same Interest Rate or rate of return from time to time applying to the Additional Tier 1 Notes, and preserve the Interest Payment Dates; (iii) rank senior to, or *pari passu* with, the ranking of the Additional Tier 1 Notes; (iv) preserve any existing rights under these Terms and Conditions to any accrued interest or other amounts which have not been paid; and (v) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Additional Tier 1 Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption; and

- (b) if the Additional Tier 1 Notes are listed (i) are listed on the JSE, or (ii) are listed on such other Financial Exchange at that time as selected by the Issuer;

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| Redemption Amount | in respect of each Additional Tier 1 Note at any time determined for the redemption thereof, the then Current Principal Amount thereof or (if applicable) such other amount as may be specified in, or determined in accordance with the provisions of, the Applicable Pricing Supplement; |
| Reference Banks | has the meaning ascribed thereto in the Applicable Pricing Supplement; |
| Reference Price | has the meaning ascribed thereto in the Applicable Pricing Supplement; |
| Reference Rate | has the meaning ascribed thereto in the Applicable Pricing Supplement; |
| Reference Price | in relation to a Tranche of Notes (where applicable), the price specified as such in the Applicable Pricing Supplement; |
| Register | the register of Noteholders maintained by the Transfer Agent in terms of Condition 16 (<i>Register</i>); |
| Registered Note | an Additional Tier 1 Note issued in registered form and transferable in accordance with Condition 15 (<i>Transfer of Additional Tier 1 Notes</i>) and which may include Uncertificated Notes; |
| Regular Period | <ul style="list-style-type: none"> (a) in the case of Additional Tier 1 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; (b) in the case of Additional Tier 1 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

- (c) in the case of Additional Tier 1 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 the 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;

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| Regulations Relating to Banks | to the Regulations Relating to Banks published under Government Notice R1029 in Government Gazette 35950 of 12 December 2012 (as amended by Government Notice R1029 in Government Gazette No. 35950 on 12 December 2012, Government Notice R261 in Government Gazette 38616 of 27 March 2015, Government Notice R309 in Government Gazette 38682 of 10 April 2015 and Government Notice R297 in Government Gazette 40002 of 20 May 2016), issued under section 90 of the Banks Act; |
| Regulatory Capital | the proceeds of the issue of shares and/or instruments which proceeds rank (or are deemed under the Capital Rules to rank) on issue for inclusion in the Tier 2 Capital, the Additional Tier 1 Capital, the Common Equity Tier 1 Capital of the Issuer on a solo and/or consolidated basis, in accordance with the Capital Rules; |
| Regulatory Change | a change in, or amendment to, the Capital Rules or any change in the application of or official or generally published guidance or interpretation of the Capital Rules, which change or amendment becomes, or would become, effective on or after the Issue Date of the first Tranche of Additional Tier 1 Notes of the relevant Series; |
| Relevant Date | in respect of any payment relating to the Additional Tier 1 Notes, the date on which such payment first becomes due, except that, in relation to monies payable to the Central Depository in accordance with these Terms and Conditions, it means the first date on which: <ul style="list-style-type: none">(a) the full amount of such monies have been received by the Central Depository;(b) such monies are available for payment to the holders of Beneficial Interests; and(c) notice to that effect has been duly given to such holders in accordance with the Applicable Procedures; |
| Relevant Distributions | the sum of: <ul style="list-style-type: none">(a) any payments of interest on the Additional Tier 1 Notes made or scheduled to be made by the Issuer in the then current financial year of the Issuer; and(b) any distributions or interest payment made or scheduled to be made by the Issuer on Common Equity Tier 1 Capital Securities or Other Additional Tier 1 Securities in the then current financial year of the Issuer; |
| Relevant Part | in relation to a Series of Additional Tier 1 Notes, the portion of the aggregate Current Principal Amount of that Series of Additional Tier 1 Notes which the Relevant Regulator requires to be Converted or Written-off (as applicable) upon the occurrence of a Non-Viability Event whether expressed as a value, a percentage or |

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| | otherwise, as determined and notified to the Issuer by the Relevant Regulator; |
| Relevant Regulator | the Prudential Authority in terms of the Banks Act and any successor or replacement thereto, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer; |
| Relevant Screen Page | the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the Applicable Pricing Supplement, 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; |
| Relevant Stock Exchange | the JSE or if at the relevant time the Issuer Ordinary Shares are not listed and admitted to trading on the JSE, the principal stock exchange or securities market on which the Issuer Ordinary Shares are then listed, admitted to trading or quoted or dealt in; |
| Relevant Time | has the meaning ascribed thereto in the Applicable Pricing Supplement; |
| Representative | a Person duly authorised to act on behalf of a Noteholder, who may be regarded by the Issuer, the Transfer Agent and the Paying Agent (all acting in good faith) as being duly authorised based upon the tacit or express representation thereof by such Representative, in the absence of express notice to the contrary from such Noteholder; |
| Risk Weighted Assets | as at any time, the aggregate amount, expressed in Rands, of the consolidated risk weighted assets of the Issuer, as calculated in accordance with the then prevailing Capital Rules, but without taking into account any transitional, phasing in or similar provisions; |
| SARB | the South African Reserve Bank; |
| Securities Account | shall bear the meaning ascribed thereto in the Financial Markets Act; |
| Senior Creditors | creditors of the Issuer: <ul style="list-style-type: none"> (a) who are unsubordinated creditors of the Issuer; (b) (other than the holders of Additional Tier 1 Capital Securities or Tier 2 Capital Securities) whose claims are, or are expressed to be, subordinated (whether only in the event of a dissolution, liquidation or winding-up of the Issuer or otherwise) to the claims of unsubordinated creditors of the Issuer but not further or otherwise; or (c) who are subordinated creditors of the Issuer (including, for the avoidance of doubt, holders of Tier 2 Capital Securities) other than those whose claims are, or are expressed to rank, <i>pari passu</i> with, or junior to, the claims of the Noteholders under the Additional Tier 1 Notes; |
| SENS | the Stock Exchange News Service established by the JSE; |
| Series | a Tranche of Additional Tier 1 Notes together with any further Tranche or Tranches of Additional Tier 1 Notes which are: <ul style="list-style-type: none"> (a) expressed to be consolidated and form a single series; and (b) identical in all respects (including as to listing) except for |

their respective Issue Dates, Interest Commencement Dates and/or Issue Prices;

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| Settlement Agent | The Standard Bank of South Africa Limited (Registration Number 1962/000738/06), unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Notes, another entity as Settlement Agent, in which event that other entity shall act as a Settlement Agent in respect of that particular Tranche or Series of Notes; |
| Solvency Condition | shall have the meaning defined in Condition 10.7(a); |
| Solvent Reconstruction | the event where an order is made or an effective resolution is passed for the winding-up of the Issuer, other than under or in connection with a scheme of amalgamation or reconstruction involving a bankruptcy or insolvency, where the obligations of the Issuer in relation to the outstanding Additional Tier 1 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 | the Republic of South Africa; |
| Specified Currency | subject to the Exchange Control Regulations, has the meaning ascribed thereto in the Applicable Pricing Supplement; |
| Specified Denomination | has the meaning ascribed thereto in the Applicable Pricing Supplement; |
| Specified Office | the registered address of the Issuer as specified in the Applicable Pricing Supplement or such other address as the Issuer may specify by notice to the Noteholders which change of address shall in each case be notified to the Noteholders in accordance with Condition 18 (<i>Notices</i>); |
| Statutory Loss Absorption Regime | any legal, statutory or regulatory regime or requirement implemented in South Africa which provides the Relevant Regulator with the power to implement principal loss absorption measures in respect of capital instruments (such as Additional Tier 1 Capital and Tier 2 Capital), including, but not limited to, any such regime or requirement which is implemented pursuant to Basel III; |
| Subsidiary | an entity of which a person has direct or indirect control or owns directly or indirectly more than 50 per cent. of the voting capital or similar right of ownership and control for this purpose means the power to direct the management and the policies of the entity whether through the ownership of voting capital, by contract or otherwise; |
| Tax Event | a Tax Event (Deductibility) or a Tax Event (Gross Up), as applicable; |
| Tax Event (Deductibility) | 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 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, in the opinion of the Issuer, materially reduced, and, in each case, the Issuer cannot avoid the foregoing in connection with the Additional Tier 1 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 |

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| | interest does not constitute a tax deductible expense); |
| Tax Event (Gross up) | 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 11 (<i>Taxation</i>); |
| Tax Law Change | a change or proposed change in, or amendment or proposed amendment to, the tax 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 tax laws or regulations (including a holding by a court of competent jurisdiction), whether or not having retrospective effect, which actual or proposed change or amendment becomes effective on or after the date of issue of the Additional Tier 1 Notes; |
| Tier 2 Capital | " <i>tier 2 capital</i> " as defined in section 1(1) of the Banks Act; |
| Tier 2 Capital Securities | any obligations or securities of the Issuer which upon issue qualified (or were intended to qualify) as Tier 2 Capital; |
| Tier 2 Notes | shall have the meaning defined in the General Terms and Conditions; |
| Tranche | in relation to any particular Series, all Additional Tier 1 Notes which are identical in all respects (including as to listing); |
| Transfer Agent | The Standard Bank of South Africa Limited (Registration Number 1962/000738/06), unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Additional Tier 1 Notes, another entity as Transfer Agent, in which event that other entity shall act as a Transfer Agent in respect of that particular Tranche or Series of Additional Tier 1 Notes; |
| Transfer Form | the written form for the transfer of a Registered Note, in the form approved by the Transfer Agent, and signed by the transferor and transferee; |
| Uncertificated Note | an Additional Tier 1 Note that is an uncertificated security as contemplated in the Financial Markets Act; |
| Write-off | in respect of Additional Tier 1 Notes: <ul style="list-style-type: none"> (a) the Additional Tier 1 Notes shall be cancelled (in the case of a Write-off in whole) or written-off in part on a <i>pro rata</i> basis (in the case of a Write-off in part), in accordance with the Capital Rules and as determined by the Relevant Regulator; and (b) all rights of any Noteholder for payment of any amounts under or in respect of the Additional Tier 1 Notes shall, as the case may be, be cancelled or written off <i>pro rata</i> among the Noteholders and, in each case, not restored under any circumstances, irrespective of whether such amounts have become due and payable prior to the date of the Non-Viability Event Notice and even if the Non-Viability Event has ceased; |
| Write-off Date | shall have the meaning defined in Condition 8.3(c); |
| Written-off Amount | shall have the meaning defined in Condition 8.3(b); |
| ZAR | the lawful currency of South Africa, being South African Rand, or any successor currency; |
| ZAR-JIBAR-SAFEX | the mid-market rate for deposits in ZAR for a period of the Designated Maturity which appears on the Reuters Screen SAFEX |

1.2 Interpretation

In these Terms and Conditions, unless inconsistent with the context, any reference to:

- (a) one gender includes a reference to the others;
- (b) the singular includes the plural and vice versa;
- (c) natural persons include juristic persons and vice versa;
- (d) a "**holding company**" shall be interpreted in accordance with section 1 of the Companies Act;
- (e) any agreement or instrument is a reference to that agreement or instrument as amended, supplemented, varied, novated, restated or replaced from time to time, and "**amended**" or "**amendment**" will be construed accordingly;
- (f) a provision of law is a reference to that provision as amended or re-enacted, and includes any subordinate legislation;
- (g) a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law but, if not having the force of law, being of a type with which any person to which it applies is accustomed to comply) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
- (h) "**assets**" includes present and future properties, revenues and rights of every description;
- (i) "**indebtedness**" includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
- (j) an "**authorisation**" includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration or notarisation;
- (k) a party or any other person includes that person's permitted successor, transferee, cessionary and/or delegate; and
- (l) a time of day is a reference to South African standard time.

1.3 Application of these Terms and Conditions

These Terms and Conditions apply only to Additional Tier 1 Notes. The General Terms and Conditions shall not apply to Additional Tier 1 Notes.

2. ISSUE

2.1 Subject to the prior consent of the Relevant Regulator (to the extent required by the Capital Rules), Additional Tier 1 Notes may be issued by the Issuer in Tranches pursuant to the Programme. A Tranche of Additional Tier 1 Notes may, together with a further Tranche or Tranches, form a Series of Additional Tier 1 Notes issued under the Programme, provided that the aggregate Outstanding Principal Amount of all Notes Outstanding under the Programme at any one point in time does not exceed the Programme Amount.

2.2 The Applicable Pricing Supplement for each Tranche of Additional Tier 1 Notes is (to the extent relevant) incorporated herein for the purposes of those Additional Tier 1 Notes and supplements these Terms and Conditions. The Applicable Pricing Supplement may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of those Additional Tier 1 Notes.

3. FORM

3.1 General

- (a) A Tranche of Additional Tier 1 Notes may be issued in the form of listed or unlisted Registered Notes as specified in the Applicable Pricing Supplement.
- (b) A Tranche of Additional Tier 1 Notes may be listed on the JSE or on such other or further Financial Exchange(s) as may be determined by the Issuer, subject to any Applicable Laws. Unlisted Notes may also be issued under the Programme. Unlisted Notes are not regulated by

the JSE. The Applicable Pricing Supplement will specify whether or not a Tranche of Additional Tier 1 Notes will be listed, on which Financial Exchange(s) they are to be listed (if applicable) and, if such Tranche of Additional Tier 1 Notes is to be listed on the JSE, the relevant platform or sub-market of the JSE on which such Tranche of Additional Tier 1 Notes is to be listed.

3.2 Registered Notes

A Tranche of Registered Notes will be issued in certificated form, as contemplated in Condition 3.2(a) (*Notes issued in certificated form*), or in uncertificated form, as contemplated in Condition 3.2(b) (*Notes issued in uncertificated form*), as specified in the Applicable Pricing Supplement. Each Tranche of Additional Tier 1 Notes which is listed on the JSE, and issued in uncertificated form, will be held in the Central Depository, as contemplated in Condition (b) (*Notes issued in uncertificated form*). A Tranche of unlisted Notes may also be held in the Central Depository, as contemplated in Condition 3.2(c) (*Beneficial Interests in Additional Tier 1 Notes held in the Central Depository*).

(a) *Notes issued in certificated form*

Each Tranche of Registered Notes which is not listed on the JSE and/or held in the Central Depository will, subject to Applicable Laws and the Applicable Procedures, be issued in certificated form represented by an Individual Certificate.

(b) *Notes issued in uncertificated form*

A Tranche of Registered Notes which is listed on the JSE will, subject to Applicable Laws and Applicable Procedures, be issued in uncertificated form in terms of section 33 of the Financial Markets Act. Registered Notes issued in uncertificated form will be held in the Central Depository. Registered Notes issued in uncertificated form will not be represented by any certificate or written instrument. A Registered Note which is represented by an Individual Certificate may be replaced by uncertificated securities in terms of section 33 of the Financial Markets Act.

(c) *Beneficial Interests in Additional Tier 1 Notes held in the Central Depository*

The Central Depository will hold Registered Notes issued in uncertificated form, subject to the Financial Markets Act and the CSD Procedures.

All amounts to be paid and all rights to be exercised in respect of Registered Notes held in the Central Depository will be paid to and may be exercised, subject to CSD Procedures, only by the Central Depository for the holders of Beneficial Interests in such Registered Notes.

A holder of a Beneficial Interest shall only be entitled to exchange such Beneficial Interest for Registered Notes represented by an Individual Certificate in accordance with Condition 14 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*).

(d) *Denomination*

The Aggregate Nominal Amount, Specified Currency and Specified Denomination of a Tranche of Notes will be specified in the Applicable Pricing Supplement.

(e) *Recourse to the JSE Debt Guarantee Fund Trust and/or the JSE Guarantee Fund*

The holders of Additional Tier 1 Notes that are not listed on the JSE will have no recourse against the JSE, the JSE Debt Guarantor Fund Trust or the JSE Guarantee Fund, as applicable. Claims against the JSE Debt Guarantee Fund Trust or the JSE Guarantee Fund, as applicable, may only be made in respect of the trading of Additional Tier 1 Notes listed on the JSE and can in no way relate to a default by the Issuer of its obligations under the Additional Tier 1 Notes listed on the JSE. Any claims against the JSE Debt Guarantee Fund Trust or the JSE Guarantee Fund may only be made in accordance with the rules of the JSE Debt Guarantee Fund Trust or the JSE Guarantee Fund, as applicable. Unlisted Notes are not regulated by the JSE.

4. TITLE

4.1 Registered Notes issued in certificated form

Each holder of Registered Notes represented by an Individual Certificate will be named in the Register as the registered holder of such Registered Notes.

Title to Registered Notes represented by an Individual Certificate will pass upon registration of transfer in the Register in accordance with Condition 15 (*Transfer of Additional Tier 1 Notes*).

The Issuer, the Transfer Agent and the Paying Agent shall recognise a holder of Registered Notes represented by an Individual Certificate as the sole and absolute owner of the Registered Notes registered in that Noteholder's name in the Register (notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) and shall not be bound to enter any trust in the Register or to take notice of or to accede to the execution of any trust, express, implied or constructive, to which any Registered Note may be subject.

4.2 **Registered Notes issued in uncertificated form**

The registered Noteholder of Registered Notes which are held in the Central Depository, will be determined in accordance with the CSD Procedures, and will be named in the Register as the registered holder of such Registered Notes.

Title to Registered Notes issued in uncertificated form will pass upon registration of transfer in the Register in accordance with Condition 15 (*Transfer of Additional Tier 1 Notes*).

The Central Depository (as the registered holder of such Registered Uncertificated Notes named in the Register) will be treated by the Issuer, the Paying Agent, the Transfer Agent and the relevant Participant as the holder of that aggregate Nominal Amount of such Registered Uncertificated Notes for all purposes.

4.3 **Beneficial Interests in Registered Notes held in the Central Depository**

The Participant will maintain records of the Beneficial Interests in Registered Notes held in the Central Depository.

While a Tranche of Registered Notes is held in the Central Depository, the registered Noteholder of the Registered Notes in that Tranche of Notes, determined in accordance with the CSD Procedures, will be named in the Register as the sole Noteholder of such Registered Note.

Beneficial Interests which are held by clients of Participants will be held indirectly through such Participants, and such Participants will hold such Beneficial Interests, on behalf of such clients, through the securities accounts maintained by such Participants for such clients. The clients of Participants may include the holders of Beneficial Interests or their custodians. The clients of Participants, as the holders of Beneficial Interests or as custodians for such holders, may exercise their rights in respect of the Notes held by them in the Central Depository only through their Participants.

In relation to each Person shown in the records of the Central Depository or the relevant Participant, as the case may be, as the holder of a Beneficial Interest in a particular Nominal Amount of Registered Notes, a certificate or other document issued by the Central Depository or the relevant Participant, as the case may be, as to the aggregate Nominal Amount of such Registered Notes standing to the account of such Person shall be *prima facie* proof of such Beneficial Interest.

Beneficial Interest in Registered Notes may be transferred only in accordance with the CSD Procedures.

Any reference in these Terms and Conditions to the relevant Participant shall, in respect of a Beneficial Interest, be a reference to the Participant appointed to act as such by the holder of such Beneficial Interest.

5. **STATUS OF ADDITIONAL TIER 1 NOTES**

5.1 **Status**

The Additional Tier 1 Notes on issue constitute Additional Tier 1 Capital of the Issuer under the Capital Rules.

Subject to Condition 8 (*Loss Absorption Following A Non-Viability Event*), the Additional Tier 1 Notes constitute direct, unsecured and, in accordance with Condition 5.2 (*Subordination*), subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and (save for the claims of those creditors that have been accorded preferential rights by law):

- (a) *pari passu* with Other Additional Tier 1 Securities;

- (b) senior to Common Equity Tier 1 Capital Securities and the obligations of the Issuer under any Junior Securities; and
- (c) junior to the present and/or future claims of Senior Creditors.

5.2 Subordination

The claims of Noteholders entitled to be paid amounts due in respect of the Additional Tier 1 Notes are subordinated to the present and/or future claims of Senior Creditors and, accordingly, in the event of the dissolution of the Issuer or if the Issuer is placed into liquidation or is wound-up (in each case other than pursuant to a Solvent Reconstruction):

- (a) notwithstanding that any Noteholder shall have proved a claim for any amount in respect of the Additional Tier 1 Notes in the event of the dissolution of the Issuer no such amount shall be paid to that Noteholder until the claims of the Senior Creditors have been fully satisfied; and
- (b) no amount due under the Additional Tier 1 Notes shall be eligible for set-off, counterclaim, abatement or other similar remedy which a Noteholder might otherwise have under the laws of any jurisdiction in respect of the Additional Tier 1 Notes nor shall any amount due under the Additional Tier 1 Notes be payable to any Noteholder, until the claims of all Senior Creditors which are admissible in any such dissolution, liquidation or winding-up have been paid or discharged in full.

5.3 Set-off

- (a) Subject to Applicable Laws, no Noteholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Additional Tier 1 Notes and each Noteholder shall, by virtue of being the holder of any Additional Tier 1 Note, be deemed to have waived all such rights of set-off, compensation or retention. Notwithstanding the preceding sentence, if any of the amounts owing to any Noteholder by the Issuer is discharged by set-off (whether by operation of law or otherwise), such Noteholder shall, unless such payment is prohibited by law, immediately pay an amount equal to the amount of such discharge to the Issuer or, in the event of its winding-up or administration, the liquidator or administrator, as appropriate, of the Issuer for payment to the Senior Creditors in respect of amounts owing to them by the Issuer, and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer, or the liquidator or administrator, as appropriate, of the Issuer (as the case may be), for payment to the Senior Creditors in respect of amounts owing to them by the Issuer and accordingly any such discharge shall be deemed not to have taken place.
- (b) As used in this Condition 5.3, the expression "*obligations*" includes any direct or indirect obligations of the Issuer and whether by way of guarantee, indemnity, other contractual support arrangement or otherwise and regardless of name or designation.

5.4 Write-off or Conversion of Additional Tier 1 Notes

The Applicable Pricing Supplement of a Tranche of Additional Tier 1 Notes shall specify whether:

- (a) Conversion upon the occurrence of a Non-Viability Event; or.
- (b) Write-off upon the occurrence of a Non-Viability Event,

will apply to that Tranche of Additional Tier 1 Notes.

5.5 Capital Rules and Additional Conditions

In order for the proceeds of the issuance of any Tranche of Additional Tier 1 Notes to qualify as Additional Tier 1 Capital, Additional Tier 1 Notes must comply with the applicable Capital Rules (including the Additional Conditions (if any) prescribed by the Relevant Regulator in respect of a particular Tranche of Additional Tier 1 Notes). The Additional Conditions (if any) prescribed by the Relevant Regulator in respect of Additional Tier 1 Notes will be specified in the Applicable Pricing Supplement or a supplement to the Programme Memorandum.

6. INTEREST

Subject to Condition 7 (*Limitations on Payments of Interest*), if the Applicable Pricing Supplement so specifies, the Additional Tier 1 Notes of any Tranche will bear interest from the Interest

Commencement Date at the Interest Rate(s) specified in, or determined in accordance with, the Applicable Pricing Supplement and such interest will be payable in respect of each Interest Period on the Interest Payment Date(s) specified in the Applicable Pricing Supplement. The interest payable on the Additional Tier 1 Notes of any Tranche for a period other than a full Interest Period shall be determined in accordance with the Applicable Pricing Supplement.

6.1 **Interest on Fixed Rate Notes**

Unless otherwise specified in the Applicable Pricing Supplement, interest on Fixed Rate Notes will be paid on a six-monthly basis on the Interest Payment Dates.

(a) *Accrual of Interest*

Subject to Condition 7 (*Limitations on Payments of Interest*):

- (i) the Additional Tier 1 Notes bear interest on their Current Principal Amount from the Interest Commencement Date at the Interest Rate payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments*); and
- (ii) each Additional Tier 1 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 Condition 10 (*Payments*) (before as well as after judgment) until whichever is the earlier of (A) the day on which all sums due in respect of such Additional Tier 1 Note up to that day are received by or on behalf of the relevant Noteholder and (B) the day which is 7 (seven) days after the Paying Agent has notified the Noteholders that it has received all sums due in respect of the Additional Tier 1 Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(b) *Fixed Coupon Amount*

The amount of interest payable in respect of each Additional Tier 1 Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Additional Tier 1 Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

(c) *Calculation of Interest Amount*

The amount of interest payable in respect of each Additional Tier 1 Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Interest Rate 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 Additional Tier 1 Note divided by the Calculation Amount, provided that if an Initial Broken Amount is specified in the Applicable Pricing Supplement, then the first Interest Amount shall equal the Initial Broken Amount specified in the Applicable Pricing Supplement.

6.2 **Interest on Floating Rate Notes**

(a) *Accrual of Interest*

Subject to Condition 7 (*Limitations on Payments of Interest*):

- (i) the Additional Tier 1 Notes bear interest from the Interest Commencement Date at the Interest Rate payable in arrear on each Interest Payment Day, subject as provided in Condition 10 (*Payments*); and
- (ii) each Additional Tier 1 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 6.2 (before as well as after judgement) until whichever is the earlier of (A) the day on which all sums due in respect of such Additional Tier 1 Notes to that day are received by or on behalf of the relevant Noteholder and (B) the day which is 7 (seven) days after the Paying Agent has notified the Noteholders that it has received all sums due in respect of the Additional

Tier 1 Notes up to such seventh day (except to the extent there is subsequent default in payment).

(b) *Interest Rate*

The Interest Rate which is applicable to a Tranche of Floating Rate Notes for an Interest Period will be determined on the basis of Screen Rate Determination or on the basis of ISDA Determination or on such other basis as may be determined by the Issuer and specified in the Applicable Pricing Supplement.

(c) *ISDA Determination including fallback provisions*

If ISDA Determination is specified in the Applicable Pricing Supplement as the manner in which the Interest Rate(s) is/are to be determined, the Interest Rate applicable to the Additional Tier 1 Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" for an 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 that 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 is as specified in the Applicable Pricing Supplement;
- (ii) the Designated Maturity is the period specified in the Applicable Pricing Supplement; and
- (iii) the relevant Reset Date is either: (A) if the applicable Floating Rate Option is based on ZAR-JIBAR-SAFEX, the first day of that Interest Period; or (B) in any other case, as specified in the Applicable Pricing Supplement.

"**Floating Rate**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those expressions in the ISDA Definitions and "**JIBAR**" means the average mid-market yield rate per annum for a period of the Designated Maturity which appears on the Reuters Screen SAFEY page at or about 11h00 (Johannesburg time) on the relevant date (or any successor rate).

(d) *Screen Rate Determination including fallback provisions*

If Screen Rate Determination is specified in the Applicable Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate applicable to the Additional Tier 1 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 the Relevant Time on the relevant Interest Determination Date; or
- (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 the Relevant Time 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 Johannesburg office of each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 12h00 (Johannesburg time) on the Interest Determination Date in question; and
 - (B) determine the arithmetic mean of such quotations; and
- (iv) if fewer than 3 (three) such offered quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest Reference Rate, as determined by the Calculation Agent) quoted by major banks in

the Johannesburg inter-bank market, selected by the Calculation Agent, at approximately 12h00 (Johannesburg time) on the first day of the relevant Interest Period for loans in the Specified Currency to leading banks in the Johannesburg inter-bank market 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 Interest Rate 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 Interest Rate applicable to the Additional Tier 1 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 Additional Tier 1 Notes in respect of a preceding Interest Period.

(e) *Maximum and/or Minimum Interest Rate*

If the Applicable Pricing Supplement specifies a Maximum Interest Rate for any Interest Period, then the Interest Rate for such Interest Period shall in no event be greater than such Maximum Interest Rate and/or if it specifies a Minimum Interest Rate for any Interest Period, then the Interest Rate for such Interest Period shall in no event be less than such Minimum Interest Rate.

(f) *Determination of Interest Rate and Calculation of Interest Amount*

The Calculation Agent, in the case of Floating Rate Notes will, at or as soon as practicable after each time at which the Interest Rate is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Additional Tier 1 Note for such Interest Period. The Interest Amount will be calculated by applying the Interest Rate for such Interest Period to the Calculation Amount and 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 Additional Tier 1 Note divided by the Calculation Amount.

(g) *Calculation of Other Amounts*

If the Applicable Pricing Supplement 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 Applicable Pricing Supplement.

(h) *Publication*

The Calculation Agent will cause each Interest Rate 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 Issuer, the Paying Agent, the Transfer Agent, any Financial Exchange on which the relevant Floating Rate Notes are for the time being listed and any central securities depository in which Individual Certificates in respect of the Additional Tier 1 Notes are immobilised, as soon as possible after their determination but (in the case of each Interest Rate, Interest Amount and Interest Payment Date) in any event not later than 3 (three) Business Days after the Interest Determination Date (in the case of the determination of Interest Rate applicable to a Tranche of Floating Rate Notes) and no later than 3 (three) Business Days before the Interest Payment Date (in the case of the determination of the Interest Amount). Notice thereof shall also promptly be given to the Noteholders in accordance with Condition 18 (*Notices*).

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. Any such amendment will be promptly notified to the Issuer and to the Noteholders in accordance with Condition 18 (*Notices*) and, if the relevant Tranche of Additional Tier 1 Notes is listed on the JSE, the JSE and the Central Depository. 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 Interest Amount in respect of a Note having the minimum Specified Denomination.

(i) *Notifications etc. to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the Condition 6.2 (*Interest on Floating Rate Notes*) by the Calculation Agent will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Paying Agent 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.

6.3 **Interest on Mixed Rate Notes**

The interest rate payable from time to time on Mixed Rate Notes shall be the interest rate payable on any combination of Fixed Rate Notes or Floating Rate Notes for respective periods, each as specified in the Applicable Pricing Supplement. During each such applicable period, the interest rate on the Mixed Rate Notes shall be determined and fall due for payment on the basis that, and to the extent that, such Mixed Rate Notes are Fixed Rate Notes or Floating Rate Notes, as the case may be.

6.4 **Accrual of Interest**

(a) Each Additional Tier 1 Note (or in the case of the redemption of part only of an Additional Tier 1 Note, that part only of such Additional Tier 1 Note) will cease to bear interest (if any) from the date of its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will accrue at the SAFEX Overnight Deposit Rate (to be found on the Reuters Screen SAFEX page as at 12h00 (Johannesburg time) on the presentation date, or any successor rate) until the earlier of:

- (i) the date on which all amounts due in respect of such Additional Tier 1 Note have been paid; or
- (ii) in respect of Uncertificated Notes, the date on which the full amount of the moneys payable has been received by the Paying Agent and notice to that effect has been given to Noteholders in accordance with Condition 18 (*Notices*).

In the event that the SAFEX Overnight Deposit Rate is not ascertainable from the relevant screen page at the time contemplated above, the Calculation Agent shall follow the procedure contemplated in Condition 6.2(b) (*Interest Rate*) to ascertain a rate.

6.5 **Notes listed on the JSE**

The amount of any interest payable in respect of the Notes in terms of Condition 6 will be announced on SENS at least 3 (three) Business Days before the relevant Interest Payment Date.

6.6 **Business Day Convention**

If any Interest Payment Date (or other date) which is specified in the Applicable Pricing Supplement to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (a) the "**Floating Rate Business Day Convention**", such Interest Payment Date (or other date) shall in any case where Interest Periods are specified in accordance with Condition 6.2 (*Interest on Floating Rate Notes*), be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event: (i) such Interest Payment Date (or other date) shall be brought forward to the first preceding Business Day; and (ii) each subsequent Interest Payment Date (or other date) shall be the last Business Day in the month which falls the number of months or other period specified as the Interest Period in the Applicable Pricing Supplement after the preceding applicable Interest Payment Date (or other date) has occurred; or
- (b) the "**Following Business Day Convention**", such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or
- (c) the "**Modified Following Business Day Convention**", such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall

into the next calendar month, in which event such Interest Payment Date (or other such date) shall be brought forward to the first preceding Business Day; or

- (d) the "**Preceding Business Day Convention**", such Interest Payment Date (or other date) shall be brought forward to the first preceding Business Day.

7. LIMITATIONS ON PAYMENTS OF INTEREST

7.1 Optional Interest Non-Payment

The Issuer may at any time elect, in its sole and full discretion, not to pay (in whole or in part) the Interest Amount otherwise scheduled to be paid on any Interest Payment Date.

7.2 Mandatory Interest Non-Payment

Without prejudice to Condition 7.1 (*Optional Interest Non-Payment*), the Issuer shall not be obliged to pay any Interest Amount otherwise scheduled to be paid on an Interest Payment Date to the extent that:

- (a) such Interest Amount together with any Additional Amounts payable with respect thereto, when aggregated with other Relevant Distributions paid, declared or required to be paid in the then current financial year of the Issuer exceeds the amount of the Issuer's Distributable Items; or
- (b) the Issuer shall not be obliged to pay that Interest Amount in accordance with the requirements of the Capital Rules; or
- (c) the Relevant Regulator orders the Issuer not to pay that Interest Amount (in whole or in part).

All accrued and unpaid Interest Amounts will also not be paid, and the Issuer shall not be obliged to pay such Interest Amounts, if a Non-Viability Event occurs.

7.3 Notice of Interest Non-Payment

- (a) If practicable, notice that a scheduled Interest Amount (in whole or in part) will not be paid in accordance with Condition 7.1 (*Optional Interest Non-Payment*) or Condition 7.2 (*Mandatory Interest Non-Payment*) will be given to the Noteholders, the Transfer Agent and the Paying Agent as soon as possible prior to the relevant Interest Payment Date.
- (b) Any failure to provide the notice referred to in paragraph (a) above will not invalidate the Issuer's election, nor prejudice the Issuer's right, not to pay a scheduled Interest Amount or any part thereof nor give rise to an obligation to pay that scheduled Interest Amount or any part thereof where the Issuer does not otherwise have an obligation to make such payment, and non-payment of any Interest Amount (in whole or in part) on any Interest Payment Date shall constitute evidence that the Issuer has elected or is required not to pay such Interest Amount (or the relevant part thereof).
- (c) If the Issuer provides notice of its election to not pay a portion, but not all, of an Interest Amount and the Issuer subsequently does not make a payment of the remaining portion of such Interest Amount on the relevant Interest Payment Date, such non-payment shall evidence the Issuer's exercise of its discretion to elect not to pay such remaining portion of that Interest Amount and, accordingly, such remaining portion of that Interest Amount shall also not be due and payable.

7.4 No Default

The non-payment of any Interest Amount (or any part thereof) in accordance with Condition 7.1 (*Optional Interest Non-Payment*) or Condition 7.2 (*Mandatory Interest Non-Payment*) shall not constitute a default or breach for any purpose on the part of the Issuer. For the avoidance of doubt, Interest Amounts which the Issuer has elected (or is deemed to have elected) not to pay or which the Issuer is not obliged to pay will never become due and are non-cumulative, and no Interest Amount (or any part thereof) which has not been paid (or any amount in lieu thereof) shall be payable in respect of the Additional Tier 1 Notes thereafter, whether in a winding-up, curatorship or administration of the Issuer or otherwise.

7.5 Dividend Restrictions

If an Interest Amount (or any portion thereof) (the "**Relevant Interest Amount**") is not paid in full on the relevant Interest Payment Date in accordance with Condition 7.1 (*Optional Interest Non-Payment*) or Condition 7.2 (*Mandatory Interest Non-Payment*), then during the period from that relevant Interest

Payment Date until the immediately succeeding Interest Payment Date on which the Issuer has paid in full the Interest Amount due and payable for that Interest Period on that succeeding Interest Payment Date, the Issuer shall not:

- (a) declare or pay a distribution or dividend or pay any interest on any Common Equity Tier 1 Capital Securities or any Junior Securities other than:
 - (i) dividends due and payable on Mandatory Preference Shares;
 - (ii) any dividend which has been declared on any Common Equity Tier 1 Capital Securities or any Junior Securities prior to the date of notice to the Noteholders referred to in Condition 7.37.3(c) (*Notice of Interest Non-Payment*);
 - (iii) distributions, dividends or interest on any Junior Securities paid by any entity which is a Subsidiary of the Issuer to its immediate holding company or to the Issuer; or
 - (iv) scrip dividends or capitalisation awards; or
- (b) save in the case of redemptions, repurchases or reductions stemming from the exercise of share options or similar share-based incentives by employees of the Issuer and/or any Subsidiary of the Issuer, redeem, purchase, reduce the capital of or otherwise acquire:
 - (i) any Common Equity Tier 1 Capital Securities or Junior Securities; or
 - (ii) any securities of any Subsidiary of the Issuer benefitting from a guarantee or similar support agreement which ranking as to the right of repayment of principal (in the case of such securities) or as to the payment of sums under any such guarantee or similar support agreement (in the case of any such guarantee or similar support agreement), is, as the case may be, junior to the Additional Tier 1 Notes.

The non-payment of any Relevant Interest Amount in accordance with this Condition 7 shall not impose any other restrictions on the Issuer.

8. LOSS ABSORPTION FOLLOWING A NON-VIABILITY EVENT

This Condition 8 (other than Condition 8.4 (*Disapplication of Non-Viability Loss Absorption Condition*)) is referred to as the "**Non-Viability Loss Absorption Condition**" in these Terms and Conditions.

8.1 Non-Viability Event

- (a) A **Non-Viability Event** shall occur when:
 - (i) a "*trigger event*" specified in writing by the Relevant Regulator in accordance with the Capital Rules has occurred; provided that, as a minimum, the aforesaid "*trigger event*" shall be the earlier of:
 - (A) a decision that a write-off, without which the Issuer would become non-viable, is necessary as determined by the Relevant Regulator; or
 - (B) the decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by the Relevant Regulator; or
 - (ii) the Issuer's Common Equity Tier 1 Capital Ratio is equal to or below 5.875 per cent., whichever is the earlier to occur; provided that paragraph (b) above will only apply if the Additional Tier 1 Notes are liability accounted by the Issuer.
- (b) Whether a Non-Viability Event has occurred at any time shall be determined by the Relevant Regulator or any agent appointed for such purpose by the Relevant Regulator, and such determination shall be binding on the Noteholders.
- (c) Upon the occurrence of a Non-Viability Event, the Issuer will notify the Noteholders (a "**Non-Viability Event Notice**") in accordance with Condition 18 (*Notices*) and subsequently either Convert or Write-off the Additional Tier 1 Notes (or the Relevant Part thereof, as the case may be), in accordance with the Capital Rules and Condition 8.2 (*Conversion of Additional Tier 1 Notes upon a Non-Viability Event*) or Condition 8.3 (*Write-off of Additional Tier 1 Notes upon a Non-Viability Event*) (as applicable). Any delay in delivery or failure to deliver a

Non-Viability Event Notice shall not affect the validity of any Conversion or Write-off or the timing of any Conversion or Write-off.

8.2 Conversion of Additional Tier 1 Notes upon a Non-Viability Event

- (a) This Condition 8.2 applies only to Additional Tier 1 Notes to which Conversion is specified as applicable in the Applicable Pricing Supplement.
- (b) Upon the occurrence of a Non-Viability Event, the Issuer will Convert the Current Principal Amount of the Additional Tier 1 Notes (or the Relevant Part thereof) into Issuer Ordinary Shares, in accordance with the Capital Rules, by such amount (the "**Conversion Amount**") as the Relevant Regulator shall require; provided that:
 - (i) a Conversion of the Additional Tier 1 Notes need only occur up until the point where the Issuer is deemed by the Relevant Regulator to be viable again, as specified in writing by the Relevant Regulator, and the Issuer's Common Equity Tier 1 Capital Ratio is above 5.875 per cent. to the extent that the Additional Tier 1 Notes are liability accounted; and
 - (ii) the Additional Tier 1 Notes shall be Converted in whole, or in part, on a *pro rata* basis with other Loss Absorbing Instruments.
- (c) Any such Conversion shall take place on such date selected by the Issuer in consultation with the Relevant Regulator (the "**Conversion Date**") but no later than 30 (thirty) days following the occurrence of the Non-Viability Event unless:
 - (i) in accordance with the Capital Rules, the Relevant Regulator has agreed with the Issuer in writing that the Current Principal Amount (or the Relevant Part thereof) of the Additional Tier 1 Notes may be Converted after a longer period, in which case, the Conversion Date shall be such date as agreed with the Relevant Regulator; or
 - (ii) the Issuer, using its best efforts, is unable to complete the Conversion within the aforesaid 30-day period as a result of the need to comply with any Applicable Laws, regulations or written instructions of the Relevant Regulator (including but not limited to the time required to interface and consult with the Relevant Regulator), in which case the Conversion Date shall be a date as soon as reasonably possible after the end of the aforesaid 30-day period.
- (d) A Conversion may occur on more than one occasion following the occurrence of a Non-Viability Event and the Additional Tier 1 Notes may be Converted on more than one occasion.
- (e) To the extent that the conversion or write-off of any Loss Absorbing Instruments is not effective for any reason:
 - (i) the ineffectiveness of any such conversion or write-off shall not prejudice the requirement to effect a Conversion of the Additional Tier 1 Notes; and
 - (ii) the conversion or write-off of any Loss Absorbing Instrument which is not effective shall not be taken into account in determining the Conversion Amount of the Additional Tier 1 Notes.
- (f) If a Conversion of any Additional Tier 1 Notes will take place pursuant to the occurrence of a Non-Viability Event specified in the Non-Viability Event Notice, the Issuer shall deliver a further written notice (the "**Conversion Notice**") to the Noteholders in accordance with Condition 18 (*Notices*) which specifies:
 - (i) the Conversion Price;
 - (ii) the Conversion Record Date;
 - (iii) the Conversion Date;
 - (iv) the number of Conversion Shares to be issued pursuant to that Conversion; and
 - (v) details of the arrangement for the settlement of the Conversion,within the time period specified in the Applicable Pricing Supplement or failing any time period stipulated therein, as soon as the Conversion Price has been determined and such

details are available. In this regard, the Issuer is required to do all things which may be necessary to enable such price and details to be determined as soon as is reasonably possible in the circumstances.

- (g) On the Conversion Date, in accordance with Applicable Laws, the Capital Rules and (if applicable) the written instructions received from the Relevant Regulator:
- (i) the Issuer shall issue to the relevant Noteholders (as they appear, and into the relevant Securities Accounts of the Beneficial Interest holders of the Converted Additional Tier 1 Notes recorded as such on the Conversion Record Date (or to the relevant Participant managing such Securities Account, if such Issuer Ordinary Shares are certificated), or, as the case may be, to the holder of Individual Certificates in respect of Converted Additional Tier 1 Notes as set out in the Register on the Conversion Record Date) such number of Issuer Ordinary Shares (the "**Conversion Shares**") calculated by dividing the Conversion Amount on the Conversion Date by the Conversion Price;
 - (ii) the relevant Noteholders shall be deemed to have subscribed for the Conversion Shares for an aggregate subscription price equal to the Conversion Amount (the "**Subscription Price**");
 - (iii) the Subscription Price shall be automatically off-set against the Conversion Amount and the aggregate Current Principal Amount of the Additional Tier 1 Notes shall be reduced by the Conversion Amount; and
 - (iv) the Conversion Shares shall be credited as fully paid and shall be freely transferable and shall have the same rights as, and *pari passu* in all respects with, and be of the same class as, all of the Issuer Ordinary Shares as at the Conversion Date. If the Issuer Ordinary Shares are issued in registered certificated form, the Issuer shall procure that the certificate/s evidencing the Relevant Number of Issuer Ordinary Shares is/are delivered to each relevant Subordinated Noteholder.
- (h) Should all other issued Issuer Ordinary Shares be listed on a Relevant Stock Exchange at the time the Conversion Shares are issued to the relevant Noteholders pursuant to this Condition 8.2, the Issuer shall procure that such Conversion Shares are, upon issue, likewise listed on that Relevant Stock Exchange.
- (i) If, when calculating the number of Conversion Shares as contemplated in Condition 8.2(g)(i), the number of Issuer Ordinary Shares calculated requires the issue of a fraction of a share to any Person, the number of Issuer Ordinary Shares to be issued will be rounded down to the nearest whole number of Issuer Ordinary Shares to ensure the issue of a whole number of shares to each Person entitled to receive same, and the relevant Noteholders or holders of the Beneficial Interests in the relevant Converted Additional Tier 1 Notes shall only be entitled to receive such whole number of Issuer Ordinary Shares.
- (j) As soon as reasonably possible after the Conversion Date, the Issuer shall in accordance with Condition 18 (*Notices*) deliver to the relevant Noteholders a notice from the Central Depository confirming that the Conversion Shares have been issued and entered in the relevant Noteholders' respective Securities Accounts.
- (k) Any Conversion of Additional Tier 1 Notes or the Relevant Part(s) thereof in accordance with this Condition 8.2 will be final and binding in the absence of manifest error or fraud.
- (l) Where, at the occurrence of the relevant Non-Viability Event, the Conversion of the relevant Tranche of Additional Tier 1 Notes pursuant to this Condition 8.2 (i) cannot be undertaken for any reason or (ii) is not irrevocable or (iii) will not result in an immediate increase in the Common Equity Tier 1 Capital Ratio, then the relevant Tranche of Additional Tier 1 Notes shall, instead of being Converted, be Written-off, at the occurrence of that Non-Viability Event (at the discretion of the Relevant Regulator), *mutatis mutandis* in accordance with the provisions of Condition 8.3 (*Write-off of Additional Tier 1 Notes upon a Non-Viability Event*).
- (m) For the avoidance of doubt, following any Conversion of the Additional Tier 1 Notes (or the Relevant Part thereof) the Issuer shall not be obliged to pay compensation in any form to the Noteholders.

- (n) Any Conversion of the Additional Tier 1 Notes (or the Relevant Part thereof) upon the occurrence of a Non-Viability Event will not constitute an event of default or any other breach of the Issuer's obligations, or a failure to perform by the Issuer, under these Terms and Conditions and shall not entitle the Noteholders to petition or apply for the liquidation, winding-up or dissolution of the Issuer.
- (o) Once a Conversion of all or the Relevant Part of the Current Principal Amount of the Additional Tier 1 Notes has occurred, no Conversion Amount shall be restored under any circumstances (including, without limitation, where the Non-Viability Event ceases to continue) and the Noteholders will automatically irrevocably lose their rights to receive, and no longer have any rights against the Issuer with respect to, interest accrued on the Additional Tier 1 Notes prior to the Conversion Date and repayment of the Conversion Amount; provided that, if the Additional Tier 1 Notes are Converted in part, interest will continue to accrue on the Current Principal Amount.
- (p) Upon the occurrence of a Non-Viability Event, the Issuer will, in respect of listed Additional Tier 1 Notes, forthwith notify the Central Depository, the JSE and/or such other Financial Exchange upon which such Additional Tier 1 Notes are listed, as the case may be, of the occurrence of that Non-Viability Event and of the Issuer's intention to effect a Conversion of Additional Tier 1 Notes.
- (q) The Issuer shall at all times (to the extent that it is within the Issuer's control and/or power to do so) obtain and maintain all prior authorisations (including, without limitation, all Issuer shareholder approvals in terms of the Companies Act and the JSE Listings Requirements applicable to the Main Board of the JSE) necessary to ensure the Conversion of the relevant Tranche of Additional Tier 1 Notes pursuant to this Condition 8.2. The Issuer will not issue and list a Tranche of Additional Tier 1 Notes to which Conversion is applicable unless the Issuer shall have secured and/or obtained the required shareholders' approval in accordance with the JSE Listings Requirements applicable to the Main Board of the JSE.

8.3 **Write-off of Additional Tier 1 Notes upon a Non-Viability Event**

- (a) This Condition 8.3 applies only to Additional Tier 1 Notes to which Write-off is specified as applicable in the Applicable Pricing Supplement.
- (b) Upon the occurrence of a Non-Viability Event, the Issuer will Write-off the Current Principal Amount of the Additional Tier 1 Notes (or the Relevant Part thereof), in accordance with the Capital Rules, by such amount (the "**Written-off Amount**") as the Relevant Regulator shall require; provided that:
 - (i) a Write-off of the Additional Tier 1 Notes need only occur up until the point where the Issuer is deemed by the Relevant Regulator to be viable again, as specified in writing by the Relevant Regulator, and the Issuer's Common Equity Tier 1 Capital Ratio is above 5.875 per cent. to the extent that the Additional Tier 1 Notes are liability accounted; and
 - (ii) the Additional Tier 1 Notes shall be Written-off in whole, or in part, on a *pro rata* basis with other Loss Absorbing Instruments.
- (c) Any such Write-off shall take place on such date selected by the Issuer in consultation with the Relevant Regulator (the "**Write-off Date**") but no later than 30 (thirty) days following the occurrence of the Non-Viability Event unless in accordance with the Capital Rules, the Relevant Regulator has agreed with the Issuer in writing that the Current Principal Amount (or the Relevant Part thereof) of the Additional Tier 1 Notes may be Written-off after a longer period, in which case, the Write-off shall take place on such date as agreed with the Relevant Regulator.
- (d) A Write-off may occur on more than one occasion following the occurrence of a Non-Viability Event and the Additional Tier 1 Notes may be Written-off on more than one occasion.
- (e) To the extent that the conversion or write-off of any Loss Absorbing Instruments is not effective for any reason:
 - (i) the ineffectiveness of any such conversion or write-off shall not prejudice the requirement to effect a Write-off of the Additional Tier 1 Notes; and

- (ii) the conversion or write-off of any Loss Absorbing Instrument which is not effective shall not be taken into account in determining the Written-off Amount of the Additional Tier 1 Notes.
- (f) For the avoidance of doubt, following any Write-off of the Additional Tier 1 Notes (or the Relevant Part thereof) the Issuer shall not be obliged to pay compensation in any form to the Noteholders.
- (g) Any Write-off of the Additional Tier 1 Notes (or the Relevant Part thereof) upon the occurrence of a Non-Viability Event will not constitute an event of default or any other breach of the Issuer's obligations, or a failure to perform by the Issuer, under these Terms and Conditions and shall not entitle the Noteholders to petition or apply for the liquidation, winding-up or dissolution of the Issuer.
- (h) Once a Write-off of all or the Relevant Part of the Current Principal Amount of the Additional Tier 1 Notes has occurred, no Written-off Amount shall be restored under any circumstances (including, without limitation, where the Non-Viability Event ceases to continue) and the Noteholders will automatically irrevocably lose their rights to receive, and no longer have any rights against the Issuer with respect to, interest accrued on the Additional Tier 1 Notes prior to the Write-off Date and repayment of the Written-off Amount; provided that, if the Additional Tier 1 Notes are Written-off in part, interest will continue to accrue on the Current Principal Amount.
- (i) Upon the occurrence of a Non-Viability Event, the Issuer will, in respect of listed Additional Tier 1 Notes, forthwith notify the Central Depository, the JSE and/or such other Financial Exchange upon which such Additional Tier 1 Notes are listed, as the case may be, of the occurrence of that Non-Viability Event and of the Issuer's intention to effect a Write-off of any Series of Additional Tier 1 Notes.

8.4 **Disapplication of Non-Viability Loss Absorption Condition**

- (a) If a Statutory Loss Absorption Regime is implemented in South Africa and the Additional Tier 1 Notes are subject to such Statutory Loss Absorption Regime upon the occurrence of a Non-Viability Event, then the Issuer, if so specified in the Applicable Pricing Supplement, shall have the option at any time by written notice (the "**Amendment Notice**") to the Noteholders in accordance with Condition 18 (*Notices*) and the Relevant Regulator, to elect that that the Non-Viability Loss Absorption Condition shall cease to apply and that the Statutory Loss Absorption Regime will apply to the Additional Tier 1 Notes from the date specified in the Amendment Notice (the "**Amendment Date**"), being a date no earlier than the date on which the Statutory Loss Absorption Regime takes effect (the "**Amendment Option**"). If the Issuer exercises the Amendment Option, the Non-Viability Loss Absorption Condition will cease to apply and the Additional Tier 1 Notes will be subject to such minimum requirements of the Statutory Loss Absorption Regime required to ensure that the Additional Tier 1 Notes continue to qualify as Additional Tier 1 Capital with effect from the Amendment Date. If the Amendment Option is not specified in the Applicable Pricing Supplement or if the Amendment Option is specified in the Applicable Pricing Supplement but is not exercised by the Issuer, then the Additional Tier 1 Notes will not be subject to the Statutory Loss Absorption Regime and the Non-Viability Loss Absorption Condition will continue to apply to the Additional Tier 1 Notes.
- (b) For the avoidance of doubt, if a Non-Viability Event occurs on or after such date on which the Non-Viability Loss Absorption Condition referred to in this Condition 8 is dis-applied, the Relevant Regulator or the Issuer following instructions from the Relevant Regulator, may take such action in respect of the Additional Tier 1 Notes as is required or permitted by such Statutory Loss Absorption Regime.

9. **REDEMPTION AND PURCHASE**

9.1 **No Maturity**

The Additional Tier 1 Notes:

- (a) will be perpetual securities and will have no fixed date for redemption and the Noteholders will have no right to require the Issuer to redeem or purchase the Additional Tier 1 Notes at any time;

- (b) may only be redeemed, substituted, varied or purchased, prior to a winding-up or liquidation of the Issuer, in accordance with and subject to the provisions of Condition 9.3 (*Redemption for Tax reasons or Change in Law*), Condition 9.4 (*Redemption at the option of the Issuer (Call Option)*), Condition 9.5 (*Redemption following the occurrence of a Capital Disqualification Event*) or Condition 9.6 (*Substitution or Variation*), as applicable; and
- (c) will only be repayable subject to, and in accordance with the terms of, Condition 9.2 (*Winding-up of the Issuer*).

9.2 **Winding-up of the Issuer**

If at any time prior to the date on which the Original Principal Amount of the Additional Tier 1 Notes has been voluntarily redeemed, Converted or Written-off (as applicable), in any case, in full:

- (a) an order is made or an effective resolution is passed for the winding-up, dissolution or de-registration of the Issuer (other than an Approved Winding-up); or
- (b) a liquidator or administrator of the Issuer is appointed and such liquidator or administrator gives notice that it intends to declare and distribute a dividend,

each Additional Tier 1 Note shall be repayable and each Noteholder shall be entitled to be repaid in respect of each Additional Tier 1 Note of which it is the holder (in lieu of any other payment by the Issuer), such amount, if any, as would have been payable to the Noteholder if, on the day prior to the commencement of such winding-up or administration and thereafter, such Noteholder were (in respect of such Additional Tier 1 Note) the holder of one of a class of preference shares in the capital of the Issuer ("**Notional Preference Shares**") ranking *pari passu* as to a return of assets in such winding-up or administration with Other Additional Tier 1 Securities of the Issuer and with that class or classes of preference shares (if any) from time to time issued or which may be issued by the Issuer which have a preferential right to a return of assets in such winding-up or administration over, and so rank ahead of, the holders of all other classes of issued shares for the time being in the capital of the Issuer other than preference shares which, upon issue, qualified (or were intended to qualify) as Tier 2 Capital ("**Tier 2 Preference Shares**"), but ranking junior to the claims of Senior Creditors and holders of Tier 2 Preference Shares, on the assumption that the amount that such Noteholder was entitled to receive in respect of each such Notional Preference Share on a return of assets in such winding-up or administration were an amount equal to the Current Principal Amount of the relevant Additional Tier 1 Note and any accrued but unpaid Interest Amounts thereon (other than Interest Amounts which the Issuer has elected not to pay or which the Issuer is not obliged to pay, as the case may be, pursuant to Condition 7 (*Limitations on Payments of Interest*)).

9.3 **Redemption for Tax reasons or Change in Law**

Additional Tier 1 Notes may be redeemed (subject to the Solvency Condition and Condition 9.7 (Conditions to Redemption, Purchase, Modification, Substitution or Variation of Additional Tier 1 Notes) at the option of the Issuer in whole, but not in part, if a Tax Event occurs and, if specified in the Applicable Pricing Supplement, upon the occurrence of a Change in Law:

- (a) at any time (if the Floating Rate Note provisions are not specified in the Applicable Pricing Supplement as being applicable or, if they are, such provisions are not applicable at the time of redemption); or
- (b) on any Interest Payment Date (if the Floating Rate Note provisions are specified in the Applicable Pricing Supplement as being applicable and are applicable at the time of redemption),

on giving not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Noteholders and to the Transfer Agent and the Paying Agent (which notice shall be irrevocable in accordance with Condition 18 (*Notices*), at their Redemption Amount, together with any unpaid interest accrued to (but excluding) the date of redemption (but excluding any Interest Amounts which the Issuer has elected not to pay or is not obliged to pay, as the case may be, in accordance with Condition 7 (*Limitations on Payments of Interest*)), provided, however, that no such notice of redemption shall be given earlier than:

- (i) where the Additional Tier 1 Notes may be redeemed at any time, 90 (ninety) days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts or would be entitled (as such entitlement is materially reduced) to claim a deduction in respect of computing its taxation liabilities; or

- (ii) where the Additional Tier 1 Notes may be redeemed only on an Interest Payment Date, 60 (sixty) 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.

Prior to the publication of any notice of redemption pursuant to this Condition 9.3, the Issuer shall deliver to the Transfer Agent and the Paying Agent (A) a certificate signed by 2 (two) authorised officers 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 legal advisers of recognised standing to the effect that a Tax Event, or if applicable, a Change in Law has occurred. Upon the expiry of any such notice as is referred to in this Condition 9.3, the Issuer shall be bound to redeem the Additional Tier 1 Notes in accordance with this Condition 9.3.

9.4 **Redemption at the option of the Issuer (Call Option)**

If Redemption at the option of the Issuer (Call Option) is specified in the Applicable Pricing Supplement as being applicable, the Additional Tier 1 Notes may be redeemed (subject to the Solvency Condition and Condition 9.7 (*Conditions to Redemption, Purchase, Modification, Substitution or Variation of Additional Tier 1 Notes*)) at the option of the Issuer in whole or, if so specified in the Applicable Pricing Supplement, in part upon the Issuer having given:

- (a) not less than 30 (thirty) and not more than 60 (sixty) days' notice to the Noteholders in accordance with Condition 18 (*Notices*); and
- (b) not less than 7 (seven) days before giving the notice referred to in paragraph(a) above, notice to the Transfer Agent,

(both of which notices shall be irrevocable) on the Optional Redemption Date(s) (Call) and at the Redemption Amount, together with any unpaid interest accrued to (but excluding) the date of redemption (but excluding any Interest Amounts which the Issuer has elected not to pay or is not obliged to pay, as the case may be, in accordance with Condition 7 (*Limitations on Payments of Interest*)). No Optional Redemption Date(s) (Call) shall fall earlier than the First Call Date.

Any such Redemption Amount must be of a nominal amount equal to or greater than the Minimum Redemption Amount or equal to or less than a Higher Redemption Amount, both as specified in the Applicable Pricing Supplement, if applicable. In the case of a partial redemption of Additional Tier 1 Notes, the Additional Tier 1 Notes to be redeemed ("**Applicable Notes**") will be selected:

- (a) in the case of Applicable Notes represented by Individual Certificates, individually by lot; and
- (b) in the case of Applicable Notes issued in uncertificated form, in accordance with the Applicable Procedures,

and in each such case not more than 30 (thirty) days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**").

A list of the serial numbers of the Individual Certificates will be published in accordance with Condition 18 (*Notices*) not less than 15 (fifteen) days prior to the date fixed for redemption. The aggregate Nominal Amount of Applicable Notes represented by Individual Certificates shall bear the same proportion to the aggregate Nominal Amount of all Applicable Notes as the aggregate Nominal Amount of Individual Certificates outstanding bears to the aggregate Nominal Amount of the Notes Outstanding, in each case on the Selection Date, provided that such first mentioned Nominal Amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination and the aggregate Nominal Amount of Applicable Notes issued in uncertificated form shall be equal to the balance of the Applicable Notes. No exchange of Beneficial Interests in Uncertificated Notes for Individual Certificates will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this Condition 9.4 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 18 (*Notices*) at least 5 (five) days prior to the Selection Date.

Holders of Applicable Notes shall surrender the Individual Certificates in accordance with the provisions of the notice given to them by the Issuer as contemplated above. Where only a portion of the Additional Tier 1 Notes represented by such Individual Certificates is redeemed, the Transfer Agent

shall deliver new Individual Certificates to such Noteholders in respect of the balance of the Additional Tier 1 Notes.

9.5 **Redemption following the occurrence of a Capital Disqualification Event**

The Issuer may redeem the Additional Tier 1 Notes of any Tranche of Additional Tier 1 Notes in whole, but not in part:

- (a) at any time (if the Floating Rate Note provisions are not specified in the Applicable Pricing Supplement as being applicable or, if they are, such provisions are not applicable at the time of redemption); or
- (b) on any Interest Payment Date (if the Floating Rate Note provisions are specified in the Applicable Pricing Supplement as being applicable and are applicable at the time of redemption),

on giving not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Noteholders and to the Transfer Agent and the Paying Agent (which notice shall be irrevocable in accordance with Condition 18 (*Notices*)), at the Redemption Amount, together with any unpaid interest accrued to (but excluding) the date of redemption (but excluding any Interest Amounts which the Issuer has elected not to pay or is not obliged to pay, as the case may be, in accordance with Condition 7 (*Limitations on Payments of Interest*)), following the occurrence of a Capital Disqualification Event.

Prior to the publication of any notice of redemption pursuant to this Condition 9.5, the Issuer shall deliver to the Transfer Agent and the Paying Agent (i) a certificate signed by two authorised officers 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 (ii) unless the Relevant Regulator has confirmed to the Issuer that a Capital Disqualification Event applies to the relevant Additional Tier 1 Notes, an opinion of independent legal advisers of recognised standing to the effect that a Capital Disqualification Event applies. Upon the expiry of any such notice as is referred to in this Condition 9.5, the Issuer shall be bound to redeem the Additional Tier 1 Notes in accordance with this Condition 9.5.

9.6 **Substitution or Variation**

Where Substitution or Variation is specified in the Applicable Pricing Supplement as being applicable, and a Tax Event or a Capital Disqualification Event and, if specified in the Applicable Pricing Supplement, a Change in Law has occurred and is continuing, then the Issuer may, subject to Condition 9.7 (*Conditions to Redemption, Purchase, Modification, Substitution or Variation of Additional Tier 1 Notes*) and/or as directed or approved by the Relevant Regulator and having given not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Noteholders in accordance with Condition 18 (*Notices*), the Paying Agent and the Transfer Agent (which notice shall be irrevocable) but without any requirement for the consent or approval of the Noteholders, at any time either substitute all (but not some only) of the Additional Tier 1 Notes for, or vary the terms of the Additional Tier 1 Notes so that they remain or, as appropriate, become, Qualifying Additional Tier 1 Securities. Upon the expiry of such notice, the Issuer shall either vary the terms of or substitute the Notes in accordance with this Condition 9.6, as the case may be.

9.7 **Conditions to Redemption, Purchase, Modification, Substitution or Variation of Additional Tier 1 Notes**

- (a) Notwithstanding the foregoing provisions of this Condition 9 or Condition 18 (*Notices*) and subject to Condition 9.7(b), for so long as the applicable Capital Rules so require, Additional Tier 1 Notes may be redeemed, purchased (in whole or in part), modified, substituted or varied only at the option of the Issuer, and only if:
 - (i) the Issuer has notified the Relevant Regulator of, and the Relevant Regulator has consented in writing to, such redemption, purchase, modification, substitution or variation (as applicable), subject to such conditions (if any) as the Relevant Regulator may deem appropriate (in any case, only if and to the extent such a notification or consent is required by the Capital Rules (including any prescribed notice periods with which the Issuer may need to comply, if any, in such Capital Rules));

- (ii) the redemption, purchase, modification, substitution or variation of the Additional Tier 1 Notes is not prohibited by the Capital Rules; and
 - (iii) prior to the publication of any notice of redemption, substitution or variation or redemption pursuant to this Condition 9, the Issuer shall deliver to the Paying Agent and the Transfer Agent a certificate signed by two authorised officers stating that the relevant requirement or circumstance giving rise to the right to redeem, substitute or, as appropriate, vary is satisfied and, in the case of a substitution or variation, that the relevant Qualifying Additional Tier 1 Securities have terms not materially less favourable to an investor than the terms of the Additional Tier 1 Notes and will as from the date of such substitution or variation otherwise comply with the requirements of the definition thereof in Condition 1 (*Interpretation*).
- (b) This Condition 9.7 does not apply in respect of a redemption in whole, but not in part, of Additional Tier 1 Notes upon a Capital Disqualification Event in accordance with Condition 9.5(*Redemption following the occurrence of a Capital Disqualification Event*).

9.8 Purchases

Subject to Condition 9.7(*Conditions to Redemption, Purchase, Modification, Substitution or Variation of Additional Tier 1 Notes*), the Issuer may at any time purchase Additional Tier 1 Notes in the open market or otherwise at any price. Such Additional Tier 1 Notes may (subject to the Capital Rules) at the option of the Issuer be held, re-issued, re-sold or surrendered to the Paying Agent for cancellation in accordance with Condition 9.9 (*Cancellation*)

9.9 Cancellation

All Additional Tier 1 Notes which are redeemed or purchased by the Issuer may, at its option, be cancelled and may, if cancelled, not be reissued or resold. Where only a portion of Additional Tier 1 Notes represented by an Individual Certificate are cancelled, the Transfer Agent shall deliver an Individual Certificate to such Noteholder in respect of the balance of the Additional Tier 1 Notes.

10. PAYMENTS

10.1 General

- (a) Only Noteholders named in the Register at 17h00 (Johannesburg time) on the relevant Last Day to Register shall be entitled to payment of amounts due and payable in respect of Registered Notes.
- (b) All payments of all amounts (whether in respect of principal, interest or otherwise) due and payable in respect of any Additional Tier 1 Notes shall be made by the Issuer (where the Issuer itself acts as Paying Agent) or the Paying Agent on behalf of the Issuer (where the Issuer has appointed a third party to act as Paying Agent), as the case may be, on the terms and conditions of the Agency Agreement (if any) and this Condition 10.
- (c) All references in this Condition 10 to "Paying Agent" shall be construed as references to the Issuer (where the Issuer itself acts as Paying Agent) or the Paying Agent on behalf of the Issuer (where the Issuer has appointed a third party entity to act as Paying Agent), as the case may be.
- (d) Payments will be subject in all cases to any fiscal or other laws, directives and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 11(*Taxation*).

10.2 Payments – Registered Notes/Certificated and Uncertificated

(a) *Method of payment*

The Paying Agent shall pay all amounts due and payable in respect of any Registered Notes:

- (i) in the case of Additional Tier 1 Notes which are held in the Central Depository, in immediately available and freely transferable funds, in the Specified Currency, by electronic funds transfer to the bank account of the Central Depository, as the registered Noteholder of such Additional Tier 1 Notes; and
- (ii) in the case of Additional Tier 1 Note(s) which are represented by an Individual Certificate, in immediately available and freely transferable funds, in the Specified

Currency, by electronic funds transfer, to the bank account of the Person named as the registered Noteholder of such Additional Tier 1 Notes in the Register or, in the case of joint registered Noteholders, the bank account of the first one of them named in the Register in respect of such Additional Tier 1 Notes; provided that if several Persons are entered into the Register as joint registered Noteholders of such Additional Tier 1 Notes then, without affecting the previous provisions of this Condition 10, payment to any one of them shall be an effective and complete discharge by the Issuer of the amount so paid, notwithstanding any notice (express or otherwise) which the Paying Agent and/or the Issuer may have of the right, title, interest or claim of any other Person to or in any such Additional Tier 1 Notes.

Neither the Issuer nor the Paying Agent shall be responsible for the loss in transmission of any such funds, and payment of any amount into the bank accounts referred to above, in accordance with this Condition 10.2(a), shall be satisfaction *pro tanto*, to the extent of such amount, of the Issuer's obligations to the Noteholders under the relevant Registered Notes and the applicable Terms and Conditions.

(b) *Beneficial Interest*

Following payment to the Central Depository of amounts due and payable in respect of Additional Tier 1 Notes which are held in the Central Depository, the relevant funds will be transferred by the Central Depository, via the Participants, to the holders of Beneficial Interest in such Additional Tier 1 Notes, in accordance with the CSD Procedures.

Each of the Persons reflected in the records of the Central Depository or the relevant Participant, as the case may be, as the holders of Beneficial Interests in Additional Tier 1 Notes, will look solely to the Central Depository or the relevant Participants, as the case may be, for such Person's share of each payment so made by the Paying Agent, on behalf of the Issuer, to or for the order of the Central Depository, as the registered Noteholder of such Additional Tier 1 Notes.

Neither the Paying Agent nor the Issuer will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, Beneficial Interests or for maintaining, supervising or reviewing any records relating to Beneficial Interests.

Payments of amounts due and payable in respect of Beneficial Interests in Additional Tier 1 Notes will be recorded by the Central Depository, as the registered holder of such Additional Tier 1 Notes, distinguishing between interest and principal, and such record of payments by the Central Depository, as the registered Noteholder of such Additional Tier 1 Notes, will be *prima facie* proof of such payments.

(c) *Surrender of Individual Certificates*

Payments of principal in respect of any Registered Note(s) which is/are represented by Individual Certificate(s) shall be made to the Noteholder(s) of such Registered Note(s) only if, prior to the date on which the relevant Tranche of Additional Tier 1 Notes are redeemed, such Individual Certificate(s) shall have been surrendered to the Transfer Agent at its Specified Office.

If the relevant Individual Certificate is not surrendered to the Transfer Agent at its Specified Office in accordance with this Condition 10.2(c), the amount of principal payable to the Noteholder of the Registered Note(s) represented by that Individual Certificate shall be retained by the Paying Agent for such Noteholder, at the latter's risk, until that Individual Certificate shall have been surrendered to the Transfer Agent at its Specified Office, and such Noteholder will not be entitled to any interest and/or other payments in respect of any delay in payment occasioned as a result of such failure to surrender such Individual Certificate.

10.3 **Method of Payment**

- (a) Payments of interest and principal will be made in the Specified Currency by electronic funds transfer.
- (b) If the Issuer is prevented or restricted directly or indirectly from making any payment by electronic funds transfer in accordance with the preceding paragraph (whether by reason of strike, lockout, fire, explosion, floods, riot, war, accident, act of God, embargo, legislation, shortage of or breakdown in facilities, civil commotion, unrest or disturbances, cessation of

labour, Government interference or control or any other cause or contingency beyond the control of the Issuer), the Issuer shall make such payment by cheque (or by such number of cheques as may be required in accordance with applicable banking law and practice) of any such amounts. Such payments by cheque shall be sent by post to the address of the Noteholder of Registered Notes as set forth in the Register or, in the case of joint Noteholders of Registered Notes, the address set forth in the Register of that one of them who is first named in the Register in respect of that Additional Tier 1 Note.

- (c) Each such cheque shall be made payable to the relevant Noteholder or, in the case of joint Noteholders of Registered Notes, the first one of them named in the Register. Cheques may be posted by ordinary post, provided that neither the Issuer nor the Paying Agent shall be responsible for any loss in transmission and the postal authorities shall be deemed to be the agent of the Noteholders for the purposes of all cheques posted in terms of this Condition 10.3 (*Method of Payment*).
- (d) In the case of joint Noteholders of Registered Notes payment by electronic funds transfer will be made to the account of the Noteholder first named in the Register. Payment by electronic transfer to the Noteholder first named in the Register shall discharge the Issuer of its relevant payment obligations under the Additional Tier 1 Notes.
- (e) Payments will be subject in all cases to any taxation or other laws, directives and regulations applicable thereto in the place of payment, but subject to the provisions of Condition 11 (*Taxation*).

10.4 **Surrender of Individual Certificates**

- (a) No payment in respect of the final redemption of a Registered Note shall be made until 10 (ten) days after the date on which the Individual Certificate in respect of the Additional Tier 1 Note to be redeemed has been surrendered to the Paying Agent.
- (b) Documents required to be presented and/or surrendered to the Paying Agent in accordance with these Terms and Conditions shall be so presented and/or surrendered at the office of the Paying Agent specified in the Applicable Pricing Supplement.
- (c) Holders of Uncertificated Notes are not required to present and/or surrender any documents of title.

10.5 **Payment Day**

- (a) If the date for payment of any amount in respect of any Additional Tier 1 Note is not a Business Day and is not subject to adjustment in accordance with a Business Day Convention, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place for payment and shall not be entitled to further interest or other payment in respect of any such delay.
- (b) If an Interest Period in respect of any Additional Tier 1 Note which would otherwise end on a date which is not a Business Day has been adjusted in accordance with a Business Day Convention to end on a date which is the next Business Day, the holder thereof shall be entitled to payment of interest in respect of the number of additional days in that extended Interest Period in accordance with that Business Day Convention.

10.6 **Interpretation of principal and interest**

- (a) Any reference in these Terms and Conditions to principal in respect of the Additional Tier 1 Notes shall include, as applicable:
 - (i) any additional amounts which may be payable with respect to principal under Condition 10.3 (*Method of Payment*); and
 - (ii) the Redemption Amount of the Additional Tier 1 Notes.but excluding for the avoidance of doubt, interest.
- (b) Any reference in these Terms and Conditions to interest in respect of the Additional Tier 1 Notes shall include, as applicable, any Additional Amounts which may be payable with respect to interest under Condition 11 (*Taxation*).

10.7 Solvency Condition

- (a) Except in a winding-up, dissolution, de-registration or administration as provided in Condition 9.2 (*Winding-up of the Issuer*), all payments in respect of or arising from (including any damages for breach of any obligations under) the Additional Tier 1 Notes are, without prejudice to the right of the Issuer to cancel payments under these Terms and Conditions, conditional upon the Issuer being solvent at the time of payment by the Issuer and no payment shall be due and payable in respect of or arising from the Additional Tier 1 Notes except to the extent that the Issuer could make such payment and still be solvent immediately thereafter (the **Solvency Condition**).
- (b) For the purposes of the Solvency Condition, the Issuer shall be considered to be "*solvent*" if both (i) it is able to pay its debts to its Senior Creditors as they fall due and (ii) its Assets exceed its Liabilities. A certificate as to the solvency of the Issuer signed by 2 (two) authorised officers or, if the Issuer is in winding-up or administration, its liquidator or administrator (as the case may be) shall, in the absence of manifest error, be treated and accepted by the Issuer and the Noteholders as correct and sufficient evidence thereof.

11. TAXATION

- 11.1 A Noteholder whose Additional Tier 1 Notes are redeemed shall pay all taxes payable in connection with the payment of the Interest Amount, or the redemption of such Additional Tier 1 Notes and/or the payment of the Redemption Amount as a result of such redemption. The Issuer is not liable for or otherwise obliged to pay any taxes that may arise as a result of the ownership, transfer, redemption or enforcement of any Additional Tier 1 Note.
- 11.2 All payments of principal and interest in respect of the Additional Tier 1 Notes by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of South Africa or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law.
- 11.3 In such event, the Issuer will pay such additional amounts (each, an **Additional Amount**) as shall be necessary in order that the net amounts received by the holders of the Additional Tier 1 Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Additional Tier 1 Notes, as the case may be, in the absence of such withholding or deduction except that no such Additional Amounts shall be payable with respect to any Additional Tier 1 Note:
 - (a) held by or on behalf of a Noteholder, who is liable for such taxes or duties in respect of such Additional Tier 1 Note by reason of his having some connection with South Africa other than the mere holding of such Additional Tier 1 Note or the receipt of principal or interest in respect thereof; or
 - (b) presented for payment by or on behalf of, or held by, a Noteholder who could lawfully avoid (but has not so avoided) such withholding or deduction by complying with any statutory requirements in force at the present time or in the future by making a declaration of non-residency or other similar claim or filing for exemption to which it is entitled to the relevant tax authority or the Paying Agent (the effect of which is not to require the disclosure of the identity of the relevant Noteholder); or
 - (c) where such withholding or deduction is in respect of taxes levied or imposed on interest or principal payments only by virtue of the inclusion of such payments in the taxable income (as defined in section 1 of the Income Tax Act) or taxable capital gain (as defined in paragraph 1 of Schedule 8 to the Income Tax Act) of any Noteholder; or
 - (d) where (in the case of payment of principal and/or interest which is conditional on surrender and/or presentation of the relevant Individual Certificate in accordance with these Terms and Conditions) the relevant Individual Certificate is surrendered and/or presented more than 30 (thirty) days after the Relevant Date except to the extent that the Noteholder thereof would have been entitled to an additional amount on presenting the same for payment on such 30th (thirtieth day); or
 - (e) if such withholding or deduction arises through the exercise by revenue authorities of special powers in respect of disputers or alleged tax defaulters.

11.4 Any reference in these Terms and Conditions to any amounts in respect of the Additional Tier 1 Notes shall be deemed also to refer to any Additional Amounts which may be payable under these Terms and Conditions or under any undertakings given in addition to, or in substitution for, these Terms and Conditions.

11.5 **FATCA withholding**

Notwithstanding any other provision in these Terms and Conditions, the Issuer, and the Paying Agents, shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any intergovernmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. IRS ("**FATCA withholding**"). The Issuer will have no obligations to pay Additional Amounts or otherwise indemnify a holder for any FATCA withholding deducted or withheld by the Issuer, a Paying Agent or any other party as a result of any person (other than an agent of the Issuer) not being entitled to receive payments free of FATCA withholding.

11.6 **Taxing jurisdiction**

If the Issuer becomes subject at any time to any taxing jurisdiction other than South Africa, references in these Terms and Conditions to South Africa shall be construed as references to South Africa and/or such other jurisdiction.

12. **PRESCRIPTION**

The Additional Tier 1 Notes will become prescribed unless presented for payment of principal and interest within a period of 3 (three) years after the Relevant Date therefor save that any relevant Individual Certificate constituting a "*bill of exchange or other negotiable instrument*" in accordance with section 11 of the Prescription Act, 1969 will become prescribed unless presented for payment of principal and interest within a period of 6 (six) years from the Relevant Date thereof.

13. **ENFORCEMENT EVENTS**

13.1 Notwithstanding any of the provisions below in this Condition 13, the right to institute winding-up proceedings is limited to circumstances where payment of principal or interest due in respect of the Additional Tier 1 Notes has become due and is not duly paid.

13.2 If default is made for a period of 7 (seven) days or more after the Issuer has received notice thereof in the payment of any principal or interest due in respect of the Additional Tier 1 Notes or any of them, each Noteholder may in its discretion institute proceedings for the winding-up or liquidation of the Issuer but (subject to Condition 13.3) may take no further or other action to enforce payment.

13.3 If at any time prior to the date on which the Original Principal Amount of the Additional Tier 1 Notes has been Converted or Written-off (as applicable) in full, a liquidation or winding-up (whether or not instituted by a Noteholder as aforesaid and other than an Approved Winding-up) or administration of the Issuer shall occur where the liquidator or administrator has given notice that it intends to declare and distribute a dividend, each Noteholder in its discretion may prove in such winding-up or administration of the Issuer and/or claim in the liquidation of the Issuer in respect of the Additional Tier 1 Notes, such claim being as provided in Condition 9.2 (*Winding-up of the Issuer*).

13.4 No payment in respect of the Additional Tier 1 Notes may be made by the Issuer pursuant to this Condition 13 nor will any Noteholder accept the same (provided it has notice or actual knowledge of the relevant circumstances) otherwise than during or after a liquidation or winding-up of the Issuer or after a liquidator or administrator of the Issuer has given notice that it intends to declare and distribute a dividend.

13.5 If the Issuer becomes aware of the occurrence of any event referred to in Condition 13.2 or Condition 13.3, the Issuer shall forthwith notify all Noteholders of the Class and, in respect of listed Additional Tier 1 Notes, shall forthwith notify the Central Depository, the JSE and/or such other Financial Exchange upon which such Additional Tier 1 Notes are listed, as the case may be.

13.6 Without prejudice to the preceding Conditions, if the Issuer breaches any of its obligations under the Additional Tier 1 Notes of the Series (other than any obligation in respect of the payment of principal or interest on such Additional Tier 1 Notes), then any holder of Additional Tier 1 Notes of the Series 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 or satisfy any other payment obligation in relation to such Additional Tier 1 Notes sooner than the same would otherwise have been payable by it.

14. EXCHANGE OF BENEFICIAL INTERESTS AND REPLACEMENT OF INDIVIDUAL CERTIFICATES

14.1 Exchange of Beneficial Interests

- (a) The holder of a Beneficial Interest in Additional Tier 1 Notes may, in terms of the Applicable Procedures and subject to section 34(e) and section 42 of the Financial Markets Act read with section 35(2)(i) of the Financial Markets Act (or the relevant provisions of any successor legislation), by written notice to the holder's nominated Participant (or, if such holder is a Participant, the Central Depository), request that such Beneficial Interest be exchanged for Additional Tier 1 Notes in definitive form represented by an Individual Certificate (the "**Exchange Notice**"). The Exchange Notice shall specify (i) the name, address and bank account details of the holder of the Beneficial Interest and (ii) the day on which such Beneficial Interest is to be exchanged for an Individual Certificate; provided that such day shall be a Business Day and shall fall not less than 30 (thirty) days after the day on which such Exchange Notice is given.
- (b) The holder's nominated Participant will, following receipt of the Exchange Notice, through the Central Depository, notify the Transfer Agent that it is required to exchange such Beneficial Interest for Additional Tier 1 Notes represented by an Individual Certificate. The Transfer Agent will, as soon as is practicable but within 14 (fourteen) days after receiving such notice, in accordance with the Applicable Procedures, procure that an Individual Certificate is prepared, authenticated and made available for delivery, on a Business Day falling within the aforementioned 14 (fourteen) day period, to the Participant acting on behalf of the holder of the Beneficial Interest in respect of the conversion at the Specified Office of the Transfer Agent; provided that joint holders of a Beneficial Interest shall be entitled to receive only one Individual Certificate in respect of that joint holding, and the delivery to one of those joint holders shall be delivery to all of them.
- (c) In the case of the exchange of a Beneficial Interest in any Registered Notes:
 - (i) such Registered Note will, prior to the Exchange Date, be surrendered (through the Central Depository system) to the Transfer Agent at its Specified Office; and
 - (ii) the Transfer Agent will obtain the release of such uncertificated Additional Tier 1 Notes from the Central Depository in accordance with the CSD Procedures.
- (d) An Individual Certificate shall, in relation to a Beneficial Interest:
 - (i) in a Tranche of Additional Tier 1 Notes which is held in the Central Depository, represent that number of Additional Tier 1 Notes as have, in the aggregate, the same aggregate Nominal Amount of Additional Tier 1 Notes standing to the account of the holder of such Beneficial Interest; and
 - (ii) in any number of Additional Tier 1 Notes issued in uncertificated form of a particular aggregate Nominal Amount standing to the account of the holder thereof, represent that number of Additional Tier 1 Notes of that aggregate Nominal Amount, as the case may be, and shall otherwise be in such form as may be agreed between the Issuer and the Transfer Agent; provided that if such aggregate Nominal Amount is equivalent to a fraction of the Specified Denomination or a fraction of any multiple thereof, such Individual Certificate shall be issued in accordance with, and be governed by, the Applicable Procedures.
- (e) Subject always to Applicable Laws and Applicable Procedures, upon the replacement of a Beneficial Interest in Additional Tier 1 Notes, with Additional Tier 1 Notes in definitive form represented by an Individual Certificate in accordance with this Condition 14, such Additional Tier 1 Notes (now represented by an Individual Certificate) will cease to be listed on the Financial Exchange and will no longer be lodged in the Central Depository. Additional Tier 1 Notes represented by Individual Certificates will be registered in the Register in the name of the individual Noteholders of such Additional Tier 1 Notes.

14.2 **Replacement**

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

14.3 **Death and sequestration or liquidation of Noteholder**

Any Person becoming entitled to Registered Notes in consequence of the death, sequestration or liquidation of the holder of such Additional Tier 1 Notes may, upon producing evidence to the satisfaction of the Issuer that he holds the position in respect of which he proposes to act under this Condition 14.3 (*Death and sequestration or liquidation of Noteholder*) or of his title as the Issuer and the Transfer Agent shall require, be registered himself as the holder of such Additional Tier 1 Notes or, subject to the Applicable Procedures, this Condition 14.3 (*Death and sequestration or liquidation of Noteholder*) and Condition 15 (Transfer of Additional Tier 1 Notes), may transfer such Additional Tier 1 Notes. The Issuer and (if applicable) the Central Depository and the relevant Participant shall be entitled to retain any amount payable upon the Additional Tier 1 Notes to which any Person is so entitled until such Person shall be registered as aforesaid or shall duly transfer the Additional Tier 1 Notes.

14.4 **Costs**

The costs and expenses of the printing, issue and delivery of each Individual Certificate and all taxes and any and all governmental charges or insurance charges that may be imposed in relation to such Individual Certificate shall be borne by the holder of the Additional Tier 1 Notes represented by that Individual Certificate. Separate costs and expenses relating to the provision of Individual Certificates and/or the transfer of Additional Tier 1 Notes may be levied by other Persons, such as a Participant, under the Applicable Procedures, and such costs and expenses shall not be borne by the Issuer.

15. **TRANSFER OF ADDITIONAL TIER 1 NOTES**

15.1 **Transfer of Beneficial Interests in Registered Notes (including Uncertificated Notes) held in the Central Depository**

- (a) Beneficial Interests may be transferred only in accordance with the Applicable Procedures through the Central Depository.
- (b) Transfers of Beneficial Interests to and from clients of Participants occur by way of electronic book entry in the securities accounts maintained by the Participants for their clients, in accordance with the Applicable Procedures.
- (c) Transfers of Beneficial Interests among Participants occur through electronic book entry in the central securities accounts maintained by the Central Depository for the Participants, in accordance with the Applicable Procedures.
- (d) Transfers of Beneficial Interests in Registered Notes will not be recorded in the Register and the Central Depository will continue to be reflected in the Register as the Noteholder of such Additional Tier 1 Notes notwithstanding such transfers.

15.2 **Transfer of Registered Notes represented by Individual Certificates**

- (a) In order for any transfer of Registered Notes represented by an Individual Certificate to be recorded in the Register, and for such transfer to be recognised by the Issuer:
 - (i) the transfer of such Registered Notes must be embodied in a Transfer Form;
 - (ii) the Transfer Form must be signed by the registered Noteholder of such Registered Notes and the transferee, or any authorised representatives of that registered Noteholder or transferee; and
 - (iii) the Transfer Form must be delivered to the Transfer Agent at its specified office together with the Individual Certificate representing such Registered Notes for cancellation.
- (b) Registered Notes represented by an Individual Certificate may only be transferred, in whole or in part, in amounts of not less than the Specified Denomination (or any multiple thereof).

- (c) Subject to this Condition 15.2, the Transfer Agent will, within 10 (ten) Business Days of receipt by it of a valid Transfer Form (or such longer period as may be required to comply with any Applicable Laws and/or Applicable Procedures), record the transfer of Registered Notes represented by an Individual Certificate (or the relevant portion of such Registered Notes) in the Register, and authenticate and deliver to the transferee at the Transfer Agent's specified office or, at the risk of the transferee, send by mail to such address as the transferee may request, a new Individual Certificate in respect of the Registered Notes transferred reflecting the Nominal Amount Outstanding of the Registered Notes transferred.
- (d) Where a Noteholder has transferred a portion only of Registered Notes represented by an Individual Certificate, the Transfer Agent will authenticate and deliver to such Noteholder at the Transfer Agent's Specified Office or, at the risk of such Noteholder, send by mail to such address as such Noteholder may request, a new Individual Certificate representing the balance of the Registered Notes held by such Noteholder.
- (e) The transferor of any Registered Notes represented by an Individual Certificate will be deemed to remain the owner thereof until the transferee is registered in the Register as the holder thereof.
- (f) Before any transfer of Registered Notes represented by an Individual Certificate is registered in the Register, all relevant transfer taxes (if any) must have been paid by the transferor and/or the transferee and such evidence must be furnished as the Issuer and the Transfer Agent may reasonably require as to the identity and title of the transferor and the transferee.
- (g) No transfer of any Registered Notes represented by an Individual Certificate will be registered whilst the Register is closed as contemplated in Condition 16 (*Register*).
- (h) If a transfer of any Registered Notes represented by an Individual Certificate is registered in the Register, the Transfer Form and cancelled Individual Certificate will be retained by the Transfer Agent.
- (i) In the event of a partial redemption of Additional Tier 1 Notes, the Transfer Agent shall not be obliged to register the transfer of any Additional Tier 1 Notes during the period beginning on the 10th (tenth) day before the date of the partial redemption and ending on the date of the partial redemption (both inclusive).

16. REGISTER

16.1 The Register shall:

- (a) be kept at the Specified Offices of the Transfer Agent or such other person as may be appointed for the time being by the Issuer to maintain the Register;
- (b) reflect the number of Registered Notes issued and Outstanding, the date upon which each of the Noteholders was registered as such;
- (c) contain the name, address, and bank account details of the Noteholders of Registered Notes;
- (d) set out the Nominal Amount of the Additional Tier 1 Notes issued to such Noteholders and shall show the date of such issue;
- (e) show the serial number of Individual Certificates issued in respect of any Additional Tier 1 Notes;
- (f) be open for inspection during the normal business hours of the Issuer to any Noteholder or any person authorised in writing by any Noteholder; and
- (g) be closed during the Books Closed Period.

16.2 The registered Noteholder of the Registered Notes in a Tranche of Registered Notes which is held in the Central Depository will be determined in accordance with the CSD Procedures, and such registered Noteholder will be named in the Register as the registered holder of such Registered Notes.

16.3 The Transfer Agent shall not be obliged to record any transfer while the Register is closed.

16.4 The Transfer Agent shall alter the Register in respect of any change of name, address or bank account number of any of the Noteholders of any Registered Notes of which it is notified in accordance with these Terms and Conditions.

16.5 Except as provided for in these Terms and Conditions or as required by law, in respect of Registered Notes, the Issuer will only recognise a Noteholder as the owner of the Notes registered in that Noteholder's name as per the Register.

16.6 Except as provided for in these Terms and Conditions or as required by Applicable Laws, the Transfer Agent shall not be bound to enter any trust into the Register or to take notice of any or to accede to any trust executed, whether express, implied or constructive, to which any Individual Certificate may be subject.

17. **TRANSFER AGENT, CALCULATION AGENT AND PAYING AGENT**

17.1 Any third party appointed by the Issuer as Calculation Agent, Paying Agent and/or Transfer Agent shall act solely as the agent of the Issuer and does not assume any obligation towards or relationship of agency or trust for or with any Noteholders.

17.2 If the Issuer elects to appoint another entity (not being the Issuer) as Calculation Agent, Paying Agent and/or Transfer Agent, that other entity, on execution of an appropriate Agency Agreement or an appropriate accession letter to the Agency Agreement, as the case may be, shall serve in that capacity in respect of the Additional Tier 1 Notes. The Issuer shall notify the Noteholders in the manner set out in Condition 18 (*Notices*) of any such appointment and, if any Additional Tier 1 Notes are listed on the JSE, the Issuer shall notify the JSE of any such appointment.

17.3 The Issuer is entitled to vary or terminate the appointment of the Transfer Agent, the Calculation Agent and the Paying Agent and/or appoint additional or other agents and/or approve any change in the specified office through which any such agent acts on the terms of the Agency Agreement, provided that there will at all times be a Transfer Agent, Calculation Agent and a Paying Agent with an office in such place as may be required by the Applicable Procedures. The Transfer Agent, Paying Agent and Calculation Agent act solely as the agents of the Issuer and do not assume any obligation towards or relationship of agency or trust for or with any Noteholders.

17.4 To the extent that the Issuer acts as the Transfer Agent, Calculation Agent or Paying Agent, all references in these Terms and Conditions to:

- (a) any action, conduct or functions in such role shall be understood to mean that the Issuer shall perform such action, conduct or function itself; and
- (b) requirements for consultation, indemnification by or of, payment by or to, delivery by or to, notice by or to, consent by or to or agreement between the Issuer and such Transfer Agent, Calculation Agent or Paying Agent (as the case may be) shall be disregarded to the extent that the Issuer performs such role.

18. **NOTICES**

18.1 **Notice by the Issuer**

Notices to Noteholders shall be valid and effective:

- (a) in the case of uncertificated Additional Tier 1 Notes listed on the JSE, if delivered to:
 - (i) the JSE and electronically published on SENS, or any other similar service, established by the JSE; and
 - (ii) the Central Depository and the Participants; or
- (b) in the case of unlisted uncertificated Additional Tier 1 Notes, if mailed to the registered addresses of the Noteholders appearing in the Register or, if delivered to the Central Depository and the Participants (and if required, electronically published on SENS, or any other similar service, established by the JSE); or
- (c) in the case of Additional Tier 1 Notes being represented by an Individual Certificate, if mailed to the registered addresses of the holders of the Additional Tier 1 Notes appearing in the Register and published, not earlier than 4 (four) calendar days after the date of posting of such notice by registered mail:
 - (i) in an English language daily newspaper of general circulation in South Africa; and
 - (ii) for so long as the Additional Tier 1 Notes are listed on the JSE or such other Financial Exchange, a daily newspaper of general circulation in the city in which the JSE or such other Financial Exchange is situated or any electronic news service of general distribution.

Any such notice shall be deemed to have been given on the seventh day after the day on which it is mailed, or the day of its publication, as the case may be.

18.2 **Notice by the Noteholders**

A notice to be given by any Noteholder to the Issuer shall be in writing and given by lodging (either by hand delivery or posting by registered mail) that notice, together with a certified copy of the relevant Individual Certificate at the office of the Transfer Agent specified in the Applicable Pricing Supplement. For so long as any of the Additional Tier 1 Notes are uncertificated, notice may be given by any holder of a Beneficial Interest in such Additional Tier 1 Notes to the Issuer via the relevant Participant in accordance with the Applicable Procedures, in such manner as the Issuer and the relevant Participant may approve for this purpose. Such notices shall be deemed to have been received by the Issuer, if delivered by hand, on the second Business Day after being hand delivered, or, if sent by registered mail, 7 (seven) days after posting.

18.3 **Notice in relation to Additional Tier 1 Notes listed on the JSE**

For so long as any Additional Tier 1 Notes are listed on the JSE, notwithstanding Conditions 18.1 and 18.2, all notices in respect of such JSE-listed Additional Tier 1 Notes shall be made by way of an announcement on SENS.

19. **MEETINGS OF NOTEHOLDERS**

19.1 **Convening of meetings**

The Issuer may at any time convene a meeting of all Noteholders or holders of any Class of Additional Tier 1 Notes, and shall be obliged to do so upon the request in writing of Noteholders holding not less than 10 per cent. of the aggregate Nominal Amount of all Additional Tier 1 Notes or Additional Tier 1 Notes in that Class, as the case may be, for the time being Outstanding. Should the Issuer fail to requisition a meeting within 7 (seven) days of such a request being delivered to the Specified Office of the Issuer, the Noteholders requesting such a meeting may convene such meeting by written notice to the Issuer and the relevant Noteholders to which such meeting applies in accordance with Condition 18 (*Notices*). A meeting so convened will be convened as nearly as possible in the same manner as that in which meetings may be convened by the Issuer.

19.2 **Notice**

Unless Noteholders of at least 90 per cent. of the aggregate Nominal Amount of all Additional Tier 1 Notes or Class of Additional Tier 1 Notes Outstanding, as the case may be, agree in writing to a shorter period, at least 15 (fifteen) business days' prior written notice (exclusive of the day on which the notice is given and of the day on which the relevant meeting is to be held) specifying the date, time and place of the meeting shall be given to the Noteholders and the Transfer Agent (with a copy to the Issuer). Every such meeting shall be held at such time and place as the Transfer Agent may approve. The notice shall set out the nature of the business for which the meeting is to be held, the full text of any resolutions to be proposed and shall state that a Noteholder may appoint a proxy (as defined below) by delivering a form of proxy (as defined below) to the Specified Officers of the Transfer Agent by no later than 24 hours before the time fixed for the meeting.

For so long as any Notes are listed on the JSE notices of meetings in respect of such JSE-listed Notes, shall be announced on SENS, which announcement shall state the date that the Issuer has selected to determine which Noteholders recorded in the Register will receive notice of the meeting, and the last date by which proxy forms must be submitted.

A requisition notice by Noteholders requesting a meeting of Noteholders pursuant to Condition 19.1 above may consist of several documents in like form, each signed by one or more requisitioning Noteholders. Such a requisition notice will be delivered to the Specified Offices of the Issuer.

19.3 **Proxy**

A Noteholder may by an instrument in writing (a "**form of proxy**") signed by the holder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation, appoint any Person (a "**proxy**") to act on his or its behalf in connection with any meeting or proposed meeting of the Noteholders.

Any Noteholder which is a corporation may by resolution of its directors or other governing body authorise any Person to act as its Representative in connection with any meeting or proposed meeting of the Noteholders.

Any proxy or Representative appointed shall, so long as the appointment remains in force, be deemed for all purposes in connection with any meeting or proposed meeting of the Noteholder specified in the appointment, to be the holder of the Additional Tier 1 Notes to which the appointment relates and the holder of the Additional Tier 1 Notes shall be deemed for such purposes not to be the holder.

19.4 **Chairperson**

The chairperson (who may, but need not, be a Noteholder) of the meeting shall be appointed by the Issuer. The procedures to be followed at the meeting shall be as determined by the chairperson subject to the remaining provisions of this Condition 19. Should the Noteholder requisition a meeting, and the Issuer fails to call such a meeting within 7 (seven) days of the requisition, then the chairperson of the meeting held at the instance of the Noteholders shall be selected by a majority of Noteholders present in Person, by Representative or by proxy. The chairman of an adjourned meeting need not be the same Person as was chairman of the original meeting.

19.5 **Quorum**

At any such meeting one or more Noteholders present in Person, by Representative or by proxy, holding in aggregate not less than 30 (thirty) per cent. of the Nominal Amount of Additional Tier 1 Notes for the time being Outstanding shall form a quorum for the transaction of business. The quorum at any such meeting for passing an Extraordinary Resolution shall (subject as provided below) be one or more Noteholders of that Class present or represented by proxies or Representatives and holding or representing in the aggregate a clear majority in Nominal Amount of the Additional Tier 1 Notes held by the applicable Class for the time being Outstanding. At any meeting the business of which includes any of the following matters ("**Reserved Matters**"), any such Reserved Matter shall only be capable of being effected after having been approved by Extraordinary Resolution namely:

- (a) reduction or cancellation of the Redemption Amount payable upon redemption of the Additional Tier 1 Notes; or
- (b) reduction or cancellation of the amount payable or modification of the payment date in respect of any interest in respect of the Additional Tier 1 Notes or variation of the method of calculating the Interest Rate in respect of the Additional Tier 1 Notes; or
- (c) reduction or increase of any Minimum Interest Rate and/or Maximum Interest Rate specified in the Applicable Pricing Supplement of any Additional Tier 1 Note; or
- (d) modification of the currency in which payments under the Additional Tier 1 Notes are to be made; or
- (e) modification of the majority required to pass an Extraordinary Resolution; or
- (f) the sanctioning of any such scheme or proposal as is described in Condition 19.13(g) below; or
- (g) alteration of this proviso or the proviso to Condition 19.7(c) below

At any meeting whose business includes any of such matters, the quorum shall be one or more Noteholders of that Class present or represented by proxies or Representatives and holding or representing in the aggregate not less than 66.67 per cent. in Nominal Amount of the Additional Tier 1 Notes of that Class for the time being Outstanding. An Extraordinary Resolution passed at any meeting of the holders of Additional Tier 1 Notes of that Class will be binding on all holders of Additional Tier 1 Notes, whether or not they are present at the meeting. No amendment to or modification of the Conditions may be effected without the written agreement of the Issuer.

19.6 **Adjournment of meetings**

The Chairperson may, with the consent of (and shall if directed by) any Noteholders, adjourn a meeting of Noteholders or a Class of Noteholders from time to time and from place to place.

If within thirty minutes after the time fixed for any such meeting a quorum is not present, then:

- (a) in the case of a meeting requested by Noteholders, it shall be dissolved; or

- (b) in the case of any other meeting, it shall be adjourned for such period (which shall be not less than 14 (fourteen) days and not more than 21 (twenty-one) days) and to such time and place as the Chairperson determines and approved by the Transfer Agent; provided, however, that:
 - (i) the meeting shall be dissolved if the Issuer so decides; and
 - (ii) no meeting may be adjourned more than once for want of a quorum subject to as provided in Condition 19.7(c) below.

No business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which adjournment took place.

19.7 **Notice following adjournment**

Condition 19.2 shall apply to any meeting which is to be resumed after adjournment for want of a quorum save that:

- (a) 7 (seven) days' notice (exclusive of the day on which the notice is given and of the day on which the relevant meeting is to be held) shall be sufficient; and
- (b) the notice shall state that (except in the circumstances where sub-paragraph (c) below applies) one or more Noteholders present in Person, by Representative or by proxy whatever the Nominal Amount of the Additional Tier 1 Notes held or represented by them, will form a quorum;
- (c) in relation to any adjourned meeting the business of which includes any Reserved Matter, the quorum shall be one or more Noteholders present in Person, by Representative or by proxy holding or representing not less than one third in aggregate Nominal Amount of the Additional Tier 1 Notes for the time being Outstanding.

It shall not be necessary to give notice of the resumption of a meeting which has been adjourned for any other reason.

19.8 **Participation**

The following may attend and speak at a meeting:

- (a) Noteholders present, by Representative or by proxy provided that no such Person shall be entitled to attend and speak (or vote) unless he provides proof acceptable to the Issuer that he is a Noteholder, its Representative or proxy if so required by the Issuer to do so;
- (b) any officer or duly appointed representative of the Issuer and every other Person authorised in writing by the Issuer provided that such Person shall not be entitled to vote, other than as a proxy or Representative;
- (c) the legal counsel to the Issuer;
- (d) the Transfer Agent;
- (e) any other Person approved by the Noteholders at such meeting; and
- (f) every director or duly appointed representative of the Issuer and every other Person authorised in writing by the Issuer may attend and speak at a meeting of Noteholders, but shall not be entitled to vote, other than as a proxy or Representative.

19.9 **Show of hands**

Except where otherwise provided, every resolution proposed to be passed at a meeting shall be decided in the first instance by a show of hands. Unless a poll is validly demanded before or at the time that the result is declared, the Chairperson's declaration that on a show of hands a resolution has been passed, passed by a particular majority, rejected or rejected by a particular majority shall be conclusive, without proof of the number of votes cast for, or against, the resolution.

19.10 **Poll**

A demand for a poll shall be valid if it is made by the Chairperson, the Issuer or one or more Noteholders present, by Representative or by proxy (whatever the Nominal Amount of Additional Tier 1 Notes held or represented by them). The poll may be taken immediately or after such adjournment as the Chairperson directs, but any poll demanded on the election of the Chairperson or on any question of

adjournment shall be taken at the meeting without adjournment. A valid demand for a poll shall not prevent the continuation of the relevant meeting for any other business as the Chairperson directs.

19.11 **Votes**

Every Noteholder present in Person, by Representative or by proxy and who provided proof acceptable to the Issuer of his entitlement to vote, if so required by the Issuer, shall have one vote per Specified Denomination (or the nearest rounded off multiple thereof) of the relevant Class of Additional Tier 1 Notes Outstanding held or represented by him.

Notwithstanding any other provision contained in this Condition 19, the holders of Beneficial Interests in Registered Notes must vote in accordance with the CSD Procedures. Holders of Beneficial Interests in Registered Notes must exercise their respective rights to vote through their respective Participants. The respective Participants will vote in accordance with the respective instructions conveyed to them by the respective holders of the Beneficial Interest in Registered Notes, in accordance with the CSD Procedures.

In the case of a voting tie, the Chairperson shall have a casting vote.

Unless the form of proxy states otherwise, a Representative or proxy shall not be obliged to exercise all the votes which he is entitled or cast all the votes which he exercises in the same way.

A majority shall be required to ordinarily pass a resolution of Noteholders.

Notwithstanding anything to the contrary contained herein, any Noteholder that is the Issuer or any of its Subsidiaries shall not be entitled to vote.

19.12 **Validity of votes by proxies**

Any vote by a proxy in accordance with the form of proxy shall be valid even if such form of proxy or any instruction pursuant to which it was given has been amended or revoked, provided that the Transfer Agent or the Issuer at its Specified Office has not been notified in writing of such amendment or revocation by the time which is 24 hours before the time fixed for the relevant meeting. Unless revoked, any appointment of a proxy under a form of proxy in relation to a meeting shall remain in force in relation to any resumption of such meeting following an adjournment.

19.13 **Powers**

A meeting of Noteholders will have power (exercisable by Extraordinary Resolution), without prejudice to any other powers conferred on it or any other Person:

- (a) power to sanction any compromise or arrangement proposed to be made between the Issuer and the Class of Noteholders or any of them;
- (b) power to approve the substitution of any entity for the Issuer which shall be proposed by the Issuer;
- (c) power to sanction any abrogation, modification, compromise or arrangement in respect of the rights of the Class of Noteholders against the Issuer or against any of its property whether such rights shall arise under the Additional Tier 1 Notes or otherwise;
- (d) power to assent to any modification of the provisions contained in these Terms and Conditions which shall be proposed by the Issuer;
- (e) power to give any authority or sanction which under these Terms and Conditions is required to be given by Extraordinary Resolution;
- (f) power to appoint any persons (whether Noteholders or not) as a committee or committees to represent the interests of the Noteholders of that Class and to confer upon such committee or committees any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution;
- (g) power to sanction any scheme or proposal for the exchange or sale of the Additional Tier 1 Notes for, or the conversion of the Additional Tier 1 Notes into or the cancellation of the Additional Tier 1 Notes in consideration of, shares, stocks, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any entity (corporate or otherwise) formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or

other obligations and/or securities as aforesaid and partly for or into or in consideration for cash.

19.14 Binding effect of resolutions

Any resolution passed at a meeting of a Class of Noteholders duly convened shall be binding upon all Noteholders of that Class whether or not present at such meeting and whether or not voting, and each Noteholder of that Class shall be bound to give effect to it accordingly.

An Extraordinary Resolution shall be binding upon all Noteholders whether or not present at such meeting and whether or not voting, and each of the Noteholders shall be bound to give effect to it accordingly.

19.15 Notice of the result of voting on any resolution

Notice of the result of the voting on any resolution (including any Extraordinary Resolution) duly considered by the Noteholders shall be given to the Noteholders within 14 (fourteen) days of the conclusion of the meeting in accordance with Condition 18 (*Notices*). Non-publication shall not invalidate any such resolution.

19.16 Minutes

Minutes shall be made of all resolutions and proceedings of meetings by the company secretary of the Issuer and duly entered in books to be provided by the Issuer for that purpose. The Chairperson shall sign the minutes, which shall be *prima facie* evidence of the proceedings recorded therein. Unless and until the contrary is proved, every such meeting in respect of which minutes have been summarised and signed shall be deemed to have been duly convened and held and all resolutions passed thereat, or proceedings held, to have been duly passed and held.

20. MODIFICATION

20.1 The Issuer may effect, without the consent of the relevant Class of Noteholders, any amendment or modification of these Terms and Conditions which is of a technical nature made to correct a manifest error or to comply with mandatory provisions of any applicable laws.

20.2 Save as provided in Condition 20.1 and subject to Condition 9.6 (*Substitution or Variation*) and Condition 9.7 (*Conditions to Redemption, Purchase, Modification, Substitution or Variation of Additional Tier 1 Notes*), no amendment, variation or modification of these Terms and Conditions may be effected or be of any force or effect unless:

- (a) in writing and signed by or on behalf of the Issuer and by or on behalf of the members of the relevant Class of Noteholders holding not less than 66.67 per cent. in Nominal Amount of the Additional Tier 1 Notes in that Class for the time being Outstanding; or
- (b) sanctioned by an Extraordinary Resolution or Extraordinary Written Resolution of the relevant Class of Noteholders,

provided that no such amendment, variation or modification shall be of any force or effect unless notice of the intention to make such amendment, variation or modification shall have been given to all the members of the relevant Class of Noteholders in terms of Condition 18 (*Notices*).

20.3 Save for modification pursuant to Condition 9.7 (*Conditions to Redemption, Purchase, Modification, Substitution or Variation of Additional Tier 1 Notes*), the Issuer shall be obliged to first obtain approval from the JSE prior to seeking approval of Noteholders as contemplated in Condition 20.2. In order to obtain such approval from the JSE, the amended placing document, whether in the form of a supplement to this Programme Memorandum or otherwise, must be submitted to the JSE and once approved, such amended placing document must also be published on SENS according to the requirements of the JSE from time to time.

20.4 No amendment or modification to these Terms and Conditions (or applicable Terms and Conditions) may be effected unless such amendment or modification complies with the applicable provisions of the Debt Listings Requirements of the JSE or such other Financial Exchange, as the case may be.

20.5 Any modification of these Terms and Conditions in accordance with this Condition 20 is subject to the Issuer obtaining the consent of the Relevant Regulator (if and to the extent that such consent is required by the Capital Rules) pursuant to Condition 9.7 (*Conditions to Redemption, Purchase, Modification, Substitution or Variation of Additional Tier 1 Notes*).

20.6 Any such modification of these Terms and Conditions made pursuant to this Condition 20 shall be binding on the relevant Class of Noteholders and any such modification shall be notified to the relevant Class of Noteholders in accordance with Condition 18 (*Notices*) and to the relevant Financial Exchange as soon as practicable thereafter.

20.7 For the avoidance of doubt:

- (a) the exercise by the Issuer of its rights under Condition 17 (*Transfer Agent, Calculation Agent and Paying Agent*) shall not constitute an amendment, variation or modification of these Terms and Conditions; and
- (b) it is recorded that, the Applicable Pricing Supplement, in relation to any Tranche of Additional Tier 1 Notes, may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify such Terms and Conditions for the purposes of such Tranche of Additional Tier 1 Notes. The issuing of any such Applicable Pricing Supplement shall not constitute an amendment, variation or modification of these Terms and Conditions as contemplated by this Condition 20 requiring the approval of the Noteholders or the JSE.

21. **FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further Additional Tier 1 Notes (the **Additional Notes**) having terms and conditions which are identical to any of the other Additional Tier 1 Notes already issued under the Programme (the **Existing Notes**) or the same in all respects save for their respective Issue Prices, Issue Dates and aggregate Nominal Amounts, so that the Additional Notes shall (i) be consolidated to form a single Series with the Existing Notes and (ii) rank *pari passu* in all respects with the Existing Notes.

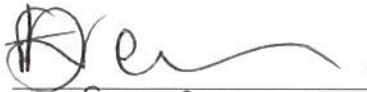
22. **GOVERNING LAW**

Unless otherwise specified in the Applicable Pricing Supplement, the provisions of the Programme Memorandum, the applicable Terms and Conditions and the Additional Tier 1 Notes are governed by, and shall be construed in accordance with, the laws of South Africa.

SIGNED at Rosebank on this 13th day of November 2018.

For and on behalf of
STANDARD BANK GROUP LIMITED


Name: Douglas Herdny
Capacity: Authorised Signatory
Who warrants his/her authority hereto


Name: Faye Drew
Capacity: Authorised Signatory
Who warrants his/her authority hereto

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes or as may otherwise be described in the Applicable Pricing Supplement.

DESCRIPTION OF STANDARD BANK GROUP LIMITED

Standard Bank Group Limited and its subsidiaries (hereinafter, "**SBG**" or the "**Group**") is the largest financial services group in Africa (measured by assets) as at 31 December 2017. SBG has been listed on the Johannesburg Stock Exchange, operated by JSE Limited (the "**JSE**") since 1970, with a secondary listing in Namibia. SBG's subsidiary banks are listed on exchanges in Kenya, Malawi, Nigeria and Uganda. As at 31 December 2017, SBG had total assets of ZAR2,027,928 million (compared to ZAR1,951,974 million as at 31 December 2016) and had headline earnings of ZAR26,270 million for the year ended 31 December 2017 (ZAR23,009 million for the year ended 31 December 2016).

Originally founded in 1862, the Group was a member of Standard Chartered Bank group ("**Standard Chartered**") until 1987. Since that time, the Group has focused on consolidating its position as the premier financial services organisation in South Africa, with an operational footprint in 20 African countries. SBG's vision is to be the leading financial services organisation in, for and across Africa by delivering exceptional client experiences and superior value. SBG offers a full range of banking and related financial services, including retail, corporate, commercial and investment banking services to individuals and companies across Africa, as well as life insurance and investment management, through its controlling interest in the South African-listed Liberty Holdings Limited ("**Liberty**"). For further information relating to Liberty, please refer to its website: <http://www.libertyholdings.co.za/investor/Pages/Results-and-Reports.aspx>.

SBG operates as three principal business units:

- (1) Personal & Business Banking (including Wealth);
- (2) Corporate & Investment Banking; and
- (3) Liberty

Personal & Business Banking ("**PBB**") provides banking and other financial services to individual customers and small-to-medium sized enterprises in South Africa, the Africa Regions and the Channel Islands. PBB enables customers to take control of all their financial aspects such as transacting, saving, borrowing or planning by making use of the following product sets; mortgage lending, vehicle and asset finance, card products, transactional products, lending products and wealth. For the year ended 31 December 2017, PBB recorded headline earnings of ZAR14,008 million, constituting 53 per cent. of SBG's headline earnings¹ (compared to ZAR12,724 million and 55 per cent., respectively, for the year ended 31 December 2016). As at 31 December 2017, assets attributable to PBB constituted 35 per cent. of SBG's total assets² (35 per cent. as at 31 December 2016). Wealth services and product offerings include insurance, investment, fiduciary, bespoke banking and multi-generational wealth preservation solutions to high net worth, retail, business and commercial, and corporate clients across the Group's footprint.

Corporate & Investment Banking ("**CIB**") provides corporate and investment banking services to governments, parastatals, large corporates, financial institutions and multinational corporates and includes global markets, transactional products and services and investment banking. CIB contributed 44 per cent. of SBG's headline earnings³ for the year ended 31 December 2017 (45 per cent. for the year ended 31 December 2016) and constituted 45 per cent. of its total assets⁴ as at 31 December 2017 (46 per cent. as at 31 December 2016).

Liberty provides life insurance and investment management activities through group companies in the Liberty Holdings Group. Liberty offers individual arrangements, group arrangements and asset management. For the year ended 31 December 2017, Liberty recorded headline earnings of ZAR1,435 million, constituting 5 per cent. of SBG's headline earnings (compared to ZAR955 million and 4 per cent., respectively, for the year ended 31 December 2016 and Liberty constituted 21 per cent. of SBG's total assets as at 31 December 2017 (20 per cent. as at 31 December 2016).

¹ These figures do not reflect indirect support costs which are borne by Other Services SA. Other Services SA provides centralised support and back office functions to the principal business units. These functions include legal and compliance, human capital, finance, governance, assurance, IT, procurement, marketing, real estate, risk management, group shared services and corporate social investment. The direct costs of the various support functions are re-charged to the relevant business unit.

² These figures do not reflect Other Services SA.

³ These figures do not reflect indirect support costs which are borne by Other Services SA. Other Services SA provides centralised support and back office functions to the principal business units. The direct costs of the various support functions are re-charged to the relevant business unit.

⁴ These figures do not reflect Other Services SA.

SBG is incorporated in South Africa as a limited liability company and operates under South African law. SBG's registered address is 9th Floor, Standard Bank Centre, 5 Simmonds Street, Johannesburg, PO Box 7725, Johannesburg 2000, South Africa (telephone number: + 27 11 636 9111).

HISTORY

SBG is one of the oldest banks in South Africa having originally been incorporated in London as The Standard Bank of British South Africa Limited in 1862. The word "British" was dropped from the Bank's name in 1883. The Standard Bank of South Africa Limited ("**SBSA**") commenced operations in Port Elizabeth in 1863 and gradually expanded its geographic area of operation to include the whole of South Africa.

In 1962, the shareholders of SBSA voted in favour of splitting the company into a South African subsidiary company which retained the name SBSA, and a parent company, The Standard Bank Limited, operating in London (subsequently to become Standard Chartered Bank plc).

In 1969, Standard Bank Investment Corporation Limited (subsequently to become SBG) was established as the holding company for SBSA. SBG continued as a member of Standard Chartered until 1987 when Standard Chartered sold its 39 per cent. ownership of SBG, transferring complete ownership of the holding company to South Africa.

The severing of ties enabled SBG to go into competition with Standard Chartered in the Africa Regions where a resurgence of economic growth appeared imminent. The first step was taken when the Union Bank of Swaziland Limited, in which SBG had a major shareholding, became an operational commercial bank in July 1988. In November 1992, SBG acquired the operations of ANZ Grindlays Bank in eight African countries (Zimbabwe, Zambia, Kenya, Botswana, Uganda, Zaire (DRC) and minority interests in Nigeria and Ghana), which set the Group on a path of African expansion over the next 15 years.

In 2007, SBG merged its Nigerian interests with those of IBTC Chartered Bank Plc, securing a controlling interest in the merged entity Stanbic IBTC Bank Plc. In 2008 SBG acquired 60% of CfC Bank in Kenya, and the operations of Stanbic Bank Kenya Limited were merged with those of CfC Bank and the merged entity was renamed CfC Stanbic Bank Limited. In 2012, CfC Stanbic Bank Limited opened a branch in the newly independent Republic of South Sudan. In 2014, the newly established Ivory Coast representative office opened for business, and in 2015 the Ethiopian representative office opened, bringing the Group's footprint in Africa to 20 countries.

During the 1990s, while SBG was building its African network, it also began establishing a footprint overseas. In 1992, SBG was awarded a banking licence in London and Standard Bank London Holdings Limited began operating. A number of acquisitions were made over the next two decades and by 2009, SBG had developed from a South African bank into a broad-based financial services organisation with niche investment banking operations focused on other emerging markets.

Effective 3 March 2008, SBG concluded a strategic partnership which resulted in the Industrial and Commercial Bank of China Limited ("**ICBC**") becoming a supportive, non-controlling 20.1 per cent. minority shareholder in SBG. An agreement was entered on 29 January 2014 in terms of which ICBC would, upon completion, acquire a controlling interest in SBG's non-Africa business, focusing on commodities, fixed income, currencies, credit and equities products. Under the agreement, ICBC acquired 60 per cent. of Standard Bank Plc from Standard Bank London Holdings for cash on 1 February 2015, resulting in the name change to ICBC Standard Bank Plc (ICBCS).

CORPORATE STRUCTURE

SBG's authorised share capital comprises of the following:

- 2,000,000,000 ordinary shares with a par value of ZAR0.10 each;
- 8,000,000 cumulative, non-redeemable preference shares of ZAR1 each; and
- 1,000,000,000 non-redeemable, non-cumulative, non-participating preference shares of ZAR0.01 each.

As at 31 December 2017, SBG had issued share capital as follows:

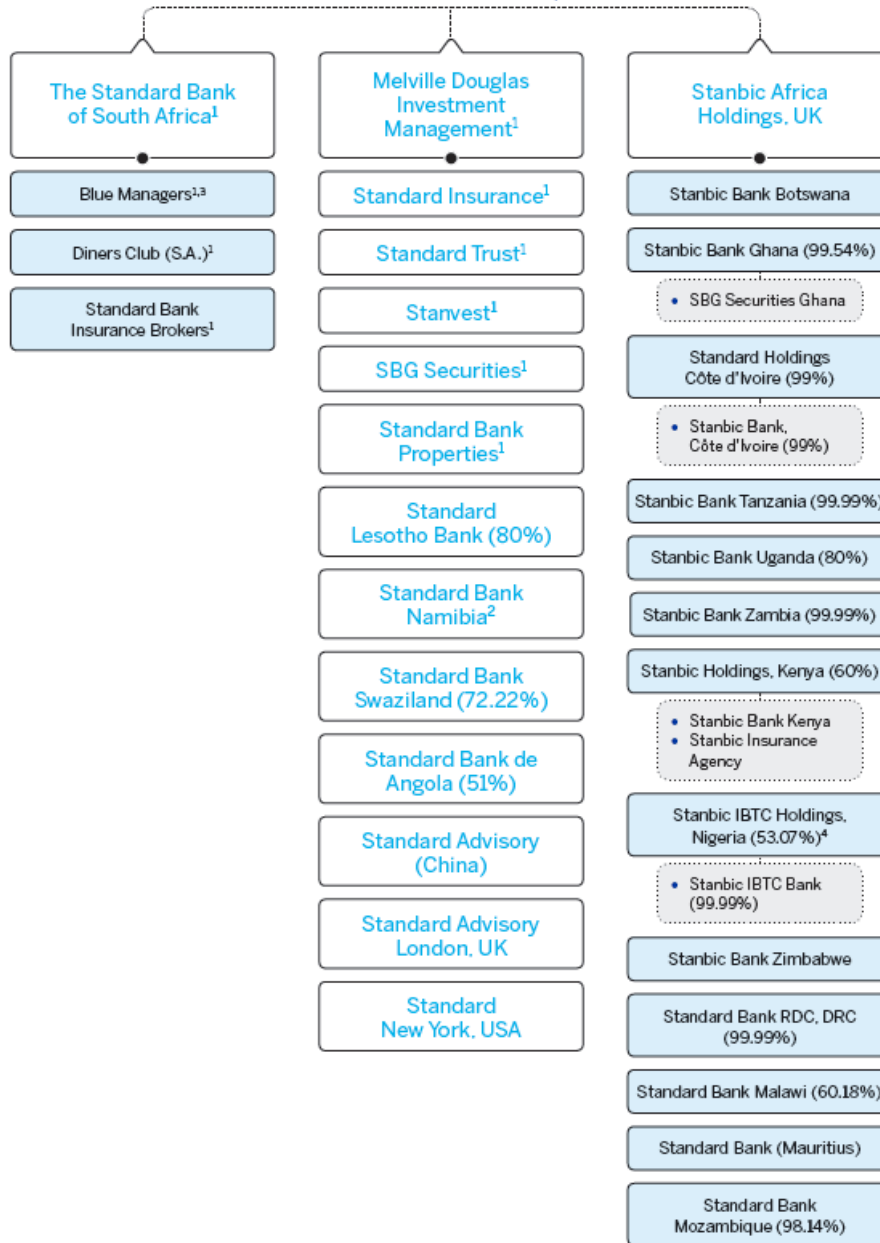
- 1,619,268,169 ordinary shares of ZAR0.10 each;
- 8,000,000 cumulative, non-redeemable preference shares of ZAR1 each; and
- 52,982,248 non-redeemable, non-cumulative, non-participating preference shares of ZAR0.01 each.

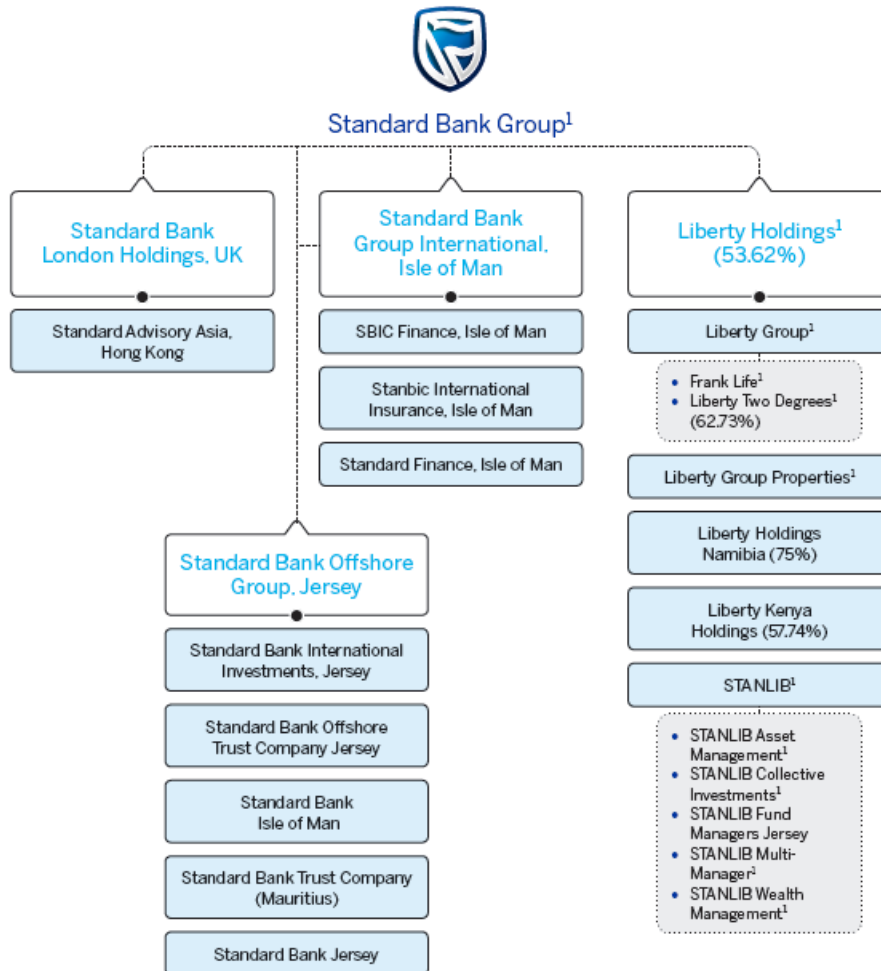
The chart below presents a summary of SBG's corporate structure as at 31 December 2017. For further details refer to the Group's annual financial statements:

Standard Bank Group Limited



Standard Bank Group¹





¹ Incorporated in South Africa.

² Standard Bank Group legally owns 90% of SBN Holdings in Namibia but consolidates 100% due to the degree of control it retains over its empowerment structure.

³ Previously known as Blue Bond Investments (RF) Limited.

⁴ Change in holding during 2017 from 53.2% to 53.07%.

The diagram above depicts principal subsidiaries only. A full list of the Group's subsidiaries and consolidated structured entities is available at the company's registered office. The holding in subsidiaries is 100% unless otherwise indicated.

As at 31 December 2017, the ten largest shareholders in SBG beneficially held 42.7 per cent. of SBG's ordinary shares. The following table sets out the ten largest shareholders as at 31 December 2017 and 31 December 2016.

| | 2017 | | 2016 | |
|---|------------------|-------------|------------------|-------------|
| | Number of shares | | Number of shares | |
| | (million) | % holding | (million) | % holding |
| Industrial and Commercial Bank of China..... | 325.0 | 20.1 | 325.0 | 20.1 |
| Government Employees Pension Fund (PIC) | 199.6 | 12.3 | 191.0 | 11.8 |
| Investment Solutions | 28.3 | 1.8 | 29.5 | 1.8 |
| Allan Gray Balanced Fund | 27.8 | 1.7 | 36.6 | 2.3 |
| Vanguard Emerging Markets Fund | 23.8 | 1.5 | 21.0 | 1.3 |
| Old Mutual Life Assurance Company | 19.7 | 1.2 | 18.9 | 1.2 |
| GIC Asset Management | 18.3 | 1.1 | 26.1 | 1.6 |
| Dimensional Emerging Markets Value Fund | 17.1 | 1.1 | 16.6 | 1.0 |
| Vanguard Total International Stock Index | 16.5 | 1.0 | 14.0 | 0.9 |
| Allan Gray Equity Fund..... | 13.8 | 0.9 | 20.2 | 1.3 |
| | 689.9 | 42.7 | 698.9 | 43.3 |

Beneficial holdings determined from the share register and investigations conducted on our behalf in terms of section 56 of the Companies Act. 71 of 2008.

STRATEGY

SBG aims to be the leading financial services organisation in, for and across Africa, delivering exceptional client experiences and superior value.

SBG's clients are at the centre of its business. This is its central organising principle in building a digitally enabled universal financial services organisation, serving clients' needs holistically across business areas and geographies.

SBG's purpose is 'Africa is our home, we drive her growth'. Its strategy aims to ensure that core business activities contribute to inclusive, job creating growth in its countries of operation. SBG has five strategic value drivers against which it measures progress:

- Client focus – consistently excellent client experiences, serving clients' needs holistically and seamlessly across the Group
- Employee engagement – employees feel connected with the SBG purpose, and are empowered and recognised
- Risk and conduct – do the right business the right way
- Financial outcome – deliver superior value to shareholders
- Social, economic and environmental impact – make a positive impact toward Africa's prosperity, economic growth and sustainability

During 2018, SBG made further progress in aligning governance, planning and reporting processes to these strategic value drivers. This included strengthening internal integration across SBG, to ensure delivery of what matters to clients, drawing on the full range of products and services offered across SBG. The ecosystems approach, for example, offers solutions for the suppliers, service providers, shareholders and employees of SBG's business, commercial and CIB clients. Greater integration across the Group improves customer and staff experience, enables SBG to add value to the customer relationship, and enables horizontal and vertical cost restructuring.

SBG's business in South Africa continues to provide a strong home base that produces the bulk of the capital needed to execute its strategy on the continent. As SBG's largest business entity, SBSA's balance sheet is regarded as an important resource for the Group.

The key elements of the Group's strategy are as follows:

Personal & Business Banking

Growing market share by delivering an excellent and consistent customer experience, and digital and integrated solutions that seamlessly meet customer needs

PBB is present in 14 African countries, with a large and diverse customer base.

PBB's business and commercial banking unit serves more than 610,000 businesses in South Africa and its personal business maintained the largest shares of the mortgage loans, deposits and credit card markets in South Africa in 2017 according to the South African Reserve Bank ("**SARB**") BA 900 report for 31 December 2017.

Fully digital solutions for transactional banking (internet banking, USSD and app) are available in most countries of operation, and SBG is actively encouraging customers to switch from physical to digital channels. Physical channels remain available to provide personal engagement as needed. SBG commits to ensuring that the services clients and employees need are consistently available anywhere, anytime, irrespective of channel. Although they yield lower revenue per service, digital solutions are more accessible and improve client experience, while enabling rationalisation of the branch footprint over time.

The major elements of SBG's IT transformation are complete. Modernised platforms are enabling operational integration, product rationalisation and a single view of clients. The benefits to clients include service delivery improvements such as real-time banking on mobile channels, faster account origination and new products becoming available more rapidly.

Simple, paperless and automated end-to-end business processes are being implemented to ensure intuitive, easy-to-use, reliable interfaces for clients, employees and third parties.

In South Africa, PBB has implemented a leaner, more locally empowered operational structure. Private, business and entrepreneur client segments are growing. Credit and risk management capabilities have been strengthened, contributing to lower impairments.

In Africa, PBB is growing local currency current accounts, improving efficiency and cost management, and expanding access to digital channels, which are achieving good take-up.

During 2018, emphasis on optimally growing the balance sheet, improving net interest margins and a focused sales drive contributed to 15% growth in current and savings account balances in constant currency.

As part of its strategy to acquire retail deposit accounts, PBB prices its account products competitively. For example, fee increases for personal customers have been kept below inflation and bundled transactional accounts are offered which provide a number of services for free such as electronic account payments and cash withdrawals at retailer till points. PBB's marketing has also focused on attracting retail deposits. For instance, in South Africa, PBB offers retail customers an attractive reward system, UCount, which allows customers to earn rewards; many with a financial value greater than their banking fees.

Corporate & Investment Banking

SBG's CIB business unit continues to maintain a market-leading position in South Africa and defends its franchise against intensifying competition through increased innovation and flexibility.

Organic Growth through client centricity and capturing deal flow

CIB focuses on servicing leading multinational corporations with operations in Africa, and large domestic African corporations that conduct business in Africa and offshore. It adds value to clients through deep specialisation in Africa's key growth sectors, namely mining and metals, power and infrastructure, oil and gas, consumer goods, financial services, and telecommunications, public sector and diversified industrials. Its diverse portfolio across clients, geographies, sectors and products strengthens resilience in the face of challenging macroeconomic conditions.

SBG's presence in six key financial centres around the world provides clients with access to international pools of capital, supporting its ability to facilitate growth and development in Africa.

SBG's strategic partnership with ICBC assists in servicing the needs of clients operating within the China-Africa corridor, which includes a specific focus on developing and supporting renminbi-denominated cross-border capabilities.

Approximately 80% of CIB's revenue is derived from corporate clients. Relationships with a growing number of multinationals provide a powerful competitive advantage. Multinational clients contribute more than half the revenue earned across CIB's total client franchise, and continue to be the primary driver of revenue growth owing to their resilience through economic cycles.

SBG has increased competitiveness in local CIB markets by enhancing its banking offering and strengthening local currency transactional banking capabilities.

The CIB Client Engagement Model provides each client with a Client Service Team, which draws expertise from across SBG. The Group commits to ensuring it has a complete understanding of clients' needs and provides them with a seamlessly integrated universal financial services solution.

Wealth

Growing market share in Wealth segment

The Wealth (Insurance and Asset Management) business is an essential part of SBG's strategy to deliver integrated universal financial services to its clients. Capital-light Wealth businesses also make an important contribution to enhancing the Group's return on equity. SBG's Wealth's service and product offerings include insurance, investment, fiduciary, bespoke banking, and multi-generational wealth preservation solutions to high net worth, retail, business and commercial, and corporate clients.

Services are available across SBG's footprint in sub-Saharan Africa, with an international service offering through offices in London, Jersey, Isle of Man and Mauritius.

SBG Wealth is working to increase collaboration with PBB, CIB, Liberty to extract the benefits of a universal financial services organisation, including cross-selling opportunities and cost efficiencies. Wealth and Liberty have collaborated to align strategy and targets, and are successfully driving collaboration on Short Term Insurance capabilities and a High Net Worth banking solution for targeted customers.

SBG has the largest bancassurance arrangement in Africa and is a significant collective investment scheme and pension fund administrator in Nigeria. Its award winning Online Share Trading platform enables it to be a key player in the South African share trading market. These unique factors position SBG to grow its market across Africa.

GOVERNANCE OVERVIEW

The Group operates within a clearly defined governance framework. The board-approved framework outlines mechanisms for the Group to implement robust governance practices and provides clear direction for decision-making across all disciplines. Through this framework the board has delegated the day-to-day management of the Group, in writing, to SBG's chief executive without abdicating the board's responsibility. This governance framework enables the board of directors of SBG (the "**SBG Board**") to balance its role of providing risk oversight and strategic counsel with ensuring adherence to regulatory requirements and risk tolerance.

The SBG Board is ultimately responsible for governance. The chairman is an independent non-executive and the roles of chairman and chief executive are separate. This board composition ensures there is a balance of power on the SBG Board, so no individual or group can dominate the SBG Board's processes or decision making, and stimulates robust challenge and debate. In discharging its responsibilities, the SBG Board delegates authority to relevant board committees and individuals with clearly-defined mandates and delegated authorities, although the SBG Board retains its responsibilities. Each committee has a mandate, which the SBG Board reviews at least once a year. Mandates for each committee set out its role, responsibilities, scope of authority, composition, terms of reference and procedures. The SBG Board's committees include the directors' affairs committee, audit committee, risk and capital management committee, the SBG social and ethics committee, SBG technology and information committee, SBG model approval committee, SBG remuneration committee and SBSA large exposure credit committee. The executive committee assists the chief executive in the day-to-day management of the affairs of the Group, subject to statutory parameters and matters reserved for the SBG Board. The SBG Board delegates responsibility for compliance to management and monitors this through the compliance function and a dedicated regulatory and legislative oversight function.

King Code

The King Code has formed the cornerstone of our approach to governance. We support the overarching goals of King IV, namely ethical culture, good performance, effective control and legitimacy. The board is satisfied with the Group's application of the principles of King IV. A statement on the Group's application of the King IV principles is available online at www.standardbank.com.

Board of Directors

The SBG Board is constituted in terms of the company's Memorandum of Incorporation. The board is a unitary board and is considered effective and of an appropriate size for the Group. As at 30 June 2018, the board comprises 17 directors, 10 of whom are independent non-executive directors, four of whom are non-executive directors and three of whom are executive directors.

The current members of the SBG Board are listed below:

| Name | Title | Year Joined SBG Board |
|---------------------------|--------------------------------------|-----------------------|
| Thulani Gcabashe | Chairman, Independent, non-executive | 2003 |
| Hao Hu | Deputy chairman, non-executive | 2017 |
| Jacko Maree | Deputy chairman, non-executive | 2016 |
| Geraldine Fraser-Moleketi | Independent, non-executive | 2016 |
| Trix Kennealy | Independent, non-executive | 2016 |
| Nomgando Matyumza | Independent, non-executive | 2016 |
| Kgomotso Moroka | Non-executive | 2003 |
| Martin Oduor – Otieno | Independent, non-executive | 2016 |
| André Parker | Independent, non-executive | 2014 |
| Atedo Peterside | Independent, non-executive | 2014 |
| Myles Ruck | Independent, non-executive | 2002 |
| Peter Sullivan | Independent, non-executive | 2013 |
| John Vice | Independent, non-executive | 2016 |
| Lubin Wang | Non-executive director | 2017 |
| Sim Tshabalala | Chief Executive | 2013 |
| Ben Kruger | Executive | 2013 |
| Arno Daehnke | Executive – Group Financial Director | 2016 |

Abridged curricula vitae of the SBG Board directors are set out in the governance and remuneration report which is available online at www.standardbank.com.

Changes to the SBG's Board

Having reached the non-executive retirement age as set out in the company's MOI, Ted Woods retired from the board at the 2017 AGM; the two ICBC nominated directors Shu Gu and Wenbin Wang, retired from the board and were replaced by Hao Hu and Lubin Wang on 1 June 2017; and Swazi Tshabalala resigned as a non-executive director of the board effective 10 November 2017. Richard Dunne retired from the board at the close of the 2018 AGM having reached retirement age.

Conflicts of Interest

In terms of the Companies Act No. 71 of 2008 ("**Companies Act**"), directors are required to disclose their outside business interests. Directors are required to disclose their outside business interests as a standing agenda item. At the beginning of each meeting, directors declare whether there are only conflicts of interest in relation to matters tabled for consideration. Directors do not participate in the meeting when the board considers any matters in which they may be conflicted and are recused from the meeting. The Group secretary maintains a register of directors' interests, which is tabled at the board meeting and any changes are submitted to the board as they occur. The Group complies with the provisions of the Companies Act in this regard. The board is aware of the other commitments of its directors and is satisfied that all directors allocate sufficient time to enable them to discharge their responsibilities effectively.

The business address of the members of the SBG Board is SBG's registered address, 9th Floor, Standard Bank Centre, 5 Simmonds Street, Johannesburg 2001, PO Box 7725, Johannesburg 2000, South Africa.

EMPLOYEES

For the year ended 31 December 2017, the Group had 54,558 employees (compared to 54,767 employees for the year ended 31 December 2016). For the year ended 31 December 2017, 52 per cent. of the Group's employees worked in the PBB segment of the Group (52 per cent. for the year ended on 31 December 2016) whereas 7 per cent. worked in the CIB segment during the same period (7 per cent. for the year ended on 31 December 2016). For the year ended 31 December 2017, 11 per cent. of the Group's employees worked in Liberty (11 per cent. for the year ended on 31 December 2016). The remaining 30 per cent. of employees worked in the central and other services segment within the Group (30 per cent. for the year ended on 31 December 2016).

A significant number of the Group's non-managerial employees are represented by trade unions. The Group has not experienced any significant strikes or work stoppages in recent years.

The Group has developed employment policies to meet the needs of its different business segments in the locations in which they operate, embodying principles of equal opportunity. The Group has a statement of business standards with which it expects its employees to comply with, and encourages involvement of employees in the performance of the business in which they are employed and aims to achieve a sense of shared commitment.

CAPITAL ADEQUACY

The Group's capital management function is designed to ensure that regulatory capital requirements are met at all times and that the Group and its principal subsidiaries are capitalised in line with the Group's risk appetite and target ratios, both of which are approved by the Board.

The Group is subject to regulatory capital requirements imposed by the Banks Act and regulations promulgated under section 90 of the Banks Act (as amended and/or replaced from time to time) (with the most recent iteration published on 20 May 2016 in Government Gazette No. 40002) (the "**Regulations Relating to Banks**").

The SARB adopted the Basel III framework ("**Basel III**") introduced by the Basel Committee on Banking Supervision ("**BCBS**") from 1 January 2013. The Group has been compliant with the minimum requirements from that date. The Group is well positioned to comply with the requirements that are subject to phase-in rules when they become effective.

The Banks Act and Regulations Relating to Banks require the Group to maintain a minimum level of capital based on the Group's risk-weighted assets. Regulatory capital adequacy is measured through three risk-based ratios, namely common equity tier I, tier I and total capital adequacy ratios. These measures of capital are stated as a percentage of risk-weighted assets.

Common equity tier I capital comprises ordinary share capital, share premium, retained earnings, other reserves and qualifying non-controlling interest less impairments. Tier I capital comprises common equity tier I and other qualifying non-controlling interest plus perpetual, non-cumulative instruments with either contractual or statutory principal loss absorption features that comply with the Basel III rules. Perpetual non-cumulative preference shares that comply with Basel I and Basel II rules are included in tier I capital but are currently subject to regulatory phase-out requirements over a 10 year period, which commenced on 1 January 2013, whilst total capital also includes other items such as the general allowance for credit impairments and subordinated debt with either contractual or statutory principal loss absorption features that comply with the Basel III rules. Subordinated debt that complies with Basel I and Basel II rules is included in total capital but is currently subject to regulatory phase-out requirements over a 10 year period, which commenced on 1 January 2013.

For the year ended 31 December 2017, the Group's common equity tier I capital adequacy ratio was 13.5 per cent. compared to its internally set target range of 11.0-12.5 per cent. The tier I capital adequacy ratio was 14.2 per cent. compared to its internally set target range of 12.0 – 13.0 per cent while its total capital adequacy ratio was 16.6 per cent. compared to its internal target range of 15.0 – 16.0 per cent. (All of these ratios include unappropriated profits.)

The SARB adopted the leverage framework that was issued by the BCBS in January 2014, with formal disclosure requirements commenced from 1 January 2015. The minimum leverage ratio has been set at 4% by the SARB. The non-risk-based leverage measure is designed to complement the Basel III risk-based capital framework. The Group's leverage ratio inclusive of unappropriated profit was 8.1 per cent. as at 31 December 2017 (December 2016: 7.6 per cent).

The following table sets out the Group's tier I and tier II capital excluding unappropriated profit for the years ended 31 December 2017 and 31 December 2016, on a Basel III basis:

Basel III qualifying regulatory capital excluding unappropriated profits (Rm)

| | 31-Dec | |
|--|----------------|----------------|
| | 2017 | 2016 |
| IFRS ordinary shareholder's equity | 157 020 | 150 757 |
| Qualifying non-controlling interest | 4 892 | 4 488 |
| Less: regulatory adjustments | -32 326 | -32 676 |
| Goodwill | -1 904 | -2 239 |
| Other intangible assets | -18 603 | -19 289 |
| Shortfall of credit provisions to expected losses (EL) | -2 076 | -2 118 |
| Investments in financial entities | -9 141 | -8 432 |
| Other adjustments | -602 | -598 |
| Less: regulatory exclusions | -11 304 | -8 168 |
| Common equity tier 1 capital | 118 282 | 114 401 |
| Qualifying other equity instruments | 6 291 | 3 297 |
| Qualifying non-controlling interest | 416 | 322 |
| Tier 1 capital | 124 989 | 118 020 |
| Qualifying tier 2 subordinated debt | 14 777 | 17 773 |
| General allowance for credit impairments | 2 173 | 2 357 |
| Tier 2 capital | 16 950 | 20 130 |
| Total regulatory capital | 141 939 | 138 150 |

Basel III risk-weighted assets and associated capital requirements (Rm)

| | RWA | | Minimum capital requirements ¹ |
|--|----------------|----------------|---|
| | 2017 | 2016 | |
| Credit risk (excluding counterparty credit risk (CCR)) | 666 422 | 627 691 | 71 641 |
| Of which standardised approach ² | 267 924 | 258 526 | 25 941 |
| Of which internal rating-based (IRB) approach | 398 498 | 369 165 | 45 700 |
| CCR | 24 350 | 21 184 | 2 618 |
| Of which standardised approach for CCR | 3 424 | 2 640 | 368 |
| Of which IRB approach | 20 926 | 18 544 | 2 250 |
| Equity positions in banking book under market-based approach | 6 154 | 6 167 | 662 |
| Securitisation exposures in banking book | 747 | 678 | 80 |
| Of which IRB approach | 394 | 228 | 61 |
| Of which IRB supervisory formula approach | 353 | 450 | 19 |
| Market risk | 60 021 | 39 444 | 6 452 |
| Of which standardised approach | 47 217 | 21 411 | 5 076 |
| Of which internal model approach (IMA) | 12 804 | 18 033 | 1 376 |
| Operational risk | 158 670 | 149 163 | 17 058 |
| Of which standardised approach | 91 818 | 89 971 | 9 871 |
| Of which advanced measurement approach (AMA) | 66 852 | 59 192 | 7 187 |
| Amounts below the thresholds for deduction (subject to 250% risk weight) | 40 682 | 38 852 | 4 373 |
| Total | 957 046 | 883 179 | 102 884 |

¹ Capital requirement at 10.8% (December 2016; 10.38%) excludes the confidential bank-specific add-ons.

² Portfolios on the standardised approach relate to Africa Regions and portfolios for which application to adopt the IMA has not been submitted, or for which an application has been submitted but approval has not been granted.

The following table details the Group's capital adequacy ratios¹ for the years ended 31 December 2017 and 31 December 2016.

| | 2017 SARB minimum regulatory requirement ² (%) | Internal target ratios (%) | Including unappropriated profits | | Excluding unappropriated profits | |
|-------------------------------|---|----------------------------------|-------------------------------------|------|-------------------------------------|------|
| | | | 2017 | 2016 | 2017 (%) | 2016 |
| Total capital adequacy ratio | 10.8 | 15.0 - 16.0 | 16.0 | 16.6 | 14.8 | 15.6 |
| Tier I capital adequacy ratio | 8.5 | 12.0 - 13.0 | 14.2 | 14.3 | 13.1 | 13.4 |
| CET I capital adequacy | 7.3 | 11.0 - 12.5 | 13.5 | 13.9 | 12.4 | 13.0 |

¹Group, excluding Liberty

²Excludes Confidential bank-specific add-ons

Source: This information has been extracted from SBG's 2017 Risk and capital management report and annual financial statements.

BASEL III

Banks in South Africa adopted Basel III with effect from 1 January 2013. Basel III aims to enhance financial stability globally by increasing the quality and level of capital to be held by banks, extending the risk framework coverage, by introducing new liquidity ratios and also a non-risk based leverage ratio. The BSD of the SARB (now referred to as the Prudential Authority) commenced with its implementation from 1 January 2013 by way of the Regulations Relating to Banks, and Banks in South Africa have thus adopted the Basel III accord. SBG has approval from the SARB to use the advanced internal ratings-based ("AIRB") approach for its credit portfolios in SBSA. For internal management purposes, SBG utilises AIRB measures and principles wherever possible. Further, SBG has approval from the SARB to adopt the market-based approach for certain equity portfolios in SBSA and has approval for using the advanced measurement approach ("AMA") operational risk framework.

SBG also has approval from the SARB to use the "internal models approach" for most trading product groups and across most market risk types for SBSA.

In Basel III, the Basel Committee for Banking Supervision ("BCBS") introduced significant changes to the Basel II framework, including, amongst others:

Capital

The quality, consistency and transparency of the capital base levels are increased. In the new framework, the regulatory deductions should mainly be applied to the common equity component of the capital base. Further, to be eligible as Tier I and Tier II capital, instruments need to meet more stringent requirements than were applied under Basel II.

The Basel III framework introduces a capital conservation buffer of 2.5 per cent. on top of these minimum thresholds. If a bank does not meet this buffer, constraints will be imposed on the Bank's capital distribution, such as dividends. Also, in periods of excess growth, banks will be required to hold an additional countercyclical buffer of up to 2.5 per cent. in order to avoid facing restrictions.

Leverage Ratio

The BCBS has also proposed a requirement that effective from 1 January 2018 the risk-sensitive capital framework be supplemented with a non-risk based measure, the leverage ratio (the "**Leverage Ratio**"). The Leverage Ratio is calculated as the Tier I capital divided by the exposure (being on and off-balance sheet exposures, with certain adjustments for selected items such as derivatives). It is envisaged that the final calibration of the Leverage Ratio and any further definition amendments will be implemented by 2022.

Liquidity

Another key component of the Basel III framework is the introduction of increased regulations for liquidity risks. The objective of the liquidity reform is to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thereby reducing the risk of spillover from the financial sector to the real economy.

The BCBS has developed two new quantitative liquidity standards as part of the Basel III framework; namely the Liquidity Coverage Ratio ("**LCR**") (being phased-in from 1 January 2015) and the Net Stable Funding Ratio

("NSFR") (effective 1 January 2018). The LCR's objective is to measure the Bank's ability to manage short-term liquidity stress and ensure the appropriate holding of surplus qualifying liquid assets. The NSFR's objective is to measure long-term structural funding stability in order to address the structural liquidity mismatch inherent in banking operations. Both the LCR and NSFR calculations are subject to an observation period prior to implementation such that any unintended consequences can be identified.

The BCBS has also put a more stringent regulatory framework into place for the monitoring of intraday liquidity risk. Management of intraday liquidity risk forms a key element of a bank's overall liquidity risk management framework. The mandatory tools introduced by the BCBS are for monitoring purposes, and only international active banks will be required to apply them. National regulators will determine the extent to which the tools apply to banks that only operate domestically within their jurisdictions. Monthly reporting on the monitoring tools commenced on 1 January 2015.

Risk-Weighting (Finalised Basel III reforms)

On the 7th December 2017 the BCBS published the Basel III finalised reforms for the calculation of RWA and a capital floor to be implemented on 1 January 2022. These reforms are the completion of work that the BCBS has been undertaking since 2012 to address inefficiencies that emerged from the financial crisis and impacts both standardised and advanced internal models.

Reducing variation in the internal ratings-based ("IRB") approach for credit risk

The revised IRB framework constrains the use of the AIRB approach which allows banks to estimate the probability of default ("PD"), loss given default ("LGD"), exposure at default ("EAD") and maturity of an exposure for low default asset classes. These include exposures to large and mid-sized corporates, banks and other financial institutions, securities firms and public-sector entities. The relevant Standard Bank Group legal entities will now have to use the foundation internal ratings-based ("FIRB") approach for these exposures. The FIRB approach is more conservative as it applies fixed values to the LGD and EAD parameters. In addition, all IRB approaches are being removed for exposures to equities.

For the remaining asset classes, the revised IRB framework also introduces minimum "floor" values for bank-estimated IRB parameters that are used as inputs to the calculation of RWA. These include PD floors for both the FIRB and AIRB approaches, and LGD and EAD floors for the AIRB approach. The Committee agreed on various additional enhancements to the IRB approaches to further reduce unwarranted RWA variability, including providing greater specification of the practices that banks may use to estimate their model parameters.

Given the enhancements to the IRB framework and the introduction of an aggregate output floor, the BCBS has removed the 1.06 scaling factor that is currently applied to RWAs determined by the IRB approach to credit risk.

The date of implementation for these revisions are 1 January 2022.

Standardised Approach for Credit Risk

The revisions to the standardised approach for credit risk (implementation date of 1 January 2022), enhances the regulatory framework by improving its granularity and risk sensitivity. It provides a more granular approach for unrated exposures to banks and corporates and a recalibration of risk weighting for rated exposures, a more risk-sensitive approach for real estate exposures based on their loan to value, separate treatment for covered bonds; specialised lending; and exposures to SME's, a more granular risk weight treatment for subordinated debt and equity exposures, and a recalibration of credit conversion factors for off balance sheet exposures.

Credit Valuation Adjustment ("CVA") risk capital charge

The initial phase of Basel III reforms introduced a capital charge for potential mark-to-market losses of derivative instruments as a result of the deterioration in the creditworthiness of a counterparty.

The final reforms introduce two new approaches for the calculation of the CVA risk capital charge which are a basic approach (full version including CVA hedges, or reduced version) and a standardised approach based on the fundamental review of the trading book ("FRTB") market risk standardised approach with minimum requirements sensitivity calculations. The changes also include a €100 billion threshold for a simplified treatment (double counterparty credit risk capital requirement) and new eligibility requirements for CVA hedges.

The implementation date of the final reforms is 1 January 2022.

Operational risk

The BCBS has streamlined the operational risk framework. The advanced measurement approaches ("AMA") for calculating operational risk capital requirements (which are based on banks' internal models) and the existing standardised approaches are replaced with a single risk-sensitive standardised approach to be used by all banks.

The new standardised approach for operational risk, with an implementation date of 1 January 2022, determines a bank's operational risk capital requirements based on two components comprising a measure of a bank's income and a measure of historical losses experienced by the bank. Conceptually, it assumes that operational risk increases at an increasing rate with a bank's income and banks which have experienced greater operational risk losses historically are assumed to be more likely to experience operational risk losses in the future.

Output floor

The Basel III reforms replace the existing Basel II floor with a floor based on the revised Basel III standardised approaches. Consistent with the original floor, the revised floor places a limit on the regulatory capital benefits that a bank using internal models can derive relative to the standardized approaches. In effect, the output floor provides a risk-based backstop that limits the extent to which banks can lower their capital requirements relative to the standardised approaches.

This helps to maintain a level playing field between banks using internal models and those on the standardised approaches. It also supports the credibility of banks' risk-weighted calculations, and improves comparability via the related disclosures.

Under the revised output floor, banks' risk-weighted assets must be calculated as the higher of

- (i) total RWA calculated using the approaches that the bank has supervisory approval to use in accordance with the Basel capital framework (including both standardised and internal model-based approaches); and
- (ii) 72.5% of the total risk-weighted assets calculated using only the standardised approaches.

Risk-Weighting (Other Basel III reforms)

Counterparty Credit Risk

The BCBS has finalised the rules for the standardised approach for counterparty credit risk ("SA-CCR"). From 1 March 2019, the SA-CCR will be used to calculate the counterparty credit risk exposure associated with OTC derivatives, exchanges traded derivatives and long settlement transactions. The new SA-CCR is more risk sensitive than previously, limits the need for discretion by national authorities, minimises the use of banks' internal estimates and avoids undue complexity.

Securitisation Framework

The BCBS has finalised changes to the Basel securitisation framework. The new framework, to be implemented by 1 March 2019, provides a revised set of approaches for determining the regulatory capital requirements in relation to securitisation exposures with the aim of reducing mechanistic reliance on external ratings, increasing risk weights for highly rated securitisation exposures, reducing risk weights for low-rated securitisation exposures, reducing cliff effects (where small changes in the quality of an underlying pool of securitised exposures quickly leads to significant increases in capital requirements) and making the framework more risk-sensitive.

Fundamental Review of the Trading Book

Some initial measures to improve market risk were introduced by the BCBS in 2009 (known as "Basel 2.5"). The BCBS recognised that these incremental changes to the market risk framework were only temporary, and that further measures were required to improve trading book capital requirements. The new market risk framework ("**Fundamental Review of the Trading Book**") was published on 14 January 2016. Post this publication, the BCBS released on the 22 March 2018, "Revisions to the minimum capital requirements for market risk", a consultative document that addresses issues that the Basel Committee has identified in the course of monitoring the implementation and impact of the standard. The implementation date of the final reforms is 1 January 2022.

Interest Rate Risk in the Banking Book ("IRRBB")

Arising from the Fundamental Review of the Trading Book, the Bank of International Settlement appointed a team to evaluate and refine the existing Pillar 2 treatment for spread risk in the banking book. In April 2016 the BCBS issued standards for IRRBB. The standards revise the BCBS' 2004 "Principles for the management and supervision of interest rate risk", which set out supervisory expectations for banks' identification, measurement,

monitoring and control of IRRBB as well as its supervision. The revised standards also introduced a strengthened Pillar 2 approach. The newly revised Standards for IRRBB cover the enhanced requirements over 12 principles. Nine principles are directed to banks including identification of IRRBB, sound methodologies, risk appetite and limits, internal reporting, external disclosures, data, controls and model risk management. Three principles are directed to supervisors, and focus on review of soundness of banks' IRRBB management, collaboration among supervisors and identification of outlier banks.

The revised standards are expected to be implemented by 1 January 2020.

Systemically important financial institutions ("SIFIs")

The guidance developed by the BCBS and the Financial Stability Board form the basis for the requirements of domestic systemically important banks in South Africa. South African banks have developed their recovery plans in line with global standards. The specific "domestic systemically important bank ("DSIB") capital requirements have been applied to the relevant banks from 1 January 2016.

Recovery plans focus on plausible management or recovery actions that can be taken to reduce risk and conserve capital during times of severe stress. Resolution plans are typically developed by the supervisor with the objective of ensuring that SIFIs are resolvable and will not become a burden to tax payers.

Although the Basel III phase-in approach affords the Bank a period of time before full compliance is required, the Bank maintains a strong focus on achieving these liquidity and capital requirements within the specified timelines. Specific areas of focus include optimising capital and liquidity allocation between product lines, trading desks, industry sectors and legal entities such that financial resources can be allocated in a manner that enhances the overall Group economic profit and return on equity, embedding risk-adjusted performance measurement into the performance measurement and reporting processes of the Group; and ensuring that the Group is adequately positioned to respond to changing regulatory rules under Basel III.

Pillar 3 disclosures

The BCBS finalised the first phase of the Pillar 3 disclosure review in January 2015. The revised disclosure standards aimed to increase transparency of a bank's risk exposure and the adequacy of its regulatory capital, thereby promoting market discipline. Banks were required to publish these enhanced disclosures from their 2016 year end. These requirements were adopted by the Group.

The Basel Committee on Banking Supervision thereafter issued Pillar 3 disclosure requirements - consolidated and enhanced framework. This standard, with which the Group complied, represented the second phase of the Committee's review of the Pillar 3 disclosure framework and built on the revisions to the Pillar 3 disclosure published by the Committee in January 2015.

The Basel Committee on Banking Supervision then issued in February 2018 for consultation, Pillar 3 disclosure requirements - updated framework. Many of the proposed disclosure requirements published were related to the finalisation of the Basel III post-crisis regulatory reforms in December 2017 and include new or revised requirements:

- (i) for credit risk (including provisions for prudential treatment of assets), operational risk, the leverage ratio and CVA;
- (ii) that would benchmark a bank's RWA as calculated by its internal models with RWA calculated according to the standardised approaches; and
- (iii) that provide an overview of risk management, key prudential metrics and RWA.

In addition, the publication proposes new disclosure requirements on asset encumbrance and capital distribution constraints.

Together with the first phase and second phase of the revised Pillar 3 disclosure requirements issued in January 2015 and March 2017 respectively, the proposed disclosure requirements would comprise the single Pillar 3 framework.

The implementation date for the revised requirements for Pillar 3 disclosures related to the the finalisation of the Basel III post-crisis regulatory reforms in December 2017, is 1 January 2022. The implementation date for the new disclosure requirements on asset encumbrance and capital distribution constraints is 31 December 2019.

The Group has a formal program in place for the adoption of these requirements.

LEGAL PROCEEDINGS

There are no governmental, legal or arbitration proceedings (nor are there any such proceedings which are pending or threatened of which the Group is aware) which may have, or have during the 12 (twelve) months prior to the date of this Programme Memorandum had, a significant adverse effect on the Group's financial position or profitability.

In the ordinary course of business, the Group is involved as a defendant in litigation, lawsuits and other proceedings. Management recognises the inherent difficulty of predicting the outcome of defended legal proceedings. Nevertheless, based on management's knowledge from investigation analyses and after consulting with legal counsel, management believes that there are no individual legal proceedings that are currently assessed as being 'likely to succeed and material' or 'unlikely to succeed but material should they succeed'. The Group is also the defendant in some legal cases for which the Group is fully indemnified by external third parties, none of which are individually material.

Management is accordingly satisfied that the legal proceedings currently pending against the Group should not have a material adverse effect on the Group's consolidated financial position and the directors are satisfied that the Group has adequate insurance programmes and provisions in place to meet claims that may succeed.

INSURANCE

SBG has a comprehensive insurance programme with cover for bankers' bond, computer crime, professional indemnity, directors' and officers' liability, assets and liabilities. An annual benchmarking review of policy wording, covers and limits ensures that the level of risk mitigation is adequate in relation to SBG's risk profile.

All insurance cover is placed at SBG level to maximise on economies of scale and to ensure all business units are included.

INFORMATION TECHNOLOGY

With the significant impact of the digital revolution, consumers and businesses are being forced to change the way they interact. IT is central to the Group's ability to adapt to a changing world and create sustainable long-term value for the Group's stakeholders. SBG regards IT as a strategic asset which supports, sustains and enables growth and operational excellence within the Group.

The Group's IT strategy is aligned to, and a key enabler of, the Group's strategic vision. The key elements of the Group's IT strategy focus on ensuring an "always on, always secure" culture, driving simplification in the application and processes estate, and in having the right engaged employees to deliver on the strategy. The first phase of the Group's IT transformation programme, "Accelerate" was completed in 2017. The programme implemented the adoption of "Agile at Scale", an infrastructure efficiency initiative, and is operating as business-as-usual, the achievement of improved Occupational Health Index scores ("OHI") and the achievement of affordability targets. The modernisation of the Group's core banking platforms is a key part of achieving the Group's IT strategy, and the Group has invested heavily (over the last couple of years) in transforming its IT platforms from complex legacy systems to a simplified and standardised platform. The majority of these programmes were closed in 2018, with the associated capabilities being transitioned into business as usual. The IT transformation and modernisation programmes has enabled the Group to be well positioned to respond to changing client needs and to contribute towards the Bank's strategic focus areas around client centricity, digitisation and building a universal financial services organisation.

IT governance functions provide oversight of IT within the Group to ensure that technology contributes to creating sustainable value both in the short and over the long term. The SBG Board is responsible for ensuring that prudent and reasonable steps have been taken regarding IT governance. The SBG Group IT committee is an SBG Board committee with responsibility for ensuring the implementation of the IT governance framework across the Group. The committee has the authority to review and provide guidance on matters related to the Group's IT strategy, budget, operations, policies and controls, the Group's assessment of risks associated with IT, including disaster recovery, business continuity and IT security, as well as oversight of significant IT investments and expenditure.

The committee is chaired by an independent SBG Board member, who is also a member of the SBG Group risk and capital management committee. The chief information officers of each business unit within SBSA are accountable to their chief executives as well as to the SBG Group chief information officer to ensure that the IT strategy is aligned and integrated with the business strategies.

REGULATION

General regulatory requirements

The Issuer is subject to the Banks Act and is supervised by the Financial Conglomerate Supervision Department.

Please see the section of this Programme Memorandum headed "*Risk Factors - The impact of any future change in law or regulation on SBG's business is uncertain*" on pages [30] to [31].

Anti-money laundering regulatory requirements

SBG is committed to and supports global efforts to combat money laundering and terrorist financing. Consequently, SBG has drafted and implemented policies and procedures to assist it in complying with its legislative obligations in respect of anti-money laundering and combating the financing of terrorism requirements in each jurisdiction in which it operates. Meeting anti-money laundering and terrorist financing control requirements imposes significant obligations in terms of client identification and verification, record keeping, staff training and the detection and reporting of suspicious and unusual transactions. Minimum standards are implemented throughout the SBG and particular emphasis is placed on enhancing internal systems and processes to assist in managing money laundering and terrorist financing risks. SBG continues to enhance and automate its anti-money laundering and terrorist financing detection measures. SBG also has a dedicated anti-money laundering surveillance unit that is responsible for receiving, evaluating and reporting suspicious or unusual transactions and activities to the appropriate authorities. This unit also ensures full co-operation with law enforcement agencies, including the release of information to them in terms of SBG's legal obligations.

Anti-bribery and corruption requirements

Anti-bribery and corruption policies are implemented consistently across the Group. All companies in the Group are committed to the highest level of ethical behaviour, and have a zero tolerance for bribery and corruption. The Group requires compliance with anti-bribery and corruption laws in all markets and jurisdictions in which it operates. These laws include, but are not limited to, the South African Prevention and Combating of Corrupt Activities Act, the UK Bribery Act and the U.S. Foreign and Corrupt Practices Act.

SBG has developed and implemented an anti-bribery and corruption ("**ABC**") compliance programme which is aligned with global best practice (in particular the ABC guidance that has been issued by the Organisation for Economic Co-operation and Development). The programme includes drafting and regular updates to the ABC policy, which is applicable to all employees of the Group, irrespective of location or jurisdiction.

Furthermore all SBG staff are required to complete ABC general awareness training annually. Regular reviews of the effectiveness of the ABC programme are conducted in the form of risk assessments and routine monitoring activities.

RISK MANAGEMENT

Effective risk management is fundamental to the business activities of the Group. The Group operates under the SBG risk framework and policies to address the business and regulatory requirements. The Group's chief risk officer is accountable to the Board and the Group's regulators.

The Group's approach to risk management is based on a risk, compliance and capital management (the "**RCCM**") governance framework and the three lines of defence model.

The Group operates under the risk framework, which consists of:

- risk governance committees at a board and management level; and
- risk governance standards, frameworks and policies.

Risk governance committees

Board sub-committees responsible for effective risk management comprise the Audit Committee ("**AC**"), the Risk and Capital Management Committee ("**RCMC**"), the technology and information committee and the model approval committee.

Executive management oversight for all risk types has been delegated by the Group management committee to the Risk Oversight Committee (the "**ROC**") which, in turn, assists the RCMC to fulfil its mandate. As is the case with the RCMC, the ROC calls for and evaluates in-depth investigations and reports based on its assessment of the risk profile and external factors. The ROC delegates authority to various sub-committees which deal with specific risk types or oversight activities. Matters are escalated to the ROC, based on materiality, through reports or feedback from the sub-committee chairman. These sub-committees are the Corporate and Investment Banking and Personal and Business Banking Credit Governance Committees, the Asset and Liability Committee (the "**ALCO**") (which also covers market risk), the Compliance Committee, the

Country Risk Management Committee, the Equity Risk Committee, the Internal Financial Control Governance Committee, the Operational Risk Committee, the Sanctions and Client Risk Review Committee, the Stress Testing and Risk Appetite Committee and the Recovery and Resolution Plan Committee.

Governance documents

Governance documents within the RCCM governance framework comprise standards, frameworks and policies which set out the requirements for the identification, measurement, assessment, monitoring, management and reporting of risks, for effective oversight of compliance and effective management of capital. Governance standards and frameworks are approved by the relevant board committee. Governance policies are approved by the management committee or sub-committee, the relevant ROC sub-committee, the ROC itself or, where regulations require board approval, by the Board or the relevant board committee.

The three lines of defence

The Group uses the three lines of defence governance model which promotes transparency, accountability and consistency through the clear identification and segregation of roles.

The first line of defence is made up of the management of business lines and legal entities. It is the responsibility of first line management to identify and manage risks. This includes, at an operational level, the day-to-day effective management of risk in accordance with agreed risk policies, appetite and controls. Effective first line management includes:

- the proactive self-identification of issues and risks, including emerging risks;
- the design, implementation and ownership of appropriate controls;
- the associated operational control remediation; and
- a strong control culture of effective and transparent risk partnership.

The second line of defence functions provide independent oversight and assurance. They have resources at the centre and embedded within the business lines. Central resources provide Group-wide oversight of risks, while resources embedded within the business lines support management in ensuring that their specific risks are effectively managed as close to the source as possible. Central and embedded resources jointly oversee risks at a legal entity level.

The second line of defence functions develop, implement and integrate governance standards, frameworks and policies for each material risk type to which the Group is exposed. This ensures consistency in approach across the Group's business lines and legal entities. Compliance with the standards and frameworks is ensured through self-assessments by the second line of defence and reviews by Internal Audit ("IA").

IA is the third line of defence and it provides independent and objective assurance to the Board and senior management on the effectiveness of the first and second lines of defence.

All three levels report to the Board, either directly or through the RCMC and AC.

RISK APPETITE AND STRESS TESTING

The Group believes that a strong link between its risk appetite and its strategy is key to the Group's long-term sustainable growth and profitability. Risk appetite and stress testing activities are undertaken by teams at a Group level and in business lines within the risk appetite and stress testing governance frameworks.

Risk appetite governance framework

The risk appetite governance framework provides guidance on the following:

- setting and cascading of risk appetite by Group, business line, risk type and legal entity;
- measurement and methodology;
- governance;
- monitoring and reporting of risk profile; and
- escalation and resolution.

The Group has adopted the following definitions, where entity refers to a business line or legal entity within the Group, or the Group itself:

- Risk appetite: An expression of the amount or type of risk an entity is generally willing to take in pursuit of its financial and strategic objectives, reflecting its capacity to sustain losses and continue to meet its obligations as they fall due, under both normal and a range of stress conditions.
- Risk appetite trigger: an early warning trigger set at a level that accounts for the scope and nature of available management actions, and ensures that corrective management action can take effect and prevent a risk tolerance limit breach.
- Risk tolerance: The maximum amount of risk an entity is prepared to tolerate above risk appetite. The metric is referred to as a risk tolerance limit.
- Risk capacity: The maximum amount of risk the entity is able to support within its available financial resources.
- Risk appetite statement ("**RAS**"): The documented expression of risk appetite and risk tolerance which have been approved by the entity's relevant governance committee. The RAS is reviewed and revised, if necessary, on an annual basis.
- Risk profile: The risk profile is defined in terms of three dimensions, namely current risk profile or forward risk profile, unstressed or stressed risk profile, pre- or post-management actions.

Stress testing governance framework

Stress testing is a key management tool within the Group and is used to evaluate the sensitivity of the current and forward risk profiles relative to different levels of risk appetite. Stress testing supports a number of business processes including:

- strategic planning and financial budgeting;
- the internal capital adequacy assessment process, including capital planning and management and the setting of capital buffers;
- liquidity planning and management;
- informing the setting of risk appetite;
- identifying and proactively mitigating risks through actions such as reviewing and changing limits, limiting exposures and hedging;
- facilitating the development of risk mitigation or contingency plans, including recovery plans, across a range of stressed conditions; and
- supporting communication with internal and external stakeholders including industry-wide stress tests performed by the regulator.

Stress testing programme

The stress testing programme uses one or a combination of stress testing techniques, including scenario analysis, sensitivity analysis and reverse stress testing to perform stress testing for different purposes.

CREDIT RISK

Credit risk is the risk of loss arising out of failure of obligors to meet their financial or contractual obligations when due.

The Group's credit risk is a function of its business model and arises from wholesale and retail loans and advances, underwriting and guarantee commitments, as well as from the counterparty credit risk arising from derivatives and securities financing contracts entered into with our customers and trading counterparties. To the extent equity risk is held on the banking book, it is also managed under the credit risk governance framework. The management of credit risk is aligned to the Group's three lines of defence framework. The business function owns the credit risk assumed by the Group and as the first line of defence is primarily responsible for its management, control and optimisation in the course of business generation.

The credit risk function acts as the second line of defence and is responsible for providing independent and objective approval and oversight for the credit risk-taking activities of the business, to ensure the process of procuring revenue, while assuming optimal risk, is undertaken with integrity.

Further second line oversight is provided by the Group risk function through independent credit risk assurance. The third line of defence is provided by Internal Audit, under its mandate from the audit committee.

The Group's credit governance process relies on both individual responsibility and collective oversight, supported by comprehensive and independent reporting. This approach balances strong corporate oversight at a Group level, with participation by the Group's senior executives, in all significant risk matters.

Credit risk is governed in accordance with the Group's comprehensive risk, compliance and capital management framework as defined and detailed in the Group credit risk governance standard and the model risk governance framework.

The RCMC is the principal board subcommittee ultimately responsible for the oversight of credit risk. ROC is responsible for credit risk management governance, effected through its subcommittees.

Exposure to Credit Risk

Loans and advances are analysed and categorised based on credit quality using the following definitions:

Default

Whilst the specific determination of default varies according to the nature of the product, it is generally determined by the Group as occurring at the earlier of:

- when either, based on objective evidence, the counterparty is considered to be unlikely to pay amounts due on due date or shortly thereafter without recourse to actions such as realisation of security; or
- when the counterparty is past due for more than 90 days. The overdue period may be measured using a "days past due" or a "number of missed payments or part thereof" approach.

Performing loans

Performing loans are classified into two categories, namely:

- These loans are current (i.e. up to date with all expected instalments) and fully compliant with all contractual terms and conditions. Normal monitoring loans within this category are generally rated 1 to 21, and close monitoring loans are generally rated 22 to 25 using the Group's master rating scale.
- Early arrears but not specifically impaired loans: early arrears but not specifically impaired loans include those loans where the counterparty has failed to make contractual payments and payments are less than 90 days past due, but it is expected that the full carrying value will be recovered when considering future cash flows, including collateral. Ultimate loss is unlikely but could occur if the adverse conditions persist.

Non-performing loans

Non-performing loans are those loans for which the Group has identified objective evidence of default, such as a breach of a material loan covenant or condition, or instalments are due and unpaid for 90 days or more. Non-performing but not specifically impaired loans are not specifically impaired due to the expected recoverability of the full carrying value when considering the recoverability of future cash flows, including collateral.

Non-performing specifically impaired loans are those loans that are regarded as non-performing and for which there has been a measurable decrease in estimated future cash flows. Specifically impaired loans are further analysed into the following categories:

- Sub-standard: Items that show underlying well-defined weaknesses and are considered to be specifically impaired.
- Doubtful: Items that are not yet considered final losses due to some pending factors that may strengthen the quality of the items.
- Loss: Items that are considered to be uncollectible in whole or in part. The Group provides fully for its anticipated loss, after taking collateral into account.

Please refer to the diagram on page 129 and to the tables set out on pages 130 to 133 of the Group's 2017 annual financial statements with regard to the Group's maximum exposure to credit risk by credit quality as at 31 December 2017 and 31 December 2016.

Restructured (or renegotiated) loans and advances

Restructured loans and advances are exposures that, on meeting certain eligibility criteria, have been rescheduled, rolled over or otherwise modified following weaknesses in the counterparty's financial position, and where it has been judged that contractual repayment under the revised conditions will likely continue after the restructure.

Collateral

Please refer to the tables set out on pages 136 to 137 of the Group's 2017 annual financial statements for details of the financial effect that collateral has on the Group's maximum exposure to credit risk as at 31 December 2017.

Collateral includes financial securities that have a tradable market (such as shares and other securities), physical items (such as property, plant and equipment) and financial guarantees, suretyships and intangible assets.

Netting agreements which do not qualify for offset under *International Financial Reporting Standards*, but which are nevertheless enforceable, are included as part of the Group's collateral for risk management purposes. All exposures are presented before the effect of any impairment provisions. In the retail portfolio, 56% (2016: 55%) is fully collateralised. The R3.0 billion (2016: R4.3 billion) of retail accounts that lie within the 0% to 50% range of collateral coverage mainly comprise accounts which are either in default or legal. The total average collateral coverage for all retail mortgage exposures in the 50% to 100% collateral coverage category is 95% (2016: 95%).

Of the Group's total exposure, 48% is unsecured and mainly reflects exposures to well-rated corporate counterparties, bank counterparties and sovereign entities.

COUNTRY RISK

Country risk, also referred to as cross-border transfer risk, is the uncertainty of whether obligors, (including the relevant sovereign, and including the obligations of branches and subsidiaries in a country) will be able to fulfil its obligations to the Group given political or economic conditions in the host country.

All countries to which the Group is exposed are reviewed at least annually. Internal rating models are employed to determine ratings for jurisdiction, sovereign and transfer and convertibility risk. In determining the ratings, extensive use is made of the Group's network of operations, country visits and external information sources. These ratings are also a key input into the Group's credit rating models.

The model inputs are continuously updated to reflect economic and political changes in countries. The model outputs are internal risk grades that are calibrated to a jurisdiction risk grade from aaa to d, as well as sovereign risk grade and transfer and convertibility risk grade ("**SB**") from SB01 to SB25. Countries with sovereign/jurisdiction risk ratings weaker than SB07/a, referred to as medium- and high-risk countries, are subject to more detailed analysis and monitoring.

Country risk is mitigated through a number of methods, including:

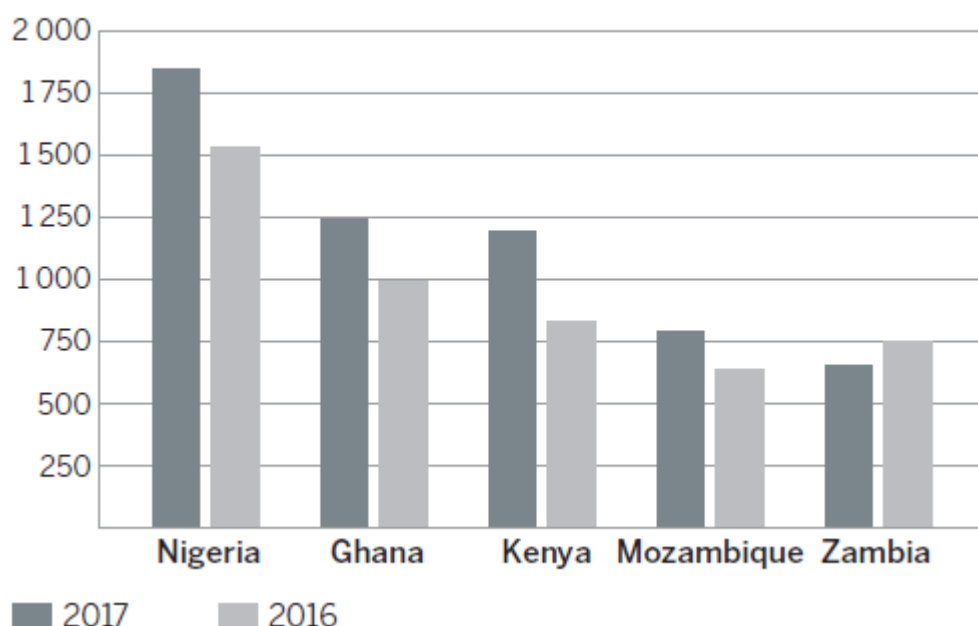
- political and commercial risk insurance;
- co-financing with multilateral institutions; and
- structures to mitigate transferability and convertibility risk such as collection, collateral and margining deposits outside the jurisdiction in question.

The primary management level governance committee overseeing this risk type is the Country Risk Management Committee. The principal governance documents are the country risk governance standard and the model risk governance framework.

The risk distribution of cross-border country risk exposures is weighted towards European, Asian and North American low-risk countries, as well as sub-Saharan African medium- and high-risk countries.

The following graph shows the Group's exposure to the top five medium- and high-risk countries for the years indicated. These exposures are in line with the Group's growth strategy, which focused on Africa.

Top five medium- and high-risk country EAD (USDm)



FUNDING AND LIQUIDITY RISK

The nature of banking and trading gives rise to continuous exposure to liquidity risk. Liquidity risk is defined as the risk that an entity, although solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms. Liquidity risk may arise where counterparties, who provide the Group with short-term funding, withdraw or do not roll over that funding, or normally liquid assets become illiquid as a result of a generalised disruption in asset markets.

The Group manages liquidity in accordance with applicable regulations and within the Group's risk appetite framework. The liquidity risk governance standard supports the measurement and management of liquidity across both the corporate and retail sectors to ensure that payment obligations can be met under both normal and stressed conditions. Liquidity risk management ensures that the Group has the appropriate amount, diversification and tenor of funding and liquidity to support its asset base at all times.

The primary management level governance committee overseeing liquidity risk is ALCO, which is chaired by the financial director. The principal governance documents are the liquidity risk governance standard and model risk governance framework.

Basel III liquidity impact

The liquidity coverage ratio ("**LCR**") is a metric introduced by the BCBS to measure a bank's ability to manage a sustained outflow of customer funds in an acute stress event over a 30-day period. The ratio is calculated by taking the Group's high quality liquid assets ("**HQLA**") and dividing it by net cash outflows. The minimum regulatory LCR requirement for 2017 was 80 per cent., increasing by 10 per cent. annually to reach 100 per cent. by 1 January 2019.

From 2018, the Group will also be required to comply with the Basel III NSFR. This is a metric designed to ensure that the majority of term assets are funded by stable sources, such as capital, term borrowings or other stable funds.

Contingency funding plans

Contingency funding plans are designed to protect stakeholder interests and maintain market confidence in the event of a liquidity crisis. The plans incorporate an early warning indicator process supported by clear crisis response strategies. Early warning indicators cover bank-specific and systemic crises and are monitored according to assigned frequencies and tolerance levels.

Crisis response strategies are formulated for the relevant crisis management structures and address internal and external communications and escalation processes, liquidity generation management actions and operations, and heightened and supplementary information requirements to address the crisis event.

Liquidity stress testing and scenario analysis

Stress testing and scenario analysis are based on hypothetical as well as historical events. These are conducted on the Group's funding profiles and liquidity positions. The crisis impact is typically measured over a 30 calendar-day period as this is considered the most crucial time horizon for a liquidity event. This measurement period is also consistent with the Basel III LCR requirements.

Anticipated on- and off-balance sheet cash flows are subjected to a variety of bank-specific and systemic stresses and scenarios to evaluate the impact of unlikely but plausible events on liquidity positions. The results are assessed against the liquidity buffer and contingency funding plans to provide assurance as to the Group's ability to maintain sufficient liquidity under adverse conditions.

Internal stress testing metrics are supplemented with the regulatory Basel III LCR to monitor the Group's ability to survive severe stress scenarios.

Total contingent liquidity

Portfolios of highly marketable liquid instruments to meet prudential, regulatory and internal stress testing requirements are maintained as protection against unforeseen disruptions in cash flows. These portfolios are managed within ALCO-defined limits on the basis of diversification and liquidity. The table below provides a breakdown of the Group's liquid and marketable securities as at 31 December 2017 and 31 December 2016. Eligible Basel III HQLA are defined according to the BCBS January 2013 LCR and liquidity risk monitoring tools framework. Managed liquidity represents unencumbered marketable securities other than eligible Basel III LCR HQLA (excluding trading assets) which would be able to provide significant sources of liquidity in a stress scenario.

TOTAL CONTINGENT LIQUIDITY

| | 2017 Rbn | 2016 Rbn |
|---|--------------|-------------|
| Eligible LCR HQLA¹ comprising: | 251.3 | 220.4 |
| Notes and coins | 18.3 | 19.6 |
| Balances with central banks | 38.8 | 38.1 |
| Government bonds and bills | 149.1 | 146.0 |
| Other eligible assets | 45.1 | 16.7 |
| Managed liquidity | 71.0 | 115.5 |
| Total contingent liquidity | 322.3 | 335.9 |
| Total contingent liquidity as a % of funding-related liabilities | 25.2% | 26.9% |

¹ Eligible LCR HQLA considers any liquid transfer restrictions that will inhibit the transfer across jurisdictions.

Structural liquidity mismatch

Maturity analysis of financial liabilities using behavioural profiling

With actual cash flows typically varying significantly from the contractual position, behavioural profiling is applied to assets, liabilities and off-balance sheet commitments as well as to certain liquid assets. Behavioural profiling assigns probable maturities based on historical customer behaviour. This is used to identify significant additional sources of structural liquidity in the form of core deposits, such as current and savings accounts, which exhibit stable behaviour despite being repayable on demand or at short notice.

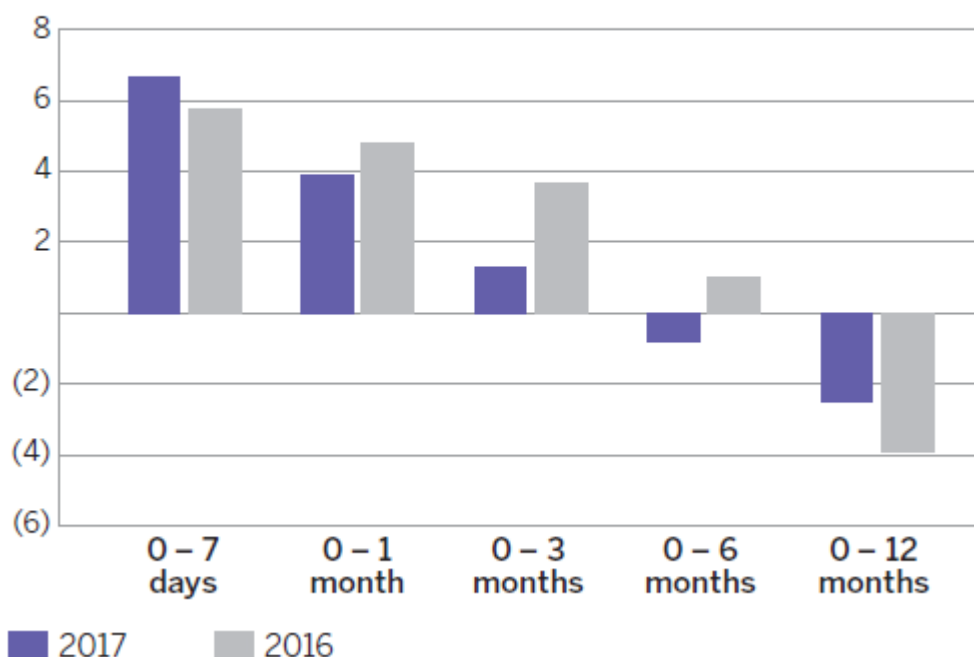
In order to highlight potential risks within the Group's defined liquidity risk threshold, structural liquidity mismatch analyses are performed regularly to anticipate the mismatch between payment profiles of statement of financial position items.

The graph that follows shows the Group's cumulative maturity mismatch between assets and liabilities for the 0 to 12 months bucket, after applying behavioural profiling. The cumulative maturity is expressed as a percentage of the Group's total funding related liabilities. Expected aggregate cash outflows are subtracted from expected aggregate cash inflows. These mismatches are monitored on a regular basis with active management intervention if potential limit breaches are evidenced.

The Group's cumulative liquidity mismatch remains within liquidity risk appetite and is well-positioned for NSFR compliance by January 2018.

Behaviourally adjusted cumulative liquidity mismatch

(% of funding-related liabilities)



Maturity analysis of financial liabilities by contractual maturity

The following table analyses cash flows on a contractual, undiscounted basis based on the earliest date on which the Group can be required to pay (except for trading liabilities and derivative liabilities which are presented as redeemable on demand) and will therefore not agree directly with the balances disclosed in the consolidated statement of financial position. Derivative liabilities are included in the maturity analysis on a contractual, undiscounted basis when contractual maturities are essential for an understanding of the derivatives' future cash flows. Management considers only contractual maturities to be essential for understanding the future cash flows of derivative liabilities that are designated as hedging instruments in effective hedge accounting relationships. All other derivative liabilities, together with trading liabilities, are treated as trading and are included at fair value in the redeemable on demand bucket since these positions are typically held for short periods of time. The table also includes contractual cash flows with respect to off-balance sheet items which have not yet been recorded on-balance sheet. Where cash flows are exchanged simultaneously, the net amounts have been reflected.

| | Redeemable on demand Rm | Maturing within 1 month Rm | Maturing between 1 – 6 months Rm | Maturing between 6 – 12 months Rm | Maturing after 12 months Rm | Total Rm |
|--|-------------------------------|-------------------------------------|---|---|--------------------------------------|------------------|
| 2017 | | | | | | |
| Financial liabilities | | | | | | |
| Derivative financial instruments | 73 676 | | (12) | (32) | (29) | 73 603 |
| Instruments settled on a net basis | 47 023 | | (12) | (32) | (29) | 46 950 |
| Instruments settled on a gross basis | 26 653 | | | | | 26 653 |
| Trading liabilities | 63 576 | | | | | 63 576 |
| Deposits and debt funding | 787 553 | 101 860 | 120 565 | 84 280 | 177 282 | 1 271 540 |
| Subordinated debt | | | 134 | 344 | 19 719 | 20 197 |
| Other | | 14 958 | | | | 14 958 |
| Total | 924 805 | 116 818 | 120 687 | 84 592 | 196 972 | 1 443 874 |
| Unrecognised financial liabilities | | | | | | |
| Letters of credit and bankers' acceptances | 13 413 | | | | | 13 413 |
| Guarantees | 63 761 | | | | | 63 761 |
| Irrevocable unutilised facilities | 62 347 | | | | | 62 347 |
| Total | 139 521 | | | | | 139 521 |
| 2016 | | | | | | |
| Financial liabilities | | | | | | |
| Derivative financial instruments | 68 037 | 236 | 34 | 142 | 8 | 68 457 |
| Instruments settled on a net basis | 43 389 | 198 | 19 | 142 | 8 | 43 756 |
| Instruments settled on a gross basis | 24 648 | 38 | 15 | | | 24 701 |
| Trading liabilities | 48 109 | | | | | 48 109 |
| Deposits and debt funding | 767 341 | 100 447 | 122 196 | 102 458 | 130 862 | 1 223 304 |
| Subordinated debt | | 65 | 534 | 838 | 22 161 | 23 598 |
| Other | | 17 181 | | | | 17 181 |
| Total | 883 487 | 117 929 | 122 764 | 103 438 | 153 031 | 1 380 649 |
| Unrecognised financial liabilities | | | | | | |
| Letters of credit and bankers' acceptances | 12 607 | | | | | 12 607 |
| Guarantees | 64 076 | | | | | 64 076 |
| Irrevocable unutilised facilities ¹ | 54 617 | | | | | 54 617 |
| Total | 131 300 | | | | | 131 300 |

¹ Restated to exclude certain revocable facilities.

Funding activities

Funding markets are evaluated on an ongoing basis to ensure appropriate funding strategies are executed depending on the market, competitive and regulatory environment. The Group employs a diversified funding strategy, sourcing liquidity in both domestic and offshore markets, and incorporates a coordinated approach to accessing loan and debt capital markets for the Group.

Primary funding sources are in the form of deposits across a spectrum of retail and wholesale clients, as well as loan and debt capital markets across the Group.

Total funding-related liabilities increased from R1 251 billion as at 31 December 2016 to R1 277 billion as at 31 December 2017. The following table sets out the Group's funding-related liabilities composition as at 31 December 2017 and 31 December 2016:

FUNDING-RELATED LIABILITIES COMPOSITION¹

| | 2017 | 2016 |
|--|--------------|-------------|
| | Rbn | Rbn |
| Corporate funding | 391 | 387 |
| Retail deposits ² | 343 | 321 |
| Institutional funding | 296 | 286 |
| Interbank funding | 60 | 78 |
| Government and parastatals | 72 | 66 |
| Senior debt | 58 | 49 |
| Term loan funding | 32 | 41 |
| Subordinated debt issued | 19 | 22 |
| Other liabilities to the public | 6 | 1 |
| Total funding-related liabilities | 1 277 | 1 251 |

¹ Composition aligned to Basel III liquidity classifications.

² Comprises individual and small business customers.

Deposits and debt funding provide the Group with the means to lend to its clients. This fulfils the Group's role in connecting providers of capital with those that require additional capital and thereby contributes to the functioning of the broader financial system. The Group pays interest on the funds borrowed and also derives fee income from transactional activity with respect to its client deposits.

Deposits from customers (including cheque accounts, savings accounts, call and notice deposits, fixed deposits and negotiable interest deposits) constitute the Group's primary source of funding.

The table below provides a breakdown of the Group's deposits and debt funding from banks and customers for the years ended 31 December 2017 and 31 December 2016.

| | 2017 Rm | 2016 Rm |
|---|------------------|------------|
| Deposits and debt funding from banks | 91 794 | 119 246 |
| Deposits and debt funding from customers | 1 152 117 | 1 094 375 |
| Current accounts | 220 933 | 200 032 |
| Cash management deposits | 166 824 | 172 194 |
| Call deposits | 315 807 | 301 120 |
| Savings accounts | 23 264 | 23 570 |
| Term deposits | 243 724 | 229 272 |
| Negotiable certificates of deposit | 137 410 | 124 536 |
| Foreign currency funding | 36 482 | 36 358 |
| Other funding | 7 673 | 7 293 |
| Total deposits and debt funding | 1 243 911 | 1 213 621 |

In addition to the funding sourced from our clients included in deposits and debt funding the Group also issues subordinated debt which provides further funding for the Group's growth requirements and importantly, qualifies as Tier II capital.

MARKET RISK

Market risk is the risk of a change in the market value, actual or effective earnings or future cash flows of a portfolio of financial instruments, including commodities, caused by adverse movements in market variables such as equity, bond and commodity prices, currency exchange rates and interest rates, credit spreads, recovery rates, correlations and implied volatilities in all of these variables.

The management level governance committees overseeing market risk are ALCO, which is chaired by the financial director, and the Equity Risk Committee, which is chaired by the Corporate & Investment Banking chief risk officer ("**CRO**"). The principal governance documents are the market risk governance standard and the model risk governance framework.

Trading book market risk

Trading book market risk is represented by financial instruments, including commodities, held on the trading book arising out of normal global markets' trading activities.

The Group's policy is that all trading activities are undertaken within the Group's global markets' operations. The market risk functions are independent of trading operations and accountable to the relevant legal entity ALCO.

All value-at-risk ("**VaR**") and stressed VaR ("**SVaR**") limits require prior approval from the respective entity ALCOs. The market risk functions have the authority to set limits at a lower level.

Market risk teams are responsible for identifying, measuring, managing, monitoring and reporting market risk as outlined in the market risk governance standard.

Exposures and excesses are monitored and reported daily. Where breaches in limits and triggers occur, actions are taken by market risk functions to move exposures back in line with approved market risk appetite, with such breaches being reported to management and legal entity ALCOs.

Measurement

The techniques used to measure and control trading book market risk and trading volatility include VaR and SVaR, stop-loss triggers, stress tests, backtesting and specific business unit and product controls.

VaR and SVaR

The Group uses the historical VaR and SVaR approach to quantify market risk under both normal and stressed conditions. For risk management purposes, VaR is based on 251 days of unweighted recent historical data updated at least monthly, a holding period of one day and a confidence interval of 95 per cent. SVaR uses a similar methodology to VaR, but is based on a 251-day period of financial stress, which is reviewed quarterly, and assumes a 10 day holding period and a worst case loss.

In general, the Group's trading desks have run similar levels of market risk throughout the period under review when compared to 2016 aggregate normal VaR, and increased levels when compared to aggregate SVaR.

The following table sets out the trading book normal VaR analysis by market variable:

| | Normal VaR | | | |
|---------------------------------------|----------------------------|----------------------------|---------------|---------------|
| | Maximum ¹ Rm | Minimum ¹ Rm | Average Rm | Closing Rm |
| 2017 | | | | |
| Commodities risk | 2.1 | 0.05 | 0.3 | 0.7 |
| Foreign exchange risk | 38 | 13 | 22 | 13 |
| Equity position risk | 12 | 3 | 6 | 5 |
| Debt securities | 22 | 12 | 16 | 12 |
| Diversification benefits ² | | | (14) | (11) |
| Aggregate | 46 | 17 | 31 | 20 |
| 2016 | | | | |
| Commodities risk | 0.8 | 0.04 | 0.2 | 0.1 |
| Foreign exchange risk | 36 | 17 | 23 | 36 |
| Equity position risk | 19 | 4 | 9 | 9 |
| Debt securities | 32 | 11 | 19 | 13 |
| Diversification benefits ² | | | (21) | (20) |
| Aggregate | 48 | 23 | 31 | 38 |

¹ The maximum and minimum VaR figures reported for each market variable do not necessarily occur on the same day. As a result, the aggregate VaR will not equal the sum of the individual market VaR values, and it is inappropriate to ascribe a diversification effect to VaR when these values may occur on different days.

² Diversification benefit is the benefit of measuring the VaR of the trading portfolio as a whole, that is, the difference between the sum of the individual VaRs and the VaR of the whole trading portfolio.

Where the Group has received internal model approval, the market risk regulatory capital requirement is based on a VaR and SVaR, both of which use a confidence level of 99 per cent. and a 10-day holding period.

Limitations of historical VaR are acknowledged globally and include:

- The use of historical data as a proxy for estimating future events may not encompass all potential events, particularly those which are extreme in nature;
- The use of a one-day holding period assumes that all positions can be liquidated or the risk offset in one day. This may not fully reflect the market risk arising at times of severe illiquidity, when a one-day holding period may be insufficient to liquidate or hedge all positions fully; and
- The use of a 95 per cent. confidence level, by definition, does not take into account losses that might occur beyond this level of confidence.

VaR is calculated on the basis of exposures outstanding at the close of business and therefore does not necessarily reflect intra-day exposures. VaR is unlikely to reflect loss potential on exposures that only arise under significant market moves.

Credit issuer risk is assumed in the trading book by virtue of normal trading activity, and is managed according to the market risk governance standard. These exposures arise from, among others, trading in debt securities issued by corporate and government entities as well as trading derivative transactions with other banks and corporate clients. The credit spread risk is incorporated into the daily price movements used to compute VaR and SVaR, as mentioned above. The VaR models used for credit risk are only intended to capture the risk presented by historical day-to-day market movements, and therefore do not take into account instantaneous or jump to default risk. Issuer risk is incorporated in the standardised approach interest rate risk charge.

Stop-loss triggers

Stop-loss triggers are used to protect the profitability of the trading desks and are monitored by market risk on a daily basis. The triggers constrain cumulative or daily trading losses through acting as a prompt to a review or close-out positions.

Stress tests

Stress testing provides an indication of the potential losses that could occur under extreme but plausible market conditions, including where longer holding periods may be required to exit positions. Stress tests comprise individual market risk factor testing, combinations of market factors per trading desk and combinations of trading desks using a range of historical, hypothetical and Monte Carlo simulations. Daily losses experienced

during the year ended 31 December 2017 did not exceed the maximum tolerable losses as represented by the Group's stress scenario limits.

Backtesting

The Group backtests its VaR models to verify the predictive ability of the VaR calculations and to ensure the appropriateness of the models within the inherent limitations of VaR. Backtesting compares the daily hypothetical profit and losses under the one-day buy and hold assumption to the prior day's calculated VaR.

Regulators categorise a VaR model as green, amber or red and assign regulatory capital multipliers based on this categorisation. A green model is consistent with a satisfactory VaR model and is achieved for models that have four or less backtesting exceptions in a 12-month period. All the Group's approved models were assigned green status by the SARB for the year ended 31 December 2017.

Specific business unit and product controls

Other market risk limits and controls specific to individual business units include permissible instruments, concentration of exposures, gap limits, maximum tenor, stop loss triggers price validation and balance sheet substantiation.

Interest rate risk in the banking book

This risk results from the different repricing characteristics of banking book assets and liabilities. Banking book-related market risk exposure principally involves managing the potential adverse effect of interest rate movements on banking book earnings (net interest income and banking book mark-to-market profit or loss) and the economic value of equity.

The Group's approach to managing banking book interest rate risk is governed by applicable regulations and influenced by the competitive environment in which the Group operates. The Group's treasury and capital management team monitors banking book interest rate risk operating under the oversight of the ALCO.

Measurement

The analytical techniques used to quantify banking book interest rate risk include both earnings- and valuation-based measures. The analysis takes account of embedded optionality such as loan prepayments and accounts where the account behaviour differs from the contractual position.

The results obtained from forward-looking dynamic scenario analyses, as well as Monte Carlo simulations, assist in developing optimal hedging strategies on a risk-adjusted return basis. Desired changes to a particular interest rate risk profile are achieved through the restructuring of on-balance sheet re-pricing or maturity profiles, or through derivative overlays.

Limits

Interest rate risk limits are set in relation to changes in forecast banking book earnings and the economic value of equity. Economic value of equity sensitivity is calculated as the net present value of aggregate asset cash flows less the net present value of aggregate liability cash flows.

All assets, liabilities and derivative instruments are allocated to gap intervals based on either their repricing or maturity characteristics. Assets and liabilities for which no identifiable contractual repricing or maturity date exists are allocated to gap intervals based on behavioural profiling.

Hedging of endowment risk

Interest rate risk in the banking book is predominantly the consequence of endowment exposures, being the net exposure of non-rate sensitive liabilities and equity less non-rate sensitive assets. The endowment risk is hedged using liquid instruments as and when it is considered opportune. Following meetings of the monetary policy committees, or notable market developments, the interest rate view is formulated through ALCO processes. Where permissible, hedge accounting is adopted using the derivatives designated as hedging instruments.

Non-endowment interest rate risk in the banking book, (basis, re-pricing, optionality and yield curve) is managed within the treasury and global markets portfolios.

Equity risk in the banking book

Equity risk is defined as the risk of loss arising from a decline in the value of equity or an equity-type instrument held on the banking book, whether caused by deterioration in the underlying operating asset performance, net asset value, enterprise value of the issuing entity, or by a decline in the market price of the equity or instrument itself. Equity risk relates to all transactions and investments subject to approval by the equity risk committee, in

terms of that committee's mandate, and includes debt, quasi-debt and other instruments that are considered to be of an equity nature.

The table below illustrates sensitivity for all non-trading equity investments assuming a 10 per cent. shift in the fair value. The analysis is shown before tax.

| | 10% reduction in fair value Rm | Fair value Rm | 10% increase in fair value Rm |
|---------------------------------------|---|---------------------|--|
| 2017 | | | |
| Equity securities listed and unlisted | 3 005 | 3 339 | 3 673 |
| Listed | | 468 | |
| Unlisted | | 2 872 | |
| Impact on profit and loss | (326) | | 326 |
| Impact on OCI | (8) | | 8 |
| 2016 | | | |
| Equity securities listed and unlisted | 3 591 | 3 990 | 4 390 |
| Listed ¹ | | 1 006 | |
| Unlisted | | 2 984 | |
| Impact on profit and loss | (389) | | 389 |
| Impact on OCI | (10) | | 10 |

¹ Restated to reflect total listed and unlisted equities of the group.

² During 2016, the carrying amount of certain treasury bills were erroneously allocated to listed investments, consequently the amounts presented at 31 December 2016 have been restated. The restatement did not affect the group's statement of financial position.

Foreign currency risk

The Group's primary non-trading related exposures to foreign currency risk arise as a result of the translation effect on the Group's net assets in foreign operations, intragroup foreign-denominated debt and foreign-denominated cash exposures and accruals.

The Foreign Currency Management Committee, a sub-committee of the Capital Management Committee, manages the risk according to existing legislation, South African exchange control regulations and accounting parameters. It takes into account naturally offsetting risk positions and manages the Group's residual risk by means of forward exchange contracts, currency swaps and option contracts. Hedging is undertaken in such a way that it does not constrain normal operational activities.

The repositioning of the Group's net asset value by currency profile, which is managed at Group level, is a controlled process based on underlying economic views and forecasts of the relative strength of currencies. The Group does not ordinarily hold open exposures of any significance with respect to the banking book.

Gains or losses on derivatives that have been designated as cash flow hedging relationships are reported directly in other comprehensive income, with all other gains and losses on derivatives being reported in profit or loss.

Foreign currency risk sensitivity analysis

The foreign currency risk sensitivity analysis below reflects the expected financial impact, in rand equivalent, resulting from a 10 per cent. shock to foreign currency risk exposures, against ZAR. The sensitivity analysis is based on derivative financial instruments, foreign denominated cash balances and accruals and intragroup foreign denominated debt. The sensitivity analysis reflects the sensitivity to over the counter instruments and profit or loss on the Group's foreign-denominated exposures other than those trading positions for which sensitivity has been included in the trading book VaR analysis.

| | USD | Euro | GBP | Naira | Other | Total |
|--------------------------------------|------|------|-----|-------|-------|-------|
| 2017 | | | | | | |
| Total net long/(short) position (Rm) | 57 | 6 | 14 | 2 | (1) | 78 |
| Sensitivity (ZAR depreciation) (%) | 10 | 10 | 10 | 10 | 10 | |
| Impact on OCI (Rm) | | | | | | |
| Impact on profit or loss (Rm) | (6) | (1) | (1) | | (35) | (43) |
| 2016 | | | | | | |
| Total net long/(short) position (Rm) | 637 | 15 | 1 | | (335) | 318 |
| Sensitivity (ZAR depreciation) (%) | 10 | 10 | 10 | 10 | 10 | |
| Impact on OCI (Rm) | | | | | 33 | 33 |
| Impact on profit or loss (Rm) | (64) | (2) | | | (31) | (97) |

OPERATIONAL RISK

Operational risk is defined as the risk of loss suffered as a result of the inadequacy of, or a failure in, internal processes, people and/or systems or from external events. Reputational risk and strategic risk are, in terms of general market convention, excluded from the definition of operational risk.

The Group recognises that operational risk exists in the natural course of business activity and adheres to the operational risk governance framework, which sets out the minimum standards for operational risk management adopted across the Group. This framework aligns to the Group's strategy by demonstrating that the purpose of operational risk management is not to eliminate all risks, which is not economically viable, but rather to enable management to weigh the payoff between risk and reward. The framework also ensures that adequate and consistent governance is in place, guiding management to avoid unacceptable risks such as:

- breaking the law
- damaging the Group's reputation
- disrupting services to customers
- wilful conduct failures
- inappropriate market conduct
- knowingly breaching regulatory requirements
- causing environmental damage.

The Group's approach to managing operational risk is to adopt fit-for-purpose operational risk practices that assist line management in understanding their residual risk and managing their risk profile within risk appetite. The management of operational risk primarily resides in first line, supported by second line with dedicated centres of excellence. The operational risk management function forms part of the second line of defence and is an independent area, reporting to the Group CRO.

The core capabilities of operational risk ensure alignment and integration across:

- developing and maintaining the operational risk governance framework
- facilitating the business's adoption of the operational risk framework
- regulatory oversight
- monitoring and assurance
- reporting
- challenging the risk profile and providing guidance and advice as thought leaders.

The operational risk management function analyses root causes of internal incidents and events to allow for the implementation and recommendation of controls to curb future threats. These analyses are followed by self-assessments and risk-focused reviews, where an independent team provides objective monitoring and assessment of the adequacy and effectiveness encompassing the implementation of the operational risk governance framework. The function also plays a role in influencing risk decision-making and implementing risk controls, which results in acceptance, mitigation, or avoidance of risk. The function also provides an assessment of regulatory requirements that need to be implemented within embedded operational risk management functions to ensure regulatory compliance.

Individual teams are dedicated to each business line and report to the respective PBB and CIB CRO with a functional reporting line to the Group Head of Operational Risk Management. The Group function provides dedicated teams to corporate functions such as finance, IT and human capital. These teams work alongside the corporate functions and facilitate the adoption of the operational risk governance framework. As part of the second line of defence, they also monitor and challenge management in respect of their operational risk profile.

Operational risk subtypes are managed and overseen by specialist functions. These subtypes include:

- cyber risk
- model risk;
- tax risk;
- legal risk;
- environmental and social risk;
- technology risk;
- information risk
- compliance risk; and
- fraud risk.

INSURANCE RISK

Insurance risk is the risk that actual future demographic and related expense experience will differ from that expected and, therefore, from that used in measuring policyholder liabilities and in pricing products. Insurance risk arises due to uncertainty regarding the timing and amount of future cash flows from insurance contracts. Insurance risk applies to long-term insurance operations housed in Liberty and the short-term insurance operations housed in Liberty Africa, Liberty Health and Standard Insurance Limited ("**SIL**").

Long-term insurance risk

The management and staff in all business units accepting insurance risk are responsible for the day-to-day identification, monitoring and treatment of insurance risk. It is also management's responsibility to report any material insurance risks, risk events and issues identified to senior management through certain pre-defined escalation procedures.

Risk management of long-term insurance takes place prior to the acceptance of risks through the product development and pricing processes and at the point of sale. Risks continue to be managed through the measurement, monitoring and treatment of risks once the risks are contracted. The Liberty Group Head of Insurance Risk provides Group oversight of insurance risk.

The Liberty statutory actuaries, insurance risk department and the heads of risk in the business units provide independent oversight of compliance with Liberty's risk management policies and procedures and the effectiveness of Liberty's insurance risk management processes.

Short-term insurance risk

SIL writes mainly property, motor, accident and health insurance on a countrywide basis within South Africa. Approximately 70% of the total gross written premium is property insurance which indemnifies, subject to any limits or excesses, the policyholder against loss or damage to their own property and business interruption arising from this damage. Liberty writes medical expense insurance through Total Health Trust Limited to government employees and corporate customers in Nigeria. Medical expense cover is also provided via subsidiary Liberty Health Holdings (Pty) Limited, to customers in 22 African countries.

Short-term insurance risk is managed through various control process, including risk rating pricing, underwriting conditions, product design, efficient and effective claims management processes, fraud risk management and reinsurance controls. The principal governance document governing short-term insurance risk is the short-term insurance risk governance standard.

The insurance entity manages risk through the consideration of trigger conditions that result in the review of its risk strategy. This considers the nature, scale and complexity of the entity's risks. Risk appetite metrics and stress/scenario testing form part of risk management practices to better understand and manage the threats and opportunities the business faces.

SETTLEMENT, CLEARING AND TRANSFER OF NOTES

Capitalised terms used in this section headed "Settlement, Clearing and Transfer of Notes" shall bear the same meanings as used in the relevant Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

Notes listed on the JSE and/or held in the Central Depository

Each Tranche of Notes which is listed on the JSE in uncertificated form will be held in the Central Depository. A Tranche of unlisted Notes may also be held in the Central Depository.

Clearing systems

Each Tranche of Notes listed on the JSE and/or held in the Central Depository will be issued, cleared and settled in accordance with the Applicable Procedures for the time being of the JSE and the Central Depository through the electronic settlement system of the Central Depository. Such Notes will be cleared by Participants who will follow the electronic settlement procedures prescribed by the JSE and the Central Depository.

The Central Depository has, as the operator of an electronic clearing system, been appointed by the JSE to match, clear and facilitate the settlement of transactions concluded on the JSE. Subject as aforesaid each Tranche of Notes which is listed on the JSE will be issued, cleared and transferred in accordance with the Applicable Procedures and the relevant Terms and Conditions, and will be settled through Participants who will comply with the electronic settlement procedures prescribed by the JSE and the Central Depository. The Notes may be accepted for clearance through any additional clearing system as may be agreed between the JSE, the Issuer and the Dealer(s).

Participants

- The Central Depository maintains central securities accounts only for Participants. As at the Programme Date, the Participants which are approved by the Central Depository, in terms of the rules of the Central Depository, are Citibank NA, Johannesburg branch, FirstRand Bank Limited (RMB Custody and Trustee Services), Nedbank Limited, The Standard Bank of South Africa Limited, Standard Chartered Bank, Johannesburg branch, Société Générale, Johannesburg branch and the SARB. Euroclear, as operator of the Euroclear System, and Clearstream Banking will settle off-shore transfers in the Notes through their Participants.

Settlement and clearing

Participants will be responsible for the settlement of scrip and payment transfers through the Central Depository, the JSE and the SARB.

All amounts to be paid and all rights to be exercised in respect of Notes held in the Central Depository will be paid to and may be exercised only by the Central Depository for the holders of Beneficial Interests in such Registered Notes, in accordance with the CSD Procedures.

In relation to each Person shown in the records of the Central Depository or the relevant Participant, as the case may be, as the holder of a Beneficial Interest in a particular Nominal Amount of Notes, a certificate or other document issued by the Central Depository or the relevant Participant, as the case may be, as to the Nominal Amount of such Notes standing to the account of such Person shall be *prima facie* proof of such Beneficial Interest. The Central Depository (as the registered Noteholder of such Notes named in the Register) will be treated by the Issuer, the Paying Agent, the Transfer Agent and the relevant Participant as the holder of that aggregate Nominal Amount of such Notes for all purposes.

Payments of all amounts in respect of a Tranche of Notes which is listed on the JSE and/or held in the Central Depository will be made to the Central Depository, as the registered Noteholder of such Notes, which in turn will transfer such funds, via the Participants, to the holders of Beneficial Interests. Each of the persons reflected in the records of the Central Depository or the relevant Participant, as the case may be, as the holders of Beneficial Interests in Notes shall look solely to the Central Depository or the relevant Participant, as the case may be, for such Person's share of each payment so made by (or on behalf of) the Issuer to, or for the order of, the Central Depository, as the registered Noteholder of such Notes.

Payments of all amounts due and payable in respect of Beneficial Interests in Notes will be recorded by the Central Depository, as the registered Noteholder of such Notes, distinguishing between interest and principal, and such record of payments by the Central Depository, as the registered Noteholder of such Notes, shall be *prima facie* proof of such payments.

Transfers and exchanges

The Participants will maintain records of the Beneficial Interests in Registered Notes held in the Central Depository.

Subject to the Applicable Laws, title to Beneficial Interest held by clients of Participants indirectly through such Participants will pass on transfer thereof by electronic book entry in the securities accounts maintained by such Participants for such clients. Subject to the Applicable Laws, title to Beneficial Interests held by Participants directly through the Central Depository will pass on transfer thereof by electronic book entry in the central securities accounts maintained by the Central Depository for such Participants. Beneficial Interests may be transferred only in accordance with the CSD Procedures.

Beneficial Interests may be exchanged for Notes represented by Individual Certificates in accordance with Condition 14.1(b) (*Transfer of Registered Notes represented by Individual Certificates*) of the General Terms and Conditions or Condition 15.2 (*Transfer of Registered Notes represented by Individual Certificates*) of the Additional Tier 1 Terms and Conditions.

Records of payments, trust and voting

Neither the Issuer nor the Paying Agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, Beneficial Interests, or for maintaining, supervising or reviewing any records relating to Beneficial Interests. Neither the Issuer nor the Paying Agent nor the Transfer Agent will be bound to record any trust in the Register or to take notice of or to accede to the execution of any trust (express, implied or constructive) to which any Note may be subject. Holders of Beneficial Interests vote in accordance with the Applicable Procedures.

JSE Debt Guarantee Fund Trust and/or the JSE Guarantee Fund

The holders of Notes that are not listed on the JSE will have no recourse against the JSE, the JSE Debt Guarantee Fund Trust or the JSE Guarantee Fund, as applicable. Claims against the JSE Debt Guarantee Fund Trust or the JSE Guarantee Fund, as applicable, may only be made in respect of the trading of Notes listed on the JSE and can in no way relate to a default by the Issuer of its obligations under the Notes listed on the JSE. Any claims against the JSE Debt Guarantee Fund Trust or the JSE Guarantee Fund may only be made in accordance with the rules of the JSE Debt Guarantee Fund Trust or the JSE Guarantee Fund, as applicable. Unlisted Notes are not regulated by the JSE.

Notes listed on any Financial Exchange other than (or in addition to) the JSE

Each Tranche of Notes which is listed on any Financial Exchange other than (or in addition to) the JSE will be issued, cleared and settled in accordance with the rules and settlement procedures for the time being of that Financial Exchange. The settlement and redemption procedures for a Tranche of Notes which is listed on any Financial Exchange (other than or in addition to the JSE) will be specified in the Applicable Pricing Supplement.

SOUTH AFRICAN EXCHANGE CONTROL

Capitalised terms used in this section headed "South African Exchange Control" shall bear the same meanings as used in the relevant Terms and Conditions, except to the extent that they are separately defined in this section or clearly inappropriate from the context.

The information below is intended as a general guide to the position under the Exchange Control Regulations as at the Programme Date. The contents of this section headed "South African Exchange Control" do not constitute exchange control advice and do not purport to describe all of the considerations that may be relevant to a prospective subscriber for or purchaser of any Notes. Prospective subscribers for or purchasers of any Notes should consult their professional advisers in this regard.

Programme Memorandum

This Programme Memorandum does not require the prior approval of the Financial Surveillance Department of the South African Reserve Bank (the "**Exchange Control Authorities**") in terms of the Exchange Control Regulations.

Issue of Notes

The issue of a particular Tranche of Notes may, depending on the type of Notes in that Tranche, require the prior written approval of the Exchange Control Authorities in terms of the Exchange Control Regulations.

In particular, in terms of Rule 3.12(c) of the JSE Debt Listings Requirements, "*where the ... Issuer issues listed [Notes] that will pay higher than the interest rate to be paid/discounted in terms of exchange control policy, and where there will be foreign participation cross-border funding, the ... Issuer is required to obtain prior [Exchange Control Authorities] approval/directive in respect of the issue. Exchange control policy allows interest to be paid up to the prime overdraft rate (predominant rate) plus 3% per annum or as amended from time to time*".

Dealings in the Notes and the performance by the Issuer of its obligations under the Notes and the applicable Terms and Conditions may be subject to the Exchange Control Regulations.

Non-South African resident Noteholders and emigrants from the Common Monetary Area

Emigrant Blocked Rand

Emigrant Blocked Rand may be used for the subscription for or purchase of Notes. Any amounts payable by the Issuer in respect of the Notes subscribed for or purchased with Emigrant Blocked Rand may not, in terms of the Exchange Control Regulations, be remitted out of South Africa or paid into any non-South African bank account.

Emigrants from the Common Monetary Area

Any Individual Certificates issued to Noteholders who are emigrants from South Africa, the Republic of Namibia, the Kingdom of Lesotho and the Kingdom of Swaziland (the "**Common Monetary Area**") will be endorsed "*non-resident*". Such restrictively endorsed Individual Certificates shall be deposited with an authorised foreign exchange dealer controlling such emigrant's blocked assets.

In the event that a Beneficial Interest in Notes is held by an emigrant from the Common Monetary Area through the Central Depository, the securities account maintained for such emigrant by the relevant Participant will be designated as an "*emigrant*" account. All payments in respect of subscriptions for Notes by an emigrant from the Common Monetary Area, using Emigrant Blocked Rands, must be made through the Authorised Dealer in foreign exchange controlling the blocked assets.

Any payments of interest and/or principal due to a Noteholder who is an emigrant from the Common Monetary Area will be deposited into such emigrant Noteholder's Emigrant Blocked Rand account, as maintained by an authorised foreign exchange dealer. The amounts are not freely transferable from the Common Monetary Area and may only be dealt with in terms of the Exchange Control Regulations.

Non-residents of the Common Monetary Area

Any Individual Certificates issued to Noteholders who are not resident in the Common Monetary Area will be endorsed "*non-resident*". In the event that a Beneficial Interest in Notes is held by a non-resident of the Common Monetary Area through the Central Depository, the securities account for such Noteholder by the relevant Participant will be designated as a "*non-resident*" account.

It will be incumbent on any such non-resident Noteholder to instruct the non-resident's nominated or authorised dealer in foreign exchange as to how any funds due to such non-resident in respect of Notes are to be dealt with. Such funds may, in terms of the Exchange Control Regulations, be remitted abroad only if the relevant Notes are acquired with foreign currency introduced into South Africa and provided that the relevant Individual Certificate has been endorsed "*non-resident*" or the relevant securities account has been designated as a "*non-resident*" account, as the case may be.

Bearer Notes

The disposal or acquisition of or dealing in Bearer Notes is subject to the prior written approval of the Minister of Finance (or the Person authorised by the Minister of Finance) in accordance with Regulation 15 of the Exchange Control Regulations.

Order Notes

Any Order Notes issued to Noteholders who are emigrants from the Common Monetary Area will be endorsed in accordance with the applicable provisions of the Exchange Control Regulations. Any Order Notes issued to Noteholders who are emigrants from the Common Monetary Area will be subject to the applicable provisions of the Exchange Control Regulations.

Any Order Notes issued to Noteholders who are not resident in the Common Monetary Area will be endorsed in accordance with the applicable provisions of the Exchange Control Regulations. Any Order Notes issued to Noteholders who are not resident in the Common Monetary Area will be subject to the applicable provisions of the Exchange Control Regulations.

As at the Programme Date, no exchange control approval is required in respect of the Programme and/or the Notes.

SOUTH AFRICAN TAXATION

Capitalised terms used in this section headed "South African Taxation" shall bear the same meanings as used in the relevant Terms and Conditions, except to the extent that they are separately defined in this section or clearly inappropriate from the context.

The comments below are intended as a general guide to the relevant tax laws of South Africa as at the Programme Date. The contents of this section headed "South African Taxation" do not constitute tax advice and do not purport to describe all of the considerations that may be relevant to a prospective subscriber for or purchaser of any Notes. Prospective subscribers for or purchasers of any Notes should consult their professional advisers in this regard.

Withholding Tax

Under current taxation law in South Africa, all payments made under the Notes to South African tax-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.

A withholding tax on South African sourced interest (see the section headed "*Income Tax*" below) paid to or for the benefit of a "*foreign person*" (being any person that is not a South African tax-resident) applies at a rate of 15% of the amount of interest in terms of section 50A-50H of the Income Tax Act, 1962 (the "**Income Tax Act**"). The withholding tax could be reduced by the application of relevant double taxation treaties.

The legislation exempts, inter alia, from the withholding tax on interest any amount of interest paid by a bank as defined in the Banks Act, 1990 (the "**Banks Act**") to a foreign person. It is envisaged that this exemption would apply to the interest payments made to foreign Noteholders. The withholding tax legislation also provides an exemption for interest paid to a foreign person in respect of any debt listed on a "*recognised exchange*" as defined in paragraph 1 of the eighth schedule of the Income Tax Act. The JSE Limited (the "**JSE**") would qualify as such an exchange, and therefore, subject to any legislative changes, the interest paid on the Notes listed on the JSE will also be exempt from the withholding tax on interest. A foreign person will also be exempt from the withholding tax on interest if:

- (a) that foreign person 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 paid; or
- (b) the debt claim in respect of which that interest is paid is effectively connected with a permanent establishment of that foreign person in South Africa, if that foreign person is registered as a taxpayer in South Africa.

Foreign persons are subject to normal South African income tax on interest sourced in South Africa unless exempted under Section 10(1)(h) of the Income Tax Act (see the section headed "*Income Tax*" below).

Securities Transfer Tax (STT)

No STT is payable on the issue or transfer of Notes (bonds) under the Securities Transfer Tax Act, 2007, because they do not constitute securities (as defined) 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, 1991 (the "**VAT Act**"). 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 the VAT Act.

Commissions, fees or similar charges raised for the facilitation, issue, allotment, drawing, acceptance, endorsement or transfer of ownership of Notes (bonds) that constitute "*debt securities*" will however be subject to VAT at the applicable prevailing rate, except where the recipient is a non-resident as contemplated below.

Services (including exempt financial services) rendered to non-residents who are not in South Africa when the services are rendered, are subject to VAT at the zero rate in terms of section 11(2)(1) of the VAT Act.

Income Tax

Under current taxation law effective in South Africa, a "*resident*" (as defined in section 1 of the Income Tax Act) is subject to income tax on his/her worldwide 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 interest earned pursuant to the Notes. Non-residents of South Africa are subject to income tax on all income derived from a source, or deemed to be from a source, within South Africa (subject to domestic exemptions or relief in terms of an applicable double taxation treaty).

Interest income is from a South African source if that amount:

- (a) is incurred by a South African tax resident, unless the interest is attributable to a permanent establishment which is situated outside of South Africa; or
- (b) is derived from the utilisation or application in South Africa by any person of any funds or credit obtained in terms of any form of "*interest-bearing arrangement*".

The Issuer is a South African tax-resident and the Notes will constitute an "*interest-bearing arrangement*". Accordingly, the interest paid to the Noteholders will be from a South African source and subject to South African income tax unless such interest is exempt from income tax under section 10(1)(h) of the Income Tax Act (see below).

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 during any year of assessment is exempt from income tax, unless:

- (a) that person 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 accrued by or to that person; or
- (b) the debt from which the interest arises is effectively connected to a permanent establishment of that person in South Africa.

Interest as defined in section 24J of the Income Tax Act (including the premium or discount) may qualify for the exemption under section 10(1)(h) of the Income Tax Act. 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 income tax liability may be available under an applicable double taxation treaty.

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.

Under section 24J of the Income Tax Act, broadly speaking, any discount or premium to the Nominal Amount of a Note is treated as part of the interest income on the Note. Section 24J of the Income Tax Act deems interest income to accrue to a Noteholder on a day-to-day basis until that Noteholder disposes of the Note. The day-to-day basis accrual is determined by calculating the yield to maturity and applying this rate to the capital involved for the relevant tax period.

Section 24JB of the Income Tax Act contains specific provisions relating to the fair value taxation of financial instruments for "*covered persons*" (as defined in section 24JB of the Income Tax Act). Noteholders should seek advice as to whether this provision may apply to them.

Purchasers of Notes are advised to consult their own professional advisors to ascertain whether the abovementioned provisions may apply to them.

Capital Gains Tax

Capital gains and losses of residents of South Africa on the disposal of Notes are subject to capital gains tax, unless the Notes are purchased for re-sale in the short term as part of a scheme of profit making, in which case any gain or loss would be subject to income 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. If the Notes are disposed of or redeemed prior to or on maturity, an "adjusted gain on transfer or redemption of an instrument", or an "adjusted loss on transfer or redemption of an instrument", as contemplated in section 24J of the Act, must be calculated. Any such adjusted gain or adjusted loss is deemed to have been incurred or to have accrued in the year of assessment in which the transfer or redemption occurred. The calculation of the adjusted gain or adjusted loss will take into account, *inter alia*, all interest which has already been deemed to accrue to the Noteholder over the term that the Note has been held by the Noteholder. Under section 24J(4A) of the Income Tax Act, where an adjusted loss on transfer or redemption of an instrument realised by a holder of a Note includes any amount representing interest that has previously been included in the income of the holder, the amount will qualify as a deduction from the income of the holder during the year of assessment in which the transfer or redemption takes place and will not give rise to a capital loss.

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.

To the extent that a Noteholder constitutes a "*covered person*" (as defined in section 24JB of the Income Tax Act) and section 24JB applies to the Notes, the Noteholder will be taxed in accordance with the provisions of section 24JB of the Act and the capital gains tax provisions would not apply.

Purchasers are advised to consult their own professional advisers as to whether a disposal of Notes will result in capital gains tax consequences.

Conversion of Additional Tier 1 Notes and Write-off of Tier 2 Notes and Additional Tier 1 Notes

It should be noted that the tax consequences to the holders of Additional Tier 1 Notes of the compulsory Conversion of Additional Tier 1 Notes into Issuer Ordinary Shares or the compulsory Write-off of Tier 2 Notes or Additional Tier 1 Notes, upon the occurrence of a Non-Viability Event, are complicated. A summary of some of the possible tax consequences of the compulsory Conversion of Additional Tier 1 Notes or the compulsory Write-off of Tier 2 Notes and Additional Tier 1 Notes is set out below. Prospective subscribers for or purchasers of Tier 2 Notes and/or Additional Tier 1 Notes must consult their professional advisers in this regard.

Conversion of Additional Tier 1 Notes

To the extent that Additional Tier 1 Notes are Converted into Issued Ordinary Shares, the Conversion may potentially be regarded as a disposal for tax purposes, resulting in a tax consequences for the Noteholder.

Normal tax principles should be applied in determining whether the taxpayer will be subject to capital gains tax or normal income tax on conversion of Additional Tier 1 Notes and write-off of Tier 1 Notes and Additional Tier 1 Notes into Issued Ordinary Shares.

The "*conversion*" of an asset is specifically included in the definition of a "*disposal*" of an asset in paragraph 11 of the Eighth Schedule of the Income Tax Act and capital gains tax consequences may arise to the Noteholder. Alternatively, normal income tax consequences may arise if the Note is held on revenue account. Noteholders should consult their professional advisers to this regard. The South African Revenue Service, in its Capital Gains Tax Guide, has specifically indicated that there will be an adjusted gain or loss arising on the conversion of a debenture (or a debt instrument such as the Additional Tier 1 Notes). This adjusted gain or loss is deemed to accrue in the year of transfer or redemption.

The Capital Gains Tax Guide indicates that, even if the "*right*" to convert a debenture (or a debt instrument such as the Additional Tier 1 Notes) into an ordinary share is acquired upfront, a capital gain or loss will have to be determined at the time of conversion. A similar consequence may arise to the extent that the Additional Tier 1 Notes are held on revenue account.

Write-off of Tier 2 Notes and Additional Tier 1 Notes

To the extent that Tier 2 Notes or Additional Tier 1 Notes are Written-off (on the basis that the Issuer is no longer obliged to pay the relevant amount to the Noteholders of the Tier 2 Notes or Additional Tier 1 Notes (as applicable)) the event is a "*disposal*" for capital gains tax purposes or a realisation for normal income tax purposes. If a debt is waived or reduced as envisaged in the Income Tax Act, this may result in a loss for the Noteholders. The normal principles of capital and revenue are to be applied in determining whether any such loss should be subject to normal income tax or capital gains tax in terms of the Income Tax Act. In addition, specific provisions in the Income Tax Act may apply to the waiver or reduction of debt. In this regard, Noteholders must consult their own tax advisers to confirm the specific tax treatment of the waiver or reduction of debt.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including South Africa) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are

uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and 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 on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. However, if additional notes (as described under "*General Terms and Conditions—Further Issues*" and "*Additional Tier 1 Terms and Conditions—Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, the Issuer will not be required to pay additional amounts as a result of the withholding.

Definition of Interest

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 relevant Terms and Conditions of the Notes or any related documentation.

SUBSCRIPTION AND SALE

Capitalised terms used in this section headed "Subscription and Sale" shall bear the same meanings as used in the relevant Terms and Conditions, except to the extent that they are separately defined in this section or clearly inappropriate from the context.

Selling restrictions

South Africa

Each Dealer has (or will have) represented, warranted and agreed that it (i) will not offer Notes for subscription, (ii) will not solicit any offers for subscription for or sale of the Notes, and (iii) will itself not sell or offer the Notes in South Africa in contravention of the Companies Act, Banks Act, Exchange Control Regulations and/or any other Applicable Laws and regulations of South Africa in force from time to time.

Prior to the issue of any Tranche of Notes under the Programme, each Dealer who has (or will have) agreed to place that Tranche of Notes will be required to represent and agree that it will not make an "*offer to the public*" (as such expression is defined in the Companies Act, and which expression includes any section of the public) of Notes (whether for subscription, purchase or sale) in South Africa. This Programme Memorandum does not, nor is it intended to, constitute a prospectus prepared and registered under the Companies Act.

Offers not deemed to be offers to the public

Offers for subscription for, or sale of, Notes are not deemed to be an offer to the public if:

- (a) to certain investors contemplated in section 96(1)(a) of the Companies Act; or
- (b) the total contemplated acquisition cost of Notes, for any single addressee acting as principal, is equal to or greater than ZAR1 000 000, or such higher amount as may be promulgated by notice in the Government Gazette of South Africa pursuant to section 96(2)(a) of the Companies Act.

Information made available in this Programme Memorandum should not be considered as "*advice*" as defined in the Financial Advisory and Intermediary Services Act, 2002.

The issue of a particular Tranche of Notes may, depending on the type of Notes in that Tranche, require the prior written approval of the Exchange Control Authorities in terms of the Exchange Control Regulations (see the section of this Programme Memorandum headed "*South African Exchange Control*").

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, or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

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 Programme 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 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 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 and its affiliates 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.

European Economic Area

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 Applicable Pricing Supplement in relation thereto 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) *Approved prospectus*: if the Applicable Pricing Supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus which has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Applicable Pricing Supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) *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
- (d) *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 (b) to (d) 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.

United Kingdom

Each Dealer has represented, warranted and agreed, and each new Dealer appointed under the Programme will be required to represent, warrant and agree, 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.

General

Prior to the issue of any Tranche of Notes under the Programme, each Dealer who has (or will have) agreed to place that Tranche of Notes will be required to agree that:

- (a) it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in each jurisdiction in which it purchases, subscribes or procures the subscription for, offers or sells Notes in that Tranche or has in its possession or distributes the Programme Memorandum and will obtain any consent, approval or permission required by it for the purchase, subscription, offer or sale by it of any Notes in that Tranche under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, subscription, offers or sales; and
- (b) it will comply with such other or additional restrictions as the Issuer and such Dealer agree and as are set out in the Applicable Pricing Supplement relating to the relevant Tranche of Notes.

Neither the Issuer nor any of the Dealers represent that Notes may at any time lawfully be subscribed for or sold in compliance with any applicable registration or other requirements in any jurisdiction or pursuant to any exemption available thereunder or assumes any responsibility for facilitating such subscription or sale.

GENERAL INFORMATION

Capitalised terms used in this section headed "General Information" shall bear the same meanings as used in the relevant Terms and Conditions, except to the extent that they are separately defined in this section or clearly inappropriate from the context.

AUTHORISATION

All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of South Africa have been or will be given or obtained for the establishment of the Programme, its update from time to time and the issue of Notes and for the Issuer, Transfer Agent, Calculation Agent and Paying Agent to undertake and perform their respective obligations under the Notes, the Programme Memorandum and Agency Agreement.

LISTING

This Programme has been approved and registered with the JSE. Notes issued under the Programme may be listed on the JSE or such other or further Financial Exchange(s) as may be determined by the Issuer and the Dealer(s) (if any), subject to all Applicable Laws. Unlisted Notes may also be issued under this Programme. The Applicable Pricing Supplement will specify whether or not a Tranche of Notes will be listed and, if so, on which Financial Exchange(s).

MATERIAL CHANGE

As at the Programme Date, and after due and careful enquiry, there has been no material change in the financial or trading conditions of the Issuer since the date of its latest audited financial statements or unaudited interim reports. As at the Programme Date, there has been no involvement by PricewaterhouseCoopers Incorporated or KPMG Incorporated in making the aforementioned statement.

LITIGATION AND RISKS

Save as disclosed herein, the Issuer is not engaged (whether as defendant or otherwise) in any legal, arbitration, administration or other proceedings, the results of which might reasonably be expected to have a material effect on the financial position or the operations of the Issuer, nor is it aware of any such proceedings being threatened or pending against it in the 12 months prior to the Programme Date.

An investment in Notes by a Noteholder is subject to the risks detailed in the section of this Programme Memorandum headed "*Risk Factors*".

AUDITORS

PricewaterhouseCoopers Incorporated and KPMG Incorporated have acted as the auditors of the financial statements of the Issuer for the financial years ending 31 December 2015, 2016 and 2017, and in respect of these years, have issued unqualified audit reports in respect of the Issuer.

CORPORATE INFORMATION

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ARRANGER, DEALER AND JSE DEBT SPONSOR

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