APPLICABLE PRICING SUPPLEMENT

TIER 2 REGULATORY CAPITAL NOTES

FIRSTRAND BANK

FIRSTRAND BANK LIMITED

(Registration Number 1929/001225/06)

(incorporated with limited liability in South Africa)

Issue of ZAR1,727,000,000 FRB12 Tier 2 Notes
(subject to write off upon the occurrence of a Trigger Event)
Under its ZAR80,000,000,000 Domestic Medium Term Note Programme

This document constitutes the Applicable Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the "**Terms and Conditions**") set forth in the Programme Memorandum dated 29 November 2011 (the "**Programme Memorandum**"), as updated and amended from time to time. Capitalised terms used but not defined in this Applicable Pricing Supplement shall bear the meanings ascribed thereto in the Programme Memorandum or Annexure J (*Additional Definitions in respect of these Tranches of Notes of the Series*) hereto, where the provisions set out in Annexure J will prevail to the extent that there is any conflict or inconsistency between the definitions set out therein and those in the Programme Memorandum. 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.

The proceeds obtained through the issue of Tier 2 Notes under and pursuant to this Applicable Pricing Supplement are intended to qualify as capital for the issuing bank in terms of the provisions of the Banks Act. Any direct or indirect acquisition of the Tier 2 Notes issued or to be issued under and pursuant to this Applicable Pricing Supplement by a bank or controlling company, as defined in the Banks Act, or by a non-bank subsidiary of a bank or controlling company, shall be regarded as a deduction against the capital of the acquiring bank or controlling company in question, in an amount equal to the book value of the said investment in the relevant Tier 2 Notes.

The Tier 2 Notes issued or to be issued under and pursuant to this Applicable Pricing Supplement constitute direct, unsecured and, subordinated obligations of the Issuer and rank *pari passu* without any preference amongst themselves and (save for those that have been accorded by law preferential rights) at least *pari passu* with all other claims of creditors of the Issuer which rank or are expressed to rank (and which are entitled to rank) *pari passu* with the Tier 2 Notes.

If the Issuer is wound-up or put into liquidation or curatorship, voluntarily or involuntarily, the claims of Tier 2 Noteholders shall be subordinated to the claims of Senior Creditors. In any such event, no amount shall be payable to any Tier 2 Noteholders entitled to be paid amounts due under the Tier 2 Notes issued or to be issued under and pursuant to this Applicable Pricing Supplement until the claims of Senior Creditors which are admissible in any such winding-up, liquidation or curatorship have been paid or discharged in full.

The Registrar of Banks has approved the issue of the Tier 2 Notes issued or to be issued under and pursuant to this Applicable Pricing Supplement in terms of the Banks Act (as read with Regulation 38(14)(a)(ii) of the "Regulations Relating to Banks" promulgated under the Banks Act) and for the proceeds thereof to rank as "tier 2 capital" as defined in the Banks Act.

PARTIES

1.	**ISSUER**	FirstRand Bank Limited
	SPECIFIED OFFICE	2nd Floor, 4 Merchant Place, Corner of Fredman Drive and Rivonia Road, Sandton, 2196, South Africa
2.	**IF NON-SYNDICATED, DEALER(S)**	FirstRand Bank Limited, acting through its Rand Merchant Bank division
3.	**IF SYNDICATED, MANAGERS**	N/A
4.	**DEBT SPONSOR**	FirstRand Bank Limited, acting through its Rand Merchant Bank division
5.	**PAYING AGENT**	FirstRand Bank Limited, acting through its Rand Merchant Bank division
	SPECIFIED OFFICE	16th Floor, 1 Merchant Place, Corner of Fredman Drive and Rivonia Road, Sandton, 2196, South Africa
6.	**CALCULATION AGENT**	FirstRand Bank Limited, acting through its Rand Merchant Bank division

	SPECIFIED OFFICE	16th Floor, 1 Merchant Place, Corner of Fredman Drive and Rivonia Road, Sandton, 2196, South Africa
7.	**TRANSFER AGENT**	FirstRand Bank Limited, acting through its Rand Merchant Bank division
	SPECIFIED OFFICE	16th Floor, 1 Merchant Place, Corner of Fredman Drive and Rivonia Road, Sandton, 2196, South Africa
8.	**STABILISING MANAGER (IF ANY)**	N/A
	SPECIFIED OFFICE	N/A

PROVISIONS RELATING TO THE NOTES

9.	**STATUS OF NOTES**	Subordinated, unsecured Tier 2 Notes, the proceeds of which are intended to qualify as Tier 2 Capital. In accordance with the Capital Regulations, Tier 2 Notes issued under and pursuant to this Applicable Pricing Supplement will be subject to write off if a Trigger Event occurs in relation to the Issuer. See **Annexure D** attached to this Applicable Pricing Supplement.
	(a) Series Number	46
	(b) Tranche Number	1
10.	**ADDITIONAL CONDITIONS**	Yes. See **Annexures A** to **J** attached to this Applicable Pricing. Supplement.
11.	**PROVISIONS APPLICABLE TO CAPITAL NOTES**	See **Annexures A** to **J** attached to this Applicable Pricing Supplement and the applicable Capital Regulations.
12.	**NOTES IN ISSUE**	As at the date of this issue, the Issuer has issued Notes in the aggregate total amount of R45,332,421,803.27 under the

		Programme.
13.	**AGGREGATE PRINCIPAL AMOUNT OF TRANCHE**	ZAR1,727,000,000
14.	**INTEREST / PAYMENT BASIS**	Floating Rate
15.	**FORM OF NOTES**	The Notes in this Tranche are issued in uncertificated form and held by the CSD.
16.	**AUTOMATIC/OPTIONAL CONVERSION FROM ONE INTEREST / PAYMENT BASIS TO ANOTHER**	N/A
17.	**ISSUE DATE**	02 June 2014
18.	**BUSINESS CENTRE**	Johannesburg
19.	**ADDITIONAL BUSINESS CENTRE**	N/A
20.	**PRINCIPAL AMOUNT PER NOTE**	ZAR1,000,000
21.	**SPECIFIED DENOMINATION**	ZAR1,000,000
22.	**ISSUE PRICE**	100%
23.	**INTEREST COMMENCEMENT DATE**	02 June 2014
24.	**MATURITY DATE**	02 June 2024
25.	**MATURITY PERIOD**	Notes may be issued with any maturity date, subject, in relation to Tier 2 Notes, to such minimum maturities as may be required from time to time by the applicable Capital Regulations and, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements. Subject to the applicable Capital Regulations, Tier 2 Notes will have a minimum maturity of five years and one day.
26.	**SPECIFIED CURRENCY**	South African Rands (ZAR)

27.	**APPLICABLE BUSINESS DAY CONVENTION**	Following Business Day
28.	**FINAL REDEMPTION AMOUNT**	100% of the Nominal Amount
29.	**BOOKS CLOSED PERIOD(S)**	The Register will be closed from 25 February to 01 March, 28 May to 01 June, 28 August to 01 September and from 27 November to 01 December (all dates inclusive) in each year until the date on which the Notes have been redeemed.
30.	**LAST DAY TO REGISTER**	24 February, 27 May, 27 August and 26 November, which shall mean that the Register will be closed by 17h00 from the date following each Last Day to Register to the next applicable Interest Payment Day.
31.	**DEFAULT RATE**	N/A
32.	**CALL OPTION**	Yes, at the option of the Issuer only and subject to the applicable Capital Regulations.
33.	**CALL OPTION DATE**	02 June 2019 and each subsequent Interest Payment Date thereafter until the Maturity Date, subject to the applicable Capital Regulations.

FIXED RATE NOTES — *Subject to the applicable Capital Regulations.*

PAYMENT OF INTEREST AMOUNT

(a) Interest Rate(s)	N/A
(b) Interest Payment Date(s)	N/A
(c) Interest Rate Periods	N/A
(d) Fixed Coupon Amount[(s)]	N/A
(e) Initial Broken Amount	N/A

(f) Final Broken Amount	N/A
(g) Interest Step-Up Date	N/A
(h) Any other terms relating to the particular method of calculating interest	N/A

FLOATING RATE NOTES — *Subject to the applicable Capital Regulations.*

34. **PAYMENT OF INTEREST AMOUNT**

(a) Interest rate(s)	3 month JIBAR, plus Margin
(b) Interest payment date (s)	02 March, 02 June, 02 September and 02 December of each year with the first Interest Payment Date being 02 September 2014.
(c) Interest Rate Periods	From and including the applicable Interest Payment Date and ending on but excluding the following Interest Payment Date, the first Interest Period commencing on 02 June 2014 and ending on the day before the next Interest Payment Date.
(d) Initial Broken Amount	N/A
(e) Final Broken Amount	N/A
(f) Any other terms relating to the particular method of calculating interest	N/A
(g) Interest step-up date	N/A
(h) Definition of Business Day (if different from that set out in Condition 2 (*Interpretation*))	Following Business Day
(i) Minimum Interest Rate	N/A
(j) Maximum Interest Rate	N/A
(k) Other terms relating to the method of calculating interest (e.g.: day count fraction,	Day Count Fraction is Actual/365

		rounding up provision, if different from Condition 8(b) (Interest on Floating Rate Notes and Indexed Notes))	
35.	**MANNER IN WHICH THE INTEREST RATE IS TO BE DETERMINED**		Screen Rate Determination
36.	**MARGIN**		225 basis points per annum to be added to the Relevant Reference Rate
37.	**INITIAL CREDIT SPREAD**		N/A
38.	**IF ISDA DETERMINATION**		N/A
39.	**IF SCREEN RATE DETERMINATION**		
	(a)	Reference Rate (including relevant period by reference to which the Interest Rate is to be calculated)	ZAR-JIBAR-SAFEX with a designated maturity of 3 (three) months.
	(b)	Interest Rate Determination Date(s)	02 March, 02 June, 02 September and 02 December of each year with the first Interest Rate Determination Date being 28 May 2014.
	(c)	Relevant Screen page and Reference code	SAFEY Page, Code ZA01209
	(d)	Relevant Time	11h00
40.	**IF INTEREST RATE TO BE CALCULATED OTHERWISE THAN BY ISDA DETERMINATION OR SCREEN DETERMINATION, INSERT BASIS FOR DETERMINING INTEREST RATE/MARGIN/FALLBACK PROVISIONS**		N/A
41.	**IF INTEREST RATE TO BE CALCULATED OTHERWISE THAN BY REFERENCE TO 36 OR 38 ABOVE**		N/A
42.	**IF DIFFERENT FROM CALCULATION AGENT, AGENT RESPONSIBLE FOR CALCULATING AMOUNT OF PRINCIPAL AND INTEREST**		N/A

	ZERO COUPON NOTES	N/A
	PARTLY PAID NOTES	N/A
	INSTALMENT NOTES	N/A
43.	**INSTALMENT DATES**	N/A
44.	**INSTALMENT AMOUNTS (EXPRESSED AS A PERCENTAGE OF THE AGGREGATE PRINCIPAL AMOUNT OF THE NOTES)**	N/A
	MIXED RATE NOTES	N/A
45.	**PERIOD(S) DURING WHICH THE INTEREST RATE FOR THE MIXED RATE NOTES WILL BE (AS APPLICABLE) THAT FOR:**	N/A
46.	**THE INTEREST RATE AND OTHER PERTINENT DETAILS ARE SET OUT UNDER THE HEADINGS RELATING TO THE APPLICABLE FORMS OF NOTES**	
	INDEXED NOTES	N/A
	(a) Type of indexed notes	N/A
	(b) Index/Formula by reference to which Interest Rate/Interest Amount (delete as applicable) is to be determined	N/A
	(c) Manner in which the Interest Rate/Interest Amount (delete as applicable) is to be determined	N/A
	(d) Interest Period(s)	N/A
	(e) Interest Payment Date(s)	N/A
	(f) If different from the Calculation Agent, agent responsible for calculating amount of principal and interest	N/A
	(g) Provisions where calculation by reference to	N/A

		Index and/or Formula is impossible or impracticable	
	(h)	Minimum Interest Rate	N/A
	(i)	Maximum Interest Rate	N/A
	(j)	Other terms relating to the calculation of the Interest Rate	N/A
	EXCHANGEABLE NOTES		N/A
	OTHER NOTES		N/A
47.	**RELEVANT DESCRIPTION AND ANY ADDITIONAL TERMS AND CONDITIONS RELATING TO SUCH NOTES**		See **Annexures A** to **J** attached to this Applicable Pricing Supplement.

PROVISIONS REGARDING REDEMPTION/MATURITY

48.	**PRIOR CONSENT OF REGISTRAR OF BANKS REQUIRED FOR ANY REDEMPTION OF THE NOTES**		Yes, save for redemption for regulatory reasons as contemplated in Condition 10(d)(2) (*Redemption for regulatory reasons*) (as inserted by paragraph 10 of **Annexure D** to this Applicable Pricing Supplement).
49.	**REDEMPTION AT THE OPTION OF THE ISSUER: IF YES:**		Yes, subject to the applicable Capital Regulations.
	(a)	Option Redemption Date(s) (Call)	02 June 2019 and each subsequent Interest Payment Date thereafter until the Maturity Date.
	(b)	Option Redemption Amount(s) and method, if any, of calculation of such amount	100% of the Nominal Amount.
	(c)	Minimum period of notice (if different from Condition 10(c) (*Early Redemption at the option of the Issuer*) (*Call Option*))	N/A
	(d)	If redeemable in part:	N/A

	Minimum Redemption Amount(s)	N/A
	Maximum Redemption Amount(s)	N/A
	(e) Other terms applicable on Redemption	See Conditions 10(b) (*Redemption following the occurrence of a Tax Event and/or Change in Law*), 10(d)(2) (*Redemption for regulatory reasons*), and 10(d)(3) (*Redemption of Tier 2 Notes*) (as inserted by paragraphs 9 and 10 of **Annexure D** to this Applicable Pricing Supplement), and see applicable Capital Regulations.
50.	**REDEMPTION AT THE OPTION OF NOTEHOLDERS OF SENIOR NOTES: (PUT OPTION)**	No.
51.	**EARLY REDEMPTION AMOUNT(S) PAYABLE ON REDEMPTION FOR TAXATION REASONS OR ON EVENT OF DEFAULT (IF REQUIRED)**	Yes, at the option of the Issuer only and subject to Condition 10(b) (*Redemption following the occurrence of a Tax Event and/or Change in Law*) (inserted by paragraph 9 of **Annexure D** to this Applicable Pricing Supplement), Condition 10(d)(3) (*Redemption of Tier 2 Notes*) (inserted by paragraph 10 of **Annexure D** to this Applicable Pricing Supplement) and the applicable Capital Regulations.
	(a) Early Redemption Amount (Tax Gross Up); or	Determined in accordance with Condition 10(g) *(Early Redemption Amounts)*]
	(b) Early Redemption Amount (Tax Deductibility); or	Determined in accordance with Condition 10(g) *(Early Redemption Amounts)*
	(c) Method of calculation of amount payable	Determined in accordance with Condition 10(g) *(Early Redemption Amounts)*

52.	**REDEMPTION AMOUNT(S) PAYABLE ON REDEMPTION FOR REGULATORY REASONS**	See additional Conditions 10(d)(2) (*Redemption for regulatory reasons*) and 10(d)(3) (*Redemption of Tier 2 Notes*) (inserted by paragraph 10 of **Annexure D** to this Applicable Pricing Supplement).
	(a) Amount payable; or	Determined in accordance with Condition 10(g) *(Early Redemption Amounts)*
	(b) Method of calculation of amount payable	Determined in accordance with Condition 10(g) *(Early Redemption Amounts)*

GENERAL

53.	**FINANCIAL EXCHANGE**	Interest Rate Market of the JSE.
54.	**ISIN NO.**	ZAG000116278
55.	**STOCK CODE**	FRB12
56.	**ADDITIONAL SELLING RESTRICTIONS**	N/A
57.	**PROVISIONS RELATING TO STABILISATION**	N/A
58.	**RECEIPTS ATTACHED? IF YES, NUMBER OF RECEIPTS ATTACHED**	N/A
59.	**COUPONS ATTACHED? IF YES, NUMBER OF COUPONS ATTACHED**	N/A
60.	**TALLONS ATTACHED? IF YES, NUMBER OF TALLONS ATTACHED**	N/A
61.	**METHOD OF DISTRIBUTION**	Dutch Auction (Sealed Bid without feedback).
62.	**CREDIT RATING ASSIGNED TO NOTES AS AT THE ISSUE DATE (IF ANY)**	zaA rated by Standard and Poor's Financial Services LLC as at 23 May 2014, A2.za rated by Moody's as at 8 May 2014 and AA-(zaf) rated by Fitch as at 23 May 2014,

		all of which may reviewed from time to time
63.	**STRIPPING OF RECEIPTS AND/OR COUPONS PROHIBITED IN CONDITION 16(D) (*PROHIBITION ON STRIPPING*)**	N/A
64.	**GOVERNING LAW (IF THE LAWS OF SOUTH AFRICA ARE NOT APPLICABLE)**	N/A
65.	**OTHER BANKING JURISDICTION**	N/A
66.	**USE OF PROCEEDS**	Proceeds of the Tier 2 Notes intended to qualify as Tier 2 Capital for purposes of complying with the regulatory capital requirements set out in **Annexure G** attached to this Applicable Pricing Supplement.
67.	**SURRENDERING OF NOTES**	N/A
68.	**OTHER PROVISIONS**	In accordance with the Capital Regulations, Tier 2 Notes issued under and pursuant to this Applicable Pricing Supplement will be subject to write off if a Trigger Event occurs in relation to the Issuer. See **Annexures A** to **J** (and particularly Condition 6(e) (*Write off of Tier 2 Notes upon a Trigger Event*) as inserted in paragraph 7 of **Annexure D**) attached to this Applicable Pricing Supplement.

ADDITIONAL/AMENDED RISK FACTORS RELATING TO THESE TRANCHES OF NOTES OF THE SERIES – See Annexure A

ADDITIONAL/AMENDED KEY FEATURES OF THE PROGRAMME SECTION RELATING TO THESE TRANCHES OF NOTES OF THE SERIES – See Annexure B

ADDITIONAL/AMENDED FORM OF NOTES SECTION RELATING TO THESE TRANCHES OF NOTES OF THE SERIES – See Annexure C

ADDITIONAL/AMENDED TERMS AND CONDITIONS RELATING TO THESE TRANCHES OF NOTES OF THE SERIES – See Annexure D

ADDITIONAL/AMENDED SUMMARY OF PROVISIONS RELATING TO THE SETTLEMENT, CLEARING AND TRANSFER OF NOTES RELATING TO THESE TRANCHES OF NOTES OF THE SERIES – See Annexure E

ADDITIONAL/AMENDED DESCRIPTION OF THE BANKING SECTOR IN SOUTH AFRICA RELATING TO THESE TRANCHES OF NOTES OF THE SERIES – See Annexure F

ADDITIONAL/AMENDED OVERVIEW OF THE REGULATORY CAPITAL REQUIREMENTS RELATING TO THESE TRANCHES OF NOTES OF THE SERIES – See Annexure G

ADDITIONAL/AMENDED SOUTH AFRICAN TAXATION SECTION RELATING TO THESE TRANCHES OF NOTES OF THE SERIES – See Annexure H

ADDITIONAL/AMENDED SUBSCRIPTION AND SALE SECTION RELATING TO THESE TRANCHES OF NOTES OF THE SERIES – See Annexure I

ADDITIONAL DEFINITIONS IN RESPECT OF THESE TRANCHES OF NOTES OF THE SERIES – See Annexure J

Responsibility:

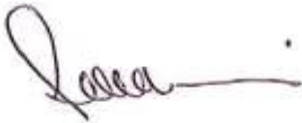
The Issuer accepts full responsibility for the information contained in this Applicable Pricing Supplement. To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case) the information contained in this Applicable Pricing Supplement is in accordance with the facts and does not omit anything which would make any statement false or misleading and all reasonable enquiries to ascertain such facts have been made. This Applicable Pricing Supplement contains all information required by law and the debt listings requirements of the JSE.

Application is hereby made to list this issue of Notes on 02 June 2014.

SIGNED at ____Sandton ______ on this __30____ day of ____May_____ 2014

For and on behalf of

FIRSTRAND BANK LIMITED



Name: A Oldibg

Capacity: Manager

Who warrants his/her authority hereto

Name: D Adams

Capacity: Manager

Who warrants his/her authority hereto

LEGAL ADVISERS
Edward Nathan Sonnenbergs Inc.
(Registration Number 2006/081200/21)
1 North Wharf Square
Loop Street
Foreshore, 8001
Cape Town
South Africa
Contact: Mr C van Loggerenberg
Tel: (021) 410 2500

Annexure A

ADDITIONAL/AMENDED RISK FACTORS RELATING TO THESE TRANCHES OF NOTES OF THE SERIES

1. The Programme Memorandum is amended in relation to these Tranches of Notes by the:

1.1. replacement of:

1.1.1. the Risk Factors titled "*Structural characteristics impacting the funding profile of South African banks*" and "*Changing regulatory environment*" under the subheading "*Liquidity Risk*"; and

1.1.2. the Risk Factor titled "The *Issuer is subject to capital requirements that could limit its operations*",

all under the subsection headed "*Risks Relating to the Issuer*" in the section headed "*Risk Factors*" on pages 6 – 12 of the Programme Memorandum with the following paragraphs; and

1.2. insertion of the following additional Risk Factors under the subsection headed "*Risks Relating to the Issuer*" in the section headed "*Risk Factors*" on pages 6 – 12 of the Programme Memorandum:

Liquidity Risk

Structural characteristics impacting the funding profile of South African banks

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

Given these structural issues, and as a result of the significant growth in risk-weighted assets between 2005 and 2007, South African banks' overall proportion of institutional funding increased during this period. This is reflected in the table below which sets out the Bank's analysis of the composition of the funding base for the South African banking sector. In preparing this table, the Bank has grouped together certain data sourced from SARB BA900 consolidated banking sector returns as at 28 February 2014 into the broad categories identified in the table. SARB BA900 returns are filed by all banks and branches in South Africa which are subject to regulation by SARB.

SA banks' funding sources	28 February 2014 (% of funding liabilities)			
	Total	**Short-term (<1 month)**	**Medium-term (1 to 6 months)**	**Long-term (> 6 months)**
Institutional	40	24	57	67
Corporate	21	29	10	9
Retail	17	21	14	7
SMEs	5	7	3	1
Government and parastatals	8	10	8	1
Foreign*	9	8	7	12
Other	-	-	-	3
Total	**100**	**100**	**100**	**100**

Source: South African banking sector aggregate SARB BA900 returns (28 February 2014), FirstRand research.
* This category includes all funds and deposits which are not denominated in South African Rand regardless of source.

As retail funding represents only 17% of the banking sector's funding base, this means that short-term, expensive institutional deposits are utilised to fund longer-dated assets such as mortgages. Liquidity risk in the South African banking system is therefore structurally higher than in most other markets.

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

(a) the “closed Rand” system, whereby all South African Rand transactions (whether physical or derivative) have to be cleared and settled in South Africa through registered bank and clearing institutions domiciled in South Africa. The Issuer is one of the major clearing/settlement banks;

(b) the institutional funding base is fairly stable as it comprises, in effect, recycled contractual retail savings;

(c) the country has a prudential exchange control framework in place; and

(d) South African banks have a low dependence on foreign currency funding (i.e. low roll-over risk).

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

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

Changing regulatory environment

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

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

The Financial Markets Act, which introduces an enabling framework for the regulation of over-the-counter ("**OTC**") derivatives trading and gives effect to South Africa's G20 commitments, came into effect on 3 June 2013. The Financial Markets Act repealed the Securities Services Act, 2004 and is the primary legislation governing financial markets, market infrastructure and securities services in South Africa. A phased approach to OTC derivative regulation will be implemented, starting with mandatory reporting of OTC trades to a trade repository. Phase two will include the central clearing of standardised OTC products. Both such phases will be provided for in regulations that are yet to be published, and the full extent of the impact on the Bank thus remains unclear.

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

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

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

approved the provision of a committed liquidity facility available to banks to assist banks to meet the LCR.

The Banking Supervision Department of the SARB commenced with the phasing in of Basel III from 1 January 2013 through the Regulations Relating to Banks, and will continue with the implementation process up to 2018. The Regulations Relating to Banks provide a broad framework for the phasing-in of the accord, but specific detail regarding implementation (including the domestic application of elements of Basel III where regulators are entitled to exercise national discretion) is periodically provided by the SARB, after engaging with the role-players in the banking industry in the form of guidance notes, circulars and directives. The consultation process is on-going and the Issuer is not able to predict precisely whether future regulatory reforms and the implementation in South Africa of Basel III minimum standards for funding liquidity will have a material impact on the Issuer's financial condition, business or results of operations.

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

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

The SARB has commenced with the phasing in of the Basel III from 1 January 2013 through the Regulations Relating to Banks which are aimed at giving effect to the principles contained in the document entitled *"Basel III: A global regulatory framework for more resilient banks and banking systems"*, finalised by the Basel Committee in June 2011. The aim of the framework is to raise the quality and quantity of the regulatory capital base and enhance risk coverage. The SARB continues to assess the impact of the Regulations Relating to Banks and engage with market participants, and it is possible that the Regulations Relating to Banks may undergo further changes.

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

The Issuer has devoted significant resources to developing its risk management policies and procedures, particularly in connection with credit, concentration and liquidity risks, and expects to continue to do so in the future. Nonetheless, its risk management techniques may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some of the Issuer's methods of managing risk are based upon its use of observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than historical measures indicate. Other risk management methods depend upon evaluation of information regarding the markets in which the Issuer operates, its clients or other matters

that are publicly available or otherwise accessible by the Issuer. This information may not be accurate in all cases, complete, up-to-date or properly evaluated. Any failure arising out of the Issuer's risk management techniques may have an adverse effect on its results of operations and financial condition.

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

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

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

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

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

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

2. The Programme Memorandum is amended in relation to these Tranches of Notes by the replacement of the Risk Factors titled "*The Notes may be redeemed prior to maturity*", "*Because uncertificated Notes and Notes represented by a Global Certificate are held by or on behalf of the CSD, investors will have to rely on their procedures for transfer, payment and communication with the Issuer*" and "*Change of Law*" under the subheading "*Risks relating to the Notes*" under the

section headed "*Risk Factors*" on pages 6 – 13 of the Programme Memorandum, with the following paragraphs:

The Notes may be redeemed prior to maturity

Unless in the case of any particular Tranche of Notes the relevant Applicable Pricing Supplement specifies 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 Terms and Conditions. In respect of any Tier 2 Notes, the Issuer may, subject to the applicable Capital Regulations), also redeem all outstanding Notes in the event of a Tax Event (Deductibility), a Tax Event (Gross-up) or a Regulatory Event (each as defined in this Applicable Pricing Supplement).

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 (other than redemption for regulatory reasons as contemplated in Condition 10(d)(2)) (*Redemption for regulatory reasons*) (as inserted by paragraph 10 of **Annexure D** to this Applicable Pricing Supplement), requires the prior written approval of the Registrar of Banks.

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

Notes issued under the Programme which are listed on the Interest Rate Market of the JSE or such other or additional Financial Exchange(s) and/or immobilised in the CSD must, subject to applicable laws and the Applicable Procedures, be issued in uncertificated form. Unlisted Notes may also be lodged and immobilised in the CSD in uncertificated form. Notes held in the CSD will be issued, cleared and settled in accordance with the Applicable Procedures through the electronic settlement system of the CSD. The CSD will maintain records of the Beneficial Interests in Notes issued in uncertificated form which are held in the CSD (whether such Notes are listed or unlisted). Investors will be able to trade their Beneficial Interests only through the CSD and in accordance with the Applicable Procedures.

Payments of principal and/or interest in respect of uncertificated Notes will be made to the CSD and/or the Participants, and the Issuer will discharge its payment obligations under the Notes by making payments to, or to the order of, the CSD and/or the Participants for distribution to their account holders. A holder of a Beneficial Interest in uncertificated Notes, whether listed or unlisted, must rely on the procedures of the CSD to receive payments under the relevant Notes. Each investor shown in the records of the CSD and/or the Participants, as the case may be, shall look solely to the CSD or the Participant, as the case may be, for his share of each payment so made by the Issuer to the registered holder of such uncertificated Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, such Beneficial Interests.

Holders of Beneficial Interests in uncertificated Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the CSD to appoint appropriate proxies.

Change of law

The Notes are governed by, and will be construed in accordance with, South African law in effect as at the Programme Date. No assurance can be given as to the impact of any possible judicial decision or change to South African law or administrative practice in South Africa after the Programme Date. Such changes in South African law may include, but are not limited to, the introduction of a variety of statutory resolution and loss-absorption tools which may affect the rights of holders of securities issued by the Issuer, including the Tier 2 Notes. Such tools may include the ability to write off sums otherwise payable on such securities at a time when the Issuer is no longer considered viable by its regulator or upon the occurrence of another trigger event (see "*Risks relating to the Tier 2 Notes – Loss Absorption at the Point of Non-viability of the Issuer*" below for further details). The Tier 2 Notes issued or to be issued under this Series currently provide in the contractual terms and conditions thereof for the writing off of such Tier 2 Notes (or a Relevant Part thereof) upon the occurrence of a Trigger Event. The terms and conditions of the Tier 2 Notes issued or to be issued under this Series provide that upon the commencement of the SLAR, the contractual Write Off/Conversion Provisions will cease to apply to such Tier 2 Notes to the extent necessary, and that the Write Off/Conversion Provisions in the legislation and/or regulations which implement(s) the SLAR, will apply instead.

3. The Programme Memorandum is amended in relation to these Tranches of Notes by the insertion of the following additional Risk Factors under the section headed "*Risk Factors*" on pages 6 – 12 of the Programme Memorandum:

Risks relating to Tier 2 Notes

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

The payment obligations of the Issuer under Tier 2 Notes will rank behind Senior Creditors. See Condition 6(d) (*Status of the Tier 2 Notes*) (as inserted by paragraph 6 of **Annexure D** to this Applicable Pricing Supplement) for a full description of subordination and the payment obligations of the Issuer under Tier 2 Notes.

With regard to any Tier 2 Notes, in the event of the dissolution of the Issuer or if the Issuer is placed into liquidation, curatorship or wound-up, the Issuer will be required to pay or discharge the claims of Senior Creditors in full before it can make any payments in respect of such Tier 2 Notes. If this occurs, the Issuer may not have enough assets remaining after these payments to pay amounts due under such Tier 2 Notes.

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

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

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

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

In addition, the rights of Tier 2 Noteholders are limited in certain respects. In particular, if the Issuer defaults on a payment of principal due on a Tier 2 Note for a period of 5 (five) days or more, or if the Issuer defaults on a payment of interest due on a Tier 2 Note for a period of 10 (ten) days or more, such Tier 2 Noteholder may only institute proceedings for the

winding-up of the Issuer (and/or prove in any winding-up of the Issuer) but take no other action in respect of that default. Only if an order is made or an effective resolution is passed for the winding-up of the Issuer (other than pursuant to a Solvent Reconstruction (as defined in Condition 2 (*Interpretation*))) shall the Tier 2 Noteholder be able to declare (upon written notice) such Tier 2 Note immediately due and payable.

Capital Regulations

In order for the proceeds of the issuance of Tier 2 Notes to qualify as Tier 2 Capital the Tier 2 Notes must comply with the applicable Capital Regulations in respect of any Tranche of Tier 2 Notes.

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

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

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

(a) the governing jurisdiction of the bank has in place laws that (i) require such Tier 1 and Tier 2 instruments to be written off upon such event, or (ii) otherwise require such instruments to fully absorb losses before tax payers are exposed to loss (a "**Statutory Loss Absorption Regime**" 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(14) of the Regulations Relating to Banks refers to the need for the Basel III Non-Viability Requirements to be reflected in the terms and conditions of a tier 2 instrument (defined below) unless a duly enforceable SLAR is in place.

The SARB has provided some clarity on the loss absorbency requirements contemplated in the Regulations Relating to Banks in Guidance Note 2 of 2012 (*Matters related to the implementation of Basel III*) and Guidance Note 7 of 2013 (*Loss absorbency requirements for Additional Tier 1 and Tier 2 capital instruments*) ("**Guidance Note 7**"), 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 detail in relation to its approach to bank recovery and outlined the phased-in approach to be followed in relation to the development of bank resolution plans in Guidance Note 4 of 2012 (*Further guidance on the development of recovery and resolution plans by South African banks*). These Guidance Notes are broadly drafted and require further refinement, and market participants continue to discuss the Regulations Relating to Banks and the Guidance Notes with the SARB. Paragraph 1.3 of Guidance Note 7 provides that the SARB will continue to monitor international developments around loss absorbency requirements, and if necessary, will issue further guidance.

Guidance Note 7 requires banks to indicate, in the contractual terms and conditions of any tier 2 capital instruments ("**tier 2 instruments**") issued, whether such instruments would be either written-off or converted into the most subordinated form of equity of the bank and/or its controlling company (such conversion, "**Conversion**") at the occurrence of a trigger event determined at the Registrar of Bank's discretion, as envisaged in Regulation 38(14)(a)(i) of the Regulations Relating to Banks. To the extent that any tier 2 instruments are issued prior to the commencement of the SLAR, such tier 2 instruments will have to contractually provide for write-off or Conversion (at the discretion of the Registrar of Banks at the occurrence of a Trigger Event, as write-off and Conversion are understood and applied in terms of the regulatory framework applicable at the time of the issuance of such tier 2 instruments) in order to qualify as Tier 2 Capital. The terms and conditions of the Tranches of Tier 2 Notes issued in this Series accordingly provide for the write off of Tier 2 Notes (or a Relevant Part thereof) at the discretion of the Registrar of Banks upon the occurrence of a Trigger Event (see Condition 6(e) (*Write off of Tier 2 Notes upon a Trigger Event*) (as inserted by paragraph 7 of **Annexure D** to this Applicable Pricing Supplement)).

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 7 provides that

banks have the option to elect, upon 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 Provisions in the legislation and/or regulations which implement(s) the SLAR. As the proceeds of Tier 2 Notes issued in this Series are intended to qualify as Tier 2 Capital, the Issuer has elected to have the contractual Write Off/Conversion Provisions replaced with the Write Off/Conversion Provisions in the legislation and/or regulations which implement(s) the SLAR with effect from the commencement of the SLAR (see Condition 6(f) (*Statutory Loss Absorption of Tier 2 Notes*) (as inserted by paragraph 8 in **Annexure D** to this Applicable Pricing Supplement).

In essence, any Tier 2 Notes issued in this Series prior to the commencement date of the SLAR will be subject to the contractual Write Off/Conversion Provisions. Upon the commencement of the SLAR, the contractual Write Off/Conversion Provisions will cease to apply, and will be replaced by the Write Off/Conversion Provisions in the legislation and/or regulations which implement(s) the SLAR. All Tier 2 Notes issued in this Series after the commencement date of the SLAR will be subject to the Write Off/Conversion Provisions in the legislation and/or regulations which implement(s) the SLAR only.

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

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

The investment in, and disposal or write off upon the occurrence a Trigger Event of, Tier 2 Notes, may have considerable tax consequences in the hands of Tier 2 Noteholders, the Issuer or both. As any such potential consequences depend on various factors, prospective investors in Tier 2 Notes are strongly advised to consult their own professional advisers as to the tax consequence of investing in Tier 2 Notes, and particularly as to whether a disposal or write off of Tier 2 Notes will result in an income tax liability. See the section titled "*South African Taxation*" (as amended in **Annexure H** to this Applicable Pricing Supplement).

Annexure B

ADDITIONAL/AMENDED KEY FEATURES OF THE PROGRAMME SECTION RELATING TO THESE TRANCHES OF NOTES OF THE SERIES

The Programme Memorandum is amended in relation to these Tranches of Notes by the replacement of:

1. the items titled "CSD" and "JSE" under the subheading titled "*PARTIES*" in the section headed "*Key Features of the Programme*" on page 16 of the Programme Memorandum, with the following paragraphs:

CSD	Strate Limited (registration number 1998/022242/06), or its nominee, operating in terms of the Financial Markets Act (or any successor legislation thereto), or any additional or alternate depository or successor central securities depository as may be agreed between the Issuer and the relevant Dealer(s).
JSE	JSE Limited (registration number 2005/022939/06), a licensed financial exchange in terms of the Financial Markets Act or any other exchange which operates as a successor exchange to the JSE.

2. the item titled "Form of Notes" under the subheading titled "*GENERAL*" in the section headed "*Key Features of the Programme*" on page 17 of the Programme Memorandum, with the following paragraph:

Form of Notes	Notes may be issued in the form of Registered Notes, Order Notes or Bearer Notes as described in the section entitled "*Form of the Notes*". In the case of Registered Notes, each Tranche of Notes which is listed on the Interest Rate Market of JSE will be issue electronically in uncertificated form as described in the section of this Programme Memorandum headed "*Form of the Notes*". Unlisted Notes may be issued in certificated or uncertificated form.

3. the items titled "Selling Restrictions", "Settlement", "Taxes" and "Withholding Taxes" under the subheading titled "*GENERAL*" in the section headed "*Key Features of the Programme*" on page 20 of the Programme Memorandum, with the following paragraphs:

Selling Restrictions	The distribution of this Programme Memorandum and/or any Applicable Pricing Supplement and any offering or sale of or subscription for a Tranche of Notes may be restricted by law in

certain jurisdictions, and is restricted by law in the United States of America, the European Economic Area, the United Kingdom and South Africa (see the section of this Programme Memorandum headed "*Subscription and Sale*"). Any other or additional restrictions which are applicable to the placing of a Tranche of Notes will be set out 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.

Settlement

Listed Notes will be cleared and settled in accordance with the debt listings requirements of the JSE or such other or additional Financial Exchange(s) and the rules of the CSD. Listed Notes have been accepted for clearance through the CSD, which forms part of the JSE clearing system that is managed by the CSD, and may be accepted for clearing through any additional clearing system as may be agreed. As of the Programme Date, the Participants who are also approved Settlement Agents are, *inert alios*, FirstRand Bank Limited, Nedbank Limited, the Standard Bank of South Africa Limited and the South African Reserve Bank. If applicable, Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme (Clearstream Luxembourg) ("**Clearstream**") may hold Notes through their participant.

Taxation

A summary of the applicable tax legislation in respect of the Notes as at the Programme Date (including a summary of the current law in relation to the withholding or deduction of taxes levied in South Africa) 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, before making an investment in the Notes, consult their own professional advisors as to the potential tax consequences of, and their tax positions in respect of, an investment in the Notes.

All payments of principal and interest in respect of the Notes will be made without withholding or deduction for or on account of taxes levied in South Africa, unless such withholding or deduction is required by law.

In the event that withholding tax or such other deduction is required by law, then the Issuer will, subject to certain exceptions as provided

in Condition 12 (*Taxation*) of the Terms and Conditions, make such payments 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, as the case may be, in the absence of such withholding or deduction. For a summary of the position in relation to issue and transfer taxes, see "*Issue and Transfer Taxes*" above.

Annexure C

ADDITIONAL/AMENDED FORM OF NOTES SECTION RELATING TO THESE TRANCHES OF NOTES OF THE SERIES

The Programme Memorandum is amended in relation to these Tranches of Notes by the replacement of: the paragraphs titled "*Notes issued in certificated form*", "*Notes issued in uncertificated form*" and "*Beneficial Interests in Notes held in the CSD*" under the section titled "*FORM OF NOTES*" on pages 22 and 23 of the Programme Memorandum with the following paragraphs:

"Notes issued in certificated form

A Tranche of Notes may, subject to Applicable Laws and the Applicable Procedures, be issued in certificated form. Each such Tranche of Notes will be in registered form, and the individual holder of the Notes will be named in the Register as the registered Noteholder of such Tranche of Notes.

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

Subject to Applicable Laws, title to Notes represented by Individual Certificates will be freely transferable and will pass upon registration of transfer in accordance with Condition 16(a)(ii) (*Transfer of Registered Notes represented by Individual Certificates*) of the Terms and Conditions.

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

Payments of all amounts due and payable in respect of Notes represented by Individual Certificates will be made in accordance with Condition 11 (*Payments*) of the Terms and Conditions to the person reflected as the registered Noteholder of such Notes in the Register at 17h00 (South African time) on the Last Day to Register, and the payment obligations of the Issuer 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

If the Notes are to be listed on the Interest Rate Market of the JSE, the Issuer must, subject to Applicable Laws, issue such Notes in uncertificated form in accordance with section 33 of the Financial Markets Act. Unlisted Notes may also be issued in uncertificated form.

Notes issued in uncertificated form will not be represented by any certificate or written instrument.

A Tranche of Notes issued in uncertificated form will be held by the CSD, and the CSD's Nominee will be named in the Register as the registered Noteholder of that Tranche of Notes.

All transactions in uncertificated securities as contemplated in the Financial Markets Act will be cleared and settled in accordance with the Applicable Procedures. All the provisions relating to Beneficial Interests in the Notes held in the CSD will apply to Notes issued in uncertificated form.

Beneficial Interests in the Notes held in the CSD

A Tranche of Notes listed on the Interest Rate Market of the JSE will be issued in uncertificated form and held in the CSD. A Tranche of unlisted Notes may either be issued in certificated form or issued in uncertificated form. Unlisted, uncertificated Notes may also be lodged in the CSD. While a Tranche of Notes is held in the CSD, the CSD's Nominee will be named in the Register as the sole Noteholder of the Notes in that Tranche.

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

The CSD maintains central securities accounts only for Participants. As at the Programme Date, the Participants include, *inter alios*, FirstRand Bank Limited, Nedbank Limited, The Standard Bank of South Africa Limited, Citibank N.A, South Africa branch, Standard Chartered Bank – Johannesburg Branch, Société Générale-Johannesburg Branch and the South African Reserve Bank.

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 CSD only through their Participants. Euroclear and Clearstream may hold Notes through their Participant.

In relation to each person shown in the records of the CSD 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 CSD 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 CSD's Nominee (as the registered Noteholder of such Notes named in the Register), will be treated by the Issuer, the Transfer Agent and the relevant Participant as the holder of such Notes for all purposes.

Subject to Applicable Laws, title to Beneficial Interests held by Participants directly through the CSD will be freely transferable and will pass on transfer thereof by electronic book entry in the central securities accounts maintained by the CSD for such Participants. 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 Applicable Procedures. Holders of Beneficial Interests vote in accordance with the Applicable Procedures.

The holder of a Beneficial Interest will only be entitled to exchange such Beneficial Interest for Notes represented by Individual Certificates in accordance with Condition 15(a) (*Exchange of Beneficial Interests*) of the Terms and Conditions.".

Annexure D

ADDITIONAL/AMENDED TERMS AND CONDITIONS RELATING TO THESE TRANCHES OF NOTES OF THE SERIES

The additional/amended Terms and Conditions set out in this Annexure D will only apply to the Tier 2 Notes issued pursuant to this Applicable Pricing Supplement and not to any other Notes issued pursuant to the Programme Memorandum.

The Terms and Conditions set out in the Programme Memorandum are amended in relation to these Tranches of Notes by:

1. the deletion of all references to "*BESA Guarantee Fund Trust*" throughout the Programme Memorandum, and replacement of such references with "*Guarantee Fund*";

2. the deletion of all references to "Certificates" throughout the Programme Memorandum, and replacement of such references with "Individual Certificates";

3. the deletion of all references to "Global Certificates" throughout the Programme Memorandum, and any clauses or parts of clauses which regulate Global Certificates only (i.e. separately from Certificates or Individual Certificates);

4. the deletion of all references to "Securities Services Act, 2004" throughout the Programme Memorandum, and replacement of such references with "Financial Markets Act, 2012", where any references to specific sections of the Securities Services Act, 2004, shall now be references to the equivalent sections in the Financial Markets Act;

5. the replacement of Condition 4 (*Form*) with the following new Condition 4 (*Form*):

4. FORM

(a) General

(i) 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.

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

(b) Registered Notes

A Tranche of Registered Notes will be issued in certificated form or in uncertificated form, as specified in the Applicable Pricing Supplement. Each Tranche of Notes listed on the Interest Rate Market of the JSE will be held in the CSD as contemplated in Condition 4(b)(ii). A Tranche of Unlisted Notes may also be held in the CSD, as contemplated in Condition 4(b)(ii).

(i) Notes issued in certificated form

Each Tranche of Notes may, subject to Applicable Laws and the Applicable Procedures, be issued in certificated form. The individual holder of the Notes will be named in the Register as the registered Noteholder of that Tranche of Notes.

All Notes issued in certificated form will be represented by Individual Certificates.

(ii) Notes issued in uncertificated form

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

(iii) Beneficial Interests in Notes held in the CSD

A Tranche of Notes which listed on the Interest Rate Market of the JSE will be issued in uncertificated form and held in the CSD. A Tranche of uncertificated unlisted Notes may also be held in the CSD.

The CSD will hold Notes subject to the Financial Markets Act and the Applicable Procedures.

All amounts to be paid and all rights to be exercised in respect of Notes held in the CSD will be paid to and may be exercised only by the CSD's Nominee for the holders of Beneficial Interests in such Notes.

A holder of a Beneficial Interest shall only be entitled to exchange such Beneficial Interest for Notes represented by an Individual Certificate in accordance with Condition 15 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*).

(iv) 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 Indiividual 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.

(v) Denomination

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

(vi) Recourse to the Guarantee Fund

The holders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the Guarantee Fund, even if such Notes are settled through the electronic settlement procedures of the JSE and the CSD. Claims against the Guarantee Fund may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the Guarantee Fund. Unlisted Notes or Notes listed on a Financial Exchange other than the JSE are not regulated by the JSE.

6. the insertion of the following additional Condition 6(d) (*Status of Tier 2 Notes*) under Condition 6 (*Status of Notes*):

6(d) "**Status of the Tier 2 Notes:**

6(d)(i) *Application*: This Condition 6(d) applies only to Tier 2 Notes.

6(d)(ii) *Status of the Tier 2 Notes:* The Tier 2 Notes constitute direct, unsecured and, in accordance with Condition 6(d)(iii) (*Subordination*) below, subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and (save for those that have been accorded

by law preferential rights) at least *pari passu* with all other claims of creditors of the Issuer which rank or are expressed to rank (and which are entitled to rank) *pari passu* with the Tier 2 Notes and other Tier 2 Capital whether issued before the Issue Date or thereafter.

6(d)(iii) *Subordination*: The claims of Tier 2 Noteholders entitled to be paid amounts due in respect of the Tier 2 Notes are subordinated to the claims of Senior Creditors and, accordingly, in the event of the dissolution of the Issuer or if the Issuer is placed into liquidation, curatorship or wound-up:

6(d)(iii)(A) no Tier 2 Noteholder shall be entitled to prove or tender to prove a claim in respect of the Tier 2 Notes;

6(d)(iii)(B) no amount due under the Tier 2 Notes shall be eligible for set-off, counterclaim, abatement or other similar remedy which a Tier 2 Noteholder might otherwise have under the laws of any jurisdiction in respect of the Tier 2 Notes nor shall any amount due under the Tier 2 Notes be payable to any Tier 2 Noteholder; and

6(d)(iii)(C) subject to applicable law, a Tier 2 Noteholder may not exercise or claim any right of set-off in respect of any amount in respect of the principal of and/or interest on the Tier 2 Notes owed to it by the Issuer and each Tier 2 Noteholder shall, by virtue of its subscription, purchase or holding of any Tier 2 Notes, be deemed to have waived all such rights of set-off and, to the extent that any set-off takes place, whether by operation of law or otherwise, between: (aa) any amount in respect of the principal and/or interest on the Tier 2 Notes owed by the Issuer to a Tier 2 Noteholder; and (bb) any amount owed to the Issuer by such Tier 2 Noteholder, such Tier 2 Noteholder will immediately transfer such amount which is set-off to the Issuer or, in the event of its winding-up or curatorship (as the case may be), the liquidator, curator or other relevant insolvency official of the Issuer, to be held on trust for the Senior Creditors,

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

7. the insertion of the following additional Condition 6(e) (*Write off of Tier 2 Notes upon a Trigger Event*) under Condition 6 (*Status of Notes*):

6(e) **Write off of Tier 2 Notes upon a Trigger Event:**

(1) If a Trigger Event occurs in relation to the Bank:

(i) following receipt by it of a Registrar's Trigger Event Notice, the Bank will immediately notify:

a. the Tier 2 Noteholders by way of an announcement *via* SENS; and

b. if the Tier 2 Notes are uncertificated and held in the CSD, the CSD in writing; and

c. if the Tier 2 Notes are listed on a Financial Exchange, such Financial Exchange in writing,

of the occurrence of the Trigger Event specified in such Registrar's Trigger Event Notice; and

(ii) forthwith, subject to Condition 6(e)(3) below but always in accordance with Applicable Law, the Capital Regulations and the instructions received from the Registrar of Banks, and to the extent notified by the Registrar of Banks, write off the Tier 2 Notes or Relevant Part(s) thereof identified by the Registrar of Banks. Any write off of Tier 2 Notes or Relevant Part(s) thereof in accordance with this Condition 6(e) (*Write off of Tier 2 Notes upon a Trigger Event*) will be final, permanent and irreversible.

(2) Any Tier 2 Notes written off in accordance with Condition 6(e)(1)(ii) above will promptly be cancelled in the Register, and each Tier 2 Noteholder hereby agrees to such cancellation and acknowledges that, where the Tier 2 Note is certificated and evidenced in an Individual Certificate, such cancellation will occur without such Tier 2 Noteholder having to deliver the relevant Individual Certificate to the Issuer.

(3) Subject always to the applicable Capital Regulations and the instructions received from the Registrar of Banks upon the occurrence of a Trigger Event, where only a Relevant Part of (a) Tier 2 Note(s) is/are written off in

accordance with this Condition 6(e), the Issuer shall use reasonable endeavours to conduct such write off such that:

(i) Tier 2 Noteholders of any Series of Tier 2 Notes will be treated rateably and equally;

(ii) Tier 2 Notes will only be written off after Capital Notes the proceeds of which are intended to qualify as common equity tier 1 capital or additional tier 1 capital (as such terms are defined in the Banks Act) have been completely written off in accordance with the instructions of the Registrar of Banks; and

(iii) the write off of Tier 2 Notes is conducted on a *pro rata* and proportionate basis with all other Tier 2 Capital of the Issuer to the extent that such other Tier 2 Capital (including but not limited to other Notes which qualify as Tier 2 Capital) are capable of being written off or converted under applicable laws and/or the applicable contractual provisions of such Tier 2 Capital;

provided that if any lawful actions taken by the Issuer with a view to complying with the Write Off Parameters (as such term is defined in Condition 6(e)(6) below) prevent the Issuer from writing off in accordance with this Condition 6(e)(3), the Issuer will not, notwithstanding anything to the contrary in the Conditions, be deemed to have breached the Tier 2 Notes, and such failure will not under any circumstances give rise to or constitute an Event of Default under the Conditions.

(4) Provided the manner in which the Tier 2 Notes or Relevant Part(s) thereof are written off is in accordance with Applicable Law, the Capital Regulations and the instructions received from the Registrar of Banks, such write off will be deemed to be full, final, unconditional and irrevocable settlement of any and all claims a Tier 2 Noteholder may have against the Issuer under and pursuant to his/her Tier 2 Notes (or the Relevant Part thereof), and no Tier 2 Noteholder whose Tier 2 Notes are written off will have any further recourse against the Issuer or any other party in respect of such Tier 2 Notes (or the Relevant Part thereof).

(5) Where only a Relevant Part of a Tier 2 Note is written off (and such Tier 2 Note is therefore only partially written off), a Tier 2 Noteholder's rights, title and interest in, and the Issuer's obligations in respect of, that

portion of such Tier 2 Noteholder's Tier 2 Notes not written off, will remain unaffected by the writing off of such Relevant Part.

(6) For the avoidance of doubt and notwithstanding anything to the contrary in the Conditions, no lawful actions of whatsoever nature taken by the Issuer in accordance with, and/or to give effect to, the Capital Regulations and any other applicable law, regulation or guidance note issued by the Registrar of Banks and/or instructions received from the Registrar of Banks (the "**Write Off Parameters**"), will amount to a breach under the Tier 2 Notes and/or constitute an Event of Default under the Conditions.

8. the insertion of the following additional Condition 6(f) (*Statutory Loss Absorption of Tier 2 Notes*) under Condition 6 (*Status of Notes*):

6(f) "***Statutory Loss Absorption of Tier 2 Notes****:*

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

9. the replacement of Condition 10(b) (*Redemption following the occurrence of a Tax Event* and*/or Change in Law)* under Condition 10 (*Redemption and Purchase*), with the following new Condition 10(b) (*Redemption following the occurrence of a Tax Event and/or Change in Law)*:

10(b) "***Redemption following the occurrence of a Tax Event and/or Change in Law***:

10(b)(1) Subject to Condition 10(d)(3) (*Redemption of Tier 2 Notes*) and any instructions received from the Registrar of Banks, the Notes may be redeemed at the option of the Issuer in whole, but not in part, if a Tax Event (Gross up) or (in the case of Tier 2 Notes only) a Tax Event (Deductibility) occurs and is continuing:

10(b)(1)(a) at any time after the expiration of the minimum maturity period (if any) specified in the Capital Regulations, (if the Floating Rate Note provisions are not specified in the relevant Applicable Pricing Supplement as being applicable or, if they are, such

provisions are not applicable at the time of redemption); or

10(b)(1)(b) on any Interest Payment Date after the expiration of the minimum maturity period (if any) specified in the Capital Regulations, (if the Floating Rate Note provisions are specified in relevant Applicable Pricing Supplement as being applicable and are applicable at the time of redemption),

on giving not less than 30 nor more than 60 days' notice prior to the date of such redemption (the "**Tax Event / Change in Law Redemption Date**") to the Noteholders (which notice shall be irrevocable) in accordance with Condition 19 (*Notices*) and to the Registrar of Banks and the Calculation Agent, at (A) in the case of a Tax Event (Gross up), their Early Redemption Amount (Tax Gross up) (as specified in the Applicable Pricing Supplement) or (B) in the case of a Tax Event (Deductibility), their Early Redemption Amount (Tax Deductibility) (as specified in the Applicable Pricing Supplement), plus in either case accrued interest (if any) to the date fixed for redemption,

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

(A) 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 not be entitled (or such entitlement is materially reduced) to claim a deduction in respect of computing its taxation liabilities; or

(B) 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, as applicable.

10(b)(2) Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Calculation Agent

(A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to so redeem have occurred and (B) an opinion of independent advisers of recognised standing to the effect that a Tax Event (Gross up) or a Tax Event (Deductibility), as applicable, has occurred. Upon the expiry of any such notice as is referred to in this Condition 10(b)(2), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(b)(2).";

10. the replacement of Condition 10(d) (*Redemption of Subordinated Notes*) under Condition 10 (*Redemption and Purchase*), with the following new Condition 10(d) (*Redemption of Subordinated Notes)*:

10(d)(1) "***Redemption of Capital Notes***:

Subject to the applicable Capital Regulations and any instructions received from the Registrar of Banks, Subordinated Notes that are also Capital Notes may have a minimum Maturity Period determined in accordance with the Capital Regulations relating to such Capital Notes as set out in the Applicable Pricing Supplement. Notwithstanding the foregoing provisions of this Condition 10 (*Redemption and Purchase*), and subject to Conditions 10(d)(2) to (10)(d)(4) below, for so long as the applicable Capital Regulations so require, Subordinated Notes that are also Capital Notes may be redeemed, or purchased and cancelled by the Issuer, prior to the Maturity Date only at the option of the Issuer and with the prior written approval of the Registrar of Banks and in accordance with the Additional Conditions (if any) approved by the Registrar of Banks, even where an Event of Default has occurred.

10(d)(2) "***Redemption for regulatory reasons***:

10(d)(2)(a) Subject to Condition 10(d)(3) (*Redemption of Tier 2 Notes*) (as inserted by paragraph 10 of **Annexure D** to this Applicable Pricing Supplement), any Series of Tier 2 Notes may be redeemed at the option of the Issuer in whole, but not in part:

10(d)(2)(a)(i) at any time (if the Floating Rate Note provisions are not specified in the relevant Applicable Pricing Supplement as being applicable or, if

they are, such provisions are not applicable at the time of redemption); or

10(d)(2)(a)(ii) on any Interest Payment Date (if the Floating Rate Note provisions are specified in the relevant Applicable Pricing Supplement as being applicable and are applicable at the time of redemption),

on giving not less than 30 nor more than 60 days' notice prior to the date of such redemption (the "**Regulatory Redemption Date**") to Noteholders (which notice shall be irrevocable) in accordance with Condition 19 (*Notices*) and to the Calculation Agent and the Paying Agent, at their Early Redemption Amount (Regulatory) (as specified in the Applicable Pricing Supplement), together with interest accrued (if any) to the Regulatory Redemption Date, if a Regulatory Event occurs and is continuing.

10(d)(2)(b) Prior to the publication of any notice of redemption pursuant to this Condition 10(d)(2), the Issuer shall deliver to the Calculation Agent (A) 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 to so redeem have occurred and (B) written confirmation from the Registrar of Banks (if applicable) to the Issuer that the aggregate outstanding nominal amount of the Notes of any Series which comprise Tier 2 Capital on the Issue Date is, as a result of a Regulatory Change, fully excluded from the Tier 2 Capital of the Issuer on a solo and/or a consolidated basis, and (C) an opinion of independent advisors of recognised standing to the effect that a Regulatory Event has occurred. Upon the expiry of any such notice as is referred to in this Condition 10(d)(2), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(d)(2).";

10(d)(3) "***Redemption of Tier 2 Notes***:

10(d)(3)(a) Subject to the applicable Capital Regulations and any instructions received from the Registrar of Banks, Tier 2 Notes

may be redeemed or purchased and cancelled at the option of the Issuer pursuant to this Condition 10 (*Redemption and Purchase*) only and provided that:

10(d)(3)(a)(i) the Issuer has notified the Registrar of Banks of its intention to redeem or purchase and cancel the relevant Tier 2 Notes (as applicable) at least one month (or such other period, longer or shorter, as the Registrar of Banks may then require or accept) prior to the date scheduled for such redemption or such purchase and cancellation, as the case may be, and (if required pursuant to the Capital Regulations in force at the relevant time) approval of the same has been received from the Registrar of Banks; and

10(d)(3)(a)(ii) if required pursuant to the Capital Regulations in force at the relevant time, such redemption or purchase and cancellation (as applicable) is effected in accordance with Additional Conditions (if any) approved by the Registrar of Banks in writing.";

11. the replacement of Condition 10(g)(i) under Condition 10 (*Redemption and Purchase*), with the following new Condition 10(g)(i):

10(g) "***Early Redemption Amounts***:

(i) For purposes of Condition 10(b) (*Redemption following the occurrence of a Tax Event and/or Change of Law*), 10(d)(2) (*Redemption for regulatory reasons*) and Condition 14 (*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 Applicable 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:

(1) the Reference Price; and

(2) 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.

12. the replacement of Condition 12(ii) under Condition 12 (*Taxation*) with the following new Condition 12(ii):

12(ii) "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, and provided that all payments by or on behalf of the Issuer in respect of the Notes will be made subject to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any amended or successor provisions), any regulations or agreements thereunder, official interpretations thereof, any intergovernmental approach thereto, or implementing legislation adopted by another jurisdiction in connection with these provisions."; and

13. the insertion of the following additional Condition 14(b) (*Events of Default relating to Tier 2 Notes*) under Condition 14 (*Events of Default*):

14(b) "**Events of Default relating to Tier 2 Notes**

14(b)(1) This Condition 14(b) only applies to Tier 2 Notes.

14(b)(2) If default shall be made in the payment of any principal or interest due on the Tier 2 Notes of the relevant Series for a period of 5 (five) days or more after any date on which the payment of principal is due or 10 (ten) days or more after any date on which the payment of interest is due (as the case may be), any Tier 2 Noteholder of that Series may, subject as provided below, at its discretion and without further notice, institute proceedings for the winding-up of the Issuer and/or prove in any winding-up of the Issuer, but take no other action in respect of that default.

14(b)(3) If an order is made or an effective resolution is passed for the winding-up of the Issuer (other than pursuant to a Solvent Reconstruction), a Tier 2 Note shall, upon written notice from such Tier 2 Noteholder to the Issuer and delivered to the Issuer or to the Specified Office of the Calculation Agent (and addressed to the Issuer), be declared immediately due and payable, whereupon it shall become immediately due and payable at its nominal amount together with accrued interest (if any) (subject to Condition 6(d)(iii) (*Subordination*)) (as inserted by paragraph 6 of **Annexure D** to this Applicable Pricing Supplement) without further action or formality.

14(b)(4) Without prejudice to Conditions 14(b)(2) and 14(b)(3) above, if the Issuer breaches any of its obligations under the Tier 2 Notes of the relevant Series (other than any obligation in respect of the payment of principal or interest on such Notes) then each Tier 2 Noteholder may at its discretion and without further notice, bring such proceedings as it may think fit to enforce the obligation in question provided that the Issuer shall not, as a result of the bringing of any such proceedings, be obliged to pay any sum representing or measured by reference to principal or interest on such Series of Tier 2 Notes sooner than the same would otherwise have been payable by it."

14. the replacement of Condition 15(a) (*Exchange of Beneficial Interests*) under Condition 15 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*) with the new Condition 15(a) (*Exchange of Beneficial Interests*):

15(a). **Exchange of Beneficial Interests**

(i) The holder of a Beneficial Interest in Notes may, in terms of the Applicable Procedures and subject to section 42 read with section 35(2)(i) of the Financial Markets Act, by written notice to the holder's nominated Participant (or, if such holder is a Participant, the CSD), 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 (a) the name, address and bank account details of the holder of the Beneficial Interest and (b) 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 ("**Exchange Date**").

(ii) The holder's nominated Participant will, following receipt of the Exchange Notice, through the CSD, 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 holder of the Beneficial Interest at the Specified Office of the Transfer Agent; provided that joint holders of a Beneficial Interest shall be entitled to receive only an Individual Certificate in respect to that joint holding, and delivery to 1 (one) of those joint holders shall be delivery to all of them.

(iii) In the case of the exchange of a Beneficial Interest in Notes issued in uncertificated form:

(A) the CSD's Nominee shall, prior to the Exchange Date, surrender (through the CSD system) such uncertificated Notes to the Transfer Agent at its Specified Office; and

(B) the Transfer Agent will obtain the release of such uncertificated Notes from the CSD in accordance with the Applicable Procedures.

(iv) An Individual Certificate shall, in relation to a Beneficial Interest:

(A) in a Tranche of Notes which is held in the CSD, 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; or

(B) 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 (as specified in the Applicable Pricing Supplement) or a fraction of any multiple thereof, such Individual Certificate shall be issued in accordance with, and be governed by, the Applicable Procedures.

(v) Subject always to Applicable Laws and the Applicable Procedures, upon the replacement of a Beneficial Interest in Notes with Notes in definitive form represented by an Individual Certificate in accordance with Condition 15 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*), such Notes (now certificated Notes represented by an Individual Certificate) will cease to be listed on the Financial Exchange and lodged in the CSD. Notes represented by Individual Certificates will be registered in the Register in the name of the individual Noteholders of such Notes.

Annexure E

ADDITIONAL/AMENDED SUMMARY OF PROVISIONS RELATING TO THE SETTLEMENT, CLEARING AND TRANSFER OF NOTES SECTION RELATING TO THESE TRANCHES OF NOTES OF THE SERIES

The Programme Memorandum is amended by the deletion of the section headed "*Summary of Provisions Relating to the Settlement, Clearing and Transfer of Notes*" on pages 70 – 72 in its entirety and the replacement thereof with the following section:

SUMMARY OF PROVISIONS RELATING TO THE SETTLEMENT, CLEARING AND TRANSFER OF NOTES

Capitalised terms used in this section headed "Summary of Provisions Relating to the Settlement, Clearing and Transfer of Notes" shall bear the same meanings as used in the 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 Interest Rate Market of the JSE and/or held in the CSD

Each Tranche of Notes which is listed on the Interest Rate Market of the JSE must be in uncertificated form and will be held in the CSD. A Tranche of unlisted Notes may also be held in the CSD.

Clearing systems

Each Tranche of Notes listed on the Interest Rate Market of the JSE and held in the CSD or a Tranche of unlisted Notes held in the CSD, as the case may be, will be issued, cleared and settled in accordance with the rules and operating procedures for the time being of the JSE and the CSD through the electronic settlement system of the CSD. Such Notes will be cleared by Participants who will follow the electronic settlement procedures prescribed by the JSE and the CSD.

The CSD 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 Interest Rate Market of the JSE and/or unlisted Notes that are held in the CSD, will be issued, cleared and transferred in accordance with the Applicable Procedures and the Terms and Conditions, and will be settled through Participants who will comply with the electronic settlement procedures prescribed by the JSE and the CSD. 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 CSD maintains accounts only for Participants. As at the Programme Date, the Participants which are approved by the CSD, in terms of the rules of the CSD, and who act as settlement agents to perform electronic settlement of funds and scrip are, *inter alios*, FirstRand Bank Limited, Nedbank Limited, The Standard Bank of South Africa Limited, Citibank N.A., South Africa branch and the South African Reserve

Bank. Euroclear Bank S.A./N.V., as operator of the Euroclear System, and Clearstream Banking société anonyme will settle off-shore transfers in the Notes through its Participants.

Settlement and clearing

Participants will be responsible for the settlement of scrip and payment transfers through the CSD, the JSE and the South African Reserve Bank.

While a Tranche of Notes is held in its entirety in the CSD, the CSD's Nominee, a wholly-owned subsidiary of the CSD approved by the Registrar of Securities Services in terms of the Financial Markets Act (and any reference to "**CSD's Nominee**" shall, whenever the context permits, be deemed to include any successor nominee operating in terms of the Financial Markets Act), will be named in the Register as the sole Noteholder of the Notes in that Tranche. All amounts to be paid and all rights to be exercised in respect of Notes held in the CSD will be paid to and may be exercised only by the CSD's Nominee for the holders of Beneficial Interests in such Notes.

In relation to each person shown in the records of the CSD 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 CSD 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 CSD's Nominee (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 Principal Amount of such Notes for all purposes.

Payments of all amounts in respect of a Tranche of Notes which is listed on the Interest Rate Market of the JSE and held in the CSD will be made to the CSD's Nominee, 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 CSD or the relevant Participant, as the case may be, as the holders of Beneficial Interests in Notes shall look solely to the CSD 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 CSD's Nominee, as the registered Noteholder of such Notes.

Payments of all amounts in respect of a Tranche of Notes which is listed on the Interest Rate Market of the JSE and held in the CSD will be recorded by the CSD's Nominee, as the registered Noteholder of such Notes, distinguishing between interest and principal, and such record of payments by the CSD's Nominee, as the registered Noteholder of such Notes, shall be *prima facie* proof of such payments.

Transfers and exchanges

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. Title to Beneficial Interests held by Participants directly through the CSD will pass on transfer thereof

by electronic book entry in the central securities accounts maintained by the CSD for such Participants. Beneficial Interests may be transferred only in accordance with the Applicable Procedures.

Beneficial Interests may be exchanged for Notes represented by Individual Certificates in accordance with Condition 16 (*Transfer of Notes*) of the 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. None of the Issuer, the Paying Agent or 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.

Guarantee Fund

The holders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the Guarantee Fund. Claims against the Guarantee Fund may only be made in respect of the trading of the Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the Guarantee Fund.

Notes listed on any Financial Exchange other than (or in addition to) the Interest Rate Market of the JSE

Each Tranche of Notes which is listed on any Financial Exchange other than (or in addition to) the Interest Rate Market of 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.

Individual Certificates

All Notes not issued in uncertificated form, including Bearer Notes and Order Notes shall be issued in definitive form, in the form of Individual Certificates. Notes issued in the form of Bearer Notes or order form of Order Notes, and which are interest-bearing, have Coupons attached on issue and, if indicated in the Applicable Pricing Supplement, Talons attached on issue. Notes repayable in instalments have Receipts for the payment of the instalments of principal (other than the final instalment) attached on issue.

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

Annexure F

ADDITIONAL/AMENDED DESCRIPTION OF THE BANKING SECTOR IN SOUTH AFRICA RELATING TO THESE TRANCHES OF NOTES OF THE SERIES

The Programme Memorandum is amended by the deletion of the section headed "*The Banking Sector in South Africa*" on pages 112 – 115 in its entirety and the replacement thereof with the following section:

THE BANKING SECTOR IN SOUTH AFRICA

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

The National Payment System Act, No. 78 of 1998 (as amended) was introduced to bring the South African financial settlement system in line with international practice and systematic risk management procedures. The Payment Association of South Africa, under the supervision of the SARB, has facilitated the introduction of payment clearing house agreements. It has also introduced agreements pertaining to settlement, clearing and netting agreements, and rules to create certainty and reduce systemic and other risks in inter-bank settlement. These developments have brought South Africa in line with international inter-bank settlement practice. Electronic banking facilities are extensive, with a nationwide network of automatic teller machines and internet banking being available.

Regulation

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

South African Government Policy Priorities

During 2011, the Government issued a policy paper, "*A Safer Financial Sector to Serve South Africa Better*", which enunciates its strategic regulatory objectives. The document identifies four policy priorities to reform the financial sector, namely: financial stability; consumer protection and market conduct; expanding access

of financial services through inclusion; and combating financial crime. Achieving these objectives will evidently necessitate a change in the South African regulatory landscape from both a structural and a policy perspective including the introduction of a "twin-peaks" approach to financial sector regulation in terms of which macro-prudential regulation will be mandated separately from market conduct and consumer protection regulation. The document was followed on 1 February 2013 with a further plan titled "*Roadmap for Implementing Twin Peaks Reform*".

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

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

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

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

Anti-money laundering regulations

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

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

South African Reserve Bank

The SARB is responsible for bank regulation and supervision in South Africa with the purpose of achieving a sound, efficient banking system in the interest of the depositors of banks and the economy as a whole. The SARB holds various international memberships including the G-20, the International Monetary Fund ("**IMF**"), the BIS and the Committee of Central Bank Governors in the Southern African Development Community. The SARB serves on various BIS committees including the Basel Committee and the Committee on Payments and Settlement Systems. The SARB performs its function as banking regulator through its Bank Supervision Department, which issues banking licences to institutions and supervises their activities under the applicable legislation. The Registrar of Banks has extensive regulatory and supervisory powers. Every bank is obliged to furnish certain prescribed returns to the Banking Supervision Department in order to enable the banking regulator to monitor compliance with the various prudential and other regulatory requirements imposed on banks in terms of the Banks Act and the Regulations Relating to Banks. The

Registrar of Banks acts with relative autonomy in the execution of his duties and reports annually to the Minister of Finance on his activities, who in turn has to table a copy of the said report in Parliament.

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

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

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

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

(a) the Banks Act (effecting changes to the Banks Act requires Parliamentary approval);

(b) the South African Regulations Relating to Banks (changes to the Regulations require the approval of the South African Minister of Finance);

(c) Banks Act Circulars, directives and guidance notes:

    (i) Circulars may be issued by the Registrar of Banks to furnish banks with guidelines regarding the application and interpretation of the provisions of the Banks Act;

(ii) Guidance notes may be issued by the Registrar of Banks in respect of market practices or market and industry developments; and

(iii) Directives may be issued by the Registrar of Banks, after consultation with the relevant parties, regarding the application of the Banks Act. It is obligatory for banks to comply with such directives.

The Banks Act and Regulations Relating to Banks, circulars, directives and guidance notes issued by the Registrar of Banks set out the framework governing the formal relationship between South African banks and the Bank Supervision Department of the SARB. The Bank and representatives of the office of the Registrar of Banks meet on a regular basis. These meetings include, *inter alia*, bilateral meetings (between the Bank's Board of Directors and the Bank Supervision Department of the SARB), annual trilateral meetings (between the Bank's Audit Committee, the Bank Supervision Department of the SARB and the Bank's auditors) and prudential meetings (which usually include meetings with risk management executives and the heads of each of the Bank's business divisions). The Bank also engages in frequent on-site reviews conducted by representatives and supervisory teams of the office of the Registrar of Banks.

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

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

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

Current Environment

As at 30 April 2014, there were 10 registered banks with local control, 3 mutual banks, 14 local branches of foreign banks and 43 foreign banks with approved representative offices in South Africa. The five largest commercial banks by assets (Source: BA900, February 2014) are Absa Bank Limited, FirstRand Bank Limited, Investec Bank Limited, Nedbank Limited and The Standard Bank of South Africa Limited, which continue to consolidate their position in the retail market (accounting for some 84 percent. of deposits and 83 percent. of total assets). Investment and merchant banking remains the most competitive sector in the industry. According to the SARB, the banking sector in South Africa had total assets of ZAR3.92 trillion as at 28 February 2014 (Source: BA900, February 2014).

Annexure G

ADDITIONAL/AMENDED OVERVIEW OF THE REGULATORY CAPITAL REQUIREMENTS RELATING TO THESE TRANCHES OF NOTES OF THE SERIES

The Programme Memorandum is amended by the deletion of the section headed "*Overview of Regulatory Capital Requirements*" on pages 116-119 in its entirety and the replacement thereof with the following section:

OVERVIEW OF REGULATORY CAPITAL REQUIREMENTS

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

The following is a summary of the regulatory capital requirements which may be applicable to Capital Notes. The summary is of a general nature and is included herein solely for information purposes only. The summary set out below is a summary of the regulatory capital requirements as at the Programme Date and may be subject to change or any Additional Conditions (which the Registrar of Banks may prescribe. Prospective investors in the Notes should therefore (i) read the summary below in conjunction with the Banks Act and the applicable Regulations Relating to Banks promulgated thereunder including, but not limited to, Regulation 38 of the Regulations Relating to Banks, and (ii) consult their own legal and professional advisers as to the effects thereof.

Capital Notes

The issue of Capital Notes requires the prior written approval of the Registrar of Banks in terms of section 79(1)(b) of the Banks Act.

Conditions for the issue of Capital Notes the proceeds of which rank as "common equity tier 1 capital"

The Capital Notes the proceeds of which rank as "*common equity tier 1 capital*" (as defined in the Banks Act) must adhere to the following requirements:

(a) The instrument or share:

i. shall be issued directly by the relevant bank or controlling company and paid in full by the relevant investor, and the bank or controlling company shall not directly or indirectly fund the purchase of the instrument;

ii. shall entitle the holder to a claim on the residual assets of the relevant bank or controlling company that is proportionate to the holder's share of issued capital, after all senior claims

have been repaid in liquidation, that is, the holder of the share shall have an unlimited and variable, not a fixed or capped claim;

iii. shall be issued only with the approval of the relevant owners of the issuing bank of controlling company, either given directly by the owners or the Board of Directors or other person(s) duly authorised thereto; and

iv. shall be clearly and separately disclosed in the balance sheet of the relevant bank or controlling company.

(b) The principal amount shall be perpetual and never repaid or repayable outside of liquidation.

(c) Neither the bank nor the statutory or contractual terms of the instrument or share shall create an expectation at issuance that the instrument may be brought back, redeemed or cancelled.

(d) Any distribution in respect of the instrument or share shall be paid out of distributable reserves, such as retained earnings, provided that he level of distribution shall not be tied or linked to the amount paid at issuance and shall not be subject to a contractual cap except to the extent that a bank or controlling company may be unable to pay distributions that exceed the level of distributable items.

(e) Distribution in respect of the instrument or share shall not be obligatory, that is, non-payment of a distribution shall not constitute an event of default.

(f) Any distribution in respect of the instrument or share shall be paid only after all legal and contractual obligations have been met and all relevant payments on more senior capital instruments have been made, that is, there shall be no preferential distribution, including in respect of other instruments or elements that may be classified as the highest quality issued capital.

(g) The paid amount:

v. shall be recognised and disclosed as equity capital and not as a liability when determining the relevant bank or controlling company's balance sheet solvency or insolvency;

vi. shall be classified as equity in terms of the relevant Financial Reporting Standards issued from time to time; and

vii. shall be neither secured nor covered by any guarantee of the issuer or related or associated entity or subject to any other arrangement that legally or economically enhances the seniority of the claim.

Conditions for the issue of Capital Notes the proceeds of which rank as additional tier 1 capital

The Capital Notes the proceeds of which rank as "*additional tier 1 capital*" (as defined in the Banks Act) must adhere to the following requirements:

(a) The terms and conditions of the instrument shall contain a provision that requires such instrument, at the option of the Registrar of Banks, to either be written off or converted into the most subordinated form of equity upon the occurrence of the trigger event specified in writing by the Registrar of Banks, unless duly enforceable legislation is in place:

i. that requires the instrument to be written off upon the occurrence of the aforesaid event; or

ii. that otherwise requires the instrument to fully absorb loss before tax payers or ordinary depositors are exposed to loss,

and the bank or controlling company complies with such further requirements as may be directed by the Registrar of Banks in writing.

Provided that:

i. any compensation paid to the instrument holders as a result of the aforesaid write-off shall be paid immediately and in the form of the most subordinated form of equity of the relevant bank or its controlling company, and the bank or controlling company, as the case may be, shall at all times maintain all prior authorisation necessary to immediately issue the relevant number of shares specified in the instrument's terms and conditions should the trigger event occur;

ii. the issuance of the any new shares as a result of the trigger event shall occur prior to any public sector injection of capital so that the capital provided by the public sector shall not be diluted;

iii. as a minimum, the aforesaid trigger event shall be the earlier of:

1. a decision that a write-off, without which the bank or controlling company would become non-viable, is necessary, as determined by the Registrar of Banks; or

2. the decision to make a public sector injection of capital, or equivalent support, without which the bank or controlling company would have become non-viable, as determined by the Registrar of Banks.

(b) The bank or controlling company, as the case may be, shall obtain the prior written approval of the Registrar of Banks before the instrument or share is issued;

(c) The key features of the relevant instruments or shares shall be duly disclosed in the annual financial statements and other relevant disclosures to the general public;

(d) The instrument or share:

i. shall be issued by the relevant bank or controlling company and shall be paid in full by the relevant investor;

ii. shall be neither secured nor covered by a guarantee of the issuer or any related entity, or another arrangement that legally or economically enhances the seniority of the claim;

iii. shall be perpetual, that is, the instrument or share shall have no maturity date, and there shall be no provision for step-up or other incentive to redeem the instrument or share;

iv. may be callable at the sole initiative of the issuer only after a minimum period of five years, provided that:

   i. the relevant bank or controlling company, as the case may be, shall obtain the prior written approval of the Registrar of Banks before exercising the said call;

   ii. neither the bank nor the controlling company shall create any expectation that such call will be exercised; and

   iii. the bank or controlling company shall not exercise the call unless the bank or controlling company:

      1. concurrently replaces the called instrument with capital of similar or better quality and the replacement of capital is done at conditions that are sustainable for the income capacity of that bank or controlling company; or

      2. demonstrates to the satisfaction of the Registrar of Banks that its capital position shall be well above the relevant specified minimum capital requirements after the call option is exercised;

v. shall not be held or acquired by the bank or any person related to or associated with the bank, or over which the bank exercises or may exercise control or significant influence;

vi. shall not be funded directly or indirectly by the relevant bank or controlling company;

vii. shall not contain any feature that may hinder any potential future recapitalisation, such as, for example, a provision that requires the issuer to compensate investors if a new instrument is issued at a lower price during a specified time frame; and

viii. shall under no circumstances constitute a liability of the bank or controlling company in terms of, for example, any insolvency law or insolvency proceedings, provided that any instrument classified as a liability in terms of a Financial Reporting Standard shall have principal loss absorption through either:

i. conversion to common or ordinary shares at an objective pre-specified trigger point; or

ii. a write-down mechanism that allocates losses to the instrument at a pre-specified trigger point, which write-down mechanism, as a minimum:

1. shall reduce the claim of the instrument in liquidation;

2. shall reduce the amount re-paid when a relevant related call is exercised; and

3. shall partially or fully reduce any relevant coupon or dividend payments on the instrument.

(e) The relevant bank or controlling company shall obtain the prior written approval of the Registrar of Banks before any repayment of principal is considered by way of, for example, repurchase or redemption, provided that the bank or controlling company shall not assume or create market expectation that the Registrar of Banks will grant approval.

(f) The relevant bank or controlling company shall at all times have full discretion regarding any relevant distribution or payment of dividend, provided that:

i. a cancellation of a discretionary payment shall not constitute an event of default;

ii. the relevant bank or controlling company shall have full access to cancelled payments to meet any relevant obligation as it falls due;

iii. any cancellation of a distribution or payment of dividend shall not impose any restriction on the bank or controlling company, except in relation to a distribution to holders of more deeply subordinated shares or instruments; and

iv. the relevant underlying instrument shall not have any credit sensitive dividend feature, that is, a dividend or coupon that is periodically reset based in whole or in p art on the bank or controlling company's credit standing or rating;

(g) When the instrument or share is issued by a special purpose vehicle or institution, instead of by an operating entity, that is, an entity established to conduct business with clients with the intention of earning a profit in its own right, or the relevant controlling company in the consolidated group, the

proceeds shall be immediately available without limitation to an operating entity or the controlling company in a form that meets or exceeds all the relevant criteria for inclusion in addition tier 1 capital specified above.

Conditions for the issue of Capital Notes the proceeds of which rank as tier 2 capital

In the case of Capital Notes the proceeds of which rank as "*tier 2 capital*" (as defined in the Banks Act) must adhere to the following requirements:

(a) In the case of any instrument or share that is subordinated to depositors and general creditors:

i. the terms and conditions of the instrument shall contain a provision that requires such instrument, at the option of the Registrar of Banks, to either be written off or converted into the most subordinated form of equity upon the occurrence of the trigger event specified in writing by the Registrar of Banks, unless duly enforceable legislation is in place that:

   i. requires the instrument to be written off upon the occurrence of the aforesaid event; or

   ii. otherwise requires the instrument to fully absorb loss before tax payers or ordinary depositors are exposed to loss,

   and the bank or controlling company complies with such further requirements as may be directed by the Registrar of Banks in writing.

   Provided that:

   1. any compensation paid to the instrument holders as result of the aforesaid write-off shall be paid immediately and in the form of the most subordinated form of equity of the relevant bank or its controlling company, and the bank or controlling company, as the case may be, shall at all times maintain all prior authorisation necessary to immediately issue the relevant number of shares specified in the instrument's terms and conditions should the trigger event occur;

   2. the issuance of any new shares as a result of the trigger event shall occur prior to any public sector injection of capital so that the capital provided by the public sector shall not be diluted; and

   3. as a minimum, the aforesaid trigger event shall be the earlier of:

a. a decision that a write-off, without which the bank or controlling company would become non-viable, is necessary, as determined by the Registrar of Banks; or

b. the decision to make a public sector injection of capital, or equivalent support, without which the bank or controlling company would have become non-viable, as determined by the Registrar of Banks.

ii. the bank or controlling company, as the case may be, shall obtain the prior written approval of the Registrar of Banks before the instrument or share is issued;

iii. the key features of the relevant instruments or shares shall be duly disclosed in the annual financial statements or other relevant disclosures to the general public;

iv. the instrument or share:

  i. shall be issued and fully paid;

  ii. shall be neither secured nor covered by any guarantee of the issuer or related or associated entity, or be subject to any other arrangement that legally or economically enhances the seniority of the claim;

  iii. shall have a minimum original maturity of more than five years, provided that during the fifth year preceding the maturity of the relevant instrument the amount qualifying as tier 2 capital shall be reduced by an amount equal to 20 per cent of the amount so obtained and, annually thereafter, by an amount that in each successive year is increased by 20 per cent of the amount so obtained;

  iv. shall not contain any provision for step-up or other incentive to redeem;

  v. shall not have any credit sensitive dividend feature, that is, a dividend or coupon that is periodically reset based in whole or in part on the bank's credit standing or rating;

  vi. shall not be held or acquired by the bank or any person related to or associated with the bank or over which the bank exercises or may exercise control or significant influence; and

  vii. shall not be funded directly or indirectly by the relevant bank after a minimum period of five years, provided that:

    1. the bank shall obtain the prior written approval of the Registrar of Banks before exercising the said call;

2. the bank shall not create any expectation that such call will be exercised;

3. the bank shall not exercise the call unless the bank:

    a. concurrently replaces the called instrument with capital of similar or better quality and the replacement of capital is done at conditions that are sustainable for/with the income capacity of the bank; or

    b. demonstrates to the satisfaction of the Registrar of Banks that its capital position shall be well above the relevant specified minimum capital requirements after the call option is exercised;

v. the investor shall not have any right to accelerate the repayment of future scheduled payments, such as coupon or principal, except in the case of bankruptcy and/or liquidation; and

vi. when the instrument or share I issued by a special purpose vehicle or institution, instead of by an operating entity, that is, an entity established to conduct business with clients with the intention of earning a profit in its own right, or the relevant controlling company in the consolidated group, the proceeds shall be immediately available without limitation to an operating entity or the controlling company in a form that meets or exceeds all the relevant criteria for inclusion in tier 2 capital specified above.

Annexure H

ADDITIONAL/AMENDED SOUTH AFRICAN TAXATION RELATING TO THESE TRANCHES OF NOTES OF THE SERIES

The Programme Memorandum is amended by the deletion of the section headed "*South African Taxation*" on pages 121-122 in its entirety and the replacement thereof with the following section:

SOUTH AFRICAN TAXATION

Capitalised terms used in this section headed "South African Taxation" shall have the same meanings as defined in the Terms and Conditions, unless they are defined in this section or this is clearly inappropriate from the context.

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

Withholding Tax

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

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

Securities Transfer Tax (STT)

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

Value-Added Tax (VAT)

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

Notes (bonds) constitute "*debt securities*" as defined in section 2(2)(iii) of the Value-Added Tax Act, No. 89 of 1991. The issue, allotment, drawing, acceptance, endorsement or transfer of ownership of a debt security is a financial service, which is exempt from VAT in terms of section 2(1)(d) read with section 12(a) of that Act.

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

Income Tax

Under current taxation law effective in South Africa, a "*resident*" (as defined in section 1 of the Income Tax Act) is subject to income tax on his/her world-wide income. Accordingly, all Noteholders who are "*residents*" of South Africa will generally be liable to pay income tax, subject to available deductions, allowances and exemptions, on any interest earned pursuant to the Notes.

Non-residents of South Africa are subject to income tax on all income derived from a South African source (subject to applicable double taxation treaties). Interest income is from a South African source if it is attributable to an amount incurred by a person that is a resident, unless the interest is attributable to a permanent establishment which is situated outside South Africa; or derived from the utilisation or application in South Africa by any person of funds or credit obtained in terms of any form of "interest-bearing arrangement". The Issuer is a resident of South Africa and the Notes will constitute an "interest-bearing arrangement". Accordingly, if the Notes are not attributable to a permanent establishment of the Issuer outside South Africa or the funds raised from the issuance of any Tranche of Notes are applied by the Issuer in South Africa, the interest earned by a Noteholder will be from a South African source and subject to South African income tax, unless such interest income is exempt from South African income tax under section 10(1)(h) of the Income Tax Act (see below).

Under section 24J(9)[1] of the Income Tax Act, any discount or premium to the Nominal Amount of a Note is treated as part of the interest income on the Note. Interest income which accrues (or is deemed to accrue) to a Noteholder is deemed, in accordance with section 24J of the Income Tax Act, to accrue on a day-to-day basis until that Noteholder disposes of the Note or until maturity, unless an election has been made by the Noteholder (if the Noteholder is entitled under Section 24J of the Income Tax Act to make such election) to treat its Notes as trading stock on a mark-to-market basis. This day-to-day basis accrual is determined by calculating the yield to maturity and applying it to the capital involved for the relevant tax period. The interest may qualify for the exemption under section 10(1)(h) of the Income Tax Act (see below).

[1] The provisions of section 24J(9) of the Income Tax Act will not apply to company which is a “covered person” as defined in the Income Tax Act during any year of assessment ending on or after 1 April 2014, and in respect of any other company during any year of assessment commencing on or after 1 April 2014.

In terms of section 24JB of the Income Tax Act, specific provisions dealing with the fair value taxation of financial instruments for covered persons apply with effect from 1 January 2014 in respect of years of assessment ending on or after 1 January 2014. Noteholders should seek advice as to whether these provisions may apply to them.

Under section 10(1)(h) of the Income Tax Act, interest received by or accruing to a Noteholder who, or which, is not a resident of South Africa during any year of assessment, is exempt from income tax, unless that person:

(a) is a natural person who was physically present in South Africa for a period exceeding 183 days in aggregate during the twelve-month period preceding the date on which the interest is received or accrues by or to that person; or

(b) at any time during the twelve-month period preceding the date on which the interest is received or accrues by or to that person, carried on business through a permanent establishment in South Africa.

If a Noteholder does not qualify for the exemption under section 10(1)(h) of the Income Tax Act, exemption from, or reduction of, any South African tax liability may be available under an applicable double taxation treaty. Furthermore, certain entities may be exempt from South African income tax. Purchasers are advised to consult their own professional advisers as to whether the interest income earned on the Notes will be exempt under section 10(1)(h) of the Income Tax Act or under an applicable double taxation treaty.

Section 8F of the Income Tax Act applies to "hybrid debt instruments", and section 8FA of the Income Tax Act applies to “hybrid interest”. Section 8F and 8FA provides that interest incurred on a hybrid debt instrument and hybrid interest are, for purposes of the Income Tax Act, deemed to be a dividend *in specie.* If either of these provisions apply the tax treatment of the interest will differ from what is set out above and such payments may be subject to dividends tax as a result of the deemed classification as dividends *in specie.* These provisions apply from 1 April 2014 in respect of amounts incurred on or after this date.

Both section 8F and 8FA contain exemptions for a tier 1 or tier 2 capital instrument referred to in the regulations issued in terms of section 90 of the Banks Act issued by a bank as defined in the Bank Act. On the basis that the Notes constitute tier 2 capital instruments referred to in the regulations issued in terms of the Banks Act and that the Issuer is a bank as defined in the Banks Act, the Notes should fall within these exemptions in section 8F and 8FA.

Capital Gains Tax

Capital gains and losses of residents of South Africa on the disposal of Notes are subject to South African capital gains tax, unless the Notes are purchased for re-sale in the short term at a profit or as part of a scheme of profit making, in which case the proceeds will be subject to South African 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. Under section 24J(4A) of the Income Tax Act a loss on disposal will, to the extent that it has previously been included in taxable income (as interest), be allowed as a deduction from the taxable income of the holder when it is incurred and accordingly will not give rise to a capital loss.

The capital gains tax provisions would not apply to the extent that the Noteholder were to constitute a covered person and section 24JB applied to the Note.

Capital gains tax under the Eighth Schedule to the Income Tax Act will not be levied in relation to Notes disposed of by a person who is not a resident of South Africa unless the Notes disposed of are attributable to a permanent establishment of that person in South Africa.

Purchasers are advised to consult their own professional advisers as to whether a disposal of Notes will result in a liability to capital gains tax.

Definition of interest

The references to "*interest*" above mean "*interest*" as understood in South African tax law. The statements above do not take any account of any different definitions of "*interest*" or "*principal*" which may prevail under any other law or which may be created by the Terms and Conditions of the Notes or any related documentation.

Annexure I

ADDITIONAL/AMENDED SUBSCRIPTION AND SALE SECTION RELATING TO THESE TRANCHES OF NOTES OF THE SERIES

The Programme Memorandum is amended by the deletion of the section headed "*Subscription and Sale*" on pages 123-125 in its entirety and the replacement thereof with the following section:

SUBSCRIPTION AND SALE

Capitalised terms used in this section headed "*Subscription and Sale*" shall bear the same meaning as used in the Terms and Conditions, as the case may be, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

This section should be read in conjunction with, and is qualified in its entirety by, the detailed information contained elsewhere in the Programme Memorandum.

The Dealers have in terms of the programme agreement dated on or about the date of this Programme Memorandum, as may be amended, supplemented or restated from time to time (the "**Programme Agreement**"), agreed with the Issuer a basis upon which they may from time to time agree to subscribe for Notes or procure the subscription of the Notes.

Selling restrictions

South Africa

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 solicit any offers for subscription for or sale of the Notes in that Tranche, and will itself not sell the Notes in that Tranche of Notes, in South Africa, in contravention of the Companies Act, the Banks Act, the Exchange Control Regulations and/or any other Applicable Laws and regulations of South Africa in force from time to time.

United States of America

The Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") or under the regulations of the U.S. Office of the Comptroller of the Currency or under any other U.S. securities laws and may not be offered or sold within the United States of America or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S 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 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 U.S. Internal Revenue Code of 1986 and the Regulations thereunder.

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:

1. it has not offered, sold or delivered any Notes in that Tranche and will not offer, sell or deliver any Notes in that Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of such Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons;

2. it will send to each Dealer to which it sells any of such Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of such Notes within the United States or to, or for the account or benefit of, U.S. persons; and

3. it, its affiliates and any persons acting on its or any of its affiliates behalf have not engaged and will not engage in any directed selling efforts in the United States (as defined in Regulation S under the Securities Act) with respect to the Notes in that Tranche and it, its affiliates and any persons acting on its or any of its affiliates' behalf have complied and will comply with the offering restrictions requirements of Regulation S.

In addition, until 40 days after the commencement of the offering of any Tranche of Notes, an offer or sale of such Notes within the United States by any Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

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, warrant and agree, that:

1. in relation to any Notes which have a maturity of less than one year, (of one year or more) (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 whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act, 2000 (the "FSMA") by the Issuer);

2. it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FMSA) 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

3. 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.

European Economic Area

In relation to each Member State of the European Economic Area1 which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent 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 Programme Memorandum 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:

1. at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

2. at any time to fewer than 100 (one hundred) or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 (one hundred and fifty) 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

3. 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 paragraphs 1 to 3 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 for the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, 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.

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:

1. 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 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

2. 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.

Neither the Issuer nor any of the Dealers represent(s) 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 assume(s) any responsibility for facilitating such subscription or sale.

Annexure J

ADDITIONAL DEFINITIONS IN RESPECT OF THESE TRANCHES OF NOTES OF THE SERIES

Terms and expressions set out below will have the meanings set out below in the Terms and Conditions of the Notes of the Tranches referred to in this Applicable Pricing Supplement:

"**Bank**" means the Issuer;

"**Banks Act**" means the Banks Act, 1990, as amended or replaced from time to time;

"**Beneficial Interest**" in relation to a Note, an interest as co-owner of an undivided share in a Note, as provided for in section 37 of the Financial Markets Act;

"**CSD**" means, Strate Limited (registration number 1998/022242/06), or its nominee, operating in terms of the Financial Markets Act (or any successor legislation thereto), or any additional or alternate depository or successor central securities depository as may be agreed between the Issuer and the relevant Dealer(s);

"**CSD's Nominee**" means a wholly-owned subsidiary of the CSD approved by the Registrar of Securities Services in terms of the Financial Markets Act, and any reference to "**CSD's Nominee**" shall, whenever the context permits, be deemed to include any successor nominee operating in terms of the Financial Markets Act;

"**Closing Price**" means, in relation to the Notes, the closing price on each Business Day as published by the JSE;

"**Early Redemption Amount**" means the amount at which the Notes will be redeemed by the Issuer pursuant to the provisions of Conditions 10(b) (*Redemption following the occurrence of a Tax Event and/or Change in Law*), 10(c) (*Redemption at the option of the Issuer (Call Option))*, 10(d) (*Redemption of Subordinated Notes*) and 10(e) (*Redemption at the option of Noteholders of Senior Notes (Put Option)*) and/or Condition 14 (*Events of Default*), determined in accordance with Condition 10(g) (*Early Redemption Amounts*) or as set out in the Applicable Pricing Supplement;

"**Financial Markets Act**" means the Financial Markets Act, 2012, as may be amended, supplemented or replaced from time to time;

"**FSD**" means the Financial Surveillance Department of the SARB;

"Guarantee Fund" the guarantee fund established and operated by the JSE as a separate guarantee fund, in terms of the of the rules of the JSE, as required by sections 8(1)(h) and 17(2)(w) of the Financial Markets Act or any successor fund;

"**JSE**" the JSE Limited (registration number 2005/022939/06), a licensed financial exchange in terms of the Financial Markets Act or any other exchange which operates as a successor exchange to the JSE;

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

(A)

(i) the payment obligations secured by such Permitted Security Interest are to be discharged primarily from, and recourse under such Permitted Security Interest is limited to, the proceeds of such property or assets or a guarantee from an entity other than a Group entity; and

(ii) such Security Interest is created pursuant to any securitisation, asset-backed financing or like arrangement in accordance with normal market practice; and/or

(B) the Relevant Indebtedness secured by such Security Interest has been issued in order to secure the obligations of the Issuer or any Subsidiary to the SARB in respect of, *inter alia*, measures put in place and/or facilities made available by the SARB to assist parties in complying with any obligations such parties may from time to time have under and pursuant to any applicable banking laws, rules, regulations and/or directives, including but not limited to liquidity obligations of the Issuer or any Subsidiary;

"**Programme Date**" means [●] April 2014;

"**Relevant Part**" means that portion of a Tier 2 Note, whether expressed as a value, a percentage or otherwise, to be written off upon the occurrence of a Trigger Event, as determined and notified by the Registrar of Banks;

"**Registrar of Bank's Trigger Event Notice**" means the notification given to the Bank by the Registrar of Banks upon the occurrence of a Trigger Event as contemplated in the Capital Regulations, which notification may or may not be in writing;

"**Regulatory Capital**" means "common equity tier 1 capital", "additional tier 1 capital" and "tier 2 capital", each as defined in the Banks Act;

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

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

"**Regulatory Redemption Date**" has the meaning ascribed thereto in Condition 10(d)(2)(a);

"**Regulations Relating to Banks**" means the Regulations promulgated under section 90 of the Banks Act (published on 12 December 2012 as No. R. 12 1029 in Government Gazette No. 35950), as such Regulations may be amended, supplemented or replaced from time to time;

"**Senior Creditors**" means creditors of the Issuer who are either unsubordinated creditors of the Issuer or whose claims are, or are expressed to be, subordinated to the claims of other creditors, whether subordinated or unsubordinated, of the Issuer (including but not limited to any person having a claim against the Issuer in respect of a "*deposit*" (as defined in the Banks Act)), other than those whose claims rank, or are expressed to rank, *pari passu* with, or junior to, Tier 2 Noteholders;

"**Statutory Loss Absorption Regime**" or "**SLAR**" has the meaning ascribed thereto in the Risk Factor titled "*Statutory Loss Absorption at the Point of Non-viability of the Issuer*";

"**Tax Event**" means either a Tax Event (Deductibility) or Tax Event (Gross Up), as the context may require;

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

"**Tax Event (Gross Up)**" means an event where, as a result of a Tax Law Change, the Issuer has paid or will or would on the next Interest Payment Date be required to pay additional amounts as provided or referred to in Condition 12 (*Taxation*), provided that, in the case of Tier 2 Notes only, no Tax Event (Gross up) shall be deemed to have occurred if a Tax Event (Deductibility) has occurred as a result of the same Tax Law Change;

"Tax Event / Change in Law Redemption Date" has the meaning ascribed thereto in Condition 10(b)(1);

"**Tax Law Change**" means a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of South Africa, or any political subdivision or any authority thereof or therein having

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

"**Tier 2 Capital**" has the meaning ascribed thereto in the Capital Regulations;

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

"**Tier 2 Notes**" means the Notes specified as such in this Applicable Pricing Supplement and the proceeds of which are capable of qualifying as Tier 2 Capital on the Issue Date;

“**Trigger Event**” means the “trigger event” specified in the Registrar of Bank’s Trigger Event Notice by the Registrar of Banks as contemplated in Regulation 38(14)(a)(i) of the Regulations Relating to Banks, provided that the minimum trigger event shall be the earlier of:

(i) a decision that a conversion, without which the Bank would become non-viable, is necessary as determined and notified by the Registrar of Banks; or

(ii) a decision to make a public sector injection of capital without which the Bank would become non-viable as determined and notified by the Registrar of Banks; and

“**Write Off/Conversion Provisions**” means those terms and conditions applicable to Tier 2 Notes – whether contractual or set out in the legislation and/or regulations which implement(s) the SLAR – which provide for and facilitate the write off and/or conversion of such Tier 2 Notes upon the occurrence of a Trigger Event, as contemplated in, and required by, the Capital Regulations.