

# **SUPPLEMENTAL INFORMATION MEMORANDUM**

## **DOLOMITE CAPITAL LIMITED**

**(incorporated with limited liability in the Cayman Islands under registered number 131853)**

**Series 7 ZAR 50,000,000 Limited Recourse Floating Rate Credit Linked Secured Notes due 2019**

**This Supplemental Information Memorandum includes the Issue Terms relating to the Securities. Investors should note that such Issue Terms supersede in their entirety any termsheets which may have been circulated previously.**

**The Securities are credit-linked to the iTraxx® Europe Index Series 21.**

**The Securities are only intended for highly sophisticated and knowledgeable investors who are capable of understanding and evaluating the risks involved in investing in the Securities and who are required to read "Risk Factors" on pages 6 to 22.**

THIS SUPPLEMENTAL INFORMATION MEMORANDUM UNDER WHICH THE SERIES 7 ZAR 50,000,000 LIMITED RECOURSE FLOATING RATE CREDIT LINKED SECURED NOTES DUE 2019 (THE **SECURITIES**) ARE DESCRIBED IS SUPPLEMENTAL TO THE INFORMATION MEMORANDUM DATED 22 JULY 2014 (THE **INFORMATION MEMORANDUM**) RELATING TO THE ZAR1,000,000,000 LIMITED RECOURSE SECURED DEBT ISSUANCE PROGRAMME (THE **PROGRAMME**) OF DOLOMITE CAPITAL LIMITED (THE **ISSUER**) AND IS ISSUED IN CONJUNCTION WITH, AND INCORPORATES BY REFERENCE, THE INFORMATION MEMORANDUM.

*Merrill Lynch South Africa Proprietary Limited*

**The date of this Supplemental Information Memorandum is 20 August 2014**

## GENERAL

This Supplemental Information Memorandum under which the Series 7 ZAR 50,000,000 Limited Recourse Floating Rate Credit Linked Secured Notes due 2019 (the **Securities**) are described is supplemental to the Information Memorandum dated 22 July 2014 (the **Information Memorandum**) relating to the ZAR1,000,000,000 Limited Recourse Secured Debt Issuance Programme (the **Programme**) of Dolomite Capital Limited (the **Issuer**) and the JSE Placement Document (the **JSE Placement Document**) for purposes of inward listing the Debt Issuance Programme on the Interest Rate Market of the JSE Limited (the **JSE**) (the **South African Programme**) dated 22 July 2014 and is issued in conjunction with, and incorporates by reference, the Information Memorandum and the JSE Placement Document.

The Issuer certifies that to the best of its knowledge and belief there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made as well as that the Information Memorandum contains all information required by law and the debt listings requirements of the JSE. The Issuer accepts full responsibility for the accuracy of the information contained in the Information Memorandum, Supplemental Information Memorandum and the annual financial statements, the amendments to the annual financial statements (if any) or any supplements from time to time, except as otherwise stated therein.

This Supplemental Information Memorandum should be read together with the Information Memorandum as one document. To the extent that the Information Memorandum is inconsistent with this Supplemental Information Memorandum, this Supplemental Information Memorandum shall prevail. Terms defined in the Information Memorandum shall, unless the context otherwise requires, bear the same meanings herein.

Save as disclosed herein, there has been no significant change and no matter has arisen since publication of the Information Memorandum.

The JSE takes no responsibility for the contents of the Information Memorandum, this Supplemental Information Memorandum or the annual financial statements or the amendments to the annual financial statements (if any), makes no representation as to the accuracy or completeness of any of the foregoing documents and expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of Information Memorandum, this Supplemental Information Memorandum or the annual financial statements or the amendments to the annual financial statements (if any).

Bank of America, National Association accepts responsibility for the information contained in the section entitled "*Description of the Counterparty*". To the best of the knowledge and belief of Bank of America, National Association (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer has only made very limited queries with regards to the accuracy and completeness of the information under the section entitled "*Description of the Counterparty*" in this Supplemental Information Memorandum (the **Third Party Information**). This information has been accurately reproduced from information publicly available on the Bank of America Merrill Lynch group's website ([www.bankofamerica.com](http://www.bankofamerica.com)) and, so far as the Issuer is aware and is able to ascertain from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. Prospective investors in the Securities should not rely upon, and should make their own independent investigations and enquiries in respect of, the accuracy and completeness of the Third Party Information.

Application has been made by the Issuer, through FirstRand Bank Limited acting through its Rand Merchant Bank (an authorised dealer approved by the South African Reserve Bank to deal in foreign exchange), to the

JSE for the Securities to be admitted to the Interest Rate Market. There can be no assurance that any such admission to trading will be obtained and, if obtained, whether it will be obtained by the Issue Date.

It is a requirement in terms of current South African Exchange Control Regulations to obtain prior approval from the Financial Surveillance Department of the South African Reserve Bank (**FinSurv**) to inward list credit linked notes on the JSE. The FinSurv has approved the inward listing of credit linked notes by Dolomite Capital Limited on the JSE. The issuance of the Series 7 ZAR 50,000,000 Limited Recourse Floating Rate Credit Linked Secured Notes due 2019 is in accordance with the approval granted by the FinSurv. The Supplemental Information Memorandum will be available for inspection at the registered office of the Issuer and the registered office of the South African Paying Agent in Johannesburg in accordance with the debt listing requirements of the JSE and will be filed with the JSE which will publish such documents on its website at <http://www.jse.co.za>.

The Securities will not be rated.

Neither the delivery of this Supplemental Information Memorandum nor the offering, sale or delivery of any Securities shall in any circumstances imply that the information contained herein is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Securities is correct as of any time subsequent to the date indicated in the document containing the same.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Supplemental Information Memorandum or any other information supplied in connection with the Programme or the Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Trustee (as defined herein) or the Dealer (as defined herein).

The Issuer's annual financial statements for the financial years ended 31 December 2012 and 31 December 2013 which have previously been published, have been filed with the JSE and shall be incorporated in, and form part of, this Supplemental Information Memorandum.

This Supplemental Information Memorandum does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken by the Issuer, the Trustee or the Dealer to permit an offering of the Securities or the distribution of this Supplemental Information Memorandum in any jurisdiction where such action is required.

**Claims of the Securityholders and the Counterparty will be limited in recourse to the Mortgaged Property.**

**The Securities have not been and will not be registered under the U.S. Securities Act of 1933 (the Securities Act). Consequently, the Securities may not be offered or sold (by any person at any time up to the Maturity Date) within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act).**

**The Securities have not been registered under the Securities Act and may not be offered or sold in the United States or to U.S. Persons or to persons who are not Non-United States Persons (as defined in CFTC Rule 4.7 of the United States Commodity Futures Trading Commission (the CFTC)).**

**Pursuant to an exemption from the CFTC in connection with pools whose participants are limited to Qualified Eligible Persons (as defined in CFTC Rule 4.7 under the Commodity Exchange Act of 1936, as amended), an offering memorandum for this pool is not required to be, and has not been, filed with the CFTC. The CFTC does not pass upon the merits of participating in a pool or upon the adequacy or**

**accuracy of an offering memorandum. Consequently, the CFTC has not reviewed or approved this offering or any offering memorandum for this pool.**

The Counterparty is a registered swap dealer with the CTFC and is subject to additional rules and regulations associated with such registration. Certain regulations referred to as the “External Business Conduct Requirements” or the “EBCR” require various notices and disclosures to be provided by the Counterparty in any “reliable means agreed to in writing” by the Issuer. The term sheet relating to the offering of the Securities and a letter agreement dated 7 August 2013 regarding *Agreed to Means for Delivery of Business Conduct Required Notices* (the **Notice Agreement**) provide an agreement as to the means of delivery of various disclosures and notices and includes an agreement by the Issuer that such means are reliable.

Note that the term sheet relating to the offering of the Securities and the Notice Agreement provide that the Counterparty may provide notices and disclosures by placing the relevant information on its website but must notify the Issuer by another means (such as email, voicemail, telephone or fax) that it has done so. Daily post-trade regulatory marks to market required under 17 C.F.R. 23.431(d) of the U.S. Code of Federal Regulations may be posted on a website without daily emails, voicemails, telephone calls or faxes. Also, prospective investors should note that the Issuer has agreed in the term sheet relating to the offering of the Securities and the Notice Agreement that pre-trade marks-to-market and other pre-trade transaction information can be provided orally so long as oral notice is followed by a subsequent written confirmation.

The Issuer is not and will not be regulated by the FinSurv as a result of issuing the Securities. Any investment in the Securities does not have the status of a bank deposit and is not within the scope of the deposit protection scheme operated by the FinSurv.

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

## TABLE OF CONTENTS

	<b>Page</b>
Risk Factors .....	6
Issue Terms .....	23
Form of Credit Default Swap Confirmation.....	48
Form of Cross Currency Swap Confirmation.....	74
Subscription and Sale .....	85
Use of Proceeds .....	86
Description of the Initial Charged Assets and the issuer of the Initial Charged Assets.....	87
Description of the Counterparty .....	89
Description of the Index .....	90
General Information .....	91

## **RISK FACTORS**

*The purchase of the Securities may involve substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Securities.*

*The Issuer believes that the following factors may affect either its ability to fulfil its obligations under the Securities or the performance of the Securities. Some of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Securities, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Securities may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Securities are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Supplemental Information Memorandum and in the Information Memorandum and, in the light of their own financial circumstances and investment objectives, reach their own views prior to making any investment decision.*

### **Investor Suitability**

Prospective investors should reach an investment decision only after carefully considering the suitability of the Securities in light of their particular circumstances. Investment in the Securities may only be suitable for investors who:

- (a) have substantial knowledge and experience in financial and business matters and expertise in assessing credit risk which enables them to evaluate the merits and risks of an investment in the Securities and the rights attaching to the Securities;
- (b) are capable of bearing the economic risk of an investment in the Securities for an indefinite period of time;
- (c) are acquiring the Securities as principal and not as agent for investment, and not with a view to resale, distribution or other disposition of the Securities (subject to (i) any applicable law requiring that the disposition of the investor's property be within its control and (ii) any allocation of the Securities within a Securityholder's books to the account of a client for whom such Securityholder exercises a discretionary client mandate); and
- (d) recognise that it may not be possible to make any transfer of the Securities for a substantial period of time, if at all.

Investment in the Securities involves substantial risks, including without limitation, principal, interest rate, commodity, currency, credit, political, liquidity and market risk and is not suitable for all investors. Investment in the Securities is suitable only for investors who can bear the financial and other risks associated with an investment in the Securities.

## **Credit Risk**

The ability of the Issuer to meet its obligations under the Securities will be dependent upon the payment of all sums due from the Counterparty under the Swap Agreement (as defined in the Issue Terms). In the event that the Counterparty defaults in its payment obligations under the Swap Agreement, or the Swap Agreement otherwise terminates early, the Securities will be subject to early redemption. See "*Early Redemption of the Securities (other than following the occurrence of a Credit Event)*" below.

The ability of the Issuer to meet its obligations under the Securities will also be dependent on the payment of interest and principal due on the Charged Assets and upon the South African Paying Agent and the Custodian making the relevant payments when received and upon all parties to the Transaction Documents (other than the Issuer) performing their respective obligations thereunder. Accordingly, Securityholders are exposed, *inter alia*, to the creditworthiness of the obligors in respect of the Charged Assets, the Counterparty, the South African Paying Agent and the Custodian, in addition to the creditworthiness of the Reference Entities.

### **The Securities shall be secured by Cash Collateral on the Issue Date**

Prospective investors should be aware that the Initial Charged Assets are expected to be delivered to the Issuer on or around the Business Day following the Issue Date. The Issuer shall, on the Issue Date, deposit the Cash Collateral into the ZAR Cash Deposit Account. The Cash Collateral shall form part of the Charged Assets and shall be subject to the security interest in favour of the Trustee created pursuant to the Trust Instrument. As a result, the Securities will be secured solely by Cash Collateral in accordance with Condition 4(b)(iii) (*Substitution with Cash Collateral*) up to the date following the Issue Date on which the Charged Assets are delivered to the Issuer. If an event of default (howsoever described in the terms and conditions of the Initial Charged Assets) has occurred with respect to the Initial Charged Assets prior to the delivery by the Vendor of all or any part of the Initial Charged Assets, any undelivered Initial Charged Assets shall be deemed to have been delivered by the Vendor to the Issuer and sold by the Selling Agent in accordance with the Agency Agreement.

### **Early Redemption of the Securities (other than following the occurrence of a Credit Event)**

On an early redemption of the Securities, the Selling Agent or the Trustee, as applicable, will liquidate the Charged Assets in order to fund payment of amounts due to the Secured Parties. The amount payable to Securityholders will broadly be an amount of South African rand (**ZAR**) (converted from EUR at the prevailing EUR/ZAR spot rate of exchange) equal to (a) the net proceeds of liquidation of the Charged Assets and the Available Cash Amount plus (b) the sum of the Termination Values in respect of each Swap Transaction (which may be negative) taking into account any unpaid Credit Event Adjustment Amounts minus (c) any payment of taxes, company fees or payments due to the Trustee, agents or other parties that rank senior to the Securities in priority of payment. Securityholders are therefore exposed to: (i) the credit risk of the Charged Assets; (ii) the mark to market value of the Credit Default Swap Transaction; (iii) the mark to market value of the Cross Currency Swap Transaction; and (iv) exchange rate risk, and may receive back less than their initial investment.

The value of the Securities upon an early redemption will depend on the value of the Charged Assets and the Swap Agreement and, consequently, changes in the creditworthiness (or perceived creditworthiness) of the Underlying Obligors may affect the market value, which in turn will affect the value of the Securities.

Investors should further note that the Securities will redeem early if, amongst other things, the Counterparty is insolvent.

### **Partial Early Redemption of the Securities (following the occurrence of a Credit Event)**

There can be no assurance that investors will receive the full amounts payable by the Issuer under the Securities or that they will receive any return on their investment in the Securities. In particular, if certain Credit Events occur, returns to holders could be reduced to as low as zero. Upon the occurrence of a Credit Event, the Outstanding Principal Amount of the Securities will be partially written down, on a *pari passu* basis in accordance with the provisions of the Issue Terms without any repayment of principal to holders and the right of holders to receive payment of any such principal amount will be extinguished.

On any such partial early redemption of the Securities following the occurrence of a Credit Event and the determination of a Cash Settlement Amount, the Outstanding Principal Amount of the Securities will be reduced as of the relevant Event Determination Date initially by an amount in ZAR equal to the product of the Initial Principal Amount and the Reference Entity Weighting of the Reference Entity that is the subject of the Credit Event. The Selling Agent will liquidate Charged Assets (selected in its discretion) in an aggregate principal amount equal to the product of the Initial Principal Amount and the Reference Entity Weighting of the Reference Entity that is the subject of the Credit Event (less any amount standing to the credit of the EUR Cash Deposit Account at such time) in order to fund payment of amounts due to the Secured Parties. The proceeds of such liquidation and any amount standing to the credit of the EUR Cash Deposit Account at such time shall first be applied to pay to the Counterparty: (a) the amount due under the Credit Default Swap Transaction in respect of the relevant Credit Event; (b) the Partial Termination Value of the portion of the Cross Currency Swap Transaction required to be terminated as a consequence of the reduction of the Outstanding Principal Amount of the Securities; and (c) in certain circumstances (as described below), the Partial Termination Value of a portion of the Credit Default Swap Transaction. The interest amount payable to the Securityholders on the next following Interest Payment Date shall be increased by any proceeds of the liquidation of the Charged Assets remaining after such payments to the Counterparty have been made. However, in the event such liquidation proceeds are insufficient to make such payments to the Counterparty in full, such shortfall shall be applied to reduce the calculation amount on which interest is payable to the Securityholders on subsequent Interest Payment Dates on a sequential basis and ultimately, to reduce the principal amount payable at maturity, if all such calculation amounts have been reduced to zero and a shortfall still remains. If such shortfall has arisen and the principal amount payable at maturity is reduced, the Credit Default Swap Transaction will be partially terminated to maintain a leverage ratio of four (4) between the notional amount of the Credit Default Swap Transaction (as converted into ZAR at the EUR/ZAR FX rate applied on the Trade Date) and the Outstanding Principal Amount of the Securities. Any Partial Termination Value calculated as a result of such partial termination of the Credit Default Swap Transaction will, if in favour of the Counterparty, result in a greater reduction in the principal amount payable at maturity.

The return on the Securities upon such a partial early redemption will therefore depend not just on the creditworthiness of the Reference Entities, but also on the value of the Charged Assets and, consequently, changes in the creditworthiness (or perceived creditworthiness) of the Underlying Obligors may affect the market value, which in turn will affect the value of the Securities.

Any such reduction in the Outstanding Principal Amount of the Securities will result in a corresponding reduction of the amount of interest payable thereon from the Event Determination Date in respect of the relevant Credit Event. In certain circumstances, redemption of all or a portion of the Outstanding Principal Amount of the Securities may be deferred beyond the Scheduled Maturity Date.

The likelihood of a Credit Event occurring with respect to any Reference Entity, and the amount of a Cash Settlement Amount in respect thereof, will generally fluctuate with, among other things, the financial condition of such Reference Entity, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest and exchange rates.



### **Postponement of redemption pending resolution of Undeclared Credit Events**

If prior to the Scheduled Maturity Date, the Counterparty determines that a Credit Event under the Credit Default Swap Transaction may have occurred but the relevant Event Determination Date has not yet occurred, then the Counterparty may deliver an Extension Notice to the Issuer and the Calculation Agent. If an Extension Notice is delivered, the Securities shall be redeemed in part on the Scheduled Maturity Date at their Outstanding Principal Amount less an amount equal to the maximum amount that could be required for the Issuer to meet its obligations under the Credit Default Swap Transaction in relation to such Undeclared Credit Events. Such deferred amount shall only be paid to the Securityholders once the Counterparty has determined that the Issuer has no further obligations under the Credit Default Swap Transaction. Prospective investors should therefore be aware that they may not receive all of the Outstanding Principal Amount of the Securities on the Scheduled Maturity Date and that no interest shall be payable on any portion of the Outstanding Principal Amount that is deferred in such circumstances.

### **Deferral of Interest pending resolution of Undeclared Credit Events**

If prior to an Interest Payment Date, the Counterparty determines that a Credit Event under the Credit Default Swap Transaction may have occurred but the relevant Event Determination Date has not yet occurred as of such Interest Payment Date, then the Interest Amount payable on such Interest Payment Date shall be calculated on the basis that the Outstanding Principal Amount of the Securities had been written down by the ZAR Equivalent of the Reference Amount in respect of the Reference Entity subject to that Credit Event. If an Event Determination Date does not occur in the next Interest Period, the Calculation Agent shall recalculate the Interest Amount that would have been payable on such Interest Payment Date on the basis that the Outstanding Principal Amount had not been so written down, then the Interest Amount due on the next following Interest Payment date shall be increased by an amount equal to the difference between the originally determined Interest Amount and the recalculated Interest Amount.

Prospective investors should therefore be aware that they may not receive all Interest Amounts on a timely basis and not additional interest will be paid on amounts deferred in accordance with the preceding paragraph.

### **Redemption upon the occurrence of a Trigger Event**

If on any date during the term of the Securities, the Counterparty determines, either (a) the sum of (i) the ZAR Equivalent of the weighted average clean bid price of the Charged Assets (excluding accrued interest) for an amount of or around the outstanding principal amount of the relevant Charged Assets and expressed as a percentage of par, multiplied by the current principal amount of the relevant Charged Assets and (ii) the Termination Value of each Swap Transaction (which may be negative) taking into account any unpaid Credit Event Adjustment Amounts, is (or was) less than or equal to 50 per cent. of the Outstanding Principal Amount (as defined in the Issue Terms) on such date and/or (b) the weighted average clean bid price of the Charged Assets (excluding accrued interest), for an amount of or around the outstanding principal amount of the relevant Charged Assets expressed as a percentage of par, is (or was) less than or equal to 65 per cent., such event shall constitute a Trigger Event and the Counterparty may deliver a Trigger Notice to the Issuer, the Trustee and the Calculation Agent. Upon the delivery of a Trigger Notice, the Securities shall be redeemed and no further interest shall be payable on the Securities. The amount payable to Securityholders will broadly be an amount of ZAR (where for such purposes, any amounts in EUR shall be converted at the prevailing EUR/ZAR spot rate of exchange, as determined by the Calculation Agent in its sole discretion) equal to (a) the net proceeds of liquidation of the Charged Assets and the Available Cash Amount, plus (b) the sum of the Termination Values in respect of each Swap Transaction (which may be negative) taking into account any unpaid Credit Event Adjustment Amounts, minus (c) any payments of taxes, company fees or payments due to the Trustee, agents or other parties that rank senior to the Notes in priority of payment.

Prospective purchasers should therefore be aware that upon the occurrence of a Trigger Event and delivery of a Trigger Notice they will receive no further interest and will be exposed to the risk that the realisation proceeds of the Charged Assets net of all relevant payments would be less than the aggregate Outstanding Principal Amount of the Securities. In an adverse market, the net proceeds of liquidation of the Charged Assets may be less than the Termination Values in respect of each Swap Transaction and therefore the amount payable to the Securityholders could be zero. They will also be subject to the currency risk involved in converting such realisation proceeds into ZAR.

#### **Counterparty's assignment to affiliates**

Securityholders should be aware that the Counterparty may transfer (without the consent of the Securityholders or any other party, but with notice to each of the Issuer, the Trustee, the South African Paying Agent and the Securityholders) its rights and obligations under the Swap Agreement to an affiliate thereof. As a consequence of any such transfer, the entity acting in the capacity of Calculation Agent may change, and the Calculation Agent may make such changes to the Transaction Documents as are necessary to reflect such changes, without the consent of the Securityholders, the Trustee or any other party.

#### **No Legal or Beneficial Interest in the Reference Entities or any Obligations of the Reference Entities**

As a party to the Credit Default Swap Transaction, the Issuer has a contractual relationship with the Counterparty. The Issuer, however, has no rights in or to, or any security interest in respect of, any Reference Entity or any obligation of any Reference Entity. The entry into the Credit Default Swap Transaction by the Issuer does not constitute a purchase or other acquisition or assignment of any interest in any Reference Entity or any obligation of the Reference Entity. The Counterparty may or may not have an exposure to the credit of any Reference Entity. None of the Issuer or the Counterparty has undertaken any legal due diligence in respect of any Reference Entity, including the terms of any obligation of any Reference Entity.

#### **Exposure to Reference Entities and/or their Obligations under Credit-Linked Securities**

The Securities are linked to the iTraxx® Europe Series 21, Version 1 index of Reference Entities (the **Index**) as it exists on the trade date (being 18 March 2014) without regard to any subsequent changes to the iTraxx® Europe Series 21 index save as a result of any Succession Event. Generally described, investors in the Securities are taking credit risk with respect to the Reference Entities and are providing credit protection to the Issuer. The Issuer, in turn, is taking credit risk with respect to the Reference Entities in the Credit Default Swap Transaction with the Counterparty and, through the Credit Default Swap Transaction, is providing credit protection to the Counterparty. In the event that one or more Reference Entities in the Index operate in the same industry sector, a further correlation of risk in respect of such Reference Entities may exist which may magnify the consequences, and the losses, for Securityholders.

Prospective investors who consider purchasing Credit-Linked Securities should reach an investment decision only after carefully considering the risks associated with the Reference Entities. Because payments under the Credit-Linked Securities upon maturity or earlier redemption depend upon, among others, the credit performance of the Reference Entities, the occurrence of one or more Credit Events in relation to the Reference Entities could result in the loss of a substantial portion or all of the Securityholders' investment in the Securities (see also "*Partial Early Redemption of the Securities (following the occurrence of a Credit Event)*"). Prospective purchasers should note that the creditworthiness and/or performance of the Reference Entities may be dependent upon economic, political, financial and social events locally and globally as well as its own performance and there can be no assurance that such factors will not adversely affect the Reference Entities' creditworthiness and/or performance and, in turn, the performance of the Securities. Events occurring within a country, such as political upheaval, financial troubles, or natural disasters, will weaken a country's securities markets. The Issuer, under the Swap Agreement, has a contractual relationship

with the Counterparty but has no rights in, or to, any security interests in respect of any Reference Obligation or against the issuer of any Reference Obligation. The Counterparty may or may not have an exposure to the credit risk of any of the Reference Entities or any obligation each thereof. Accordingly, Credit-Linked Securities do not represent a claim against the Reference Entities or any obligation each thereof and, in the event of any loss, Securityholders will not have recourse under the Credit-Linked Securities to the Reference Entities nor will they have a right to vote or exercise any other right or remedy with respect to the Reference Entities or any obligations each thereof.

## **Leverage**

Prospective investors should note that the Securities are leveraged and the Securityholders are exposed to a notional credit-linked calculation amount which is four times greater than the initial Outstanding Principal Amount of the Securities. Any Credit Events in respect of the Reference Entities may therefore have a greater impact on the Securities than would be the case if there was no leverage. The Securityholders may lose their entire invested capital notwithstanding the fact that Credit Events may not occur in respect of all of the Reference Entities. The market value of the Securities may also be more volatile as a result of Credit Events in respect of the Reference Entities and/or changes to market parameters such as credit spreads, credit recovery or interest rates.

## **Credit Events**

Not all Credit Events require an actual default with respect to a Reference Entity's obligations. This means that Securityholders of Credit-Linked Securities could bear losses based on deterioration in the credit of a Reference Entity short of a default. Potential purchasers should note that not all Credit Events have easily ascertainable triggers and disputes can and have arisen as to whether a specific event did or did not constitute a Credit Event. However, under the terms of the Swap Agreement (and subject to an ISDA Credit Derivatives Determinations Committee making a determination in respect of a Credit Event), the Counterparty's good faith, reasonable determination that a Credit Event has or has not occurred will be binding on the Issuer and the Securityholders, notwithstanding the disagreement of the Securityholders or other financial institutions, rating agencies or commentators.

## **Exposure to Credit Events that occur prior to the Trade Date**

The credit risk period commences up to 60 days prior to the Trade Date and will continue until the Maturity Date. A Credit Event that occurred up to 60 days prior to the Trade Date may therefore impact the Securities. Investors should conduct their own review of any recent developments with respect to the Reference Entities by consulting publicly available information. If a request to convene an ISDA Credit Derivatives Determinations Committee has been delivered prior to the Trade Date to determine whether a Credit Event has occurred with respect to a Reference Entity, details of such request may be found on the ISDA website. If an ISDA Credit Derivatives Determinations Committee has not been convened to determine such matter as of the Trade Date, one may still be convened after the Trade Date in respect of an event which occurs up to 60 days before the date of a request to convene such ISDA Credit Derivatives Determinations Committee.

## **Auction Settlement**

Where an Auction Final Price Determination Date occurs with regards to a Credit Event and a Reference Entity, the Auction Final Price will be determined according to an Auction procedure set out in the applicable Credit Derivative Auction Settlement Terms, available on ISDA's website at [www.isda.org](http://www.isda.org).

## **Role of the ISDA Credit Derivatives Determinations Committees**

Prospective purchasers should note that the ISDA Credit Derivatives Determinations Committees have the power to make binding decisions on critical issues such as whether a Credit Event has occurred, which obligations are to be valued and whether an Auction should take place in accordance with and as more fully described in the ISDA Credit Derivatives Determinations Committees Rules (published on 7 April 2014), as amended from time to time and available on ISDA's website at [www.isda.org](http://www.isda.org). Consequently, Securityholders will be bound by any such relevant decisions.

## **Credit Event and Succession Event Backstop Dates**

Prospective investors should note that a Credit Event may be triggered under the Credit Default Swap Transaction if a request is submitted to ISDA for the relevant Credit Derivatives Determinations Committee to consider whether the relevant event constitutes a Credit Event or if a Credit Event Notice and a Notice of Publicly Available Information are delivered, within 60 calendar days of the occurrence of such Credit Event unless an Event Determination Date has already occurred with respect to such event. For Succession Events the lookback period is 90 calendar days and functions similarly. This means that there is a time limit on the ability to act on a Credit Event or Succession Event and that it is possible that the Securities could be affected by a Credit Event or a Succession Event that took place prior to the Trade Date.

## **Movement Option**

In certain circumstances, if following a Restructuring Credit Event, a No Auction Announcement Date has occurred pursuant to sub-paragraph (b) of the definition of No Auction Announcement Date, the Counterparty may elect, in its sole discretion, to exercise the Movement Option, by delivering an effective Notice to Exercise Movement Option to the Issuer on or prior to the Movement Option Cut-off Date. If the Counterparty exercises such option, the Parallel Auction Settlement Terms shall apply for the purposes of determining the Auction Final Price. Securityholders should be aware that they do not have the right to exercise the Movement Option and therefore if the Counterparty elects not to exercise the Movement Option, the Securities shall be redeemed in accordance with the Fallback Settlement Method.

## **Market Risk**

The value of any Credit-Linked Securities will depend on movements in credit swap spreads during the life of such Securities. Potential purchasers should be aware that credit swap spreads overall may widen over short or even extended periods. Historically, the credit swap market tends to move in cycles, with periods of rising prices (or falling spreads) and periods of falling prices (or rising spreads). Any such fluctuations will directly affect the value of the Securities. Similarly, interest rate levels and implied correlation may fluctuate over time which may also affect the value of such Securities.

## **Transition of certain credit-linked provisions to reflect expected changes to market convention**

In February 2014, ISDA published new credit derivatives definitions (the **2014 ISDA Credit Derivatives Definitions**). The 2014 ISDA Credit Derivatives Definitions introduce several new terms, including the following:

- (a) the adoption of a standardized reference obligation across all market-standard contracts on the same reference entity and with the same seniority level; and
- (b) the inclusion of several amendments to standard credit derivatives trading terms, including: provisions dealing with transfers of debt to successor reference entities; expanding the scope of guarantees covered by credit derivatives contracts; rationalising the treatment of contingent debt

and guarantee obligations; addressing currency redenomination issues; and adjustments to the restructuring settlement mechanism.

It is anticipated that new trading standards (incorporating the provisions of the 2014 ISDA Credit Derivatives Definitions) will become applicable in September 2014 for some (but not all) Reference Entities comprised in the Index. The new trading standards are not expected to be applied, *inter alia*, to any Reference Entities contained in the Index which are financial institutions. In order to amend credit derivatives contracts referencing such affected Reference Entities which are outstanding as of the relevant implementation date, it is anticipated that ISDA will publish a market wide protocol amendment agreement to facilitate the change to the 2014 ISDA Credit Derivatives Definitions for the contracts relating to such affected Reference Entities (the **Protocol**).

Once the Calculation Agent has determined that the Protocol has become effective and, accordingly, that the 2014 ISDA Credit Derivatives Definitions have become the market standard terms for trading credit derivatives in respect of the relevant Reference Entities, the Conditions and the Swap Agreement will adjust in accordance with their terms to incorporate the relevant provisions of the 2014 ISDA Credit Derivatives Definitions in respect of such Reference Entities. All such revisions to the Conditions and to the Swap Agreement will reflect the provisions of the Protocol. As the credit linked Conditions reflect the trading standards existing as of the Issue Date, the adjustments to such Conditions are likely to be substantial.

This means that, as of the effective date of the Protocol, the terms relating to the Reference Entities comprised in the Index that are covered by the Protocol will be different from those that relate to those Reference Entities that are excluded from the Protocol. Some of the new provisions, such as the inclusion of a new Credit Event, may have significant economic effect on the Credit Linked Securities. Some changes may be disadvantageous to Securityholders and prospective investors should review carefully the terms of any issue of Securities and, where in any doubt, take advice from suitably qualified professional advisers.

Securityholders are strongly advised to consult the ISDA website ([www.isda.org](http://www.isda.org)) for the 2014 ISDA Credit Derivatives Definitions and the Protocol.

## **UK Banking Act 2009**

The Banking Act 2009 (the **Banking Act**), which came into effect on 21 February 2009, includes (amongst other things) provision for a special resolution regime pursuant to which specified UK authorities have extended tools to deal with the failure (or likely failure) of a UK bank or building society (such as HSBC Bank PLC as Custodian). In particular, in respect of UK banks, such tools include share and property transfer powers (including powers for partial property transfers), certain ancillary powers (including powers to modify certain contractual arrangements in certain circumstances) and two new special insolvency procedures which may be commenced by UK authorities (i.e. bank insolvency and bank administration). It is possible that the extended tools described above could be used prior to the point at which an application for insolvency proceedings with respect to a relevant entity could be made.

In general, the Banking Act requires the UK authorities to have regard to specified objectives in exercising the powers provided for by the Act. One of the objectives (which is required to be balanced as appropriate with the other specified objectives) refers to the protection and enhancement of the stability of the financial systems of the United Kingdom. The Banking Act includes provisions related to compensation in respect of transfer instruments and orders made under it.

If an instrument or order were to be made under the Banking Act in respect of HSBC Bank PLC, such instrument or order may (amongst other things) affect the ability of such entity to satisfy its obligations under the Transaction Documents and/or result in modifications to such documents.

The Banking Act 2009 (Restriction on Partial Property Transfers) (Amendment) Order 2009 (the **Safeguards Order**) came into force on 9 July 2009. The Safeguards Order imposes certain controls on the powers set out in the Banking Act and, *inter alia*, prevents the transfer under an instrument or order of some and not all of the property, rights and liabilities that comprise a "capital market arrangement" and also includes a restriction on the power to amend the terms of a trust if a partial property transfer is made pursuant to an instrument or order under the Banking Act. The issuance of Securities by the Issuer would constitute a "capital market arrangement" and therefore have the benefit of the Safeguards Order. However, Securityholders should note that such protections apply to partial property transfers only and not to all powers that can be carried out under an instrument or order.

At present, the UK authorities have not made an instrument or order under the Banking Act in respect of HSBC Bank PLC and there has been no indication that it will make any such instrument or order, but there can be no assurance that this will not change and/or that Securityholders will not be adversely affected by any such instrument or order if made.

Lastly, the European Commission has published a legislative proposal for a directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms. Amongst other things, the proposed directive contemplates the introduction of a package of minimum early intervention and resolution-related tools and powers for relevant authorities and provides for special rules for cross-border groups. The resolution tools and powers referred to in the directive include certain tools and powers which overlap in part with those available under the Banking Act and also certain further tools, such as provision for authorities to bail-in eligible liabilities of relevant institutions. The proposed directive is not in final form and it is likely that changes will be made to it in the course of the corresponding legislative procedure. As such, it is too early to anticipate the full impact of the directive and there can be no assurance that Securityholders will not be adversely affected by an action taken under it, once it is agreed upon and implemented.

### **CFTC Regulations and Dodd-Frank Wall Street Reform and Consumer Protection Act**

The Counterparty is a registered swap dealer with the CFTC and is subject to additional rules and regulations associated with such registration. Certain regulations under the Dodd-Frank Wall Street Reform and Consumer Protection Act, Title VII, effective 16 July, 2011, P.L. 111-203, 124 Stat. 1376 or any rules or regulations promulgated thereunder require various notifications and informational disclosures be provided by the Counterparty in any means as agreed between the Issuer and the Counterparty as reliable.

Prospective investors should note that the Counterparty may provide notices and disclosures by placing the relevant information on its website but must notify the Issuer by another means (such as email, voicemail, telephone, fax) that it has done so. Daily post-trade regulatory marks to market required under 17 C.F.R. 23.431(d) of the U.S. Code of Federal Regulations may be posted on a website without daily emails, voicemails, telephone calls or faxes. Also, prospective investors should note that the Issuer has agreed that (i) any pre-trade mid-market marks and (ii) basic material economic terms, including price, notional amount and termination date, can be provided orally so long as oral notice is followed by a subsequent written confirmation.

### **The Volcker Rule**

Prospective investors should note that, pursuant to the terms of the Swap Agreement, if the Counterparty determines, in its sole and absolute discretion, that, as a result of the implementation of the rules implementing Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the **Volcker Rule**), it is or is likely to become, in whole or in part, unlawful or illegal or otherwise contrary to the Volcker Rule for the Counterparty to perform its obligations under the Swap Agreement and/or any other Transaction Document to which it is a party or to continue its relationship with the Issuer (each a **Volcker**

**Illegality Event**), then the Issuer and the Counterparty may agree to make such modifications to the Swap Agreement, or to take any other remedial action that the Counterparty may, in its sole and absolute discretion, determine to be commercially reasonable and necessary in order to ensure compliance with the Volcker Rule.

Provided that the criteria set out in (a) to (e) below are satisfied, then the Issuer and the Counterparty may agree to use reasonable endeavours to make such modifications to the Swap Agreement, and the Calculation Agent, in turn, may use reasonable endeavours to make such modifications to the Issue Terms and/or any other Transaction Document as are necessary to reflect such modifications without the need for the consent of the Issuer, the Trustee, the Securityholders or any other party (and any such modification shall automatically be deemed not to be materially prejudicial to the interests of the Securityholders):

- (a) such modifications and/or other remedial action do not materially alter the economic substance of the transactions constituted by the Transaction Documents when considered as a whole;
- (b) such modifications and/or other remedial action will not require any party to withhold or deduct on account of any tax under any Transaction Document or to incur a loss other than immaterial, incidental expenses;
- (c) no termination event, mandatory redemption event or event of default (howsoever defined) will occur under any of the Transaction Documents as a result of such modifications and/or other remedial action;
- (d) no additional amount will be payable by the Issuer to the Counterparty as a result of such modifications and/or other remedial action; and
- (e) such modifications and/or other remedial action will not affect the operation of the limited recourse and non-petition provisions of the Swap Agreement or similar provisions in any other Transaction Documents.

Notwithstanding the foregoing, nothing herein shall affect the ability of the Issuer or the Counterparty to terminate the Swap Agreement as a result of the occurrence of an Illegality under (and as defined in) the Swap Agreement.

In addition, if (i) the Counterparty determines that it is not possible or commercially reasonable to make such modifications to ensure such compliance with the Volcker Rule, (ii) the Issuer or the Counterparty determines that such proposed modifications or remedial action are not reasonably acceptable to it, (iii) the Issuer does not agree to make such modifications within 30 calendar days, or (iv) the Counterparty determines in its sole and absolute discretion that, notwithstanding any such modifications (if any), it would, for reasons outside of its control be impossible or impracticable for it to comply with such laws or regulations or that it would be subject to a Volcker Illegality Event, the Counterparty may terminate the Swap Agreement early, which would cause the Securities to redeem early and Securityholders may receive back less than their initial investment.

### **Independent review and advice**

Each prospective purchaser of the Securities must make its own independent review (including as to the financial condition and affairs and its own appraisal of the creditworthiness) of the Issuer, the Counterparty, the Reference Entities and any Reference Obligations and the obligors in respect of the Charged Assets and obtain such professional advice (including, without limitation, tax, accounting, credit, legal and regulatory advice) as it deems appropriate under the circumstances, to assess the economic, social and political

condition of each jurisdiction in which each such party is situated and to determine whether an investment in the Securities is appropriate in its particular circumstances.

In so doing, and without restricting the generality of the preceding paragraph, such prospective purchaser must determine that its acquisition and holding of the Securities (a) is fully consistent with its (or if it is acquiring the Securities in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, (b) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether it is acquiring the Securities as principal or in a fiduciary capacity) and (c) is a fit, proper and suitable investment for it (or if it is acquiring the Securities in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Securities. None of the Issuer, the Trustee, the Dealer, or any of their respective affiliates is acting as an investment adviser, or assumes any fiduciary obligation, to any purchaser of Securities.

Neither the Information Memorandum nor this Supplemental Information Memorandum is intended to provide the basis of any credit or other evaluation or should be considered as a recommendation or constituting an invitation or offer that any recipient of the Information Memorandum or this Supplemental Information Memorandum should purchase any of the Securities. The Trustee and the Dealer expressly do not undertake to review the financial condition or affairs of the Issuer, the Counterparty or the obligors in respect of the Charged Assets.

### **Limited recourse**

Claims against the Issuer by the Securityholders of the Series and by the Counterparty will be limited to the Mortgaged Property relating to such Series. The proceeds of realisation of such Mortgaged Property may be less than the sums due to the Securityholders and the Counterparty. Any shortfall will be borne by the Securityholders and by the Counterparty in accordance with the Security Ranking Basis. In this respect, each prospective investor should note that the claims of the Counterparty in respect of amounts owing to them under the Swap Agreement shall rank in priority to the claims of Securityholders under the Securities. Each Securityholder, by subscribing for or purchasing the Securities, will be deemed to accept and acknowledge that it is fully aware that, in the event of a shortfall: (a) the Issuer shall be under no obligation to pay, and the other assets (if any) of the Issuer including, in particular, assets securing other Series of securities or Alternative Investments will not be available for payment of, such shortfall, (b) all claims in respect of such shortfall shall be extinguished and (c) the Trustee, the Securityholders and the Counterparty shall have no further claim against the Issuer in respect of such unpaid amounts and will accordingly not be able to petition for the winding up of the Issuer as a consequence of such shortfall.

The Securities are direct, limited recourse obligations of the Issuer alone and not of the officers, members, directors, employees, securityholders or incorporator of the Issuer, the Trustee, the Counterparty, the Reference Entities or the obligors in respect of the Charged Assets or their respective successors or assigns. Furthermore, they are not obligations of, or guaranteed in any way by, the Dealer. Potential investors should also consider carefully "*Early Redemption of the Securities (other than following the occurrence of a Credit Event)*" and "*Partial Early Redemption of the Securities (following the occurrence of a Credit Event)*" above.

### **No secondary market**

Neither the Issuer, the Trustee, the Agents, the Dealer nor any of their respective affiliates is under an obligation to provide liquidity for the Securities and no secondary market is expected to develop in respect of the Securities. Whilst the Securities may be listed on the JSE, the Issuer does not expect a trading market for the Securities to develop. In the unlikely event that a secondary market does develop, there can be no assurance that it will provide the Securityholders with liquidity of investment or that it will continue for the life of the Securities. Accordingly, the purchase of the Securities is suitable only for purchasers who can bear the risks associated with a lack of liquidity in the Securities and the financial and other risks associated



with an investment in the Securities. Purchasers must be prepared to hold the Securities for an indefinite period of time or until final redemption or maturity of the Securities.

### **Business relationships**

Each of the Issuer, the Dealer, the Trustee and the Agents and any of their respective affiliates may have existing or future business relationships with the Counterparty, the Reference Entities or any obligor in respect of the Charged Assets (including, but not limited to, lending, depository, risk management, advisory and banking relationships), and will pursue actions and take steps that they deem or it deems necessary or appropriate to protect their or its interests arising therefrom without regard to the consequences for a Securityholder. Furthermore, the Dealer, the Trustee, the Agents or any of their respective affiliates may buy, sell or hold positions in obligations of, or act as investment or commercial bankers, advisers or fiduciaries to, or hold directorship and officer positions in, the Reference Entity or any obligor in respect of the Charged Assets.

### **General Conflicts of Interest**

The Counterparty and any of its affiliates is acting or may act in a number of capacities in connection with the issue of Securities. The Counterparty and any of its affiliates acting in such capacities in connection with the issue of Securities shall only have the duties and responsibilities expressly agreed to by it in the relevant capacity and shall not, by virtue of its or any other affiliates acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than as expressly provided with respect to each such capacity. The Counterparty and any of its affiliates in their respective various capacities in connection with the Securities may enter business dealings, including the acquisition of investment securities as contemplated by the Transaction Documents from which it may derive revenues and profits in addition to any fees stated in various documents, without any duty to account therefor, provided that any such revenue, profits or fees will be paid or received only in accordance with applicable regulations.

Various potential and actual conflicts of interest may arise between the interests of the Securityholders and either the Issuer and/or the Counterparty, as a result of the various businesses, management, investment and other activities of such persons, and none of such persons is required to resolve such conflicts of interest in favour of the Securityholders. The Counterparty may, where Cash Settlement applies as the Fallback Settlement Method, select the cheapest Deliverable Obligation(s) to value, with no obligation to minimise Securityholders' losses. The following briefly summarises some of those conflicts, but is not intended to be an exhaustive list of all such conflicts. The Counterparty shall manage conflicts of interest in accordance with its conflicts of interest policy.

Such persons may (a) deal in the Charged Assets, or securities or obligations of the Reference Entities or any issuer of the Charged Assets, (b) enter into credit derivatives involving reference entities that may include the Reference Entities and/or any issuer of the Charged Assets (including credit derivatives to hedge its obligations under the Swap Agreement), (c) advise and distribute securities on behalf of, arrange or manage transactions on behalf of, accept deposits from, make loans or otherwise extend credit to and generally engage in any kind of commercial or investment banking or other business with, any obligor in respect of the Charged Assets and/or the Reference Entities and (d) act with respect to such business in the same manner as if the Securities did not exist, regardless of whether any such relationship or action might have an adverse effect on the Charged Assets, the Reference Entities or the Securities, or on the position of any other party to the transaction described herein or otherwise.

### **Additional Conflicts of Interest relating to Credit-Linked Securities**

The Counterparty, the Calculation Agent or any of their respective affiliates may (i) act as a voting member on a ISDA Credit Derivatives Determinations Committee, (ii) participate as a participating bidder in an

Auction and (iii) be a party to credit derivative transactions which incorporate or are deemed to incorporate the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 Credit Derivatives Definitions. As a consequence, subject to any decision of the relevant Credit Derivatives Determinations Committee, such entity may take certain actions which may influence the process and outcome of decisions of the ISDA Credit Derivatives Determinations Committees (for example, determine if a Credit Event has occurred and if applicable select the Deliverable Obligation(s) to value thereby maximising a Securityholder's loss) and/or the Auction Final Price. Such action may have an impact on the Securities and therefore be adverse to the interests of the Securityholders and may result in an economic benefit accruing to the Counterparty or Calculation Agent or any of their affiliates, as the case may be. In taking action relating to the ISDA Credit Derivatives Determinations Committees, acting as a participating bidder or performing any duty under the Rules, the Counterparty or the Calculation Agent or any of their affiliates, as the case may be, shall have no obligation to consider the interests of the Securityholders and may ignore any conflict of interest arising due to its responsibilities under the Securities.

### **No Obligations owing by the Calculation Agent**

The Calculation Agent shall have no obligations to the Securityholders, and shall only have the obligations expressed to be binding on it pursuant to the Agency Agreement and the Issue Terms. All designations and calculations made by the Calculation Agent shall be conclusive and binding on the Securityholders.

Securityholders should be aware that where any right or obligation of the Calculation Agent is not specified to be exercised or performed within a specific timeframe, a failure or delay by the Calculation Agent in exercising such right or performing such obligation will not be presumed to operate as a waiver and will not be presumed to preclude any subsequent or further exercise or performance by the Calculation Agent. Securityholders should be aware that the Calculation Agent may at any time assign or transfer its rights, obligations or duties under the Agency Agreement to any of its affiliates. As a result potential and actual conflicts of interest may arise between the interests of the Securityholders and either the Issuer and/or the Counterparty or its affiliates.

### **Taxation**

Each Securityholder will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges that may be applicable to any payment to it in respect of the Securities. The Issuer will not be obliged to pay any additional amounts to Securityholders to reimburse them for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Securities by the Issuer or the South African Paying Agent except as provided for in the Issue Terms. In addition, to the extent that the Issuer suffers any tax in respect of its income from the Charged Assets or payments under a Charged Agreement (including the deduction of tax from such payments) so that it would be unable to make payment of the full amount payable on the Securities without recourse to further sources of income, the Securities may be redeemed early and Securityholders may not recover all amounts invested in the Securities. The attention of each prospective purchaser is drawn to the section entitled "*Taxation*" in the Information Memorandum. None of the Issuer, the Dealer or any of their respective affiliates makes any representation nor has given to any potential purchaser and nor will give any advice concerning the appropriate accounting treatment or possible tax consequences of purchasing the Securities.

### **U.S. Foreign Account Tax Compliance Act withholding**

The U.S. "Foreign Account Tax Compliance Act" (or **FATCA**) imposes a new reporting regime and, potentially, a 30% withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign pass thru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification

information with respect to interests issued by a participating non-U.S. financial institution. The Issuer may be classified as a non-U.S. financial institution for these purposes. If an amount in respect of such withholding tax were to be deducted or withheld either from amounts due to the Issuer or from interest, principal or other payments made in respect of the Securities, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Securities, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected. Prospective investors should refer to the section "*Taxation – Foreign Account Tax Compliance Act*" in the Information Memorandum.

### **Provision of information**

None of the Issuer, the Trustee, the Agents, the Dealer nor any of their respective affiliates makes any representation as to the credit quality of the Counterparty, the Reference Entities, or any obligor in respect of the Charged Assets. Any of such persons may have acquired, or during the term of the Securities may acquire, non-public information with respect to the Counterparty, the Reference Entities, or any obligor in respect of the Charged Assets. None of such persons is under any obligation (i) to review on the Securityholders' behalf, the business, financial conditions, prospects, creditworthiness or status of affairs of any obligor in respect of the Charged Assets, the Reference Entities, or conduct any investigation or due diligence into any such issuer in respect of the Charged Assets or (ii) other than as may be required by applicable rules and regulations relating to the Securities to make available (a) any information relating to the Securities or (b) any non-public information they may possess in respect of the Counterparty, the Reference Entities, or any obligor in respect of the Charged Assets.

### **Legal opinions**

Legal opinions relating to the Securities will be obtained on issue with respect to the laws of England and of the Cayman Islands but no such opinions will be obtained with respect to any other applicable laws and no investigations will be made into the validity or enforceability of the laws of any other jurisdiction in respect of the obligations under the Securities. Any such legal opinions will not be addressed to, and may not be relied on by, Securityholders. In particular, save as aforesaid, no legal opinions will be obtained in relation to:

- (a) the laws of the country of incorporation of the Reference Entities or any issuer of the Charged Assets;
- (b) the laws of any country in which any obligations of the Reference Entities or of the Charged Assets are situated; or
- (c) the laws of any country which are expressed to govern any obligations of the Reference Entities or of the Charged Assets.

Such laws, depending upon the circumstances, may affect, among other things, the validity and legal and binding effect of the obligations of the Reference Entities or the Charged Assets and the effectiveness and ranking of the security for the Securities. Consequently, no responsibility is accepted by the Issuer in relation to such matters.

### **Legality of purchase**

None of the Issuer, the Dealer or any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Securities by a prospective purchaser of the Securities, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser with any law, regulation or regulatory policy applicable to it.

## **Commingling of Charged Assets**

Prospective investors' attention is drawn to the provisions in the Agency Agreement allowing the Charged Assets held by the Custodian to be commingled with Custodian's own assets in certain limited circumstances and, in such circumstances, in the event of the Custodian's insolvency, the Issuer's assets may not be as well protected from claims made on behalf of the general creditors of the Custodian.

## **Currency Risk**

An investment in Securities denominated or payable in a currency other than the currency of the jurisdiction of a particular purchaser (the **Purchaser's Currency**), entails significant risks that are not associated with a similar investment in a security denominated and/or payable in the Purchaser's Currency. These risks include, but are not limited to:

- (a) the possibility of significant market changes in rates of exchange between the Purchaser's Currency and the currency in which the Securities are denominated and/or payable;
- (b) the possibility of significant changes in rates of exchange between the Purchaser's Currency and the currency in which the Securities are denominated and/or payable resulting from the official redenomination or revaluation of the currency; and
- (c) the possibility of the imposition or modification of foreign exchange controls by either the jurisdiction of the purchaser or foreign governments.

## **Foreign Exchange Risk**

The Securities are denominated in ZAR and the Charged Assets are denominated in EUR and all scheduled payments due under the Credit Default Swap Transaction are denominated in EUR. The Issuer has entered into a cross currency swap with the Counterparty to ensure that payments due by it in relation to the Charged Assets and the Credit Default Swap Transaction are converted into ZAR in order to make payments of interest and principal due on the Securities. However, prospective investors should be aware that if Securities are subject to partial early redemption (following a Credit Event) or early redemption (other than following a Credit Event), the Cross Currency Swap Transaction and the Credit Default Swap Transaction will be terminated (in whole or in part, as applicable) and if the sum of the termination values of the Cross Currency Swap Transaction and of the Credit Default Swap Transaction is in favour of the Counterparty, such amount shall be met from the proceeds of the Charged Assets, which may reduce the interest and principal amounts payable on the Securities. In addition, upon an early redemption in full of the Securities, the Cross Currency Swap Transaction and the Credit Default Swap Transaction will be terminated and any proceeds of the Charged Assets that are not required to be paid to the Counterparty shall be converted into ZAR at the prevailing spot rate.

Therefore, prospective investors should be aware that in the event of an early redemption of the Securities (following a Credit Event or otherwise), the amount of interest and principal received in respect of the Securities will be subject to the foreign exchange rate risk between ZAR and EUR.

## **Current Market Conditions**

The current liquidity shortage and volatility in the credit markets has introduced a variety of increased risks relating to several aspects of the Issuer's operations. Such additional risks include the inability of the Issuer to sell its assets which, among other things, may render it unable to dispose of underperforming or defaulted assets and therefore unable to satisfy its obligations in relation to the redemption of the Securities. As a result of market conditions, it is possible that the Reference Obligations of each Reference Entity and/or the

Charged Assets will experience higher default rates than anticipated and that performance will suffer. Such market conditions may also lead to the inability of the Issuer to determine a reliable valuation of its assets. All of such factors could materially adversely affect the interests of Securityholders. Some leading global financial institutions have been forced into mergers with other financial institutions, partially or fully nationalised or have gone bankrupt or insolvent. The bankruptcy or insolvency of a major financial institution may have an adverse effect on the Issuer, the Reference Entities and the obligors in respect of the Charged Assets, particularly if such financial institution is the administrative agent of a Charged Asset. The bankruptcy or insolvency of another financial institution may result in the disruption of payments to the Issuer. In addition, the bankruptcy or insolvency of one or more additional financial institutions or one or more sovereigns may trigger additional crises in the global credit markets and overall economy which would have a significant adverse effect on the Issuer, the Reference Entities, the Charged Assets and the Securities.

### **Comparative Returns**

Risk-adjusted returns and absolute returns on the Securities may be lower than that of comparable investments. Each prospective purchaser should be aware that any return on the Securities may not exceed or even equal the return that might have been achieved had the amount of its initial investment been placed on deposit for the same period. In the event of an early redemption of the Securities, Securityholders may not recover the amount of their investment. See "*Early Redemption of the Securities (other than following the occurrence of a Credit Event)*" and "*Partial Early Redemption of the Securities (following the occurrence of a Credit Event)*" above.

### **Non-U.S. Investors**

The Securities will not be registered with the U.S. Securities and Exchange Commission under the Securities Act of 1933, as amended (the **1933 Act**), the Issuer will not be registered under the Investment Company Act of 1940, as amended (the **1940 Act**) or under any state or foreign securities laws and the Securities will be offered and sold only to non-US persons who purchase the Securities outside the United States of America pursuant to Regulation S of the 1933 Act. The offer and sale of offered Securities or the transactions contemplated herein may be further restricted by law. Potential purchasers are required to inform themselves of and to observe any legal restrictions on their involvement in the transaction.

### **Trustee Indemnity**

Upon the occurrence of an Event of Default in relation to the Securities, Securityholders may be required to provide an indemnity to the Trustee to its satisfaction as provided for in Condition 11 (*Events of Default*) before the Trustee gives notice to the Issuer accelerating the Securities. The Trustee shall not be obliged to take any action if not indemnified to its satisfaction.

### **Risks relating to the Index**

The Reference Entities are components of the Index as of the Trade Date. The Index initially references 125 Reference Entities. The performance of the Index may be worse than that of another related or unrelated index or another selection of obligors. This Supplemental Information Memorandum does not provide any further information with respect to any Reference Entity (other than its identity) or the Reference Obligations, its creditworthiness or the likelihood of the occurrence of a Credit Event. Investors that are not permitted or are otherwise unwilling to assume a risk of potential principal loss with respect to their investments should not invest in the Securities.

The composition of the portfolio of Reference Entities (except in exceptional circumstances such as a merger, demerger or a transfer of assets constituting a Succession Event) will not change during the investment term. Accordingly, an investment in the Securities will perform differently from an investment

product linked to the Index as updated every six months. In particular, investors will continue to have exposure to Reference Entities whose credit rating have fallen below the threshold for inclusion in the latest series of the Index. In general terms, there is more likely to be a Credit Event in respect of any such Reference Entity than in a replacement reference entity with a higher credit rating included in the latest series of the Index.

**Terms of Series 7 ZAR 50,000,000 Limited Recourse Floating Rate Credit Linked Secured Notes due 2019 are set out in the Issue Terms below.**

## **ISSUE TERMS**

Terms used herein shall be deemed to be defined as such for purposes of the Terms and Conditions (the **Conditions**) set forth in the Information Memorandum dated 22 July 2014. This document constitutes the Issue Terms and must be read in conjunction with the Information Memorandum and the JSE Placement Document dated, and approved by the JSE Limited (the **JSE**), on 22 July 2014, as so supplemented, for the purposes of inward listing South African Securities on the Interest Rate Market of the JSE (the **JSE Placement Document**). Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of these Issue Terms, the JSE Placement Document and the Information Memorandum.

The Securities referred to below are issued under sub-paragraph (h) of Condition CL1 (*Types of Credit-Linked Securities*) of the Credit-Linked Securities Conditions Module (as defined below) and are Auction Settled CLS credit-linked to the iTraxx® Europe Index Series 21, as determined pursuant to the Credit-Linked Securities Modules. Upon the occurrence of a Credit Event and satisfaction of the Conditions to Settlement with respect to a Reference Entity and/or any Obligation of a Reference Entity, the Securities will be partially redeemed.

The Securities have the **Terms** as set out in these Issue Terms, which will complete and modify (i) the Bearer Securities Base Conditions Module, March 2013 Edition (the **Bearer Securities Base Conditions Module**), (ii) the Registered Securities Conditions Module, March 2013 Edition (the **Registered Securities Conditions Module**), (iii) the General Definitions Module, March 2013 Edition (the **General Definitions Module**), (iv) the Credit-Linked Securities Conditions Module, March 2013 Edition (the **Credit-Linked Securities Conditions Module**), (v) the Credit-Linked Securities Definitions Module, March 2013 Edition (the **Credit-Linked Securities Definitions Module**) and (vi) the additional terms and conditions of the South African Securities set out in the JSE Placement Document (the **Additional South African Securities Conditions**), each of which is incorporated by reference into these Issue Terms (together, the **Conditions**). The Bearer Securities Base Conditions Module, the Registered Securities Conditions Module, the General Definitions Module, the Credit-Linked Securities Conditions Module, the Credit-Linked Securities Definitions Module and the Additional South African Securities Conditions are each set out in full in the JSE Placement Document or the Information Memorandum.

- |    |                            |  |
|----|----------------------------|--|
| 1. | Issuer:                    | Dolomite Capital Limited.  |
| 2. | Description of Securities: | Series 7 ZAR 50,000,000 Limited Recourse Floating Rate Credit Linked Secured Notes due 2019. |
| 3. | (a) Issue Date:            | 20 August 2014.  |
|    | (b) Issue Price:           | 100 per cent. of the Aggregate Outstanding Principal Amount.                                 |
|    | (c) First settlement date: | Issue Date.  |
| 4. | Effective Date:            | Issue Date.  |

5. Status of the Securities: The Securities will constitute direct, secured, limited recourse obligations of the Issuer and will, save for such exceptions as may be provided by applicable legislation or judicial order, rank *pari passu* and without preference among themselves.
6. Date of corporate authorisation for issuance of Securities: 19 August 2014.

## INTEREST

7. The Securities are Floating Rate Securities. Notwithstanding Condition 7(b)(iv) (*Determination of Rate of Interest and Interest Amounts*) and Condition CL4 (*Interest*), the Interest Amount payable in respect of each Security (and subject to the paragraph below) shall be calculated by the Calculation Agent on the last day of the relevant Interest Period to be the sum of:
- (A) the **Unadjusted Interest Amount**, being the product of:
    - (i) the Rate of Interest;
    - (ii) such Security's *pro rata* share of the Interest Calculation Amount of the Securities as of the last day of the relevant Interest Period; and
    - (iii) the Day Count Fraction; *plus*
  - (B) such Security's *pro rata* share of any positive Credit Event Adjustment Amounts (if any) in respect of all Loss Amounts determined within the Interest Period (to the extent not reduced by negative Credit Event Adjustment Amounts (if any) in respect of all Loss Amounts determined within the same Interest Period); *plus*
  - (C) such Security's *pro rata* share of any Deferred Interest Adjustment Amount for that Interest Period,

rounding the resultant figure downwards to the nearest cent, where:

**Interest Calculation Amount** means an amount determined on the last Business Day of an Interest Period equal to:

- (a) the Outstanding Principal Amount on such date; *minus*
- (b) the sum of the Interest Calculation Amount Reduction Amounts applicable to the relevant Interest Period; *minus*
- (c) the Initial Principal Amount multiplied by the Reference Entity Weighting in respect of all Undeclared Credit Events on such date,

as determined by the Calculation Agent in its sole discretion and subject to a minimum of zero; and

**Interest Calculation Amount Reduction Amount** means, in respect of a Credit Event and a negative Credit Event Adjustment Amount which is not fully offset by reduction of any previously determined but unpaid positive Credit Event Adjustment Amounts (such remaining portion of the



relevant negative Credit Event Adjustment Amount, the **Unsatisfied Credit Event Adjustment Amount**), an amount equal to the absolute value of the reduction in the Floating Rate Payer Calculation Amount under the Cross Currency Swap Transaction such that the difference in the present value to the Counterparty of the Cross Currency Swap Transaction immediately after such reduction is equal to the Unsatisfied Credit Event Adjustment Amount, as determined by the Calculation Agent in its sole discretion, provided that such reduction should be applied to the fullest extent possible to the Interest Calculation Amount for the then current Interest Period and, in the event that the relevant Unsatisfied Credit Event Adjustment Amount is not fully satisfied, then an Interest Calculation Amount Reduction Amount in respect of each subsequent Interest Period, sequentially thereafter, shall be determined and applied by the Calculation Agent in the same manner until the difference in the present value to the Counterparty of the Cross Currency Swap Transaction immediately after such reduction is equal to the Unsatisfied Credit Event Adjustment Amount, as determined by the Calculation Agent in its sole discretion.

To the extent the Interest Calculation Amount is zero in respect of all remaining Interest Periods following reduction in full in accordance with the definition of 'Interest Calculation Amount Reduction Amount' above, and there are further Unsatisfied Credit Event Adjustment Amounts (in whole or in part), the Unadjusted Interest Amount will be zero for all subsequent Interest Payment Dates, and the absolute value of any such further Unsatisfied Credit Event Adjustment Amounts will be applied to reduce the Outstanding Principal Amount in accordance with the definition thereof, in each case such that the resulting reduction in the sum of: (a) the Termination Value of the Cross Currency Swap Transaction, (b) the Termination Value of the Credit Default Swap Transaction and (c) the value of the Charged Assets, is equal to the absolute value of the relevant Unsatisfied Credit Event Adjustment Amount (or the outstanding portion thereof), as determined by the Calculation Agent in its sole discretion, taking into account any incremental costs or benefits associated with partial termination of the Cross Currency Swap Transaction and the Credit Default Swap Transaction (which, in the case of the Credit Default Swap Transaction, shall be to the extent required to ensure that the relative leverage between the Notional Amount of the Credit Default Swap Transaction (as converted into ZAR at the EUR/ZAR FX rate applied on the Trade Date) and the Outstanding Principal Amount of the Securities is equal to four (4)), including *pro rata* reduction of the Reference Amounts of the Reference Entities and liquidation of the Charged Assets (the absolute value of all such relevant reductions of the Outstanding Principal Amount on any day, the **Unallocated Credit Event Adjustment Amount**).

Capitalised terms used but not defined in this paragraph 7 shall have the meanings given to such terms in paragraph 34 (*Definitions*) below.

- |     |                                   |  |
|-----|-----------------------------------|--|
| (a) | Interest Rate Basis:              | Floating Rate.   |
| (b) | Specified Interest Payment Dates: | <p>Subject to Condition CL4 (<i>Interest</i>), 20 March, 20 June, 20 September and 20 December in each year, commencing 20 September 2014 up to (and including) the Scheduled Maturity Date, subject to adjustment in accordance with the Business Day Convention, for the purposes of payment and accrual.</p> <p>If an Extension Notice has been given, the Securities will not continue to bear interest after the Scheduled Maturity Date and Condition CL4(a)(ii) (<i>Interest</i>) will not apply, provided that the Issuer shall pay to</p> |

the Securityholders the positive Deferred Interest Adjustment Amount (if any) on the Extended Maturity Date and the Extended Maturity Date shall be deemed to be an Interest Payment Date solely for such purposes.

- |     |   |  |
|-----|---|--|
| (c) | Interest Commencement Date:                           | Issue Date.  |
| (d) | Business Day Convention:                              | Modified Following Business Day Convention.  |
| (e) | Manner in which Rate of Interest is to be determined: | <p>ISDA Determination shall be applicable and the Rate of Interest shall be determined in the manner set out in Condition 7(b)(ii)(A) (<i>Rate of Interest</i>) on the basis of the following:</p> <p>(A) Floating Rate Option: ZAR-JIBAR-SAFEX.</p> <p>(B) Designated Maturity: 3 months provided that it shall be 1 month in respect of the initial Interest Period.</p> <p>(C) Margin: Plus 3.15 per cent.</p> <p>The Rate of Interest in respect of the initial Interest Period shall be 9.125 per cent.</p> |
| (f) | Additional Business Centre(s):                        | TARGET Settlement Days.  |
| (g) | Day Count Fraction:                                   | Actual/365 (Fixed).  |
| (h) | Reset Date:   | The first day of each Interest Period.   |

## PROVISIONS RELATING TO REDEMPTION

- |    |                    |   |
|----|--------------------|---|
| 8. | (a) Maturity Date: | <p>Notwithstanding Condition CL11 (<i>Final Redemption and Maturity Date</i>), the Securities shall be redeemed at their Outstanding Principal Amount on the Scheduled Maturity Date (on a <i>pro rata</i> and <i>pari passu</i> basis) less any amounts owing to the Counterparty under the Swap Agreement which remain unpaid on such date (the <b>Final Redemption Amount</b>), unless (a) the Counterparty has given an Extension Notice, (b) the Securities have previously been redeemed for tax reasons under Condition 8(b) (<i>Redemption for taxation reasons</i>), mandatorily under Condition 8(c) (<i>Mandatory Redemption</i>) (as amended), including at the option of the Counterparty following a Trigger Event, or purchased under Condition 9 (<i>Purchase</i>) or, as the case may be, are in the process of being so redeemed or purchased, or (c) an Event of Default has occurred under Condition 11 (<i>Events of Default</i>).</p> |
|----|--------------------|---|

The Counterparty may deliver an Extension Notice at any time prior to 11.00 a.m. (London time) on the first Business Day prior to the Scheduled Maturity Date. As soon as reasonably practicable after receiving an Extension Notice from the Counterparty, the Issuer shall inform the Securityholders in accordance with Condition 15 (*Notices*).

Following the delivery of an Extension Notice:

- (A) the Securities shall be redeemed at their Outstanding Principal Amount less an amount equal to the *pro rata* portion of the Withheld Principal Amount on the Scheduled Maturity Date; and
- (B) the Maturity Date in respect of the balance of the Outstanding Principal Amount shall be determined in accordance with the provisions of Condition CL11 (*Final Redemption and Maturity Date*). Accordingly, for the avoidance of doubt, Condition CL11 (*Final Redemption and Maturity Date*), shall apply, as amended by these Issue Terms.

- (b) Scheduled Termination Date: 20 June 2019.
- (c) Scheduled Maturity Date: The Scheduled Termination Date subject to adjustment in accordance with the Following Business Day Convention for the purposes of payment.
- (d) Early Redemption other than as a result of a Credit Event: In the event of the early redemption of the Securities as a result of: (i) an Event of Default or mandatory early redemption event under the Securities (including following a Trigger Event); (ii) an event of default, unscheduled early redemption or tax event in respect of any of the Charged Assets; or (iii) an Event of Default or Termination Event under the Swap Transaction (including, without limitation, following the designation of an Early Termination Date by the Counterparty as a result of a Volcker Illegality Event), the Securities will redeem at the ZAR Equivalent of:
  - (A) the net proceeds of liquidation of the Charged Assets and the Available Cash Amount; plus

- (B) the aggregate Termination Value of the Credit Default Swap Transaction and the Cross Currency Swap Transaction, each as determined by the Counterparty (where a positive amount represents an amount owing to the Issuer by the Counterparty and a negative amount represents an amount owing to the Counterparty by the Issuer), taking into account any unpaid Credit Event Adjustment Amounts; minus
- (C) any payments of taxes, company fees or payments due to the Trustee, Selling Agent, Calculation Agent and South African Paying Agent or any other payment that ranks senior to the Securities in priority of payment,

such amount, the **Early Redemption Amount**. Interest on the Securities will cease to accrue upon the occurrence of any of the events described above from the later of the previous Interest Payment Date or the Issue Date.

## CREDIT-LINKED PROVISIONS

9. The Securities are Auction Settled CLS. In the event of a Credit Event with respect to a Reference Entity and/or any Obligation of a Reference Entity which occurs on or prior to the Scheduled Termination Date and upon satisfaction of the Conditions to Settlement, the Outstanding Principal Amount of the Securities will be reduced as of the Event Determination Date in respect of that Credit Event in accordance with the definition thereof.

- (a) Reference Entities: Each Reference Entity contained in the Index from time to time and listed in the Relevant Annex, and any Successor thereto.  
  
Condition CL9 (*Succession Events*) of the Credit-Linked Securities Conditions Module shall not apply and any Successors to the Reference Entities shall be determined in accordance with the terms of the Credit Default Swap Transaction.
- (b) Reference Obligation: Each Reference Obligation, if any, set out opposite the relevant Reference Entity in the Relevant Annex, and any replacement Reference Obligation determined in accordance with the terms of the Credit Default Swap Transaction.
- (c) All Guarantees: Applicable.
- (d) Reference Amount: With respect to each Reference Entity, an amount in

Euros equal to (i) EUR 14,200,000 multiplied by (ii) the relevant Reference Entity Weighting.

- (e) Reference Entity Weighting: With respect to each Reference Entity, the percentage set out opposite the relevant Reference Entity in the Relevant Annex.
- (f) Credit Events: As determined in accordance with the terms of the Credit Default Swap Transaction.
- (g) Obligations: As determined in accordance with the terms of the Credit Default Swap Transaction.
- (h) Conditions to Settlement: With respect to each Reference Entity, the occurrence of an Event Determination Date to the extent that such Event Determination Date is not subsequently reversed prior to the Auction Final Price Determination Date, a Cash Settlement Date or the Scheduled Termination Date, as applicable.

Notifying Party: Counterparty.

Notice of Publicly Available Information: Applicable.

For the avoidance of doubt, and notwithstanding the foregoing, the Conditions to Settlement shall be deemed to be satisfied as described in the definition of Conditions to Settlement contained in the Credit-Linked Securities Definitions Module, including, without limitation, in the event that a Credit Event (other than Restructuring) occurs and a DC Credit Event Announcement is made, in which case an Event Determination Date will occur automatically without any requirement for the Counterparty to deliver a Credit Event Notice and/or a Notice of Publicly Available Information.

- (i) Partial Early Redemption as a result of a Credit Event:
  - (1) Where an Event Determination Date occurs, the Calculation Agent shall determine the Required Notional Amount, the Unadjusted Sale Notional Amount(s) and the Sale Notional Amount(s) in respect of that Event Determination Date and the Charged Assets.
  - (2) Immediately following the making of the determinations in sub-paragraph (1) above, the Calculation Agent shall deliver notice of the Required Notional Amount and of the Sale Notional Amount(s) for the relevant Charged Assets to the Issuer, the Trustee, the

Counterparty and the South African Paying Agent.

- (3) Upon notice of such determinations:
- (a) the Trustee shall release security over Charged Assets comprising any Available Cash Amount and a further amount of Charged Assets (selected by the Selling Agent in its sole discretion) in an outstanding principal amount equal to the relevant Sale Notional Amount for each series of Charged Assets and such Charged Assets shall be sold by the Selling Agent at the applicable Charged Asset Market Value as soon as reasonably practicable thereafter (and in no event later than the first Business Day preceding the relevant Cash Settlement Date). The net sale proceeds (following deduction of all costs and expenses in connection with such sale and, if applicable, converted into EUR at the spot rate prevailing at the relevant time) shall be paid into the EUR Cash Deposit Account and shall be applied (together with any Available Cash Amount) to meet the Issuer's obligations in respect of the Securities and the Charged Agreements. For the avoidance of doubt, in respect of any Event Determination Date, the Selling Agent shall liquidate Charged Assets comprising more than one series of securities if the Calculation Agent has notified the parties of a Sale Notional Amount for each such series; and
  - (b) the Issuer shall write down and cancel the Securities in an amount equal to the product of the Initial Principal Amount and the Reference Entity Weighting of the Reference Entity that is the subject of the Credit Event. The Outstanding Principal Amount of each Security

shall be reduced by such Security's *pro rata* share of such amount in accordance with the definition thereof, in each case as of such Event Determination Date. For the purposes of Condition CL6(II)(a) (*Cash Settlement*), the Cash Redemption Amount shall be zero and no payment shall be made in respect of such redemption other than the payment of any positive Credit Event Adjustment Amounts on the next following Interest Payment Date (to the extent not subsequently reduced by any negative Credit Event Adjustment Amounts).

- (j) Auction Settlement: Applicable.
- (k) Auction Settlement Date: Five Business Days immediately following the Auction Final Price Determination Date.
- (l) Fallback Settlement Method: Cash Settlement. For the purposes of the Credit-Linked Securities Modules, the Fallback Settlement Security Type shall be Portfolio CLS.
- (m) Valuation Date: (for purposes of Fallback Settlement Method only): With respect to each Reference Entity, the Valuation Date shall be any Business Day on or after the later of the Auction Cancellation Date, the No Auction Announcement Date and the Event Determination Date and on or before the 365th Business Day thereafter as selected by the Counterparty in its sole and absolute discretion.  
  
Where a Fallback Settlement Method Event has occurred, the Counterparty may, for the purposes of determining the Loss Amount in respect of any Reference Entity, in its sole and absolute discretion select prior to the Valuation Date one or more obligations for inclusion in the Valuation Portfolio in each case that (i) is a Reference Obligation of the relevant Reference Entity or (ii) would, with respect to the relevant Reference Entity, if Physical Settlement had been selected to apply, have constituted, with respect to such Reference Entity, a Deliverable Obligation satisfying the Deliverable Obligation Category and Deliverable Obligation Characteristics (each such selected obligation, a **Selected Obligation**).
- (n) Quotation Method: Bid.

- (o) Quotation Amount (for purposes of Fallback Settlement Method only): In respect of each Selected Obligation, an amount determined by the Counterparty in its sole and absolute discretion prior to the relevant Valuation Date provided that (a) the aggregate of all Quotation Amounts in respect of all Selected Obligations which comprise the Valuation Portfolio shall not exceed the Reference Amount for the relevant Reference Entity as at the relevant Event Determination Date (or its equivalent in the relevant Obligation Currency converted by the Counterparty by reference to exchange rates in effect at the time that the relevant Quotation is being obtained), and (b) the Quotation Amount and type of Selected Obligation shall be determined by the Counterparty in its sole and absolute discretion in accordance with the terms of the relevant Confirmation.
- (p) Quotations (for purposes of Fallback Settlement Method only): Exclude Accrued Interest.
- The Calculation Agent shall attempt to obtain Full Quotations from at least five Dealers one of whom may be the Counterparty or any affiliate thereof (collectively, the **Eligible Bidders**) with respect to the Valuation Date.
- If the Calculation Agent is unable to obtain from the Eligible Bidders two Full Quotations on the Valuation Date, then the Calculation Agent shall attempt to obtain Full Quotations from Eligible Bidders on each subsequent Business Day, until the date on which at least two Full Quotations are obtained.
- If the Calculation Agent is unable to obtain from the Eligible Bidders two Full Quotations on or before the third Business Day following the Valuation Date, then the Calculation Agent shall on each subsequent Business Day attempt to obtain (a) Full Quotations from Eligible Bidders and (b) (from the Counterparty and/or Dealers only) a Weighted Average Quotation.
- If the Calculation Agent is unable to obtain two Full Quotations from Eligible Bidders or (from the Counterparty and/or Dealers) a Weighted Average Quotation on or before the tenth Business Day following the Valuation Date, then the Calculation Agent shall on each subsequent Business Day attempt to obtain either (a) one Full Quotation from Eligible Bidders or (b) (from the Counterparty and/or Dealers) a Weighted Average Quotation.



		<p>If the Calculation Agent is unable to obtain one Full Quotation from an Eligible Bidder or (from the Counterparty and/or Dealers) a Weighted Average Quotation in the period from and including the eleventh Business Day following the Valuation Date to and including the fifteenth Business Day following the Valuation Date, the Final Price shall be deemed to be zero.</p>
(q)	Valuation Time:	11.00 a.m. in the principal trading market for the relevant Selected Obligation or such other time as selected by the Calculation Agent in its sole discretion.
(r)	Final Price:	If the Fallback Settlement Method applies, with respect to each Selected Obligation, the price of such Selected Obligation, expressed as a percentage, determined in accordance with the applicable Valuation Method (treating such Selected Obligation as the Reference Obligation for such purpose).
(s)	Weighted Average Final Price:	With respect to a Reference Entity and the related Final Price Calculation Date, the weighted average of the Final Prices determined for each Selected Obligation in the relevant Valuation Portfolio, weighted by reference to the Quotation Amount of each such Selected Obligation.
(t)	Dealers:	Each Dealer selected by the Counterparty.
(u)	Valuation Portfolio:	With respect to each Reference Entity in respect of which an Event Determination Date has occurred, the Selected Obligation(s) selected by the Counterparty in its sole and absolute discretion. If the Valuation Portfolio with respect to a Reference Entity comprises more than one Selected Obligation, then the Counterparty shall, in its sole and absolute discretion, allocate to each such Selected Obligation an amount of the outstanding principal balance (or the Currency Amount thereof) that, in aggregate, shall not exceed the Reference Amount in respect of the relevant Reference Entity.
(v)	Deliverable Obligation Category:	As determined in accordance with the terms of the Credit Default Swap Transaction.
(w)	Deliverable Obligation Characteristics:	As determined in accordance with the terms of the Credit Default Swap Transaction.
(x)	Trade Date:	25 July 2014.

## PROVISIONS RELATING TO SECURITY

### 10. Initial Charged Assets:

#### (a) Charged Assets 1:

Issuer:	JP Morgan Chase & Co
Rating:	A3/A-/A+
ISIN:	XS1064100115
Issuance Type:	Senior Unsecured
Currency:	EUR
Initial Principal Amount of Charged Assets 1:	EUR 1,775,000

#### (b) Charged Assets 2:

Issuer:	Bank of America Corporation
Rating:	Baa2/A-/A
ISIN:	XS1079726763
Issuance Type:	Senior Unsecured
Currency:	EUR
Initial Principal Amount of Charged Assets 2:	EUR 1,775,000

### 11. Substitution of Charged Assets:

- |     |   |                 |
|-----|---|-----------------|
| (a) | At the direction of the Counterparty pursuant to Condition 4(b)(i) ( <i>Substitution at direction of Counterparty</i> ):          | Not applicable. |
| (b) | At the direction of the Securityholders pursuant to Condition 4(b)(ii) ( <i>Substitution at the request of Securityholders</i> ): | Not applicable. |
| (c) | Substitution with Cash Collateral pursuant to Condition 4(b)(iii) ( <i>Substitution with Cash Collateral</i> ):                   | Applicable.     |

12. Charged Agreement:

- (a) Counterparty: Bank of America, National Association of 101 S. Tryon Street, Charlotte, NC 28255, USA.
- (b) Swap Agreement: A 1992 ISDA Master Agreement (Multicurrency – Cross Border) and Schedule thereto (in the form of the Swap Schedule Terms Module, March 2013 Edition) dated as of the Issue Date, as supplemented by (i) a confirmation evidencing a credit default swap transaction (the **Credit Default Swap Transaction**) and (ii) a confirmation evidencing a cross currency swap transaction (the **Cross Currency Swap Transaction**), each between the Issuer and the Counterparty (together, the **Swap Agreement**).
- (c) Counterparty's rights to assign and/or to delegate its rights and obligations under the Swap Agreement: The Counterparty may transfer (without the consent of any party or the Securityholders, but with notice to each of the Issuer, the Trustee and the Securityholders) its rights and obligations under the Swap Agreement to any subsidiary (direct or indirect) of Bank of America Corporation. As a consequence of any such transfer, the entity acting in the capacity of Calculation Agent may change, and the Calculation Agent may make such changes to the Transaction Documents as are necessary to reflect such changes, without the consent of the Securityholders, the Trustee or any other party.
- (d) Modifications to the Swap Agreement and other Transaction Documents in order to avoid a Volcker Illegality Event: Pursuant to the terms of the Swap Agreement, if the Counterparty determines, in its sole and absolute discretion, that, as a result of the implementation of the rules implementing Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the **Volcker Rule**), it is or is likely to become, in whole or in part, unlawful or illegal or otherwise contrary to the Volcker Rule for the Counterparty to perform its obligations under the Swap Agreement and/or any other Transaction Document to which it is a party or to continue its relationship with the Issuer (each a **Volcker Illegality Event**), then the Issuer and the Counterparty may agree to make such modifications to the Swap Agreement, or to take any other remedial action that the Counterparty may, in its sole and absolute discretion, determine to be commercially reasonable and necessary in order to ensure compliance with the Volcker Rule.

Provided that the criteria set out in (a) to (e) below are satisfied, then the Issuer and the Counterparty

may agree to use reasonable endeavours to make such modifications to the Swap Agreement, and the Calculation Agent, in turn, may use reasonable endeavours to make such modifications to the Issue Terms and/or any other Transaction Document as are necessary to reflect such modifications without the need for the consent of the Issuer, the Trustee, the Securityholders or any other party (and any such modification shall automatically be deemed not to be materially prejudicial to the interests of the Securityholders):

- (a) such modifications and/or other remedial action do not materially alter the economic substance of the transactions constituted by the Transaction Documents when considered as a whole;
- (b) such modifications and/or other remedial action will not require any party to withhold or deduct on account of any tax under any Transaction Document or to incur a loss other than immaterial, incidental expenses;
- (c) no termination event, mandatory redemption event or event of default (howsoever defined) will occur under any of the Transaction Documents as a result of such modifications and/or other remedial action;
- (d) no additional amount will be payable by the Issuer to the Counterparty as a result of such modifications and/or other remedial action; and
- (e) such modifications and/or other remedial action will not affect the operation of the limited recourse and non-petition provisions of the Swap Agreement or similar provisions in any other Transaction Documents.

Notwithstanding the foregoing, nothing herein shall affect the ability of the Issuer or the Counterparty to terminate the Swap Agreement as a result of the occurrence of an Illegality under (and as defined in) the Swap Agreement.

In addition, following the occurrence of a Volcker Illegality Event, the Counterparty may terminate the Swap Agreement if:

- (a) the Counterparty determines that it is either not possible or not commercially reasonable to modify the Swap Agreement to ensure compliance with the Volcker Rule;
- (b) the Counterparty or the Issuer determines that such proposed modifications or remedial action are not reasonably acceptable to it or the Counterparty's Credit Support Provider (if applicable);
- (c) the Issuer does not agree to make such modifications within 30 calendar days following written notification from the Counterparty of the occurrence of a Volcker Illegality Event; or
- (d) the Counterparty determines in its sole and absolute discretion that, notwithstanding any such modifications (if any), it would, for reasons outside of its control be impossible or impracticable for it or for its Credit Support Provider to comply with such laws or regulations or that it or its Credit Support Provider would be subject to a Volcker Illegality Event.

For the avoidance of doubt, any termination of the Swap Agreement in such circumstances would constitute a mandatory redemption event in respect of the Securities, resulting in the redemption of the Securities pursuant to Condition 8(c)(i) (*Redemption – Mandatory Redemption – Following Default under the Charged Assets or termination of a Charged Agreement*).

### 13. Security:

#### (a) Security Ranking Basis:

Counterparty Priority Basis, which means that the net proceeds of realisation of, or enforcement with respect to, the security constituted by the Trust Instrument (following payment of all amounts due to the Trustee in accordance with the Trust Instrument) shall be applied:

- (i) *first* in meeting the claims of the Counterparty; and
- (ii) *thereafter, pro rata and pari passu* in meeting the claims of the Securityholders.

- (b) Instructing Creditor: For the purposes of these Securities only, the Instructing Creditor shall be the Counterparty.
14. Custodian's account details: Account No. 831905 or such other account as may be advised by the Custodian from time to time (the **Custodian Account**).
15. Cash Deposit Account details: EUR Account No. 74669224 established with the Custodian in the name of Dolomite Capital Limited Series 7 EUR Principal Cash Account (the **EUR Cash Deposit Account**); and  
  
ZAR Account No. 74669283 established with the Custodian in the name of Dolomite Capital Limited Series 7 (the **ZAR Cash Deposit Account**),  
  
each assigned to HSBC Corporate Trustee Company (UK) Limited as Trustee to Dolomite Capital Limited.
16. Counterparty's Accounts details: As set out in the Charged Agreement.
17. Additional Charging Document: Not applicable.

#### **GENERAL PROVISIONS APPLICABLE TO THE SECURITIES**

18. New Global Note: No.
19. Last Day to Register: 9 March, 9 June, 9 September and 9 December in each year, commencing on 9 September 2014, up to the Scheduled Termination Date.
20. Books Closed Period: Each of the following, commencing on 10 September 2014, in each year up to the Scheduled Termination Date:
- (i) from (and including) 10 March to (and including) 20 March;
  - (ii) from (and including) 10 June to (and including) 20 June;
  - (iii) from (and including) 10 September to (and including) 20 September; and
  - (iv) from (and including) 10 December to (and including) 20 December,
- or such shorter periods as the Issuer may decide.
21. Form of Securities: The Securities are issued in uncertificated form and

held by Strate Limited (the **CSD**), a licensed central securities depositary in terms of the South African Financial Markets Act 2012.

22. Whether the Securities are a U.S. Series or a Non-U.S. Series: The Securities may not be offered or sold (by any person at any time up to the Maturity Date) to, or for the account or benefit of, a U.S. Person or to a person who is not a Non-United States Person (as defined in CFTC Rule 4.7 of the United States Commodity Futures Trading Commission) and may not be held otherwise than through the CSD.
23. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: Not applicable.
24. Currency of Issue: South African rand (**ZAR**).
25. Specified Denominations: ZAR 5,000,000 and integral multiples of ZAR 500,000 in excess thereof.
26. Whether the Issuer is able to purchase any of the Securities pursuant to Condition 9 (*Purchase*): Yes.
27. Rating: The Securities will not be rated.
28. Listing: Application has been made to the JSE for the Securities to be admitted to the Interest Rate Market by the Issuer, through the Debt Sponsor and Facilitation Agent (an authorised dealer approved by the South African Reserve Bank to deal in foreign exchange). There can be no assurance that any such admission will be obtained.
29. ISIN and instrument code: ZAG000118985 and DOL007.
30. Intended to be held in a manner which would allow Eurosystem eligibility: No.
31. Method of Distribution: Private placement.  
  
On the Issue Date, the Aggregate Outstanding Principal Amount of all Securities issued and outstanding under the Programme is equal to ZAR 229,000,000, and it includes the following:
  - (a) Series 2 ZAR 49,000,000 Limited Recourse Floating Rate Credit Linked Secured Notes due 2018;
  - (b) Series 3 ZAR 40,000,000 Limited Recourse Floating Rate Credit Linked Secured Notes

due 2018;

- (c) Series 4 ZAR 50,000,000 Limited Recourse Floating Rate Credit Linked Secured Notes due 2019;
- (d) Series 6 ZAR 40,000,000 Limited Recourse Secured Floating Rate Credit Linked Notes linked to Russia and Ukraine due 2019; and
- (e) Series 7 ZAR 50,000,000 Limited Recourse Floating Rate Credit Linked Secured Notes due 2019.

## AGENTS AND OTHER PARTIES

### 32. Party and specified office:

- (a) Trustee: HSBC Corporate Trustee Company (UK) Limited of Level 27, 8 Canada Square, London E14 5HQ.
- (b) South African Paying Agent: FirstRand Bank Limited, acting through its Rand Merchant Bank division, of 1 Merchant Place Cnr Fredman Drive and Rivonia Road Sandton, 2196, South Africa.
- (c) Custodian: HSBC Bank plc of 8 Canada Square, London E14 5HQ.
- (d) Calculation Agent and Agent Bank: Bank of America, National Association of 101 S. Tryon Street, Charlotte, NC 28255, USA.
- (e) Selling Agent: Bank of America, National Association of 101 S. Tryon Street, Charlotte, NC 28255, USA.
- (f) Issuer's Process Agent: Merrill Lynch International of 2 King Edward Street, London EC1A 1HQ.
- (g) Vendor: Bank of America, National Association of 101 S. Tryon Street, Charlotte, NC 28255, USA.
- (h) Debt Sponsor and Facilitation Agent: FirstRand Bank Limited acting through its Rand Merchant Bank division, of 1 Merchant Place Cnr Fredman Drive and Rivonia Road Sandton, 2196, South Africa.
- (i) Dealer: Merrill Lynch South Africa Proprietary Limited of Merrill Lynch Building, 138 West Street, Sandton, 2196, South Africa, acting pursuant to the South African Placing Agreement between the Issuer, Merrill Lynch International and the Dealer dated 22 April 2013 (the **South African Placing**



**Agreement).** Pursuant to the terms of the South African Placing Agreement, the Dealer has agreed to procure the subscription of the Securities.

- (j) South African Transfer Agent: FirstRand Bank Limited, acting through its Rand Merchant Bank division, of 1 Merchant Place Cnr Fredman Drive and Rivonia Road Sandton, 2196, South Africa.

## **ADDITIONAL TERMS**

The following additional terms shall be deemed to be added to the Conditions. To the extent that the Conditions are inconsistent with these additional terms, such Conditions shall not apply.

### **33. Amendments to the Conditions**

- (i) the title of Condition 8(c)(i) shall be deemed to be amended as follows: "Condition 8(c)(i) (*Mandatory Redemption - Following Payment Default under the Charged Assets, termination of a Charged Agreement or delivery of a Trigger Notice*)" and all references to such Condition shall be construed accordingly;
- (ii) the following provision shall be deemed to be added immediately following the end of subparagraph (D) of Condition 8(c)(i) (*Mandatory Redemption - Following Payment Default under the Charged Assets or termination of a Charged Agreement*) of the Bearer Securities Base Conditions Module:

"or

  - (E) a Trigger Notice has been delivered by the Counterparty to the Issuer, the Trustee and the Calculation Agent (regardless of whether or not the relevant Trigger Event referred to in such notice is then continuing),";
- (iii) Condition CL11(e) (*Final Redemption and Maturity Date*) shall be amended to read:

"If an Event Determination Date occurs on or prior to the Extended Maturity Date, redemption of the Securities shall be subject to and in accordance with the Condition CL6 (*Cash Settlement*) (as amended by the Issue Terms), otherwise the Securities will be redeemed at their Outstanding Principal Amount together with interest accrued in accordance with Condition 8(a) (*Final Redemption*).";
- (iv) The provisions of CL13(a) and (b) (*Amendments of the Conditions in accordance with Market Convention*) shall be deleted in their entirety;
- (v) As of the Protocol Effective Date, any reference to the the 2003 ISDA Credit Derivatives Definitions, as amended or supplemented from time to time, in the Conditions, shall be deemed to be a reference to the 2014 ISDA Credit Derivatives Definitions, as published by ISDA, provided that this change shall not apply with respect to any Reference Entity which is an ISDA Excluded Reference Entity.

For such purposes:

- (A) the **Excluded Reference Entity List** shall mean the list identified as such and published by ISDA on its website at [www.isda.org](http://www.isda.org) (or by other suitable means), as such list may be amended from time to time;
  - (B) the **Implementation Date** shall mean 22 September 2014, or such other date defined as the "Implementation Date" in a market wide protocol to be published by ISDA in relation to the implementation of the 2014 ISDA Credit Derivatives Definitions (the **2014 Credit Derivatives Definitions Protocol**), as determined by the Calculation Agent;
  - (C) an **ISDA Excluded Reference Entity** shall mean: (A) any entity listed as such in the Excluded Reference Entity List; or (B) a Reference Entity in respect of which an Event Determination Date has occurred prior to the Implementation Date;
  - (D) the **Protocol Effective Date** shall mean the Implementation Date provided that that Protocol Effective Date shall not occur unless and until the Protocol Effectiveness Condition has been satisfied; and
  - (E) the **Protocol Effectiveness Condition** shall have the meaning given to this term in the 2014 Credit Derivatives Definitions Protocol.
- (vi) As of the Protocol Effective Date, the Conditions shall be amended in respect of any Reference Entity which is not an ISDA Excluded Reference Entity as follows:
- (A) in Condition CL3(h) (*Notices*), the words "Section 1.14 (but excluding for the purposes of this paragraph, Section 1.14(a))" shall be deleted and replaced with the words "Section 1.15";
  - (B) the words "Restructuring Maturity Limitation and Fully Transferable Obligation" shall be replaced with the words "Mod R" whenever they appear in the Conditions;
  - (C) the words "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" shall be replaced with the words "Mod Mod R" whenever they appear in the Conditions; and
  - (D) Condition CL 6(II)(d)(iii) shall be deleted in its entirety and replaced with the following:
 

"(iii) a DC Credit Event Question Dismissal occurs; or".
- (vii) As of the Protocol Effective Date, if there is any inconsistency between the definitions set out in Condition 1 (*Definitions*) of the Credit-Linked Definitions Module and the terms of the Credit Default Swap Transaction in respect of any Reference Entity which is not an ISDA Excluded Reference Entity, the terms of the Credit Default Swap Transaction shall prevail. The Calculation Agent shall, acting in its sole discretion, interpret the definitions set out in Condition 1 (*Definitions*) of the Credit-Linked Definitions Module as necessary to eliminate any such inconsistency.

### 34. **Definitions**

**Available Cash Amount** means: (a) in respect of any Event Determination Date, the amount standing to the credit of the EUR Cash Deposit Account on the date on which the Calculation Agent

makes the determinations set out in paragraph 9(i)(1) of the Issue Terms following the Event Determination Date and only to the extent that such amount is applied towards payment of the related amount due to the Counterparty pursuant to the Swap Agreement; and (b) otherwise, the amount standing to the credit of the EUR Cash Deposit Account.

**CA Dealer** means a dealer in the relevant Charged Assets for which quotations are to be obtained (as selected by the Counterparty) and may include the Counterparty or its affiliate as one CA Dealer.

**Calculation Date** means with respect to a Reference Entity, the date on which the Final Price can first be determined in respect of all Selected Obligations in the relevant Valuation Portfolio.

**Cash Settlement Amount** means with respect to a Cash Settlement Date, the aggregate of the Loss Amount(s) for the related Final Price Calculation Date.

**Cash Settlement Date** means each date that is five Business Days after the relevant Final Price Calculation Date.

**Charged Asset Market Value** means, with respect to the relevant Charged Assets on any date of determination, the highest Charged Asset Quotation obtained by the Counterparty from a CA Dealer on such date. For such purposes, the Counterparty shall attempt to obtain Charged Asset Quotations from at least three CA Dealers (one of whom may be the Counterparty or an affiliate thereof). If no Charged Asset Quotation is obtained on any date of determination, the Charged Asset Market Value shall be determined by the Counterparty in its sole and absolute discretion.

**Charged Asset Quotation** means, with respect to the relevant Charged Assets, each bid price quotation (excluding accrued interest) obtained by the Counterparty from a CA Dealer and expressed as a percentage of par. For the avoidance of doubt, the Counterparty may obtain quotations for the Charged Assets in one single tranche or in smaller tranches as it considers appropriate.

**Credit Event Adjustment Amount** means, in respect of a Credit Event and a Loss Amount, the ZAR Equivalent (which may be positive or negative) of the sum of:

- (a) the sum of (i) the relevant Required Notional Amount multiplied by the Charged Assets liquidation price(s) expressed as a percentage of its par amount in EUR (in the case where the Calculation Agent has determined to liquidate more than one series of Charged Assets in relation to such Credit Event and Loss Amount, weighted by the proportion of each such series liquidated), as determined by the Counterparty and (ii) the Available Cash Amount; *minus*
- (b) the relevant Loss Amount; *plus*
- (c) the Partial Termination Value of the Cross Currency Swap Transaction (where a positive amount represents an amount owing to the Issuer by the Counterparty and a negative amount represents an amount owing to the Counterparty by the Issuer); *plus*
- (d) the Partial Termination Value of the Credit Default Swap Transaction (where a positive amount represents an amount owing to the Issuer by the Counterparty and a negative amount represents an amount owing to the Counterparty by the Issuer).

**Deferred Interest Adjustment Amount** means where in respect of an Interest Period, the Calculation Agent has determined that no Credit Event has occurred in respect of a Reference Entity that was the subject of an Undeclared Credit Event in a previous Interest Period (including where

there has been a relevant DC No Credit Event Announcement) (each such Interest Period in which such Undeclared Credit Event occurred, an **Undeclared Event Interest Period**, and the determination by the Calculation Agent that no Credit Event has actually occurred, a **Non Credit Event Determination**), the **Deferred Interest Adjustment Amount** shall be an amount equal to: (a) the Unadjusted Interest Amount that would have been calculated in respect of each **Undeclared Event Interest Period** if the **Non Credit Event Determination** had occurred in the relevant Undeclared Event Interest Period; minus (b) the Unadjusted Interest Amount calculated in respect of the relevant Undeclared Event Interest Period.

**Extension Notice** means a notice from the Counterparty to the Issuer (copied to the Trustee, the South African Paying Agent) and the Calculation Agent giving notice that one or more Unsettled Credit Events or Undeclared Credit Event may exist on the Scheduled Termination Date. An Extension Notice shall be subject to the requirements regarding notices set out in Condition CL3 (*Notices*).

**Final Price Calculation Date** means either (a) the date on which the Auction Final Price is determined or (b) if the Fallback Settlement Method applies, with respect to a particular Selected Obligation, the Calculation Date.

**Index** has the meaning ascribed to such term in the Credit Default Swap Transaction.

**Index Sponsor** has the meaning ascribed to such term in the Credit Default Swap Transaction.

**Index Publisher** has the meaning ascribed to such term in the Credit Default Swap Transaction.

**Initial EUR Principal Amount** means EUR 3,550,000.

**Initial Principal Amount** means ZAR 50,000,000.

**Loss Amount** means with respect to a Reference Entity and a Final Price Calculation Date, an amount in EUR calculated on that Final Price Calculation Date equal to: (a) 100% minus either (i) the Auction Final Price or (ii) if the Fallback Settlement Method applies, the Weighted Average Final Price for that Reference Entity as of such Final Price Calculation Date; multiplied by (b) the Reference Amount for that Reference Entity as at the relevant Event Determination Date, subject to a minimum of zero.

**Outstanding Principal Amount** means:

- (a) on any day on or prior to the Scheduled Termination Date, the Initial Principal Amount *minus* the sum of: (i) the product of: (A) the Initial Principal Amount; and (B) the Reference Entity Weighting of all Reference Entities in respect of which an Event Determination Date has occurred; and (ii) the Unallocated Credit Event Adjustment Amount in respect of such day (determined in accordance with paragraph 7 above); and
- (b) on any date after the Scheduled Maturity Date, the Withheld Principal Amount *plus* (i) with respect to each Unsettled Credit Event, the relevant Credit Event Adjustment Amount; *minus* (ii) with respect to each Undeclared Credit Event, the ZAR Equivalent of any Loss Amounts (if any) incurred after the Note Redemption Date (such amount, the **Deferred Redemption Amount**),

in each case, subject to a minimum of zero and calculated to and including such day.

**Partial Termination Value** means the Termination Value that is determined in respect of a partial termination of the Cross Currency Swap Transaction and/or Credit Default Swap Transaction (as applicable) as a result of an Event Determination Date, provided that solely for the purposes of calculating the Partial Termination Value of the Cross Currency Swap Transaction, any reduction in the scheduled amounts payable by Party A and Party B under the Cross Currency Swap Transaction as a consequence of such Event Determination Date shall be deemed not to have been effected.

**Relevant Annex** means the list for the relevant Index with the Annex Date of 18 March 2014, as published by the Index Publisher (which can be accessed currently at <http://www.markit.com>).

**Required Notional Amount** means, with respect to a Reference Entity and an Event Determination Date, an amount in EUR equal to:

- (a) the product of (i) the Reference Entity Weighting of the Reference Entity and (ii) the Initial EUR Principal Amount; *less*
- (b) the Available Cash Amount.

**Sale Notional Amount** means, with respect to a Reference Entity, an Event Determination Date and each series of Charged Assets that the Calculation Agent has determined to liquidate in relation to such Reference Entity and Event Determination Date, a nominal amount of that series of Charged Assets as determined by the Calculation Agent in its sole discretion (the **Unadjusted Sale Notional Amount**) such that the sum of the nominal amounts in respect of all Charged Assets that the Calculation Agent has determined to liquidate in relation to such Reference Entity and Event Determination Date is equal to the Required Notional Amount, provided that:

- (a) if that Unadjusted Sale Notional Amount is not an integral multiple of the authorised denomination of the relevant series of Charged Assets, the Sale Notional Amount shall be the nearest integral multiple of the authorised denomination of such series of Charged Assets, as rounded up by the Calculation Agent; and
- (b) where the Sale Notional Amount as so determined would exceed the then aggregate outstanding principal amount of that series of Charged Assets, the Sale Notional Amount shall mean such outstanding principal amount of such series of Charged Assets.

For the avoidance of doubt, the Calculation Agent may select which Charged Assets and in what proportion to liquidate in relation to any Event Determination Date in its sole discretion.

**Swap Transaction** means each of: (a) the Credit Default Swap Transaction; and (b) the Cross Currency Swap Transaction.

**Termination Value** means in respect of a Swap Transaction and any date of determination, the amount in ZAR which the Counterparty would pay to the Issuer (expressed as a positive amount) or require the Issuer to pay to the Counterparty (expressed as a negative amount) assuming that such date was an Early Termination Date (in respect of such Swap Transaction only) under the Swap Agreement. Such amount shall be determined by reference to the amount which the Issuer would be required to pay (or receive, as applicable) to enter into a transaction with a market dealer that would have the effect of preserving for the Issuer the economic equivalent of any payment or delivery (whether the underlying obligation was absolute or contingent and assuming the satisfaction of each applicable condition precedent) by the parties under Section 2(a)(i) of the relevant Swap Agreement that would have been required after the relevant date.

**Trigger Event** means, on any day, that either of the following circumstances has occurred (and provided that any such event need not be continuing at the time at which the Trigger Notice is delivered) as determined by the Counterparty in its sole and absolute discretion:

- (a) the sum of: (i) the aggregate Termination Values of the Credit Default Swap Transaction and the Cross Currency Swap Transaction, taking into account any unpaid Credit Event Adjustment Amounts; *plus* (ii) the ZAR Equivalent of the weighted average of the amounts for the Charged Assets each equal the product of: (A) the Charged Asset Market Value for the relevant Charged Assets; and (B) the current remaining principal amount of those Charged Assets, is (or was) equal to or less than 50 per cent. of the Outstanding Principal Amount as of such day; and/or
- (b) the weighted average of the Charged Asset Market Values for all Charged Assets is (or was) less than or equal to 65 per cent.

**Trigger Notice** means a written notice (which may be given by email or facsimile) delivered to the Issuer, the Calculation Agent and the Trustee by the Counterparty (which it may elect to do so or not, in its absolute discretion) following the occurrence of a Trigger Event, specifying that a Trigger Event has occurred, the date of such occurrence and whether such Trigger Event falls under subparagraph (a) or (b) of the definition thereof.

**Undeclared Credit Events** means as of the relevant date of determination and as determined by the Calculation Agent, in respect of a Reference Entity a Credit Event under the Credit Default Swap may have occurred and an Event Determination Date under the Credit Default Swap has not occurred but the Conditions to Settlement could be satisfied.

**Underlying Obligor** means, in respect of a Charged Asset, the issuer of such Charged Asset.

**Unsettled Credit Events** means, as of the relevant date of determination, as determined by the Calculation Agent in respect of a Reference Entity: (i) a Loss Amount has been determined but is not yet due to be paid under the Credit Default Swap Transaction or (ii) an Event Determination Date under the Credit Default Swap Transaction has occurred on or prior to the Scheduled Termination Date but the Loss Amount (if any) is still to be determined.

**Withheld Principal Amount** means, as of the Scheduled Maturity Date, an amount equal to the ZAR Equivalent of the maximum amount (determined by the Calculation Agent on such date making such provision for future currency rate fluctuations as it may deem appropriate) that could be required for the Issuer to meet its obligations under the Swap Agreement in relation to any Undeclared Credit Events and/or Unsettled Credit Events (taking into account any available positive Credit Event Adjustment Amounts).


**ZAR Equivalent** means in respect of any amount in EUR on any date, the amount of ZAR determined by the Calculation Agent by applying the the relevant then-prevailing spot rate of exchange.

### 35. **Purpose of these Issue Terms**

These Issue Terms comprise the final terms required for issue and admission to trading on the Interest Rate Market of the JSE Limited of the Securities described herein pursuant to the Issuer's ZAR 1,000,000,000 Limited Recourse Secured Debt Issuance Programme.

Application is hereby made to list this issue of Securities pursuant to the Issuer's ZAR 1,000,000,000 Limited Recourse Secured Debt Issuance Programme.

SIGNED at Grand Cayman this 19<sup>th</sup> day of Aug 2014  
For and on behalf of  
**DOLOMITE CAPITAL LIMITED**  
(as Issuer)

  
\_\_\_\_\_  
Name:  
Capacity: **Alex McCoy**  
**Director**

  
\_\_\_\_\_  
Name:  
Capacity: **Helen Fowler**  
**Director**

## FORM OF CREDIT DEFAULT SWAP CONFIRMATION

**BANK OF AMERICA, NATIONAL ASSOCIATION  
101 SOUTH TRYON  
CHARLOTTE  
NORTH CAROLINA**

20 August 2014

DOLOMITE CAPITAL LIMITED  
At the offices of Intertrust Corporate Services (Cayman) Limited  
190 Elgin Avenue  
George Town  
Grand Cayman KY1-9005  
Cayman Islands

RE: iTraxx® Europe Index Series 21 Version 1 Transaction (in relation to the issuance by Party B of its  
Series 7 securities)  
Ref: 14CR150907 and 61457837

Dear Sir or Madam,

The purpose of this communication (this **Confirmation**) is to set forth the terms and conditions of the Credit Derivative Transaction entered into on the Trade Date specified below (the **Transaction**) between Bank of America, N.A. (**Party A**) and Dolomite Capital Limited (**Party B**). This Confirmation constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below.

Subject to paragraph 9 (*Transition to the 2014 ISDA Credit Derivatives Definitions*) below, the definitions and provisions contained in the 2003 ISDA Credit Derivatives Definitions as supplemented by the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (published on July 14, 2009), each as published by the International Swaps and Derivatives Association, Inc. (**ISDA**) (together, the **Credit Derivatives Definitions**), are incorporated into this Confirmation. In the event of any inconsistency between the Credit Derivatives Definitions and this Confirmation, this Confirmation will govern.

The Transaction relates to a basket of Reference Entities (as described below). Each settlement in respect of a Reference Entity following a Credit Event will terminate only the corresponding portion of the Transaction, as outlined below. Without prejudice to Section 3.9 of the Credit Derivatives Definitions, upon the occurrence of an Event Determination Date with respect to a Reference Entity, additional Credit Events with respect to that Reference Entity will not have any effect on the Transaction (a) unless that Reference Entity subsequently becomes a Successor to another Reference Entity in respect of which an Event Determination Date has not occurred and (b) except as otherwise provided in the "Successors" provision below. The Transaction contemplates that there may be more than one Credit Event and accordingly more than one Event Determination Date and more than one settlement and that the Credit Derivatives Definitions (and in particular the definition of Termination Date) should, for the purposes of the Transaction, be interpreted accordingly.



This Confirmation supplements, forms a part of, and is subject to, the ISDA Master Agreement dated as of 20 August 2014, as amended and supplemented from time to time, between Party A and Party B (the **Agreement**). This Confirmation relates to the issue by Party B of its Series 7 ZAR 50,000,000 Limited Recourse Floating Rate Credit Linked Secured Notes due 2019 (the **Securities**). Notwithstanding Part 5(h) of the Swap Schedule Terms Module, March 2013 Edition, the Agreement (including the Transaction evidenced by this Confirmation) constitutes a single agreement for the purpose of Section 1(c) of the Agreement. All provisions contained in, or incorporated by reference in, the Agreement shall govern this Confirmation except as expressly modified below. Any terms used in this Confirmation and not otherwise defined herein shall be deemed to have the meanings given to them in the trust instrument dated 20 August 2014 (as amended and/or supplemented from time to time) between, *inter alios*, Party B and HSBC Corporate Trustee Company (UK) Limited and relating to the Securities.

The terms of the Transaction to which this Confirmation relates are as follows:

**1. GENERAL TERMS:**

<b>Trade Date:</b>	25 July 2014.
<b>Effective Date:</b>	20 June 2014.
<b>Scheduled Termination Date:</b>	20 June 2019.
<b>Termination Date:</b>	The Scheduled Termination Date; provided that: <ul style="list-style-type: none"> <li>(a) if the Outstanding Swap Notional Amount is reduced to zero prior to the Scheduled Termination Date, the Termination Date shall be the Cash Settlement Date relating to the Loss Amount that causes the Outstanding Swap Notional Amount to be reduced to zero; and</li> <li>(b) if the last Cash Settlement Date occurs after the Scheduled Termination Date, the Termination Date shall be such later date.</li> </ul>
<b>Floating Rate Payer:</b>	Party B (the <b>Seller</b> ).
<b>Fixed Rate Payer:</b>	Party A (the <b>Buyer</b> ).
<b>Original Notional Amount:</b>	EUR 14,200,000.
<b>Notional Amount:</b>	The Original Notional Amount, as may be adjusted from time to time to reflect partial terminations in accordance with Paragraph 6 ( <i>Partial Termination</i> ) below (it being understood that such adjustment may give rise to a payment obligation under the provisions of Paragraph 6 ( <i>Partial Termination</i> )) which shall be satisfied in accordance with those provisions.

<b>Reference Entity Weighting:</b>	With respect to a Reference Entity, the percentage set out opposite such Reference Entity in the Relevant Annex under "Weighting".
<b>Reference Amount:</b>	With respect to a Reference Entity, (a) the Reference Entity Weighting for such Reference Entity multiplied by (b) the Original Notional Amount, subject to adjustment as provided in section 2.2(e) of the Credit Derivative Definitions, as modified by the "Successors" provision below.
<b>Calculation Agent:</b>	Party A.
<b>Calculation Agent City:</b>	London.
<b>Business Day:</b>	London and TARGET Settlement Day.
<b>Business Day Convention:</b>	Following (which, subject to Sections 1.4 and 1.6 of the Credit Derivatives Definitions, shall apply to any date referred to in this Confirmation that falls on a day that is not a Business Day).
<b>Index:</b>	iTraxx® Europe Index Series 21 Version 1.
<b>Index Publisher:</b>	Markit Group Limited, or any replacement therefor appointed by the Index Sponsor for purposes of officially publishing the Index.
<b>Relevant Annex:</b>	The list for the Index with the relevant Annex Date, as published by the Index Publisher (which can be accessed currently at <a href="http://www.markit.com">http://www.markit.com</a> ).
<b>Annex Date:</b>	18 March 2014.
<b>Index Sponsor:</b>	International Index Company Ltd., or any successor thereto.
<b>Reference Entities:</b>	Subject to Paragraph 5(c) below, each Reference Entity contained in the Index and listed in the Relevant Annex, and any Successor to a Reference Entity either (a) in respect of which ISDA publicly announces on or following the earlier of the Effective Date and the Trade Date that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Succession Event Resolution Request Date, a Successor in accordance with the Rules or (b) in the event that ISDA does not make such an announcement, identified by the Index Sponsor on or following the earlier of the Effective Date and the Trade Date.

**Reference Obligation(s):**

The Reference Obligation(s), if any, set out opposite the relevant Reference Entity in the Relevant Annex, subject to Section 2.2(d) and Section 2.30 of the Credit Derivatives Definitions and the following paragraph:

If the Index Sponsor publishes a replacement Reference Obligation for a Reference Entity or one or more Reference Obligation(s) for a Reference Entity in connection with a Succession Event, the Calculation Agent shall select such Reference Obligation(s) as the Reference Obligation(s) hereunder for such Reference Entity rather than applying the provisions of Sections 2.2(d) or 2.30 of the Credit Derivatives Definitions.

**All Guarantees:**

Applicable.

**2. FIXED PAYMENTS:**

**Fixed Rate Payer Calculation Amount:**

For any Fixed Rate Payer Calculation Period, an amount equal to the Outstanding Swap Notional Amount determined on the last day of the Fixed Rate Payer Calculation Period.

**Outstanding Swap Notional Amount:**

At any time on any day, the greater of:

- (a) zero; and
- (b) an amount equal to (i) the Original Notional Amount minus (ii) the sum of the Reference Amounts of all Reference Entities in respect of which Event Determination Dates have occurred.

**Fixed Rate Payer Payment Dates:**

The 20th day of March, June, September and December in each year up to and including 20 June 2019. The first Fixed Rate Payer Payment Date will occur on the Initial Fixed Rate Payer Payment Date and the last Fixed Rate Payer Payment Date will occur on the earlier to occur of the Scheduled Termination Date and the Termination Date.

Section 2.10 of the Credit Derivatives Definitions is amended by deleting the last four lines thereof, beginning with ", provided".

**Initial Fixed Rate Payer Payment Date:**

20 September 2014.

**Fixed Rate Payer Calculation Period:**

Each period from, and including, one Fixed Rate Payer Payment Date to, but excluding, the next following Fixed Rate Payer Payment Date, except that (a) the initial Fixed Rate Payer Calculation Period will commence on, and include, the First Payment Period Accrual Start Date and (b) the final Fixed Rate Payer Calculation Period will end on, and include, the earlier to occur of the Scheduled Termination Date and the Calculation Date on which the Outstanding Swap Notional Amount is reduced to zero.

Section 5.4 of the Credit Derivatives Definitions is amended by deleting the lines of that section starting with the words "or, in the case of the final Fixed Rate Payer Calculation Period" until the end of that paragraph and replacing them with the following:

"or, in in the case of the final Fixed Rate Payer Calculation Period, ending on, and including, the earlier to occur of the Scheduled Termination Date and the Calculation Date on which the Outstanding Swap Notional Amount is reduced to zero".

**First Payment Period Accrual Start Date:**

20 June 2014.

**Fixed Rate:**

1.00% per annum.

**Fixed Rate Day Count Fraction:**

Actual/360.

**Additional Fixed Amounts:**

Where in respect of a Fixed Rate Payer Calculation Period, the Calculation Agent has determined that no Credit Event has occurred in respect of a Reference Entity that was the subject of an Undeclared Credit Event in a previous Fixed Rate Payer Calculation Period (including where there has been a relevant DC No Credit Event Announcement) (each such Fixed Rate Payer Calculation Period in which such Undeclared Credit Event occurred, an **Undeclared Event Interest Period**, and the determination by the Calculation Agent that no Credit Event has actually occurred, a **Non Credit Event Determination**), on the relevant Fixed Rate Payer Payment Date, Buyer will pay to Seller an

additional Fixed Amount equal to (a) the Fixed Amount that would have been calculated in respect of such Undeclared Event Interest Period(s) if the Non Credit Event Determination had occurred in the relevant Undeclared Event Interest Period means (b) the Fixed Amount calculated in respect of the relevant Undeclared Event Interest Period

### 3. FLOATING PAYMENTS:

**Notice of Publicly Available Information Condition to Settlement:**

Applicable

**Credit Events:**

The following Credit Event(s) shall apply:

Bankruptcy

Failure to Pay

Payment Requirement: USD1,000,000

Grace Period Extension: Not applicable

Restructuring

Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: Applicable, provided that Modified Restructuring Limitation and Conditionally Transferable Obligation shall not apply if the Reference Entity is specified as a "Subordinated Insurer" in the Relevant Annex.

Default Requirement: USD10,000,000

**Obligation(s):**

<i><b>Obligation Category</b></i>	<i><b>Obligation Characteristics</b></i>
Borrowed Money	None

### 4. SETTLEMENT TERMS:

#### 4.1 General

**Settlement Method:**

Auction Settlement

**Fallback Settlement Method:**

Cash Settlement as modified hereby.

**Settlement Currency:** EUR

**Currency Amount:** Section 8.9 of the Credit Derivatives Definitions is deleted and replaced in its entirety by the following:

""Currency Amount" means, whenever an amount is specified to be determined by reference to a Currency Amount, (a) where such amount is denominated in the Settlement Currency, such amount and (b) where such amount is denominated in a currency other than the Settlement Currency, such amount converted to the Settlement Currency using the Currency Rate."

For the avoidance of doubt, where the Currency Amount of the outstanding principal balance of any Selected Obligation, plus the Currency Amount of the outstanding principal balance of any of the same Selected Obligation on any earlier date, exceeds the portion of the Quotation Amount attributable to that Selected Obligation, the excess shall be ignored for the purposes of calculating the relevant Quotation Amount and Weighted Average Final Price.

#### **4.2 Terms relating to Auction Settlement:**

Section 12.1 of the Credit Derivatives Definitions is deleted in its entirety and replaced with the following:

"If "Auction Settlement" is specified as the Settlement Method and an Event Determination Date occurs on or prior to the Auction Final Price Determination Date, Seller shall pay to Buyer the Cash Settlement Amount (if any) on the Cash Settlement Date. Without prejudice to the foregoing, but without duplication of settlement, if (a) an Auction Cancellation Date occurs, (b) a No Auction Announcement Date occurs (and, in circumstances where such No Auction Announcement Date occurs pursuant to Section 12.12(b), neither party has exercised the Movement Option), (c) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, not to determine the matters described in Section 1.24(a) and (b) or (d) an Event Determination Date was determined pursuant to Section 1.8(a)(i) and no Credit Event Resolution Request Date has occurred on or prior to the date falling three Business Days after such Event Determination Date, the parties shall, subject to Section 3.1, perform their respective payment obligations in accordance with the Fallback Settlement Method."

#### **4.3 Terms relating to Auction Settlement and, if the Fallback Settlement Method is applicable to a Reference Entity, Cash Settlement:**

**Cash Settlement Date:** With respect to a Reference Entity and a Calculation Date falling within (a) of the definition of Calculation Date, the related Auction Settlement Date. With respect to a Reference Entity and a

Calculation Date falling within (b) of the definition of Calculation Date, each date that is five Business Days after the relevant Calculation Date.

**Cash Settlement Amount:**

With respect to a Cash Settlement Date, the aggregate of the Loss Amount(s) for the related Calculation Date.

**Calculation Date:**

With respect to a Reference Entity (a) for which there is an Auction Final Price Determination Date, such Auction Final Price Determination Date, and (b) otherwise, the Business Day on which the Final Price can first be determined in respect of all Selected Obligations in the relevant Valuation Portfolio.

**Calculations:**

If any day is a Calculation Date with respect to more than one Reference Entity, the Loss Amount and the Outstanding Swap Notional Amount with respect to each Reference Entity shall be calculated chronologically in the order that either of the following events occurred with respect to such Reference Entities: (i) the Credit Event Resolution Request Date (provided that if a Credit Event Resolution Request Date occurs in respect of more than one such Reference Entity on the same day, the first Reference Entity in respect of which ISDA announces that the relevant notice to ISDA was effective, and on which the relevant Credit Derivatives Determinations Committee was in possession of the relevant Publicly Available Information, in each case in accordance with Section 1.24 of the Credit Derivatives Definitions shall be deemed to have satisfied this condition first) or (ii) the delivery of the Credit Event Notice (provided that if any of the relevant Credit Event Notices are delivered at the same time, in a sequential order determined by the Calculation Agent).

For the avoidance of doubt, with respect to the same Reference Entity, there may be more than one Calculation Date, Loss Amount, Cash Settlement Amount and Cash Settlement Date.

**Loss Amount:**

With respect to a Reference Entity and a Calculation Date, an amount calculated on that Calculation Date equal to: (a) 100% minus either (i) the Auction Final Price or (ii) if the Fallback Settlement Method applies, the Weighted Average Final Price for that Reference Entity as of such Calculation Date; multiplied by (b) the Reference Amount for that Reference Entity as at the relevant

Event Determination Date, subject to a minimum of zero.

**4.4 Terms relating to Cash Settlement (if the Fallback Settlement Method is applicable to a Reference Entity):**

<b>Valuation Date:</b>	With respect to each Reference Entity, the Valuation Date shall be any Business Day on or after the later of the Auction Cancellation Date, the No Auction Announcement Date and the Event Determination Date and on or before the 365th Business Day thereafter as selected by the Buyer in its sole and absolute discretion.
<b>Valuation Time:</b>	11.00 a.m. in the principal trading market for the relevant Selected Obligation or such other time as selected by the Calculation Agent in its sole discretion.
<b>Valuation Method:</b>	Highest.
<b>Selected Obligation:</b>	One or more obligations for inclusion in the Valuation Portfolio by Buyer in its sole and absolute discretion, in each case that (i) is a Reference Obligation of the relevant Reference Entity or (ii) that would, with respect to the relevant Reference Entity, if Physical Settlement had been selected to apply, have constituted, with respect to such Reference Entity, a Deliverable Obligation satisfying the Deliverable Obligation Category and Deliverable Obligation Characteristics.
<b>Valuation Portfolio:</b>	With respect to each Reference Entity in respect of which an Event Determination Date has occurred, the Selected Obligation(s) selected by the Buyer in its sole and absolute discretion. If the Valuation Portfolio with respect to a Reference Entity comprises more than one Selected Obligation, then the Buyer shall, in its sole and absolute discretion, allocate to each such Selected Obligation an amount of the outstanding principal balance (or the Currency Amount thereof) that, in aggregate, shall not exceed the Reference Amount in respect of the relevant Reference Entity.
<b>Quotation Method:</b>	Bid.
<b>Quotation Amount:</b>	In respect of each Selected Obligation, an amount determined by the Buyer in its sole and absolute discretion prior to the relevant Valuation Date provided that (a) the aggregate of all Quotation Amounts in respect of all Selected Obligations



which comprise the Valuation Portfolio shall not exceed the Reference Amount for the relevant Reference Entity (or its equivalent in the relevant Obligation Currency converted by the Buyer by reference to exchange rates in effect at the time that the relevant Quotation is being obtained), and (b) the Quotation Amount and type of Selected Obligation shall be determined by the Buyer in its sole and absolute discretion.

#### **Quotations:**

Exclude Accrued Interest.

The Calculation Agent shall attempt to obtain Full Quotations from at least five Dealers one of whom may be the Buyer or any affiliate thereof (collectively, the **Eligible Bidders**) with respect to the Valuation Date.

If the Calculation Agent is unable to obtain from the Eligible Bidders two Full Quotations on the Valuation Date, then the Calculation Agent shall attempt to obtain Full Quotations from Eligible Bidders on each subsequent Business Day, until the date on which at least two Full Quotations are obtained.

If the Calculation Agent is unable to obtain from the Eligible Bidders two Full Quotations on or before the third Business Day following the Valuation Date, then the Calculation Agent shall on each subsequent Business Day attempt to obtain (a) Full Quotations from Eligible Bidders and (b) (from Buyer and/or Dealers only) a Weighted Average Quotation.

If the Calculation Agent is unable to obtain two Full Quotations from Eligible Bidders or (from the Counterparty and/or Dealers) a Weighted Average Quotation on or before the tenth Business Day following the Valuation Date, then the Calculation Agent shall on each subsequent Business Day attempt to obtain either (a) one Full Quotation from Eligible Bidders or (b) (from Buyer and/or Dealers) a Weighted Average Quotation.

If the Calculation Agent is unable to obtain one Full Quotation from an Eligible Bidder or (from Buyer and/or Dealers) a Weighted Average Quotation in the period from and including the eleventh Business Day following the Valuation Date to and including the fifteenth Business Day following the Valuation Date, the Final Price shall be deemed to be zero.

**Final Price:**

Notwithstanding Section 7.4 of the Credit Derivatives Definitions, with respect to each Selected Obligation, the price of such Selected Obligation, expressed as a percentage, determined in accordance with the applicable Valuation Method (treating such Selected Obligation as the Reference Obligation for such purpose and for purposes of other relevant provisions of Article VII or Section 9.8 of the Credit Derivatives Definitions, as applicable).

**Weighted Average Final Price:**

With respect to a Reference Entity and the related Calculation Date, the weighted average of the Final Prices determined for each Selected Obligation in the relevant Valuation Portfolio, weighted by reference to the Quotation Amount of each such Selected Obligation.

**Deliverable Obligations:**

Exclude Accrued Interest.

<i>Deliverable Obligation Category</i>	<i>Deliverable Obligation Characteristics</i>
Bond or Loan	<p>Not Subordinated</p> <p>Specified Currency:</p> <p>Standard Specified Currencies</p> <p>Not Contingent</p> <p>Assignable Loan</p> <p>Consent Required Loan</p> <p>Transferable</p> <p>Maximum Maturity: 30 years</p> <p>Not Bearer</p>

**Escrow:**

Applicable.

**5. ADDITIONAL PROVISIONS:**

- (a) Section 2.31 of the Credit Derivatives Definitions shall not apply.
- (b) Notwithstanding anything to the contrary in the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (published on July 14, 2009), Section 3.9 of the Credit Derivatives Definitions is deleted and replaced in its entirety by the following:

**"Credit Event Notice After Restructuring.**

- (a) In the event that Restructuring is the only Credit Event specified in a Credit Event Notice, the Notifying Party shall specify the portion (an **Exercise Amount**) of the Reference Amount in respect of which the Conditions to Settlement are being satisfied in such Credit Event Notice. Such Exercise Amount shall be determined in the sole discretion of the Notifying Party but shall be an amount that is at least EUR 1,000,000 or an integral multiple thereof or the entire then outstanding Reference Amount. In no case may the Exercise Amount exceed the Reference Amount.
- (b) For the purposes of Paragraph 4 (*Settlement Terms*) the Reference Amount of the relevant Reference Entity shall be deemed to be the Exercise Amount.
- (c) In the event that the Conditions to Settlement are satisfied with respect to any Reference Entity following a Restructuring and the Exercise Amount is less than the relevant Reference Amount, that Reference Entity shall continue to be a Reference Entity for the purposes of the Transaction and:
  - (i) shall have a Reference Amount equal to its Reference Amount immediately prior to the relevant Event Determination Date minus that Exercise Amount; and
  - (ii) the Conditions to Settlement may be satisfied on one or more future occasions in accordance with this Section 3.9 with respect to that Reference Entity (including without limitation, with respect to a Restructuring in relation to which a Settlement Date has already occurred on one or more previous occasions), provided in each case that the Reference Entity Weighting of that Reference Entity prior to such satisfaction is greater than zero."
- (c) In the event of any inconsistency between the Relevant Annex and the Index published by the Index Sponsor, the Relevant Annex shall govern.
- (d) The Relevant Annex will be deemed amended from time to time to reflect any modifications required under Section 2.2 and 2.30 of the Credit Derivatives Definitions (as amended hereby) and "Reference Obligation(s)" and "Successors" provisions above.
- (e) Each party shall be deemed, as of the Trade Date:
  - (A) to represent to the other party that it is entering into the Transaction for investment, financial intermediation, hedging or other commercial purposes; and
  - (B) to agree with the other party that, so long as either party has or may have any obligation to the other party under the Transaction:
    - (1) Non-reliance  
  
It is acting for its own account, and it has made its own independent decisions to enter into the Transaction and as to whether such Transaction is appropriate or proper for it based upon its own judgement and upon advice from such advisors as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or

as a recommendation to enter into such Transaction; it being understood that information and explanations related to the terms and conditions of such Transaction shall not be considered investment advice or a recommendation to enter into such Transaction. It has not received from the other party any assurance or guarantee as to the expected results of such Transaction.

(2) Evaluation and understanding

It is capable of evaluating and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of the Transaction. It is also capable of assuming, and assumes, the financial and other risks of such Transaction.

(3) Status of parties

The other party is not acting as a fiduciary or an advisor for it in respect of the Transaction.

- (f) If a DC Credit Event Announcement occurs in respect of a Restructuring with respect to a Reference Entity (such Reference Entity, a **Restructured Entity**), the parties shall annotate the Confirmation evidencing the Transaction in respect of such Restructured Entity and/or otherwise identify such occurrence in their records. The Confirmation and/or the parties' records shall be further annotated to record: (a) the delivery of any effective Credit Event Notice in respect of such Restructuring (and, if applicable, the relevant Exercise Amount specified in any such Credit Event Notice); or (b) on the Exercise Cut-off Date, the fact that no Credit Event Notice has been delivered that is effective on or prior to such date.

## 6. PARTIAL TERMINATION

If, following a reduction of the Outstanding Principal Amount of the Securities by any Unsatisfied Credit Event Adjustment Amounts pursuant to paragraph 7 (*Interest*) of the Issue Terms, the Calculation Agent determines that the Notional Amount of the Transaction (as converted into ZAR at the EUR/ZAR FX rate applied on the Trade Date) is more than twice the Outstanding Principal Amount of the Securities, the Notional Amount shall be reduced in order to maintain a relevant leverage of four (4) between the Notional Amount (as converted into ZAR at the EUR/ZAR FX rate applied on the Trade Date) and the Outstanding Principal Amount of the Securities. The parties intend that any such reduction in the Notional Amount will constitute a partial termination of the Transaction.

If the Transaction is to be partially terminated pursuant to this Paragraph 6 (*Partial Termination*), the portion of the Transaction which is to be terminated (the **Terminated Portion**) shall be treated for the purpose of this Paragraph 6 (*Partial Termination*) as a separate Transaction which is to be terminated in full and the portion of the Transaction which is not to be terminated shall be unaffected and continue in full force and effect.

If the Transaction is terminated in part in accordance with this Paragraph 6 (*Partial Termination*), an amount (the **Partial Termination Value**) shall be calculated and shall be payable by Party A or Party B (as the case may be) in accordance with Section 6(e) of this Agreement on the basis of the following assumptions:

- (A) the date that the relevant reduction of the Outstanding Principal Amount of the Securities occurs shall be deemed to be an Early Termination Date in respect of the Terminated Portion;
- (B) the Terminated Portion shall be deemed to be the sole Affected Transaction with respect to that Early Termination Date;
- (C) for the purpose of calculating any amount payable in respect of that Early Termination Date in accordance with Section 6(e), the Early Termination Date which shall be deemed to have occurred shall be deemed to have resulted from a Termination Event, and Party B shall be the sole Affected Party; and
- (D) Section 6(b)(iv) of the Agreement shall not apply with respect to such Terminated Portion.

The Calculation Agent shall, in good faith, acting reasonably, and in accordance with the terms of the Agreement, determine the Partial Termination Value (calculated based on such values as at the Early Termination Date of the Terminated Portion) on the Early Termination Date or as soon as possible following such Early Termination Date. Payment of the Partial Termination Value shall be deemed satisfied on the Early Termination Date by payment of the Additional Floating Amount on the next following Additional Floating Amount Payer Payment Date pursuant to the terms of the Cross Currency Swap Transaction and/or the adjustment in Party A's payment obligations to pay Floating Amounts under the Cross Currency Swap Transaction following a reduction in the Interest Calculation Amount of the Securities pursuant to paragraph 7 (*Interest*) of the Issue Terms, the Terminated Portion shall be deemed terminated and no further amounts shall be due between the parties in respect of the Terminated Portion.

## **7. ADDITIONAL TERMINATION EVENT**

It shall be an Additional Termination Event if all but not some of the Securities then outstanding becoming subject to redemption (including, where the Selling Agent has, pursuant to the Conditions, become obliged to arrange for and administer the sale of the Charged Assets) pursuant to Conditions 8(b) (*Redemption for taxation reasons*), 8(c)(i) (*Mandatory Redemption - Following Payment Default under the Charged Assets, termination of a Charged Agreement or delivery of a Trigger Notice*), 8(c)(ii) (*Mandatory Redemption - Following Early Redemption of the Charged Assets*), 8(d) (*Redemption at the option of the Issuer*) or 8(e) (*Redemption at the option of the Securityholders*) and Party A shall designate an Early Termination Date in respect of this Transaction.

For the purposes of the foregoing Additional Termination Events, the sole Affected Party shall be Party B.

## **8. NON-PETITION AND LIMITED RECOURSE**

Party A shall have recourse in respect of any claim only to the Mortgaged Property, subject always to the security created by and the provisions of the Trust Instrument and/or the Additional Charging Document and the provisions of this paragraph 8. Subject to the Trustee (or any Securityholder) having realised the Mortgaged Property, Party A shall not be entitled to take any further steps against Party B to recover any further sums in respect of the payment of any obligation of Party B once the Mortgaged Property and the proceeds of realisation thereof, as applicable, have been exhausted for whatever reason and the right to claim in respect of such sums shall be automatically extinguished. Any shortfall will be borne by Securityholders, the Trustee and Party A in accordance with the Security Ranking Basis set out and as defined in the Conditions (unless otherwise specified). Party A has not claimed or exercised and shall not be entitled to exercise any right of set-off, counterclaim,

security interest, lien, consolidation of accounts or other similar right arising by operation of law or otherwise against any person entitled to receive any payment under the Securities or against the Mortgaged Property in respect of any other Series of securities issued by Party B or any other assets of Party B (and Party A hereby waives all such rights) and undertakes to bring such security, and all other security created by the Trust Instrument and/or the Additional Charging Document, to the attention of any person dealing with the Mortgaged Property. Party A agrees that it shall not be entitled to petition or take any step for the winding-up of Party B. The obligations of Party B are solely the corporate obligations of Party B. No recourse for the payment of any obligation of Party B shall be had against any stockholder, employee, officer, director, affiliate, incorporator, manager or member of Party B provided that this shall not apply if it would be in breach of any legal or regulatory requirement of the applicable jurisdiction. The provisions contained in this clause shall survive any termination of the Agreement.

## 9. TRANSITION TO THE 2014 CREDIT DERIVATIVES DEFINITIONS

### (a) Changes to Confirmation

As of the Protocol Effective Date, this Confirmation shall be deemed to be amended for the purposes of the Transaction:

(A) in accordance with the amendments shown in the blackline of the iTraxx® Europe Legacy Untranch Standard Terms Supplement published by ISDA on its website at [www.isda.org](http://www.isda.org) (the **Template**) for the purposes of a market wide protocol (the **2014 Credit Derivatives Definitions Protocol**) to be published by ISDA in relation to the implementation of the 2014 ISDA Credit Derivatives Definitions (the **Protocol Changes**). To the extent that the terms or format of this Confirmation deviate from the Template, the amendments in the Template shall apply *mutatis mutandis*; and

(B) as further set out in paragraphs (b) to (g) below (the **Additional Changes**),

provided that: (x) the amendments described in sub-paragraphs (A) and (B) above shall not apply to any portion of the Transaction which is attributable to an ISDA Excluded Reference Entity (each such portion, an **Affected Portion**); and (y) in case of any inconsistency between the Protocol Changes and the Additional Changes, the Additional Changes shall prevail.

For such purposes:

- (i) the **Excluded Reference Entity List** shall mean the list identified as such and published by ISDA on its website at [www.isda.org](http://www.isda.org) (or by other suitable means), as such list may be amended from time to time;
- (ii) the **Implementation Date** shall mean 22 September 2014, or such other date defined as the "Implementation Date" in the 2014 Credit Derivatives Definitions Protocol, as determined by the Calculation Agent;
- (iii) an **ISDA Excluded Reference Entity** shall mean: (A) any entity listed as such in the Excluded Reference Entity List; or (B) a Reference Entity in respect of which an Event Determination Date or an Early Termination Date has occurred prior to the Implementation Date;

- (iv) the **Protocol Effective Date** shall mean the Implementation Date provided that the Protocol Effective Date shall not occur unless and until the Protocol Effectiveness Condition has been satisfied; and
- (v) the **Protocol Effectiveness Condition** shall have the meaning given to this term in the 2014 Credit Derivatives Definitions Protocol.

(b) **References to the Credit Derivatives Definitions and Paramountcy**

Any reference to the 2003 ISDA Credit Derivatives Definitions as supplemented by the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (published on July 14, 2009) (the **Updated 2003 ISDA Credit Derivatives Definitions**) in this Confirmation shall be deemed to be a reference to the 2014 ISDA Credit Derivatives Definitions.

In the event of any inconsistency between: (a) the terms of the 2014 ISDA Credit Derivatives Definitions; and (b) the terms of this paragraph 9 (*Transition to the 2014 Credit Derivatives Definitions*)), the terms of this paragraph 9 (*Transition to the 2014 Credit Derivatives Definitions*) of this Confirmation shall prevail.

(c) **Mapping**

Any reference in this Confirmation to a section of the Updated 2003 ISDA Credit Derivatives Definitions, as set out in Column A below shall be deemed to be a reference to the corresponding section of the 2014 ISDA Credit Derivatives Definitions set out in Column B below.

<b>Column A</b> <b>(2003 Definitions Citation)</b>	<b>Column B</b> <b>(2014 Definitions Citation)</b>
Section 1.4	Section 12.10
Section 1.5	Section 1.13
Section 1.8	Section 1.16 Section 14.1
Section 1.24	Section 1.30
Section 2.2	Section 2.2
Section 2.10	Section 12.11
Section 2.30	Section 2.10
Section 2.31	Section 11.4
Section 3.1	Section 5.1

Section 3.9	Section 1.33
Section 5.4	Section 12.15
Section 7.4	Section 7.4
Section 8.9	Section 8.20
Section 9.8	Section 9.6
Section 12.1	Section 6.1
Section 12.12	Section 6.11

(d) **Fixed Rate Payer Payment Dates**

In the definition of "Fixed Rate Payer Payment Date" in paragraph 2 (*Fixed Payments*) of this Confirmation, the words "deleting the last four" shall be deleted and replaced with the words "deleting the last five".

(e) **Auction Settlement**

Paragraph 4.2 (*Settlement Terms*) of this Confirmation shall be deleted in its entirety. Further, Section 6.1 of the 2014 Credit Derivatives Definitions shall be deleted in its entirety and replaced with the following:

"If "Auction Settlement" is the applicable Settlement Method and an Event Determination Date occurs on or prior to the Auction Final Price Determination Date, Seller shall pay to Buyer the Cash Settlement Amount (if any) on the Cash Settlement Date. Without prejudice to the foregoing, but without duplication of settlement, if (a) an Auction Cancellation Date occurs, (b) a No Auction Announcement Date occurs (and, in circumstances where such No Auction Announcement Date occurs pursuant to Section 6.11(b) or 6.11(c) (*No Auction Announcement Date*), neither party has exercised the Movement Option), (c) a DC Credit Event Question Dismissal occurs or (d) an Event Determination Date was determined pursuant to Section 1.16(a)(i) (*Event Determination Date*) or 14.1(a) (*Non-Standard Event Determination Date*) and no Credit Event Resolution Request Date has occurred on or prior to the date falling three Business Days after such Event Determination Date, the parties shall, subject to Section 5.1 (*Settlement*), perform their respective obligations in accordance with the Fallback Settlement Method."

(f) **Fallback Settlement Method**

Notwithstanding anything else in this paragraph 9 (*Transition to the 2014 Credit Derivatives Definitions*), no Protocol Changes or Additional Changes under this paragraph 9 (*Transition to the 2014 Credit Derivatives Definitions*) shall affect the Fallback Settlement Method, as specified in paragraph 4.1 (*Settlement Terms*), or the provisions of paragraph 4.4 (*Settlement Terms*), other than in relation to the determination as to what may constitute a "Selected Obligation" for the purpose of the definition thereof in paragraph 4.4 (*Settlement Terms*).



(g) **Conforming adjustments**

If there are any inconsistencies or discrepancies as between this Confirmation and the 2014 ISDA Credit Derivatives Definitions, the Calculation Agent shall resolve any such inconsistencies or discrepancies acting in its sole discretion.

**10. GOVERNING LAW**

This Confirmation and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with the laws of England.

**11. ROUNDING**

All amounts payable by a party under this Transaction shall be rounded to the nearest cent (half a cent being rounded downwards).

**12. OFFICES**

For the purposes of Section 10(c) of the Agreement and this Transaction only, Party A is acting out of its Charlotte office.

**13. TERMINATION CURRENCY**

The Termination Currency shall be ZAR.

**14. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

A person who is not a party to this Transaction has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Transaction, but this does not affect any right or remedy of the third party which exists or is available apart from that Act.

**15. NOTICE AND ACCOUNT DETAILS**

Notices to Party A:

Attention:

Asset Repackaging Trading Desk

Attention: Alexis Cooper

Tel: 00 44 207 996 7890

Email: dg.asset\_repack\_trading@bankofamerica.com

Payments to Party A:

Payment to:

Bank of America NA London (Direct via TARGET)

SWIFT Code: BOFAGB22

In favour of:

Bank of America NA Charlotte

SWIFT Code: BOFAUS3DCRD

Account No.: GB16BOFA 16505010073427

Ref: Dolomite Series 7

Notices to Party B:

Dolomite Capital Limited  
c/o: Intertrust Corporate Services (Cayman) Limited  
190 Elgin Avenue  
George Town  
Grand Cayman KY1-9005  
Cayman Islands

Attention: Patricia Miller  
Telefax: 001 345 945 4757

With a copy to:

Deutsche Bank (Cayman) Limited  
171 Elgin Avenue  
Boundary Hall  
Cricket Square  
Grand Cayman KY1-1104  
Cayman Islands

Payments to Party B:

HSBC Bank plc, London  
(SWIFT: MIDLGB22)  
(IBAN: GB97MIDL40051574669224)

For the account of:

Dolomite Capital Limited Series 7

assigned to HSBC Corporate Trustee Company (UK)  
Limited as Trustee to Dolomite Capital Limited

Euro Account Number: 74669224

Ref: Dolomite Capital Limited Series 7

iTraxx® is a registered trade mark of International Index Company Limited.

iTraxx® is a trade mark of International Index Company Limited and has been licensed for the use by Bank of America, N.A.. International Index Company Limited does not approve, endorse or recommend Bank of America, N.A. or iTraxx® derivatives products.

iTraxx® derivatives products are derived from a source considered reliable, but neither International Index Company Limited nor any of its employees, suppliers, subcontractors and agents (together **iTraxx Associates**) guarantees the veracity, completeness or accuracy of iTraxx® derivatives products or other information furnished in connection with iTraxx® derivatives products. No representation, warranty or condition, express or implied, statutory or otherwise, as to condition, satisfactory quality, performance, or fitness for purpose are given or assumed by International Index Company Limited or any of the iTraxx Associates in respect of iTraxx® derivatives products or any data included in such iTraxx® derivatives products or the use by any person or entity of iTraxx® derivatives products or that data and all those representations, warranties and conditions are excluded save to the extent that such exclusion is prohibited by law.

None of International Index Company Limited nor any of the iTraxx Associates shall have any liability or responsibility to any person or entity for any loss, damages, costs, charges, expenses or other liabilities whether caused by the negligence of International Index Company Limited or any of the iTraxx Associates or otherwise, arising in connection with the use of iTraxx® derivatives products or the iTraxx® indices.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing this Confirmation and returning it to us.

Yours faithfully,

**BANK OF AMERICA, NATIONAL  
ASSOCIATION**

By:

Accepted and confirmed as  
of the date written above:

Authorised Signatory

Signed by a duly authorised attorney of

**DOLOMITE CAPITAL LIMITED**

By:

Name:

Title:

**ANNEX**  
**To the Credit Default Swap Confirmation**

**Relevant Annex**

As of the Trade Date, the Relevant Annex is as follows:

Reference Entity	Reference Entity Weighting (%)	Seniority	Reference Obligation
Aktiebolaget Volvo	0.80	Senior	XS0302948319
Akzo Nobel N.V.	0.80	Senior	XS0422084698
Anglo American plc	0.80	Senior	XS0358158052
ASTRAZENECA PLC	0.80	Senior	XS0321640301
ATLANTIA S.P.A.	0.80	Senior	XS0193945655
BAE SYSTEMS PLC	0.80	Senior	GB0001272664
BASF SE	0.80	Senior	DE000A0JRFB0
Bayer Aktiengesellschaft	0.80	Senior	XS0255605239
Bayerische Motoren Werke Aktiengesellschaft	0.80	Senior	XS0173501379
BOUYGUES	0.80	Senior	FR0010326975
COMPAGNIE DE SAINT-GOBAIN	0.80	Senior	XS0546725358
COMPAGNIE FINANCIERE DU GROUPE MICHELIN, "Senard et Cie"	0.80	Senior	XS0794392588
Continental Aktiengesellschaft	0.80	Senior	XS0969344083
Daimler AG	0.80	Senior	DE000A1MA9V5
European Aeronautic Defence and Space Company EADS N.V.	0.80	Senior	XS0176914579
GECINA	0.80	Senior	FR0010881573

Glencore International AG	0.80	Senior	XS0288783979
Holcim Ltd	0.80	Senior	XS0207037507
Koninklijke DSM N.V.	0.80	Senior	XS0235117891
LANXESS Aktiengesellschaft	0.80	Senior	XS0629645531
Linde Aktiengesellschaft	0.80	Senior	XS0297700006
RENTOKIL INITIAL PLC	0.80	Senior	XS0249085852
ROLLS-ROYCE PLC	0.80	Senior	XS0112487482
SANOFI	0.80	Senior	CH0035703070
Siemens Aktiengesellschaft	0.80	Senior	XS0369461644
Solvay	0.80	Senior	BE0374557404
UNIBAIL-RODAMCO SE	0.80	Senior	XS0451418619
VALEO	0.80	Senior	FR0011043124
VINCI	0.80	Senior	FR0011164888
VOLKSWAGEN AKTIENGESELLSCHAFT	0.80	Senior	XS0168881760
ACCOR	0.80	Senior	FR0011274026
Aktiebolaget Electrolux	0.80	Senior	XS0356539881
Anheuser-Busch InBev	0.80	Senior	BE0934985020
BRITISH AMERICAN TOBACCO p.l.c.	0.80	Senior	XS0352065584
Carrefour	0.80	Senior	FR0010394478
CASINO GUICHARD-PERRACHON	0.80	Senior	FR0011124601
COMPASS GROUP PLC	0.80	Senior	XS0100559037
DANONE	0.80	Senior	FR0010612713
DIAGEO PLC	0.80	Senior	US25243YAJ82

EXPERIAN FINANCE PLC	0.80	Senior	XS0585243289
GROUPE AUCHAN	0.80	Senior	FR0010746008
Henkel AG & Co. KGaA	0.80	Senior	XS0418268198
IMPERIAL TOBACCO GROUP PLC	0.80	Senior	XS0180407602
Kering	0.80	Senior	FR0010878991
KINGFISHER PLC	0.80	Senior	XS0178322474
Koninklijke Ahold N.V.	0.80	Senior	US008685AB51
Koninklijke Philips N.V.	0.80	Senior	US500472AB13
LVMH MOET HENNESSY LOUIS VUITTON	0.80	Senior	FR0011033232
MARKS AND SPENCER p.l.c.	0.80	Senior	XS0471074582
METRO AG	0.80	Senior	DE000A0XFCT5
Nestle S.A.	0.80	Senior	CH0028644646
NEXT PLC	0.80	Senior	XS0630204351
PERNOD RICARD	0.80	Senior	FR0010871376
SABMILLER PLC	0.80	Senior	US78572MAA36
SAFEWAY LIMITED	0.80	Senior	XS0093004736
SODEXO	0.80	Senior	XS0408827409
Suedzucker Aktiengesellschaft Mannheim/Ochsenfurt	0.80	Senior	XS0606202454
TATE & LYLE PUBLIC LIMITED COMPANY	0.80	Senior	XS0469026453
TESCO PLC	0.80	Senior	XS0105244585
Unilever N.V.	0.80	Senior	XS0230663196
BP P.L.C.	0.80	Senior	US10373QAA85
Centrica plc	0.80	Senior	XS0388006552

E.ON SE	0.80	Senior	XS0148579153
Electricite de France	0.80	Senior	XS0162990229
EnBW Energie Baden-Wuerttemberg AG	0.80	Senior	XS0271757832
ENEL S.P.A.	0.80	Senior	XS0306644344
ENI S.P.A.	0.80	Senior	XS0411044653
Fortum Oyj	0.80	Senior	XS0258428712
GAS NATURAL SDG, S.A.	0.80	Senior	XS0479542580
GDF SUEZ	0.80	Senior	FR0000472334
Iberdrola, S.A.	0.80	Senior	XS0222372178
NATIONAL GRID PLC	0.80	Senior	XS0170798325
REPSOL, S.A.	0.80	Senior	XS0733696495
ROYAL DUTCH SHELL PLC	0.80	Senior	US822582AC66
RWE Aktiengesellschaft	0.80	Senior	XS0162513211
STATOIL ASA	0.80	Senior	US85771PAB85
TOTAL SA	0.80	Senior	XS0410303647
UNITED UTILITIES PLC	0.80	Senior	US91311QAC96
Vattenfall Aktiebolag	0.80	Senior	XS0191154961
VEOLIA ENVIRONNEMENT	0.80	Senior	FR0000474983
Aegon N.V.	0.80	Senior	XS0207157743
Allianz SE	0.80	Senior	XS0275880267
ASSICURAZIONI GENERALI - SOCIETA PER AZIONI	0.80	Senior	XS0218469962
AVIVA PLC	0.80	Senior	XS0066877258
AXA	0.80	Senior	XS0434882014

BANCO BILBAO VIZCAYA ARGENTARIA, SOCIEDAD ANONIMA	0.80	Senior	XS0872702112
BANCO SANTANDER, S.A.	0.80	Senior	XS0589920205
BARCLAYS BANK PLC	0.80	Senior	XS0445843526
BNP PARIBAS	0.80	Senior	XS0895249620
COMMERZBANK Aktiengesellschaft	0.80	Senior	DE000CZ302M3
CREDIT AGRICOLE SA	0.80	Senior	XS0315528850
Credit Suisse Group Ltd	0.80	Senior	XS0099472994
DEUTSCHE BANK AKTIENGESELLSCHAFT	0.80	Senior	DE000DB5S5U8
Hannover Rueck SE	0.80	Senior	
HSBC BANK PLC	0.80	Senior	XS0526606537
INTESA SANPAOLO SPA	0.80	Senior	XS0304508921
LLOYDS BANK PLC	0.80	Senior	XS0550541691
Muenchener Rueckversicherungs-Gesellschaft Aktiengesellschaft in Muenchen	0.80	Senior	
SOCIETE GENERALE	0.80	Senior	XS0821220281
STANDARD CHARTERED BANK	0.80	Senior	XS0842073149
Swiss Reinsurance Company Ltd	0.80	Senior	CH0012491335
The Royal Bank of Scotland public limited company	0.80	Senior	XS0235714804
UBS AG	0.80	Senior	XS0359388690
UNICREDIT, SOCIETA PER AZIONI	0.80	Senior	XS0207065110
Zurich Insurance Company Ltd	0.80	Senior	XS0423888667
Bertelsmann SE & Co. KGaA	0.80	Senior	XS0268583993
BRITISH SKY BROADCASTING GROUP PLC	0.80	Senior	XS0301676861
BRITISH TELECOMMUNICATIONS public limited company	0.80	Senior	XS0097283096



Deutsche Telekom AF	0.80	Senior	DE000A0T5X07
ITV PLC	0.80	Senior	XS0269885785
Koninklijke KPN N.V.	0.80	Senior	XS0411850075
Orange	0.80	Senior	XS0365094811
PEARSON plc	0.80	Senior	XS0102793642
PUBLICIS GROUPE SA	0.80	Senior	FR0010831974
REED ELSEVIER PLC	0.80	Senior	XS0271070525
SES	0.80	Senior	XS0493098486
Telefonaktiebolaget L M Ericsson	0.80	Senior	XS0307504547
TELEFONICA, S.A.	0.80	Senior	XS0241946630
Telekom Austria Aktiengesellschaft	0.80	Senior	XS0409318309
TELNOR ASA	0.80	Senior	XS0301954771
TeliaSonera Aktiebolag	0.80	Senior	XS0218734118
Vivendi	0.80	Senior	FR0010830034
VODAFONE GROUP PUBLIC LIMITED COMPANY	0.80	Senior	XS0169888558
Wolters Kluwer N.V.	0.80	Senior	XS0357251726
WPP 2005 LIMITED	0.80	Senior	XS0294391684

## FORM OF CROSS CURRENCY SWAP CONFIRMATION

### Swap Confirmation

**BANK OF AMERICA, NATIONAL ASSOCIATION  
101 SOUTH TRYON  
CHARLOTTE  
NORTH CAROLINA**

20 August 2014

DOLOMITE CAPITAL LIMITED

At the offices of Intertrust Corporate Services (Cayman) Limited  
190 Elgin Avenue  
George Town  
Grand Cayman KY1-9005  
Cayman Islands

RE: TRANSACTION (SERIES 7)  
Ref: 14CR150907 and 914379070

Dear Sir or Madam,

The purpose of this communication is to confirm the terms and conditions of the Cross Currency Swap Transaction entered into between Bank of America, National Association (**Party A**) and Dolomite Capital Limited (**Party B**) on the date hereof (the **Transaction**). This communication constitutes a **Confirmation** as referred to in the Agreement specified below.

This Confirmation supplements, forms part of, and is subject to, the 1992 ISDA Master Agreement dated as of 20 August 2014 (the **Agreement**), between you and us. The Transaction relates to the issue by Party B of its Series 7 ZAR 50,000,000 Limited Recourse Floating Rate Credit Linked Secured Notes due 2019 (the **Securities**). Notwithstanding Part 5(h) of the Swap Schedule Terms Module, March 2013 Edition, the Agreement (including the Transaction evidenced by this Confirmation) constitutes a single agreement for the purpose of Section 1(c) of the Agreement. All the provisions contained in the Agreement govern this Confirmation except as expressly modified below.

The definitions and provisions contained in the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. (the **2006 Definitions**), are incorporated into this Confirmation by this reference. Any reference in the 2006 Definitions to a **Swap Transaction** shall be deemed to include references to a **Transaction** under this Confirmation. In the event of any inconsistency between the 2006 Definitions and the provisions of this Confirmation, the provisions of this Confirmation shall prevail. Any terms used in this Transaction and not otherwise defined herein shall be deemed to have the meanings given to them in the trust instrument dated 20 August 2014 (as amended and/or supplemented from time to time) between, *inter alios*, Party B and HSBC Corporate Trustee Company (UK) Limited and relating to the Securities.

The terms of the Transaction to which this Confirmation relates are as follows:

## 1. General Terms

Trade Date:	25 July 2014.
Effective Date:	20 June 2014.
Termination Date:	The date on which neither party to the Transaction has any actual or contingent obligations hereunder.
Business Days:	London, Johannesburg and TARGET Settlement Days.
Business Day Convention:	Modified Following (other than in relation to Fixed Rate Payer Payment Dates I, in respect of which the Following Business Day Convention shall apply).
Calculation Agent:	Party A.

## 2. Party A Payment Amounts

Floating Rate Payer:	Party A.
----------------------	----------

### Floating Amounts I

Floating Rate Payer Calculation Amount:	With respect to each Floating Rate Payer Calculation Period, an amount determined on the last Business Day of that Floating Rate Payer Calculation Period to be equal to the Interest Calculation Amount of the Securities for the corresponding Interest Period.
Floating Rate Option:	ZAR-JIBAR-SAFEX
Designated Maturity:	Three months, provided that it shall be one month in respect of the initial Floating Rate Payer Calculation Period.
Spread:	Plus 3.15% per annum.
Day Count Fraction:	Act/365 (fixed).
Reset Dates:	The first day of each Floating Rate Payer Calculation Period.
Floating Rate Payer Payment Dates:	20 March, 20 June, 20 September and 20 December in each year, commencing 20 September 2014 up to (and including) the Scheduled Maturity Date, subject to adjustment in accordance with the Business Day Convention, for the purposes of payment and accrual.
Initial Floating Rate Payer Calculation Period:	The period from and including 20 August 2014 to but excluding the first Floating Rate Payer Payment Date.

Floating Amounts II:

Floating Amount II: On each Floating Rate Payer Payment Date, the Floating Rate Payer shall pay an amount equal to the Deferred Interest Adjustment Amount, if any, determined in respect of the Interest Payment Date falling on that Floating Rate Payer Payment Date under the Conditions of the Securities.

**3. Party B Payment Amounts**

Fixed Rate Payer: Party B.

Fixed Amounts I:

Business Days for the purposes of Fixed Amounts I: London and TARGET Settlement Days.

Fixed Rate Payer Calculation Amount I: At any time on any day, the greater of:

- (a) zero; and
- (b) an amount equal to the Notional Amount under the terms of the Credit Default Swap Transaction.

Fixed Rate Payer Payment Dates I: The 20th day of March, June, September and December in each year up to and including 20 June 2019.

Initial Fixed Rate Payer Calculation Period I: The initial Initial Fixed Rate Payer Calculation Period I shall commence on, and include, 20 June 2014 and end on, but exclude, the Fixed Rate Payer Payment Date I falling on 20 September 2014.

Fixed Rate I: Plus 1.00 per cent. per annum.

Fixed Amounts I Day Count Fraction: Actual/360.

Fixed Amounts II:

Fixed Amount II: Each amount of interest or fees scheduled to be paid to the Issuer under the terms of the Charged Assets (a **Charged Asset Payment**).

Fixed Rate Payer Payment Dates II: Each date on which the relevant Charged Asset Payment is scheduled to be paid to the Issuer under the terms of the Charged Assets.

Additional Party B Payment Obligation: On each day up to and including the Maturity Date of the Securities on which Party B receives an amount of interest in respect of the balance of the EUR Cash Deposit Account, Party B shall pay such amount to Party A on that day, subject to adjustment in accordance with the Business Day Convention.

#### 4. Additional Floating Amounts

Additional Floating Amount Payer: Party A.

Additional Floating Amount Payer Payment Date: Each Floating Rate Payer Payment Date.

Additional Floating Amount: With respect to each Additional Floating Amount Payer Payment Date, an amount equal to: (a) any positive Credit Event Adjustment Amounts (if any) in respect of all Loss Amounts determined with respect to the Interest Period immediately preceding such Additional Floating Amount Payer Payment Date, *less* (b) the absolute value of any negative Credit Event Adjustment Amounts (if any) in respect of all Loss Amounts determined with respect to the Interest Period immediately preceding such Additional Floating Amount Payer Payment Date, subject to a minimum of zero.

Party A and Party B hereby acknowledge and agree that:

- (a) the Credit Event Adjustment Amounts may include an amount in respect of the Partial Termination Value of the Transaction determined in accordance with Paragraph 8 (*Partial Termination*) below and the Partial Termination Value of the Credit Default Swap Transaction determined in accordance with Paragraph 6 (*Partial Termination*) of the Credit Default Swap Transaction Confirmation;
- (b) any obligation of Party A to pay such Partial Termination Values shall be satisfied by either:
  - (i) where the Additional Floating Amount is positive, the payment of the corresponding Additional Floating Amount; or
  - (ii) where the Additional Floating Amount is zero, the reduction in Party A's payment obligations to pay Floating Amounts I on one or more following Floating Rate Payer Payment Dates under the Transaction as a result of the reduction in the Interest Calculation Amount of the Securities for the

corresponding Interest Periods pursuant to paragraph 7 (*Interest*) of the Issue Terms.

## **5. Interim Exchange Amounts**

Party A Interim Exchange Amounts I: None.

Party B Interim Exchange Amounts I: With respect to each Interim Exchange Date I, an amount equal to the sum of: (a) the proceeds of sale of the Unadjusted Sale Amount of each series of Charged Assets realised on that Interim Exchange Date I; and (b) any Available Cash Amount.

Interim Exchange Dates I: Each day on which the proceeds of the sale of Charged Assets are realised pursuant to paragraph 9(i) (*Partial Early Redemption as a result of a Credit Event*) of the Issue Terms.

Party A Interim Exchange Amounts II: With respect to each Interim Exchange Date II, an amount in EUR equal to (a) the applicable "Cash Settlement Amount" due from Party B under the Credit Default Swap Transaction.

Party B Interim Exchange Amounts II: None.

Interim Exchange Dates II: Each day on which Party B is required to pay a "Cash Settlement Amount" under the Credit Default Swap Transaction.

## **6. Final Exchange Amounts**

Party A Final Exchange Amount I: None.

Party B Final Exchange Amount I: An amount in EUR equal to (i) the Initial Principal Amount of the Charged Assets 1 *less* (ii) the sum of all Sale Notional Amounts determined in respect of Charged Assets 1 on or prior to Final Exchange Date I.

Final Exchange Date I: 7 May 2019.

Party A Final Exchange Amount II: None.

Party B Final Exchange Amount II: An amount in EUR equal to (i) the Initial Principal Amount of the Charged Assets 2 *less* (ii) the sum of all Sale Notional Amounts determined in respect of Charged Assets 2 on or prior to Final Exchange Date II.

Final Exchange Date II: 19 June 2019.

Party A Final Exchange Amount III:	The Outstanding Principal Amount of the Securities less an amount equal to the Withheld Principal Amount.
Party B Final Exchange Amount III:	An amount in EUR equal to the positive balance (if any) of the EUR Cash Deposit Account.
Final Exchange Date III:	The Scheduled Maturity Date.
Party A Final Exchange Amount IV:	An amount equal to (a) the Withheld Principal Amount; <i>minus</i> (b) the ZAR Equivalent of the sum of all Party A Interim Exchange Amounts II in respect of Interim Exchange Dates II falling during the period from and including the Scheduled Maturity Date to but excluding the Maturity Date.
Party B Final Exchange Amount IV:	None.
Final Exchange Date IV:	The Maturity Date.

## 7. Netting of Payments

Section 2(c)(ii) of the Agreement shall not apply in respect of any payments under the Transaction evidenced by this Confirmation and payments under the Credit Default Swap Transaction.

## 8. Partial Termination

Notwithstanding the fact that payments in respect of the Transaction are determined by reference to the Outstanding Principal Amount of the Securities, the Interest Calculation Amount of the Securities, the Notional Amount of the Credit Default Swap Transaction and the outstanding principal amount of the Charged Assets, the parties intend that any reduction of the Outstanding Principal Amount of the Securities, the Interest Calculation Amount of the Securities, the Notional Amount of the Credit Default Swap Transaction and the outstanding principal amount of the Charged Assets following a Credit Event pursuant to paragraph 9(f) (*Credit Linked Provisions - Credit Events*) of the Issue Terms would constitute a partial termination of the Transaction and that a termination payment will be determined in accordance with this Paragraph 8 (*Partial Termination*) to reflect the reduction in the payments that will be made in respect of the Transaction following such reductions.

If the Transaction is to be partially terminated pursuant to this Paragraph 8 (*Partial Termination*), the portion of the Transaction which is to be terminated (the **Terminated Portion**) shall be treated for the purpose of this Paragraph 8 (*Partial Termination*) as a separate Transaction which is to be terminated in full and the portion of the Transaction which is not to be terminated shall be unaffected and continue in full force and effect.

If the Transaction is terminated in part in accordance with this Paragraph 8 (*Partial Termination*), an amount (the **Partial Termination Value**) shall be calculated and shall be payable by Party A or Party B (as the case may be) in accordance with Section 6(e) of this Agreement on the basis of the following assumptions:

- (A) the date that the relevant reduction of the Outstanding Principal Amount of the Securities occurs shall be deemed to be an Early Termination Date in respect of the Terminated

Portion;

- (B) the Terminated Portion shall be deemed to be the sole Affected Transaction with respect to that Early Termination Date;
- (C) for the purpose of calculating any amount payable in respect of that Early Termination Date in accordance with Section 6(e), the Early Termination Date which shall be deemed to have occurred shall be deemed to have resulted from a Termination Event, and Party B shall be the sole Affected Party; and
- (D) Section 6(b)(iv) of the Agreement shall not apply with respect to such Terminated Portion.

The Calculation Agent shall, in good faith, acting reasonably, and in accordance with the terms of the Agreement, determine the Partial Termination Value (calculated based on such values as at the Early Termination Date of the Terminated Portion) on the Early Termination Date or as soon as possible following such Early Termination Date. Payment of the Partial Termination Value shall be deemed satisfied on the Early Termination Date by payment of the Additional Floating Amount pursuant to the terms of this Confirmation and/or the adjustment in the Party A's payment obligations following a reduction in the Interest Calculation Amount of the Securities, the Terminated Portion shall be deemed terminated and no further amounts shall be due between the parties in respect of the Terminated Portion.

## **9. Additional Termination Event**

It shall be an Additional Termination Event if all but not some of the Securities then outstanding becoming subject to redemption (including, where the Selling Agent has, pursuant to the Conditions, become obliged to arrange for and administer the sale of the Charged Assets) pursuant to Conditions 8(b) (*Redemption for taxation reasons*), 8(c)(i) (*Mandatory Redemption - Following Payment Default under the Charged Assets, termination of a Charged Agreement or delivery of a Trigger Notice*), 8(c)(ii) (*Mandatory Redemption - Following Early Redemption of the Charged Assets*), 8(d) (*Redemption at the option of the Issuer*) or 8(e) (*Redemption at the option of the Securityholders*) and Party A shall designate an Early Termination Date in respect of this Transaction.

For the purposes of the foregoing Additional Termination Events, the sole Affected Party shall be Party B.

## **10. Non-petition and Limited Recourse**

Party A shall have recourse in respect of any claim only to the Mortgaged Property, subject always to the security created by and the provisions of the Trust Instrument and/or the Additional Charging Document and the provisions of this paragraph 10. Subject to the Trustee (or any Securityholder) having realised the Mortgaged Property, Party A shall not be entitled to take any further steps against Party B to recover any further sums in respect of the payment of any obligation of Party B once the Mortgaged Property and the proceeds of realisation thereof, as applicable, have been exhausted for whatever reason and the right to claim in respect of such sums shall be automatically extinguished. Any shortfall will be borne by Securityholders, the Trustee and Party A in accordance with the Security Ranking Basis set out and as defined in the Conditions (unless otherwise specified). Party A has not claimed or exercised and shall not be entitled to exercise any right of set-off, counterclaim, security interest, lien, consolidation of accounts or other similar right arising by operation of law or otherwise against any person entitled to receive any payment under the Securities or against the Mortgaged Property in respect of any other Series of securities issued by Party B or any other assets of Party B (and Party A hereby waives all such rights) and undertakes to bring such



security, and all other security created by the Trust Instrument and/or the Additional Charging Document, to the attention of any person dealing with the Mortgaged Property. Party A agrees that it shall not be entitled to petition or take any step for the winding-up of Party B. The obligations of Party B are solely the corporate obligations of Party B. No recourse for the payment of any obligation of Party B shall be had against any stockholder, employee, officer, director, affiliate, incorporator, manager or member of Party B provided that this shall not apply if it would be in breach of any legal or regulatory requirement of the applicable jurisdiction. The provisions contained in this clause shall survive any termination of the Agreement.

#### **11. Non-Reliance Representation**

Each party represents to the other party that:

- (a) it is acting for its own account, and has made its own independent decisions to enter into the Transaction evidenced by this Confirmation and as to whether such Transaction is appropriate or proper for it based on its own judgement and upon advice from such legal, tax, regulatory, accounting and/or other advisors as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into such Transaction, it being understood that information and explanations related to the terms and conditions of such Transaction shall not be considered investment advice or a recommendation to enter into such Transaction. No communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of such Transaction;
- (b) it is capable of assessing the merits of and understanding (through independent professional advice), and understands and accepts, the terms, conditions and risks of the Transaction evidenced by this Confirmation. It is also capable of assuming, and assumes, the financial and other risks of such Transaction; and
- (c) the other party to the Transaction is not acting as a fiduciary or an adviser for it in respect of the Transaction evidenced by this Confirmation.

#### **12. Governing Law**

This Confirmation and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with the laws of England.

#### **13. Rounding**

All amounts payable by a party under this Transaction shall be rounded to the nearest cent (half a cent being rounded downwards).

#### **14. Offices**

For the purposes of Section 10(c) of the Agreement and this Transaction only, Party A is acting out of its Charlotte office.

#### **15. Termination Currency**

The Termination Currency shall be ZAR.

**16. Contracts (Rights of Third Parties) Act 1999**

A person who is not a party to this Transaction has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Transaction, but this does not affect any right or remedy of the third party which exists or is available apart from that Act.

**17. Notice and Account Details**

Notices to Party A:

Attention: Asset Repackaging Trading Desk - Alexis Cooper

Tel: 00 44 207 996 7890

Email: [dg.asset\\_repack\\_trading@bankofamerica.com](mailto:dg.asset_repack_trading@bankofamerica.com)

Payments to Party A:

Payment to:

Bank of America NA London (Direct via TARGET)

SWIFT Code: BOFAGB22

In favour of:

Bank of America NA Charlotte

SWIFT Code: BOFAUS3DCRD

Account No.: GB16BOFA 16505010073427

Ref: Dolomite Series 7

Notices to Party B:

Dolomite Capital Limited

c/o: Intertrust Corporate Services (Cayman) Limited

190 Elgin Avenue

George Town

Grand Cayman KY1-9005

Cayman Islands

Attention: Patricia Miller

Telefax: +1 345 945 4757

With a copy to:

Deutsche Bank (Cayman) Limited

171 Elgin Avenue

Boundary Hall

Cricket Square

Grand Cayman KY1-1104

Cayman Islands

Payments to Party B:

Payment to: Nedbank, Johannesburg  
(SWIFT: NEDSZAJJ)

For further  
credit to: HSBC Bank plc, London  
(SWIFT: MIDLGB22)

Account number: 1986201430

For the account of: Dolomite Capital Limited Series 7

assigned to HSBC Corporate Trustee Company (UK)  
Limited as Trustee to Dolomite Capital Limited

ZAR Account Number: 74669283

Ref: CTLA / Dolomite 7

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing this Confirmation and returning it to us.

Yours faithfully,

**BANK OF AMERICA, NATIONAL  
ASSOCIATION**

By:

Accepted and confirmed as  
of the date written above:

Authorised Signatory

Signed by a duly authorised attorney of

**DOLOMITE CAPITAL LIMITED**

By:

Name:

Title:

## **SUBSCRIPTION AND SALE**

The Dealer agrees that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers the Securities or possesses or distributes this Supplemental Information Memorandum or the Information Memorandum and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and the Issuer shall not have any responsibility therefor.

Neither the Issuer nor the Dealer represents that Securities may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

In particular, the selling restrictions in the following jurisdictions, as set out in the Information Memorandum and described here, apply:

United States (Non-U.S. Series), the European Economic Area (including the United Kingdom) and the Cayman Islands.

In addition, the following selling restriction(s) shall also apply to the Securities:

### **South Africa**

This document is for distribution in the Republic of South Africa (and shall be distributed and disseminated in the Republic of South Africa) only to (i) persons whose ordinary business, or part of whose ordinary business, is to deal in securities, whether as principals or agents, the Public Investment Corporation SOC Limited, persons or entities regulated by the Reserve Bank of South Africa, authorised financial service providers as defined in the Financial Advisory and Intermediary Services Act 37 of 2002, financial institutions as defined in the Financial Services Board Act 97 of 1990, acting as principals, or to wholly owned subsidiaries of such persons or entities regulated by the Reserve Bank of South Africa, authorised financial service providers or financial institutions, in the capacity of authorised portfolio managers for a duly registered pension fund or as manager for a registered collective investment scheme, or any combination of the aforesaid persons, entities or financial institutions, and who comply, where applicable, with the Financial Markets Act 19 of 2012, and/or (ii) addressees where the total acquisition cost of the securities for a single addressee acting as principal is at least ZAR 1 million.

This document is furthermore given to you only in relation to an anticipated institutional offering of the Securities by the Issuer and not in relation to any offer of which may or are to be made to members of the public.

## **USE OF PROCEEDS**

The net proceeds of the issue of the Securities, which amount to ZAR 50,000,000, will be used by the Issuer to purchase the Initial Charged Assets from the Vendor on or around the Business Day following the Issue Date.

### **Method of Payment**

On the Issue Date, delivery will be made in book-entry form through the facilities of Strate Limited (the **CSD**) as licensed central securities depository against payment therefor in immediately available funds.

## DESCRIPTION OF THE INITIAL CHARGED ASSETS AND THE ISSUER OF THE INITIAL CHARGED ASSETS

*The information in the following sections concerning the Initial Charged Assets and the Initial Underlying Obligor has been accurately reproduced from information published by the Initial Underlying Obligor and from information published by Bloomberg. So far as the Issuer is aware and is able to ascertain from information published by the Initial Underlying Obligor and from information published by Bloomberg, no facts have been omitted which would render the information reproduced herein inaccurate or misleading.*

**The Initial Charged Assets comprise the following:**

### Charged Assets 1:

Issuer:	JP Morgan Chase & Co
Issuer's address:	270 Park Avenue; New York, NY 10017; United States.
Issuer's country of incorporation:	U.S.A.
Issuer's business:	Financial services.
Guarantor:	Not applicable.
Interest Payment Dates:	7 August, 7 November, 7 February and 7 May in each year commencing on 7 August 2014 to, and including, the Maturity Date.
Interest Rate:	3m Euribor + 0.60%.
Specified Denomination:	EUR 100,000 and integral multiples of EUR 1,000 in excess thereof.
Aggregate Nominal Amount:	EUR 1,000,000,000.
Maturity Date:	7 May 2019.
Governing law:	New York.
ID Codes:	ISIN Code: XS1064100115.
Listing:	London Stock Exchange.

As of the the date of this Supplemental Information Memorandum, the financial statements of the issuer of Charged Assets 1 are available at: <http://investor.shareholder.com/jpmorganchase/earnings.cfm> and <http://www.morningstar.co.uk/uk/nsm>. Such financial statements are not incorporated in and do not form a part of this Supplemental Information Memorandum.

### Charged Assets 2

Issuer:	Bank of America Corporation
---------	-----------------------------

Issuer's address:	100 N Tryon St #170, Charlotte, NC 28202, United States
Issuer's country of incorporation:	U.S.A.
Issuer's business:	Financial services.
Guarantor:	Not applicable.
Interest Payment Dates:	19 September, 19 December, 19 March and 19 June in each year commencing on 19 September 2014 to, and including, the Maturity Date.
Interest Rate:	3m Euribor + 0.80%.
Specified Denomination:	EUR 100,000 and integral multiples of EUR 1,000 in excess thereof.
Aggregate Nominal Amount:	EUR 1,000,000,000.
Maturity Date:	19 June 2019.
Governing law:	New York.
ID Codes:	ISIN Code: XS1079726763.
Listing:	London Stock Exchange.

As of the the date of this Supplemental Information Memorandum, the financial statements of the issuer of Charged Assets 2 are available at: <http://investor.bankofamerica.com/phoenix.zhtml?c=71595&p=irol-reportsannual#fbid=F5M2i-p5XPl> and <http://www.morningstar.co.uk/uk/nsm>. Such financial statements are not incorporated in and do not form a part of this Supplemental Information Memorandum.

This information in relation to the Initial Charged Assets and the Initial Underlying Obligors has been extracted from public sources and has not been independently verified by the Issuer or Merrill Lynch International.



## DESCRIPTION OF THE COUNTERPARTY

Bank of America, National Association is the Counterparty. The Counterparty is a national banking association organized under the laws of the United States, with its principal executive offices located in Charlotte, North Carolina. The Counterparty is a wholly-owned indirect subsidiary of Bank of America Corporation (the **Corporation**) and is engaged in a general consumer banking, commercial banking and trust business, offering a wide range of commercial, corporate, international, financial market, retail and fiduciary banking services. The Counterparty has securities that are trading on the New York Stock Exchange.

The Corporation is a bank holding company and a financial holding company, with its principal executive offices located in Charlotte, North Carolina. Additional information regarding the Corporation is set forth in its Annual Report on Form 10-K for the fiscal year ended 31 December 2013 together with its subsequent periodic and current reports filed with the Securities and Exchange Commission (the **SEC**).

Filings can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, United States, at prescribed rates. In addition, the SEC maintains a website at <http://www.sec.gov>, which contains reports, proxy statements and other information regarding registrants that file such information electronically with the SEC.

The information concerning the Corporation and the Counterparty is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the referenced documents and financial statements referenced therein.

Moody's currently rates the Counterparty's long-term debt as "A2" and short-term debt as "P-1." The outlook is stable. Standard & Poor's currently rates the Counterparty's long-term debt as "A" and its short-term debt as "A-1." The outlook is negative. Fitch currently rates the Counterparty's long-term debt as "A" and short-term debt as "F1." The outlook is stable. Further information with respect to such ratings may be obtained from Moody's, Standard & Poor's and Fitch, respectively. No assurances can be given that the ratings of the Counterparty's instruments will be maintained.

Each of Moody's and Fitch are established in the European Union and each of which is registered in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and the Council of 16 September 2009 as amended (the **CRA Regulations**). Standard & Poor's is not established in the European Union but Standard & Poor's Credit Market Services Europe Limited, its European Union credit rating agency affiliate, is registered in accordance with the CRA Regulations.

The Counterparty will provide copies of the most recent Bank of America Corporation Annual Report on Form 10-K, any subsequent reports on Form 10-Q, and any required reports on Form 8-K (in each case as filed with the SEC pursuant to the Exchange Act), and the publicly available portions of the most recent quarterly Call Report of the Counterparty delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

Bank of America Corporate Communications  
100 North Tryon Street, 18th Floor  
Charlotte, North Carolina 28255  
Attention: Corporate Communication

The delivery hereof shall not create any implication that there has been no change in the affairs of the Corporation or the Counterparty since the date hereof or that the information contained or referred to in this section is correct as of any time subsequent to its date.

## DESCRIPTION OF THE INDEX

The iTraxx® Europe Index Series 21 (Version 1) (the **Index**) is comprised of an equally weighted portfolio of 125 European companies selected by dealer poll. More information on the iTraxx® Europe Index is available at [www.markit.com](http://www.markit.com) including the index rulebook and information on the past and future performance of the Index and its volatility.

iTraxx® is a registered trade mark of International Index Company Limited.

iTraxx® is a trade mark of International Index Company Limited and has been licensed for the use in connection with Credit Derivative Transactions hereunder. International Index Company Limited does not approve endorse or recommend iTraxx® derivatives products.

iTraxx® derivatives products are derived from a source considered reliable, but neither International Index Company Limited nor any of its employees, suppliers, subcontractors and agents (together **iTraxx Associates**) guarantees the veracity, completeness or accuracy of iTraxx® derivatives products or other information furnished in connection with iTraxx® derivatives products. No representation, warranty or condition, express or implied, statutory or otherwise, as to condition, satisfactory quality, performance, or fitness for purpose are given or assumed by International Index Company Limited or any of the iTraxx Associates in respect of iTraxx® derivatives products or any data included in such iTraxx® derivatives products or the use by any person or entity of iTraxx® derivatives products or that data and all those representations, warranties and conditions are excluded save to the extent that such exclusion is prohibited by law.

None of the International Index Company Limited nor any of the iTraxx Associates shall have any liability or responsibility to any person or entity for any loss, damages, costs, charges, expenses or other liabilities whether caused by the negligence of International Index Company Limited or any of the iTraxx Associates or otherwise, arising in connection with the use of iTraxx® derivatives products or the iTraxx® indices.

By purchasing Securities, each Securityholder acknowledges and agrees that the Securities are not sponsored, endorsed or promoted by the Index Sponsor or the Index Publisher (together, the **Index Parties**). None of the Issuer, the Counterparty, the Trustee, the Dealer, the Agents or any of their respective affiliates shall have any liability to any person for any act or failure to act by the Index Parties in connection with the determination, adjustment, calculation or maintenance of the Index. Although the Counterparty will obtain information concerning the Index from sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made, and no responsibility is accepted by any person, as to the accuracy, completeness or timeliness of information concerning the Index. However, the Counterparty intends to inform the Debt Sponsor and Facilitation Agent, FirstRand Bank Limited acting through its Rand Merchant Bank, to prepare an announcement to be distributed through the JSE news service in the event that there is a change to the rules governing the Index that would affect the obligations under the Credit Default Swap Transaction. The Securityholders should be aware that any party or one of its affiliates may be, or may be affiliated with, an Index Party and, as such, may be able to affect or influence the determination, adjustment or maintenance of the Index.

## GENERAL INFORMATION

1. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have had in such period a significant effect on the financial position or profitability of the Issuer.
2. No material fees are payable by the Issuer in respect of which the Issuer does not have the right of reimbursement. The estimated total expenses related to the admission to trading on the JSE are approximately ZAR 5,710.
3. The audited financial statements for the two financial years ended on 31 December 2012 and 2013 were prepared in accordance with International Financial Reporting Standards and are solely for the benefit and use of existing investors and any authorized user as referred to in the engagement letter between KPMG in the Cayman Islands (the auditors of the Issuer) and the Issuer, and are not intended for any other purpose. Therefore, unless the parties are authorized users explicitly stated in the engagement letter between KPMG in the Cayman Islands and the Issuer, the parties do not acquire, or assert that they have acquired, any rights as a result of this communication, or any subsequent communication, that it would not otherwise have had. KPMG therefore does not assume any duties or obligations to the parties as a result of providing the information.
4. The Issuer does not intend to provide any post-issuance information in relation to the Securities.
5. For the life of the Securities, copies of the published annual audited financial statements of the Issuer for the periods ended 31 December 2012 and 31 December 2013, in each case together with the audit reports prepared in connection therewith, will be available in physical form during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer.
6. For the purposes of the Commercial Paper Regulations promulgated under the Banks Act, 94 of 1990) of South Africa (the **Commercial Paper Regulations**), as at the Issue Date:
  - 6.1 the ultimate borrower in respect of the Securities is the Issuer;
  - 6.2 the Issuer is a going concern and sees no reason why it cannot in all circumstances be reasonably expected to meet its commitments under the Securities;
  - 6.3 the Issuer estimates to issue commercial paper (as defined in the Commercial Paper Regulations), with a nominal value of ZAR 200,000,000 (including this issuance) during its current financial year; and
  - 6.4 there has been no material adverse change in the Issuer's financial position since the date of its last audited financial statements.
7. FirstRand Bank Limited acting through its Rand Merchant Bank is acting solely in its capacity as Debt Sponsor and Facilitation Agent for the Issuer in connection with the Securities and is not itself seeking admission of the Securities to the Interest Rate Market of the JSE Exchange.
8. Any websites referred to herein do not form part of this prospectus.
9. The issue of the Securities was authorised by a resolution of the Board of Directors of the Issuer passed on 19 August 2014.

**REGISTERED OFFICE OF THE ISSUER**

**Dolomite Capital Limited**

At the offices of Intertrust Corporate Services (Cayman) Limited  
190 Elgin Avenue  
George Town  
Grand Cayman KY1-9005  
Cayman Islands

**TRUSTEE**

**HSBC Corporate Trustee Company (UK) Limited**

Level 27  
8 Canada Square  
London E14 5HQ  
England

**COUNTERPARTY, AGENT BANK, SELLING AGENT, VENDOR AND CALCULATION AGENT**

**Bank of America, National Association**

101 S. Tryon Street  
Charlotte, NC 28255  
USA

**SOUTH AFRICAN PAYING AGENT AND SOUTH  
AFRICAN TRANSFER AGENT**

**CUSTODIAN**

**FirstRand Bank Limited acting through its Rand**

**Merchant Bank**  
1 Merchant Place  
Cnr Fredman Drive and Rivonia Road  
Sandton, 2196  
South Africa

**HSBC Bank plc**

8 Canada Square  
London E14 5HQ  
England

**LEGAL ADVISERS**

To the Issuer  
as to South African law:

**White and Case**  
Block B, 4<sup>th</sup> Floor  
102 Rivonia Road  
Sandton  
South Africa

To the Dealer  
as to English law:

**Mayer Brown International LLP**  
201 Bishopsgate  
London EC2M 3AF  
England

To the Issuer as to Cayman  
Islands law

**Walkers**  
Third Floor  
6 Gracechurch Street  
London EC3 0AT  
England

**DEBT SPONSOR AND FACILITATION AGENT  
(AUTHORISED DEALER)**

**DEALER**

**FirstRand Bank Limited acting through its Rand**

**Merchant Bank**  
1 Merchant Place  
Cnr Fredman Drive and Rivonia Road  
Sandton, 2196  
South Africa

**Merrill Lynch South Africa Proprietary Limited**

Merrill Lynch Building  
138 West Street  
Sandton, 2196  
South Africa