



FirstRand Bank

FIRSTRAND BANK LIMITED

(Incorporated in the Republic of South Africa with limited liability under registration number 1929/001225/06)

(the “**Issuer**”)

Issue of ZAR715,000,000.00 Tier 2 Notes

Under its ZAR100,000,000,000.00 Domestic Medium Term Note Programme

FRB27

This Applicable Pricing Supplement with an issue date of 3 June 2019, as amended and restated on 15 June 2023 (the “**Amended and Restated FRB27 Applicable Pricing Supplement**”) must be read in conjunction with the Programme Memorandum (*which amends, restates, replaces and supersedes the Programme Memorandum dated 20 February 2015 and the amended and restated Programme Memoranda of 14 October 2015, 1 November 2018, and 8 October 2019, namely to correct manifest typographical errors regarding certain cross-references and to amend the Terms and Conditions for a technical and regulatory update in compliance with the JSE Debt Listings Requirements which became effective on 31 August 2020*), dated 13 April 2021 and approved by the JSE on 31 April 2021, prepared by FirstRand Bank Limited in connection with the FirstRand Bank Limited ZAR100,000,000,000.00 Domestic Medium Term Note Programme, as amended and/or supplemented from time to time (the “**Programme Memorandum**”).

Any capitalised terms not defined in this Amended and Restated FRB27 Applicable Pricing Supplement shall have the meanings ascribed to them in the section of the Programme Memorandum headed “*Terms and Conditions of the Notes*”.

This document constitutes the Amended and Restated FRB27 Applicable Pricing Supplement relating to the issue of Regulatory Capital Notes described herein. The Regulatory Capital Notes described herein are issued on and subject to the Terms and Conditions as amended and/or supplemented by the Terms and Conditions contained in this Amended and Restated FRB27 Applicable Pricing Supplement. To the extent that there is any conflict or inconsistency between the contents of this Amended and Restated FRB27 Applicable Pricing Supplement and the Programme Memorandum, the provisions of this Amended and Restated FRB27 Applicable Pricing Supplement shall prevail.

Amended and Restated FRB27 Applicable Pricing Supplement

DESCRIPTION OF THE NOTES

1.	Issuer	FirstRand Bank Limited
2.	Specified Office	2 nd Floor, 4 Merchant Place, Corner of Fredman Drive and Rivonia Road, Sandton, 2196, South Africa
3.	Status of Notes	Tier 2 Note (see Condition 6.2 (<i>Status of Tier 2 Notes</i>)) Unsecured, subordinated In accordance with the Regulatory Capital Requirements, the Tier 2 Notes will be subject to Write Off if a Trigger Event occurs in relation to the Issuer.
4.	Form of Notes	Listed Registered Notes The Notes in this Tranche are issued in uncertificated form and held by the CSD.
5.	Series Number	16
6.	Tranche Number	1
7.	Aggregate Nominal Amount:	
	a) Series	ZAR715,000,000.00
	b) Tranche	ZAR715,000,000.00
8.	Interest	Interest-bearing
9.	Interest Payment Basis	Fixed Rate
10.	Interest Period(s)	means each period commencing on (and including) an Interest Payment Date and ending on (but excluding) the following Interest Payment Date; provided that the first Interest Period will commence on (and include) the Interest Commencement Date and end on (but exclude) [the following

		Interest Payment Date (each Interest Payment Date as adjusted in accordance with the applicable Business Day Convention)
11.	Interest Payment Date(s)	means 3 June and 3 December of each year until the Maturity Date or, if such day is not a Business Day, the Business Day on which interest will be paid, as determined in accordance with the applicable Business Day Convention (as specified in the Applicable Pricing Supplement)
12.	Interest Rate Determination Date/s or Reset Dates	means 29 May 2019 for the first Interest Period and thereafter the first Business Day of each Interest Period
13.	Automatic/Optional Conversion from one Interest/Redemption/Payment Basis to another	N/A
14.	Issue Date	3 June 2019
15.	Nominal Amount per Note	ZAR1,000,000
16.	Specified Denomination	ZAR
17.	Issue Price	100%
18.	Interest Commencement Date	3 June 2019
19.	Maturity Date	3 June 2031
20.	Business Centre	Johannesburg
21.	Additional Business Centre	N/A
22.	Applicable Business Day Convention	Following Business Day
23.	Final Redemption Amount	100% of the Nominal Amount, subject to the applicable Capital Regulations

24.	Last Date to Register	The Register will be closed by 17h00 on 28 May and 27 November for each year until the Maturity Date, or if such day is not a Business Day, the Business Day preceding each Books Closed Period
25.	Books Closed Period(s)	The Register will be closed from 29 May to 2 June and from 28 November to 2 December (all dates inclusive) in each year until the Maturity Date
26.	Default Rate	N/A
27.	Specified Currency	South African Rand (ZAR)
28.	Provisions applicable to Subordinated Capital Notes	Applicable

FIXED RATE NOTES

29.	Issuer election not to pay interest	N/A
30.	a) Fixed Rate of Interest	10.19 percent per annum payable semi-annually in arrears
	b) Fixed Interest Payment Date(s)	Refer to Clause 11 of this Amended and Restated FRB27 Applicable Pricing Supplement
	c) Fixed Coupon Amount(s)	ZAR101,900.00 per ZAR1,000,000.00 in Nominal Amount
	d) Initial Broken Amount	N/A
	e) Final Broken Amount	N/A
	f) Determination Date(s)	29 May 2019
	g) Day Count Fraction	N/A
	h) Any other terms relating to the particular method of calculating interest	N/A

FLOATING RATE NOTES

31.	Issuer election not to pay interest	N/A
32.	<p>a) Floating Interest Payment Date(s)</p> <p>b) Interest Period(s)</p> <p>c) Definition of Business Day (if different from that set out in Condition 1 (<i>Interpretation</i>))</p> <p>d) Minimum Rate of Interest</p> <p>e) Maximum Rate of Interest</p> <p>f) Other terms relating to the method of calculating interest (e.g.: Day Count Fraction, rounding up provision)</p>	<p>means 3 March, 3 June, 3 September and 3 December or, if such day is not a Business Day, the Business Day on which interest will be paid, as determined in accordance with the applicable Business Day Convention (as specified in the Applicable Pricing Supplement) with the first interest payment date being 3 September 2026</p> <p>Refer to Clause 10 of this Amended and Restated FRB27 Applicable Pricing Supplement</p> <p>Following Business Day</p> <p>N/A</p> <p>N/A</p> <p>Day Count Fraction is Actual/365</p>
33.	Manner in which the Rate of Interest is to be determined	Screen Rate Determination
34.	Margin	254 basis points to be added to the relevant Reference Rate.
35.	If ISDA Determination:	
	a) Floating Rate	N/A
	b) Floating Rate Option	N/A

	c)	Designated Maturity	N/A
	d)	Reset Date(s)	N/A
	e)	ISDA Definitions to apply	N/A
36.	If Screen Determination:		
	a)	Reference Rate (including relevant period by reference to which the Rate of Interest is to be calculated)	ZAR-JIBAR-SAFEX with a designated maturity of 3 (three) months
	b)	Interest Rate Determination Date(s)	means 3 June 2026 for the first Interest Period and thereafter the first business day of each Interest Period
	c)	Relevant Screen Page and Reference Code	SAFEY Page, Code ZA01209
37.	If Rate of Interest to be calculated otherwise than by ISDA Determination or Screen Determination, insert basis for determining Rate of Interest/Margin/Fall-back provisions		N/A
38.	Issuer Agent responsible for calculating amount of principal and interest		FirstRand Bank Limited (acting through its Rand Merchant Bank division)

MIXED RATE NOTES

39.	Issuer election not to pay interest	N/A
40.	Period(s) during which the interest rate for the Mixed Rate Notes will be (as applicable) that for:	
	a) Fixed Rate Notes	Commencing on the Issue date and ending on but excluding the 3 June 2026
	b) Floating Rate Notes	Commencing on the 3 June 2026 and ending on but excluding 3 June 2031
	c) Index-Linked Notes	N/A
	d) Other Notes	N/A
41.	The interest rate and other pertinent details are set out under the headings relating to the applicable forms of Notes	N/A

PROVISIONS REGARDING REDEMPTION / MATURITY

42.	Prior consent of the Relevant Authority required for any redemption (in the case of Tier 2 Notes, prior to the Maturity Date)	Yes, save for redemption of Subordinated Capital Notes for Regulatory Capital reasons as contemplated in Condition 11.5 (<i>Redemption of Subordinated Capital Notes for Regulatory Capital reasons</i>). Condition 11.8 (<i>Conditions to redemption, purchase, cancellation, modification, substitution or variation of Subordinated Capital Notes</i>) is not applicable to the redemption of this Tranche of Notes upon the occurrence of a Regulatory Event, pursuant to Condition 11.8.3.
43.	Issuer's Optional Redemption:	Yes, subject to the applicable Regulatory Capital Requirements and Condition 11.8 (<i>Conditions to redemption, purchase, cancellation, modification, substitution or variation of Subordinated Capital Notes</i>)
	If yes:	
	a) Optional Redemption Date(s)	Each Interest Payment Date after (i) the Issue Date (for redemption for regulatory reasons as contemplated in Condition 11.5 (<i>Redemption for subordinated Capital Notes for Regulatory Capital reasons</i>) and Condition 11.8 (<i>Conditions to redemption, purchase, cancellation, modification, substitution or variation of Subordinated Capital Notes</i>) or (ii) 3 June 2026, subject to the applicable Capital Regulations
	b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s)	100% of Nominal Amount
	c) Minimum period of notice (if different from	N/A

Condition 11.3 (*Redemption at the Option of the Issuer*)

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|---|-----|
| d) If redeemable in part: | N/A |
| e) Minimum Redemption Amount(s) | N/A |
| f) Higher Redemption Amount(s) | N/A |
| g) Other terms applicable on Redemption | N/A |

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| 44. | Redemption at the Option of the Senior Noteholders: | No |
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If yes:

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| a) Optional Redemption Date(s) | N/A |
| b) Optional Redemption Amount(s) | N/A |
| c) Minimum period of notice (if different from Condition 11.4 (<i>Redemption at the Option of the Senior Noteholders</i>)) | N/A |
| d) If redeemable in part: | N/A |
| e) Minimum Redemption Amount(s) | N/A |
| f) Higher Redemption Amount(s) | N/A |
| g) Other terms applicable on Redemption | N/A |

	h) Attach pro forma Put Notice(s)	N/A
45.	<p>Early Redemption Amount(s) payable on redemption for taxation reasons or on Event of Default (if required).</p> <p>If an amount other than the Early Redemption Amount is payable on redemption for taxation reasons or on Event of Default</p> <p>a) Amount payable; or</p> <p>b) Method of calculation of amount payable</p>	<p>Yes, subject to the applicable Regulatory Capital Requirements and Condition 11.6 (<i>Conditions to redemption, purchase, cancellation, modification, substitution or variation of Subordinated Capital Notes</i>)</p> <p>N/A</p> <p>N/A</p>
46.	Other terms applicable on Redemption	<p>In respect of all Notes which will be automatically redeemed on the occurrence of an Activation Event (for the purposes of this item, “Activation Event” means an event that precipitates an automatic redemption in relation to the Notes), the early redemption date of the Notes will be a minimum of 5 (five) business days after the date on which the activation event occurred. Such early redemption date will be announced on SENS in accordance with the timetable set out in paragraph 3 of Schedule 4, Form A5 of the JSE Debt Listings Requirements.</p>

TRIGGER EVENT

47. Election as to definition of “Trigger Event”: “**Trigger Event**” means either:
- (i) definition (a) per the definition of “Trigger Event” as set out in Condition 1 (*Interpretation*) of the Terms and Conditions for Additional Tier 1 Capital which are to be accounted for as equity; This Item 47(i) is Not Applicable
 - or
 - (ii) definition (b) per the definition of “Trigger Event” as set out in Condition 1(*Interpretation*) of the Terms and Conditions for Additional Tier 1 Capital which are to be accounted for as liabilities This Item 47(ii) is Not Applicable
48. Contractual Conversion Condition N/a
49. If applicable
- a) Conversion Price N/A
 - b) Conversion Record Date (if different from the Terms and Conditions) N/A
 - c) Conversion Settlement Date (if different from the Terms and Conditions) N/A
 - d) Time period for the delivery of the Issuer Conversion N/A

Price Notice (if different from
the Terms and Conditions)

e) Other N/A

50. Contractual Write Off Condition Applicable. See Conditions 6.5 (*Write Off or Conversion of Subordinated Capital Notes*), 6.6 (*Notification of Trigger Event*) and 6.8 (*Write Off of Subordinated Capital Notes upon a Trigger Event*) to 6.14 (*Regulatory Capital Requirements and Additional Conditions*)

ADDITIONAL CONDITIONS N/A

GENERAL

51. Substitution and variation for Subordinated Capital Notes Applicable

52. Substitution and variation for Subordinated Capital Notes upon a Change in Law Applicable

53. Amendment Option: Issuer election to apply the Statutory Loss Absorption Regime pursuant to Condition 6.10 (*Disapplication of the Non- Viability Absorption Condition or Contractual Conversion Condition or Contractual Write Off Condition*) Applicable

54. Notes in issue As at the date of this issue, the Issuer has issued Notes in the aggregate total amount of ZAR75,541,780,829.61 under the Programme.

The aggregate Nominal Amount of all Notes issued under the Programme as at the Issue Date, together with the aggregate Nominal

		Amount of this Tranche (when issued), will not exceed the Programme Amount.
55.	Financial Exchange	The Interest Rate Market of the JSE Limited
56.	Exchange Control Approval	N/A
57.	Issuer Agent (consisting of the Calculation Agent, Paying Agent, Transfer Agent and Settlement Agent)	FirstRand Bank Limited (acting through its Rand Merchant Bank division)
58.	Specified office of the Issuer Agent (consisting of the Calculation Agent, Paying Agent, Transfer Agent and Settlement Agent)	6 th Floor, 1 Merchant Place, Corner of Fredman Drive and Rivonia Road, Sandton, 2196, South Africa
59.	Additional selling restrictions	N/A
60.	ISIN No.	ZAG000159963
61.	Stock Code	FRB27
62.	Method of distribution	Auction
63.	If syndicated, names of Managers	N/A
64.	If non-syndicated, name of Dealer	FirstRand Bank Limited (acting through its Rand Merchant Bank division)
65.	Debt Sponsor	FirstRand Bank Limited (acting through its Rand Merchant Bank division)
66.	Governing law (if the laws of South Africa are not applicable)	N/A
67.	Use of proceeds	As at the Issue Date, the proceed of the issue of this Tranche of Notes ranks as Tier 2 Capital
68.	Pricing Methodology	Standard JSE pricing methodology
69.	Stabilising Manager (if any)	N/A

70.	Other provisions	N/A
71.	Rating	Aa1.za/zaAA as at today's date
72.	Rating Agency	Moody's/Standard & Poors
73.	Material Change Statement	<p>The Issuer hereby confirms that as at the date of this Amended and Restated FRB27 Applicable Pricing Supplement, there has been no material change in the financial or trading position of the Issuer and its subsidiaries since the date of the Issuer's latest interim financial results for the six month period ended 31 December 2020. This statement has not been confirmed nor verified by the auditors of the Issuer.</p>

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

Responsibility:

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 pricing supplement contains all information required by law and the Debt Listings Requirements. The Issuer accepts full responsibility for the accuracy of the information contained in the Programme Memorandum and the annual financial statements and the pricing supplements and the annual report of the Issuer and any amendments or supplements to the aforementioned documents, except as otherwise stated therein.

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

Application was made to list this issue of Notes on 3 June 2019

SIGNED at Sandton on this 14 day of June 2023

for and on behalf of

FIRSTRAND BANK LIMITED



Name: Andries du Toit

Capacity: Authorised Signatory

Who warrants his/her authority hereto



Name: Cornelia Louw

Capacity: Authorised Signatory

Who warrants his/her authority hereto

SIGNED at _____ on this _____ day of _____ 2019

RISKS RELATING TO THE NOTES

1.1. *There is no active trading market for the Notes*

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

1.2. *The Notes may be redeemed prior to maturity*

Unless in the case of any particular Tranche of Notes the relevant Applicable Pricing Supplement specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of South Africa or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Terms and Conditions.

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

In respect of any Tier 2 Notes, the Issuer may, subject to the applicable Regulatory Capital Requirements, also redeem all outstanding Notes in the event of a Regulatory Capital Event. Any redemption of Tier 2 Notes prior to their Maturity Date (other than redemption for regulatory capital reasons as contemplated in Condition 11.5 (Redemption of Subordinated Capital Notes for Regulatory Capital reasons)), requires the prior written approval of the Relevant Authority.

1.3. *Investors will have to rely on the CSD's procedures for transfer, payment and communication with the Issuer as uncertificated Notes are held by or on behalf of the CSD*

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

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

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

1.4. Credit Rating

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

1.5. U.S. Foreign Account Tax Compliance Withholding, EU Savings Directive and Other Withholding Tax Obligations

Generally, if, pursuant to the European Council Directive 2003/48/EC on the taxation of savings income and/or FATCA (as such term is defined in Condition 12.2.9), a withholding or deduction obligation is imposed on a Note, none of the Issuer, any Paying Agent (as defined in the Applicable Pricing Supplement) or any other person will be obliged to pay additional amounts with respect to such Note as a result of the imposition of such withholding tax (please see Conditions 12.2.9 and 12.2.10).

Purchasers are advised to consult their own professional advisers as to the tax consequences of investing in the Notes, including any withholding tax consequences and the effects on such a purchaser of there being no obligation on the Issuer, the Paying Agent (as defined in the Applicable Pricing Supplement) or any other person to pay additional amounts in respect to Notes where a withholding obligation is imposed.

1.6. Notes issued at a substantial discount or premium

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

1.7. Modification, waivers and substitutions

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

1.8. Change of law

The Programme Memorandum, the Applicable Pricing Supplement, the Notes, and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with South Africa law. No assurance can be given as to the impact of any possible judicial decision or change to South African law or the law of any other jurisdiction or administrative practice after the date of signature of this Amended and Restated FRB27 Applicable Pricing Supplement. Such changes in South African law may include, but are not limited to, the introduction of a variety of statutory resolution and loss-absorption tools which may affect the rights of holders of securities issued by the Issuer, including the holders of Tier 2 Notes. Such tools may include the ability to write off sums otherwise payable on such securities at a time when the Issuer is no longer considered viable by its regulator or upon the occurrence of another trigger event (see paragraph 1.12.5 (Statutory Loss Absorption at the Point of Non-viability of the Issuer) below for further details). The Tier 2 Notes issued or to be issued under this Series currently provide in the contractual terms and conditions thereof for the writing off of such Tier 2 Notes (or a Relevant Part thereof) upon the occurrence of a Trigger Event (see paragraph 1.12.5 (Statutory Loss Absorption at the Point of Non-viability of the Issuer) below for further details).

1.9. The Notes may not be a suitable investment for all investors

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Programme Memorandum or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such an investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

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

1.9.1. Index-Linked and Dual Currency Notes

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

- the market price of such Notes may be volatile;
- no interest may be payable on such Notes;
- payments of principal or interest on such Notes may occur at a different time or in a different currency than expected;
- the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

1.9.2. Partly-Paid Notes

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

1.10. Legal investment considerations may restrict certain investments

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

1.11. Financial markets

A prospective investor of the Notes should be aware of the prevailing and widely reported global credit market conditions (which continue at the date hereof), whereby there is a general lack of liquidity in the secondary markets for instruments similar to the Notes. The Issuer cannot predict if and when these circumstances will change, and if and when they do, whether conditions of general market illiquidity for the Notes and instruments similar to the Notes will return in future.

1.12. Risks relating to Tier 2 Notes

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

The payment obligations of the Issuer under Tier 2 Notes will rank behind Senior Creditors. See Condition 6.2 (*Status of Tier 2 Notes*) for a full description of the subordination and the payment obligations of the Issuer under Tier 2 Notes.

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

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

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

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

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

In addition, the rights of Tier 2 Noteholders are limited in certain respects. In particular, if the Issuer defaults in the payment of any amount payable in respect of such Notes, and such default continues for a period of 7 (seven) Business Days after receiving written notice from any of the Tier 2 Noteholders, such Tier 2 Noteholder may only institute proceedings for the winding-up of the Issuer (and/or prove in any winding-up of the Issuer) but take no other action in respect of that default. Only if an order is made or an effective resolution is passed for the winding-up of the Issuer (otherwise than for the purpose of an amalgamation, merger, consolidation or re-organisation not involving liquidation, winding-up or bankruptcy) shall the Tier 2 Noteholder be able to declare (upon written notice) such Tier 2 Note immediately due and payable.

1.12.4. Regulatory Capital Requirements

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

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

Basel III (as defined in the “*Statutory Loss Absorption Regime*” definition in the “*Interpretation*” section of the Programme Memorandum) requires the implementation of certain non-viability requirements as set out in the press release dated 13 January 2011 of the Basel Committee on Banking Supervision entitled “*Minimum requirements to ensure loss absorbency at the point of non-viability*” (the “**Basel III Non-Viability Requirements**”). The Basel III Non-Viability Requirements represent part of the broader package of guidance issued by the Basel Committee on Banking Supervision on 16 December 2010 and 13 January 2011 and revised in July 2011, in relation to Basel III.

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

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

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

Regulation 38(12) of the Regulations Relating to Banks refers to the need for the Basel III Non-Viability Requirements to be reflected in the terms and conditions of a Tier 2 instrument (defined below) unless a duly enforceable SLAR is in place.

The SARB has provided some clarity on the loss absorbency requirements contemplated in the Regulations Relating to Banks in Guidance Note 2 of 2012 (*Matters related to the implementation of Basel III*), Circular 6 of 2013 (*Matters related to conditions for the issue of instruments or shares, the proceeds of which rank as Tier 2 capital*), Circular 6 of 2014 (*Interpretation of specified conditions for the issuing of instruments or shares which rank as Additional Tier 1 capital and Tier 2 capital*), and Guidance Note 6, and has indicated that it, together with National Treasury, is in the process of drafting legislation that will provide for a detailed SLAR. No official statement has however been made as to when the SLAR will be implemented in South Africa. The SARB has also provided detail in relation to its approach to bank recovery and outlined the phased-in approach to be followed in relation to the development of bank resolution plans in Guidance Note 4 of 2012 (*Further guidance on the development of recovery and resolution plans by South African banks*). The SARB has provided further guidance on the minimum requirements for the recovery plans of banks, branches of foreign banks and controlling companies in Directive 1 of 2015 (*Minimum requirements for the recovery plans of banks, controlling companies and branches of foreign institutions*). These Guidance Notes are broadly drafted and require further refinement, and market participants continue to discuss the Regulations Relating to Banks and the Guidance Notes with the SARB. Paragraph 1.3 of Guidance Note 6 provides that the SARB will continue to monitor international developments around loss absorbency requirements, and if necessary, will issue further guidance.

Guidance Note 6 requires banks to indicate, in the contractual terms and conditions of any Tier 2 capital instruments ("**Tier 2 instruments**") issued, whether such instruments would be either written off or converted into the most subordinated form of equity of the bank and/or its controlling company (such conversion, "**Conversion**") at the occurrence of a trigger event determined at the Relevant Authority's discretion, as envisaged in Regulation 38(12)(a)(i) of the Regulations Relating to Banks. To the extent that any Tier 2 instruments are issued prior to the commencement of the SLAR, such Tier 2 instruments will have to contractually provide for write off or Conversion (at the discretion of the Relevant Authority at the occurrence of a Trigger Event, as write off and Conversion are understood and applied in terms of the regulatory framework applicable at the time of the issuance of such Tier 2 instruments) in order to qualify as Tier 2 Capital. The terms and conditions of the Tranches of Tier 2 Notes issued under this Programme accordingly provide for the write off of Tier 2 Notes (or a Relevant Part thereof) at the discretion of the Relevant Authority upon the occurrence of a Trigger Event (see Condition 6.8 (*Write Off of Subordinated Capital Notes upon a Trigger Event*)).

Notwithstanding the requirement to provide for write off and/or Conversion in the contractual terms and conditions of a Tier 2 instrument, paragraph 6.3 of Guidance Note 6 provides that banks have the option to elect, upon the commencement of the SLAR, to have the existing contractual Write Off/Conversion Provisions of any Tier 2 instruments issued prior to the implementation of the SLAR replaced with the Write Off/Conversion Provisions in the legislation and/or regulations which implement(s) the SLAR. The Terms and Conditions of this Series of Tier 2 Notes

accordingly provide that the Issuer shall, subject to certain specific requirements (see Condition 6.10 (*Disapplication of the Non- Viability Absorption Condition or Contractual Conversion Condition or Contractual Write Off Condition*)) have the option (the “**Amendment Option**”), upon the commencement of the SLAR (subject to the prescribed timeframe), to elect that the Non-Viability Loss Absorption Condition shall cease to apply, and that the Statutory Loss Absorption Regime will instead apply, to the Notes. If the Amendment Option is not exercised by the Issuer (provided that the SLAR is not applied mandatorily to the Notes under Applicable Law), then the Notes will not be subject to the Statutory Loss Absorption Regime and the Non -Viability Loss Absorption Condition will continue to apply to the Notes.

Despite the above, whether regulated by the contractual Write Off/Conversion Provisions or the Write Off/Conversion Provisions in the legislation and/or regulations which implement(s) the SLAR, clause 2.6 of Guidance Note 6 provides that write off or Conversion of Tier 2 instruments will only occur to the extent deemed by the Relevant Authority as necessary to ensure that the Bank is viable, as specified in writing by the Relevant Authority. Accordingly, any write off or Conversion of the Tier 2 Notes will generally be effected to ensure compliance with these minimum requirements only. Any write offs or Conversions will also be subject to any restrictions on holding shares in a bank and/or a controlling company of a bank under South African law.

- 1.12.6. For so long as the Regulatory Capital Requirements so provide, early redemption of Tier 2 Notes will require the prior written approval of the Relevant Authority, and must be in accordance with the Additional Conditions (if any).

Subject to the applicable Regulatory Capital Requirements, Tier 2 Notes may have a minimum Maturity Period determined in accordance with the Regulatory Capital Requirements as set out in the Applicable Pricing Supplement. The Maturity Date(s) of any such Tier 2 Notes will accordingly need to fall after the end of any such Maturity Period(s). For so long as the applicable Regulatory Capital Requirements so provide, any redemption of Tier 2 Notes prior to the applicable Maturity Date(s) (including but not limited early redemption for tax reasons) will require the prior written approval of, and must be in accordance with the Additional Conditions (if any) approved by, the Relevant Authority. This is true even where an Event of Default has occurred.

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

Upon the occurrence of a Trigger Event, Tier 2 Notes will be cancelled (in the case of a write off in whole) or written off in part on a *pro rata* basis (in the case of a write off in part) in accordance with the Write Off/Conversion Provisions. Further to such cancellation or write off, Tier 2 Noteholders will no longer have any rights against the Issuer with respect to any amounts cancelled or written off and the Issuer shall not be obliged to pay compensation in any form to Tier 2 Noteholders. Furthermore, any such cancellation or write off will not constitute an Event of Default or any other breach of the Issuer's obligations under the Terms and Conditions of any Tier 2 Notes.

A Trigger Event will occur when the Relevant Authority has notified the Issuer, by way of a Relevant Authority's Trigger Event Notice, that it has determined that a "trigger event" as specified in the Regulatory Capital Requirements has occurred. The occurrence of a Trigger Event is

therefore inherently unpredictable and depends on a number of factors, many of which are outside of the Issuer's control.

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

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

2. RISK DISCLOSURES PERTINENT TO THE SOUTH AFRICAN REGULATORY FRAMEWORK

2.1. National Credit Act

The National Credit Act, 2005, (“**NCA**”) which came into full force and effect on 1 June 2007, has made significant changes to the interest, costs and fees which retail banks and other credit providers may charge consumers in South Africa. The maximum prescribed interest rates which may be levied on credit agreements are set out in the regulations to the NCA. The NCA further stipulates a closed list of costs and fees which may be recovered under a credit agreement in addition to the capital amount and interest. These are an initiation fee, a monthly service fee, default administration costs and collection costs. The initiation fee for arranging the credit agreement may not exceed the maximum prescribed amount, monthly service fees for the banks administration of the agreement are capped, default administration charges must be levied in accordance with the Magistrates Court Act, 1944 and collection costs are also limited. Other charges which may be applicable are strictly regulated and may only be levied if specifically listed in the NCA and to the extent permitted in the NCA. The NCA also requires certain qualifying credit providers to register with the National Credit Regulator, and credit agreements entered into by entities which are not registered credit providers, as is required in terms of the NCA, will be void ab initio. In addition, certain credit agreements which contain unlawful provisions in terms of the NCA could potentially be rendered void ab initio.

On 13 March 2015, the National Credit Amendment Act, 2014 came into effect. The amendments therein include, among others:

- provisions requiring the National Credit Regulator (the “**NCR**”) to apply additional criteria relating to a credit provider’s compliance with certain codes of conduct and affordability assessment regulations (which came into effect on 13 March 2015) as well as such credit provider’s commitment to combatting over-indebtedness when the NCR considers the registration of that credit provider in terms of the NCA. This affects the annual renewal of a credit provider’s registration with the NCR, as it entitles the NCR to reject an application if these compliance requirements are not met;
- provisions which prohibit the selling or collection of outstanding debts which have prescribed. This amendment means that credit providers can no longer collect on loans where no legal action has been taken and no payments have been received for 3 years. This will impact the ability of the Bank

to collect existing non-performing and written-off loans which have prescribed and applies to all loans in existence at 13 March 2015 and new loans granted thereafter;

- provisions which allow consumers to remedy defaults through full payment, if the credit agreement has not been terminated, and for preventing the restoration of credit agreements after termination via due process and execution of a court order. The provisions also specify acceptable methods for the delivery of default notices to consumers; and
- the broadening of the definition of prohibited conduct to include any contravention of the NCA. This, along with the broadening of the scope of enforcement powers of the NCR, extensively expands the scope for actions which may be brought against credit providers contravening the NCA.

On 13 March 2015, the National Credit Act Regulations including Affordability Assessment Regulations came into effect. The amendments, among others, include:

- an amendment of the retention period requirements for consumer credit information on the credit bureaus, where the retention period during which most categories of consumer credit information may be displayed were reduced;
- prohibiting the submission of adverse credit information in respect of (i) prescribed debts or (ii) adverse information where no notice has been given to the consumer as required by the regulations, as well as preventing employers or recruiting agencies from accessing consumer credit information unless they certify that any and all requests for such information relate to employment positions requiring honesty in dealing with cash or finances with the job descriptions of such positions are clearly outlined;
- the introduction of the standard criteria for conducting affordability assessments; and
- the introduction of the requirements and standards for training all registrants under the NCA, including credit providers. For credit providers, the training of staff will cover, among others, the NCA, governance and compliance, customer service, risk management, computer literacy, financial management, business management, and economics.

2.2. Companies Act

The Companies Act came into force on 1 May 2011. The Companies Act may have an impact on institutional reform, company categorisation, company formation, accountability and transparency, corporate finance, shareholder provisions, director's duties and board governance, fundamental transactions, takeovers and share purchases and could have an impact on the rights and duties of the Issuer and Noteholders.

2.3. Consumer Protection Act

The Consumer Protection Act, 2009 (“**CPA**”) came into effect on 1 April 2011. The CPA will give consumers the right to demand quality service and to full disclosure of the price of goods and services, and protection against false, misleading or deceptive representations.

The CPA will fundamentally change the way business is done in South Africa. It requires businesses to transform the way in which they interact with consumers and to ensure that all dealings with consumers are fair, reasonable and honest. Credit agreements governed by the NCA do not fall within the ambit of

the CPA, however, the goods or services that are the subject of the credit agreement are not excluded from the ambit of the CPA. The CPA provides that certain industries may be exempted from particular provisions of the CPA where there are existing consumer protection regimes in place in respect of those industries. Banks are exempted from section 14 of the CPA which deals with fixed-term contracts as there is concern in the banking industry that the said provision will adversely impact fixed term deposits and bank customer's ability to withdraw such deposit early.

Investors will have to familiarise themselves with the risks associated with this new legislation as it remains untested in a court of law to date.