



THE STANDARD BANK OF SOUTH AFRICA LIMITED

*(Incorporated with limited liability on 13 March 1962 under registration number 1962/000738/06
in the Republic of South Africa)*

ZAR60 000 000 000 Structured Note Programme

On 30 November 2001 The Standard Bank of South Africa Limited (the **Issuer**) established a ZAR10 000 000 000 Credit Linked Note Programme (the **CLN Programme**) pursuant to a programme memorandum dated 30 November 2001 (the **CLN Programme Memorandum**). On 15 August 2006 the aggregate nominal amount of the CLN Programme was increased to ZAR20 000 000 000 and on 25 February 2008 the aggregate nominal amount of the CLN Programme was increased to ZAR40 000 000 000. As at 1 February 2012 the Issuer renamed the CLN Programme as the Structured Note Programme (the **Programme**) and amended and restated the CLN Programme Memorandum. On 18 February 2013 the Programme Amount of the Programme was increased to ZAR60,000,000,000. The Programme Memorandum was further amended and restated on 1 January 2017. This Programme Memorandum (the **Programme Memorandum**) will apply to all Notes issued under the Programme on or after the date hereof (the **Programme Date**) and will in respect of such Notes supersede and replace the all prior programme memoranda in their entirety. Notes issued under the Programme on or after the Programme Date are subject to the provisions described herein. This Programme Memorandum does not affect any Notes issued before the Programme Date and the relevant prior programme memoranda will continue to apply to such Notes, as applicable.

Capitalised terms used in this Programme Memorandum are defined in the section of this Programme Memorandum headed "*Terms and Conditions of the Notes*" (the **Terms and Conditions**), unless separately defined, and/or in relation to a Tranche of Notes, in the Applicable Pricing Supplement.

Under this Programme the Issuer may from time to time issue, without limitation, Fixed Rate Notes, Floating Rate Notes, Mixed Rate Notes, Zero Coupon Notes, Credit Linked Notes, Equity Linked Notes, Index Linked and/or FX Linked Notes and/or such combination of the foregoing Notes and/or such other type of Notes as may be determined by the Issuer and the relevant Dealer(s) and specified in the Applicable Pricing Supplement. Notes will be issued in individual Tranches which, together with other Tranches, may form a Series of Notes. A Tranche of Notes will be issued on, and subject to, the Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions of that Tranche of Notes set out in the Applicable Pricing Supplement. Save as set out herein, the Notes will not be subject to any minimum or maximum maturity and the maximum aggregate Nominal Amount of all Notes from time to time outstanding will not exceed ZAR60 000 000 000.

This Programme Memorandum has been registered with the JSE. A Tranche of Notes may be listed on the JSE or on such other or additional Financial Exchange(s) as may be selected by the Issuer and the relevant Dealer (as defined below), subject to all Applicable Laws. Unlisted Notes may also be issued under the Programme. Unlisted Notes are not regulated by the JSE. The Applicable Pricing Supplement relating to a Tranche of Notes which is to be listed on the JSE will specify the relevant platform or sub-market of the JSE on which such Tranche of Notes is to be listed and will be delivered to the JSE and the Central Depository, before the Issue Date. A Tranche of Notes listed on the JSE may be traded by or through members of the JSE from the date specified in the Applicable Pricing Supplement, in accordance with the Applicable Procedures. The settlement of trades on the JSE will take place in accordance with the electronic settlement procedures of the JSE and the Central Depository for all trades done through the JSE. The placement of a Tranche of unlisted Notes may (at the sole discretion of the Issuer) be reported through the JSE reporting system, in which event the settlement of trades in such Notes will take place in accordance with the electronic settlement procedures of the JSE and the Central Depository. The settlement and redemption procedures for a Tranche of Notes listed on any Financial Exchange (other than or in addition to the JSE) will be specified in the Applicable Pricing Supplement.

As at the **Programme Date**, the Notes to be issued under this Programme are not rated by any rating agency. From time to time the Notes issued under this Programme may be individually rated. The rating assigned to the Issuer and/or the Programme and/or the Notes, as the case may be, as well as the rating agency(ies) which assigned such rating(s), will be specified in the Applicable Pricing Supplement and made available on the Issuer's website at www.standardbank.co.za. Any change in the rating assigned to the Issuer and/or the Programme and/or the Notes, as the case may be, will be announced on SENS in accordance with the debt listing requirements of the JSE. The Issuer may issue Notes in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplementary Programme Memorandum, if appropriate, will be made available, which will describe the effect of the agreement reached in relation to such Notes.

Arranger and Dealer

The Standard Bank of South Africa Limited
(acting through its Corporate and Investment Banking Division)

Programme Memorandum dated 10 January 2019

IMPORTANT NOTICES

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

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

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

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

This Programme Memorandum is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see the section headed "*Documents Incorporated by Reference*"). This Programme Memorandum shall be read and construed on the basis that such documents are incorporated by reference into and form part of this Programme Memorandum.

None of the Arranger, neither the JSE nor any of their professional advisers has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by any of the Arranger, the JSE or other professional advisers as to the accuracy or completeness of the information contained in this Programme Memorandum or any other information provided by the Issuer. None of the Arranger, neither the JSE nor any of their professional advisers accept any liability in relation to the information contained in this Programme Memorandum or any other information provided by the Issuer in connection with the Programme.

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

Neither this Programme Memorandum nor any other information supplied in connection with the Programme is intended to provide a basis for any credit or other evaluation, or should be considered as a recommendation by the Issuer that any recipient of this Programme Memorandum or any other information supplied in connection with the Programme, should purchase any Notes.

Each investor contemplating the purchase of any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the condition (financial or otherwise), of the Issuer. Neither this Programme Memorandum nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any Notes.

The delivery of this Programme Memorandum does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other financial statements or other information supplied in connection with the Programme is correct as at any time subsequent to the date indicated in the document containing the same. Investors should review, among others, the most recent financial statements of the Issuer when deciding whether or not to purchase any Notes.

This Programme Memorandum does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction.

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

Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the Securities Act) and Bearer Notes are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States of America or to U.S. persons (as defined in Regulation S under the Securities Act) except in accordance with Regulation S under the Securities Act.

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

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

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

By its purchase of a Note, an investor in Equity Linked Notes linked to Shares of Share Companies incorporated in South Africa is deemed to represent to the Issuer that:

- (a) it is not doing so based on inside information as defined and contemplated in the Financial Markets Act, 19 of 2012, as amended, or any other legislation or regulations governing insider trading or any comparable legislation or regulation in any applicable jurisdiction;**
- (b) it is not involved in any form of market manipulation or market abuse as defined and contemplated in the Financial Markets Act, 19 of 2012, as amended, or any other legislation or regulations governing market manipulation or market abuse or any comparable legislation or regulation in any applicable jurisdiction;**
- (c) it is not in possession of information relating directly or indirectly to a Share and/or Share Company which has not been made public and which if it were made public would be likely either to be used by a reasonable investor to make investment decisions in respect of the relevant Share or to have a significant effect on the price of the relevant Shares; and**
- (d) it has complied with all disclosure and reporting requirements involving the relevant Shares and the relevant Share Company, which may be relevant to the purchasing or selling of the Equity Linked Note in accordance with applicable legal and regulatory provisions or in accordance with any securities exchange regulation, including disclosure requirements imposed under market abuse rules or legal and regulatory provisions relating to the transparency of shareholding of Share Companies listed on the JSE.**

FORWARD-LOOKING STATEMENTS

Certain statements in this Programme Memorandum, including the documents incorporated by reference herein, are forward-looking statements. These statements can be identified by the fact that they do not relate strictly to historical or current facts. Forward-looking statements often use words such as "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", or other words of similar meaning. Forward-looking statements provide the Issuer's current expectations or forecasts of future events, circumstances, results or aspirations. In addition, the Issuer's senior management may make forward-looking statements orally to analysts, investors, representatives of the media and others. All forward-looking statements are, by their nature, subject to risks and uncertainties, many of which are beyond the Issuer's control. The Issuer's actual future results may differ materially from those set forth in its forward-looking statements.

Any forward-looking statements made by or on behalf of the Issuer speak only as of the date they are made and the Issuer does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements were made.

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DOCUMENTS INCORPORATED BY REFERENCE

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

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

- (a) all amendments and supplements to this Programme Memorandum circulated by the Issuer from time to time in accordance with the amended and restated Programme Agreement dated 10 January 2019 between the Arranger (as defined therein) and the Issuer (the **Programme Agreement**) which relates to the Programme;
- (b) the audited annual financial statements, and notes thereto, of the Issuer for the three financial years ended 31 December 2015, 2016 and 2017 as well as the published audited annual financial statements, and notes thereto, of the Issuer in respect of all financial years of the Issuer after the Programme Date, as and when same become available as well as any and all interim financial accounts, management accounts or other financial statements published by the Issuer from time to time;
- (c) each Applicable Pricing Supplement relating to any Tranche of Notes issued under the Programme on or after the Programme Date; and
- (d) all information pertaining to the Issuer which is relevant to the Programme and/or this Programme Memorandum which is electronically submitted by the SENS service established by the JSE, to SENS subscribers, if required and/or which is available on any electronic news service established or used or required by the JSE,

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

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

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

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

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

Upon request the Issuer will provide, free of charge, a copy of any of the public documents deemed to be incorporated herein by reference for so long as the Programme Memorandum remains registered with the JSE, unless such documents have been modified or superseded. Requests for such documents should be directed to the Issuer at its Specified Office.

	Information incorporated by reference:	Accessible on the Issuer's website	Available for inspection at the registered office of the Issuer (as set out at the end of this Programme Memorandum)	Available on the JSE's website www.jse.co.za.
(a)	Programme Memorandum, any amendments and/or supplements to this Programme Memorandum.	Yes, available at: http://reporting.standardbank.com/debt-centre-confidentiality-and-disclaimer.php	Yes	Yes
(b)	All Applicable Pricing Supplements relating to Notes in issue under the Programme.	Yes, available at: http://reporting.standardbank.com/debt-centre-confidentiality-and-disclaimer.php	Yes	Yes
(c)	Audited annual financial statements and unaudited interim financial statements of the Issuer.	Yes, available at: http://reporting.standardbank.com/resultsreports.php	Yes	
(d)	The full names of the Issuer's directors.	Yes, available at: https://reporting.standardbank.com/downloads/SBG_FY17_1_Annual%20Integrated%20report.pdf		
(e)	Constitutional documents of the Issuer.		Yes	
(f)	Implementation by the Issuer of the King Code through the application of the King Code disclosure	Yes, available at: https://www.standardbank.com/pages/StandardBankGroup/web/docs/1		

	and application regime.	6012_SBG%20King%20IV%20application%20of%20principles.pdf		
(g)	All information pertaining to the Issuer which is relevant to the Programme and/or this Programme Memorandum	Yes, available at: http://reporting.standardbank.com/debt-centre-confidentiality-and-disclaimer.php	Yes	Yes

Investors who have not previously reviewed the information contained in the above documents should do so in connection with their evaluation of any Notes. Any statement contained in a document, all or the relevant portion of which is incorporated by reference into this Programme Memorandum, shall be deemed to be modified or superseded for the purpose of this Programme Memorandum to the extent that a statement contained in this Programme Memorandum or in any supplement to this Programme Memorandum, including any documents incorporated therein by reference, modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

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

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

GENERAL DESCRIPTION OF THE PROGRAMME

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

Under the Programme, the Issuer may from time to time issue Notes denominated in the currency specified in the Applicable Pricing Supplement. The applicable terms of any Notes will be set out in the Terms and Conditions incorporated by reference into the Notes, as modified and supplemented by the Applicable Pricing Supplement relating to the Notes and any supplementary Programme Memorandum. A summary of the Programme and the Terms and Conditions appears in the section of this Programme Memorandum headed "*Summary of the Programme*".

As at the Programme Date, the Programme Amount is ZAR60 000 000 000 (or its equivalent in such other currency or currencies as Notes are issued). This Programme Memorandum will only apply to Notes issued under the Programme in an aggregate Nominal Amount Outstanding which does not exceed the Programme Amount, unless such amount is increased as set out below. For the purpose of calculating the aggregate Nominal Amount of Notes Outstanding issued under the Programme from time to time:

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

The placement of a Tranche of unlisted Notes may (at the sole discretion of the Issuer) be reported through the JSE reporting system in which event the settlement of trades in such Notes will take place in accordance with the electronic settlement procedures of the JSE and the Central Depository.

From time to time, the Issuer may wish to increase the Programme Amount. Subject to the Applicable Procedures, the Programme Agreement and all Applicable Laws, the Issuer may, without the consent of Noteholders, increase the Programme Amount by delivering notice thereof to (i) the Debt Sponsor, (ii) Noteholders, (iii) the relevant Financial Exchange(s), (iv) the Transfer, Paying, Settlement and Calculation Agents, and (v) the Arranger in accordance with the applicable procedures. Upon such notices being given, all references in the Programme Memorandum or any other agreement, deed or document in relation to the Programme, to the Programme Amount, shall be, and shall be deemed to be, references to the increased Programme Amount.

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

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

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

SUMMARY OF THE PROGRAMME

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

PARTIES

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

GENERAL

JSE Debt Guarantee Fund Trust and/or the JSE Guarantee Fund	Claims against the JSE Debt Guarantee Fund Trust and/or the JSE Guarantee Fund may only be made in respect of the trading of Notes which are listed on the JSE (other than on the separate platform or sub-market of the JSE designated as the " <i>Interest Rates Market</i> ") and in accordance with the rules of the JSE Debt Guarantee Fund Trust and/or the JSE Guarantee Fund. The holders of Notes that are not listed on the JSE will have no recourse against the JSE or the JSE Debt Guarantee Fund Trust and/or the JSE Guarantee Fund. Unlisted Notes are not regulated by the JSE.
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Blocked Rand	Blocked Rand may be used to subscribe for or purchase Notes, subject to South African Exchange Control Regulations (see the section of this Programme Memorandum headed " <i>South African Exchange Control</i> ").
Denomination of Notes	Notes will be issued in such denominations as may be specified in the Applicable Pricing Supplement.
Description of the Programme	The Standard Bank of South Africa Limited ZAR60 000 000 000 Structured Note Programme.
Method of Transfer	The method of transfer is by registration for transfer of Notes to occur through the Register and by electronic book entry in the securities accounts in the Central Depository, as the case may be, for transfers of Beneficial Interests in the Notes, in all cases subject to the restrictions described in this Programme Memorandum. The Notes are freely transferable.
Form of Notes	Notes may be issued in the form of Registered Notes, Bearer Notes or Order Notes. Registered Notes may be issued in certificated or uncertificated form, as specified in the Applicable Pricing Supplement (see section of this Programme Memorandum headed " <i>Form of the Notes</i> " below). Bearer Notes and Order Notes will, if issued, be issued in certificated form.
Governing Law	The Programme Memorandum, the Terms and Conditions and the Notes will be governed by, and construed in accordance with the laws of South Africa.
Interest	A Tranche of Notes may be interest-bearing or non-interest bearing, as specified in the Applicable Pricing Supplement. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index linked, and the method of calculating interest may vary between the Issue Date and the Maturity Date, and, in the case of Credit Linked Notes, Interest may cease to accrue prior to the due date for redemption, all as specified in the Applicable Pricing Supplement.
Interest Period(s) or Interest Payment Date(s)	The Interest Rate(s), Interest Payment Date(s) and Interest Period(s) applicable to interest-bearing Notes will be specified in the Applicable Pricing Supplement.
Interim Amount(s)	A Tranche of Equity Linked Interim Amount Notes may pay interim amount(s) as specified in the Applicable Pricing Supplement.
Issue Price	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at their Nominal Amount or at a discount to, or premium over, their Nominal Amount as specified in the Applicable Pricing Supplement.
Listing	<p>This Programme has been approved and registered with the JSE. Notes issued under the Programme may be listed on the JSE, or on a successor exchange or such other or additional Financial Exchange(s) as may be selected by the Issuer in relation to such issue. Unlisted Notes may also be issued under the Programme. Unlisted Notes are not regulated by the JSE.</p> <p>The Applicable Pricing Supplement in respect of a Tranche of Notes will specify whether or not such Tranche of Notes will be listed, on which Financial Exchange they are to be listed (if applicable) and, if such Tranche</p>

of Notes is to be listed on the JSE, the relevant platform or sub-market of the JSE on which such Tranche of Notes is to be listed.

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

Notes Notes may comprise:

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

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

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

Indexed Notes: payments in respect of interest on Indexed Interest Notes or in respect of principal on Indexed Redemption Amount Notes will be calculated by reference to such index and/or formula as may be indicated in the Applicable Pricing Supplement with such Applicable Pricing Supplement complying with any additional requirements that may be specified by the JSE for such Notes;

Mixed Rate Notes: Mixed Rate Notes will bear interest over respective periods at the rates applicable for any combination of Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Indexed Notes or FX Linked Interest Notes, each as specified in the Applicable Pricing Supplement;

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

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

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

Credit Linked Notes: Notes issued subject to the condition that, upon the occurrence of a Credit Event, the Issuer may, subject to certain conditions, redeem the Notes by payment of money (in an amount equal to the Cash Settlement Amount) or, if so provided, by the Delivery of Deliverable Obligations comprising the Entitlement, as provided in Credit Linked Condition 1 (*Redemption Following the Occurrence of a Credit Event*). The Cash Settlement Amount or the value of the Deliverable Obligations comprising the Entitlement may be less than the Nominal Amount of the Notes, or zero;

FX Linked Notes: payments of principal and/or interest in respect of FX Linked Notes will be calculated by reference to one or more foreign

exchange rates as set out in the Applicable Pricing Supplement. In certain circumstances FX Linked Notes may be redeemed by Delivery of, or at a redemption amount calculated by reference to the fair market value of, selected FX Deliverable Obligations as set out in the Applicable Pricing Supplement;

Equity Linked Notes: payments in respect of Equity Linked Notes will be calculated by reference to a single equity security (each a Share) or a basket of Shares. Equity Linked Notes may also provide for settlement by physical delivery of a specified number of Shares of one or more companies, subject to payment of any applicable amounts payable; and

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

Participants	In the cases of Notes held in the Central Depository, the persons accepted by the CSD as participants in terms of the Financial Markets Act. As at the Programme Date, the Participants are Citibank NA, South Africa Branch, Computershare Proprietary Limited, FirstRand Bank Limited, Nedbank Limited, The Standard Bank of South Africa Limited, Standard Chartered Bank, Johannesburg Branch and Société Générale - Johannesburg Branch, the SARB.
Payment Currency	South African Rand or, subject to all Applicable Laws and, in the case of Notes listed on the JSE, the Debt Listings Requirements of the JSE, such other currency as specified in the Applicable Pricing Supplement.
Programme Amount	The maximum aggregate Nominal Amount of all Notes Outstanding that may be issued under the Programme at any one point in time, being as at the Programme Date, ZAR60 000 000 000 (or its equivalent in other currencies) or such increased amount as is determined by the Issuer from time to time, subject to the Applicable Procedures, Applicable Laws and the Programme Agreement, as more fully set out in the section of this Programme Memorandum headed " <i>General Description of the Programme</i> ".
Redemption	<p><i>Scheduled Redemption:</i> A Tranche of Notes will, subject to the Terms and Conditions, be redeemed on the Maturity Date, as set out in Condition 7.1 (<i>Scheduled Redemption</i>).</p> <p><i>Early Redemption at the option of the Issuer (Call Option):</i> If the Call Option is specified as applicable in the Applicable Pricing Supplement, the Issuer may (having given not less than 15 (fifteen) and not more than 60 (sixty) days', or such other period as specified in the Applicable Pricing Supplement, notice to the Noteholders in accordance with Condition 16 (<i>Notices</i>)) redeem the Notes in whole, or if so specified in the Applicable Pricing Supplement, in part on the Optional Redemption Dates, in accordance with Condition 7.3 (<i>Early Redemption at the option of the Issuer (Call Option)</i>).</p> <p><i>Early Redemption at the option of Noteholders of Notes (Put Option):</i> If the Put Option is specified as applicable in the Applicable Pricing Supplement, the Noteholders of any such Tranche of Notes may, by delivering, amongst other things, a duly completed Put Notice in accordance with Condition 7.4 (<i>Early Redemption at the option of Noteholders (Put Option)</i>), require the</p>

Issuer to redeem such Tranche of Notes on the Optional Redemption Dates specified in the relevant Put Notice in the manner set out in, and in accordance with, Condition 7.4 (*Early Redemption at the option of Noteholders (Put Option)*).

Early Redemption following the occurrence of a Tax Event and/or Increased Cost Event and/or Change in Law: If so specified in the Applicable Pricing Supplement, the Issuer may redeem any Tranche of Notes at any time prior to the Maturity Date following the occurrence of a Tax Event and/or an Increased Cost Event and/or Change in Law as set out in Condition 7.2 (*Redemption following the occurrence of a Tax Event and/or Increased Cost Event and/or Change in Law*).

Early Redemption following an Event of Default: Upon the occurrence of an Event of Default and receipt by the Issuer of a written notice declaring Notes held by the relevant Noteholder to be forthwith due and payable in accordance with Condition 11 (*Events of Default*), such Notes shall become forthwith due and payable at the Early Redemption Amount in the manner set out in Condition 7.7 (*Early Redemption Amounts*), together with interest (if any) to the date of payment, in accordance with Condition 11 (*Events of Default*).

Early Redemption following extraordinary events, corporate actions, index adjustment or cancellation or additional disruption events: Equity Linked Notes may be subject to early redemption or adjustment (including as to valuation and in certain circumstances Share substitutions) if certain corporate events (such as events affecting the value of a Share (including Share divisions or consolidations, extraordinary dividends and capital calls); delisting of a Share; insolvency, merger or nationalisation of a Share issuer; or a tender offer or redenomination of a Share) occur, if certain events (such as illegality, disruptions or cost increases) occur with respect to the Issuer's or any of its Affiliates' or agent's hedging arrangements, or if insolvency filings are made with respect to a Share issuer. Index Linked Notes may be subject to early redemption or adjustment if an Index is modified or cancelled and there is no successor index acceptable to the Calculation Agent, if the Index's sponsor fails to calculate and announce the Index, or certain levels (such as illegality, disruptions or cost increases) occur with respect to the Issuer's or any of its Affiliates' or agent's hedging arrangements.

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

Register

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

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

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

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

Risk Factors	Investing in the Notes involves certain risks (see the section of this Programme Memorandum headed " <i>Risk Factors</i> ").
Securities Transfer Tax	As at the Programme Date, no Securities Transfer Tax (as contemplated in the Securities Transfer Tax Act, 2007) is payable on the issue or on the transfer of Notes.
SENS	The Securities Exchange News Service established by the JSE.
Selling Restrictions	The distribution of this Programme Memorandum and/or any Applicable Pricing Supplement and any offering or sale of or subscription for any Tranche of Notes may be restricted by law in certain jurisdictions, and is restricted by law in the United States, the United Kingdom, the European Economic Area, South Africa and certain other jurisdictions (see section headed " <i>Subscription and Sale</i> "). Any other or additional restrictions which are applicable and which may be required to be met in relation to an offering or sale of a particular Tranche of Notes will be included in the Applicable Pricing Supplement. Persons who come into possession of this Programme Memorandum and/or any Applicable Pricing Supplement must inform themselves about and observe all applicable selling restrictions.
Status of Notes	The Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer, all as described in Condition 5 (<i>Status of Notes</i>) and the Applicable Pricing Supplement.
Taxation	A summary of the applicable Tax legislation in respect of the Notes, as at the Programme Date, is set out in the section of this Programme Memorandum headed " <i>South African Taxation</i> ". The summary does not constitute tax advice. Potential investors in the Notes should consult their own professional advisers as to the potential tax consequences of, and their tax positions in respect of, an investment in the Notes.
Terms and Conditions	The Terms and Conditions of the Notes are set out in the section of this Programme Memorandum headed " <i>Terms and Conditions of the Notes</i> ".
Withholding Tax	As at the Programme Date all payments in respect of the Notes will be made without withholding or deduction for or on account of taxes levied in South Africa. In the event that certain withholding tax or such other deduction is required by Applicable Law, then the Issuer will, subject to the Issuer's rights to redeem Notes following a Tax Event and/or Increased Cost Event and/or Change in Law pursuant to Condition 7.2 (<i>Redemption following the occurrence of a Tax Event and/or Increased Cost Event and/or Change in Law</i>) (and subject to certain exceptions as provided in Condition 9 (<i>Taxation</i>) of the Terms and Conditions), pay such additional amounts as shall be necessary in order that the net amounts received by the Noteholders

after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes in the absence of such withholding or deduction.

FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached, or in the form of Order Notes.

Bearer Notes

Bearer Notes represented by Individual Certificates

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

Title to Bearer Notes (including rights to Instalment Amounts and/or interest thereon, as applicable) will pass by delivery of the Certificate evidencing such Note or of the Receipt and/or Coupon relating thereto, as the case may be, in accordance with Condition 13.2 (*Transfer of Bearer Notes*). The Issuer, the Transfer Agent and the Paying Agent may deem and treat the Bearer of any such Certificate, Receipt or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes.

Registered Notes

A Tranche of Registered Notes will be issued in certificated form or uncertificated form as specified in the Applicable Pricing Supplement. Each Tranche of Notes which is listed on the JSE will be issued in uncertificated form and held in the Central Depository in the name of, and for the account of, each relevant CSDP's Nominee or the individual Noteholder, where the Participant has set up a central securities account (**CSA account**) in the name of such Noteholder. A Tranche of unlisted Notes may also be held in the Central Depository.

Registered Notes in certificated form

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

Subject to the Applicable Laws, title to Registered Notes represented by Individual Certificates will pass upon registration of transfer in accordance with Condition 13.1 (*Transfer of Registered Notes*) of the Terms and Conditions.

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

Payments of all amounts due and payable in respect of Registered Notes represented by Individual Certificates will be made in accordance with Condition 8 (*Payments*) of the Terms and Conditions to the Person reflected as the registered Noteholder of such Registered Notes in the Register at 17:00 (South African time) on the Last Day to Register, and the Issuer's obligations will be discharged by proper payment to or to the order of such registered holder in respect of each amount so paid.

Registered Notes in uncertificated form held in Central Depository

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

Registered Notes issued in uncertificated form will not be represented by any certificate or written instrument. A Tranche of Registered Notes issued in uncertificated form will either be held by (i) each relevant CSDP Nominee and such CSDP Nominee will be named in the Register as the registered Noteholder of that Tranche of Notes or (ii) the individual Noteholder pursuant to its CSA account and the individual Noteholder will be named in the Register as the registered Noteholder of such Notes.

Title to Registered Notes issued in uncertificated form will pass upon registration of transfer in accordance with Condition 13.1 (*Transfer of Registered Notes*) of the Terms and Conditions.

Payments of all amounts due and payable in respect of Registered Notes issued in uncertificated form will be made in accordance with Condition 8 (*Payments*) of the Terms and Conditions to the Person reflected as the registered Noteholder of such Registered Notes in the Register at 17:00 (South African time) on the Last Day to Register, and the Issuer will be discharged by proper payment to or to the order of such registered holder in respect of each amount so paid.

Registered Notes represented by Individual Certificates

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

All Registered Notes held in the Central Depository will be maintained in uncertificated form, unless an Individual Certificate is requested by the Noteholder.

Payments of principal, interest or any other amount in respect of Registered Notes represented by Individual Certificates will, in the absence of provision to the contrary, be made to the persons named in the Register as the registered Noteholder of such Notes.

Order Notes

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

Payments in respect of Order Notes will be made to the Payee only following presentation and surrender by the Payee or its Representative of the relevant Coupon or (in respect of interest bearing Order Notes issued without Coupons) only against presentation by the Payee or its Representative of the relevant Certificate or the relevant Receipt to the Paying Agent at its Specified Office. Payments of the final instalment of principal in respect of Order Notes which are Instalment Notes, or of the principal of all other Order Notes, will be made to the Payee only following presentation and surrender by the Payee or its Representative of the Certificate evidencing such Order Notes.

Order Notes (including rights to Instalment Amounts and/or interest thereon, as applicable) may be transferred by the Endorsement of the Certificate evidencing such Order Note or Receipt or Coupon relating thereto, as the case may be, by the old Payee and the delivery of such Certificate, Receipt or Coupon to the new Payee. Any Certificate evidencing an Order Note or such Receipt or Coupon upon which the last Endorsement is an Endorsement in Blank shall be treated as a Bearer Note, for so long as not subject to further Endorsement. The Issuer, the Transfer Agent and the Paying Agent may

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

General

Pursuant to the Agency Agreement, the Transfer Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S) applicable to the Notes of such Tranche.

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

RISK FACTORS

The Issuer believes that the factors outlined below may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

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

Prospective investors should also read the detailed information set out elsewhere in this Programme Memorandum to reach their own views prior to making any investment decision. The information given below is as at the date of this Programme Memorandum. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

Capitalised terms used in this section headed “*Risk Factors*” shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

INDEPENDENT REVIEW AND ADVICE

Each purchaser of and investor in the Notes is fully responsible for making its own investment decisions as to whether the Notes (i) are fully consistent with its (or if it is acquiring the Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and conditions, (ii) comply and are fully consistent with all investment policies, guidelines and restrictions applicable to it (or its beneficiary) and (iii) are a fit, proper and suitable investment for it (or its beneficiary). Purchasers of and investors in Notes are deemed to have sufficient knowledge, experience and professional advice to make their own investment decisions, including, without limitation, their own legal, financial, tax, accounting, credit, regulatory and other business evaluation of the risks and merits of or associated with investments in the Notes. Purchasers of and investors in Notes should ensure that they fully understand the risks of or associated with investments of this nature which are intended to be sold only to sophisticated investors having such knowledge, appreciation and understanding. Purchasers of and investors in Credit Linked Notes or Equity Linked Notes are solely responsible for making their own independent appraisal of an investigation into the business, financial condition, prospects, creditworthiness, status and affairs of any Reference Entity and its Obligations, Underlying Obligations, Underlying Obligors, Reference Obligations and Deliverable Obligations or Share Company and its Shares.

Purchasers of and investors in Credit Linked Notes or Equity Linked Notes should be aware that none of the Programme Parties has any duty to conduct or accepts any responsibility for conducting or failing to conduct any investigation into the business, financial condition, prospects, creditworthiness, status and/or affairs of any Reference Entity and its Obligations, Underlying Obligations, Underlying Obligors, Reference Obligations and Deliverable Obligations or Share Company and its Shares. Purchasers of and investors in the Notes may not rely on the views, opinions or advice of the Issuer for any information in relation to any person other than the Issuer itself.

RISKS RELATING TO THE ISSUER

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

Reliance on Creditworthiness of the Issuer

The Notes comprise debt obligations of the Issuer and, consequently Noteholders are relying on the creditworthiness of the Issuer. The Notes will not be secured in any way, unless otherwise specified in the Applicable Pricing Supplement. In the case of Credit Linked Notes, this is in addition to relying on the creditworthiness of the Reference Entities referred to in the Applicable Pricing Supplement.

Conflict of Interest

The Issuer is acting in a number of capacities. The Issuer will, unless otherwise specified in the Applicable Pricing Supplement, act as Paying Agent, Settlement Agent, Transfer Agent and as Calculation Agent, and will be responsible for determining whether a Credit Event has occurred in the case of Credit Linked Notes, calculating the payments to be made in respect of the Notes and determining the dates of such payments in accordance with the terms and conditions of the Notes. The Issuer may also deal in the Notes.

The Issuer may have business or other relationships with Reference Entities in respect of Credit Linked Notes and may (but shall not be obligated to) hold debt obligations (whether or not constituting Reference Obligations in respect to those Reference Entities) of, or otherwise have credit exposure to those Reference Entities. Nothing herein shall be deemed to restrict or impose any liability, duty or restriction on the Issuer, any of its affiliates or any of its officers or directors, in respect of dealing with or otherwise extending credit to or advising any such Reference Entity or any of its affiliates. Performance of the terms of any Note shall be determined without regard to any credit exposure or actual loss the Issuer or any other person may have incurred with respect to any such Reference Entity.

In respect of Equity Linked Notes, the Issuer or one or more of its Affiliates may from time to time engage in business with a Share Company, including among other things, extending loans to, or making investments in, or providing advisory services to it, including merger and acquisition advisory services, engaging in activities that may include financing transactions or entry into derivative transactions. In the course of this business, the Issuer, the Calculation Agent and any of their respective affiliates may acquire non-public information about the Share Company or the relevant markets in which it operates and the Issuer, the Calculation Agent or any of their respective affiliates may publish research reports about them. This research may be modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding Equity Linked Notes. Such activities could present conflicts of interest, could influence the prices of the relevant Shares and the Equity Linked Notes and could adversely affect the value of such Notes.

Global economic conditions

The South African economy is exposed to the global economy through the current and capital accounts of the balance of payments. South Africa's exports are impacted by economic activity of some of the world's largest economies including China, the U.S. and Europe. Commodity prices and the Rand exchange rate also have a material impact on South African exports. The South African economy is also reliant on foreign capital flows into the country and has been a recipient of foreign capital through the domestic bond and equity markets over the last few years.

Relatively strong global growth and demand for emerging market financial assets during 2017 have been supportive of domestic exports and capital flows into the country. If these conditions deteriorate materially, then this is likely to have a negative impact on macroeconomic conditions in South Africa.

The main contributor towards demand for emerging market assets is an on-going, synchronised and above-trend growth in world economic activity. Growth in Europe and the U.S. is currently above average levels witnessed in recent years, and emerging market activity continues to improve as well. Certain major central banks have recently indicated that they remain firmly set on normalising interest rate policy over time. While this normalisation will entail both the shrinkage of central bank balance sheets as well as a gradual increase in policy rates, for as long as inflation remains within an acceptable range, SBSA's management believes that it is unlikely that central banks will take actions which jeopardise global economic growth. In addition, rapid growth in U.S. dollar borrowing in 2017 by emerging market countries could result in a deterioration of their economic condition if U.S. interest rates rise sharply and/or the U.S. dollar to appreciate quickly.

Nevertheless, should major central banks (such as the U.S. Federal Reserve, the European Central Bank and the Bank of Japan) increase interest rates, or shrink their balance sheets, faster than currently envisioned by global financial markets, it could jeopardise foreign capital inflows into South Africa's bond and equity markets. A sharp slowdown of foreign flows to South Africa can result in currency weakness, higher interest rates, an increase in bond yields and weaker economic growth.

Furthermore, the introduction of global trade impediments (including tariffs) could impact global demand for goods from South Africa and global risk appetite more generally. For example, the recent introduction by the U.S. administration of tariffs on steel and aluminium imports and the threat of tariffs against China has increased concerns about the impact of such trade impediments.

In addition, a sharp fall in precious metals prices and/or base metal prices could also result in a deterioration in the value of the Rand, higher interest rates and bond yields.

South African economic conditions

Factors such as economic growth, inflation, interest rates, foreign exchange rates and currency controls could affect an investment in the Notes, and in a manner that may be difficult to predict.

The South African macroeconomic environment is characterised by low private sector investment growth, weak employment growth, historical high levels of debt and pressure on domestic demand. The global environment remains supportive of South Africa's macroeconomic position while political changes and attempts to stabilise state finances have boosted global and domestic confidence towards the economy and have strengthened the Rand. While this should lead to further improvement in South Africa's macroeconomic position in the short term, the more restrictive fiscal policy stance in South Africa erodes many of these benefits. Increases in the rates of value added tax will offset the positive inflationary impact of the strengthened Rand, while the Minister of Finance of South Africa's recent tax proposals will impact household disposable income growth. The Issuer does not anticipate that improved confidence, a stronger Rand and higher tax rates will result in a meaningful increase in trend growth. Certain state-owned enterprises continue to face solvency and liquidity challenges. Structural changes, including financial and business reforms of state-owned enterprises, an improvement in the quality of education, significantly higher fixed capital investment and labour market reforms are necessary to change the long-term trajectory of the country.

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

South African political conditions

Historically, the South African political environment has been characterised by a high level of uncertainty and concerns about the strength and independence of the country's institutions.

The political environment in South Africa has changed substantially. In December 2017, the ruling party, the African National Congress ("ANC"), held their five-yearly national elective conference in which Cyril Ramaphosa was elected to replace Jacob Zuma as party president. Mr Zuma was subsequently removed as head of state in February 2018 to be replaced by President Ramaphosa.

Since then, a series of political actions have been announced, most of which focus on the governance structures of state-owned entities and institutions. This has resulted in a general improvement in levels of confidence amongst the local and international investor community with regards to South Africa's institutional credibility. For example, in March 2018 President Ramaphosa suspended the South African Revenue Services Commissioner, who has been replaced in an interim capacity by a long-serving South African Revenue Services executive. Further, management at several state-owned entities has been overhauled. In addition, previously stalled negotiations have been reopened between relevant stakeholders towards the agreement of a new charter to govern the operational and investment environment in the mining industry.

Acknowledging these, and other reforms, on 23 March 2018, Moody's announced that it would not be downgrading South Africa to non-investment grade status. Instead, South Africa's sovereign credit outlook was elevated from 'negative' to 'stable'. The primary reasons given for this decision by Moody's were as follows: (i) a "halt in the deterioration of SA's institutional framework, with long-standing strengths preserved and some rebuilding occurring", (ii) the country's "improved growth performance and prospects", and (iii) the announcement in the South African state budget of "fiscal adjustment plans that would stabilize and eventually reduce the debt burden".

Although these reforms have substantially lowered the level of risk that has dominated the political outlook in South Africa in recent years, clear political risks remain. In particular, there are heightened political tensions in relation to the levels of race-based inequality that continue to determine patterns of ownership across the economy. In addition, divisions with the ANC, South Africa's governing party, threaten to compromise the relative political stability experienced since President Ramaphosa was sworn in, including as a result of forthcoming elections for new ANC leadership in six of South Africa's nine provinces. General elections are scheduled for 2019, although there is a possibility that these may be brought forward by the ANC. Furthermore, there are risks resulting from current tensions in labour relations. For example, negotiations to agree a new three-year deal for public sector employees are ongoing and wage negotiations for employees in the gold sector, which has in the past been subject to industrial unrest, are expected in 2018.

South African conditions specific to the banking sector

The South African banking sector remains well capitalised, funded, regulated and managed. The South African financial sector is widely regarded as one of the country's key pillars of economic strength. The banking sector is, however, highly exposed to South African macroeconomic conditions and will be impacted by negative macroeconomic developments.

The Issuer believes that, following recent political developments in South Africa (as outlined in "*South African political conditions*" above), the macroeconomic environment in South Africa has improved. The Issuer currently anticipates that this may lead to a gradual improvement in asset growth in the sector and also arrest the negative sovereign rating trend that has characterised the economic environment over the last few years.

Although household and corporate affordability conditions are currently benefiting from historically lower inflation and low interest rates, a marked slowdown in foreign capital flows may reduce the value of the Rand and lead to higher interest rates which, in turn, is likely to have a significant impact

on household and corporate affordability conditions. A deterioration in the strength and organisation of the country's institutions, especially the independence of the SARB and policy conduct at the National Treasury of South Africa (the "**National Treasury**"), can also have a negative impact on the banking sector.

Any deterioration in economic conditions in South Africa or the other countries in which the Issuer operates, could materially adversely affect SBSA's borrowers and contractual counterparties which may in turn adversely affect the Issuer's business, financial condition, results of operations or business.

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

The Issuer's operations are concentrated in South Africa with the majority of its revenues deriving from operations in South Africa. Operations in this market are subject to various risks which need to be assessed in comparison to jurisdictions elsewhere. These include political, social and economic risks specific to South Africa, such as general economic volatility, recession, inflationary pressure, exchange rate risks and exchange controls, which could affect an investment in the Notes. The existence of such factors may have an impact on South Africa and the results of the Issuer in ways that cannot be predicted. Other key risks the South African economy faces are contracting demand from developed economies, lower commodity prices and a reduction in local demand as a result of higher utility prices and indirect taxes.

Risk Management

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

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

Credit Risk

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

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

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

increase. This, in turn, could have an adverse effect on the Issuer's financial condition or results of operations.

Credit Concentration Risk

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

The Issuer's credit portfolio contains a concentration of exposure to the South African government (the "Government"), through prudential requirements and direct lending. The Issuer manages this exposure within a clearly defined risk appetite framework and also stress tests the portfolio against weaknesses and sovereign downgrades. The recent foreign currency sovereign rating downgrade will necessitate a re-rating of exposures to state-owned entities and to government itself.

The Issuer continues to hold the largest market share (33.8 per cent.) in the South African residential mortgage loan advances to the household sector market (Source: SARB BA900 regulatory return, February 2018), and these exposures represent a credit concentration in the Issuer's portfolio. The Issuer manages this exposure within a clearly defined risk appetite framework, which includes portfolio limits. The Issuer also regularly stress tests the portfolio against various weaknesses in the economy, such as the recent sovereign rating downgrade, which could negatively affect consumer creditworthiness and the repayment of home loans.

Market Risk

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

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

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

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

Although the Issuer has implemented risk management methods, including stress testing, to seek to mitigate and control these and other market risks to which it is exposed and these exposures are constantly measured and monitored, there can be no assurance that these risk management methods will be effective, particularly in unusual or extreme market conditions. It is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on the Issuer's financial performance and business operations.

Liquidity Risk

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

Wholesale funding sourced by the Issuer is usually of a short-to-medium term on a contractual basis, is more expensive than retail deposits, and is sourced from a small number of depositors (principally fund managers). As at 31 December 2017, 83 per cent. of the Issuer's deposits and debt funding had a contractual maturity date of 12 months or less or were repayable on demand. As at 31 December 2017, the largest single depositor accounted for 2.0 per cent. of total deposits and the top 10 depositors accounted for 9.3 per cent. of total deposits.

If a substantial portion of the Issuer's depositors withdraw their demand deposits or do not roll over their term deposits upon maturity, the Issuer may need to seek more expensive sources of funding to meet its funding requirements, and no assurance can be made that the Issuer will be able to obtain additional funding on commercially reasonable terms as and when required or at all. The Issuer's inability to refinance or replace such deposits with alternative funding could adversely affect the Issuer's liquidity and financial condition.

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

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

Operational Risk

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

- (i) inadequate or failed internal processes, people, systems and/or equipment,
- (ii) fraud;
- (iii) natural disasters; and/or
- (iv) the failure of external systems, including those of the Issuer's suppliers and counterparties.

The occurrence of one or more of the above, or any weakness in the Issuer's internal control structures and procedures, could result in a material adverse impact on the Issuer's results, financial condition and prospects, as well as reputational damage, and could give rise to regulatory penalties and litigation.

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

Fraud

The Issuer faces the risk of regulatory sanctions and reputational and financial losses due to fraud, crime and misconduct from staff or syndicates. Card fraud remains the highest contributor to fraud losses suffered by the Bank. This is mainly driven by the increasing e-commerce usage and the fast growth in internet penetration and smartphone use that requires bank cards to fulfil a transaction.

The Issuer has identified illegal activities such as market abuse, market manipulation, rogue trading and increasing trends of syndicate fraud with potential staff involvement, as a result of the recent economic downturns, as factors which could also have an adverse effect on the operations of the Issuer.

Cyber-crime

The Issuer's operations are largely dependent on its own information technology systems and those of its third party service providers. The Issuer could be negatively impacted by cyber attacks on any of these.

The Issuer is cognisant of the mounting risk posed by cyber-crime. The key sources of concern include the escalating sophistication of threats, increased volume of cyber-attacks in the world at large, and an ever expanding cyber-attack surface. These sources require a continuous improvement in the Issuer's controls to detect, react to and monitor cyber-attacks to ensure appropriate response and remediation. A successful cyber-attack could result in material losses of client or customer information, sabotage and/or damage of computer systems, reputational damage and may lead to regulatory penalties or financial losses.

The Issuer's businesses are subject to its ability to quickly adapt to disruptions while maintaining continuous business operations

The Issuer recognises that incidents impacting people and infrastructure can potentially result in a disruption of business processes which in turn, if unresolved, can trigger financial, customer, regulatory and reputational impacts. The Issuer has enhanced its business resilience framework to govern business continuity and crisis management readiness and to improve the capability of the business to effectively respond to disruptive events. This is achieved through the implementation of business resilience tactics, updated business resilience management standards and scenario simulations which regularly test the effectiveness and embedding of business resilience capabilities.

Any failure in the continuity of the Issuer's operations and services could have a materially adverse effect on the Issuer's business, financial condition and/or results of operations.

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

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

A downgrade in the Issuer's credit ratings or the credit rating of South Africa could have an adverse effect on the Issuer's access to liquidity sources and funding costs

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

As of the date of this Programme Memorandum, the Issuer's short and long-term foreign currency deposit rating was assessed by Moody's Investors Service Inc. as P-3 and Baa3, respectively, with a stable outlook and the Issuer's short and long-term foreign currency Issuer default rating was assessed by Fitch Ratings Limited as B and BB+, respectively, with a stable outlook. Standard & Poor's does not rate the Issuer.

A downgrade of the Issuer's credit ratings, or being placed on a negative ratings watch, may increase its cost of borrowing, limit its ability to raise capital and adversely affect its results of operations. In 2017, the Issuer's credit rating was downgraded to BB+ with a stable outlook by Fitch Ratings Limited, and to Baa3 with a negative outlook by Moody's Investor Services, as the Issuer's rating is constrained by its sizeable exposure to government securities, which effectively links its creditworthiness to that of the national government. A downgrade or potential downgrade of the South African sovereign rating or a change in rating agency methodologies relating to systemic support provided by the South African sovereign could also negatively affect the perception by rating agencies of the Issuer's rating.

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

The Issuer may suffer a failure or interruption in or breach of its information technology systems

The Issuer's technology risk refers to the risk associated with the use, ownership, operation, involvement, influence and adoption of technology within the Issuer. It consists of technology-related conditions that could potentially impact the business. Technology change risk refers to the risk arising from changes, updates or alterations made to the technology infrastructure, systems or applications that could affect service reliability and availability.

The Issuer's main technology risks include the failure or interruption of critical systems, cybercrime, unauthorised access to systems, failure or exposure of a third party service provider used by the Issuer and the inability to serve its customers' needs in a timely manner.

The Issuer has a high dependency on its technology systems and operations infrastructure to conduct its business. The Issuer regards these systems as critical to improving productivity and maintaining the Issuer's competitive edge.

Any failure, interruption or breach in security of these systems could result in failures or interruptions in its risk management, general ledger, deposit servicing, loan servicing, debt recovery, payment custody and/or other important systems. If the Issuer's information systems fail, even for a short period of time, it could be unable to serve some or all customers' needs on a timely basis which could result in a loss of business. In addition, a temporary shutdown of the Issuer's information systems could result in costs that are required for information retrieval and verification.

The "Core Banking Transformation Programme" is an upgrade of the Issuer's core banking system, and is an investment which is intended to create a significant long-term competitive advantage. However, the complexity inherent in the current technological environment, dual operation of the legacy systems and the new systems during the migration phase could be a large contributor to operational risk. Deliberate action has been taken to minimise disruption to the business during the systems migration and to deliver predictable change for the Issuer's operations and customers. The Issuer substantially completed the Core Banking Transformation Programme in early 2018 with 93 per cent. of transactional account clients on the new platform.

The occurrence of any failures or interruptions in the Issuer's technology systems and operations infrastructure could have a materially adverse effect on the Issuer's business, financial condition and/or results of operations.

Competitive Landscape

The Issuer is subject to significant competition from other major banks operating in South Africa, including competitors such as international banks that may have greater financial and other resources, particularly in the corporate and investment banking market. Many of these banks operating in the Issuer's markets compete for substantially the same customers as the Issuer. The Issuer also faces competition from other non-bank entities that increasingly provide similar services to those offered by banks, including entities such as retailers, mobile telephone companies and entities in the shadow banking industry. Increased competition from non-bank entities in the money markets and capital markets could impact the Issuer's ability to attract funding. Competition may increase in some or all of the Issuer's principal markets and may have an adverse effect on its financial condition and results of operations.

The Issuer is subject to capital and liquidity requirements that could affect its operations

The Issuer is subject to capital adequacy requirements specified by the South African Reserve Bank (the "**SARB**"), which provide for a minimum common equity tier 1, tier 1 and total capital adequacy ratio.

The amended Regulations relating to Banks (as further amended on 20 May 2016) (the "**Regulations**") effective 1 January 2013 are based on the Basel III framework and provide the minimum risk based capital ratios. The SARB minimum ratios will be phased in for the period 2013 to 2019 in line with Basel III. The minimum common equity tier 1 ratio for 2018 is 8.13 per cent. increasing, to 8.50 per cent. in 2019. The minimum tier 1 ratio for 2018 is 10.00 per cent. increasing to 10.75 per cent. in 2019. The minimum 2018 total capital adequacy ratio is 13 per cent. increasing to 14 per cent. in 2019. These minimum ratios exclude the countercyclical buffer and confidential bank-

specific pillar 2b capital requirement, but include the maximum potential domestic systemically important bank ("**D-SIB**") requirement, which is also bank-specific and therefore confidential.

The Basel III capital buffers continue to make it more challenging for banks to comply with minimum capital ratios. Failure by the Issuer to meet certain of these buffers, for example the capital conservation and counter-cyclicality buffers, could result in restrictions being placed on distributions, including dividends and discretionary payments, and any failure by the Issuer to maintain its capital ratios may result in action taken in respect of the Issuer, which may in turn impact on its ability to fulfil its obligations under the Notes.

In addition, Basel III prescribes two minimum liquidity standards for funding liquidity. The first is the liquidity coverage ratio ("**LCR**") which became effective on 1 January 2015 and aims to ensure that banks maintain an adequate level of high-quality liquid assets to meet liquidity needs for a 30 calendar day period under a severe stress scenario. The second is the net stable funding ratio ("**NSFR**"), which became effective 1 January 2018, and which aims to promote medium and long-term funding of banks' assets and activities.

South Africa, as a G20 and a Basel Committee on Banking Supervision ("**Basel Committee**") member country, commenced with the phasing-in of the Basel III LCR framework on 1 January 2015 and it will continue to implement the accord up to 1 January 2019 in line with timelines determined by the Basel Committee. The Issuer reported an LCR based on a simple average of 92 days of daily observations over the quarter ended 31 December 2017 of 99.8 per cent., exceeding the SARB's minimum phase-in requirement of 80 per cent.

The SARB has approved the 2018 committed liquidity facility ("**CLF**") which will be available to banks to assist banks to meet the LCR and NSFR. The SARB's approach to the CLF is detailed in, inter alia, Guidance Note 6 of 2016 (Provision of a committed liquidity facility by the South African Reserve Bank).

Given the structural funding profile of South Africa's financial sector, the South African banking sector (including the Issuer) will, based on their current funding profiles, experience difficulty in complying with the Basel III NSFR requirement. The Issuer therefore supports the amended framework issued by the SARB in August 2016, whereby funding received from financial corporates, excluding banks, maturing within six months receives an available stable funding factor of 35 per cent. The Issuer successfully managed its balance sheet structure and achieved NSFR compliance with effect from 1 January 2018 within specified risk appetite and regulatory requirements.

IFRS 9 Financial Instruments ("**IFRS 9**") replaced the IAS 39 Financial Instruments: Recognition and Measurement that deals with the accounting treatment for financial instruments from 1 January 2018. IFRS 9 (including the related tax consequences) will have consequential impacts on SBSA's regulatory capital adequacy. The expected increase in impairment provisions, together with the increase in SBSA's deferred tax asset carrying value will reduce qualifying minimum common equity tier 1 capital.

The impact of any future change in law or regulation on the Issuer's business is uncertain

The Issuer is subject to the laws, regulations, administrative actions and policies of South Africa and each other jurisdiction in which it operates, and the Issuer's activities may be constrained by applicable legal and regulatory requirements. Changes in regulation and supervision, particularly in South Africa, could materially affect the Issuer's business, the products or services offered, the value of its assets and its financial condition. Although the Issuer works closely with its regulators and continuously monitors the situation, future changes in regulation, fiscal or other policies cannot be predicted and are beyond the control of the Issuer. The Issuer may incur reputational damage and financial losses if it is unable to anticipate or prepare for future changes to law or regulation.

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

The Issuer is required to comply with applicable anti-money laundering and anti-terrorism laws in South Africa. The Financial Intelligence Centre Act, 2001 (as amended by the Financial Intelligence Centre Amendment Act, 2017) and the Money Laundering and Terrorist Financing Regulations (published in Government Gazette 1595 on 20 December 2002, as amended) require the Issuer, among other things, to adopt and enforce "know your customer" policies and procedures and to report suspicious and unusual transactions to the applicable regulatory authorities – see the section titled "*Description of The Standard Bank of South Africa Limited – Regulation – Anti-money laundering regulatory requirements*" on page 124. While the Issuer has adopted policies and procedures aimed at detecting and preventing the use of its banking network for money laundering and terrorist financing activity, such policies and procedures may not completely eliminate instances in which the Issuer may be used by other parties to engage in money laundering or other illegal or improper activities. To the extent that the Issuer may fail to fully comply with applicable laws and regulations, various regulatory authorities to which it reports have the authority to impose fines and other penalties. In addition, the Issuer could suffer reputational harm if clients are found to have used it for money laundering or illegal purposes.

Terrorist acts, hostility arising from competing political groups, acts of war, and other types of event risk could have a negative impact on the business

Terrorist acts, hostility arising from competing political groups, acts of war, government expropriation or confiscatory acts, currency inconvertibility, financial markets closure, health pandemics and other types of event risk and responses to those acts and events, may have both direct and indirect negative impacts on South Africa, the rest of Africa and international economic conditions generally, and more specifically on the business and results of operations of the Issuer in ways that cannot be predicted.

Risk relating to Emerging Markets

South Africa is generally considered by international investors to be an emerging market. The Issuer is fully integrated with the rest of SBG and therefore also plays a key role in positioning SBG Group to capitalise on the growth in emerging markets in the rest of Africa. Investors in emerging markets such as South Africa should be aware that these markets may be subject to greater risk than more developed markets. These risks include economic instability as well as, in some cases, significant legal and political risks.

Economic and financial market volatility in South Africa has been caused by many different factors. Due to its liquidity and use as a proxy for emerging market trades, the South African Rand is particularly exposed to changes in investor sentiment and resulting periods of volatility. In addition to this, economic instability in South Africa and in other emerging market countries is caused by many different factors, including the following:

- labour unrest;
- policy uncertainty;
- a wide current account deficit;
- currency volatility;
- falling commodity prices;

- capital outflows; and
- a decline in domestic demand.

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

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

Investors should also note that developing markets, such as South Africa, are subject to rapid change.

Regulatory Environment

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

Changes in government policy, legislation or regulatory interpretation applying to the financial services industry in the markets in which the Issuer operates may adversely affect the Issuer's product range, distribution channels, capital requirements and, consequently, reported results and financing requirements. In particular, any change in regulation to increase the requirements for capital adequacy or liquidity, or a change in accounting standards, could have a material adverse impact on the Issuer's business, results, financial condition or prospects.

During 2011, the Government issued a policy paper, "A Safer Financial Sector to Serve South Africa Better", which articulated its strategic regulatory objectives. The document identified four policy priorities to reform the financial sector, namely: financial stability; consumer protection and market conduct; expanding access of financial services through inclusion; and combating financial crime. Achieving these objectives evidently necessitated a change in the South African regulatory landscape from both a structural and a policy perspective including the introduction of a "Twin Peaks" ("Twin Peaks") approach to financial sector regulation. In terms of the Twin Peaks approach, equal focus is placed on prudential and market conduct regulation with separate but equally important focus on financial stability. A phase-in approach is being followed for the implementation of the Twin Peaks system of financial regulation in South Africa. This new framework and related requirements gives rise to additional complexities for financial services and product providers in managing regulatory risks and the Issuer will continue to work closely with its regulators on matters pertaining to the above.

The implementation of the Twin Peaks approach to financial sector regulation is primarily aimed at the enhancement of systemic stability, improving market conduct regulation, sound micro- and macro prudential regulation and strengthening of the operational independence, governance and accountability of regulators. Aligned to the purpose and object of the Financial Sector Regulation Act, 2017, it is expected that financial stability considerations as well as financial sector regulatory requirements will, going forward, be further expanded to align to international developments in this regard.

The FSR Act gives effect to the Government's decision in 2011 to shift to a Twin Peaks model of financial sector regulation for South Africa. Different sections of the FSR Act will come into effect on different dates, to coincide with the establishment of the two regulators, namely the FSCA and the

PA, with the majority of the sections (including the establishment of the PA and FSCA) coming into effect on 1 April 2018. The PA will have oversight responsibility for all financial sector organisations (banks and non-banks) and will be able to more effectively detect and manage contagion risks within the financial sector. The FSCA will be focused on dealings between financial sector organizations and their clients. In order to facilitate any transitional arrangements following the Minister of Finance's determination of the commencement dates for the sections of the FSR Act, Ministerial Regulations were published on 29 March 2018.

The FSR Act intends to achieve, among other things, a financial system which functions in the interest of financial customers and supports balanced and sustainable economic growth, by establishing, in conjunction with other financial sector laws, a regulatory and supervisory framework that promotes financial stability, the safety and soundness of financial institutions, the fair treatment and protection of financial customers, the efficiency and integrity of the financial system, the prevention of financial crime, financial inclusion, transformation of the financial sector and confidence in the financial system. In addition, the FSR Act requires cooperation and collaboration between the financial sector regulators, the South African National Credit Regulator, the South African Financial Intelligence Centre and the SARB.

Exchange Controls

Since 1995, certain exchange controls in South Africa have been relaxed. The extent to which the Government may further relax such exchange controls cannot be predicted with certainty, although the Government has committed itself to a gradual approach of relaxation. Further relaxation or the abolition of exchange controls may precipitate a change in the capital flows to and from South Africa. If the net result of this were to cause large capital outflows, this could adversely affect the Issuer's business and financial condition as a whole. In the event of the immediate abolition of exchange control there may be a sudden withdrawal of Rand from the South African market by investors. Because South Africa has a fully floating exchange rate and a flexible interest rate policy, this may result in a rapid depreciation of the Rand exchange rate and an increase in interest rates.

RISKS RELATING TO THE NOTES

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 (i) 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; (ii) 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; (iii) 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; (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and (v) 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.

Limited Liquidity

There can be no assurance that any secondary market for any of the Notes will develop, or if a secondary market does develop, that it will provide the holders of the Notes with liquidity of investment or that it will continue for the life of such Notes. It will also not be possible to redeem the Notes prior to their Maturity Date except in the limited circumstances referred to in the General Terms and Conditions of the Notes. Consequently, a purchaser of Notes must be prepared to hold the Notes at least until their Maturity Date. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although applications have been, or will be, made for the Notes issued under the Programme to be listed on the Financial Exchange, there is no assurance that such applications will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

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

Notes issued under the Programme will be uncertificated. Except in the circumstances described in Condition 12 (*Exchange of Beneficial Interests and Replacement of Certificates in respect of Notes held in the Central Depository*), investors will not be entitled to receive certificated Notes. The Participants will maintain records of the Beneficial Interests in the Uncertificated Notes. Investors of such Uncertificated Notes will be able to trade their Beneficial Interests only through the Central Depository.

The Issuer will discharge its payment obligations under the Uncertificated Notes by making payments to or to the order of the common depository for the Central Depository for distribution, via the Participants, to the holders of Beneficial Interests in such Uncertificated Notes, in accordance with the CSD Procedures. A holder of a Beneficial Interest in an Uncertificated Note must rely on CSD Procedures to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, Beneficial Interests.

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

Credit Rating

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

Legal investment considerations may restrict certain investments

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

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

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

Risks related to the structure of the particular issue of Notes

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

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to re-invest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index-Linked and Dual Currency Notes

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

- the market price of such Notes may be volatile;
- no interest may be payable on such Notes;
- payments of principal or interest on such Notes may occur at a different time or in a different currency than expected;
- the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Partly-paid Notes

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

Notes issued at a substantial discount or premium

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

Change in law

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

Exchange rate risks

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

U.S Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code (**FATCA**) impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to any non-U.S. financial institution (a foreign financial institution, or FFI (as defined by FATCA)). The new

withholding regime will be phased in beginning 1 July 2014 for payments from sources within the United States and will apply to "foreign passthru payments" (a term not yet defined) no earlier than 1 January 2019.

An FFI will be exempt from applying the 30 per cent. withholding tax if it becomes (i) a "registered deemed-compliant FFI" following the conclusion of an intergovernmental agreement to facilitate the implementation of FATCA (an **IGA**) between the United States and that FFI's jurisdiction or (ii) a "Participating FFI", to the extent that recipients of payments of US source income have provided the Participating FFI with the necessary documentation, and are not deemed to be recalcitrant or non-participating FFI's, by entering into a direct agreement with the U.S. Internal Revenue Service (the **IRS**) to provide the IRS with certain information in respect of its account holders and investors.

On 9 June 2014, the United States and South Africa formally concluded "The Agreement between the Government of South Africa and the Government of the United States of America to Improve International Tax Compliance and to Implement FATCA" (the **SA/US IGA**), which has been given force and effect in South African Tax Law, in terms of which FFIs in South Africa will report information about their U.S. account holders to the South African Revenue Service who will in turn relay that information by means of automatic exchange of information to the IRS under the Double Taxation Convention in force between the United States and South Africa.

The Issuer is registered as a "registered deemed-compliant FFI" on the IRS FATCA website. Provided that South Africa complies with its information and reporting obligations under Articles 2 and 3 of the SA/US IGA, the Issuer will be treated as complying with, and not subject to withholding under, Section 1471 of the U.S. Internal Revenue Code. The Issuer is however obliged to comply with certain due diligence procedures and reporting requirements applicable to it as a "**Reporting FFI**" or "registered deemed-compliant FFI".

FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligations under the Notes are discharged once it has paid the common depositary for the ICSDs (as bearer/registered holder of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the ICSDs and custodians or intermediaries and will not gross up for any withholding for or on account of FATCA.

Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them.

Emerging market currencies

Where the Notes are denominated in an emerging market currency, have an emerging market currency as the Payment Currency (as defined in the Applicable Pricing Supplement) in which that Issuer will pay principal and interest on the Notes, or are linked to one or more emerging market currencies, the value of such Notes may be significantly more volatile and subject to less certainty as to future rates than if the Notes were linked to currencies of more developed markets. For example, emerging markets' currencies are highly exposed to the risk of a currency crisis happening in the future.

In particular, policies or actions of the governments of the jurisdictions of the Subject Currencies and Base Currencies (the "**Currency Jurisdictions**") could adversely affect the relevant exchange rate(s) (such as through market interventions of their central banks or equivalent bodies; governmental action which changes or interferes with currency valuations or currency fluctuations that would otherwise occur in response to economic forces; and restrictions on foreign investment and currency convertibility or movement across borders). Non-governmental action may also directly or indirectly adversely affect the relevant exchange rates (such as through speculation, weak overall growth and performance of each applicable Currency Jurisdiction's economy and stock exchanges; political, economic and social uncertainty, including risks of nationalisation and expropriation of assets and natural disasters; or wars which affect any Currency Jurisdiction directly or indirectly). In addition, the policies or actions of the governments of the jurisdictions of a Payment Currency or non-governmental action could adversely affect the Issuer's ability to make payments of principal and interest on the Notes including preventing any payment of principal and interest.

Investors should note that the risk of occurrence and the severity of consequence of the matters described above may be greater with respect to any emerging market jurisdiction than they otherwise would be in relation to more developed countries. Economies in emerging markets are generally more heavily dependent upon international trade, and accordingly, may be affected adversely by trade barriers, foreign exchange controls (including taxes), managed adjustments in relative currency values and other protectionist measures imposed or negotiated with countries with which they trade.

The occurrence of any of the above circumstances may have an adverse effect on the value of the Notes and amounts due or assets deliverable, or the date for payment thereunder.

Regulation and reform of "benchmarks", including LIBOR and EURIBOR and other interest rate, equity, commodity, foreign exchange rate and other types of benchmarks may adversely affect the value of Notes linked to or referencing such "benchmarks"

Interbank Offered Rates (including The London Interbank Offered Rate ("**LIBOR**") and the Euro Interbank Offered Rate ("**EURIBOR**")) and other interest rate, equity, commodity, foreign exchange rate and other types of rates and indices which are deemed to be "benchmarks" are the subject of on-going national and international regulatory guidance and reform. Some of these reforms are already effective whilst others are still to be implemented. Following any such reforms, benchmarks may perform differently than in the past or disappear entirely, or there could be other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to such a benchmark.

Key regulatory initiatives in this area include (amongst others) IOSCO's Principles for Financial Market Benchmarks (the "**IOSCO Benchmark Principles**"), Regulation (EU) 2016/2011 (the "**Benchmark Regulation**"), and the proposed transition away from IBORs to one or more alternative benchmarks (each, as discussed below).

The IOSCO Benchmark Principles aim to create an overarching framework of principles for benchmarks to be used in financial markets, specifically covering governance and accountability as well as the quality and transparency of benchmark design and methodologies. On 16 December 2016, IOSCO published a report setting out guidance to improve the consistency and quality of reporting on compliance with IOSCO Benchmark Principles. In December 2017 IOSCO published a statement for financial benchmark users to consider in selecting an appropriate benchmark and in contingency planning for the cessation of a benchmark.

The Benchmark Regulation was published in the Official Journal of the EU in June 2016 and the majority of the provisions of the Benchmark Regulation became fully applicable in the EU on 1 January 2018. The Benchmark Regulation applies to the contribution of input data to a "benchmark", the provision or administration of a "benchmark" and the use of a "benchmark" in the

EU. Among other things, the Benchmark Regulation: (a) requires benchmark administrators to be authorised or registered (or, if non-EU based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements relating to the administration of "benchmarks"; and (b) prohibits certain uses by EU supervised entities of "benchmarks" provided by EU administrators which are not authorised or registered in accordance with the Benchmark Regulation (or, if non-EU based, not deemed equivalent or recognised or endorsed). The scope of the Benchmark Regulation is wide and, in addition to so-called "critical benchmark" indices such as LIBOR, EURIBOR and STIBOR applies to many other interest rate indices, as well as equity, commodity and foreign exchange rate indices and other indices and "proprietary" indices or strategies where these are used to: (i) determine the amount payable under, or the value of, certain "financial instruments"; (ii) determine the amount payable under certain "financial contracts"; or (iii) measure the performance of an "investment fund" (in each case, within the meaning given to such terms in the Benchmark Regulation).

The Benchmark Regulation could have a material impact on Notes linked to a "benchmark", in particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of the Benchmark Regulation. Such changes could reduce or increase the rate or level or affect the volatility of the published rate or level of the Benchmark.

In addition, the occurrence of an Administrator/Benchmark Event may cause early redemption or adjustment of the Notes which may include selecting one or more successor benchmarks and making related adjustments to the Notes, including if applicable to reflect increased costs. An Administrator/Benchmark Event may arise if any of the following circumstances occurs or may occur: (1) a benchmark is materially changed or cancelled; or (2)(i) the relevant authorisation, registration, recognition, endorsement, equivalence decision or approval in respect of the benchmark or the administrator or sponsor of the benchmark is not obtained; (ii) an application for authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register is rejected; or (iii) any authorisation, registration, recognition, endorsement, equivalence decision or approval is suspended or inclusion in any official register is withdrawn.

The Financial Stability Board (the "FSB") has undertaken a fundamental review of major interest rate benchmarks (such as LIBOR, EURIBOR and STIBOR). Key recommendations of the FSB include: (i) strengthening existing IBORs and other potential reference rates based on unsecured bank funding costs by underpinning them to the greatest extent possible with transaction data (these enhanced rates are known as "IBOR+"); (ii) developing alternative, near risk-free reference rates on the assumption that certain transactions are better suited to reference rates that are closer to risk-free. The official sector is encouraging market participants to transition away from IBORs where possible and it is not known whether certain IBORs will continue in their current form. In particular, on 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority announced that it does not intend to continue to persuade, or use its powers to compel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. EMMI, the administrator of EONIA, has stated that EONIA's compliance with the Benchmark Regulation by January 2020 "cannot be warranted". EURIBOR is also undergoing reform and it is not yet known whether or not it will be compliant with the Benchmark Regulation at the end of the transitional period. It is therefore not possible to predict whether and to what extent IBORs such as LIBOR, EURIBOR and EONIA will continue to be available in their current form in the future. To the extent they continue to be available in their current form, they may perform differently than in the past or there may be other consequences that cannot be predicted.

More broadly, any of the international or national reform initiatives or the increased regulatory scrutiny of benchmarks generally could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any applicable regulations or requirements. Such factors may have the following effects on certain benchmarks: (i) discourage market participants from continuing to administer or contribute to benchmarks; (ii) trigger changes in

the rules or methodologies used in the benchmarks; or (iii) lead to the disappearance of the benchmarks. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations could have a material adverse effect on the value of and return on any Notes linked to or referencing a “benchmark” and could result in the occurrence of an Administrator/Benchmark Event.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Notes linked to or referencing a "benchmark".

CREDIT LINKED NOTES

Credit Exposure to Reference Entities

The amount payable under Credit Linked Notes will be dependent in part upon whether or not a Credit Event has occurred. A Credit Event may occur in respect of one or more entities or governmental or other authorities (each a **Reference Entity**) specified in the Applicable Pricing Supplement. If a Credit Event occurs in relation to any Credit Linked Notes, the Issuer will, subject to certain conditions, redeem those Notes by payment of money (in an amount equal to the Cash Settlement Amount) or, if so provided, by the Delivery of Deliverable Obligations comprising the Entitlement or, if so provided, partly in money and partly in Deliverable Obligations. The Cash Settlement Amount or the value of the Deliverable Obligations comprising the Entitlement may be less than the Nominal Amount of the Notes or zero. Accordingly, the Noteholders may be exposed to the credit of the Reference Entities up to the full extent of their investment in the Notes.

Prospective investors in the Credit Linked Notes should be aware that, depending on the terms of the Credit Linked Notes, if a Credit Event occurs, the Notes will cease to bear interest (if any) from (and including) the Interest Period in which the Credit Event Determination Date falls and, as stated above, the amount received or the value of the assets delivered on redemption of the Notes may be materially less than the original investment and in certain circumstances may be zero. This timing for payment of any such amounts or delivery of any such assets, as applicable, may occur at a different time than expected.

The market price of the Credit Linked Notes may be volatile and will be affected by various factors including, but not limited to, the time remaining to the maturity date of the Note, prevailing credit spreads in the market and the creditworthiness of the Reference Entity, which in turn may be affected by the economic, financial, political and other events in one or more jurisdictions.

Prospective investors in the Credit Linked Notes should conduct their own investigation and analysis, including, where applicable, obtaining independent expert advice, with respect to the credit risk of the Reference Entity and the factors that may assist in determining the likelihood of the occurrence of a Credit Event with respect to the Reference Entity, including, but not limited to, general economic conditions, the condition of relevant financial markets, relevant political events and developments or trends in any relevant industries. All such analysis should be conducted in both a South African and foreign context.

Non-Transferability of Deliverable Obligations

The Issuer may in certain circumstances be precluded from transferring Deliverable Obligations to a Noteholder of Credit Linked Notes as a result inter alia of the Exchange Control Regulations, 1961 made pursuant to the Currency and Exchanges Act, 1933 (the **Exchange Control Regulations**).

A Credit Event may occur prior to the Trade Date

Noteholders may suffer a loss of some or all of their principal if a Credit Event occurs prior to the Trade Date or the Issue Date. Neither the Calculation Agent nor the Issuer nor any of their Affiliates has any responsibility to inform any Noteholder, or avoid or mitigate the effects of a Credit Event that has taken place prior to the Trade Date or the Issue Date.

Role of the Credit Derivatives Determinations Committee

Credit Derivative Determinations Committees were established pursuant to the 2009 ISDA Credit Derivatives Determinations Committees and Auction Settlement Supplement to the 2003 ISDA Credit Derivatives Definitions (published on 12 March 2009) to make determinations that are relevant to the majority of the credit derivatives market and to promote transparency and consistency. In respect of a Credit Event relating to a Credit Linked Note, prospective investors should note that the Credit Derivatives Determinations Committee has 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 Credit Derivatives Determinations Committees Rules, as published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof. Consequently, the payments on the Notes and the timing of any such payments may be affected by any such relevant decisions if Auction Settlement is specified as the applicable Settlement Method for a series of Notes in the Applicable Pricing Supplement.

Auction Settlement- Auction Final Price

If Auction Settlement is the applicable Settlement Method, the Cash Settlement Amount payable in respect of the Credit Linked Notes will be calculated by reference to the Auction Final Price. The Auction Final Price will be determined according to the auction procedure set out in the applicable Transaction Auction Settlement Terms. The Issuer, the Calculation Agent or one of their Affiliates may act as a participating bidder in any such auction, and shall be under no obligation to consider the interests of the Noteholders when deciding whether or not to take action. Such participation may have an adverse effect on the Auction Final Price, and the Auction Final Price determined pursuant to an auction (whether or not the Issuer, the Calculation Agent or one of their Affiliates chooses to participate) may be less than the market value that would otherwise have been determined in respect of the relevant Reference Obligation.

Auction Settlement – Local Market Variation

If Auction Settlement is the applicable Settlement Method and Local Market Variation is specified as applicable in the Applicable Pricing Supplement, the terms of the Credit Linked Notes will be different to the standard terms used by the Credit Derivatives Determinations Committee to determine whether or not a Credit Event has occurred. Therefore, the Calculation Agent may determine that a Credit Event has occurred under the terms of the Credit Linked Notes in circumstances where the Credit Derivatives Determinations Committee has not determined that a Credit Event has occurred or has made a DC No Credit Event Announcement (as defined in the Credit Linked Conditions).

In these circumstances, as no auction will be held, the Credit Linked Notes will be settled in accordance with the Fallback Settlement Method specified in the Applicable Pricing Supplement.

Physical Settlement – Obligations of the Noteholder

If Physical Settlement is the applicable Settlement Method, the occurrence of a Credit Event may result in the redemption of a Credit Linked Note in whole or in part by the Delivery of Deliverable Obligations. The Issuer's obligation to Deliver the Deliverable Obligations comprising the Entitlement

to the Noteholder is subject to various conditions, including the delivery by the Noteholder to the Issuer of an Asset Transfer Notice and, in certain circumstances, the payment to the Issuer of the Delivery Expenses within the prescribed time limit. If the Noteholder fails to so deliver an Asset Transfer Notice, the Issuer may be discharged from its obligations under the Note. If applicable and a Noteholder fails to so pay Delivery Expenses, the Deliverable Obligations comprising the Entitlement deliverable to such Noteholder will be reduced to reflect such Delivery Expenses.

Physical Settlement – Undeliverable Obligations

If, on the scheduled date for physical delivery of the Entitlement, the Calculation Agent determines that any Deliverable Obligations comprising the Entitlement are Undeliverable Obligations, settlement in respect of the Credit Linked Notes may be delayed until such time as the Issuer can procure the Delivery of the Undeliverable Obligations and, in certain circumstances, the Issuer's obligations to Deliver the Undeliverable Obligations may be replaced by an obligation to pay a cash amount. In each case, the value of the Credit Linked Notes may be affected.

EQUITY LINKED NOTES

Amounts payable in respect of Equity Linked Notes

The Issuer may issue Equity Linked Notes where the amounts payable under such Notes, including any interim amounts, are dependent upon the price of or changes in the price of a Share or some or all of the Shares comprising a Basket of Shares or where, depending on the price of or change in the price of a Share or some or all of the Shares comprising a Basket of Shares, the Issuer has an obligation to deliver specified assets. Accordingly, an investment in Equity Linked Notes may bear similar market and credit risks to a direct investment in Shares or the Shares comprising a Basket of Shares and investors must seek professional advice accordingly. An investment in Equity Linked Notes entails significant risks not associated with an investment in a conventional debt security.

Share Companies

Equity Linked Notes are associated with particular risks beyond the Issuer's control, such as the risk that a relevant Share Company will become insolvent, be nationalised or the subject of a Merger Event or Tender Offer and the risk that the Share Closing Price will fluctuate. The value of the Shares depends to a significant extent on developments in the capital markets and the markets in which the relevant Share Company operates, which in turn depends on the general global economic situation and more specific economic and political conditions.

No dividends

Noteholders of Equity Linked Notes, unlike investors which directly invest in Shares, do not receive dividends or other distributions payable to the holders of such Shares.

Features of Equity Linked Notes

Equity Linked Notes may, if so specified in the Applicable Pricing Supplement, include any of the following features:

- "Knock-in", being the occurrence of a specified event when the price of the relevant Share or Basket of Shares reaches or breaches a pre-defined barrier on a specified Observation Date(s) during an Observation Period, which results in certain specified pay-out(s) occurring;
- "Knock-out", being the occurrence of a specified event when the price of the relevant Share or Basket of Shares reaches or breaches a pre-defined barrier on a specified Observation Date(s)

during an Observation Period, which results in certain specified pay-out(s) payment not occurring; and

- "Best/Worst Performance", being, in relation to Equity Linked Notes referencing more than one Share, that one or more pay-out(s) can be determined by reference to the Share or Basket of Shares giving the highest performance or lowest performance on specified Observation Date(s).

In such circumstances, the market value of such Equity Linked Notes may be more volatile than for securities that do not include such features and the timing of changes to the price of the Share or Basket of Shares may affect the return on such Equity Linked Notes even if the price is generally consistent with an investor's expectations.

Adjustments to Equity Linked Notes

If the Calculation Agent determines that an event giving rise to a Disrupted Day has occurred at any relevant time in respect of any Equity Linked Notes, any such determination may have an effect on the timing of valuation and consequently the value of such Equity Linked Notes and/or may delay settlement in respect of such Equity Linked Notes. Prospective purchasers of Equity Linked Notes must review the Terms and Conditions and the Applicable Pricing Supplement to ascertain whether and how such provisions apply to such Equity Linked Notes.

Following the declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (i) make the corresponding adjustment, if any, to any of the terms of the Terms and Conditions and/or the Applicable Pricing Supplement as the Calculation Agent determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share) and (ii) determine the effective date of that adjustment. Such adjustment may have an adverse effect on the value and liquidity of the affected Equity Linked Notes.

If a Merger Event, Tender Offer, Delisting, Nationalisation or Insolvency occurs in relation to any Share, the Issuer in its sole and absolute discretion may take the action described in paragraph (i), (ii) or (iii) below:

- (i) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any of the Terms and Conditions and/or the Applicable Pricing Supplement to account for the Merger Event, Tender Offer, Delisting, Nationalisation or Insolvency and determine the effective date of that adjustment. Such adjustment may have an adverse effect on the value and liquidity of the affected Equity Linked Notes;
- (ii) redeem or cancel part (in the case of Equity Linked Notes relating to a Basket of Shares) or all (in any other case) of the Notes. Following such redemption or cancellation an investor generally may not be able to reinvest the redemption or cancellation proceeds on the same terms as the Equity Linked Notes being redeemed or cancelled and may only be able to do so at significantly worse terms. Prospective investors in Equity Linked Notes should consider reinvestment risk in light of other investments available at that time; and
- (iii) if the Applicable Pricing Supplement in respect of Equity Linked Notes linked to a Basket of Shares provides that "Share Substitution" is applicable, require the Calculation Agent to adjust the Basket of Shares to include a share selected by it in accordance with the criteria for share selection set out in the Applicable Pricing Supplement in place of the Share(s) in the basket which are affected by such Merger Event, Tender Offer, Delisting, Nationalisation or

Insolvency and the substituted shares will be deemed to be "Shares" and the relevant issuer of such shares, a "Share Company" for the purposes of the affected Equity Linked Notes, and the Calculation Agent will make such adjustment, if any, to any of the Terms and Conditions and/or the Applicable Pricing Supplement as the Calculation Agent determines appropriate.

Miscellaneous risks associated with Equity Linked Notes

The market price of Equity Linked Notes may be volatile and may be affected by the time remaining to the redemption or exercise date, the volatility of the Share or the Shares comprising the Basket of Shares, the dividend rate (if any) and the financial results and prospects of the relevant Share Company or Share Companies as well as economic, financial and political events in one or more jurisdictions, including factors affecting the stock exchange(s) or quotation system(s) on which any such Share or Shares may be traded.

No Share Company will have participated in the preparation of the Applicable Pricing Supplement or in establishing the terms of the Equity Linked Notes and none of the Issuer nor the Dealer will make any investigation or enquiry in connection with such offering with respect to any information concerning any such Share Company contained in such Applicable Pricing Supplement or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant Issue Date (including events that would affect the accuracy or completeness of the publicly available information described in this paragraph or in any relevant Applicable Pricing Supplement) that would affect the trading price of any relevant Share will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning a relevant Share Company could affect the trading price of the relevant Share and therefore the trading price of the relevant Equity Linked Notes.

Investors in Equity Linked Notes should be aware that except as provided in the Terms and Conditions in relation to Physical Delivery Notes, no Noteholder will have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant Shares to which such Equity Linked Notes relate.

Physical Delivery Requirements and Settlement Risk

In order to receive the Entitlement in respect of the Equity Linked Note which is a Physical Delivery Note, the Noteholder must (1) duly deliver a duly completed Asset Transfer Notice on or prior to the relevant time on the Asset Transfer Notice Cut-Off Date and (2) pay the relevant Expenses prior to delivery of the Entitlement.

Prospective purchasers of Equity Linked Notes must obtain information regarding the Entitlement in respect of a Physical Delivery Note prior to purchasing any such Equity Linked Notes and must not assume that they will be able to sell the Entitlement in respect of a Physical Delivery Notes for a specific price. The value of an Entitlement in respect of a Physical Delivery Note at the time of its delivery may be significantly lower than at the time of the purchase of the relevant Equity Linked Notes or the time when physical settlement was determined (or lower than the price paid for the relevant Equity Linked Notes). In the event of physical settlement, investors will be exposed to the risks that are associated with an investment in the Relevant Assets comprising the Entitlement.

If indicated in the Applicable Pricing Supplement, the Issuer has an option to vary settlement in respect of the Equity Linked Notes. If exercised by the Issuer, this option will lead to Physical Delivery Notes being cash settled or cash settled Equity Linked Notes being physically settled (ie converted into Physical Delivery Notes). Exercise of such option may affect the value of the relevant Equity Linked Notes.

Settlement Disruption Event and Failure to Deliver due to Illiquidity

In the case of Physical Delivery Notes, if a Settlement Disruption Event occurs or exists on the Delivery Date, settlement will be postponed until the next date on which no Settlement Disruption Event occurs. The Issuer in these circumstances also has the right to pay the Disruption Cash Settlement Price in lieu of delivering the Entitlement. In addition, if "Failure to Deliver due to Illiquidity" is specified as applying in the Applicable Pricing Supplement, and in the opinion of the Calculation Agent it is impossible or impracticable to deliver some or all of the Relevant Assets comprising the Entitlement when due as a result of illiquidity in the market for the Relevant Assets, the Issuer has the right to pay the Failure to Deliver Settlement Price in lieu of delivering those Relevant Assets. In each case, such a determination may have an adverse effect on the value of the relevant Equity Linked Notes.

Expenses

Holders of Physical Delivery Notes must pay all Delivery Expenses relating to such Physical Delivery Notes. As used in the Conditions, **Delivery Expenses** includes any costs, taxes, duties and/or expenses (including stamp duty, securities transfer tax and/or other costs, taxes or expenses) of effecting any delivery of the Entitlement.

FX LINKED NOTES

General

The Issuer may issue Notes where the amount of principal and/or interest payable are dependent upon movements in currency exchange rates or are payable in one or more currencies which may be different from the currency in which the Notes are denominated ("**FX Linked Notes**"). Accordingly an investment in FX Linked Notes may bear similar market risks to a direct foreign exchange investment and potential investors should take advice accordingly.

Potential investors in any such FX Linked Notes should be aware that, depending on the terms of the FX Linked Notes (i) they may receive no or a limited amount of interest and/or principal, (ii) payment of principal or interest may occur at a different time or in a different currency than expected (iii) the FX Linked Notes may be redeemed by delivery of and/or payment of a cash amount calculated by reference to the fair market value of certain selected FX Deliverable Obligations, rather than at the redemption amount expected and (iv) they may lose a substantial portion or all of their investment. In addition, movements in currency exchange rates may be subject to significant fluctuations that may not correlate with changes in interest rates or other indices and the timing of changes in the exchange rates may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in currency exchange rates, the greater the effect on yield. The foreign exchange rate(s) to which the FX Linked Notes are linked will affect the nature and value of the investment return on the FX Linked Notes. The performance of foreign exchange rates are dependent upon the supply and demand for currencies in the international foreign exchange markets, which are subject to economic factors, including inflation rates in the countries concerned, interest rate differences between the respective countries, economic forecasts, international political factors, currency convertibility and safety of making financial investments in the currency concerned, speculation and measures taken by governments and central banks. Such measures include, without limitation, imposition of regulatory controls or taxes, issuance of a new currency to replace an existing currency, alteration of the exchange rate or exchange characteristics by devaluation or revaluation of a currency or imposition of exchange controls with respect to the exchange or transfer of a specified currency that would affect exchange rates and the availability of a specified currency. Where the FX Linked Notes are linked to the currency of an emerging market jurisdiction, such risks may be magnified – see also risk factor "*Risks relating to the Notes – Emerging market currencies*" above.

Effect of Leverage

If the amount of principal and/or interest payable in respect of the FX Linked Notes are dependent upon movements in currency exchange rates and are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the currency exchange rates on principal or interest payable will be magnified.

Disruption Events

Payments of principal and interest or other obligations of the Issuer in respect of any FX Linked Notes may be restricted or varied upon the occurrence of certain disruption events applicable to the FX Linked Notes. A relevant disruption event for a currency may relate to inability to obtain a rate of exchange from the applicable price source(s), illiquidity, the split of any relevant exchange rate relating to the relevant currency into a dual exchange rate, inconvertibility, non-transferability, a material change in circumstances in the jurisdiction of the Subject Currency that makes it impossible to fulfil certain hedging arrangements, a nationalisation, the occurrence of default related events in relation to specified Benchmark Obligation(s) or relevant governmental authority obligation(s) or variations in the prices quoted for the exchange of the relevant currency on different sources being greater than a specified percentage threshold (or not quoted for by members of a survey used to determine such source) if specified for that currency in the terms and conditions of the FX Linked Notes and/or the Applicable Pricing Supplement.

Following a relevant disruption event:

- the applicable valuation date for the applicable exchange rate may be postponed so long as the relevant disruption event continues;
- the Calculation Agent may determine the applicable exchange rate;
- the Notes may be redeemed early (or on the originally designated date) by payment of an alternative redemption amount (calculated by reference to their fair market value or, if FX Deliverable Obligations are specified in the Applicable Pricing Supplement, the fair market value of selected FX Deliverable Obligations (see also "*FX Deliverable Obligations*" below)), rather than any amount that would have otherwise been calculated in respect of and due on the relevant date;
- if FX Deliverable Obligations are specified in the Applicable Pricing Supplement, the Notes may be redeemed early by delivery of selected FX Deliverable Obligations (see also "*FX Deliverable Obligations*" and "*Physical Delivery*" below), rather than by payment of any amount that would have otherwise been calculated in respect of and due on the relevant date;
- the related date for payment may be deferred so long as the relevant disruption event continues; or
- a fallback reference price source or sources may be used to calculate the applicable exchange rate instead of the originally designated price source.

Potential investors in any FX Linked Notes should ensure that they have read and understood the terms and conditions of such FX Linked Notes to understand which disruption events apply (and the consequences thereof) and should ensure that they are willing to accept the related risks prior to investing in the FX Linked Notes, which risks include an adverse effect on (i) the value of, and/or amounts or assets due in respect of, the FX Linked Notes due to the occurrence of any disruption event and application of the related disruption fallback(s); or (ii) an investor's investment schedule,

timetable or plans if any due date for payment under the FX Linked Notes is postponed as a consequence of a disruption event.

FX Deliverable Obligations

In respect of FX Linked Notes for which FX Deliverable Obligations are specified in the Applicable Pricing Supplement, prospective purchasers should conduct their own investigation and analysis, including, where applicable, obtaining independent advice, with respect to the credit risk of the FX Deliverable Obligations and the obligor(s) in respect of the FX Deliverable Obligations, including, but not limited to, general economic conditions, the condition of relevant financial markets, relevant political events and developments or trends in any relevant industries. All such analysis should be conducted in both a South African and foreign context. If FX Deliverable Obligations are delivered or valued for the purposes of the redemption of FX Linked Notes following a disruption event, their value may be significantly lower than at the time of the purchase of the FX Linked Notes, or the time when the disruption event arose and/or the Calculation Agent determined the related action to be taken under the FX Linked Notes (and/or lower than the price paid for the FX Linked Notes). In these circumstances investors will be exposed to the risks that are associated with an investment in the FX Deliverable Obligations. Further, prospective purchasers should not assume that they will be able to sell any FX Deliverable Obligations delivered for a specific price.

Physical Delivery

If FX Linked Notes are to be redeemed by delivery of FX Deliverable Obligations following a disruption event, the Issuer's obligation to deliver the FX Deliverable Obligations comprising the FX Entitlement to the Noteholder is subject to various conditions, including the delivery by the Noteholder to the Issuer of an FX Asset Transfer Notice and, in certain circumstances, the payment to the Issuer of the FX Delivery Expenses within the prescribed time limit. If the Noteholder fails to so deliver an FX Asset Transfer Notice, the Issuer may be discharged from its obligations under the FX Linked Note. If applicable and a Noteholder fails to so pay FX Delivery Expenses (or if they have not been calculated within the relevant time), the FX Deliverable Obligations comprising the FX Entitlement deliverable to such Noteholder will be reduced to reflect such FX Delivery Expenses.

If, on the scheduled date for physical delivery of the FX Entitlement, the Calculation Agent determines that any FX Deliverable Obligations comprising the FX Entitlement are FX Undeliverable Obligations, settlement in respect of the FX Linked Notes may be delayed for up to 5 Business Days until the Issuer can procure the delivery of the FX Undeliverable Obligations. Where any FX Deliverable Obligations are still FX Undeliverable Obligations on that 5th Business Day, the Calculation Agent will determine the action to be taken under the Notes, including whether or not the Issuer will continue to attempt to deliver the FX Undeliverable Obligations, and the future terms applicable to the Notes. In each case, the value of the FX Linked Notes may be affected.

PRESENTATION OF FINANCIAL INFORMATION

The financial information relating to SBSA set out in this Programme is consolidated financial information in respect of SBSA and its subsidiaries (the "**SBSA Group**") and has, unless otherwise indicated, been extracted from its audited consolidated financial statements as at and for the years ended 31 December 2017 (the "**2017 Audited Financial Statements**") and 31 December 2016 (the "**2016 Audited Financial Statements**"), in each case prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board.

Certain financial information set out in this Programme relates to Standard Bank Group Limited ("**SBG**"). The financial information relating to SBG ("**SBG Financial Information**") has been extracted from SBG's 2017 annual report and consolidated annual financial statements as at and for the years ended 31 December 2017 and 31 December 2016. SBSA is both a domestic bank operating in South Africa and a cross-border bank which is fully integrated within the rest of the SB Group. SBSA is a wholly owned subsidiary of SBG and constitutes the largest operating subsidiary by total assets and income within the SB Group. SB Group's competitive positioning as an African bank which operates in a number of African countries provides Corporate & Investment Banking SA (one of SBSA's two principal business units) with access to revenue opportunities beyond the borders of South Africa. These opportunities, coupled with regional expertise, and intellectual capital from other SBG entities, allow Corporate & Investment Banking SA to enhance its offering to clients, and enables SBSA to better manage risk. On this basis alone, the SBG Financial Information has been included in this Programme in order to provide investors with information relating to the financial performance and condition of SBG as this, purely in the context of the foregoing, is relevant in order to assess SBSA's business and operations. *Investors should note that SBG is not a guarantor of, and will not guarantee, any Notes issued by SBSA under the Programme. Investors' sole recourse in respect of any Notes is to SBSA. See "Description of The Standard Bank of South Africa – Corporate Structure – The SB Group and relationship with SBSA".*

The information relating to SBSA's largest single depositor and top 10 depositors set out in the section headed "*Risk Factors – Risks relating to the Issuer – Risk Management – Liquidity Risk*" has been extracted from SBSA's 2017 Risk and Capital Management and is unaudited.

The information relating to the credit loss ratio of SBSA in relation to mortgage loans, vehicle and asset finance and card products set out in the section headed "*Description of The Standard Bank of South Africa – Strategy – Personal & Business Banking SA*" has been extracted from the management accounts of SBSA as at 31 December 2017 and is unaudited.

The information contained in the Risk and Capital Management Report is unaudited unless stated as audited and has been extracted from the 2017 Risk and Capital Management Report of SBSA.

Unless otherwise indicated, market share data included in this Programme has been estimated. All such estimates have been made by SBSA using its own information and other market information which is publicly available.

Unless otherwise indicated, the financial information relating to SBSA for the year ended and as at 31 December 2016 contained in this Programme has been extracted from the 2017 Audited Financial Statements.

PRO FORMA APPLICABLE PRICING SUPPLEMENT

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



The Standard Bank of South Africa Limited

(Incorporated with limited liability in South Africa under registration number 1962/000738/06)

Issue of

**[Note Code Number] [Aggregate Nominal Amount of Tranche] [Title of Notes] due [Date]
Under its ZAR[●] Structured Note Programme**

This document constitutes the Applicable Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the **Terms and Conditions**) set forth in the Programme Memorandum dated 10 January 2019 (the **Programme Memorandum**), as updated and amended from time to time. This Pricing Supplement must be read in conjunction with such Programme Memorandum. To the extent that there is any conflict or inconsistency between the contents of this Pricing Supplement and the Programme Memorandum, the provisions of this Pricing Supplement shall prevail.

DESCRIPTION OF THE NOTES

- | | | |
|----|--------------------------|--|
| 1. | Issuer | The Standard Bank of South Africa Limited |
| 2. | Status of the Notes | Senior |
| 3. | (a) Series Number | [] |
| | (b) Tranche Number | [] |
| 4. | Aggregate Nominal Amount | [] |
| 5. | Redemption/Payment Basis | [Redemption at par]
[Credit Linked]
[Equity Linked]
[FX Linked]
[Instalment]
[Partly Paid]
[Zero Coupon]
[Indexed Notes]
[Specify other] |

6. Interest Payment Basis [Fixed]/[Floating] Rate
[Indexing Notes]
[FX Linked]
[Not Applicable]
7. Interim Amount Payment Basis [Equity Linked Interim Amount]
[Not Applicable]
8. Form of Notes [Registered] [Bearer][Order] [Uncertificated Notes]
9. Automatic/Optional Conversion from one Interest Payment Basis to another [insert details including date for conversion]
10. Issue Date []
11. Trade Date []
12. Business Centre []
13. Additional Business Centre []
14. Specified Denomination []
15. Calculation Amount []
16. Issue Price []
17. Interest Commencement Date []
18. Maturity Date [Fixed rate – specify date/Floating rate – specify date]
[FX Linked Notes – specify date and consider including the following as part of the Maturity Date formulation:
or, if later, the [specify number] Business Day following the [insert final valuation date]] [The Scheduled Maturity Date, subject as provided in [Credit Linked Condition 6 (Repudiation/Moratorium Extension)][,][Credit Linked Condition 7 (Grace Period Extension)] [Credit Linked Condition 8 (Credit Derivatives Determinations Committee Extension)] [and] [Credit Linked Condition 9 (Maturity Date Extension)]]
19. Payment Currency []
20. Applicable Business Day Convention [] [Unless otherwise indicated in this Applicable Pricing Supplement or the Terms and Conditions, the Applicable Business Day Convention shall apply to all dates herein.]

21. Calculation Agent [The Standard Bank of South Africa Limited]
22. Paying Agent [The Standard Bank of South Africa Limited]
23. Transfer Agent [The Standard Bank of South Africa Limited]
24. Settlement Agent [The Standard Bank of South Africa Limited]
25. Business Address of the Calculation Agent, Paying Agent, Settlement Agent and Transfer Agent [1st Floor, East Wing, 30 Baker Street, Rosebank, Johannesburg, 2196]
26. Final Redemption Amount [] [FX Final Redemption Amount]
27. Unwind Costs [Standard Unwind Costs] [Other] [Not applicable]

PARTLY PAID NOTES [Applicable/Not Applicable]

(If Not Applicable, (i) insert “Paragraphs 28-31 are intentionally deleted” and (ii) delete paragraphs 28-31)

28. Amount of each payment comprising the Issue Price []
29. Date upon which each payment is to be made by Noteholder []
30. Consequences (if any) of failure to make any such payment by Noteholder []
31. Interest Rate to accrue on the first and subsequent instalments after the due date for payment of such instalments []

INSTALMENT NOTES [Applicable/Not Applicable]

(If Not Applicable, (i) insert “Paragraphs 32-33 are intentionally deleted” and (ii) delete paragraphs 32-33)

32. Instalment Dates []
33. Instalment Amounts (expressed as a percentage of the aggregate Nominal Amount of the Notes or as an amount) []

FIXED RATE NOTES [Applicable/Not Applicable]

(If Not Applicable, (i) insert “Paragraph 34 is intentionally deleted” and (ii) delete paragraph 34)

34. (a) Interest Rate(s) []% per annum payable [semi-annually] in arrear

- (b) Interest Payment Date(s) [Insert specific Interest Payment Dates in each calendar year] or, if such day is not a Business Day, the Business Day on which the interest will be paid, as determined in accordance with the applicable Business Day Convention (as specified in this Applicable Pricing Supplement)
- (c) Interest Period(s) 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] / [state specific Interest Payment Date] (each Interest Payment Date as adjusted in accordance with the applicable Business Day Convention)
- (d) Fixed Coupon Amount[(s)] []
- (e) Initial Broken Amount []
- (f) Final Broken Amount []
- (g) Interest Rate Determination Date(s): [[Insert the Interest Rate Determination Date(s) of each Interest Period for example, the auction date for the first Interest Period and thereafter the first Business Day of each Interest Period(if applicable)] in each year] [Not Applicable]
- (h) Any other terms relating to the particular method of calculating interest []

FLOATING RATE NOTES [Applicable/Not Applicable]

(If Not Applicable, (i) insert "Paragraphs 35-41 are intentionally deleted" and (ii) delete paragraphs 35-41)

35. (a) Interest Payment Date(s) [Insert specific Interest Payment Dates in each calendar year] or, if such day is not a Business Day, the Business Day on which the interest will be paid, as determined in accordance with the applicable Business Day Convention (as specified in this Applicable Pricing Supplement)
- (b) Interest Period(s) 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] / [state specific Interest Payment Date] (each Interest Payment Date as adjusted in accordance with the applicable Business Day

Convention)

- (c) Definitions of Business Day (if different from that set out in Condition 1 (*Interpretation and General Definitions*)) []
 - (d) Interest Rate(s) [three month ZAR-JIBAR-SAFEX plus the Margin/other (insert details)]
 - (e) Minimum Interest Rate []
 - (f) Maximum Interest Rate []
 - (g) Day Count Fraction []
 - (h) Other terms relating to the method of calculating interest (e.g. Day Count Fraction, rounding up provision, if different from Condition 6.2 (*Interest on Floating Rate Notes, Indexed Notes, FX Linked Interest Notes and Interim Amounts payable in respect of Equity Linked Notes*))) []
36. Manner in which the Interest Rate is to be determined [ISDA Determination/Screen Rate Determination/other (insert details)]
37. Margin []
38. If ISDA Determination:
- (a) Floating Rate []
 - (b) Floating Rate Option []
 - (c) Designated Maturity []
 - (d) Reset Date(s) []
39. If Screen Rate Determination:
- (a) Reference Rate (including relevant period by reference to which the Interest Rate is to be calculated) [three month ZAR-JIBAR-SAFEX/LIBOR/EURIBOR/other (*insert details*)]
 - (b) Interest Rate [Insert the Interest Rate Determination Date(s) of each

- | | |
|--|---|
| Determination Date(s) | Interest Period for example, the auction date for the first Interest Period and thereafter the first Business Day of each Interest Period (if applicable)] of each year

[Each [[], [], [] and []] of each year, commencing on [] until the Maturity Date]

<i>(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)]</i> |
| (c) Relevant Screen Page | [Reuters page SAFEY or any successor page/other <i>(insert details)</i>]

<i>(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)</i> |
| (d) Relevant Time | [11h00 (Johannesburg time)/11h00 (London time)/11h00 (Brussels time)/other <i>(insert details)</i>] |
| (e) Specified Time | [12h00 (Johannesburg time)/11h00 (London time)/11h00 (Brussels time)/other <i>(insert details)</i>] |
| (f) Reference Rate Market | [As set out in Condition 1 <i>(Interpretation and General Definitions)</i>]/other <i>(insert details)</i>] |
| 40. | If Interest Rate to be calculated otherwise than by reference to paragraph 38 or 39 above |
| (a) Margin | [] |
| (b) Minimum Interest Rate | [] |
| (c) Maximum Interest Rate | [] |
| (d) Day Count Fraction | [] |
| (e) Reference Banks | [] [Leading banks that trade in the Payment Currency as selected by the Calculation Agent] |
| (f) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest for Floating Rate Notes | [] |
| 41. | If different from Calculation Agent, agent responsible for [] |

calculating amount of principal and interest

EQUITY LINKED INTERIM AMOUNT NOTE PROVISIONS

(If Not Applicable, (i) insert "Paragraph 42 is intentionally deleted" and (ii) delete paragraph 42)

42. Equity Linked Interim Amount [Applicable/Not Applicable]
Notes:
- (If not applicable, delete remaining sub-paragraphs of this paragraph)
- (a) Share(s)/Basket of []
Share(s): ISIN: []
- (b) Futures Price Valuation: [Applicable/Not Applicable]
[If Applicable:
(A) Exchange-traded Contract: [(Provide details of the Share to which the contract relates and the delivery month of such contract)]
(B) Related Exchange: [insert details on exchange where Exchange Traded Contract is traded]]
- (c) Formula for calculating interim amount including back up provisions: []
- (d) Interim Amount Payment Date(s): Each [[], [], [] and []] until the Maturity Date, with the first Interim Amount Payment Date being [].
- (e) Definitions of Business Day (if different from that set in Condition 1 (*Interpretation and General Definitions*)): []
- (f) Minimum Interim Amount: []
- (g) Maximum Interim Amount: []
- (h) Other terms relating to the method of calculating Interim Amounts (e.g. rounding up provision, if different from Condition 6.2 (*Interest on Floating Rate Notes*), []

Indexed Notes, FX Linked Interest Notes and Interim Amounts payable in respect of Equity Linked Notes)):

- (i) Averaging: [The Averaging Dates are [].]
[In the event that an Averaging Date is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
- (j) Share Performance: [Applicable - (*insert formula*)/Not Applicable]
- (i) Best Performing Share: [Applicable – the Best Performing Share means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, (*specify as applicable/other*)], as the case may be,] the Share having the highest Share Performance provided that if [both][two or more] Shares have the same highest Share Performance, then the Calculation Agent shall determine which Share shall constitute the Best Performing Share for such date/Not Applicable]
- (ii) Worst Performing Share: [Applicable – the Worst Performing Share means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, (*specify as applicable/other*)], as the case may be,] the Share having the lowest Share Performance provided that if [both][two or more] Shares have the same lowest Share Performance, then the Calculation Agent shall determine which Share shall constitute the Worst Performing Share for such date/Not Applicable]
- (k) Exchange Rate: [Applicable/Not Applicable]
(insert details)
- (l) Weighting: The weighting to be applied to each item comprising the Basket of Shares to ascertain the Share Performance is []. (*N.B. Only applicable in relation to Equity Linked Interim Amount Notes relating to a Basket of Shares*)
- (m) Exchange(s): []
- (n) Related Exchange: []/[All Exchanges]
- (o) Valuation Date(s): []
- (p) Valuation Time: []
- (q) Observation Date(s): []
- (r) Observation Period: [Applicable – the period from [(and including/but

excluding)] [] to [(and including/but excluding)]
[]/[Not Applicable]

(N.B. this definition will need to be revised if there is more than one Observation Period)

(s) Disrupted Day: [If a Valuation Date, an Averaging Date or an Observation Date, as the case may be, is a Disrupted Day, the relevant price will be calculated [*insert calculation method*]

(N.B. Only applicable where provisions in Equity Linked Notes are not appropriate)

(t) Tender Offer: [Applicable/Not Applicable]

(u) Share Substitution: [Applicable/Not Applicable]

[If Applicable: Share Substitution Criteria is []]

(v) Trade Date: []

(w) Additional Disruption Events The following Additional Disruption Events apply to the Notes:

[Change in Law]
[Hedging Disruption]
[Increased Cost of Hedging]
[Increased Cost of Stock Borrow]
[Initial Stock Loan Rate: []]
[Insolvency Filing]
[Loss of Stock Borrow]

[Maximum Stock Loan Rate: []]

(x) Knock-in, Knock-out Provisions: [Applicable – the provisions of Equity Linked Condition [12] apply to the Notes/Not Applicable]

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

(i) Knock-in Determination Day: []

(ii) Knock-in Event and consequences of a Knock-in Event: []

(iii) Knock-in Level: []

(iv) Knock-in Period Start Date: []

- (v) Knock-in Period []
End Date:
- (vi) Knock-in []
Valuation Time:
- (vii) Knock-out []
Determination
Day:
- (viii) Knock-out Event []
and consequences
of a Knock-out
Event:
- (ix) Knock-out Level: []
- (x) Knock-out Period []
Start Date:
- (xi) Knock-out Period []
End Date:
- (xii) Knock-out []
Valuation Time:
- (xiii) Knock-in/Knock-out Determination [Omission][Postponement]
Day consequences
of a Disrupted
Day:
- (xiv) Knock-in/Knock-out [Omission][Materiality]
intraday
valuation
consequences of
disruption:
- (xv) Additional Knock-in/Knock-out []
Determination Day *(N.B. Only applicable where provisions of the Equity
Disrupted Day Linked Conditions are not appropriate)*
provisions:
- (y) Other terms or special []
conditions:

MIXED RATE NOTES

[Applicable/Not Applicable]

(If Not Applicable, (i) insert "Paragraph 43 is intentionally deleted" and (ii) delete paragraph 43)

43. Period(s) during which the interest rate for the Mixed Rate Notes will

be (as applicable) for:

- (a) Fixed Rate Notes []
- (b) Floating Rate Notes []
- (c) Indexed Notes []
- (d) FX Linked Interest Notes []
- (e) Other []

ZERO COUPON NOTES [Applicable/Not Applicable]

(If Not Applicable, (i) insert "Paragraph 44 is intentionally deleted" and (ii) delete paragraph 44)

- 44. (a) Implied Yield []
- (b) Reference Price []
- (c) Any other formula or basis for determining amount(s) payable []

INDEXED NOTES [Applicable/Not Applicable]

(If Not Applicable, (i) insert "Paragraph 45 is intentionally deleted" and (ii) delete paragraph 45)

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

The Index ground rules document is available at [www.\[●\]](#).

Any change to the Index methodology will be published on SENS and communicated to the JSE. All other changes as detailed in the ground rules document will be published on the Index Calculator's website, [www.\[●\]](#).

- (c) Index of Indices: [Yes/No]

(If yes, complete the below information for each underlying index)

[Underlying Indices: []

- The index level is published [daily/monthly] on www.[●]
- (d) Manner in which the Interest Amount/ Final Redemption Amount is to be determined [] The Index Level is published [daily/monthly] on www.[●]
- (e) Initial Index Level []
- (f) Interest Payment Date(s) [*Insert specific Interest Payment Dates in each calendar year*] or, if such day is not a Business Day, the Business Day on which the interest will be paid, as determined in accordance with the applicable Business Day Convention (as specified in this Applicable Pricing Supplement)
- (g) Interest Period(s) 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*]/[*state specific Interest Payment Date*] (each Interest Payment Date as adjusted in accordance with the applicable Business Day Convention)
- (h) Interest Rate Determination Date(s) [[*Insert the Interest Rate Determination Date(s) of each Interest Period for example, the auction date for the first Interest Period and thereafter the first Business Day of each Interest Period (if applicable)*] of each year] [Not Applicable]
- [Each [[], [], [] and []] of each year, commencing on [] until the Maturity Date]
- (i) If different from the Calculation Agent, agent responsible for calculating amount of principal and interest []
- (j) Provisions where calculation by reference to index and/or formula is impossible or impracticable []
- (k) Interest Rate(s) []
- (l) Minimum Interest Rate []

- (m) Maximum Interest Rate []
- (n) Other terms relating to the calculation of the Interest Rate []

EQUITY LINKED REDEMPTION PROVISIONS

(If Not Applicable, (i) insert "Paragraph 46 is intentionally deleted" and (ii) delete paragraph 46)

46. Equity Linked Redemption Notes: [Applicable/Not Applicable]

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

(a) Share(s)/Basket of []
Share(s):

ISIN: []

(b) Futures Price Valuation: [Applicable/Not Applicable]

[If Applicable:

(A) Exchange-traded Contract: *[(Provide details of the Shares to which the contract relates and the delivery month of such contract)]*

(B) Related Exchange: *[insert details on exchange where Exchange Traded Contract is traded]*

(c) Averaging: [The Averaging Dates are []]

[In the event that an Averaging Date is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]

(d) Share Performance: [Applicable - *(insert formula)*/Not Applicable]

(i) Best Performing Share: [Applicable – the Best Performing Share means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, *(specify as applicable/other)*], as the case may be,] the Share having the highest Share Performance provided that if [both][two or more] Shares have the same highest Share Performance, then the Calculation Agent shall determine which Share shall constitute the Best Performing Share for such date/Not Applicable]

(ii) Worst Performing Share: [Applicable – the Worst Performing Share means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, *(specify as applicable/other)*], as the case may be,] the Share having the lowest Share

Performance provided that if [both][two or more] Shares have the same lowest Share Performance, then the Calculation Agent shall determine which Share shall constitute the Worst Performing Share for such date]/Not Applicable]

- (e) Exchange Rate: [Applicable/Not Applicable]
(insert details)
- (f) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Share Performance is [].
(N.B. Only applicable in relation to Equity Linked Redemption Notes relating to a Basket)
- (g) Exchange(s): []
- (h) Related Exchange: []/[All Exchanges]
- (i) Valuation Date(s): []
- (j) Valuation Time: []
- (k) Observation Date(s): []
- (l) Observation Period: [Applicable – the period from [(and including/but excluding)] [] to [(and including/but excluding)] []]/[Not Applicable]
(N.B. this definition will need to be revised if there is more than one Observation Period)
- (m) Disrupted Day: [If a Valuation Date, an Averaging Date or an Observation Date, as the case may be, is a Disrupted Day, the relevant price will be calculated *[insert calculation method]*
(N.B. Only applicable where provisions in Equity Linked Note Conditions are not appropriate)
- (n) Tender Offer: [Applicable/Not Applicable]
- (o) Share Substitution: [Applicable/Not Applicable]
[If Applicable: Share Substitution Criteria is []]
- (p) Trade Date: []
- (q) Additional Disruption Events The following Additional Disruption Events apply to the Notes:
[Change in Law]
[Hedging Disruption]
[Increased Cost of Hedging]
[Increased Cost of Stock Borrow]

[Initial Stock Loan Rate: []]
 [Insolvency Filing]
 [Loss of Stock Borrow]
 [Maximum Stock Loan Rate: []]

(r) Knock-in, Knock-out [Applicable – the provisions of Equity Linked Condition
 Provisions: [12] apply to the Notes/Not Applicable]

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

(i) Knock-in []
 Determination
 Day:

(ii) Knock-in Event []
 and consequences
 of a Knock-in
 Event:

(iii) Knock-in Level: []

(iv) Knock-in Period []
 Start Date:

(v) Knock-in Period []
 End Date:

(vi) Knock-in []
 Valuation Time:

(vii) Knock-out []
 Determination
 Day:

(viii) Knock- out Event []
 and consequences
 of a Knock-out
 Event:

(ix) Knock-out Level: []

(x) Knock-out Period []
 Start Date:

(xi) Knock-out Period []
 End Date:

(xii) Knock-out []
 Valuation Time:

(xiii) Knock-in/Knock- [Omission][Postponement]
 out Determination
 Day consequences

- of a Disrupted Day:
- (xiv) Knock-in/Knock-out intraday valuation consequences of disruption: [Omission][Materiality]
 - (xv) Additional Knock-in/Knock-out Determination Day Disrupted Day provisions: [] *(N.B. Only applicable where provisions of the Equity Linked Conditions are not appropriate)*
- (s) Physical Delivery Notes: [Applicable – the Notes are Physical Delivery Notes/Not Applicable]
- (If not applicable, delete remaining sub-paragraphs of this paragraph)*
- (i) Relevant Asset(s):
 - (ii) Entitlement:
 - (iii) Asset Transfer Notice Cut-Off Date: []
 - (iv) Failure to Deliver due to Illiquidity: [Applicable/Not Applicable]
 - (v) Delivery provisions for Entitlement if different from Equity Linked Note Conditions: []
 - (vi) Settlement Business Day: []
 - (vii) Issuer's option to vary Settlement: [Applicable/Not Applicable] *(N.B. Option will apply unless specified as Not Applicable. If Applicable, complete relevant Cash Settlement provisions)*
 - (viii) Other terms or special Conditions: []
- (t) Other terms or special conditions: []

FX LINKED INTEREST NOTES [Applicable/Not Applicable]

(If Not Applicable, (i) insert "Paragraph 47 is intentionally deleted" and (ii) delete paragraph 47)

47. FX Linked Interest Notes: [Applicable/Not Applicable]
- (a) Base Currency []/[Not Applicable]
 - (b) Subject Currency/Currencies []/[Not Applicable]
 - (c) Interest Rate(s) []
 - (d) Minimum Interest Rate []
 - (e) Maximum Interest Rate []
 - (f) Interest Valuation Date(s) []/[Not Applicable]
 - (g) Interest Payment Date(s) [Insert specific Interest Payment Dates in each calendar year] or, if such day is not a Business Day, the Business Day on which the interest will be paid, as determined in accordance with the applicable Business Day Convention (as specified in this Applicable Pricing Supplement)
 - (h) Interest Period(s) 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]/[state specific Interest Payment Date] (each Interest Payment Date as adjusted in accordance with the applicable Business Day Convention)
 - (i) Interest Rate Determination Date(s) [[Insert the Interest Rate Determination Date(s) of each Interest Period for example, the auction date for the first Interest Period and thereafter the first Business Day of each Interest Period (if applicable)] of each year] [Not Applicable]
 - (j) Definitions of Business Day (if different from that set out in Condition 1 (*Interpretation and General Definitions*)) []
 - (k) Day Count Fraction []
 - (l) Averaging Averaging [applies][does not apply] to the Notes. [The Averaging Dates are [specify] and the Weighting is [specify]]

- (m) Observation Date(s) []/[Not Applicable]
- (n) Observation Period(s) []/[Not Applicable]
- (o) Strike Date []/[Not Applicable]
- (p) Strike Period [and Strike Days] []/[Not Applicable][Specify the applicable Strike Days in the Strike Period]
- (q) Disruption and Settlement Provisions (Where there is more than one Subject Currency, complete as relevant for each Subject Currency)
- (i) Delayed Redemption on the Occurrence of a Disruption Event [Applicable]/[Not Applicable]
- (ii) Provisions applicable to determining the Settlement Price For the purpose of the definition of "Settlement Price" in FX Linked Note Condition 2 (*Definitions*) [and [specify the relevant Subject Currency where more than one Subject Currency]]
- FX Price Source: []
- Valuation Time: []
- Scheduled Trading Day Jurisdiction: []
- (iii) Disruption Events [Price Source Disruption]
- [Illiquidity Disruption]
- [Dual Exchange Rate]
- [General Inconvertibility]
- [General Non-Transferability]
- [Material Change in Circumstance]
- [Nationalisation]
- [Price Materiality, where:
- Price Materiality Percentage: [specify][3] per cent.
- Primary Rate: [specify][The rate determined as set out in the definition of "Settlement Price"]
- Secondary Rate: [specify][[First Fallback Reference Price [and]][Second Fallback Reference Price]]

[Benchmark Obligation Default, where:

Benchmark Obligation: *[specify]*]

[Governmental Authority Default]

[Inconvertibility/Non-Transferability]

[Specific Inconvertibility]

[Specific Non-Transferability]

(Specify in respect of each Subject Currency where there is more than one Subject Currency and different Disruption Events (or components thereof) also apply thereto)

(iv) Disruption
Fallbacks

[Calculation Agent Determination]

[First Fallback Reference Price, where:

First Fallback FX Price Source: []

First Fallback Valuation Time: []

First Fallback Number of Settlement Days:
[]]

[Second Fallback Reference Price, where:

Second Fallback FX Price Source: []

Second Fallback Valuation Time: []

Second Fallback Number of Settlement
Days: []]

[Valuation Postponement]

(Specify in respect of each Subject Currency where there is more than one Subject Currency and different Disruption Events (or components thereof) also apply thereto)

(v) FX Deliverable
Obligations

[Specify]/[Not Applicable]

(If not applicable, delete remaining sub-paragraphs)

[Face Amount: *[specify]*]

[Delivery provisions for FX Deliverable Obligations if different from FX Linked Note Conditions: *[specify]*]

- (vi) Maximum Days of Postponement []
(Specify in respect of each Subject Currency where there is more than one Subject Currency and different Disruption Fallbacks (or components thereof) also apply thereto)
- (vii) Cumulative Events [Not Applicable]/[Applicable and Maximum Cumulative Days of Postponement means []]
(Specify in respect of each Subject Currency where there is more than one Subject Currency and different Disruption Fallbacks (or components thereof) also apply thereto)
- (r) Number of Settlement Days [Two][Zero][specify other] [where Settlement Day Centre(s) means []]
- (s) Number of Postponement Settlement Days [[Two]/ []] [Business Days]/[Settlement Days]/ []]
- (t) Other terms relating to the method/manner of calculating interest and any Interest Amount (eg Day Count Fraction, rounding up provision, if different from Condition 6.2 *(Interest on Floating Rate Notes, Indexed Notes, FX Linked Interest Notes and Interim Amounts payable in respect of Equity Linked Notes)*) []

EXCHANGEABLE NOTES

(If Not Applicable, (i) insert "Paragraphs 48-53 are intentionally deleted" and (ii) delete paragraphs 48-53)

48. Mandatory Exchange applicable? []
49. Noteholders' Exchange Right applicable? []
50. Exchange Securities []
51. Manner of determining Exchange Price []
52. Exchange Period []
53. Other []

CREDIT LINKED NOTE PROVISIONS

54. Credit Linked Notes [Applicable/Not Applicable]

(If Not Applicable, (i) insert "Paragraph 54 is intentionally deleted" and (ii) delete paragraph 54)

- (a) Scheduled Maturity Date []
- (b) Reference Entity(ies) []
- (c) Reference Obligation(s) [Standard Reference Obligation]/[Standard Reference Obligation not applicable]

Seniority Level: [Senior Level]/[Subordinated Level]

(If Standard Reference Obligation is not applicable, or if Standard Reference Obligation is applicable, but no Standard Reference Obligation has been published yet, complete the details below)

[The obligation[s] identified as follows:

Issuer: []

Guarantor: []

Maturity: []

Coupon: []

CUSIP/ISIN: []

Original Issue Amount: []

- (d) Financial Information of the Guarantor/Issuer of the Reference Obligation [Not Applicable]/The financial information of the Guarantor will be available on the Guarantors website www.[●]/[The financial information of the [Primary Obligor//Reference Entity] will be available on the [Primary Obligor's//Reference Entity's] website, www.[●]] As of the Issue Date the aforementioned information can be obtained from the aforementioned website. The Issuer shall not however be responsible for: (i) such information (a) remaining on such website, (b) being removed from such website, (c) being moved to another location or (d) for notifying any party (including the Noteholder) of the occurrence of any of the events stated in paragraphs 54(d)(i)(b) and 54(d)(i)(c) and/or (ii) the correctness and/or completeness of such information.
- (e) Credit Linked Reference Price []%
- (f) Credit Event Credit Event Notice: [applicable/not applicable]

Determination Date

Notice of Physical Settlement [applicable/not applicable]

Notice of Publicly Available Information: [applicable/not applicable], and if applicable:

Public Sources of Publicly Available Information [applicable/not applicable]

Specified Number of Public Sources: []

(g) Credit Events

The following Credit Event[s] shall apply:

[Bankruptcy]

[Failure to Pay]

[Grace Period Extension: [applicable/not applicable]]

[Grace Period: []]

Payment Requirement: []]

[Governmental Intervention]

[Obligation Default]

[Obligation Acceleration]

[Repudiation/Moratorium]

[Restructuring]

[Default Requirement: []]

Multiple Holder Obligation: [Applicable/Not Applicable]

Mod R: [Applicable/Not Applicable]

Mod Mod R: [Applicable/Not Applicable]

Credit Linked Condition 13 (*Credit Event Notice After Restructuring Credit Event*): [Applicable/Not Applicable]

[Insert other details]

(h) Credit Event Backstop Date [Applicable] [Not applicable]

(i) Calculation Agent City [Johannesburg]

(j) All Guarantees [Applicable] [Not applicable]

(k) Obligation(s)

Obligation Category (Select only one)	Obligation Characteristics (Select all that apply)
<input type="checkbox"/> Payment	<input type="checkbox"/> Not Subordinated
<input type="checkbox"/> Borrowed Money	<input type="checkbox"/> Specified Currency []
<input type="checkbox"/> Reference Obligations Only	<input type="checkbox"/> Not Sovereign Lender
<input type="checkbox"/> Bond	<input type="checkbox"/> Not Domestic Currency [Domestic Currency means []]
<input type="checkbox"/> Loan	<input type="checkbox"/> Not Domestic Law
<input type="checkbox"/> Bond or Loan	<input type="checkbox"/> Listed
	<input type="checkbox"/> Not Domestic Issuance

Additional Obligations []

Excluded Obligations []

(l) Accrual of interest upon Credit Event [Applicable]/[Not applicable]

(m) Financial Reference Entity Terms [Applicable]/[Not applicable]

(n) Subordinated European Insurance Terms [Applicable]/[Not applicable]

(o) Reference Obligation Only Termination Amount []

(p) Settlement Method [Auction Settlement] [Cash Settlement] [Physical Settlement]

(If Auction Settlement is specified, complete the prompts below:

[Local Market Variation: [Applicable]/[Not Applicable]

(q) Fallback Settlement Method [Cash Settlement] [Physical Settlement] [Not applicable]

Terms Relating to Cash Settlement:

- (a) Final Price (if different from the definition in the Programme Memorandum) []
- (b) Valuation Date [Single Valuation Date:
[] Business Days]
[Multiple Valuation Dates:
[] Business Days; and
each [] Business Days thereafter
Number of Valuation Dates: []]
- (c) Valuation Observation Period [] Business Days
Obligation Settlement
- (d) Valuation Time []
- (e) Quotation Method [Bid][Offer][Mid-market]
- (f) Quotation Amount [] [Representative Amount]
- (g) Minimum Quotation Amount []
- (h) Indicative Quotation [Applicable/Not applicable]
- (i) Quotation Dealer(s) []
- (j) Settlement Currency []
- (k) Cash Settlement Date [] Business Days
- (l) Cash Settlement Amount []
- (m) Quotations [Include Accrued Interest] [Exclude Accrued Interest]
- (n) Valuation Method [Market] [Highest]
[Average Market] [Highest] [Average Highest]

Terms Relating to Physical Settlement:

- (a) Physical Settlement Date [] [Business Days]
- (b) Physical Settlement Period [] [Business Days]
- (c) Entitlement [Include Accrued Interest] [Exclude Accrued Interest]

(d) Deliverable Obligation(s)	Deliverable Obligation Category (Select only one)	Deliverable Obligation Characteristics (Select all that apply)
<i>(Complete where Physical Settlement is the applicable Settlement Method or Fallback Settlement Method)</i>	[] Payment	[] Not Subordinated
	[] Borrowed Money	[] Specified Currency []
	[] Reference Obligations Only	[] Not Sovereign Lender Only
	[] Bond	[] Not Domestic Currency [Domestic Currency means []]
	[] Loan	[] Not Domestic Law
	[] Bond or Loan	[] Listed [] Not Domestic Issuance [] Assignable Loan
		[] Consent Required Loan [] Direct Loan Participation Qualifying Participation Seller: [] [] Transferable [] Maximum Maturity [] [] Accelerated or Matured [] Not Bearer

(e) Asset Package Delivery [Applicable]/[Not Applicable]

(f) Sovereign No Asset Package Delivery [Applicable]/[Not Applicable]

(g) Additional Deliverable Obligations []

- (h) Excluded Deliverable Obligations []
- (i) Other terms []
- (j) Other Provisions []

FX LINKED REDEMPTION NOTES [Applicable/Not Applicable]

(If Not Applicable, (i) insert "Paragraph 55 is intentionally deleted" and (ii) delete paragraph 55)

55. FX Linked Redemption Notes [Applicable/Not Applicable]

- (a) FX Final Redemption Amount []
- (b) Base Currency []/[Not Applicable]
- (c) Subject Currency/Currencies []/[Not Applicable]
- (d) Redemption Valuation Date []/[Not Applicable]
- (e) Averaging Averaging [applies][does not apply] to the Notes. [The Averaging Dates are [specify]] and the Weighting is [specify]
- (f) Observation Date(s) []/[Not Applicable]
- (g) Observation Period(s) []/[Not Applicable]
- (h) Strike Date []/[Not Applicable]
- (i) Strike Period [and Strike Days] [Specify Strike Period][Not Applicable][Specify the applicable Strike Days in the Strike Period]
- (j) Disruption and Settlement Provisions *(Where there is more than one Subject Currency, complete as relevant for each Subject Currency)*
 - (i) Delayed Redemption on the Occurrence of a Disruption Event [Applicable]/[Not Applicable]
 - (ii) Provisions applicable to determining the Settlement Price For the purpose of the definition of "Settlement Price" in FX Linked Note Condition 2 (*Definitions*) [and [specify the relevant Subject Currency where more than one Subject Currency]]:
 - (iii) FX Price Source: []

Valuation Time: []

Scheduled Trading Day Jurisdiction: []

(iii) Disruption Events [Price Source Disruption]

[Illiquidity Disruption]

[Dual Exchange Rate]

[General Inconvertibility]

[General Non-Transferability]

[Material Change in Circumstance]

[Nationalisation]

[Price Materiality, where:

Price Materiality Percentage: *[specify]*[3]
per cent.

Primary Rate: *[specify]*[The rate
determined as set out in the definition of
"Settlement Price"]

Secondary Rate: *[specify]*[[First Fallback
Reference Price [and]][Second Fallback
Reference Price]]

[Benchmark Obligation Default, where:

Benchmark Obligation: *[specify]*]

[Governmental Authority Default]

[Inconvertibility/Non-Transferability]

[Specific Inconvertibility]

[Specific Non-Transferability]

*(Specify in respect of each Subject Currency where
there is more than one Subject Currency and different
Disruption Events (or components thereof) also apply
thereto)*

(iv) Disruption Fallbacks [Calculation Agent Determination]

[First Fallback Reference Price, where:

First Fallback FX Price Source: []

First Fallback Valuation Time: []

First Fallback Number of Settlement Days:
[]

[Second Fallback Reference Price, where:

Second Fallback FX Price Source: []

Second Fallback Valuation Time: []

Second Fallback Number of Settlement
Days: []

[Valuation Postponement]

(Specify in respect of each Subject Currency where there is more than one Subject Currency and different Disruption Events (or components thereof) also apply thereto)

(v) FX Deliverable Obligations [Specify]/[Not Applicable]

(If not applicable, delete remaining sub-paragraphs)

[Face Amount: specify]

[Delivery provisions for FX Deliverable Obligations if different from FX Linked Note Conditions: specify]

(vi) Maximum Days of Postponement []

(Specify in respect of each Subject Currency where there is more than one Subject Currency and different Disruption Fallbacks (or components thereof) also apply thereto)

(vii) Cumulative Events [Not Applicable]/[Applicable and Maximum Cumulative Days of Postponement means []]

(Specify in respect of each Subject Currency where there is more than one Subject Currency and different Disruption Fallbacks (or components thereof) also apply thereto)

(viii) Number of Settlement Days [Two][Zero][specify other] [where Settlement Day Centre(s) means []]

(ix) Number of Postponement Settlement Days [[Two]/ [] [Business Days]/[Settlement Days]/ []]

OTHER NOTES

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

PROVISIONS REGARDING REDEMPTION/MATURITY

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

If applicable:

- (a) Optional Redemption []
Date(s) (Call)
- (b) Optional Redemption []
Amount(s) (Call) and
method, if any, of
calculation of such
amount(s)
- (c) Minimum period of notice []
(if different from
Condition 7.3 (*Early
Redemption at the option
of the Issuer (Call Option)*))
- (d) If redeemable in part: []
- (i) Minimum []
Redemption
Amount(s)
- (ii) Higher []
Redemption
Amount(s)
- (e) Other terms applicable on []
Redemption
58. Redemption at the option of the [Applicable/Not Applicable]
Noteholders (Put Option)

If applicable:

- (a) Optional Redemption []
Date(s) (Put)
 - (b) Optional Redemption []
Amount(s) (Put) and
method, if any, of
calculation of such
amount(s)
 - (c) Minimum period of notice []
(if different to
Condition 7.4 (*Early
Redemption at the option
of Noteholders (Put
Option)*))
 - (d) If redeemable in part:
 - (i) Minimum []
Redemption
Amount(s)
 - (ii) Higher []
Redemption
Amount(s)
 - (e) Other terms applicable on []
Redemption
 - (f) Attach *pro forma* Put
Notice(s)
59. Early Redemption Amount(s) [] (*N.B. In the case of Equity Linked or where payable on redemption for taxation reasons and/or change of law or on Event of Default and/or the method of calculating same (if required or if different from that set out in Condition 7.7 (Early Redemption Amounts)) otherwise relevant, consider whether appropriate to deduct the cost to the Issuer [and/or its Affiliates] of unwinding or adjusting any underlying or related funding and/or hedging arrangements in respect of the Notes*)

GENERAL

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

statement.

61. Other terms or special conditions []
62. Board approval for issuance of Notes obtained []
63. United States selling restrictions [Regulation S. Category 2; [TEFRA D]/[/TEFRA C]/[TEFRA not applicable]/[Not applicable]]
64. Additional selling restrictions []
65. (a) International Securities Identification Number (ISIN) []
- (b) Common Code []
- (c) Instrument Code []
66. (a) Financial Exchange [Not applicable] [JSE Limited]
- (b) Relevant sub-market of the Financial Exchange [Not applicable] [Interest Rates Market]
- (c) Clearing System [Strate Proprietary Limited]
67. If syndicated, names of managers []
68. Receipts attached? If yes, number of Receipts attached [Yes/No]
69. Coupons attached? If yes, number of Coupons attached [Yes/No]
70. Credit Rating assigned to the Issuer/Notes/Programme (if any) Moody's Investor Services Inc ratings assigned to the Issuer:
71. Date of Issue of Credit Rating and Date of Next Review Moody's ratings obtained on [].
72. Stripping of Receipts and/or Coupons prohibited as provided in Condition 13.4 (*Prohibition on Stripping*)? []
73. Governing law (if the laws of South Africa are not applicable) []
74. Other Banking Jurisdiction []
75. Last Day to Register, which shall mean that the "books closed period" (during which the Register [Not applicable] [17h00 on [[], [], [] and []] of each year commencing on [], until the Maturity Date

will be closed) will be from each Last Day to Register to the applicable Payment Day until the date of redemption

Books closed period	The "books closed period" (during which the Register will be closed) will be from each [[], [], [] and []], until the applicable Interest Payment Date]
76. Stabilisation Manager (if any)	[]
77. Method of Distribution	[Dutch Auction] [Bookbuild] [Private Placement]
78. Total Notes in Issue (including current issue)	[] The Issuer confirms that aggregate Nominal Amount of all Notes Outstanding under this Programme is within the Programme Amount.
79. [Rights of Cancellation]	<p>[The Notes will be delivered to investors on the Issue Date/Settlement Date through the settlement system of Strate provided that:</p> <ul style="list-style-type: none">(i) no event occurs prior to the settlement process being finalised on the Issue Date/Settlement Date which the Issuer (in its sole discretion) consider to be a force majeure event; or(ii) no event occurs which the Issuer (in its sole discretion) considers may prejudice the issue, the Issuer or the Notes, <p>(each a Withdrawal Event).</p> <p>If the Issuer decides to terminate this transaction due to the occurrence of a Withdrawal Event, this transaction shall terminate and no party hereto shall have any claim against any other party as a result of such termination. In such event, the Notes, if listed, will immediately be de-listed.]</p>
80. Responsibility Statement	The Issuer certifies that to the best of its knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made, as well as that the Applicable Pricing Supplement contains all information required by law and the JSE Debt Listings Requirements. The Issuer accepts full responsibility for the accuracy of the information contained in the Programme Memorandum as read together with the annual financial statements and the Applicable Pricing Supplement and the annual reports and any amendments or any supplements to the aforementioned documents, except as otherwise stated therein.

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

81. [Equity Linked Note Noteholder Representation] By its purchase of an Equity Linked Note each Noteholder is deemed to represent to the Issuer that:
- (i) it is not doing so based on inside information as defined and contemplated in the Financial Markets Act, 19 of 2012, as amended, or any other legislation or regulations governing insider trading or any comparable legislation or regulation in any applicable jurisdiction;
 - (ii) it is not involved in any form of market manipulation or market abuse as defined and contemplated in the Financial Markets Act, 19 of 2012, as amended, or any other legislation or regulations governing market manipulation or market abuse or any comparable legislation or regulation in any applicable jurisdiction;
 - (iii) it is not in possession of information relating directly or indirectly to a Share and/or Share Company which has not been made public and which if it were made public would be likely either to be used by a reasonable investor to make investment decisions in respect of the relevant Share or to have a significant effect on the price of the relevant Shares; and
 - (iv) it has complied with all disclosure and reporting requirements involving the relevant Shares and the relevant Share Company, which may be relevant to the purchasing or selling of the Equity Linked Note in accordance with applicable legal and regulatory provisions or in accordance with any securities exchange regulation, including disclosure requirements imposed under market abuse rules or legal and regulatory provisions relating to the

transparency of shareholding of Share Companies listed on the JSE.]

82. [Listing and Admission to Trading] [Application [has been/will be] made for the Notes to be listed and admitted to trading on the JSE with effect from, the earliest, the Issue Date. No assurances can be given that such application for listing and admission to trading will be granted (or, if granted, will be granted by the Issue Date).

The Issuer has no duty to maintain the listing (if any) of the Notes on the relevant stock exchange(s) over their entire lifetime. Notes may be suspended from trading and/or de-listed at any time in accordance with applicable rules and regulations of the relevant stock exchange(s).]

83. Use of Proceeds []

84. South African Exchange Control [Any holder of these Notes which is subject to the exchange control regulations of the South African Reserve Bank (“**SARB**”) hereby warrants and confirms that it has obtained any necessary approvals from the SARB to hold these Notes and acknowledges and agrees that it is solely responsible for maintaining any such approvals, satisfying any conditions imposed in terms of such approvals and for fulfilling any relevant reporting requirements. Exchange control approval has been granted to the Issuer for the listing of the debt securities.]

85. Other provisions []

[Application is hereby made to list this issue of Notes on the [] as from [].]

Signed at [] on this [] day of [].

For and on behalf of
**THE STANDARD BANK OF SOUTH
AFRICA LIMITED**

By:

Name:

Capacity:

Who warrants his/her authority hereto.

For and on behalf of
**THE STANDARD BANK OF SOUTH
AFRICA LIMITED**

By:

Name:

Capacity:

Who warrants his/her authority hereto.

TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of the Notes, which will include the additional terms and conditions contained in Annex 1 in the case of Credit Linked Notes, Annex 2 in the case of Equity Linked Notes and the additional terms and conditions contained in Annex 3 in the case of FX Linked Notes to be issued by the Issuer pursuant to this Programme Memorandum. Notes will be issued in individual Tranches which, together with other Tranches, may form a Series of Notes. Before the Issuer issues any Tranche of Notes, the Issuer shall complete and sign the Applicable Pricing Supplement, based on the pro forma Pricing Supplement included in the Programme Memorandum, setting out details of such Notes. The Applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Tranche of Notes.

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

1. INTERPRETATION AND GENERAL DEFINITIONS

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

Additional Business Centre(s)	the city or cities specified as such in the Applicable Pricing Supplement;
Agency Agreement	the amended and restated Agency Agreement dated 10 January 2019 and made between the Issuer, the Transfer Agent, the Calculation Agent, the Settlement Agent and the Paying Agent, as may be further supplemented and/or amended and/or restated from time to time;
Applicable Laws	in relation to a Party, means all and any – <ul style="list-style-type: none">(a) statutes and subordinate legislation and common law;(b) regulations;(c) ordinances and by-laws;(d) directives, codes of practice, circulars, guidance notices, judgments and decisions of any competent authority, or any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation; and(e) other similar provisions, from time to time, compliance with which is mandatory for that Party;

Applicable Pricing Supplement	the Pricing Supplement relating to each Tranche of Notes;
Applicable Procedures	the rules, listing requirements and operating procedures from time to time of the Central Depository, Settlement Agents, JSE and/or any Financial Exchange, as the case may be;
Banks Act	the Banks Act, 1990 (as amended, supplemented, revised or republished from time to time);
Bearer	the bearer of a Certificate evidencing a Bearer Note or of a Receipt or Coupon attached to such Certificate on issue;
Bearer Note	an unlisted Note (whether in definitive or in global form) payable to the Bearer thereof, transferable by way of delivery in accordance with Condition 13.2 (<i>Transfer of Bearer Notes</i>) and the term Bearer Note shall include the rights to payment of any interest or principal represented by a Coupon or Receipt (if any) attached on issue to the Certificate evidencing such Bearer Note;
Beneficial Interest	in relation to a Tranche of Notes which is held in the Central Depository, the beneficial interest as a co-owner of an undivided share of all of the Notes in that Tranche, as contemplated in section 37(1) of the Financial Markets Act, the nominal value of which beneficial interest, in relation to any number of Notes in that Tranche, is determined by reference to the portion that the aggregate Nominal Amount of such number of Notes Outstanding bears to the aggregate Nominal Amount of all of the Notes in that Tranche Outstanding, as provided in section 37(3) of the Financial Markets Act;
Business Day	a day (other than a Saturday or Sunday or public holiday within the meaning of the Public Holidays Act, 1994) which is a day on which commercial banks settle ZAR payments in Johannesburg and a day (other than a Saturday or Sunday or a public holiday) which is a day on which commercial banks settle local currency payments in any Additional Business Centre specified in the Applicable Pricing Supplement save that if the Payment Currency is not ZAR, Business Day shall mean a day (other than a Saturday or Sunday) which is a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Payment Currency and in each (if any) Additional Business Centre or, in relation to any sums payable in euro, a day on which the Trans-European Automated Real Time Gross Settlement Express Transfer (TARGET2) system, (the TARGET2 System) is open, save further that if the Applicable Pricing Supplement so provides, Business Day shall include a Saturday;
Calculation Agent	the Issuer, unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Notes, another entity as Calculation Agent in accordance with the Agency Agreement,

	in which event that other entity shall act as a calculation agent in respect of that Tranche or Series of Notes;
Calculation Amount	has the meaning ascribed thereto in the Applicable Pricing Supplement;
Call Option	if specified as applicable in the Applicable Pricing Supplement, the option of the Issuer to early redeem the Notes in that Tranche of Notes in whole or, if so specified in the Applicable Pricing Supplement, in part at the Optional Redemption Amount(s) on the Optional Redemption Date(s) in accordance with Condition 7.3 (<i>Early Redemption at the option of the Issuer (Call Option)</i>);
Central Depository	Strate Proprietary Limited (Registration number 1998/022242/07), a private company registered as a central securities depository in terms of the Financial Markets Act (or any successor legislation thereto), or any additional or alternate depository approved by the Issuer;
Certificate	an Individual Certificate;
Change in Law	the Calculation Agent determines in good faith that the performance of the Issuer's obligations under the Notes or that any arrangements made to hedge the Issuer's obligations under the Notes has or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof;
Class of Noteholders	the holders of a Series of Notes or, where appropriate, the holders of different Series of Notes;
Companies Act	the Companies Act, 2008 (as amended, supplemented, revised or republished from time to time);
Coupon	an interest coupon evidencing title to an interest payment in respect of an interest bearing Note which is a Bearer Note or an Order Note, attached on issue to the Certificate evidencing such interest bearing Note;
Credit Linked Notes	Notes specified as Credit Linked Notes in the Applicable Pricing Supplement and more fully described in Annex 1;
CSDP's Nominee	a wholly owned subsidiary of the Participant approved by the Registrar of Securities Services in terms of the Financial Markets Act, and any reference to CSDP's Nominee shall, whenever the context permits, be deemed to include any successor nominee operating in terms of the Financial Markets Act;
Day Count Fraction	in respect of the calculation of an amount for any period of time

(the **Calculation Period**), such day count fraction as may be specified in these Terms and Conditions or the Applicable Pricing Supplement:

- (a) if **Actual/Actual (ICMA)** is so specified, means:
 - (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (ii) where the Calculation Period is longer than one Regular Period, the sum of:
 - (1) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (2) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (b) if **Actual/365** or **Actual/Actual (ISDA)** is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (c) if **Actual/365 (Fixed)** is so specified, means the actual number of days in the Calculation Period divided by 365;
- (d) **Actual/360** is so specified, means the number of days in the Calculation Period divided by 360;
- (e) if **30/360** is so specified, means the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30 day months (unless (i) the last day of the Calculation Period is the 31st day of a month but the

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

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

Debt Sponsor	The Standard Bank of South Africa Limited (acting through its Corporate and Investment Banking division) (Registration Number 1962/000738/06);
Designated Maturity	has the meaning ascribed thereto in the Applicable Pricing Supplement as such;
Early Redemption Amount	the amount at which the Notes will be redeemed by the Issuer pursuant to the provisions of Conditions 7.2 (<i>Redemption following the occurrence of a Tax Event and/or Increased Cost Event and/or Change in Law</i>), 7.3 (<i>Early Redemption at the option of the Issuer (Call Option)</i>) and 7.4 (<i>Early Redemption at the option of Noteholders (Put Option)</i>) and/or Condition 11 (<i>Events of Default</i>), determined in accordance with Condition 7.7 (<i>Early Redemption Amounts</i>) or as set out in the Applicable Pricing Supplement;
Endorsement	an "indorsement", <i>mutatis mutandis</i> , within the meaning of the Bills of Exchange Act, 1964 (as amended, supplemented, revised or republished from time to time);
Endorsement in Blank	an Endorsement which specifies no named Payee;
Equity Linked Interim Amount Notes	Notes specified as Equity Linked Interim Amount Notes in the Applicable Pricing Supplement and more fully described in Condition 6 (<i>Interest and Interim Amounts</i>) and Annex 2;
Equity Linked Notes	Notes that are Equity Linked Interim Amount and/or Equity Linked Redemption Notes;
Equity Linked Redemption Notes	Notes specified as Equity Linked Redemption Notes in the Applicable Pricing Supplement and more fully described in Annex 2;

EUR and euro		means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty on the Functioning of the European Union as amended by the Treaty of Amsterdam;
Event of Default		an event of default by the Issuer as set out in Condition 11 (<i>Events of Default</i>);
Exchangeable Notes		Notes which may be redeemed by the Issuer in the manner specified in the Applicable Pricing Supplement by the delivery to the Noteholders of cash or of so many of the Exchange Securities as are determined in accordance with the Applicable Pricing Supplement;
Exchange Period		in respect of Exchangeable Notes to which the Noteholders' Exchange Right applies (as specified in the Applicable Pricing Supplement), the period specified in the Applicable Pricing Supplement during which such right may be exercised;
Exchange Price		the value specified in the Applicable Pricing Supplement according to which the number of Exchange Securities which may be delivered in redemption of an Exchangeable Note will be determined;
Exchange Securities		the securities specified in the Applicable Pricing Supplement which may be delivered by the Issuer in redemption of Exchangeable Notes to the value of the Exchange Price;
Extraordinary Resolution		a resolution passed at a meeting (duly convened) of the Noteholders or members of the relevant Class of Noteholders, as the case may be, holding not less than 66.67% in Nominal Amount of the Notes or of the Notes in that relevant Class, as the case may be, upon a show of hands of the Noteholders present in person at the meeting or by proxy, or if a poll be duly demanded, then by a majority consisting of not less than 66.67% of the votes given on such poll;
Extraordinary Resolution	Written	a resolution passed other than at a meeting of the Noteholders or members of the relevant Class of Noteholders, with the written consent of the Noteholders holding not less than 66.67% in Nominal Amount of the Notes or of the Notes in that relevant Class, as the case may be, for the time being Outstanding. A resolution of the Noteholders or members of the relevant Class of Noteholders shall state the date that the Issuer selected to determine which Noteholders recorded in the Register will receive notice of the written resolution;
Final Broken Amount		the amount specified as such in the Applicable Pricing Supplement;
Final Redemption Amount		the amount of principal payable in respect of each Note upon final redemption thereof, as specified in the Applicable Pricing Supplement;

Financial Exchange	the JSE and/or such other or further financial exchange(s) as may be selected by the Issuer, subject to Applicable Laws;
Financial Markets Act	the Financial Markets Act, 2012 (as amended, supplemented, revised or republished from time to time);
Fixed Coupon Amount	has the meaning ascribed thereto in the Applicable Pricing Supplement;
Fixed Rate Notes	Notes which will bear interest at one or more fixed rates, as specified in the Applicable Pricing Supplement and more fully described in Condition 6.1 (<i>Interest on Fixed Rate Notes</i>);
Floating Rate Notes	Notes which will bear interest as specified in the Applicable Pricing Supplement and more fully described in Condition 6.2 (<i>Interest on Floating Rate Notes, Indexed Notes, FX Linked Interest Notes and Interim Amounts payable in respect of Equity Linked Notes</i>);
FX Linked Interest Notes	Notes in respect of which the amount of interest payable is calculated by reference to one or more foreign exchange rates as set out in the Applicable Pricing Supplement;
FX Linked Notes	FX Linked Interest Notes and/or FX Linked Redemption Notes, as the case may be;
FX Linked Redemption Notes	Notes in respect of which the Final Redemption Amount is calculated by reference to one or more foreign exchange rates as set out in the Applicable Pricing Supplement;
Implied Yield	the yield accruing on the Issue Price of Zero Coupon Notes, as specified in the Applicable Pricing Supplement;
Income Tax Act	The Income Tax Act, 1962 (as amended, supplemented, revised or republished from time to time);
Increased Cost Event	on, or after the Issue Date of the first Tranche of Notes in any Series of Notes, (a) due to the adoption of or any change in any Applicable Law or regulation (including, without limitation, any tax law), or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any Applicable Law or regulation (including any action taken by a taxing authority), the Issuer determines in good faith that it will incur a materially increased cost in performing its obligations under such Notes (including, without limitation, due to any tax liability, decrease in tax benefit or other adverse effect on its tax position);
Indexed Interest Notes	Notes in respect of which the Interest Amount is calculated by reference to such index and/or formula as specified in the Applicable Pricing Supplement;
Indexed Notes	an Indexed Interest Note and/or an Indexed Redemption

	Amount Note, as applicable;
Indexed Redemption Amount Notes	Notes in respect of which the Final Redemption Amount is calculated by reference to an index and/or a formula as specified in the Applicable Pricing Supplement;
Individual Certificate	<p>(a) <i>in respect of Registered Notes</i>: a Note in the definitive registered form of a single Certificate and any further Certificate issued in consequence of a transfer thereof;</p> <p>(b) <i>in respect of Bearer Notes</i>: a Note in the definitive bearer form of a single Certificate together with Coupons and/or Receipts, if applicable;</p> <p>(c) <i>in respect of Order Notes</i>: a Note in the definitive order form of a single Certificate together with Coupons and/or Receipts, if applicable;</p>
Initial Broken Amount	the amount specified as such in the Applicable Pricing Supplement;
Instalment Amount	the amount expressed as a percentage of the Nominal Amount of an Instalment Note, being an instalment of principal (other than the final instalment) on an Instalment Note;
Instalment Notes	Notes redeemable in Instalment Amounts by the Issuer on an amortised basis on different Instalment Dates, as specified in the Applicable Pricing Supplement;
Interest Amount	in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;
Interest Commencement Date	the first date from which interest on the Notes, other than Zero Coupon Notes, will accrue, as specified in the Applicable Pricing Supplement;
Interest Payment Date	if applicable in relation to a Tranche of Notes, the date(s) specified in the Applicable Pricing Supplement or if no such date(s) is/are specified in the Applicable Pricing Supplement, the last day of each Interest Period as may be adjusted in accordance with the relevant Business Day Convention (as specified in the Applicable Pricing Supplement);
Interest Period	each period commencing on, and including, the Interest Commencement Date or any Interest Payment Date up to, but excluding, the next Interest Payment Date;
Interest Rate	the rate or rates of interest applicable to Notes other than Zero Coupon Notes, as indicated in the Applicable Pricing Supplement;
Interest Rate Determination Date	means the date specified in the Applicable Pricing Supplement;

Interim Amount	if applicable in relation to a Tranche of Equity Linked Interim Amount Notes, means the interim amount per Note specified in the Applicable Pricing Supplement;
Interim Amount Payment Date	if applicable in relation to a Tranche of Equity Linked Interim Amount Notes, the date(s) specified in the Applicable Pricing Supplement as adjusted in accordance with the relevant Business Day Convention (as specified in the Applicable Pricing Supplement);
ISDA	International Swaps and Derivatives Association, Inc.;
ISDA Definitions	means the definitions specified in the Applicable Pricing Supplement, as amended and supplemented from time to time, provided that if no definitions are so specified, the 2006 ISDA Definitions published by ISDA, as amended and supplemented from time to time;
Issue Date	has the meaning ascribed thereto in the Applicable Pricing Supplement;
Issue Price	means the price specified in the Applicable Pricing Supplement, this being the price at which the Issuer issues the Notes referred to in that Pricing Supplement;
Issuer	The Standard Bank of South Africa Limited (registration number 1962/000738/06), a public company incorporated in accordance with the laws of South Africa;
JSE	JSE Limited (registration number 2005/022939/06), a public company incorporated in accordance with the laws of South Africa, licensed as an exchange under the Financial Markets Act;
JSE Debt Guarantee Trust Fund	The guarantee fund trust operated by the JSE as a separate guarantee fund in terms of the rules of the JSE, as required by sections 8(1)(h) and 17(1)(w) of the Financial Markets Act or any successor fund;
Last Day to Register	with respect to a particular Series of Notes (as specified in the Applicable Pricing Supplement), the last date or dates (being a Business Day) preceding a Payment Day on which the Transfer Agent will accept Transfer Forms and record the transfer of Notes in the Register for that particular Series of Notes and where after, the Register is closed for further transfers or entries until the Payment Day;
London Business Days	means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London.
Mandatory Exchange	if specified in the Applicable Pricing Supplement, the obligation of the Issuer to redeem Exchangeable Notes on the

	Maturity Date by delivery of Exchange Securities to the relevant Noteholders of Exchangeable Notes;
Margin	has the meaning ascribed thereto in the Applicable Pricing Supplement;
Maturity Date	has the meaning ascribed thereto in the Applicable Pricing Supplement;
Maximum Redemption Amount	has the meaning ascribed thereto in the Applicable Pricing Supplement;
Minimum Redemption Amount	has the meaning ascribed thereto in the Applicable Pricing Supplement;
Mixed Rate Notes	Notes which will bear interest over respective periods at differing interest rates applicable to any combination of Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Indexed Notes, Equity Linked Notes or FX Linked Interest Notes, each as specified in the Applicable Pricing Supplement and as more fully described in Condition 6.3 (<i>Interest on Mixed Rate Notes</i>);
Nominal Amount	in relation to any Note, the total amount, excluding interest owing by the Issuer under the Note, as specified in the Applicable Pricing Supplement;
Noteholders and holder	the holders of the Registered Notes (as recorded in the Register) and/or the Bearers of the Bearer Notes and/or the holders of Beneficial Interests therein and/or the Payees of the Order Notes;
Noteholders' Exchange Right	if specified in the Applicable Pricing Supplement, the right of Noteholders of Exchangeable Notes to elect to receive delivery of the Exchange Securities in lieu of cash from the Issuer upon redemption of such Notes;
Notes	the notes issued or to be issued by the Issuer under the Programme and represented by a Certificate (if any), together with Receipts and/or Coupons (if any) or Uncertificated Notes;
New York Banking Days	means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in New York;
Optional Redemption Amount (Call)	in respect of any Note, its Nominal Amount or such other amount as may be specified in, or determined in accordance with, the Applicable Pricing Supplement;
Optional Redemption Amount (Put)	in respect of any Note, its Nominal Amount or such other amount as may be specified in, or determined in accordance with, the Applicable Pricing Supplement;
Optional Redemption Date(s)	the date(s) specified as such in the Applicable Pricing Supplement;

(Call)	Supplement in relation to a Tranche of Notes pursuant to which the Issuer is specified as having an option to redeem in accordance with Condition 7.3 (<i>Early Redemption at the option of the Issuer (Call Option)</i>). If no such date(s) is/are specified in the Applicable Pricing Supplement, the Optional Redemption Date(s) (Call) shall be the Interest Payment Date(s) (in the case of interest-bearing Notes) or, such other date(s) (in the case of non-interest-bearing Notes) stipulated as the date(s) for redemption of such Tranche of Notes or the relevant portion of such Tranche of Notes, as the case may be, in the notice delivered by the Issuer pursuant to Condition 7.3 (<i>Early Redemption at the option of the Issuer (Call Option)</i>);
Optional Redemption Date(s) (Put)	the date(s) specified as such in the Applicable Pricing Supplement in relation to a Tranche of Notes pursuant to which the Noteholders are specified as having an option to redeem in accordance with Condition 7.4 (<i>Early Redemption at the option of Noteholders (Put Option)</i>). If no such date(s) is/are specified in the Applicable Pricing Supplement, the Optional Redemption Date(s) (Put Option) shall be the Interest Payment Date(s) (in the case of interest-bearing Notes) or such other date(s) (in the case of non-interest-bearing Notes) stipulated as the date(s) for redemption of such Tranche of Notes or the relevant portion of such Tranche of Notes, as the case may be, in the Put Notice;
Order Note	a Note payable to the Payee thereof, transferable by way of Endorsement and delivery in accordance with Condition 13.3 (<i>Transfer of Order Notes</i>) and the term "Order Note" shall include the rights to interest or principal represented by a Coupon or Receipt (if any) attached on issue to the Certificate evidencing such Order Note;
Outstanding	in relation to the Notes, all the Notes issued other than: <ul style="list-style-type: none"> (a) those which have been redeemed in full; (b) those in respect of which the date for redemption in accordance with the Terms and Conditions has occurred and the redemption moneys wherefore (including all interest (if any) accrued thereon to the date for such redemption and any interest (if any) payable under the Terms and Conditions after such date) remain available for payment against presentation of Certificates; (c) those which have been purchased and cancelled as provided in Condition 7.12 (<i>Cancellation</i>); (d) those which have become void under Condition 10 (<i>Prescription</i>); (e) Notes represented by those mutilated or defaced Certificates which have been surrendered in exchange for replacement Certificates pursuant to Condition 12 (<i>Exchange of Beneficial Interests and Replacement of</i>

Certificates in respect of Notes held in the Central Depository);

- (f) (for the purpose only of determining how many Notes are Outstanding and without prejudice to their status for any other purpose), those Notes represented by Certificates alleged to have been lost, stolen or destroyed and in respect of which replacement Certificates have been issued pursuant to Condition 12 (*Exchange of Beneficial Interests and Replacement of Certificates in respect of Notes held in the Central Depository*),

provided that for each of the following purposes, namely:

- (1) the right to attend and vote at any meeting of the Noteholders; and
- (2) the determination of how many and which Notes are for the time being Outstanding for the purposes of Conditions 17 (*Meetings of Noteholders*) and 18 (*Modification*), all:
 - (i) Notes (if any) which are for the time being held by the Issuer (subject to any Applicable Law) or by any person for the benefit of the Issuer and not cancelled (unless and until ceasing to be so held); and
 - (ii) Receipts and Coupons,

shall be deemed not to be Outstanding;

Participants

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

Partly Paid Notes

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

Payee

a person reflected (either as the subscriber or by way of Endorsement) as the payee on a Certificate evidencing an Order Note or a Receipt or Coupon, attached thereto on issue, and to whom such Certificate, Receipt or Coupon (as the case may be) has been delivered;

Paying Agent

the Issuer, unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Notes, another entity as Paying Agent, in which event that other entity shall act as a Paying Agent in respect of that particular Tranche or Series of Notes;

Payment Currency

South African Rand or, subject to all Applicable Laws and, in the case of Notes listed on the JSE, the debt listing requirements

	of the JSE, such other currency as specified in the Applicable Pricing Supplement;
Payment Day	any day which is a Business Day and upon which a payment is due by the Issuer in respect of the Notes;
Person	any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;
Physical Delivery Notes	Equity Linked Notes specified as Physical Delivery Notes in the Applicable Pricing Supplement as more fully described in Annex 2;
Previous Programme Memorandum	means the Credit Linked Note programme memorandum dated 30 November 2001 and the Structured Note Programme programme memorandum dated 1 January 2017;
Prime Rate	the publicly quoted basic rate of interest (per cent., per annum, compounded monthly in arrear and calculated on a 365 (three hundred and sixty-five) day year (irrespective of whether or not the year is a leap year)) from time to time published by the SB Group as being its prime overdraft rate as certified by any authorised official of such bank, whose appointment, designation or authority need not be proved;
Programme	The Standard Bank of South Africa Limited ZAR60 000 000 000 Structured Note Programme;
Programme Amount	the maximum aggregate Nominal Amount of all Notes Outstanding that may be issued under the Programme at any one point in time being as at the Programme Date, ZAR60 000 000 000 (or its equivalent in other currencies) or such increased amount as is determined by the Issuer from time to time, subject to the Applicable Procedures, Applicable Law and the Programme Agreement, as set out in the section of this Programme Memorandum headed " <i>General Description of the Programme</i> ").
Programme Date	10 January 2019
Programme Memorandum	this programme memorandum dated 10 January 2019 which will apply to all Notes issued under the Programme on or after the Programme Date and which in respect of such Notes, supersedes and replaces the Previous Programme Memorandum in its entirety;
Put Option	if specified as applicable in the Applicable Pricing Supplement, the option of a Noteholder of Notes to require the Issuer to redeem the Notes in that Tranche of Notes held by the Noteholder, in whole or in part at the Optional Redemption Amount on the Optional Redemption Date in terms of Condition 7.4 (<i>Early Redemption at the option of Noteholders (Put Option)</i>);

Put Notice	a notice which must be delivered to the Paying Agent by any Noteholder wanting to exercise the Put Option;
Receipt	a receipt evidencing title to payment of an Instalment Amount payable on an Instalment Note which is a Bearer Note or an Order Note, attached upon issue to the Certificate evidencing such Instalment Note;
Redemption Amount	the Final Redemption Amount, the Optional Redemption Amount, the Early Redemption Amount or such other amount in the nature of a redemption amount, as appropriate, as may be specified in, or determined in accordance with the provisions of, the relevant Applicable Pricing Supplement;
Reference Price	has the meaning ascribed thereto in the Applicable Pricing Supplement;
Reference Banks	<p>(a) for the purposes of Screen Rate Determination, means, in the case of a determination of ZAR-JIBAR-SAFEX, the principal Johannesburg office of four major banks in the Reference Rate Market, in the case of a determination of USD-LIBOR-BBA, the principal London office of four major banks in the Reference Rate Market, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Reference Rate Market, in each case selected by the Calculation Agent and in the case of a determination of a Reference Rate that is not ZAR-JIBAR-SAFEX, USD-LIBOR-BBA or EURIBOR, the principal office of four major banks in the Reference Rate Market; or</p> <p>(b) otherwise, has the meaning ascribed thereto in the Applicable Pricing Supplement;</p>
Reference Rate	has the meaning ascribed thereto in the Applicable Pricing Supplement;
Reference Rate Market	means, the Johannesburg inter-bank market, in the case of a determination of ZAR-JIBAR-SAFEX, the London inter-bank market, in the case of a determination of USD-LIBOR-BBA, the Euro-zone inter-bank market, in the case of a determination of EURIBOR, or the inter-bank market specified in the Applicable Pricing Supplement, in all other cases;
Register	the register maintained by the Transfer Agent in terms of Condition 14 (<i>Register</i>) including any sub-register if applicable;
Registered Note	a Note issued in registered form and transferable in accordance with Condition 13.1 (<i>Transfer of Registered Notes</i>) and which may include Uncertificated Notes;
Regular Period	(a) in the case of Notes where interest is scheduled to be

paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;

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

Relevant Date

in respect of any payment relating to the Notes, the date on which such payment first becomes due, except that, in relation to monies payable to the Central Depository or Participants, as the case may be, in accordance with these Terms and Conditions, it means the first date on which:

- (a) the full amount of such monies have been received by the Central Depository or Participants, as applicable;
- (b) such monies are available for payment to the holders of Beneficial Interests; and
- (c) notice to that effect has been duly given to such holders in accordance with the Applicable Procedures;

Relevant Screen Page

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

Relevant Time

has the meaning ascribed thereto in the Applicable Pricing Supplement;

Representative

a person duly authorised to act on behalf of a Noteholder, who may be regarded by the Issuer, the Transfer Agent and the Paying Agent (all acting in good faith) as being duly authorised

based upon the tacit or express representation thereof by such Representative, in the absence of express notice to the contrary from such Noteholder;

Sanctioning Body	means any one or a combination of the Office of Foreign Assets Control of the Department of Treasury of the United States of America, the United Nations Security Council, the European Union, Her Majesty's Treasury and any other sanctioning body designated by the Issuer, from time to time;
SARB	the South African Reserve Bank;
SB Group	Standard Bank Group Limited and any of its subsidiaries;
Scheduled Maturity Date	with respect to Credit Linked Notes, has the meaning ascribed thereto in the Applicable Pricing Supplement;
SENS	The Securities Exchange News Service established by the JSE;
Series	a Tranche of Notes together with any further Tranche or Tranches of Notes which are: (i) expressed to be consolidated and form a single series; and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices;
Settlement Agent	in the case of Notes held in the Central Depository, a Participant, approved to perform electronic net settlement of both funds and scrip on behalf of market participants;
Solvent Reconstruction	the event where an order is made or an effective resolution is passed for the winding-up of the Issuer, other than under or in connection with a scheme of amalgamation or reconstruction involving a bankruptcy or insolvency where the obligations of the Issuer in relation to the outstanding Notes are assumed by the successor entity to which all, or substantially all, of the property, assets and undertaking of the Issuer are transferred or where an arrangement with similar effect not involving bankruptcy or insolvency is implemented;
South Africa	means the Republic of South Africa;
Specified Denomination	has the meaning ascribed thereto in the Applicable Pricing Supplement;
Specified Office	the registered address of the Issuer as specified in the Applicable Pricing Supplement or such other address as the Issuer may specify by notice to the Noteholders which change of address shall in each case be notified to the Noteholders in accordance with Condition 16 (<i>Notices</i>);
Specified Time	has the meaning ascribed thereto in the Applicable Pricing Supplement;
Tax Event	an event where, as a result of a Tax Law Change, (a) the Issuer

has paid or will or would on the next Interest Payment Date be required to pay additional amounts as provided or referred to in Condition 9 (*Taxation*); or (b) in respect of the Issuer's obligation to make any payment of interest on the next following Interest Payment Date or any subsequent Interest Payment Date, the Issuer would not be entitled to claim a deduction in respect of computing its taxation liabilities in South Africa, or such entitlement is materially reduced, and in each case the Issuer cannot avoid the foregoing in connection with the Notes by taking measures reasonably available to it (such reasonable measures to exclude any requirement to instigate litigation in respect of any decision or determination of the South African Revenue Service that any such interest does not constitute a tax deductible expense);

Tax Law Change

a change or proposed change in, or amendment or proposed amendment to, the tax laws or regulations of South Africa, or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such tax laws or regulations (including a holding by a court of competent jurisdiction), which actual or proposed change or amendment becomes effective on or after the date of issue of the Notes;

Trade Date

means the date as specified in the Applicable Pricing Supplement as such;

Tranche

in relation to any particular Series, all Notes which are identical in all respects (including as to listing);

Transfer Agent

the Issuer, unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Notes, another entity as Transfer Agent, in which event that other entity shall act as a Transfer Agent in respect of that particular Tranche or Series of Notes;

Transfer Form

the written form for the transfer of a Registered Note, in the form approved by the Transfer Agent, and signed by the transferor and transferee;

Uncertificated Note

a Note that is an uncertificated security as contemplated in the Financial Markets Act;

Unwind Costs

means the amount specified in the Applicable Pricing Supplement, or if "*Standard Unwind Costs*" are specified in the Applicable Pricing Supplement, an amount determined by the Calculation Agent equal to the sum of (without duplication) all costs, expenses (including loss of funding), tax and duties incurred by the Issuer or gains, including funding benefits, actually realised by the Issuer, in which case expressed as a negative number, in connection with the redemption of the Notes and the related unwind, termination, settlement, amendment or reestablishment of any hedge or related trading position, such amount to be apportioned *pro rata* amongst each nominal amount of Notes equal to the Nominal Amount;

USD and U.S. Dollars	means the lawful currency of the United States of America;
USD-LIBOR-BBA	means the rate for deposits in U.S. Dollars for a period of the Designated Maturity which appears on the Relevant Screen Page at the Relevant Time on the relevant Interest Rate Determination Date, or any successor rate;
ZAR and South African Rand	the lawful currency of South Africa, being South African Rand, or any successor currency;
ZAR-JIBAR-SAFEX	the mid-market rate for deposits in ZAR for a period of the Designated Maturity which appears on the Reuters Screen SAFEX Page as at 11h00, Johannesburg time on the relevant date, or any successor rate; and
Zero Coupon Notes	Notes which will be offered and sold at a discount to their Nominal Amount or at par and will not bear interest other than in the case of late payment.

2. ISSUE

- 2.1** Notes may be issued by the Issuer in Tranches pursuant to the Programme. A Tranche of Notes may, together with a further Tranche or Tranches, form a Series of Notes issued under the Programme, provided that the aggregate Nominal Amount of all Notes Outstanding under the Programme at any one point in time does not exceed the Programme Amount.
- 2.2** The Applicable Pricing Supplement for each Tranche of Notes is (to the extent relevant) incorporated herein for the purposes of those Notes and supplements these Terms and Conditions. The Applicable Pricing Supplement may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of those Notes.
- 2.3** Copies of the Applicable Pricing Supplement are available for inspection at the Specified Office of the Issuer.

3. FORM

3.1 General

3.1.1 A Tranche of Notes may be issued in the form of listed or unlisted Registered Notes, Bearer Notes or Order Notes as specified in the Applicable Pricing Supplement.

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

3.2 Registered Notes

A Tranche of Registered Notes will be issued in certificated form, as contemplated in Condition 3.2.1 (*Notes issued in certificated form*), or in uncertificated form, as contemplated in Condition 3.2.2 (*Notes issued in uncertificated form*), as specified in the Applicable Pricing Supplement. Each Tranche of Notes which is listed on the JSE will be issued in uncertificated form and held in the Central Depository as contemplated in Condition 3.2.3 (*Beneficial Interests in Notes held in the Central Depository*). A Tranche of unlisted Notes may also be held in the Central Depository, as contemplated in Condition 3.2.3 (*Beneficial Interests in Notes held in the Central Depository*).

3.2.1 Notes issued in certificated form

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

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

3.2.2 Notes issued in uncertificated form

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

3.2.3 Beneficial Interests in Notes held in the Central Depository

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

All amounts to be paid in respect of Registered Notes held in the Central Depository will be paid to the relevant Participants for the holders of Beneficial Interests in such Registered Notes.

A holder of a Beneficial Interest shall only be entitled to exchange such Beneficial Interest for Registered Notes represented by an Individual Certificate in accordance with Condition 12 (*Exchange of Beneficial Interests and Replacement of Certificates in respect of Notes held in the Central Depository*).

3.3 Bearer Notes

Bearer Notes issued in certificated form and evidenced by Individual Certificates

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

3.4 Order Notes

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

3.5 Denomination

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

3.6 Recourse to the JSE Debt Guarantee Fund Trust and/or the JSE Guarantee Fund

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

4. TITLE

4.1 Registered Notes

4.1.1 *Registered Notes issued in certificated form (including Notes represented by Individual Certificates)*

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

Title to Registered Notes will pass upon registration of transfer in the Register in accordance with Condition 13.1 (*Transfer of Registered Notes*).

The Issuer, the Transfer Agent and the Paying Agent shall recognise a holder of Registered Notes represented by an Individual Certificate as the sole and absolute owner

of the Registered Notes registered in that Noteholder's name in the Register (notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) and shall not be bound to enter any trust in the Register or to take notice of or to accede to the execution of any trust, express, implied or constructive, to which any Registered Note may be subject.

4.1.2 *Registered Notes issued in uncertificated form*

Each relevant CSDP's Nominee will be named in the Register as the registered holder of each Tranche of Registered Notes which is issued in uncertificated form, unless the Participant has set up a CSA account in the name of any holder of Registered Notes. In the event that the Participant has set up such CSA account in the name of an individual holder, such individual Noteholder will be named in the Register as the registered holder of the relevant Registered Notes.

Title to Registered Notes issued in uncertificated form will pass upon registration of transfer in the Register in accordance with Condition 13.1 (*Transfer of Registered Notes*).

Each relevant CSDP's Nominee or the Noteholder where a CSA has been set up as envisaged above (as the registered holder/s of such Registered Notes issued in uncertificated form named in the Register) will be treated by the Issuer, the Paying Agent, the Transfer Agent and the relevant Participant as the holder of that aggregate Nominal Amount of such Registered Notes issued in uncertificated form for all purposes, as applicable.

4.2 **Bearer Notes**

Title to Bearer Notes (including rights to Instalment Amounts and/or interest thereon, as applicable) will pass by delivery of the Certificate evidencing such Note or of the Receipt and/or Coupon relating thereto, as the case may be, in accordance with Condition 13.2 (*Transfer of Bearer Notes*). The Issuer, the Transfer Agent and the Paying Agent may deem and treat the Bearer of any such Certificate, Receipt or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes.

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

4.3 **Order Notes**

Title to Order Notes (including rights to Instalment Amounts and/or interest thereof, as applicable) will initially pass by Endorsement and delivery of the Certificate evidencing such Note or of the Receipt and/or Coupon relating thereto, as the case may be, in accordance with Condition 13.3 (*Transfer of Order Notes*). Any Certificate evidencing an Order Note or such Receipt or Coupon upon which the last Endorsement is an Endorsement in Blank shall be treated as a Bearer Note, for so long as not subject to further Endorsement. The Issuer, the Transfer Agent and the Paying Agent may deem and treat the Person who from the face of the Certificate, Receipt or Coupon relating to an Order Note appears to be the Payee thereto as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or notice of any previous loss or theft thereof) for all purposes and payment to such Person or their Representative shall discharge the Issuer from all liability to the Payee in relation to such Certificate, Receipt or Coupon, as the case may be, even if such Endorsement has been forged or made

without authority. Provided the Issuer pays any amount due upon presentation and surrender of a Certificate evidencing an Order Note, or any Receipt or Coupon attached thereto on issue, in good faith, it shall not be incumbent upon the Issuer or the Transfer Agent to determine or prove that the Endorsement of the Payee making such Endorsement was made by or under the authority of the Person whose Endorsement it purports to be.

5. STATUS OF NOTES

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

6. INTEREST AND INTERIM AMOUNTS

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

If the Applicable Pricing Supplement so specifies, the Notes of any Tranche of Equity Linked Interim Amount Notes will pay each Interim Amount in respect of each Note on each Interim Amount Payment Date specified in the Applicable Pricing Supplement.

6.1 Interest on Fixed Rate Notes

Interest on Fixed Rate Notes will be paid on the Interest Payment Dates specified in the Applicable Pricing Supplement.

6.1.1 *Accrual of Interest*

The Notes bear interest from the Interest Commencement Date at the Interest Rate payable in arrear on each Interest Payment Date, subject as provided in Condition 8 (*Payments*).

6.1.2 *Fixed Coupon Amount*

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

6.1.3 *Calculation of Interest Amount*

The Interest Amount payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Interest Rate to either

(i) the Calculation Amount, in the case of Notes represented by Individual Certificates or
(ii) the aggregate outstanding Nominal Amount of the Notes if the Notes are issued in
uncertificated form, and in each case, multiplying the product by the relevant Day Count
Fraction and rounding the resulting figure to the nearest sub-unit of the Payment
Currency (half a sub-unit being rounded upwards) and, if paragraph (i) applies,
multiplying such rounded figure by a fraction equal to the Specified Denomination of
such Note divided by the Calculation Amount or, if paragraph (ii) or (iii) applies, *pro*
rating such rounded figure amongst the Notes by reference to the Specified Denomination
of such Note relative to the then aggregate Nominal Amount of Notes, provided that:

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

6.2 Interest on Floating Rate Notes, Indexed Notes, FX Linked Interest Notes and Interim Amounts payable in respect of Equity Linked Notes

6.2.1 Accrual of Interest

The Notes bear interest from the Interest Commencement Date at the Interest Rate or as
otherwise specified in the Applicable Pricing Supplement payable in arrears on each
Interest Payment Date, subject as provided in Condition 8 (*Payments*).

6.2.2 Interest Rate for Floating Rate Notes

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

6.2.3 ISDA Determination including fallback provisions

If ISDA Determination is specified in the Applicable Pricing Supplement as the manner
in which the Interest Rate(s) is/are to be determined, the Interest Rate applicable to the
Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate
where **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate (as
defined in the ISDA Definitions) that would be determined by the Calculation Agent
under an interest rate swap transaction if that Calculation Agent were acting as
Calculation Agent for that interest rate swap transaction under the terms of an agreement
incorporating the ISDA Definitions and under which:

- (a) the Floating Rate Option is as specified in the Applicable Pricing Supplement;
- (b) the Designated Maturity is the period specified in the Applicable Pricing
Supplement; and
- (c) the relevant Reset Date is either: (i) if the applicable Floating Rate Option is
based on ZAR-JIBAR-SAFEX, the first day of that Interest Period; or (ii) in any
other case, as specified in the Applicable Pricing Supplement.

Floating Rate, Floating Rate Option, Designated Maturity and Reset Date have the meanings given to those expressions in the ISDA Definitions.

6.2.4 *Screen Rate Determination including fallback provisions*

If Screen Rate Determination is specified in the Applicable Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:

- (a) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Rate Determination Date; or
- (b) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Rate Determination Date;
- (c) if, in the case of paragraph (a) above, such rate does not appear on that page or, in the case of paragraph (b) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
 - (i) request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Rate Determination Date in question; and
 - (ii) determine the arithmetic mean of such quotations; and
- (d) if fewer than 3 (three) such offered quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Reference Rate Market, selected by the Calculation Agent, at approximately the Specified Time on the first day of the relevant Interest Period for loans in the Payment Currency to leading banks in the Reference Rate Market for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time;

and the Interest Rate for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; *provided, however, that* if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Interest Rate applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

6.2.5 *Indexed Interest*

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

6.2.6 *Equity Linked Interim Amounts*

If Equity Linked Interim Amount is specified in the Applicable Pricing Supplement as being applicable, the Interim Amount(s) applicable to the Notes for each Interim Amount Payment Date will be determined in the manner specified in the Applicable Pricing Supplement.

6.2.7 *FX Linked Interest*

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

6.2.8 *Maximum and/or Minimum Interest Rate or Interim Amount*

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

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

6.2.9 *Determination of Interest Rate or Interim Amount and Calculation of Interest Amount or Interim Amount*

The Calculation Agent will, at or as soon as practicable after each time at which the Interest Rate or Interim Amount is to be determined, determine the Rate of Interest for the relevant Interest Period or Interim Amount for the relevant Interim Amount Payment Date, as applicable.

The Calculation Agent will calculate the Interest Amount payable in respect of each Note for the relevant Interest Period (a) by applying the Interest Rate for such Interest Period to either (i) the Calculation Amount, in the case of Notes represented by Individual Certificates or (ii) the aggregate outstanding Nominal of the Notes if the Notes are issued in uncertificated form, and in each case, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Payment Currency (half a sub-unit being rounded upwards) and, if sub-paragraph (i) applies, multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount or, if sub-paragraph (ii) or (iii) applies, *pro rating* such rounded figure amongst the Notes by reference to the Specified Denomination of the relevant Note relative to the then aggregate Nominal Amount of Notes or (b) as specified in the Applicable Pricing Supplement.

6.2.10 *Calculation of Other Amounts*

If the Applicable Pricing Supplement specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the Applicable Pricing Supplement.

6.2.11 *Publication*

The Calculation Agent will cause each Interest Rate or Interim Amount determined by it, together with the relevant Interest Payment Date or Interim Amount Payment Date, and any other amount(s) required to be determined by it, together with any relevant payment date(s) to be notified to the Issuer, the Paying Agent, the Transfer Agent, any Financial Exchange on which the relevant Floating Rate Notes are for the time being listed, as soon as possible after their determination and in any event in the case of Floating Rate Notes not later than the later of the day that is 3 (three) Business Days before the relevant Interest Payment Date and/or Interim Amount Payment Date and (where applicable) the relevant Interest Rate Determination Date for that Interest Period. Notice thereof shall also promptly be given to the Noteholders in accordance with Condition 16 (*Notices*).

Each Interest Rate or Interim Amount determined by the Calculation Agent, together with the relevant Interest Payment Date and/or Interim Amount Payment Date, and any other amount(s) required to be determined by it, together with any relevant payment date(s) shall be made available to the Noteholders in respect of any unlisted Floating Rate Notes promptly upon request.

The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. Any such amendment will be promptly notified to the Issuer and to the Noteholders in accordance with Condition 16 (*Notices*) and, if the relevant Tranche of Notes is listed on the JSE, the JSE and the CSD. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and Interest Amount in respect of a Note having the minimum Specified Denomination.

6.2.12 *Notifications etc to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 6.2 (*Interest on Floating Rate Notes, Indexed Notes, FX Linked Interest Notes and Interim Amounts payable in respect of Equity Linked Notes*) by the Calculation Agent will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Paying Agent and the Noteholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

6.3 Interest on Mixed Rate Notes

The Interest Rate calculated and each Interest Amount payable from time to time on Mixed Rate Notes shall be the Interest Rate calculated and the Interest Amount payable on any combination of Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Indexed Notes or FX Linked Interest Notes for respective periods, each as specified in the Applicable Pricing Supplement. During each such applicable period, the Interest Rate on

the Mixed Rate Notes shall be determined and each relevant Interest Amount shall fall due for payment on the basis that and to the extent that such Mixed Rate Notes are Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Indexed Notes or FX Linked Interest Notes, as the case may be.

6.4 Interest on Partly Paid Notes

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

6.5 Interest on Instalment Notes

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

6.6 Interest on Unpaid Amounts

Subject as provided in Credit Linked Condition 5 (*Accrual of Interest*), each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption. If on the date of redemption and upon due presentation of the Note, payment of principal is improperly withheld or refused, interest shall accrue at the SAFEX Overnight Deposit Rate (to be found on the Reuters Screen SAFEY page as at 11h00 (Johannesburg time)) from the date on which such amount is due and payable until the date on which all amounts due in respect of such Note have been paid.

In the event that the SAFEX Overnight Deposit Rate is not ascertainable from the relevant screen page at the time contemplated above, the Calculation Agent shall follow the procedure contemplated in Condition 6.2.4 (*Screen Rate Determination including fallback provisions*) to ascertain a rate.

6.7 Notes listed on the JSE

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

6.8 Business Day Convention

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

- (a) the **Floating Rate Business Day Convention**, such Interest Payment Date or Interim Amount Payment Date (or other date) shall in any case where Interest Periods are specified in accordance with Condition 6.2 (*Interest on Floating Rate Notes, Indexed Notes, FX Linked Interest Notes and Interim Amounts payable in respect of Equity Linked Notes*), be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event: (i) such Interest Payment Date (or other date) shall be brought forward to the first preceding Business Day; and (ii) each subsequent Interest Payment Date (or other date) shall be the last Business Day in the month which falls the number of

months or other period specified as the Interest Period in the Applicable Pricing Supplement after the preceding applicable Interest Payment Date (or other date) has occurred; or

- (b) the **Following Business Day Convention**, such Interest Payment Date or Interim Amount Payment Date (or other date) shall be postponed to the next day which is a Business Day; or
- (c) the **Modified Following Business Day Convention**, such Interest Payment Date or Interim Amount Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date (or other such date) shall be brought forward to the first preceding Business Day; or
- (d) the **Preceding Business Day Convention**, such Interest Payment Date or Interim Amount Payment Date (or other date) shall be brought forward to the first preceding Business Day.

7. REDEMPTION AND PURCHASE

A Tranche of Notes will, subject to Credit Linked Condition 1 (*Redemption Following the Occurrence of a Credit Event*) in the case of Credit Linked Notes or as otherwise specified in the Terms and Conditions, be redeemed on the Maturity Date in accordance with Condition 7.1 (*Scheduled Redemption*). If the "*Early Redemption at the option of the Issuer (Call Option)*" and/or "*Early Redemption at the option of the Noteholders of Notes (Put Option)*" and/or "*Early Redemption following the occurrence of a Tax Event and/or Increased Cost Event and/or Change in Law*" is specified as applicable in the Applicable Pricing Supplement, a Tranche of Notes may, or upon the occurrence of an Event of Default as set out in Condition 11 (*Events of Default*), will be redeemed prior to its Maturity Date in accordance with this Condition 7 (*Redemption and Purchase*).

7.1 Scheduled Redemption

Subject to Credit Linked Condition 1 (*Redemption Following the Occurrence of a Credit Event*) [(i)] in the case of Credit Linked Notes, unless previously redeemed or purchased and cancelled as specified below, the Notes will be redeemed at the Final Redemption Amount on the Maturity Date subject to the provisions contained in Condition 8 (*Payments*) or (ii) in the case of Notes that are Physical Delivery Notes that are Equity Linked Redemption Notes, by delivery of the Entitlement on the Maturity Date, subject to the provisions contained in Annex 2 (*Additional Equity Linked Note Terms and Conditions*).

7.2 Redemption following the occurrence of a Tax Event and/or Increased Cost Event and/or Change in Law

If so specified in the Applicable Pricing Supplement, the Issuer may redeem the Notes of any Tranche of Notes in whole, but not in part:

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

- (b) on any Interest Payment Date (if the Floating Rate Note Provisions or the Indexed Note provisions are specified in the Applicable Pricing Supplement as being applicable and are applicable at the time of redemption),

on giving not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Noteholders and to the Transfer Agent and the Paying Agent (which notice shall be irrevocable in accordance with Condition 16 (*Notices*), at their Early Redemption Amount, following the occurrence of a Tax Event and/or Increased Cost Event and/or Change in Law, provided, however, that no such notice of redemption shall be given earlier than:

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

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Paying Agent (A) a certificate signed by two authorised officers of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (B) an opinion of independent legal advisers of recognised standing to the effect that a Tax Event and/or Increased Cost Event and/or Change in Law has occurred. Upon the expiry of any such notice as is referred to in this Condition 7.2 (*Redemption following the occurrence of a Tax Event and/or Increased Cost Event and/or Change in Law*), the Issuer shall be bound to redeem the Notes in accordance with this Condition 7.2 (*Redemption following the occurrence of a Tax Event and/or Increased Cost Event and/or Change in Law*).

7.3 Early Redemption at the option of the Issuer (Call Option)

If the Issuer is specified in the Applicable Pricing Supplement as having an option to redeem, the Notes may, be redeemed at the option of the Issuer in whole or, if so specified in the Applicable Pricing Supplement, in part upon the Issuer having given:

- (a) not less than 15 (fifteen) and not more than 60 (sixty) days', or such other period as specified in the Applicable Pricing Supplement, notice to the Noteholders in accordance with Condition 16 (*Notices*); and
- (b) not less than 7 (seven) days before giving the notice referred to in paragraph (a) above, notice to the Transfer Agent,

(both of which notices shall be irrevocable) to redeem all or some of the Notes then Outstanding on the Optional Redemption Date(s) (Call) and at the Optional Redemption Amount(s) (Call) specified in, or determined in the manner specified in, the Applicable Pricing Supplement together, if appropriate, with interest accrued up to (but excluding) the Optional Redemption Date(s) (Call).

Any such redemption amount must be of a nominal amount equal to or greater than the Minimum Redemption Amount or equal to or less than a Higher Redemption Amount, both as specified in the Applicable Pricing Supplement, if applicable, provided that if Unwind Costs are specified in the Applicable Pricing Supplement as applicable, the Optional Redemption Amount(s) (Call) may be reduced by Unwind Costs. In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemable Notes**) will, in the case of Redeemable Notes represented by Individual Certificates, be individually selected by lot and not more than 30 (thirty) days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**).

A list of the serial numbers of the Individual Certificates (and in the case of Redeemable Notes which are Bearer Notes or Order Notes, the relevant Receipts and/or Coupons) will be published in accordance with Condition 16 (*Notices*) not less than 10 (ten) days prior to the date fixed for redemption. The aggregate Nominal Amount of Redeemed Notes represented by Individual Certificates shall bear the same proportion to the aggregate Nominal Amount of all Redeemed Notes as the aggregate Nominal Amount of Individual Certificates outstanding bears to the aggregate Nominal Amount of the Notes Outstanding, in each case on the Selection Date, provided that such first mentioned Nominal Amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination and the aggregate Nominal Amount of Redeemed Notes issued in uncertificated form shall be equal to the balance of the Redeemed Notes. No exchange of Beneficial Interests in Uncertificated Notes for Individual Certificates will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this Condition 7.3 (*Early Redemption at the option of the Issuer (Call Option)*) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 16 (*Notices*) at least 5 (five) days prior to the Selection Date.

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

7.4 Early Redemption at the option of Noteholders (Put Option)

If the Noteholders of Notes are specified in the Applicable Pricing Supplement as having an option to put any Notes, the Issuer shall, at the option of the Noteholders of such Tranche of Notes, redeem the Notes on the Optional Redemption Date(s) (Put) specified in the relevant Put Notice or in the Applicable Pricing Supplement, as the case may be, at the relevant Optional Redemption Amount(s) (Put) together with interest (if any) accrued to such date, provided that if Unwind Costs are specified in the Applicable Pricing Supplement as applicable, the Optional Redemption Amount(s) (Put) may be reduced by Unwind Costs. If the Optional Redemption Amount(s) (Put) is to be reduced by the Issuer for Unwind Costs, within 3 (three) Business Days of receipt of the Put Notice the Issuer shall advise the Noteholder in writing (the **Optional Redemption Amount(s) (Put) Amendment Notice**) as to the amount of the relevant Unwind Costs and the Noteholder shall have the option of revising the Put Notice or of persisting with the redemption at the amount indicated in the Put Notice as reduced by the Unwind Costs. The Noteholder shall notify the Issuer of its election within 3 Business Days of receipt of the Optional Redemption Amount(s) (Put) Amendment Notice.

In order to exercise the option contained in this Condition 7.4 (*Early Redemption at the option of Noteholders (Put Option)*), the Noteholders of such Notes must, not less than 30 (thirty) nor more than 60 (sixty) days, or such other period as specified in the Applicable Pricing Supplement, before the relevant Optional Redemption Date(s) (Put), surrender the Individual Certificates (if any) relating to such Notes with the Paying Agent in accordance with Condition 16 (*Notices*), together with a duly completed Put Notice. The Optional Redemption Amount(s) (Put) specified in such Put Notice in respect of any such Note must be of a nominal amount equal to or greater than the Minimum Redemption Amount or equal to or less than the Higher Redemption Amount, each as specified in the Applicable Pricing Supplement, if applicable.

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

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

Any Put Notice given by a holder of any Note pursuant to this Condition 7.4 (*Early Redemption at the option of Noteholders (Put Option)*) shall be irrevocable except where after giving the notice, but prior to the due date of redemption, an Event of Default shall have occurred and be continuing in which event such Noteholder, at its option, may elect by notice to the Issuer and the Transfer Agent to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 11 (*Events of Default*).

7.5 Early Redemption upon the occurrence of an Event of Default

Upon the occurrence of an Event of Default and receipt by the Issuer of a written notice declaring Notes held by the relevant Noteholder to be forthwith due and payable in accordance with Condition 11 (*Events of Default*), such Notes shall, become forthwith due and payable at the Early Redemption Amount in the manner set out in Condition 7.7 (*Early Redemption Amounts*), together with interest (if any) to the date of payment, in accordance with Condition 11 (*Events of Default*).

7.6 Intervening Credit Event in the case of Credit Linked Notes

Any obligation on the part of the Issuer to redeem a Credit Linked Note pursuant to the provisions of Condition 7.2 (*Redemption following the occurrence of a Tax Event and/or Increased Cost Event and/or Change in Law*), Condition 7.3 (*Early Redemption at the option of the Issuer (Call Option)*) or Condition 7.4 (*Early Redemption at the option of Noteholders (Put Option)*), shall terminate upon the occurrence before the performance of such obligation of a Credit Event.

7.7 Early Redemption Amounts

For the purpose of Condition 7.2 (*Redemption following the occurrence of a Tax Event and/or Increased Cost Event and/or Change in Law*) and Condition 11 (*Events of Default*) (and otherwise as stated herein), the Notes will be redeemed at the Early Redemption Amount specified or determined in the manner specified in the Applicable

Pricing Supplement, or if no such amount or manner is specified in the Applicable Pricing Supplement, at the Early Redemption Amount calculated as follows:

- (a) in the case of Notes with a Final Redemption Amount equal to the Nominal Amount, at the Final Redemption Amount thereof; or
- (b) in the case of Notes (other than Zero Coupon Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price (to be determined in the manner specified in the Applicable Pricing Supplement), at that Final Redemption Amount or, if no such amount or manner is so specified in the Pricing Supplement, at their Nominal Amount; or
- (c) in the case of Zero Coupon Notes, at an amount (the **Accreted Face Amount**) equal to:

$$\text{Nominal Amount} \times \text{Reference Price} \times (1 + \text{Implied Yield}/n)^{(n \times (\text{Days} / 365))},$$

where:

“Days” is the number of calendar days from and including the Issue Date, until but excluding, the date on which the notes are redeemed early;

“n” is equal to:

- (i) 1, if the Implied Yield, as specified in the Applicable Pricing Supplement, is specified as naca; or
- (ii) 2, if the Implied Yield, as specified in the Applicable Pricing Supplement, is specified as nacs.

Where the Implied Yield is not specified in the Applicable Pricing Supplement, the Implied Yield will be determined by the Calculation Agent with reference to the Issue Price, Issue Date, Nominal Amount and Maturity Date of the Notes.

Provided that if Unwind Costs are specified in the Applicable Pricing Supplement as applicable, the Early Redemption Amount determined in accordance with this Condition 7.7 (*Early Redemption Amounts*) may be reduced by Unwind Costs.

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

7.8 Instalment Notes

Instalment Notes will be redeemed at the Instalment Amounts and on the Instalment Dates. In the case of early redemption in accordance with Condition 7.2 (*Redemption following the occurrence of a Tax Event and/or Increased Cost Event and/or Change in Law*) or 7.7 (*Early Redemption Amounts*), the Early Redemption Amount will be determined pursuant to this Condition 7 (*Redemption and Purchase*).

7.9 Partly Paid Notes

If the Notes are Partly Paid Notes, they will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 7 (*Redemption and Purchase*) and the Applicable Pricing Supplement.

7.10 Exchangeable Notes

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

7.11 Purchases

The Issuer or any of its subsidiaries may at any time purchase Notes (including all unmaturing Coupons and Receipts) at any price in the open market or otherwise.

7.12 Cancellation

All Notes which are redeemed or purchased by the Issuer or any of its subsidiaries may, at its option be cancelled and may, if cancelled, not be reissued or resold. Where only a portion of Notes represented by a Certificate are cancelled, the Transfer Agent shall deliver a Certificate to such Noteholder in respect of the balance of the Notes.

8. PAYMENTS

8.1 General

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

All payments of all amounts (whether in respect of principal, interest, Interim Amounts or otherwise) due and payable in respect of any Notes shall be made by the Issuer (where the Issuer itself acts as Paying Agent) or the Paying Agent on behalf of the Issuer (where the Issuer has appointed a third party to act as Paying Agent), as the case may be, on the terms and conditions of the Agency Agreement (if any) and this Condition 8 (*Payments*).

All references in this Condition 8 (*Payments*) to "*Paying Agent*" shall be construed as references to the Issuer (where the Issuer itself acts as Paying Agent) or the Paying Agent on behalf of the Issuer (where the Issuer has appointed a third party entity to act as Paying Agent), as the case may be.

Payments will be subject in all cases to any fiscal or other laws, directives and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*).

8.2 Payments – Registered Notes/Certificated and Uncertificated

8.2.1 *Method of payment*

The Paying Agent shall pay all amounts due and payable in respect of any Registered Notes in immediately available and freely transferable funds, in the Payment Currency, by electronic funds transfer, to the bank account of:

8.2.1.1 if the Applicable Pricing Supplement specifies that the Notes are held in the CSD, the relevant Participants with whom the registered Noteholder/s of such Notes maintains a securities account in respect of the Note/s; and

8.2.1.2 if the Applicable Pricing Supplement specifies that the Note(s) are represented by an Individual Certificate, the person named as the registered Noteholder of such Notes in the Register or, in the case of joint registered Noteholders, the bank account of the first one of them named in the Register in respect of such Notes; provided that if several persons are entered into the Register as joint registered Noteholders of such Notes then, without affecting the previous provisions of this Condition 8 (*Payments*), payment to any one of them shall be an effective and complete discharge by the Issuer of the amount so paid, notwithstanding any notice (express or otherwise) which the Paying Agent and/or the Issuer may have of the right, title, interest or claim of any other person to or in any such Notes.

8.2.2 Neither the Issuer nor the Paying Agent shall be responsible for the loss in transmission of any such funds, and payment of any amount into the bank accounts referred to above, in accordance with Condition 8.2.1 (*Method of payment*), shall be satisfaction *pro tanto*, to the extent of such amount, of the Issuer's obligations to the Noteholders under the relevant Registered Notes and the applicable Terms and Conditions.

8.2.3 *Beneficial Interest*

Each of the persons shown in the records of the CSD, as the holders of Beneficial Interests in the Notes, must look solely to the CSD or its Participant, as applicable, for such person's share of each payment so made by the Paying Agent, on behalf of the Issuer, to or for the order of the registered Noteholder of such Notes, being the registered Noteholder's Participant or each relevant CSDP's Nominee (if the Applicable Pricing Supplement specifies that the Notes are held in the CSD).

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

8.2.4 *Surrender of Individual Certificates*

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

If the relevant Individual Certificate is not surrendered to the Transfer Agent at its Specified Office in accordance with this Condition 8.2.4 (*Surrender of Individual Certificates*), the amount of principal payable to the Noteholder of the Registered Note(s)

represented by that Individual Certificate shall be retained by the Paying Agent for such Noteholder, at the latter's risk, until that Individual Certificate shall have been surrendered to the Transfer Agent at its Specified Office, and such Noteholder will not be entitled to any interest and/or other payments in respect of any delay in payment occasioned as a result of such failure to surrender such Individual Certificate.

8.3 Payments – Bearer Notes

8.3.1 *Payments in respect of Bearer Notes represented by Individual Certificates*

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

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

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

8.4 Payments – Order Notes

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

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

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

8.5 Method of Payment

Payments of interest, Interim Amounts and principal will be made in the Payment Currency by electronic funds transfer.

If the Issuer is prevented or restricted directly or indirectly from making any payment by electronic funds transfer in accordance with the preceding paragraph (whether by reason of strike, lockout, fire, explosion, floods, riot, war, accident, act of God, embargo, legislation, shortage of or breakdown in facilities, civil commotion, unrest or disturbances, cessation of labour, Government interference or control or any other cause or contingency beyond the control of the Issuer), the Issuer shall make such payment by cheque (or by such number of cheques as may be required in accordance with applicable banking law and practice) of any such amounts. Such payments by cheque shall be sent by post to:

- (a) the address of the Noteholder of Registered Notes as set forth in the Register or, in the case of joint Noteholders of Registered Notes, the address set forth in the Register of that one of them who is first named in the Register in respect of that Note; or
- (b) the address nominated by the Bearer or the Payee in respect of Bearer Notes or Order Notes, as the case may be, upon presentation and surrender in accordance with Condition 8.3 (*Payments – Bearer Notes*) or Condition 8.4 (*Payments – Order Notes*), as the case may be.

Each such cheque shall be made payable to the relevant Noteholder or, in the case of joint Noteholders of Registered Notes, the first one of them named in the Register. Cheques may be posted by ordinary post, provided that neither the Issuer nor the Paying Agent shall be responsible for any loss in transmission and the postal authorities shall be deemed to be the agent of the Noteholders for the purposes of all cheques posted in terms of this Condition 8.5 (*Method of Payment*).

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

Payments will be subject in all cases to any taxation or other laws, directives and regulations applicable thereto in the place of payment, but subject to the provisions of Condition 9 (*Taxation*).

8.6 Surrender of Certificates, Receipts and Coupons

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

Payments of interest or Interim Amounts in respect of Bearer Notes or Order Notes shall be made in accordance with Condition 8.5 (*Method of Payment*) only following presentation and surrender of the relevant Coupon (if any) to the Paying Agent.

Payments of Instalment Amounts in respect of Instalment Notes which are Bearer Notes or Order Notes shall be made by the Issuer in accordance with Condition 8.5 (*Method of*

Payment) only following presentation and surrender of the relevant Receipt to the Paying Agent.

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

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

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

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

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

8.7 Payment Day

If the date for payment of any amount in respect of any Note is not a Business Day and is not subject to adjustment in accordance with a Business Day Convention, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place for payment and shall not be entitled to further interest or other payment in respect of any such delay.

8.8 Interpretation of principal and interest

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

- (a) any additional amounts which may be payable with respect to principal under Condition 8.5 (*Method of Payment*);
- (b) the Final Redemption Amount of the Notes or the Early Redemption Amount of the Notes, as the case may be;
- (c) the Optional Redemption Amount(s) (if any) of the Notes;
- (d) in relation to Instalment Notes, the Instalment Amounts;
- (e) in relation to Zero Coupon Notes, the Accreted Face Amount (as defined under Condition 7.7 (*Early Redemption Amounts*)); and
- (f) any premium and any other amounts which may be payable under or in respect of the Notes, but excluding for the avoidance of doubt, interest and Interim Amounts.

Any reference in these Terms and Conditions to interest and Interim Amounts in respect of the Notes shall include, as applicable, any additional amounts which may be payable with respect to interest and Interim Amounts under Condition 9 (*Taxation*).

9. TAXATION

9.1 A Noteholder whose Notes are redeemed shall pay all Taxes payable in connection with the payment of the Interest Amounts, or the redemption of such Notes and/or the payment of the Final Redemption Amount and/or the Optional Redemption Amount and/or the Early Redemption Amount and/or the Credit Event Redemption Amount as a result of such redemption. The Issuer is not liable for or otherwise obliged to pay any Taxes that may arise as a result of the ownership, transfer, redemption or enforcement of any Note.

9.2 All payments of principal and interest and Interim Amounts in respect of the Notes by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of South Africa or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law.

9.3 In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, as the case may be, in the absence of such withholding or deduction except that no such additional amounts shall be payable with respect to any Note:

9.3.1 held by or on behalf of a Noteholder, who is liable for such taxes or duties in respect of such Note by reason of his having some connection with South Africa other than the mere holding of such Note or the receipt of principal or interest in respect thereof; or

9.3.2 held by or on behalf of a Noteholder who would not be liable or subject to the withholding or deduction by making a declaration of non-residency or other similar claim for exemption to the relevant tax authority (the effect of which is not to require the disclosure of the identity of the relevant Noteholder); or

9.3.3 where such withholding or deduction is in respect of taxes levied or imposed on interest or principal payments only by virtue of the inclusion of such payments in the taxable income (as defined in section 1 of the Income Tax Act) or taxable capital gain (as defined in paragraph 1 of Schedule 8 to the Income Tax Act) of any Noteholder; or

9.3.4 more than 30 (thirty) days after the Relevant Date except to the extent that the Noteholder thereof would have been entitled to an additional amount on presenting the same for payment on such 30th thirtieth day; or

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

9.4 Notwithstanding any other provision in these Conditions, the Issuer, and the Paying Agents, shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the US IRS (FATCA withholding). The Issuer will have no obligation to

pay additional amounts or otherwise indemnify a holder for any FATCA withholding deducted or withheld by the Issuer, a Paying Agent or any other party as a result of any person (other than an agent of the Issuer) not being entitled to receive payments free of FATCA withholding.

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

10. PRESCRIPTION

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

11. EVENTS OF DEFAULT

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

- (a) *Non-payment*: the failure by the Issuer to pay within 7 (seven) Business Days from the due date any amount due in respect of any of the Notes; or
- (b) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes and such default remains unremedied for 30 (thirty) days after written notice thereof has been delivered by any Noteholder to the Issuer or to the Specified Office of the Transfer Agent (addressed to the Issuer); or
- (c) *Insolvency, winding-up etc*: the granting of an order by any competent court or authority for the liquidation, winding-up, dissolution or commencement of business rescue proceedings of the Issuer, whether provisionally (and not dismissed or withdrawn within 30 (thirty) days thereof) or finally, or the placing of the Issuer under voluntary liquidation or curatorship, provided that no liquidation, curatorship, winding-up, dissolution or commencement of business rescue proceedings shall constitute an event of default if: (i) the liquidation, curatorship, winding-up, dissolution or commencement of business rescue proceedings is for purposes of effecting an amalgamation, merger, demerger, consolidation, reorganisation or other similar arrangement within the SB Group; or (ii) in the case of the Issuer, in respect of a Solvent Reconstruction; or (iii) the liquidation, curatorship, winding-up, dissolution or commencement of business rescue proceedings is for purposes of effecting an amalgamation, merger, demerger, consolidation, reorganisation or other similar arrangement, the terms of which were approved by Extraordinary Resolution or an Extraordinary Written Resolution of Noteholders before the date of the liquidation, curatorship, winding-up, dissolution or commencement of business rescue proceedings; or
- (d) *Failure to take action*: any action, condition or thing (including the obtaining of any consent, licence, approval or authorisation) now or hereafter necessary to

enable the Issuer to comply with its obligations under the Programme for the issuance of the Notes is not taken, fulfilled or done, or any such consent, licence, approval or authorisation shall be revoked, modified, withdrawn or withheld or shall cease to remain in full force and effect, resulting in the Issuer being unable to perform any of its payment or other obligations in terms of the Notes or the Programme for the issuance of the Notes.

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

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

12. EXCHANGE OF BENEFICIAL INTERESTS AND REPLACEMENT OF CERTIFICATES IN RESPECT OF NOTES HELD IN THE CENTRAL DEPOSITORY

12.1 Exchange of Beneficial Interests

12.1.1 The holder of a Beneficial Interest in Notes may, in terms of the Applicable Procedures and subject to section 54 of the Companies Act, by written notice to the holder's nominated Participant (or, if such holder is a Participant, the Central Depository), request that such Beneficial Interest be exchanged for Notes in definitive form represented by an Individual Certificate (the **Exchange Notice**). The Exchange Notice shall specify (a) the name, address and bank account details of the holder of the Beneficial Interest and (b) the day on which such Beneficial Interest is to be exchanged for an Individual Certificate; provided that such day shall be a Business Day and shall fall not less than 30 (thirty) days after the day on which such Exchange Notice is given.

12.1.2 The holder's nominated Participant will, following receipt of the Exchange Notice, through the Central Depository, notify the Transfer Agent that it is required to exchange such Beneficial Interest for Notes represented by an Individual Certificate. The Transfer Agent will, as soon as is practicable but within 14 (fourteen) days after receiving such notice, in accordance with the Applicable Procedures, procure that an Individual Certificate is prepared, authenticated and made available for delivery, on a Business Day falling within the aforementioned 14 (fourteen) day period, to the Participant acting on behalf of the holder of the Beneficial Interest in respect of the conversion at the Specified Office of the Transfer Agent; provided that joint holders of a Beneficial Interest shall be entitled to receive only one Individual Certificate in respect of that joint holding, and the delivery to one of those joint holders shall be delivery to all of them.

12.1.3 In the case of the exchange of a Beneficial Interest in Notes issued in uncertificated form:

12.1.3.1 the holder's nominated Participant shall, prior to the Exchange Date, surrender (through the Central Depository system) such uncertificated Notes to the Transfer Agent at its Specified Office;

12.1.3.2 the Transfer Agent will obtain the release of such uncertificated Notes from the Central Depository in accordance with the Applicable Procedures.

12.1.4 An Individual Certificate shall, in relation to a Beneficial Interest in any number of Notes issued in uncertificated form of a particular aggregate Nominal Amount standing to the account of the holder thereof, represent that number of Notes of that aggregate Nominal Amount, and shall otherwise be in such form as may be agreed between the Issuer and the Transfer Agent; provided that if such aggregate Nominal Amount is equivalent to a fraction of the Specified Denomination or a fraction of any multiple thereof, such Individual Certificate shall be issued in accordance with, and be governed by, the Applicable Procedures.

12.2 Replacement

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

12.3 Death and sequestration or liquidation of Noteholder

Any Person becoming entitled to Registered Notes in consequence of the death, sequestration or liquidation of the holder of such Notes may, upon producing evidence to the satisfaction of the Issuer that he holds the position in respect of which he proposes to act under this Condition 12.3 (*Death and sequestration or liquidation of Noteholder*) or of his title as the Issuer and the Transfer Agent shall require, be registered himself as the holder of such Notes or, subject to the Applicable Procedures, this Condition 12.3 (*Death and sequestration or liquidation of Noteholder*) and Condition 13.1 (*Transfer of Registered Notes*), may transfer such Notes. The Issuer and (if applicable) the Central Depository and the relevant Participant shall be entitled to retain any amount payable upon the Notes to which any Person is so entitled until such Person shall be registered as aforesaid or shall duly transfer the Notes.

12.4 Costs

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

13. TRANSFER OF NOTES

13.1 Transfer of Registered Notes

13.1.1 *Transfer of Beneficial Interests in Registered Notes (including Uncertificated Notes) held in the Central Depository*

13.1.1.1 Beneficial Interests may be transferred only in accordance with the Applicable Procedures through the Central Depository.

13.1.1.2 Transfers of Beneficial Interests to and from clients of Participants occur by way of electronic book entry in the securities accounts or CSA's maintained by the Participants for their clients, in accordance with the Applicable Procedures.

13.1.1.3 Transfers of Beneficial Interests among Participants occur through electronic book entry in the central securities accounts maintained by the Central Depository for the Participants, in accordance with the Applicable Procedures.

13.1.2 *Transfer of Registered Notes represented by Individual Certificates*

13.1.2.1 In order for any transfer of Registered Notes represented by an Individual Certificate to be recorded in the Register, and for such transfer to be recognised by the Issuer:

13.1.2.1.1 the transfer of such Registered Notes must be embodied in a Transfer Form;

13.1.2.1.2 the Transfer Form must be signed by the registered Noteholder of such Registered Notes and the transferee, or any authorised representatives of that registered Noteholder or transferee; and

13.1.2.1.3 the Transfer Form must be delivered to the Transfer Agent at its Specified Office together with the Individual Certificate representing such Registered Notes for cancellation.

13.1.2.2 Registered Notes represented by an Individual Certificate may only be transferred, in whole or in part, in amounts of not less than the Specified Denomination (or any multiple thereof).

13.1.2.3 Subject to this Condition 13.1.2 (*Transfer of Registered Notes represented by Individual Certificates*), the Transfer Agent will, within 10 (ten) Business Days of receipt by it of a valid Transfer Form (or such longer period as may be required to comply with any Applicable Laws and/or Applicable Procedures), record the transfer of Registered Notes represented by an Individual Certificate (or the relevant portion of such Registered Notes) in the Register, and authenticate and deliver to the transferee at the Transfer Agent's specified office or, at the risk of the transferee, send by mail to such address as the transferee may request, a new Individual Certificate in respect of the Registered Notes transferred reflecting the Nominal Amount Outstanding of the Registered Notes transferred.

- 13.1.2.4 Where a Noteholder has transferred a portion only of Registered Notes represented by an Individual Certificate, the Transfer Agent will authenticate and deliver to such Noteholder at the Transfer Agent's Specified Office or, at the risk of such Noteholder, send by mail to such address as such Noteholder may request, a new Individual Certificate representing the balance of the Registered Notes held by such Noteholder.
- 13.1.2.5 The transferor of any Registered Notes represented by an Individual Certificate will be deemed to remain the owner thereof until the transferee is registered in the Register as the holder thereof.
- 13.1.2.6 Before any transfer of Registered Notes represented by an Individual Certificate is registered in the Register, all relevant transfer Taxes (if any) must have been paid by the transferor and/or the transferee and such evidence must be furnished as the Issuer and the Transfer Agent may reasonably require as to the identity and title of the transferor and the transferee.
- 13.1.2.7 No transfer of any Registered Notes represented by an Individual Certificate will be registered whilst the Register is closed as contemplated in Condition 14 (*Register*).
- 13.1.2.8 If a transfer of any Registered Notes represented by an Individual Certificate is registered in the Register, the Transfer Form and cancelled Individual Certificate will be retained by the Transfer Agent.
- 13.1.2.9 In the event of a partial redemption of Notes under Condition 7.3 (*Early Redemption at the option of the Issuer (Call Option)*), the Transfer Agent shall not be required in terms of Condition 7.3 (*Early Redemption at the option of the Issuer (Call Option)*), to register the transfer of any Notes during the period beginning on the 10th (tenth) day before the date of the partial redemption and ending on the date of the partial redemption (both inclusive).

13.2 Transfer of Bearer Notes

Transfer of Bearer Notes represented by Individual Certificates

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

13.3 Transfer of Order Notes

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

13.4 Prohibition on Stripping

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

14. REGISTER

14.1 The Register shall be kept at the Specified Offices of the Transfer Agent. The Register shall reflect the number of Registered Notes issued and Outstanding, the date upon which each of the Noteholders was registered as such and whether they are Registered Notes, Bearer Notes or Order Notes. The Register shall contain the name, address, and bank account details of the Noteholders of Registered Notes. The Register shall set out the Nominal Amount of the Notes issued to such Noteholders and shall show the date of such issue. The Register shall show the serial number of Individual Certificates issued in respect of any Notes. The Register shall be open for inspection during the normal business hours of the Issuer to any Noteholder or any person authorised in writing by any Noteholder. The Transfer Agent shall not be obliged to record any transfer while the Register is closed. The Transfer Agent shall not be bound to enter any trust into the Register or to take notice of any or to accede to any trust executed, whether express or implied, to which any Note may be subject. The Register shall be closed from the Last Day to Register until each payment date of principal and interest in respect of the Notes, as the case may be.

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

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

15. TRANSFER AGENT, CALCULATION AGENT, SETTLEMENT AGENT AND PAYING AGENT

15.1 Any third party appointed by the Issuer as Calculation Agent, Paying Agent, Settlement Agent and/or Transfer Agent shall act solely as the agent of the Issuer and does not assume any obligation towards or relationship of agency or trust for or with any Noteholders.

15.2 If the Issuer elects to appoint another entity (not being the Issuer) as Calculation Agent, Settlement Agent, Paying Agent and/or Transfer Agent, that other entity, on execution of an appropriate Agency Agreement or an appropriate accession letter to the Agency Agreement, as the case may be, shall serve in that capacity in respect of the Notes. The Issuer shall notify the Noteholders in the manner set out in Condition 16 (*Notices*) of any such appointment and, if any Notes are listed on the JSE, the Issuer shall also notify the JSE of any such appointment.

- 15.3** The Issuer is entitled to vary or terminate the appointment of the Transfer Agent, the Calculation Agent, Settlement Agent and the Paying Agent and/or appoint additional or other agents and/or approve any change in the specified office through which any such agent acts on the terms of the Agency Agreement, provided that there will at all times be a Transfer Agent, Settlement Agent, Calculation Agent and a Paying Agent with an office in such place as may be required by the Applicable Procedures.
- 15.4** To the extent that the Issuer acts as the Transfer Agent, Settlement Agent, Calculation Agent or Paying Agent:
- 15.4.1 all references in these Terms and Conditions to any action, conduct or functions in such role shall be understood to mean that the Issuer shall perform such action, conduct or function itself;
- 15.4.2 all references in these Terms and Conditions to requirements for consultation, indemnification by or of, payment by or to, delivery by or to, notice by or to, consent by or to or agreement between the Issuer and such Transfer Agent, Settlement Agent, Calculation Agent or Paying Agent (as the case may be) shall be disregarded to the extent that the Issuer performs such role; and
- 15.4.3 the Issuer, in its capacity as Transfer Agent, Calculation Agent, Settlement Agent and/or Paying Agent, will be entitled to appoint a third party as sub-agent for the purpose of such sub-agent performing all of the obligations and duties of the Transfer Agent, Calculation Agent and/or Paying Agent in terms of the Agency Agreement. The Issuer shall notify the Noteholders in the manner set out in Condition 16 (*Notices*) of any such appointment and, if any Notes are listed on the JSE, the Issuer shall also notify the JSE of any such appointment.

16. NOTICES

16.1 Notice by the Issuer

Notices to Noteholders shall be valid and effective:

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

- (ii) for so long as the Notes are listed on the JSE or such other Financial Exchange, a daily newspaper of general circulation in the city in which the JSE or such other Financial Exchange is situated or any electronic news service of general distribution.

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

16.2 Notice by the Noteholders

A notice to be given by any Noteholder to the Issuer shall be in writing and given by lodging (either by hand delivery or posting by registered mail) that notice, together with a certified copy of the relevant Certificate, Coupon or Receipt at the offices of (i) the Issuer located at Standard Bank Global Markets, First Floor, East Wing, 30 Baker Street, Rosebank, Johannesburg, 2196, South Africa marked for the attention of the Head: Structured Sales and Head: Global Markets Legal and (ii) the Transfer Agent specified in the Applicable Pricing Supplement.

Such notices shall be deemed to have been received by the Issuer, if delivered by hand, on the second Business Day after being hand delivered, or, if sent by registered mail, 7 (seven) days after posting, or, if such notice has been given through the relevant clearing system, on the 2nd (second) Business Day after such notice was given to the relevant clearing system.

16.3 Notice in relation to Notes listed on the JSE

For so long as any Notes are listed on the JSE, notwithstanding Conditions 16.1 (*Notice by the Issuer*) and 16.2 (*Notice by the Noteholders*), all notices in respect of such JSE-listed Notes, shall be made by way of an announcement on SENS and in accordance with the required timelines in terms of the Debt Listings Requirements of the JSE from time to time.

17. MEETINGS OF NOTEHOLDERS

17.1 Convening of meetings

The Issuer may at any time convene a meeting of all Noteholders or holders of any Class of Notes, and shall be obliged to do so upon the request in writing of Noteholders holding not less than 10% of the aggregate Nominal Amount of all Notes or Notes in that Class, as the case may be, for the time being Outstanding. Should the Issuer fail to requisition a meeting within 7 (seven) days of such a request being delivered to the Specified Office of the Issuer, the Noteholders requesting such a meeting may convene such meeting by written notice to the Issuer and the relevant Noteholders to which such meeting applies in accordance with Condition 16 (*Notices*). A meeting so convened will be convened as nearly as possible in the same manner as that in which meetings may be convened by the Issuer.

17.2 Notice

At least 15 (fifteen) business days' prior written notice (exclusive of the day on which the notice is given and of the day on which the relevant meeting is to be held) specifying the date, time and place of the meeting shall be given to the Noteholders and the Transfer Agent (with a copy to the Issuer). Every such meeting shall be held at such time and place as the Transfer Agent may approve. The notice shall set out the nature of the

business for which the meeting is to be held, the full text of any resolutions to be proposed and shall state that a Noteholder may appoint a proxy (as defined below) by delivering a form of proxy (as defined below) to the Specified Officers of the Transfer Agent by no later than 24 hours before the time fixed for the meeting.

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

A requisition notice by Noteholders requesting a meeting of Noteholders pursuant to Condition 17.1 (*Convening of meetings*) may consist of several documents in like form, each signed by one or more requisitioning Noteholders. Such a requisition notice will be delivered to the Specified Office of the Issuer.

17.3 Proxy

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

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

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

17.4 Chairperson

The chairperson (who may, but need not, be a Noteholder) of the meeting shall be appointed by the Issuer. The procedures to be followed at the meeting shall be as determined by the chairperson subject to the remaining provisions of this Condition 17 (*Meetings of Noteholders*). Should the Noteholder requisition a meeting, and the Issuer fails to call such a meeting within 7 (seven) days of the requisition, then the chairperson of the meeting held at the instance of the Noteholders shall be selected by a majority of Noteholders present in person, by Representative or by proxy. The chairman of an adjourned meeting need not be the same person as was chairman of the original meeting.

17.5 Quorum

At any such meeting one or more Noteholders present in person, by Representative or by proxy, holding in aggregate not less than 30% of the Nominal Amount of Notes for the time being Outstanding shall form a quorum for the transaction of business. The quorum at any such meeting for passing an Extraordinary Resolution shall (subject as provided below) be one or more Noteholders of that Class present or represented by proxies or Representatives and holding or representing in the aggregate a clear majority in Nominal Amount of the Notes held by the applicable Class for the time being Outstanding. At any meeting the business of which includes any of the following matters (**Reserved Matters**),

shall only be capable of being effected after having been approved by Extraordinary Resolution namely -

- (a) modification of the Maturity Date of any Notes or reduction or cancellation of the Nominal Amount payable upon; or
- (b) reduction or cancellation of the amount payable or modification of the payment date in respect of any interest in respect of the Notes or variation of the method of calculating the Interest Rate in respect of the Notes; or
- (c) a proxy specified in a block voting instruction;
- (d) reduction or increase of any Minimum Interest Rate and/or Maximum Interest Rate specified in the Applicable Pricing Supplement of any Note; or
- (e) modification of the currency in which payments under the Notes are to be made; or
- (f) modification of the majority required to pass an Extraordinary Resolution or an Extraordinary Written Resolution; or
- (g) the sanctioning of any such scheme or proposal as is described in Condition 17.13(g) below; or
- (h) alteration of this proviso or the proviso to Condition 17.7(c) below.

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

17.6 Adjournment of meetings

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

If within 30 (thirty) minutes after the time fixed for any such meeting a quorum is not present, then:

17.6.1 in the case of a meeting requested by Noteholders, it shall be dissolved; or

17.6.2 in the case of any other meeting, it shall be adjourned for such period (which shall be not less than 14 (fourteen) days and not more than 21 (twenty-one) days) and to such time and place as the Chairperson determines and approved by the Transfer Agent; provided, however, that:

- (a) the meeting shall be dissolved if the Issuer so decides; and
- (b) no meeting may be adjourned more than once for want of a quorum.

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

17.7 Notice following adjournment

Condition 17.2 (*Notice*) shall apply to any meeting which is to be resumed after adjournment for want of a quorum save that:

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

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

17.8 Participation

The following may attend and speak at a meeting:

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

17.9 Show of hands

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

17.10 Poll

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

17.11 Votes

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

Notwithstanding any other provision contained in this Condition 17 (*Meetings of Noteholders*):

- (a) If the Applicable Pricing Supplement specifies that the Notes will be held in the Central Depository, each CSDP's Nominee or the the individual Noteholder, where the Participant has set up a central securities account for such Noteholder, shall vote on behalf of holders of Beneficial Interests in Registered Notes in accordance with the Applicable Procedures.

- (i) *Block Voting Instructions:*

- (A) A holder of a Note (not being a Note in respect of which a voting certificate has been issued) may require the Transfer Agent to issue a block voting instruction in respect of the Note by first instructing the relevant clearing system to procure that the votes attributable to the holder's Note should be cast at the meeting in a particular way in relation to the resolution or resolutions to be put to the meeting. Any such instruction shall be given in accordance with the Applicable Procedures in respect of the relevant clearing system.
- (B) Subject to receipt by the Transfer Agent, no later than 24 (twenty four) hours before the time for which the meeting is convened, of
 - (i) instructions from the relevant clearing system, (ii) notification of the nominal amount of the Notes in respect of which

instructions have been given and (ii) the manner in which the votes attributable to the Notes should be cast, the Transfer Agent shall, without any obligation to make further enquiry, attend the meeting and cast votes in accordance with these instructions.

- (C) Each block voting instruction shall be deposited by the relevant Paying Agent at the place specified by the Transfer Agent for the purpose not less than 24 (twenty four) hours before the time appointed for holding the meeting or adjourned meeting at which the proxies named in the block voting instruction propose to vote, and in default the block voting instruction shall not be treated as valid unless the Chairman of the meeting decides otherwise before the meeting or adjourned meeting proceeds to business. A notarially certified copy of each block voting instruction shall (if so requested by the Issuer) be deposited with the Issuer before the start of the meeting or adjourned meeting but the Issuer shall not as a result be obliged to investigate or be concerned with the validity of or the authority of the proxies named in the block voting instruction.
- (D) Any vote given in accordance with the terms of the block voting instruction shall be valid notwithstanding the previous revocation or amendment of the block voting instruction or of any of the instructions of the relevant Noteholder or the relevant clearing system (as the case may be) pursuant to which it was executed provided that no indication in writing of any revocation or amendment has been received from the relevant Paying Agent by the Issuer at its registered office by the time being 24 (twenty four) hours before the time appointed for holding the meeting or adjourned meeting at which the block voting instruction is to be used.

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

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

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

17.12 Validity of votes by proxies

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

17.13 Powers

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

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

17.14 Binding effect of resolutions

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

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

17.15 Notice of the result of voting on any resolution

Notice of the result of the voting on any resolution (including any Extraordinary Resolution or an Extraordinary Written Resolution) duly considered by the Noteholders shall be given to the Noteholders within 14 (fourteen) days of the conclusion of the

meeting in accordance with Condition 16 (*Notices*). Non-publication shall not invalidate any such resolution.

17.16 Minutes

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

18. MODIFICATION

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

18.2 Save as provided in Condition 18.1, no amendment, variation or modification of these Terms and Conditions may be effected or be of any force or effect unless:

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

provided that no such amendment, variation or modification shall be of any force or effect unless notice of the intention to make such amendment, variation or modification shall have been given to all the members of the relevant Class of Noteholders in terms of Condition 16 (*Notices*).

18.3 The Issuer shall be obliged to first obtain approval from the JSE prior to seeking approval of Noteholders as contemplated in Condition 18.2. In order to obtain such approval from the JSE, the amended placing document, whether in the form of a supplement to this Programme Memorandum or otherwise, must be submitted to the JSE and once approved, such amended placing document must also be published on SENS according to the requirements of the JSE from time to time.

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

18.5 Any such modification of these Terms and Conditions made pursuant to this Condition 18 (*Modification*) shall be binding on the relevant Class of Noteholders and any such modification shall be notified to the relevant Class of Noteholders in accordance with Condition 16 (*Notices*) and to the relevant Financial Exchange as soon as practicable thereafter.

18.6 For the avoidance of doubt:

- (a) the exercise by the Issuer of its rights under Condition 15 (*Transfer Agent, Calculation Agent, Settlement Agent and Paying Agent*) shall not constitute an amendment, variation or modification of these Terms and Conditions; and
- (b) it is recorded that, the Applicable Pricing Supplement, in relation to any Tranche of Notes, may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Terms and Conditions, replace or modify such Terms and Conditions for the purposes of such Tranche of Notes. The issuing of any such Applicable Pricing Supplement shall not constitute an amendment, variation or modification of these Terms and Conditions as contemplated by this Condition 18 (*Modification*) requiring the approval of the Noteholders or the JSE.

19. FURTHER ISSUES

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

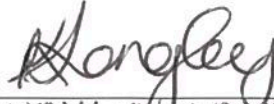
20. GOVERNING LAW

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

For and on behalf of
THE STANDARD BANK OF SOUTH AFRICA LIMITED
Issuer



Name: JASON COSTA
Date: 10 JANUARY 2019
Capacity: Authorised Signatory
Who warrants his/her authority hereto



Name: KAYLIN LANALEY
Date: 10 JANUARY 2019
Capacity: Authorised Signatory
Who warrants his/her authority hereto

ANNEX 1

ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

The terms and conditions applicable to Credit Linked Notes shall comprise the Terms and Conditions of the Notes set out above (the **General Conditions**) and the Additional Terms and Conditions for Credit Linked Notes set out below (the **Credit Linked Conditions**), in each case subject to replacement or modification to the extent specified in the Applicable Pricing Supplement. In the event of any inconsistency between the General Conditions and the Credit Linked Conditions, the Credit Linked Conditions shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Credit Linked Conditions and (ii) the Applicable Pricing Supplement, the Applicable Pricing Supplement shall prevail.

1. REDEMPTION FOLLOWING THE OCCURRENCE OF A CREDIT EVENT

1.1 If a Credit Event Determination Date has occurred in relation to the Reference Entity:

- (a) if Auction Settlement is specified in the Applicable Pricing Supplement as the applicable Settlement Method, the provisions of Credit Linked Condition 2 (*Auction Settlement*) will apply;
- (b) if Cash Settlement is specified in the Applicable Pricing Supplement as the applicable Settlement Method or if Credit Linked Condition 2(b)(x) below applies, the provisions of Credit Linked Condition 3 (*Cash Settlement*) will apply;
- (c) subject to Credit Linked Condition 10 (*Partial Cash Settlement*), if Physical Settlement is specified in the Applicable Pricing Supplement as the applicable Settlement Method or if Credit Linked Condition 2(b)(y) below applies, the provisions of Credit Linked Condition 4 (*Physical Settlement*) will apply.

Upon discharge by the Issuer of its relevant payment or delivery obligations, as the case may be, on the due date for redemption, or otherwise as provided herein, the Issuer's obligations in respect of a Note shall be discharged.

Where any Cash Settlement Amount is or would be zero then, other than for the payment of accrued interest or any other due but unpaid amounts, the Notes will be cancelled as of the Cash Settlement Date with no payment being due other than any final amount of accrued interest or any other due but unpaid amounts. The Issuer will have no further obligations in respect of the Credit Linked Notes.

If any purchase and cancellation of Notes occurs under General Condition 7.11 (*Purchases*) or any further issue under General Condition 19 (*Further Issues*), the Calculation Agent will make such adjustments to the Applicable Pricing Supplement and/or these Credit Linked Conditions as it determines appropriate to ensure the Notes continue to reflect economic intentions.

1.2 The Calculation Agent shall be responsible for making such determinations, performing such acts and exercising such discretions as may be provided pursuant to the General Conditions, these Credit Linked Conditions and/or the Applicable Pricing Supplement, including without limitation and as required:

- (a) determining a Successor;
- (b) if applicable, identifying a Substitute Reference Obligation;

- (c) obtaining Quotations (and, if necessary, determining whether such Quotations shall include or exclude accrued but unpaid interest) and determining the Final Price;
- (d) converting any amount from one currency to another;
- (e) choosing the Quotation Dealers and substituting Quotation Dealers in connection with obtaining Quotations; and
- (f) determining the Currency Rate.

1.3 Whenever the Calculation Agent is required to act or to exercise judgment, unless otherwise specified, it will do so in its sole and absolute discretion or, if so specified, in a commercially reasonable manner.

2. AUCTION SETTLEMENT

- (a) Where Auction Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement and a Credit Event Determination Date occurs on or prior to the Auction Final Price Determination Date, the Issuer shall give notice (such notice an "**Auction Settlement Notice**") to the Noteholders in accordance with General Condition 16 (*Notices*) and, subject to these Credit Linked Conditions, redeem all but not some only of the Credit Linked Notes, each Credit Linked Note being redeemed by the Issuer at the Cash Settlement Amount in the relevant Payment Currency on the Cash Settlement Date.
- (b) Unless settlement has occurred in accordance with the paragraph above, if:
 - (i) an Auction Cancellation Date occurs;
 - (ii) a No Auction Announcement Date occurs (and in circumstances where such No Auction Announcement Date occurs pursuant to paragraph (b) or (c)(ii) of the definition of "No Auction Announcement Date", the Issuer has not exercised the Movement Option);
 - (iii) a DC Credit Event Question Dismissal occurs;
 - (iv) a Credit Event Determination Date was determined pursuant to paragraph (a) of the definition of Credit Event Determination Date or paragraph (b) of the definition of Non-Standard Credit Event Determination Date and no Credit Event Resolution Request Date has occurred on or prior to the date falling three (3) Business Days after such Credit Event Determination Date; or
 - (v) the Calculation Agent determines that it is otherwise reasonably likely that the Reference Transaction would be settled in accordance with the Fallback Settlement Method and gives notice of such to the Issuer (the date on which the Calculation Agent gives such notice, the "**Calculation Agent Fallback Settlement Determination Date**"),

then:

- (x) if Fallback Settlement Method – Cash Settlement is specified as applicable in the Applicable Pricing Supplement, the Issuer shall redeem the Credit Linked Notes in accordance with Credit Linked Condition 3 (*Cash Settlement*); or

- (y) if Fallback Settlement Method – Physical Settlement is specified as applicable in the Applicable Pricing Supplement, the Issuer shall redeem the Credit Linked Notes in accordance with Credit Linked Condition 4 (*Physical Settlement*).

If a Credit Event Determination Date has occurred and the Notes become redeemable in accordance with this Credit Linked Condition 2 (*Auction Settlement*), upon payment of the Cash Settlement Amounts in respect of the Notes, the Issuer shall have discharged its obligations in respect of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The Cash Settlement Amount may be less than the nominal amount of a Credit Linked Note. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer.

3. CASH SETTLEMENT

If a Credit Event Determination Date has occurred, then where Cash Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement or if Credit Linked Condition 2(b)(x) above applies, then, subject to any prior redemption in accordance with Credit Linked Condition 2 (*Auction Settlement*), the Issuer shall give notice (such notice a "**Cash Settlement Notice**") to the Noteholders in accordance with General Condition 16 (*Notices*), and, subject to these Credit Linked Conditions, in particular Credit Linked Condition 1 (*Redemption Following the Occurrence of a Credit Event*), redeem all but not some only of the Credit Linked Notes, each Credit Linked Note being redeemed by the Issuer at the Cash Settlement Amount in the relevant Payment Currency on the Cash Settlement Date.

In addition, the Issuer shall give notice (such notice a "**Notice of Valuation Settlement**") to the Noteholders in accordance with General Condition 16 (*Notices*). In the Notice of Valuation Settlement, the Issuer shall specify the Valuation Obligation(s) and the corresponding Outstanding Principal Balance(s) or Due and Payable Amount(s), as applicable, that it reasonably expects to use to determine the Final Price. The Issuer may, from time to time, amend a Notice of Valuation Settlement by delivering a notice to Noteholders in accordance with General Condition 16 (*Notices*), (each such notification, a "**Valuation Settlement Amendment Notice**") that the Issuer is replacing, in whole or in part, one or more Valuation Obligations specified in the Notice of Valuation Settlement or a prior Valuation Settlement Amendment Notice, as applicable. A Valuation Settlement Amendment Notice shall specify each replacement Valuation Obligation (each, a "**Replacement Valuation Obligation**") and shall also specify the Outstanding Principal Balance or Due and Payable Amount (determined on the same basis as in the definition of Valuation Reference Holding) of each Valuation Obligation identified in the Notice of Valuation Settlement or a prior Valuation Settlement Amendment Notice, as applicable, that is being replaced or the equivalent Currency Amount of any such amount (with respect to each such Valuation Obligation, the "**Replaced Valuation Obligation Outstanding Amount**"). The Replacement Valuation Obligation(s), taken together, shall have an aggregate Replaced Valuation Obligation Outstanding Amount at least equal to the Outstanding Principal Balance(s) and/or Due and Payable Amount(s) (or the equivalent Currency Amount(s) of any such amount(s)) of the Valuation Obligations being replaced. Each such Valuation Settlement Amendment Notice must be effective on or prior to the first Valuation Date (determined without reference to any change resulting from such Valuation Settlement Amendment Notice). Notwithstanding the foregoing, (i) the Issuer may correct any errors or inconsistencies contained in the Notice of Valuation Settlement or any Valuation Settlement Amendment Notice, as applicable, by notice to Noteholders in accordance with General Condition 16 (*Notices*), prior to the relevant first Valuation Date; and (ii) if Asset Package Delivery is applicable, the Issuer shall on the VSN Effective Date, or as soon as reasonably practicable thereafter (but in any case, prior to the first Valuation Date), notify the Noteholders (in

accordance with General Condition 16 (*Notices*) of the detailed description of the Asset Package, if any, in lieu of the Prior Deliverable Obligation or Package Observable Bond, if any, specified as Valuation Obligation(s) in the Notice of Valuation Settlement or Valuation Settlement Amendment Notice, as applicable, it being understood in each case that any such notice of correction shall not constitute a Valuation Settlement Amendment Notice.

If "*Mod R*" is specified in the Applicable Pricing Supplement and Restructuring is the only Credit Event specified in a Credit Event Notice, then unless the Valuation Obligation is a Prior Deliverable Obligation and Asset Package Delivery applies due to Governmental Intervention, a Valuation Obligation may be included in the Valuation Reference Holding only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the applicable Restructuring Maturity Limitation Date, in each case, as of each such date as the Calculation Agent determines relevant for purposes of the Hedging Arrangements, or if none at the relevant time, the VSN Effective Date.

If "*Mod Mod R*" is specified in the Applicable Pricing Supplement and Restructuring is the only Credit Event specified in a Credit Event Notice, then unless the Valuation Obligation is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Valuation Obligation may be included in the Valuation Reference Holding only if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date, in each case, as of each such date as the Calculation Agent determines relevant for purposes of the Hedging Arrangements or if none at the relevant time, the VSN Effective Date. For the purposes of this paragraph only and notwithstanding the foregoing, in the case of a Restructured Bond or Loan with a final maturity date on or prior to the 10-year Limitation Date, the final maturity date of such Bond or Loan shall be deemed to be the earlier of such final maturity date or the final maturity date of such Bond or Loan immediately prior to the relevant Restructuring.

The relevant Asset Package, if applicable, will be deemed to be a Valuation Obligation and the composition of the Asset Package and the Valuation Reference Holding in respect of each nominal amount of Credit Linked Notes equal to the Nominal Amount will be determined by reference to the relevant Prior Deliverable Obligation or Package Observable Bond specified as Valuation Obligation(s) in the relevant Notice of Valuation Settlement or Valuation Settlement Amendment Notice, as applicable. Where appropriate the Calculation Agent may make any adjustment in relation to provisions for valuation and determination of the Final Price to take account of the relevant Asset Package. Asset Package Delivery will apply if an Asset Package Credit Event occurs, unless (i) such Asset Package Credit Event occurs prior to (a) the Trade Date or, if earlier and if specified as applicable in the Applicable Pricing Supplement, the Credit Event Backstop Date determined in respect of the Credit Event specified in the Credit Event Notice or, (b) where Auction Settlement is specified as the applicable Settlement Method and Local Market Variation is specified as not applicable, in each case, in the Applicable Pricing Supplement, the Credit Event Backstop Date determined in respect of the Credit Event specified in the DC Credit Event Announcement applicable to the Credit Event Determination Date (regardless of whether the Credit Event Backstop Date is specified as applicable in the Applicable Pricing Supplement) or, if later and if Credit Event Backstop Date is not specified as applicable in the Applicable Pricing Supplement, the Trade Date, or (ii) if the Reference Entity is a Sovereign, no Package Observable Bond exists immediately prior to such Asset Package Credit Event. Notwithstanding the foregoing, if Sovereign No Asset Package Delivery is specified as applicable in the Applicable Pricing Supplement it shall be deemed that no Package Observable Bond exists with respect to a Reference Entity that is a Sovereign (even if such a Package Observable Bond has been published by ISDA) and accordingly, Asset Package Delivery shall not apply thereto.

If a Credit Event Determination Date has occurred and the Notes become redeemable in accordance with this Credit Linked Condition 3 (Cash Settlement), upon payment of the Cash Settlement Amounts in respect of the Notes, the Issuer shall have discharged its obligations in respect of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The Cash Settlement Amount may be less than the nominal amount of a Credit Linked Note. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer.

4. PHYSICAL SETTLEMENT

If a Credit Event Determination Date has occurred, then where Physical Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement or Credit Linked Condition 2(b)(y) above applies, the Issuer shall give notice (such notice, a "**Notice of Physical Settlement**") to the Noteholders in accordance with General Condition 16 (*Notices*) and subject to these Credit Linked Conditions, in particular Credit Linked Condition 1 (*Redemption Following the Occurrence of a Credit Event*), redeem all but not some only of the Credit Linked Notes, each Credit Linked Note being redeemed by the Issuer by the Delivery of the Deliverable Obligations comprising the Entitlement on the Physical Settlement Date, subject to and in accordance with this Credit Linked Condition 4 (*Physical Settlement*) and Credit Linked Condition 10 (*Partial Cash Settlement*). The relevant Asset Package, if applicable, will be deemed to be a Deliverable Obligation and the composition of the Asset Package and the Entitlement in respect of each nominal amount of Credit Linked Notes equal to the Nominal Amount will be determined by reference to the relevant Prior Deliverable Obligation or Package Observable Bond specified in the relevant Notice of Physical Settlement or Physical Settlement Amendment Notice, as applicable. Where appropriate the Calculation Agent may make any adjustment in relation to provisions for physical delivery and determination of the Entitlement to take account of the relevant Asset Package.

The Notice of Physical Settlement shall describe the Deliverable Obligations comprising the Entitlement that the Issuer reasonably expects to Deliver. For the avoidance of doubt, the Issuer shall be entitled to select any of the Deliverable Obligations to constitute the Entitlement, irrespective of their market value.

The Issuer may, from time to time, amend a Notice of Physical Settlement by delivering a notice to Noteholders in accordance with General Condition 16 (*Notices*), (each such notification, a "**Physical Settlement Amendment Notice**") that the Issuer is replacing, in whole or in part, one or more Deliverable Obligations specified in the Notice of Physical Settlement or a prior Physical Settlement Amendment Notice, as applicable, (to the extent the relevant Deliverable Obligation has not been Delivered as of the date such Physical Settlement Amendment Notice is effective). A Physical Settlement Amendment Notice shall specify each replacement Deliverable Obligation that the Issuer will Deliver (each, a "**Replacement Deliverable Obligation**") and shall also specify the Outstanding Principal Balance or Due and Payable Amount (determined on the same basis as in the definition of Entitlement) of each Deliverable Obligation identified in the Notice of Physical Settlement or a prior Physical Settlement Amendment Notice, as applicable, that is being replaced or the equivalent Currency Amount of any such amount (with respect to each such Deliverable Obligation, the "**Replaced Deliverable Obligation Outstanding Amount**"). The Replacement Deliverable Obligation(s), taken together, shall have an aggregate Replaced Deliverable Obligation Outstanding Amount at least equal to the Outstanding Principal Balance(s) and/or Due and Payable Amount(s) (or the equivalent Currency Amount(s) of any such amount(s)) of the Deliverable Obligations being replaced. Each such Physical Settlement Amendment Notice must be effective on or prior to the Physical Settlement Date (determined without reference to any change resulting from such Physical Settlement Amendment Notice). Notwithstanding the foregoing, (i) the Issuer may correct any errors or

inconsistencies contained in the Notice of Physical Settlement or any Physical Settlement Amendment Notice, as applicable, by notice to the Noteholders in accordance with General Condition 16 (*Notices*), prior to the relevant Delivery Date; and (ii) if Asset Package Delivery is applicable, the Issuer shall on the PSN Effective Date, or as soon as reasonably practicable thereafter (but in any case, prior to the Delivery Date), notify the Noteholders (in accordance with General Condition 16 (*Notices*)) of the detailed description of the Asset Package, if any, that the Issuer will Deliver in lieu of the Prior Deliverable Obligation or Package Observable Bond, if any, specified in the Notice of Physical Settlement or Physical Settlement Amendment Notice, as applicable, it being understood in each case that any such notice of correction shall not constitute a Physical Settlement Amendment Notice.

If "*Mod R*" is specified in the Applicable Pricing Supplement and Restructuring is the only Credit Event specified in a Credit Event Notice, then unless the Deliverable Obligation is a Prior Deliverable Obligation and Asset Package applies due to a Governmental Intervention, a Deliverable Obligation may be included in the Entitlement only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the Restructuring Maturity Limitation Date, in each case, as of such date as the Calculation Agent determines relevant for the purposes of the Hedging Arrangements, or if none at the relevant time, both the PSN Effective Date and the Delivery Date, as applicable.

If "*Mod Mod R*" is specified in the Applicable Pricing Supplement and Restructuring is the only Credit Event specified in a Credit Event Notice, then unless the Deliverable Obligation is a Prior Deliverable Obligation and Asset Package applies due to a Governmental Intervention then a Deliverable Obligation may be included in the Entitlement only if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date, in each case, as of each such date as the Calculation Agent determines relevant for the purposes of the Hedging Arrangements, or if none at the relevant time, both the PSN Effective Date and the Delivery Date. For the purposes of this paragraph only and notwithstanding the foregoing, in the case of a Restructured Bond or Loan with a final maturity date on or prior to the 10-year Limitation Date, the final maturity date of such Bond or Loan shall be deemed to be the earlier of such final maturity date or the final maturity date of such Bond or Loan immediately prior to the relevant Restructuring.

Asset Package Delivery will apply if an Asset Package Credit Event occurs, unless (i) such Asset Package Credit Event occurs prior to (a) the Trade Date or, if earlier and if specified as applicable in the Applicable Pricing Supplement, the Credit Event Backstop Date determined in respect of the Credit Event specified in the Credit Event Notice or, (b) where Auction Settlement is specified as the applicable Settlement Method and Local Market Variation is specified as not applicable, in each case, as specified in the Applicable Pricing Supplement, the Credit Event Backstop Date determined in respect of the Credit Event specified in the DC Credit Event Announcement applicable to the Credit Event Determination Date (regardless of whether the Credit Event Backstop Date is specified as applicable in the Applicable Pricing Supplement) or, if later and if Credit Event Backstop Date is not specified as applicable in the Applicable Pricing Supplement, the Trade Date, or (ii) if the Reference Entity is a Sovereign, no Package Observable Bond exists immediately prior to such Asset Package Credit Event. Notwithstanding the foregoing, if Sovereign No Asset Package Delivery is specified as applicable in the Applicable Pricing Supplement, it shall be deemed that no Package Observable Bond exists with respect to a Reference Entity that is a Sovereign (even if such a Package Observable Bond has been published by ISDA) and accordingly, Asset Package Delivery shall not apply thereto.

If a Credit Event Determination Date has occurred and the Notes become redeemable in accordance with this Credit Linked Condition 4 (Physical Settlement), upon Delivery of the Deliverable Obligations and/or payment of the Partial Cash Settlement Amount, as the case may be, the Issuer shall have discharged its obligations in respect of the Credit Linked Notes and shall have no other liability or obligation whatsoever in respect thereof. The value of such Deliverable Obligations and/or the Partial Cash Settlement Amount may be less than the nominal amount of a Credit Linked Note. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer.

- 4.1 Subject as provided herein, the Issuer shall Deliver the Deliverable Obligations comprising the Entitlement to the Designated Transferee on or before the Physical Settlement Date in the manner referred to in Credit Linked Condition 4.2 below.
- 4.2 In order to obtain Delivery of the Deliverable Obligations comprising the Entitlement in respect of any Credit Linked Note, the relevant Noteholder must deliver to the Transfer Agent within five (5) Business Days of the date of delivery of the Notice of Physical Settlement (the "**Cut-Off Date**"), a duly completed Asset Transfer Notice as referred to in Credit Linked Condition 4.3 below together with, where applicable, the Certificates relating to the Credit Linked Notes. No Asset Transfer Notice may be withdrawn after receipt thereof. Where applicable, no transfers of the Credit Linked Notes the subject thereof will be effected by the Transfer Agent after delivery of an Asset Transfer Notice.

Forms of the Asset Transfer Notice may be obtained during normal business hours from the specified office of the Transfer Agent.

- 4.3 An Asset Transfer Notice shall:
- (a) specify the name of the Noteholder;
 - (b) specify the name, physical and postal address and the banking and securities safe custody account details of the Designated Transferee;
 - (c) specify the Nominal Amount of Credit Linked Notes which are the subject of such notice;
 - (d) irrevocably instruct and authorise the Transfer Agent to cancel the relevant Credit Linked Notes and Certificates;
 - (e) if Unwind Costs apply, specify a cash account to which any Unwind Costs Payment Amount can be paid;
 - (f) authorise the production of such notice in any applicable administrative or legal proceedings; and
 - (g) either (i) include an undertaking to pay all Delivery Expenses on or prior to the Delivery Expenses Cut-off Date (as defined below); or (ii) instruct the Issuer to deduct in the calculation of the Entitlement Obligations with a market value determined by the Calculation Agent equal to the Delivery Expenses.

Noteholders should note that if they elect to pay all Delivery Expenses but have not done so on or prior to the Delivery Expenses Cut-off Date, notwithstanding such election, the Delivery Expenses will be deducted in the calculation of the Entitlement as provided in the definition thereof.

If Unwind Costs apply and are negative, the absolute value of the Unwind Costs (the "**Unwind Costs Payment Amount**") will be payable to the Noteholder to the account specified for these purposes in their Asset Transfer Notice on or prior to the Physical Settlement Date or the Latest Permissible Physical Settlement Date, as applicable, or, if Credit Linked Condition 10 (*Partial Cash Settlement*) applies, the last occurring Partial Cash Settlement Date.

Failure to properly complete and deliver an Asset Transfer Notice and, where applicable, the relevant Certificates may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered shall be made by the Transfer Agent in its sole and absolute discretion and shall be binding on the relevant Noteholder and the Issuer.

- 4.4 Upon receipt of a duly completed Asset Transfer Notice the Transfer Agent shall, in the case of Registered Notes, verify that the person specified in the notice as the Noteholder is the holder of the Note referred to therein according to the Register, and in the case of Order Notes or Bearer Notes, the Transfer Agent may for all purposes regard the person disclosed as the Noteholder in the Asset Transfer Notice as the holder of the Note and the Transfer Agent shall not be required to perform any further verification or confirmation as to the identity of the holder of the Note.

The Deliverable Obligations comprising the Entitlement in respect of each Credit Linked Note will be Delivered at the risk of the relevant Noteholder in such commercially reasonable manner as the Calculation Agent shall in its sole discretion determine and the Issuer shall notify to the Designated Transferee or in such manner as specified in the Applicable Pricing Supplement. Any Designated Transferee other than the Noteholder shall be deemed to be the duly authorised agent of the Noteholder and any Delivery or payment to such person shall be deemed for all purposes to be a Delivery or payment to the Noteholder and shall satisfy the Issuer's obligations in respect thereof. Such person shall not be entitled to enforce any of the Noteholder's rights against the Issuer and the Issuer shall have no liability or obligation to or in respect of the Designated Transferee. By delivery of an Asset Transfer Notice, the Noteholder shall be deemed to represent that the Designated Transferee has agreed to the foregoing.

If the Asset Transfer Notice and where applicable, the relevant Certificates, are delivered to the Issuer later than close of business on the Cut-Off Date, then the Deliverable Obligations comprising the Entitlement in respect of the relevant Credit Linked Notes will be Delivered as soon as practicable after the date on which the duly completed Asset Transfer Notice is received, at the risk of the relevant Noteholder in the manner provided above. For the avoidance of doubt, such Noteholder shall not be entitled to any payment or to other assets, whether in respect of interest or otherwise, in the event of such later Delivery of the Deliverable Obligations comprising the Entitlement and such later Delivery shall not constitute an Event of Default.

If the Noteholder fails to deliver an Asset Transfer Notice in the manner set out herein or, where applicable, fails to deliver the Certificates related thereto within one calendar year of the Credit Event Determination Date, the Issuer shall be discharged from its obligations in respect of such Credit Linked Notes and shall have no further obligation or liability whatsoever in respect thereof.

- 4.5 If, on the Physical Settlement Date, the Calculation Agent determines that any Deliverable Obligations comprising an Entitlement are Undeliverable Obligations, the Issuer shall Deliver or procure the Delivery of the Deliverable Obligations which it is not impossible, impracticable or illegal to Deliver and, as soon as possible thereafter, the Issuer shall Deliver or procure the Delivery of the Undeliverable Obligations.

If all or a portion of such Undeliverable Obligations are not Delivered by the Latest Permissible Physical Settlement Date, the provisions of Credit Linked Condition 10 (*Partial Cash Settlement*) shall apply.

The relevant Noteholder shall not be entitled to any payment or to other assets, whether in respect of interest or otherwise, in the event of such late Delivery of or failure to Deliver such Undeliverable Obligations and such late Delivery or failure to Deliver shall not constitute an Event of Default.

- 4.6 Until Delivery of the Deliverable Obligations comprising the Entitlement is made, the Issuer or any person holding such assets on behalf of the Issuer shall continue to be the legal owner of those assets. After Delivery of the Deliverable Obligations comprising the Entitlement and for the Intervening Period, none of the Issuer, the Calculation Agent nor any other person shall at any time (i) be under any obligation to deliver or procure delivery to the Noteholder or its Designated Transferee of any letter, certificate, notice, circular or any other document or payment whatsoever received by that person in respect of the securities or obligations included in such Entitlement, (ii) be under any obligation to exercise or procure the exercise of any or all rights (including voting rights) attaching or appertaining to such securities or obligations included in such Entitlement or (iii) be under any liability to a Noteholder for any loss, liability, damage, cost or expense that such Noteholder may sustain or suffer as a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of such securities or obligations included in such Entitlement.
- 4.7 Where the Entitlement is, in the determination of the Issuer, an amount other than an amount of Deliverable Obligation(s) capable of being Delivered at the relevant time, (i) the Issuer shall not Deliver and the relevant Noteholder shall not be entitled to receive in respect of its Notes that fraction of a Deliverable Obligation which is less than a whole number (the "**Fractional Entitlement**") and (ii) the Issuer shall pay to the relevant Noteholder a cash amount (to be paid at the same time as Delivery of the Deliverable Obligations comprising the Entitlement) equal to the fair market value (as determined by the Calculation Agent) of such Fractional Entitlement.
- 4.8 The costs, taxes, duties and/or expenses (including stamp duty, stamp duty reserve tax and/or other costs, duties or taxes) (the "**Delivery Expenses**") of effecting any Delivery of the Deliverable Obligations comprising the Entitlement (except for the expenses of delivery by uninsured regular mail (if any) which shall be borne by the Issuer) shall, in the absence of any provision to the contrary in the Applicable Pricing Supplement, be borne by the relevant Noteholder and shall, unless otherwise specified in the Applicable Pricing Supplement, either be:
- (a) paid to the Issuer by such Noteholder on or prior to the day falling ten (10) Business Days following the date of delivery of the Asset Transfer Notice (the "**Delivery Expenses Cut-off Date**") and in any event prior to the Delivery of the Deliverable Obligations comprising the Entitlement (and, for the avoidance of doubt, the Issuer shall not be required to Deliver such Deliverable Obligations until it has received such payment); or
 - (b) if so instructed by such Noteholder in the Asset Transfer Notice or if the Noteholder has not paid the Delivery Expenses on or prior to the Delivery Expenses Cut-off Date, deducted by the Issuer in the calculation of the Entitlement.

5. ACCRUAL OF INTEREST

If:

- (i) "Accrual of Interest upon Credit Event" is specified as not applicable in the Applicable Pricing Supplement, no interest shall be payable (and accordingly will be deemed not to have accrued) in respect of a Note in respect of which the relevant date for payment thereof (as may be adjusted pursuant to these Credit Linked Conditions) has not occurred on or prior to the Credit Event Determination Date, or, if the Credit Event Determination Date falls prior to the first interest payment date, no interest shall accrue on the Notes; or
- (ii) "Accrual of Interest upon Credit Event" is specified as applicable in the Applicable Pricing Supplement, each Note shall cease to bear interest from the Credit Event Determination Date,

provided that, if:

- (A) Credit Linked Condition 6 (*Repudiation/Moratorium Extension*), Credit Linked Condition 7 (*Grace Period Extension*) or Credit Linked Condition 8 (*Credit Derivatives Determinations Committee Extension*) applies in respect of the Notes and, in the case of Credit Linked Condition 6 (*Repudiation/Moratorium Extension*), a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date or, in the case of Credit Linked Condition 7 (*Grace Period Extension*) a Failure to Pay has not occurred on or prior to the Grace Period Extension Date or, in the case of Credit Linked Condition 8 (*Credit Derivatives Determinations Committee Extension*), a Credit Event has not occurred on or prior to the DC Determination Cut-off Date, as the case may be; and/or
- (B) Credit Linked Condition 9 (*Maturity Date Extension*) applies in respect of the Notes and a Credit Event Determination Date or the Repudiation/Moratorium Extension Condition, as applicable, has not occurred or is not satisfied on or prior to the Postponed Cut-Off Date,

then interest will accrue as provided in Credit Linked Condition 6 (*Repudiation/Moratorium Extension*), Credit Linked Condition 7 (*Grace Period Extension*), Credit Linked Condition 8 (*Credit Derivatives Determinations Committee Extension*) or Credit Linked Condition 9 (*Maturity Date Extension*), as the case may be.

6. REPUDIATION/MORATORIUM EXTENSION

If "Repudiation/Moratorium" is specified as a Credit Event in the Applicable Pricing Supplement, the provisions of this Credit Linked Condition 6 (*Repudiation/Moratorium Extension*) shall apply.

Where a Credit Event Determination Date has not occurred on or prior to the Scheduled Maturity Date but the Repudiation/Moratorium Extension Condition has been satisfied on or prior to the Scheduled Maturity Date or, if Credit Linked Condition 9(b) below applies, the Postponed Cut-Off Date (as defined in Credit Linked Condition 9 (*Maturity Date Extension*)) and the Repudiation/Moratorium Evaluation Date in respect of such Potential Repudiation Moratorium will, in the sole determination of the Calculation Agent, fall after the Scheduled Maturity Date, then the Issuer shall notify the Noteholders in accordance with General Condition 16 (*Notices*) that a Potential Repudiation/Moratorium has occurred and the maturity of the Notes will be delayed and:

- (a) where a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date:

- (i) each Note will be redeemed by the Issuer at the Final Redemption Amount on the second Business Day following the Repudiation/Moratorium Evaluation Date or, if later, the Postponed Cut-Off Date; and
 - (ii) in the case of interest bearing Notes, the Issuer shall be obliged to pay interest (if any) calculated as provided herein, accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or, if none, the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the second Business Day following the Repudiation/Moratorium Evaluation Date or, if later, the Postponed Cut-Off Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or
- (b) where a Repudiation/Moratorium has occurred on or prior to the Repudiation/Moratorium Evaluation Date and a Credit Event Determination Date has occurred, the provisions of Credit Linked Condition 1 (*Redemption Following the Occurrence of a Credit Event*) and Credit Linked Condition 2 (*Auction Settlement*), Credit Linked Condition 3 (*Cash Settlement*) or Credit Linked Condition 4 (*Physical Settlement*), as applicable, shall apply to the Notes.

7. GRACE PERIOD EXTENSION

If "Grace Period Extension" is specified as applicable in the Applicable Pricing Supplement, the provisions of this Credit Linked Condition 7 (*Grace Period Extension*) shall apply.

Where a Credit Event Determination Date has not occurred on or prior to the Scheduled Maturity Date but, in the determination of the Calculation Agent, a Potential Failure to Pay has occurred with respect to one or more Obligation(s) in respect of which a Grace Period is applicable on or prior to the Scheduled Maturity Date (and such Grace Period(s) is/are continuing as at the Scheduled Maturity Date), then the Issuer shall notify the Noteholders in accordance with General Condition 16 (*Notices*) that a Potential Failure to Pay has occurred and the maturity of the Notes will be delayed and:

- (a) where a Failure to Pay has not occurred on or prior to the Grace Period Extension Date:
 - (i) each Note will be redeemed by the Issuer at the Final Redemption Amount on the Grace Period Extension Date; and
 - (ii) in the case of interest bearing Notes, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or, if none, the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the Grace Period Extension Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or
- (b) where a Failure to Pay has occurred on or prior to the Grace Period Extension Date and a Credit Event Determination Date has occurred, the provisions of Credit Linked Condition 1 (*Redemption Following the Occurrence of a Credit Event*) and Credit Linked Condition 2 (*Auction Settlement*), Credit Linked Condition 3 (*Cash*

Settlement) or Credit Linked Condition 4 (*Physical Settlement*), as applicable, shall apply to the Credit Linked Notes.

8. CREDIT DERIVATIVES DETERMINATIONS COMMITTEE EXTENSION

Where Auction Settlement is specified in the Applicable Pricing Supplement as the applicable Settlement Method, if, in the determination of the Calculation Agent, a Potential Credit Event has occurred and the Credit Derivatives Determinations Committee has not made its determination on or prior to the Scheduled Maturity Date then the Issuer shall notify Noteholders in accordance with General Condition 16 (*Notices*) that the Maturity Date has been postponed to a date (the "**DC Determination Postponed Date**") being the day falling five (5) Business Days after (a) if the Credit Derivatives Determinations Committee Resolves that a Credit Event has occurred, fifteen (15) Business Days following the relevant DC Credit Event Announcement or (b) if the Credit Derivatives Determinations Committee Resolves that a Credit Event has not occurred, the second Business Day following the relevant DC No Credit Event Announcement or, as applicable, (c) fifteen (15) Business Days following the DC Credit Event Question Dismissal (the date of the relevant DC Credit Event Announcement, DC No Credit Event Announcement or DC Credit Event Question Dismissal, as applicable, the "**DC Determination Cut-off Date**"), and:

- (a) where a Credit Event has not occurred on or prior to the DC Determination Cut-off Date:
 - (i) each Note will be redeemed by the Issuer at the Final Redemption Amount on the relevant DC Determination Postponed Date; and
 - (ii) in the case of interest bearing Notes, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or if none the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the relevant DC Determination Postponed Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or
- (b) where a Credit Event has occurred on or prior to the DC Determination Cut-off Date and a Credit Event Determination Date has occurred, the provisions of Credit Linked Condition 1 (*Redemption Following the Occurrence of a Credit Event*) and Credit Linked Condition 2 (*Auction Settlement*), Credit Linked Condition 3 (*Cash Settlement*) or Credit Linked Condition 4 (*Physical Settlement*), as applicable, shall apply to the Credit Linked Notes.

9. MATURITY DATE EXTENSION

The following provisions of this Credit Linked Condition 9 (*Maturity Date Extension*) apply to Credit Linked Notes and, for the avoidance of doubt, may be applied on more than one occasion:

Without prejudice to Credit Linked Condition 11 (*Settlement Suspension*), if on or prior to:

- (a) (A) the Scheduled Maturity Date, (B), if applicable, the Repudiation/Moratorium Evaluation Date, (C) if Grace Period Extension is specified as applying in the Applicable Pricing Supplement, the Grace Period Extension Date, (D) the last day of the Notice Delivery Period or (E) if Auction Settlement is specified as the applicable

Settlement Method, the DC Determination Cut-off Date, as the case may be, a Credit Event Determination Date has not occurred but, in the determination of the Calculation Agent, a Credit Event or Potential Credit Event (other than a Potential Repudiation/Moratorium) may have occurred; or

- (b) the Scheduled Maturity Date, in the determination of the Calculation Agent, a Potential Repudiation/Moratorium may have occurred,

the Issuer may at its option notify the Noteholders in accordance with General Condition 16 (*Notices*) that redemption of the Notes has been postponed and, in the case of (a) above, the Repudiation/Moratorium Evaluation Date, the Grace Period Extension Date, the last day of the Notice Delivery Period (which for these purposes shall apply in the case of (a)(A) above as well as (a)(D) above or, where Auction Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement, the DC Determination Cut-off Date, as the case may be, has been postponed to the Postponed Cut-off Date, and:

where:

- (a) in the case of Credit Linked Condition 9(a) above, a Credit Event Determination Date has not occurred on or prior to the Postponed Cut-off Date or, in the case of Credit Linked Condition 9(b) above, the Repudiation/Moratorium Extension Condition is not satisfied on or prior to the Postponed Cut-off Date:

- (i) subject as provided below each Note will be redeemed by the Issuer at the Final Redemption Amount on the Postponed Maturity Date; and

- (ii) in the case of interest bearing Credit Linked Notes, the Issuer shall be obliged to pay interest calculated as provided herein accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or, if none, the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the Postponed Maturity Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or

- (b) where:

- (i) in the case of Credit Linked Condition 9(a) above, a Credit Event Determination Date has occurred on or prior to the Postponed Cut-off Date, the provisions of Credit Linked Condition 1 (*Redemption Following the Occurrence of a Credit Event*) and Credit Linked Condition 2 (*Auction Settlement*), Credit Linked Condition 3 (*Cash Settlement*) or Credit Linked Condition 4 (*Physical Settlement*), as applicable, shall apply to the Credit Linked Notes; or

- (ii) in the case of Credit Linked Condition 9(b) above, the Repudiation/Moratorium Extension Condition is satisfied on or prior to the Postponed Cut-off Date, the provisions of Credit Linked Condition 6 (*Repudiation/Moratorium Extension*) shall apply to the Credit Linked Notes.

For the purposes hereof:

"Postponed Cut-Off Date" means the fifteenth (15th) Business Day after the Scheduled Maturity Date, the relevant Repudiation/Moratorium Evaluation Date or

Grace Period Extension Date, or the last date of the Notice Delivery Period or, where Auction Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement, the DC Determination Cut-off Date, as the case may be; and

"Postponed Maturity Date" means the fifth (5th) Business Day after the Postponed Cut-off Date.

10. PARTIAL CASH SETTLEMENT

- 10.1 If all or a portion of the Obligations comprising the Entitlement are Undeliverable Obligations and/or Hedge Disruption Obligations and are not Delivered on or prior to the Latest Permissible Physical Settlement Date, the Issuer shall give notice (a **"Partial Cash Settlement Notice"**) to the Noteholders in accordance with General Condition 16 (*Notices*) and the Issuer shall pay in respect of each Undeliverable Obligation and/or Hedge Disruption Obligation, as the case may be, the Partial Cash Settlement Amount on the Partial Cash Settlement Date.

In the Partial Cash Settlement Notice, the Issuer must give details of why it is unable to deliver the relevant Undeliverable Obligations or Hedge Disruption Obligation, as the case may be.

- 10.2 Unless otherwise specified in the Applicable Pricing Supplement, for the purposes of this Credit Linked Condition 10 (*Partial Cash Settlement*) only the following terms shall be defined as follows and such definitions will apply notwithstanding other definitions of such terms in Credit Linked Condition 12 (*Credit Linked Definitions*):

"Indicative Quotation" means, in accordance with the Quotation Method, each quotation obtained from a Quotation Dealer at the Valuation Time for (to the extent reasonably practicable) an amount of the Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, equal to the Quotation Amount, which reflects such Quotation Dealer's reasonable assessment of the price of such Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, based on such factors as such Quotation Dealer may consider relevant, which may include historical prices and recovery rates.

"Market Value" means, with respect to an Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, on a Valuation Date, (i) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (ii) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (iii) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (iv) if fewer than two Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation; (v) if Indicative Quotations are specified as applying in the Applicable Pricing Supplement and exactly three Indicative Quotations are obtained, the Indicative Quotation remaining after disregarding the highest and lowest Indicative Quotations (and, if more than one such Indicative Quotations have the same highest or lowest value, then one of such highest or lowest Indicative Quotations shall be disregarded); (vi) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three Indicative Quotations are obtained) then, subject to paragraph (b) of the definition of "Quotation" below, an amount as determined by the Calculation Agent on the next Business Day on which at least two Full Quotations or a Weighted Average

Quotation or, if applicable, three Indicative Quotations are obtained; and (vii) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three Indicative Quotations are obtained) on the same Business Day on or prior to the tenth Business Day following the Valuation Date the Market Value shall be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations (or, if applicable, Indicative Quotations) for the Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations (or, if applicable, Indicative Quotations) were not obtained on such day.

There shall be no "**Minimum Quotation Amount**".

"**Partial Cash Settlement Amount**" is deemed to be, for an Undeliverable Obligation or a Hedge Disruption Obligation, as the case may be, an amount calculated by the Calculation Agent equal to the greater of (i) (A) the Outstanding Principal Balance, the Due and Payable Amount or the Currency Amount, as applicable, of each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, multiplied by (B) the Final Price with respect to such Undeliverable Obligation or Hedge Disruption Obligation, determined as provided in this Credit Linked Condition less if applicable (C) a *pro rata* share of Unwind Costs, if any (but excluding any Unwind Costs already taken into account in calculating the relevant Entitlement), and (ii) zero provided that where (i) the relevant Undeliverable Obligation or Hedge Disruption Obligation forms part of the Asset Package and the Calculation Agent determines in its sole discretion that a Final Price cannot reasonably be determined in respect of such Undeliverable Obligation or Hedge Disruption Obligation, then the Partial Cash Settlement Amount will be an amount calculated by the Calculation Agent in its sole discretion equal to the fair market value of the relevant Undeliverable Obligation or Hedge Disruption Obligation less Unwind Costs.

"**Partial Cash Settlement Date**" is deemed to be the date falling three (3) Business Days after the calculation of the Final Price.

"**Quotation**" means each Full Quotation, the Weighted Average Quotation and, if Indicative Quotations are specified as applying in the Applicable Pricing Supplement, each Indicative Quotation obtained and expressed as a percentage of the Outstanding Principal Balance or Due and Payable Amount, as applicable, of the relevant Undeliverable Obligation or Hedge Disruption Obligation with respect to a Valuation Date in the manner that follows:

- (a) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Quotation Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three (3) Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Quotation Dealers, and, if two or more Full Quotations are not available, a Weighted Average Quotation. If two or more such Full Quotations or a Weighted Average Quotation are not available on any such Business Day and Indicative Quotations are specified as applying in the Applicable Pricing Supplement, the Calculation Agent shall attempt to obtain three Indicative Quotations from five or more Quotation Dealers.

- (b) If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation (or, if Indicative Quotations are specified as applying in the Applicable Pricing Supplement, three Indicative Quotations) on the same Business Day on or prior to the tenth Business Day following the Valuation Date, the Quotations shall be deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations (or, if applicable, Indicative Quotations) for the Undeliverable Obligation or the Hedge Disruption Obligation, as the case may be, obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations (or, if applicable, Indicative Quotations) were not obtained on such day.
- (c) The Calculation Agent shall determine, based on the then current market practice in the market of the relevant Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this determination.

"Quotation Amount" is deemed to be, with respect to each type or issue of Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, an amount equal to at least the Outstanding Principal Balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent by reference to exchange rates in effect at the time that the relevant Quotation is being obtained), as applicable, of such Undeliverable Obligation or Hedge Disruption Obligations, as the case may be.

"Quotation Method" is deemed to be Bid.

"Reference Obligation" is deemed to be each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be.

"Valuation Method" is deemed to be Highest unless fewer than two Full Quotations are obtained or a Weighted Average Quotation applies (or, if applicable, Indicative Quotations), in which case "Valuation Method" is deemed to be Market.

"Valuation Time" is the time specified as such in the Applicable Pricing Supplement, or, if no time is so specified, 11:00 a.m. in the principal trading market for the Undeliverable Obligation or the Hedge Disruption Obligation, as the case may be.

"Weighted Average Quotation" means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Quotation Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Undeliverable Obligation or the Hedge Disruption Obligation, as the case may be, with an Outstanding Principal Balance or Due and Payable Amount, as applicable, of as large a size as available but less than the Quotation Amount that in aggregate are approximately equal to the Quotation Amount.

11. SETTLEMENT SUSPENSION

Without prejudice to Credit Linked Condition 9 (*Maturity Date Extension*), if:

- (i) Auction Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement; and

- (ii) following the determination of a Credit Event Determination Date but prior to the Physical Settlement Date or, to the extent applicable, a first Valuation Date, there is a DC Credit Event Meeting Announcement,

the Calculation Agent may, at its option, determine that the applicable timing requirements of these Credit Linked Conditions and the definitions of Cash Settlement Date, Valuation Date, Scheduled Maturity Date, Physical Settlement Period, PSN Cut-off Date, Valuation Obligation Observation Settlement Period and VSN Cut-off Date, and any other Credit Linked Condition provision(s) as determined by the Calculation Agent, shall toll and be suspended and remain suspended (such period of suspension, a "**Suspension Period**") until the date of the relevant DC Credit Event Announcement or DC Credit Event Question Dismissal. Once the relevant DC Credit Event Announcement or DC Credit Event Question Dismissal has occurred, the relevant timing requirements of the Credit Linked Conditions that have previously tolled or been suspended shall resume on the Business Day following such public announcement by the DC Secretary.

In the event of any such Suspension Period, the Calculation Agent may make (x) such consequential or other adjustment(s) or determination(s) to or in relation to the General Conditions and these Credit Linked Conditions as may be desirable or required either during or following any relevant Suspension Period to account for or reflect such suspension and (y) determine the effective date of such adjustment(s) or determination(s).

12. CREDIT LINKED DEFINITIONS

"2.5-year Limitation Date" has the meaning given to that term in the definition of "Limitation Date".

"10-year Limitation Date" has the meaning given to that term in the definition of "Limitation Date".

"Accrued Interest" means for the purpose of these Credit Linked Conditions:

(a) in respect of any Notes for which "Physical Settlement" is specified to be the Settlement Method in the Applicable Pricing Supplement (or for which Physical Settlement is applicable as the Fallback Settlement Method in accordance with Credit Linked Condition 2 (*Auction Settlement*)), the Outstanding Principal Balance of the Deliverable Obligations being Delivered will exclude accrued but unpaid interest, unless "Include Accrued Interest" is specified in the Applicable Pricing Supplement, in which case, the Outstanding Principal Balance of the Deliverable Obligations being Delivered will include accrued but unpaid interest, such interest to be determined by the Calculation Agent;

(b) in respect of any Notes for which "Cash Settlement" is specified to be the applicable Settlement Method in the Applicable Pricing Supplement (or for which Cash Settlement is applicable as the Fallback Settlement Method in accordance with Credit Linked Condition 2 (*Auction Settlement*)), and:

- (i) "Include Accrued Interest" is specified in the

Applicable Pricing Supplement, the Outstanding Principal Balance of each Valuation Obligation shall include accrued but unpaid interest;

- (ii) "Exclude Accrued Interest" is specified in the Applicable Pricing Supplement, the Outstanding Principal Balance of each Valuation Obligation shall not include accrued but unpaid interest; or
 - (iii) neither "Include Accrued Interest" nor "Exclude Accrued Interest" is specified in the Applicable Pricing Supplement, the Calculation Agent shall determine, separately in respect of each Valuation Obligation, based on the then current market practice in the market of each Valuation Obligation whether the Outstanding Principal Balance of each Valuation Obligation shall include or exclude accrued but unpaid interest and, if applicable, the amount thereof; or
- (c) if Credit Linked Condition 10 (*Partial Cash Settlement*) applies, the Calculation Agent shall determine, based on the then current market practice in the market of the relevant Undeliverable Obligation or Hedge Disruption Obligation (as applicable), whether such Quotations shall include or exclude accrued but unpaid interest.

"Affiliate"

means in relation to any entity (the "**First Entity**"), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes "control" means ownership of a majority of the voting power of an entity.

"Asset"

means each obligation, equity, amount of cash, security, fee (including any "early-bird" or other consent fee), right and/or other asset, whether tangible or otherwise and whether issued, incurred, paid or provided by the Reference Entity or a third party (or any value which was realised or capable of being realised in circumstances where the right and/or other asset no longer exists).

"Asset Market Value"

means the market value of an Asset, as the Calculation Agent shall determine by reference to an appropriate specialist valuation or in accordance with the methodology determined by the Credit Derivatives Determinations Committee.

"Asset Package"

means, in respect of an Asset Package Credit Event, all of the Assets in the proportion received or retained by a Relevant Holder in connection with such relevant Asset Package Credit Event (which may include the Prior Deliverable Obligation or Package Observable Bond, as the case may be). If the Relevant

Holder is offered a choice of Assets or a choice of combinations of Assets, the Asset Package will be the Largest Asset Package. If the Relevant Holder is offered, receives and retains nothing, the Asset Package shall be deemed to be zero. The Asset Package shall at all times be determined in accordance with publicly available information.

"Asset Package Credit Event"

means:

- (a) if "Financial Reference Entity Terms" and "Governmental Intervention" are specified as applicable in the Applicable Pricing Supplement:
 - (i) a Governmental Intervention; or
 - (ii) a Restructuring in respect of the Reference Obligation, if "Restructuring" is specified as applicable in the Applicable Pricing Supplement and such Restructuring does not constitute a Governmental Intervention; and
- (b) if the Reference Entity is a Sovereign and "Restructuring" is specified as applicable in the Applicable Pricing Supplement, a Restructuring,

in each case, whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or, where Auction Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement, the DC Credit Event Announcement.

"Asset Transfer Notice"

means a notice that complies with Credit Linked Condition 4 (*Physical Settlement*) delivered by the Noteholder to the Issuer.

"Auction"

shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

"Auction Cancellation Date"

shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

"Auction Covered Transaction"

shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

"Auction Final Price"

shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

"Auction Final Price Determination Date"

shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

"Auction Settlement Date"

shall mean the date that is the number of Business Days as shall be specified in the relevant Transaction Auction Settlement Terms (or, if a number of Business Days is not so specified, five (5) Business Days) immediately following the Auction Final Price Determination Date.

"Auction Settlement Notice"

has the meaning given to that term in Credit Linked Condition 2 (*Auction Settlement*).

"Bankruptcy"

means the Reference Entity:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement, scheme or composition with or for the benefit of its creditors generally, or such a general assignment, arrangement, scheme or composition becomes effective;
- (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other law affecting creditors' rights, or a petition is presented for its winding-up or liquidation or the commencement of business rescue proceedings, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or the commencement of business rescue proceedings or (ii) is not dismissed, discharged, stayed or restrained in each case within thirty (30) calendar days of the institution or presentation thereof or before the Scheduled Maturity Date, whichever is earlier;
- (e) has a resolution passed for its winding-up or liquidation or the commencement of business rescue proceedings (other than pursuant to a consolidation, amalgamation or merger);
- (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, business rescue practitioner, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty (30) calendar days

thereafter or before the Scheduled Maturity Date (in the case of Credit Linked Notes), whichever is earlier; or

- (h) causes or is subject to any event with respect to which, under the applicable laws of any jurisdiction, has any analogous effect to any of the events specified in clauses (a) to (g) above.

"Calculation Agent City Business Day"

means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the Calculation Agent City specified in the Applicable Pricing Supplement.

"Calculation Agent Fallback Settlement Determination Date"

has the meaning given to that term in Credit Linked Condition 2 (*Auction Settlement*).

"Cash Settlement Amount"

means:

- (a) the amount specified as such in the Applicable Pricing Supplement; or
- (b) if no such amount is specified as such in the Applicable Pricing Supplement, an amount calculated by the Calculation Agent in accordance with a formula specified in the Applicable Pricing Supplement for that purpose; or
- (c) if an amount is not specified in the Applicable Pricing Supplement and a formula to determine the Cash Settlement Amount is not specified in the Applicable Pricing Supplement, an amount calculated by the Calculation Agent equal to:

$$(A \times B) - C$$

where:

A is the Nominal Amount;

B is (i) the Credit Linked Reference Price minus (ii) one minus the Final Price or, if Auction Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement and Credit Linked Condition 3 (*Cash Settlement*) does not apply, the Auction Final Price; and

C is Unwind Costs,

provided that in no event shall the Cash Settlement Amount be less than zero.

"Cash Settlement Date"

means, subject to Credit Linked Condition 11 (*Settlement Suspension*):

- (a) if the Cash Settlement Amount is not specified in the Applicable Pricing Supplement or is calculated by

reference to the Final Price or the Auction Final Price, the day falling three (3) Business Days, or such other number of Business Days specified in the Applicable Pricing Supplement, after (i) the calculation of the Final Price or (ii) the Auction Settlement Date as applicable; or

- (b) if paragraph (a) above does not apply, the day falling three (3) Business Days, or such other number of Business Days specified in the Applicable Pricing Supplement, after the Credit Event Determination Date.

"Cash Settlement Notice"

has the meaning given to that term in Credit Linked Condition 3 (*Cash Settlement*).

"Conditionally Transferable Obligation"

means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, in each case as of each such date the Calculation Agent determines appropriate for purposes of the Hedging Arrangements or, if none at the relevant time, both the PSN Effective Date and the Delivery Date provided, however, that a Deliverable Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Deliverable Obligation other than Bonds (or the consent of the relevant obligor if the Reference Entity is guaranteeing such Deliverable Obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such Deliverable Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition of "Conditionally Transferable Obligation".

"Confirming Reference Obligation"

means a Reference Obligation which is a Deliverable Obligation determined in accordance with paragraph (a) of the definition of "Deliverable Obligation" below.

"Credit Derivatives Auction Settlement Terms"

means any Credit Derivatives Auction Settlement Terms published by ISDA, a form of which will be published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and may be amended from time to time.

"Credit Derivatives Determinations Committee"

means each committee established pursuant to the DC Rules for purposes of reaching certain DC Resolutions in connection with credit derivative transactions.

"Credit Event"

means the occurrence of any one or more of the Credit Events specified in the Applicable Pricing Supplement which may

include Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium, Restructuring or Governmental Intervention, or any additional Credit Event specified as such in the Applicable Pricing Supplement.

If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon:

- (a) any lack or alleged lack of authority or capacity of the Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation;
- (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described;
- (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or
- (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

"Credit Event Backstop Date" means:

- (a) for purposes of any event that constitutes a Credit Event (or with respect to a "Repudiation/Moratorium", if applicable, the event described in paragraph (b) of the definition of Repudiation/Moratorium), as determined by DC Resolution, the date that is sixty (60) calendar days prior to the Credit Event Resolution Request Date; or
- (b) otherwise, the date that is sixty (60) calendar days prior to the earlier of:
 - (i) if the Notice Delivery Date occurs during the Notice Delivery Period, the Notice Delivery Date; and
 - (ii) if Auction Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement and the Notice Delivery Date occurs during the Post Dismissal

Additional Period, the Credit Event Resolution Request Date.

The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

"Credit Event Determination Date"

means, with respect to a Credit Event with respect to which:

- (a) Auction Settlement is the applicable Settlement Method:
 - (i) subject to paragraph (a)(ii) below, the Notice Delivery Date if the Notice Delivery Date occurs during either the Notice Delivery Period or the Post Dismissal Additional Period, provided that neither (A) a DC Credit Event Announcement has occurred nor (B) a DC No Credit Event Announcement has occurred, in each case, with respect to the Credit Event specified in the Credit Event Notice; or
 - (ii) notwithstanding paragraph (a)(i) above, the Credit Event Resolution Request Date, if a DC Credit Event Announcement has occurred, the Credit Event Resolution Request Date has occurred on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date) and either:
 - (A) (I) the Credit Event is not an M(M)R Restructuring; and
 - (II) the Trade Date occurs on or prior to a DC Announcement Coverage Cut-off Date; or
 - (B) (I) the Credit Event is an M(M)R Restructuring; and
 - (II) a Credit Event Notice is delivered and is effective on or prior to the Exercise Cut-off Date, provided that no Credit Event Notice specifying an M(M)R Restructuring as the only Credit Event has previously been delivered unless the M(M)R Restructuring specified in such Credit Event Notice is also the subject of the DC Credit Event Question resulting in the occurrence of the Credit Event Resolution Request Date, or the

Calculation Agent otherwise determines this is consistent with the Issuer's Hedging Arrangements, or

- (b) if paragraph (a) above does not apply, the Non-Standard Credit Event Determination Date,

Provided further that, if Auction Settlement is the applicable Settlement Method, no Credit Event Determination Date will occur, and any Credit Event Determination Date previously determined with respect to an event shall be deemed not to have occurred, if, or to the extent that, prior to the Auction Final Price Determination Date, a Valuation Date, the Physical Settlement Date, the Cash Settlement Date or the Maturity Date, as applicable, a DC No Credit Event Announcement Date occurs with respect to the relevant event. Notwithstanding the above, if a Credit Event Determination Date is deemed not to have occurred following the deemed revocation of a Credit Event Notice in accordance with paragraph (b) of the definition of "Credit Event" below, the Calculation Agent shall not be precluded from delivering a further Credit Event Notice subsequently.

Provided further that, if the Calculation Agent subsequently determines, in its sole and absolute discretion that a Credit Event has not occurred and delivers a Credit Event Revocation Notice to the Issuer, no Credit Event Determination Date will have occurred. Following receipt of a Credit Event Revocation Notice, the Issuer shall notify Noteholders in accordance with General Condition 16 (*Notices*).

If, in accordance with the provisions above, (i) following the determination of a Credit Event Determination Date, such Credit Event Determination Date is deemed (A) to have occurred on a date that is different from the date that was originally determined to be the Credit Event Determination Date or (B) not to have occurred or (ii) a Credit Event Determination Date is deemed to have occurred prior to one or more preceding Interest Payment Dates, the Calculation Agent will determine (1) such adjustment(s) to these Credit Linked Conditions (including any adjustment to payment amounts) as may be required to achieve as far as practicable the same economic position of Noteholders as would have prevailed had a Credit Event Determination Date occurred on such deemed date of occurrence and (2) the effective date of such adjustment(s).

"Credit Event Notice"

means a notice from the Calculation Agent (which may be by telephone) to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Credit Event that occurred on or after the Trade Date or, if earlier and if specified as applicable in the Applicable Pricing Supplement, the Credit Event Backstop Date and on or prior to the Extension Date,

provided that:

- (a) any Credit Event Notice that describes a Credit Event that occurred after the Scheduled Maturity Date must relate to the relevant Potential Failure to Pay, in the case of a Grace Period Extension Date, or the relevant Potential Repudiation/Moratorium, in the case of a Repudiation/Moratorium Evaluation Date; and
- (b) if Auction Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement, and prior to the Auction Final Price Determination Date, a Valuation Date, the Physical Settlement Date, the Cash Settlement Date or the Maturity Date as applicable, a DC No Credit Event Announcement is made with respect to the Credit Event that is the subject of the Credit Event Notice, other than where such Credit Event is a Restructuring:
 - (i) if Local Market Variation if specified as not applicable in the Applicable Pricing Supplement, the Credit Event Notice shall be deemed to be revoked and no Credit Event Determination Date shall have occurred; or
 - (ii) if Local Market Variation is specified as applicable in the Applicable Pricing Supplement, the Credit Event Notice shall be deemed to be revoked and no Credit Event Determination Date shall have occurred, unless the Calculation Agent, acting in good faith and in a commercially reasonable manner, determines that such Credit Event occurred as a result of Local Market Variation being applicable, in which case the Credit Event Notice shall remain valid,

For the avoidance of doubt, such deemed revocation of the Credit Event Notice pursuant to paragraph (b) above shall not prevent the Calculation Agent from delivering a further Credit Event Notice subsequently, whether or not such Credit Event Notice relates to the same event or occurrence that was the subject of the DC No Credit Event Announcement.

A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective. A Credit Event Notice shall be subject to the requirements regarding notices set out in Credit Linked Condition 15 (*Calculation Agent Notices*).

"Credit Event Resolution

means, with respect to a DC Credit Event Question, the date, as

Request Date" publicly announced by the DC Secretary, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which the DC Credit Event Question was effective and on which the relevant Credit Derivatives Determinations Committee was in possession of Publicly Available Information with respect to such DC Credit Event Question.

"Credit Event Revocation Notice" means a notice from the Calculation Agent to the Issuer that the Calculation Agent has subsequently determined that a Credit Event that was the subject of an earlier Credit Event Notice did not constitute a Credit Event and no Credit Event Determination Date has occurred, provided that such notice is given no later than:

- (a) if Auction Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement, the Auction Final Price Determination Date; or
- (b) if Cash Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement or Credit Linked Condition 2(b)(x) applies, the date on which the Final Price is determined; or
- (c) if Physical Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement or Credit Linked Condition 2(b)(y) applies, the Delivery Date.

For the avoidance of doubt, the service of a Credit Event Revocation Notice shall not prevent the Calculation Agent from delivering a further Credit Event Notice subsequently.

"Credit Linked Reference Price" means the percentage specified as such in the Applicable Pricing Supplement.

"Currency Amount" means, with respect to (a) (i) a Deliverable Obligation specified in a Notice of Physical Settlement or (ii) a Valuation Obligation specified in a Notice of Valuation Settlement, in either case, that is denominated in a currency other than the Settlement Currency, an amount converted to the Settlement Currency using a conversion rate determined by reference to the Currency Rate and (b) (i) a Replacement Deliverable Obligation specified in a Physical Settlement Amendment Notice or (ii) a Replacement Valuation Obligation specified in a Valuation Settlement Amendment Notice, an amount converted to the Settlement Currency (or, if applicable, back into the Settlement Currency) using a conversion rate determined by reference to the Currency Rate, if any, and each Revised Currency Rate used to convert each (i) Replaced Deliverable Obligation Outstanding Amount applicable specified in each Physical Settlement Amendment Notice or (ii) each Replaced Valuation Obligation Outstanding Amount, specified in each Valuation Settlement Amendment Notice, as applicable, with respect to that portion of

the relevant Credit Linked Notes into the currency of denomination of the relevant Replacement Deliverable Obligation or the relevant Replacement Valuation Obligation, as applicable.

"Currency Rate"

means, with respect to (a) (i) a Deliverable Obligation specified in the Notice of Physical Settlement or any Physical Settlement Amendment Notice, or (ii) a Valuation Obligation specified in a Notice of Valuation Settlement or any Valuation Settlement Amendment Notice, as applicable, the rate of conversion between the Settlement Currency and the currency in which the Outstanding Principal Balance or Due and Payable Amount of such Deliverable Obligation is denominated that is either (A) determined by reference to the Currency Rate Source as at the Next Currency Fixing Time or (B) if such rate is not available at such time, determined by the Calculation Agent and (b) a Replacement Deliverable Obligation specified in a Physical Settlement Amendment Notice, the Revised Currency Rate.

"Currency Rate Source"

means:

- (a) where (A) Auction Settlement is expressed as the applicable Settlement Method and (B) Local Market Variation is specified as not applicable, in each case, as specified in the Applicable Pricing Supplement, the mid-point rate of conversion published by WM/Reuters at 4:00 p.m. (London time), or any successor rate source approved by the relevant Credit Derivatives Determinations Committee or, if no such successor rate source is approved by the Credit Derivatives Determinations Committee, any successor rate source selected by the Calculation Agent in a commercially reasonable manner in accordance with objective industry guidelines provided that the successor rate source shall be published on SENS promptly following the determination thereof; or
- (b) if paragraph (a) above does not apply, the mid-point rate of conversion published by WM/Reuters at 11:00 a.m. (Johannesburg time) or any successor to the WM/Reuters service or any successor rate source selected by the Calculation Agent in a commercially reasonable manner in accordance with industry guidelines, provided that the successor rate source shall be published on SENS promptly following the determination thereof.

"Cut-off Date"

has the meaning given to that term in Credit Linked Condition 4 (*Physical Settlement*).

"DC Announcement Coverage Cut-off Date"

means, with respect to a DC Credit Event Announcement, the Auction Final Price Determination Date, the Auction Cancellation Date, or the date that is fourteen (14) calendar days following the No Auction Announcement Date, if any, as

applicable.

"DC Credit Event Announcement"

means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event has occurred on or after the Trade Date or, if earlier and if specified as applicable in the Applicable Pricing Supplement, the Credit Event Backstop Date and on or prior to the Extension Date (the date such event occurred to be as determined by the Calculation Agent if not specified in the relevant DC Resolution), provided that if the Credit Event occurred after the Scheduled Maturity Date, the DC Credit Event Announcement must relate to the relevant Potential Failure to Pay, in the case of a Grace Period Extension Date, or the relevant Potential Repudiation/Moratorium, in the case of a Repudiation/Moratorium Evaluation Date.

"DC Credit Event Meeting Announcement"

means, with respect to the Reference Entity, a public announcement by the DC Secretary that a Credit Derivatives Determinations Committee will be convened to Resolve the matters described in a DC Credit Event Question.

"DC Credit Event Question"

means a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve whether an event that constitutes a Credit Event has occurred.

"DC Credit Event Question Dismissal"

means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in a DC Credit Event Question.

"DC Determination Cut-off Date"

has the meaning given to that term in Credit Linked Condition 8 (*Credit Derivatives Determinations Committee Extension*).

"DC Determination Postponed Date"

has the meaning given to that term in Credit Linked Condition 8 (*Credit Derivatives Determinations Committee Extension*).

"DC No Credit Event Announcement"

means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved that an event that is the subject of a DC Credit Event Question does not constitute a Credit Event.

"DC Party"

has the meaning given to that term in the DC Rules.

"DC Resolution"

has the meaning given to that term the DC Rules.

"DC Rules"

means the Credit Derivatives Determinations Committees Rules, as published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof.

"DC Secretary"

has the meaning given to that term in the DC Rules.

"Default Requirement"

means the amount specified as such in the Applicable Pricing Supplement or its equivalent in the relevant Obligation Currency or, if no such amount is specified in the Applicable Pricing Supplement, ZAR25,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Credit Event.

"Deliver"

means to deliver, novate, transfer (including, in the case of a Guarantee, transfer of the benefit of the Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title (or, with respect to Deliverable Obligations where only equitable title is customarily conveyed, all equitable title) and interest in the Entitlement to the relevant Designated Transferee free and clear of any and all liens, charges, claims or encumbrances (excluding any liens routinely imposed on all securities in a relevant clearance system, but including without limitation any counterclaim, defence (other than a counterclaim or defence based on the factors set out in (a) to (d) in the definition of "Credit Event" above) or right of set-off by or of the Reference Entity or any applicable Underlying Obligor) provided that (i) if all or a portion of the Entitlement consists of Direct Loan Participations, "Deliver" means to create (or procure the creation of) a participation in favour of the relevant Designated Transferee and (ii) if a Deliverable Obligation is a Guarantee, "**Deliver**" means to Deliver both the Underlying Obligation and the Guarantee, provided further that if the Guarantee has a Fixed Cap, "Deliver" means to Deliver the Underlying Obligation, the Guarantee and all claims to any amounts which are subject to such Fixed Cap. "**Delivery**" and "**Delivered**" will be construed accordingly. In the case of a Loan, Delivery shall be effected using documentation substantially in the form of the documentation customarily used in the relevant market for Delivery of such Loan at that time.

If Asset Package Delivery applies, and:

- (a) Physical Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement or Credit Linked Condition 2(b)(y) applies, (i) Delivery of a Prior Deliverable Obligation or a Package Observable Bond specified in the Notice of Physical Settlement or Physical Settlement Amendment Notice, as applicable, may be satisfied by Delivery of the related Asset Package, and such Asset Package shall be treated as having the same currency, Outstanding Principal Balance or Due and Payable Amount, as applicable, as the Prior Deliverable Obligation or Package Observable Bond to which it corresponds had immediately prior to the Asset Package Credit Event,

(ii) the preceding paragraph above shall be deemed to apply to each Asset in the Asset Package provided that if any such Asset is not a Bond, it shall be treated as if it were a Loan for these purposes, (iii) if the Asset Package is zero, the Outstanding Amount of the Prior Deliverable Obligation or Package Observable Bond shall be deemed to have been Delivered in full three (3) Business Days following the date on which the Issuer has notified the Noteholders in accordance with Credit Linked Condition 4 (*Physical Settlement*) of the detailed description of the Asset Package that it intends to Deliver, (iv) the Issuer may satisfy its obligation to make Delivery of the Prior Deliverable Obligation or Package Observable Bond in part by Delivery of each Asset in the Asset Package in the correct proportion and (v) if the relevant Asset is a Non-Transferable Instrument or Non-Financial Instrument, the Asset shall be deemed to be an amount of cash equal to the Asset Market Value and the term Asset Package shall be construed accordingly; or

- (b) Cash Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement or Credit Linked Condition 2(b)(x) applies, (i) the Calculation Agent may determine that the Asset Package shall be a Valuation Obligation for the purposes of determining the Final Price, and such Asset Package shall be treated as having the same currency, Outstanding Principal Balance or Due and Payable Amount, as applicable, as the Prior Deliverable Obligation or Package Observable Bond to which it corresponds had immediately prior to the Asset Package Credit Event, (ii) the preceding paragraph above shall be deemed to apply to each Asset in the Asset Package provided that if any such Asset is not a Bond, it shall be treated as if it were a Loan for these purposes, (iii) if the Asset Package is zero and the Calculation Agent has made the determination referred to in (i) above, the relevant Final Price (or portion thereof relating to the Asset Package) will be deemed to be zero.

"Deliverable Obligation"

means:

- (a) any obligation of the Reference Entity (either directly, or as provider of a Relevant Guarantee) determined pursuant to the method described in (i) (*Method for Determining Deliverable Obligations*) below;
- (b) the Reference Obligation;
- (c) solely in relation to a Restructuring Credit Event applicable to a Reference Entity which is a Sovereign,

and unless Asset Package Delivery is applicable, any Sovereign Restructured Deliverable Obligation;

- (d) if Asset Package Delivery is applicable, (i) if Financial Reference Entity Terms is specified as applicable in the Applicable Pricing Supplement, any Prior Deliverable Obligation, or (ii) if the Reference Entity is a Sovereign, any Package Observable Bond; and
- (e) any other Additional Deliverable Obligation of a Reference Entity specified as such in the Applicable Pricing Supplement,

in each case, (i) unless it is an Excluded Deliverable Obligation and (ii) provided that the obligation has an Outstanding Principal Balance or Due and Payable Amount that is greater than zero (determined for purposes of paragraph (d) above, immediately prior to the relevant Asset Package Credit Event).

- (i) *Method for Determining Deliverable Obligations.* For the purposes of this definition of "Deliverable Obligation", the term "Deliverable Obligation" may be defined as each obligation of the Reference Entity described by the Deliverable Obligation Category specified in the Applicable Pricing Supplement, and, subject to paragraph (ii) (*Interpretation of Provisions*) below, having each of, the Deliverable Obligation Characteristics, if any, specified in the Applicable Pricing Supplement, in each case, as of each such date the Calculation Agent determines relevant for purposes of the Hedging Arrangements, or if none at the relevant time, (x) the PSN Effective Date and the Delivery Date (unless otherwise specified) or (y) the VSN Effective Date and the Cash Settlement Date, as applicable. The following terms shall have the following meanings:

- (A) "**Deliverable Obligation Category**" means one of Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, or Bond or Loan (each as defined in the definition of "Obligation" below, except that, for the purpose of determining Deliverable Obligation, the definition of "Reference Obligations Only" shall be amended to state that no Deliverable Obligation Characteristics shall be applicable to Reference Obligation Only) provided that if no Deliverable Obligation Category is specified in the Applicable Pricing Supplement, the Deliverable Obligation Category shall be the Deliverable Obligation Category specified in respect of the applicable transaction type in the most recently published ISDA Credit Derivatives Physical Settlement Matrix, as determined by the Calculation Agent.

- (B) **"Deliverable Obligation Characteristics"** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Domestic Issuance (each as defined in the definition of "Obligation" below), Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer, provided that if no Deliverable Obligation Characteristics are specified in the Applicable Pricing Supplement, the Deliverable Obligation Characteristics shall be the same as the Deliverable Obligation Characteristics specified in respect of the applicable transaction type in the most recently published ISDA Credit Derivatives Physical Settlement Matrix, as determined by the Calculation Agent;
- (a) **"Assignable Loan"** means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction or organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if the Reference Entity is guaranteeing such Loan) or any agent;
- (b) **"Consent Required Loan"** means a Loan that is capable of being assigned or novated with the consent of the Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if the Reference Entity is guaranteeing such loan) or any agent;
- (c) **"Direct Loan Participation"** means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favour of each Noteholder that provides each Noteholder with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such

participation seller, any such agreement to be entered into between each Noteholder and either (A) the Issuer, (to the extent that the Issuer, is then a lender or a member of the relevant lending syndicate), or (B) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate);

- (d) "**Transferable**" means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction, provided that none of the following shall be considered contractual, statutory or regulatory restrictions:
 - (i) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation);
 - (ii) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds; or
 - (iii) restrictions in respect of blocked periods on or around payment dates or voting periods;
- (e) "**Maximum Maturity**" means an obligation that has a remaining maturity of not greater than the period specified in the Applicable Pricing Supplement (or if no such period is specified, thirty years);
- (f) "**Accelerated or Matured**" means an

obligation under which the principal amount owed, whether by reason of maturity, acceleration, termination or otherwise, is due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws; and

- (g) "**Not Bearer**" means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via CSD, any other internationally recognised clearing system, or (unless (A) Auction Settlement is the applicable Settlement Method and (B) Local Market Variation is specified as not applicable, in each case, in the Applicable Pricing Supplement), *Strate*.

(ii) *Interpretation of Provisions*

- (A) If either of the Obligation Characteristics "Listed" or "Not Domestic Issuance" is specified in the Applicable Pricing Supplement, the Applicable Pricing Supplement shall be construed as though the relevant Obligation Characteristic had been specified as an Obligation Characteristic only with respect to Bonds.
- (B) If (i) any of the Deliverable Obligation Characteristics "Listed", "Not Domestic Issuance" or "Not Bearer" is specified in the Applicable Pricing Supplement, the Applicable Pricing Supplement shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Bonds; (ii) the Deliverable Obligation Characteristic "Transferable" is specified in the Applicable Pricing Supplement, the Applicable Pricing Supplement shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Deliverable Obligations that are not Loans; or (iii) any of the Deliverable Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified in the Applicable Pricing

Supplement, the Applicable Pricing Supplement shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Loans.

- (C) If more than one of "Assignable Loan", "Consent Required Loan" and "Direct Loan Participation" are specified as Deliverable Obligation Characteristics in the Applicable Pricing Supplement, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics.
- (D) If an Obligation or a Deliverable Obligation is a Relevant Guarantee, the following will apply:
 - (a) for purposes of the application of the Obligation Category or the Deliverable Obligation Category, the Relevant Guarantee shall be deemed to satisfy the same category or categories as those that describe the Underlying Obligation;
 - (b) for purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Relevant Guarantee and the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the Applicable Pricing Supplement from the following list: "Not Subordinated", "Specified Currency", "Not Sovereign Lender", "Not Domestic Currency" and "Not Domestic Law".
 - (c) for purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the Applicable Pricing Supplement from the following list: "Listed", "Not Domestic Issuance", "Assignable Loan", "Consent Required

Loan", "Direct Loan Participation", "Transferable", "Maximum Maturity", "Accelerated" or "Matured" and "Not Bearer"; and

- (d) for purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.
- (e) For purposes of the application of the Deliverable Obligation Characteristic "Maximum Maturity", remaining maturity shall be determined on the basis of the terms of the Deliverable Obligation in effect at the time of making such determination and, in the case of a Deliverable Obligation that is due and payable, the remaining maturity shall be zero.
- (f) If "Financial Reference Entity Terms" and "Governmental Intervention" are specified as applicable in the Applicable Pricing Supplement, if an obligation would otherwise satisfy a particular Obligation Characteristic or Deliverable Obligation Characteristic, the existence of any terms in the relevant obligation in effect at the time of making the determination which permit the Reference Entity's obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention, shall not cause such obligation to fail to satisfy such Obligation Characteristic or Deliverable Obligation Characteristic.
- (g) For purposes of determining the applicability of Deliverable Obligation Characteristics to a Prior Deliverable Obligation or a Package Observable Bond, any such determination shall be made by reference to the terms of the relevant obligation in effect immediately prior to the Asset Package Credit Event.
- (h) If "Subordinated European Insurance Terms" is specified as applicable in the

Applicable Pricing Supplement, if an obligation would otherwise satisfy the "Maximum Maturity" Deliverable Obligation Characteristic, the existence of any Solvency Capital Provisions in such obligation shall not cause it to fail to satisfy such Deliverable Obligation Characteristic.

For the avoidance of doubt the provisions of this paragraph (ii) apply in respect of the definitions of Obligation and Deliverable Obligation as the context admits.

"Deliverable Obligation Provisions"	has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms.
"Deliverable Obligation Terms"	has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms.
"Delivery Date"	means, with respect to a Deliverable Obligation or an Asset Package, the date such Deliverable Obligation is Delivered (or deemed to be Delivered pursuant to the definition of "Deliver" above).
"Delivery Expenses"	has the meaning given to that term in Credit Linked Condition 4 (<i>Physical Settlement</i>).
"Delivery Expenses Cut-off Date"	has the meaning given to that term in Credit Linked Condition 4 (<i>Physical Settlement</i>).
"Designated Transferee"	means the person specified in an Asset Transfer Notice, to whom Delivery of the Deliverable Obligations is to be made, which person may be the Noteholder or any other person;
"Domestic Currency"	means the currency specified as such in the Applicable Pricing Supplement and any successor currency thereto (or if no such currency is specified, the lawful currency and any successor currency of (a) the Reference Entity, if the Reference Entity is a Sovereign, or (b) the jurisdiction in which the Reference Entity is organised, if the Reference Entity is not a Sovereign. In no event shall Domestic Currency include any Standard Specified Currency.
"Domestic Law"	means each of the laws of (a) the Reference Entity, if such Reference Entity is a Sovereign, or (b) the jurisdiction in which the Reference Entity is organised, if such Reference Entity is not a Sovereign.
"Downstream Affiliate"	means an entity whose outstanding Voting Shares were, at the date of issuance of the Qualifying Guarantee, more than 50 per cent. owned, directly or indirectly, by the Reference Entity. As used herein, " Voting Shares " means the shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

"Due and Payable Amount"

means the amount that is due and payable by the Reference Entity under the obligation whether by reason of maturity, acceleration, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts) less all or any portion of such amount which, pursuant to the terms of the obligation (a) is subject to any Prohibited Action, or (b) may otherwise be reduced as a result of the effluxion of time or the occurrence or non-occurrence of an event or circumstance (other than by way of (i) payment or (ii) a Permitted Contingency), in each case, determined in accordance with the terms of the obligation in effect on either (A) (i) the relevant PSN Effective Date (or if the terms of the obligation are amended after such date but on or prior to the Delivery Date, the Delivery Date), or (ii) the relevant VSN Effective Date (or if the terms of the obligation are amended after such date but on or prior to the first Valuation Date, the first Valuation Date), as applicable, or (B) the relevant Valuation Date, as applicable.

"Eligible Information"

means information which is publicly available or which can be made public without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information.

"Eligible Transferee"

means:

- (a) any:
 - (i) bank or other financial institution;
 - (ii) insurance or reinsurance company;
 - (iii) mutual fund, unit trust or similar collective investment vehicle (other than an entity described in paragraph (c) below); and
 - (iv) registered or licensed broker or dealer (other than a natural person or proprietorship),

provided, however, in each case that such entity has total assets of at least ZAR500,000,000;

- (b) an Affiliate of an entity specified in paragraph (a) above;
- (c) each of a corporation, partnership, proprietorship, organisation, trust or other entity:
 - (i) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations, commercial paper conduit or other special purpose vehicle) that (A) has total assets of at least ZAR250,000,000 or (B) is one of a group of

investment vehicles under common control or management having, in aggregate, total assets of at least ZAR500,000,000; or

- (ii) that has total assets of at least ZAR500,000,000; or
- (iii) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support, or other agreement by an entity described in sub-paragraph (a), (b), (c)(i) or (d); or
- (d) any Sovereign; or
- (e) any entity or organization established by treaty or other arrangement between two or more Sovereigns including, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development.

All references in this definition to US\$ include equivalent amounts in other currencies in each case as determined by the Calculation Agent.

"Entitlement"

means, in respect of each nominal amount of Notes equal to the Nominal Amount, Deliverable Obligations, as selected by the Issuer, with:

- (a) in the case of Deliverable Obligations that are Borrowed Money, an Outstanding Principal Balance; or
- (b) in the case of Deliverable Obligations that are not Borrowed Money, a Due and Payable Amount,

(or, in the case of either (a) or (b) above, the equivalent Currency Amount of any such amount), in an aggregate amount as of the relevant Delivery Date equal to the Nominal Amount less, (i) if Unwind Costs are specified as applying in the Applicable Pricing Supplement and are positive, Deliverable Obligations with a market value determined by the Calculation Agent on the Business Day selected by the Calculation Agent falling during the period from and including the Credit Event Determination Date to and including the Delivery Date equal to a *pro rata* share of Unwind Costs and (ii) less, if the Noteholder has instructed that Delivery Expenses be deducted in the calculation of the Entitlement in the Asset Transfer Notice or if the Noteholder has not paid the Delivery Expenses on or prior to the Delivery Expenses Cut-off Date as provided in Credit Linked Condition 4 (*Physical Settlement*), Deliverable Obligations with a market value determined by the Calculation

Agent on the Business Day selected by the Calculation Agent falling during the period from and including the Credit Event Determination Date to and including the Delivery Date equal to Delivery Expenses.

"Excluded Deliverable Obligation"

means:

- (a) any obligation of a Reference Entity specified as such or of a type described in the Applicable Pricing Supplement;
- (b) any principal only component of a Bond from which some or all of the interest components have been stripped; and
- (c) if Asset Package Delivery is applicable, any obligation issued or incurred on or after the date of the relevant Asset Package Credit Event.

"Excluded Obligation"

means:

- (a) any obligation of a Reference Entity specified as such or of a type described in the Applicable Pricing Supplement;
- (b) if "Financial Reference Entity Terms" is specified as applicable in the Applicable Pricing Supplement and (i) the relevant Reference Obligation or Prior Reference Obligation, as applicable, is a Senior Obligation, or (ii) there is no Reference Obligation or Prior Reference Obligation, then for purposes of determining whether a Governmental Intervention or Restructuring has occurred, any Subordinated Obligation; and
- (c) if "Financial Reference Entity Terms" is specified as applicable in the Applicable Pricing Supplement and the relevant Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation, then for purposes of determining whether a Governmental Intervention or Restructuring has occurred, any Further Subordinated Obligation.

"Exercise Cut-off Date"

means either:

- (a) with respect to an M(M)R Restructuring and any Note to which paragraph (a) of the definition of "Credit Event Determination Date" above applies:
 - (i) if the DC Secretary publishes a Final List applicable to the Transaction Auction Settlement Terms and/or Parallel Auction

Settlement Terms, the date that is five Relevant City Business Days following the date on which such Final List is published; or

- (ii) otherwise, the date that is fourteen (14) calendar days following the relevant No Auction Announcement Date; or
- (b) with respect to a Credit Event where paragraph (a) of the definition of "Credit Event Determination Date" Date does not apply, the relevant Non-Standard Exercise Cut-off Date,

or, in each case, such other date as the relevant Credit Derivatives Determinations Committee Resolves.

"Extension Date"

means the latest of:

- (a) the Scheduled Maturity Date (for the purposes of this definition of Extension Date, the "**Scheduled Termination Date**");
- (b) the Grace Period Extension Date if (i) "Failure to Pay" and "Grace Period Extension" are specified as applying in the Applicable Pricing Supplement, and (ii) the Potential Failure to Pay with respect to the relevant Failure to Pay occurs on or prior to the Scheduled Termination Date; and
- (c) the Repudiation/Moratorium Evaluation Date (if any) if "Repudiation/Moratorium" is specified as applicable in the Applicable Pricing Supplement, as applicable.

"Failure to Pay"

means after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by the Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations in accordance with the terms of such Obligations at the time of such failure provided that, if an occurrence that would constitute a Failure to Pay (a) is a result of a redenomination that occurs as a result of action taken by a Governmental Authority which is of general application in the jurisdiction of such Governmental Authority and (b) a freely available market rate of conversion existed at the time of the redenomination, then such occurrence will be deemed not to constitute a Failure to Pay unless the redenomination itself constituted a reduction in the rate or amount of interest, principal or premium payable (as determined by reference to such freely available market rate of conversion) at the time of such redenomination.

"Fallback Settlement Method" means, with respect to any Credit Linked Notes for which Auction Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement, the fallback settlement method specified in the Applicable Pricing Supplement.

"Final List" has the meaning given in the DC Rules.

"Final Price" means the price of:

- (a) the relevant Valuation Obligation, or, if there is more than one Valuation Obligation, the weighted average price of the Valuation Obligation(s); or
- (b) if Credit Linked Condition 10 (*Partial Cash Settlement*) applies, the relevant Reference Obligation,

in each case, expressed as a percentage of its Outstanding Principal Balance or Due and Payable Amount, as applicable, determined in accordance with the Valuation Method specified in the Applicable Pricing Supplement or, where applicable, Credit Linked Condition 10 (*Partial Cash Settlement*) and in the case of paragraph (a) above on the basis that (x) any weighted average price is determined by reference to the Outstanding Principal Balance(s) or Due and Payable Amount(s) of each Valuation Obligation in the Valuation Reference Holding and (y) the Calculation Agent will seek to obtain quotations for each such Valuation Obligation.

The Calculation Agent shall as soon as practicable after obtaining all Quotations for a Valuation Date, make available for inspection by Noteholders at the specified office of the Paying Agent (i) each such Quotation that it receives in connection with the calculation of the Final Price and (ii) a written computation showing its calculation of the Final Price.

"Fixed Cap" means, with respect to a Guarantee, a specified numerical limit or cap on the liability of the Reference Entity in respect of some or all payments due under the Underlying Obligation, provided that a Fixed Cap shall exclude a limit or cap determined by reference to a formula with one or more variable inputs (and for these purposes, the outstanding principal or other amounts payable pursuant to the Underlying Obligation shall not be considered to be variable inputs).

"Fractional Entitlement" has the meaning given to that term in Credit Linked Condition 4 (*Physical Settlement*).

"Full Quotation" means, in accordance with the Quotation Method each firm quotation obtained from a Quotation Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Reference Obligation or Valuation Obligation, as applicable, with an Outstanding Principal Balance or Due and Payable

Amount equal to the Quotation Amount.

"Fully Transferable Obligation" means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required in the case of any Deliverable Obligation other than Bonds, in each case, as of each such date as the Calculation Agent determines relevant for purposes of the Hedging Arrangements, or if none at the relevant time, both the PSN Effective Date and the Delivery Date. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered as a requirement for consent for purposes of this definition of "Fully Transferable Obligation".

"Further Subordinated Obligation" means, in respect of a Reference Entity, if the relevant Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation, any obligation which is Subordinated thereto.

"Governmental Authority" means:

- (a) any *de facto* or *de jure* government (or any agency, instrumentality, ministry or department thereof);
- (b) any court, tribunal, administrative or other governmental, inter-governmental or supranational body;
- (c) any authority or any other entity (private or public) either designated as a resolution authority or charged with the regulation or supervision of the financial markets (including a central bank) of the Reference Entity or some or all of its obligations; or
- (d) any other authority which is analogous to any of the entities specified in paragraphs (a) to (c) above.

"Governmental Intervention" means that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs as a result of action taken or an announcement made by a Governmental Authority pursuant to, or by means of, a restructuring and resolution law or regulation (or any other similar law or regulation), in each case, applicable to the Reference Entity in a form which is binding, irrespective of whether such event is expressly provided for under the terms of such Obligation:

- (a) any event which would affect creditors' rights so as to cause:

- (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);
 - (ii) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);
 - (iii) a postponement or other deferral of a date or dates for either (I) the payment or accrual of interest, or (II) the payment of principal or premium; or
 - (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation;
- (b) an expropriation, transfer or other event which mandatorily changes the beneficial holder of the Obligation;
 - (c) a mandatory cancellation, conversion or exchange; or
 - (d) any event which has an analogous effect to any of the events specified in paragraphs (a) to (c) above.

For purposes of this definition of "Governmental Intervention", the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Guarantee.

"Grace Period"

means:

- (a) subject to paragraphs (b) and (c) below, the applicable grace period with respect to payments under and in accordance with the terms of the relevant Obligation in effect as of the date as of which such Obligation is issued or incurred;
- (b) if "Grace Period Extension" is specified as applying in the Applicable Pricing Supplement, a Potential Failure to Pay has occurred on or prior to the Scheduled Maturity Date or relevant Interest Payment Date and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Maturity Date, the Grace Period will be deemed to be the lesser of such grace period and the period specified as such in the Applicable Pricing Supplement or, if no period is specified in the Applicable Pricing Supplement, thirty (30) calendar days; and
- (c) if, as of the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a

grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; provided that, unless Grace Period Extension is specified as applying in the Applicable Pricing Supplement, such deemed Grace Period shall expire no later than the Scheduled Maturity Date.

"Grace Period Business Day"

means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation and if a place or places are not so specified (a) if the Obligation Currency is the euro, a day on which the TARGET2 System is open, or (b) otherwise, a day on which commercial banks and foreign exchange markets are generally open to settle payments in the principal financial city in the jurisdiction of the Obligation Currency.

"Grace Period Extension Date"

means, if:

- (a) "Grace Period Extension" is specified as applying in the Applicable Pricing Supplement; and
- (b) a Potential Failure to Pay occurs on or prior to the Scheduled Maturity Date,

the date that is five (5) Business Days following the date falling the number of days in the Grace Period after the date of such Potential Failure to Pay. If "Grace Period Extension" is not specified as applicable in the Applicable Pricing Supplement, Grace Period Extension shall not apply.

"Guarantee"

means a Relevant Guarantee or a guarantee which is the Reference Obligation.

"Hedging Arrangements"

means any transaction(s), asset(s) or trading position(s) the Issuer and/or any of its Affiliates or agents may enter into or hold from time to time (including, if applicable, on a portfolio basis) to hedge directly or indirectly and whether in whole or in part the credit or other price risk of the Issuer issuing and performing its obligations with respect to the Credit Linked Notes.

"Hedge Disruption Event"

means in the opinion of the Calculation Agent any event as a result of which the Issuer and/or any of its Affiliates either (i) has not received the relevant Deliverable Obligations or (ii) cannot obtain the relevant Valuation Obligations, as applicable, under the terms of the Hedging Arrangements (if any).

"Hedge Disruption Obligation"

means either:

- (a) a Deliverable Obligation included in the Entitlement which, on the Physical Settlement Date for such

Deliverable Obligation, the Calculation Agent determines cannot be Delivered as a result of a Hedge Disruption Event; or

- (b) a Valuation Obligation included in the Valuation Reference Holding which, on the Valuation Obligation Observation Date for such Valuation Obligation, the Calculation Agent determines cannot be valued as a result of a Hedge Disruption Event

"Intervening Period"

means such period of time as any person other than the relevant Designated Transferee shall continue to be registered as the legal owner of any securities or other obligations comprising the Entitlement.

"ISDA "

means the International Swaps and Derivatives Association, Inc.

"Largest Asset Package"

means, in respect of a Prior Deliverable Obligation or a Package Observable Bond, as the case may be, the package of Assets for which the greatest amount of principal has been or will be exchanged or converted (including by way of amendment), as determined by the Calculation Agent by reference to Eligible Information. If this cannot be determined, the Largest Asset Package will be the package of Assets with the highest immediately realizable value, determined by the Calculation Agent in accordance with the methodology, if any, determined by the relevant Credit Derivatives Determinations Committee or, if none, as determined by the Calculation Agent in its sole and absolute discretion by reference to such source(s) as it determines appropriate.

"Latest Maturity Restructured Bond or Loan"

has the meaning given to that term in the definition of "Restructuring Maturity Limitation Date".

"Latest Permissible Physical Settlement Date"

means the thirtieth (30th) Business Day following the Physical Settlement Date.

"Limitation Date"

means the first of 20 March, 20 June, 20 September or 20 December in any year to occur on or immediately following the date that is one of the following numbers of years after the Restructuring Date: 2.5 years (the "**2.5-year Limitation Date**"), 5 years, 7.5 years, 10 years (the "**10-year Limitation Date**"), 12.5 years, 15 years, or 20 years, as applicable. Limitation Dates shall not be subject to adjustment in accordance with any Business Day Convention.

"M(M)R Restructuring"

means a Restructuring Credit Event in respect of which either Mod R or Mod Mod R is specified as applicable in the Applicable Pricing Supplement.

"Market Value"

means, with respect to a Valuation Obligation on a Valuation Date:

- (a) if more than three Full Quotations are obtained, the

arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);

- (b) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded and paragraph (c) below shall apply as if exactly two Full Quotations were obtained);
- (c) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations;
- (d) if fewer than two Full Quotations and a Weighted Average Quotation is obtained, such Weighted Average Quotation;
- (e) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained, subject as provided in the definition of Quotation, an amount the Calculation Agent shall determine on the next Business Day on which two or more Full Quotations or a Weighted Average Quotation is obtained; and
- (f) if two or more Full Quotations or a Weighted Average Quotation are not obtained on or prior to the tenth Business Day following the applicable Valuation Date the Market Value shall be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for a Valuation Obligation obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

"Minimum Quotation Amount" means the amount specified as such in the Applicable Pricing Supplement (or its equivalent in the relevant Obligation Currency) or, if no amount is so specified, the lower of (a) USD1,000,000 (or its equivalent in the relevant Obligation Currency) and (b) the Quotation Amount.

"Modified Eligible Transferee" means any bank, financial institution or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities and other financial assets.

"Modified Restructuring Maturity Limitation Date"

means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date.

Subject to the foregoing, if the Scheduled Maturity Date is later than the 10 year Limitation Date, the Modified Restructuring Maturity Limitation Date will be the Scheduled Maturity Date.

"Movement Option"

means, with respect to an M(M)R Restructuring for which a No Auction Announcement Date has occurred pursuant to paragraph (b) or (c)(ii) of the definition of "No Auction Announcement Date", the option of the Issuer to apply to the Credit Linked Notes, for purposes of settlement, the Parallel Auction Settlement Terms, if any, for purposes of which the Permissible Deliverable Obligations are more limited than the Deliverable Obligations that could apply in respect of the Reference Transaction (provided that if more than one such set of Parallel Auction Settlement Terms are published, the Parallel Auction Settlement Terms specifying the greatest number of such Permissible Deliverable Obligations shall apply). If no Notice to Exercise Movement Option is delivered by the Issuer on or prior to the Movement Option Cut-off Date, the Credit Linked Notes will be settled in accordance with the Fallback Settlement Method. If a Notice to Exercise Movement Option is delivered by the Issuer on or prior to the Movement Option Cut-off Date, such event will be notified to Noteholders in accordance with General Condition 16 (*Notices*).

"Movement Option Cut-off Date"

means the date that is one Relevant City Business Day following the Exercise Cut-off Date, or, where Auction Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement, such other date as the relevant Credit Derivatives Determinations Committee has Resolved.

"Multiple Holder Obligation"

shall have the meaning given to such term in Credit Linked Condition 14 (*Provisions Relating to Multiple Holder Obligation*).

"Next Currency Fixing Time"

means:

- (a) where (A) Auction Settlement is specified as the applicable Settlement Method and (B) Local Market Variation is specified as not applicable, in each case, in the Applicable Pricing Supplement, and Physical Settlement applies by virtue of Credit Linked Condition 2(b)(y), 4:00 p.m. (London time) on such London Business Day as the Calculation Agent shall select falling no more than five (5) Business Days immediately preceding the date on which the Notice of Physical Settlement, relevant Physical Settlement Amendment Notice, relevant Partial Cash Settlement Notice, Notice of Valuation Settlement or relevant Valuation Settlement Amendment Notice, as applicable,

is effective. For the purposes of determining the Next Currency Fixing Time, "**London Business Day**" means a day on which banks and foreign exchange markets are generally open to settle payments in London.

- (b) if paragraph (a) above does not apply, 11:00 a.m. (Johannesburg time) on such Johannesburg Business Day as the Calculation Agent shall select falling no more than five (5) Johannesburg Business Days immediately preceding the date on which the Notice of Physical Settlement, relevant Physical Settlement Amendment Notice, relevant Partial Cash Settlement Notice, the Notice of Valuation Settlement, relevant Valuation Settlement Amendment Notice, as applicable, is effective. For the purposes of determining the Next Currency Fixing Time, "**Johannesburg Business Day**" means a day on which banks and foreign exchange markets are generally open to settle payments in Johannesburg.

"No Auction Announcement Date"

means, with respect to a Credit Event, and only where Auction Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement, the date on which the DC Secretary first publicly announces that:

- (a) no Transaction Auction Settlement Terms and, if applicable, no Parallel Auction Settlement Terms will be published;
- (b) following the occurrence of an M(M)R Restructuring no Transaction Auction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published; or
- (c) the relevant Credit Derivatives Determinations Committee has Resolved that no Auction will be held following a prior public announcement by the DC Secretary to the contrary, in circumstances where either:
 - (i) no Parallel Auction will be held; or
 - (ii) one or more Parallel Auctions will be held.

"Non-Conforming Reference Obligation"

means a Reference Obligation which is not a Conforming Reference Obligation.

"Non-Conforming Substitute Reference Obligation"

means an obligation which would be a Deliverable Obligation determined in accordance with paragraph (a) of the definition of "Deliverable Obligation" above on the Substitution Date but for one or more of the same reasons which resulted in the Reference Obligation constituting a Non-Conforming Reference Obligation on the date it was issued or incurred and/or immediately prior to the Substitution Event Date (as applicable).

"Non-Financial Instrument" means any Asset which is not of the type typically traded in, or suitable for being traded in, financial markets.

"Non-Standard Credit Event Determination Date" means with respect to a Credit Event:

- (a) if Cash Settlement or Physical Settlement are specified as the applicable Settlement Method, the Notice Delivery Date, if the Notice Delivery Date occurs during the Notice Delivery Period; or
- (b) if Auction Settlement is specified as the applicable Settlement Method, the Notice Delivery Date, if the Notice Delivery Date occurs during either the Notice Delivery Period or the Post Dismissal Additional Period, provided that neither (i) a DC Credit Event Announcement has occurred nor (ii) a DC No Credit Event Announcement has occurred, in each case, with respect to the Credit Event specified in the Credit Event Notice.

"Non-Standard Exercise Cut-off Date" means, with respect to a Credit Event to which paragraph (a) of the definition of "Credit Event Determination Date" does not apply:

- (a) subject to paragraph (b) below, the Notice Delivery Date, if the Notice Delivery Date occurs during the Notice Delivery Period; or
- (b) if Auction Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement,
 - (i) if such Credit Event is not an M(M)R Restructuring, either:
 - (A) the Relevant City Business Day prior to the Auction Final Price Determination Date, if any;
 - (B) the Relevant City Business Day prior to the Auction Cancellation Date, if any; or
 - (C) the date that is fourteen (14) calendar days following the No Auction Announcement Date, if any, as applicable; or
 - (ii) if such Credit Event is an M(M)R Restructuring and:
 - (A) the DC Secretary publishes a Final List

applicable to the Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms, the date that is five Relevant City Business Days following the date on which such Final List is published; or

(B) otherwise, the date that is fourteen (14) calendar days following the relevant No Auction Announcement Date.

"Non-Standard Reference Obligation"

means, in respect of the Reference Entity, the Original Non-Standard Reference Obligation or if a Substitute Reference Obligation has been determined, the Substitute Reference Obligation.

"Non-Transferable Instrument"

means any Asset which is not capable of being transferred to institutional investors, excluding due to market conditions.

"Notice Delivery Date"

means the first date on which both an effective Credit Event Notice and, unless "Notice of Publicly Available Information" is specified as not applicable in the Applicable Pricing Supplement, an effective Notice of Publicly Available Information, have been delivered by the Calculation Agent.

"Notice Delivery Period"

means the period from and including the Trade Date to and including the date that is fourteen (14) calendar days after the Extension Date.

"Notice of Physical Settlement"

has the meaning given to that term in Credit Linked Condition 4 (*Physical Settlement*).

"Notice of Valuation Settlement"

has the meaning given to that term in Credit Linked Condition 3 (*Cash Settlement*).

"Notice of Publicly Available Information"

means a notice from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that cites Publicly Available Information confirming the occurrence of the Credit Event or Potential Repudiation/Moratorium, as applicable, described in the Credit Event Notice or Repudiation/Moratorium Extension Notice. The notice given must contain a copy or description in reasonable detail, of the relevant Publicly Available Information. If "Notice of Publicly Available Information" is specified as applicable in the Applicable Pricing Supplement and a Credit Event Notice or Repudiation/Moratorium Extension Notice, as applicable, contains Publicly Available Information, such Credit Event Notice or Repudiation/Moratorium Extension Notice will also be deemed to be a Notice of Publicly Available Information. A Notice of Publicly Available Information shall be subject to the requirements regarding notices in Credit Linked Condition 15 (*Calculation Agent Notices*).

"Notice to Exercise Movement Option"

means, with respect to Notes for which (a) M(M)R Restructuring is applicable and (b) the Fallback Settlement Method would otherwise be applicable pursuant to the Auction Settlement provisions, a notice from the Issuer to the Calculation Agent that (i) specifies the Parallel Auction Settlement Terms applicable in accordance with the definition of Movement Option and (ii) is effective on or prior to the Movement Option Cut-off Date.

"Obligation"

means:

- (a) any obligation of the Reference Entity (either directly, or as a provider of a Relevant Guarantee) determined pursuant to the method described in "Method for Determining Obligations" below;
- (b) the Reference Obligation; and
- (c) any Additional Obligation of a Reference Entity specified as such in the Applicable Pricing Supplement,

in each case unless it is an Excluded Obligation.

"Method for Determining Obligations". For the purposes of paragraph (a) above, the term "Obligation" may be defined as the obligation of each Reference Entity described by the Obligation Category specified in the Applicable Pricing Supplement, and having each of the Obligation Characteristics (if any) specified in the Applicable Pricing Supplement, in each case, immediately prior to the Credit Event which is the subject of either the Credit Event Notice or, where Auction Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement, the DC Credit Event Question resulting in the occurrence of the Credit Event Resolution Request Date, as applicable. The following terms shall have the following meanings:

- (i) **"Obligation Category"** means Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in the Applicable Pricing Supplement, where:
 - (a) **"Payment"** means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money;
 - (b) **"Borrowed Money"** means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include,

without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit);

- (c) "**Reference Obligations Only**" means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligations Only;
 - (d) "**Bond**" means any obligation of a type included in the "Borrowed Money" Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money;
 - (e) "**Loan**" means any obligation of a type included in the "Borrowed Money" Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money; and
 - (f) "**Bond or Loan**" means any obligation that is either a Bond or a Loan.
- (ii) "**Obligation Characteristics**" means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance specified in the Applicable Pricing Supplement, where:
- (a) "**Not Subordinated**" means an obligation that is not Subordinated to (1) the Reference Obligation or, (2) the Prior Reference Obligation, if applicable;
 - (b) "**Subordination**" means, with respect to an obligation (the "**Second Obligation**") and another obligation of the Reference Entity to which such obligation is being compared (the "**First Obligation**"), a contractual, trust or other similar arrangement providing that (I) upon the liquidation, dissolution, reorganisation or winding-up of the Reference Entity, claims of the holders of the First Obligation are required to be satisfied prior to the claims of the holders of the Second Obligation or (II) the holders of the Second Obligation will not be entitled to receive or retain principal payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the First

Obligation. "**Subordinated**" will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, (x) the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement or security arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign and (y) in the case of the Reference Obligation or the Prior Reference Obligation, as applicable, the ranking in priority of payment shall be determined as of the date as of which it was issued or incurred (or in circumstances where the Reference Obligation or a Prior Reference Obligation is the Standard Reference Obligation and "Standard Reference Obligation" is applicable, then the priority of payment of the Reference Obligation or the Prior Reference Obligation, as applicable, shall be determined as of the date of selection) and, in each case, shall not reflect any change to such ranking in priority of payment after such date; and

- (c) "**Prior Reference Obligation**" means, in circumstances where there is no Reference Obligation applicable to the relevant Notes, (I) the Reference Obligation most recently applicable thereto, if any, and otherwise, (II) the obligation specified in the Applicable Pricing Supplement as the Reference Obligation, if any, if such Reference Obligation was redeemed on or prior to the Trade Date and otherwise, (III) any unsubordinated Borrowed Money obligation of the Reference Entity;
- (d) "**Specified Currency**" means an obligation that is payable in the currency or currencies specified as such in the Applicable Pricing Supplement (or, if Specified Currency is specified in the Applicable Pricing Supplement and no currency is so specified, any Standard Specified Currency) provided that if the euro is a Specified Currency, "Specified Currency" shall also include an obligation that was previously payable in the euro, regardless of any redenomination thereafter if such redenomination occurred as a result of action taken by a Governmental Authority of a

Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority;

- (e) "**Not Sovereign Lender**" means any obligation that is not primarily owed to (A) a Sovereign or (B) any entity or organization established by treaty or other arrangement between two or more Sovereigns including, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development, which shall include, without limitation, obligations generally referred to as "Paris Club debt";
- (f) "**Not Domestic Currency**" means any obligation that is payable in any currency other than applicable Domestic Currency provided that a Standard Specified Currency shall not constitute the Domestic Currency;
- (g) "**Not Domestic Law**" means any obligation that is not governed by applicable Domestic Law, provided that the laws of England, the laws of the State of New York, and (except where Auction Settlement is specified as the applicable Settlement Method and Local Market Variation is specified as not applicable, in each case as specified in the Applicable Pricing Supplement), the laws of South Africa shall not constitute a Domestic Law;
- (h) "**Listed**" means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange; and
- (i) "**Not Domestic Issuance**" means any obligation other than an obligation that was issued (or reissued, as the case may be) or intended to be offered for sale primarily in the domestic market of the Reference Entity. Any obligation that is registered or, as a result of some other action having been taken for such purpose, is qualified for sale outside the domestic market of the Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the Reference Entity) shall be deemed not to be issued (or reissued, as the case may be), or intended to be offered for sale primarily in the domestic market of the Reference Entity.

"Obligation Acceleration"	means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event or default or other similar condition or event (however described), other than a failure to make any required payment, in respect of the Reference Entity under one or more Obligations.
"Obligation Currency"	means the currency or currencies in which the Obligation is denominated.
"Obligation Default"	means one or more Obligations in an aggregate amount of not less than the Default Requirement have become capable of being declared due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default, or other similar condition or event (however described), other than a failure to make any required payment, in respect of the Reference Entity under one or more Obligations.
"Original Non-Standard Reference Obligation"	means the obligation of the Reference Entity (either directly or as provider of a guarantee) which is specified as the Reference Obligation in respect of such Reference Entity in the Applicable Pricing Supplement (if any is so specified) provided that if an obligation is not an obligation of the Reference Entity, such obligation will not constitute a valid Original Non-Standard Reference Obligation for purposes of the relevant Notes (other than for the purposes of determining the Seniority Level and for the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic) unless the relevant Notes are Reference Obligation Only Notes.
"Outstanding Amount"	means, in respect of a Prior Deliverable Obligation or Package Observable Bond, the Outstanding Principal Balance or Due and Payable Amount, as applicable, or the equivalent amount in the Settlement Currency as specified in the relevant Notice of Physical Settlement or Notice of Valuation Settlement, as applicable.
"Outstanding Principal Balance"	means the outstanding principal balance of an obligation which will be calculated as follows: <ul style="list-style-type: none"> (a) first, by determining, in respect of the obligation, the amount of the Reference Entity's principal payment obligations and, where applicable in accordance with the definition of Accrued Interest above, the Reference Entity's accrued but unpaid interest payment obligations (which, in the case of a Guarantee will be the lower of (i) the Outstanding Principal Balance (including accrued but unpaid interest, where applicable) of the Underlying Obligation (determined as if references to the Reference Entity were references to the Underlying Obligor) and (ii) the amount of the Fixed Cap, if any);

- (b) second, by subtracting all or any portion of such amount which, pursuant to the terms of the obligation, (i) is subject to any Prohibited Action, or (ii) may otherwise be reduced as a result of the effluxion of time or the occurrence or non-occurrence of an event or circumstance (other than by way of (A) payment or (B) a Permitted Contingency) (the amount determined in accordance with paragraph (a) above less any amounts subtracted in accordance with this paragraph (b), the "**Non-Contingent Amount**"); and
- (c) third, by determining the Quantum of the Claim, which shall then constitute the Outstanding Principal Balance,

in each case, determined:

- (i) unless otherwise specified, in accordance with the terms of the obligation in effect on either (A) (1) the relevant PSN Effective Date (or if the terms of the obligation are amended after such date but on or prior to the Delivery Date, the Delivery Date) or (2) the relevant VSN Effective Date (or if the terms of the obligation after such date but on or prior to the first Valuation Date, the first Valuation Date), as applicable, or (B) the relevant Valuation Date; and
- (ii) with respect to the Quantum of the Claim only, in accordance with any applicable laws (insofar as such laws reduce or discount the size of the claim to reflect the original issue price or accrued value of the obligation).

"Package Observable Bond"

means, in respect of a Reference Entity which is a Sovereign, any obligation (a) which is identified as such and published by ISDA on its website at www.isda.org from time to time (or any successor website thereto) or by a third party designated by ISDA on its website from time to time and (b) which fell within paragraphs (a) or (b) of the definition of "Deliverable Obligation" above, in each case, immediately preceding the date on which the relevant Asset Package Credit Event was legally effective.

"Parallel Auction"

means "Auction" as such term shall be defined in the relevant Parallel Auction Settlement Terms.

"Parallel Auction Cancellation Date"

means "Auction Cancellation Date" as such term shall be defined in the relevant Parallel Auction Settlement Terms.

"Parallel Auction Settlement Terms"

means, following the occurrence of an M(M)R Restructuring, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such M(M)R Restructuring, and for which (i) the Deliverable Obligation Terms are the same as the Reference Transaction and (ii) the Reference Transaction would

not be an Auction Covered Transaction provided that if no such Credit Derivatives Auction Settlement Terms are published, the Calculation Agent may select in its sole discretion the applicable Credit Derivatives Auction Settlement Terms.

"Parallel Notice of Physical Settlement Date"

means "Notice of Physical Settlement Date" as defined in the relevant Parallel Auction Settlement Terms.

"Partial Cash Settlement Date"

shall have the meaning given to that term in Credit Linked Condition 10 (*Partial Cash Settlement*).

"Partial Cash Settlement Notice"

shall have the meaning given to that term in Credit Linked Condition 10 (*Partial Cash Settlement*).

"Payment Requirement"

means the amount specified as such in the Applicable Pricing Supplement or its equivalent in the relevant Obligation Currency or, if no such amount is specified in the Applicable Pricing Supplement, ZAR10,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

"Permissible Deliverable Obligations"

has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms, being either all or the portion of the Deliverable Obligations included in the Final List pursuant to the Deliverable Obligation Terms applicable to the relevant Auction.

"Permitted Contingency"

means, with respect to an obligation, any reduction to the Reference Entity's payment obligations:

- (a) as a result of the application of:
 - (i) any provisions allowing a transfer, pursuant to which another party may assume all of the payment obligations of the Reference Entity;
 - (ii) provisions implementing the Subordination of the obligation;
 - (iii) provisions allowing for a Permitted Transfer in the case of a Qualifying Guarantee (or provisions allowing for the release of the Reference Entity from its payment obligations in the case of any other Guarantee);
 - (iv) if "Subordinated European Insurance Terms" are specified as applicable in the Applicable Pricing Supplement, any Solvency Capital Provisions; or
 - (v) if "Financial Reference Entity Terms" are specified as applicable in the Applicable Pricing Supplement, provisions which permit the

Reference Entity's obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention; or

- (b) which is within the control of the holders of the obligation or a third party acting on their behalf (such as an agent or trustee) in exercising their rights under or in respect of such obligation.

"Permitted Transfer"

means, with respect to a Qualifying Guarantee, a transfer to and the assumption by any single transferee of such Qualifying Guarantee (including by way of cancellation and execution of a new guarantee) on the same or substantially the same terms, in circumstances where there is also a transfer of all (or substantially all) of the assets of the Reference Entity to the same single transferee.

"Physical Settlement Amendment Notice"

has the meaning given to that term in Credit Linked Condition 4 (*Physical Settlement*).

"Physical Settlement Date"

means the last day of the longest Physical Settlement Period following the PSN Cut-off Date (the "**Scheduled Physical Settlement Date**") provided that if a Hedge Disruption Event has occurred and is continuing on the second Business Day immediately preceding the Scheduled Physical Settlement Date, the Physical Settlement Date shall be the earlier of (i) the second Business Day following the date on which no Hedge Disruption Event subsists and (ii) the day falling sixty (60) Business Days following the Scheduled Physical Settlement Date.

"Physical Settlement Period"

means, subject to Credit Linked Condition 4 (*Physical Settlement*), the number of Business Days specified as such in the Applicable Pricing Supplement or, if a number of Business Days is not so specified, then, with respect to a Deliverable Obligation comprising the Entitlement, the longest number of Business Days for settlement in accordance with then current market practice of such Deliverable Obligation, as determined by the Calculation Agent provided that if the Issuer has notified the Noteholders in accordance with Credit Linked Condition 4 (*Physical Settlement*) that it will Deliver an Asset Package in lieu of a Prior Deliverable Obligation or a Package Observable Bond, the Physical Settlement Period shall be thirty five (35) Business Days.

"Post Dismissal Additional Period"

means the period from and including the date of the DC Credit Event Question Dismissal to and including the date that is fourteen (14) calendar days thereafter (provided that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)).

"Postponed Cut-off Date"

shall have the meaning given to that term in Credit Linked Condition 9 (*Maturity Date Extension*).

"Potential Credit Event"

means a Potential Failure to Pay (if Failure to Pay is an applicable Credit Event in respect of the Reference Entity), a Potential Repudiation/Moratorium (if Repudiation/Moratorium is an applicable Credit Event in respect of the Reference Entity) or if Auction Settlement is specified as applicable in the Applicable Pricing Supplement and a Credit Event Resolution Request Date has occurred and the relevant Credit Derivatives Determinations Committee has not made its determination, such event will be deemed to be a Potential Credit Event. The Calculation Agent and, provided that Auction Settlement is specified as the applicable Settlement Method, a Credit Derivatives Determinations Committee may each determine whether a Potential Failure to Pay or a Potential Repudiation/Moratorium has occurred.

"Potential Failure to Pay"

means the failure by the Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, in accordance with the terms of such Obligations at the time of such failure, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations.

"Potential Repudiation/Moratorium"

means the occurrence of an event described in paragraph (a) of the definition of "Repudiation/Moratorium".

"Prior Deliverable Obligation"

means:

- (a) if a Governmental Intervention has occurred (whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or, where Auction Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement, the DC Credit Event Announcement), any obligation of the Reference Entity which (i) existed immediately prior to such Governmental Intervention, (ii) was the subject of such Governmental Intervention and (iii) fell within paragraph (a) or (b) of the definition of "Deliverable Obligation" above, in each case, immediately preceding the date on which such Governmental Intervention was legally effective; or
- (b) if a Restructuring which does not constitute a Governmental Intervention has occurred in respect of the Reference Obligation (whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or, where Auction Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement, the DC Credit Event Announcement), such Reference Obligation, if any.

"Private-side Loan"

means a Loan in respect of which the documentation governing its terms is not publicly available or capable of being made public without violating a law, agreement, understanding or other restriction regarding the confidentiality of such information.

"Prohibited Action"

means any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in (a) to (d) of the definition of "Credit Event" above) or right of set-off by or of the Reference Entity or any applicable Underlying Obligor.

"PSN Cut-off Date"

means subject, where applicable, to Credit Linked Condition 4 (*Physical Settlement*) and Credit Linked Condition 11 (*Settlement Suspension*):

- (a) Subject to paragraph (b) below, the thirtieth calendar day after the Credit Event Determination Date; or
- (b) if, in accordance with the terms of Credit Linked Condition 2 (*Auction Settlement*), Credit Linked Condition 4 (*Physical Settlement*) applies as a result of the occurrence of (a) an Auction Cancellation Date or (b) a No Auction Announcement Date and:
 - (i) the relevant Credit Event is not an M(M)R Restructuring, the later of:
 - (A) the thirtieth calendar day after the Credit Event Determination Date; and
 - (B) the thirtieth calendar day after the Auction Cancellation Date or the No Auction Announcement Date, occurring pursuant to paragraph (a) or (c)(i) of the definition of "No Auction Announcement Date" above, as applicable; or
 - (ii) the relevant Credit Event is an M(M)R Restructuring either:
 - (A) the later of:
 - I. the thirtieth calendar day after the Credit Event Determination Day; and
 - II. the thirtieth calendar day after:
 - (x) a No Auction Announcement Date occurring pursuant to paragraph (a) of the

definition of "No Auction Announcement Date" above, if any;

(y) a No Auction Announcement Date occurring pursuant to sub-paragraph (c)(i) of the definition of "No Auction Announcement Date" above, if any; or

(z) the Auction Cancellation Date, if any, as applicable; or

(B) the later of the Parallel Notice of Physical Settlement Date (or, if more than one Parallel Notice of Physical Settlement Date should occur, the last Parallel Notice of Physical Settlement Date), and the Relevant City Business Day immediately following the Parallel Auction Cancellation Date, if any (or, if more than one should occur, the last Parallel Auction Cancellation Date), as applicable, in circumstances where either:

I. a No Auction Announcement Date occurs pursuant to paragraph (a) of the definition of "No Auction Announcement Date" above and the Issuer has not exercised the Movement Option; or

II. a No Auction Announcement Date occurs pursuant to paragraph (c)(ii) of the definition of "No Auction Announcement Date" above and the Issuer has not exercised the Movement Option,

provided that in the case of paragraph (b) above, the relevant Credit Event Resolution Request Date, if any, occurred on or prior to the thirtieth calendar day after the Credit Event determination Date.

"PSN Effective Date"

means the date on which an effective Notice of Physical Settlement or Physical Settlement Amendment Notice, as the case may be, is delivered by the Issuer in accordance with Credit Linked Condition 4 (*Physical Settlement*).

"Public Source"

means:

- (a) if (A) Auction Settlement is specified as the applicable Settlement Method and (B) Local Market Variation is specified as not applicable, in each case, in the Applicable Pricing Supplement each source of Publicly Available Information specified as such in the Applicable Pricing Supplement (or if no such source is specified in the Applicable Pricing Supplement, each of Bloomberg, Reuters, Dow Jones Newswires, The Wall Street Journal, The New York Times, Nihon Keizai Shimbun, Asahi Shimbun, Yomiuri Shimbun, Financial Times, La Tribune, Les Echos, The Australian Financial Review, and Debtwire, (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources); or
- (b) if sub-paragraph (a) above does not apply, each source of Publicly Available Information specified as such in the Applicable Pricing Supplement (or if no such source is specified in the Applicable Pricing Supplement, each of Bloomberg, Reuters, Dow Jones Newswires, The Wall Street Journal, The New York Times, Nihon Keizai Shimbun, Asahi Shimbun, Yomiuri Shimbun, Financial Times, La Tribune, Les Echos, The Australian Financial Review, Debtwire, Business Day newspaper, Financial Mail and moneyweb.co.za (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources).

"Publicly Available Information"

means information that reasonably confirms any of the facts relevant to the determination that the Credit Event or a Potential Repudiation/Moratorium, as applicable, described in a Credit Event Notice or Repudiation/Moratorium Extension Notice have occurred and which:

- (a) has been published in or on not less than the Specified Number of Public Sources (regardless of whether the reader or user thereof pays a fee to obtain such information);
- (b) is information received from or published by (i) the Reference Entity (or, if the Reference Entity is a Sovereign, any agency, instrumentality, ministry,

department or other authority thereof acting in a governmental capacity (including, without limiting the foregoing, the central bank) of such Sovereign) or (ii) a trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation; or

- (c) is information contained in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body;

provided that where any information of the type described in paragraph (b) or (c) above is not publicly available, it can only constitute Publicly Available Information if it can be made public without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information.

In relation to any information of the type described in paragraph (b) or (c) above, the Calculation Agent may assume that such information has been disclosed to it without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information and that the entity disclosing such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to the party receiving such information.

Without limitation, Publicly Available Information need not state:

- (i) in relation to the definition of "Downstream Affiliate", the percentage of Voting Shares owned by the Reference Entity; and
- (ii) that the relevant occurrence:
 - (A) has met the Payment Requirement or Default Requirement;
 - (B) is the result of exceeding any applicable Grace Period; or
 - (C) has met the subjective criteria specified in certain Credit Events.

In relation to a Repudiation/Moratorium Credit Event, Publicly Available Information must relate to the events described in paragraphs (a) and (b) of the definition of "Repudiation/Moratorium" below.

"Qualifying Affiliate Guarantee" means a Qualifying Guarantee provided by the Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of the Reference Entity.

"Qualifying Guarantee" means a guarantee evidenced by a written instrument (which may include a statute or regulation), pursuant to which the Reference Entity irrevocably agrees, undertakes or is otherwise obliged to pay all amounts of principal and interest (except for amounts which are not covered due to the existence of a Fixed Cap) due under an Underlying Obligation for which the Underlying Obligor is the obligor, by guarantee of payment and not by guarantee of collection (or, in either case, any legal arrangement which is equivalent thereto in form under the relevant governing law).

A Qualifying Guarantee shall not include any guarantee:

- (a) which is structured as a surety bond, financial guarantee insurance policy or letter of credit (or any legal arrangement which is equivalent thereto in form); or
- (b) pursuant to the terms applicable thereto, the principal payment obligations of the Reference Entity can be discharged, released, reduced, assigned or otherwise altered as a result of the occurrence or non-occurrence of an event or circumstance, in each case, other than:
 - (i) by payment;
 - (ii) by way of Permitted Transfer;
 - (iii) by operation of law;
 - (iv) due to the existence of a Fixed Cap; or
 - (v) due to:
 - (A) provisions permitting or anticipating a Governmental Intervention, if "Financial Reference Entity Terms" is specified as applicable in the Applicable Pricing Supplement; or
 - (B) any Solvency Capital Provisions, if "Subordinated European Insurance Terms" is specified as applicable in the Applicable Pricing Supplement.

If the guarantee or Underlying Obligation contains provisions relating to the discharge, release, reduction, assignment or other alteration of the principal payment obligations of the Reference Entity and such provisions

have ceased to apply or are suspended at the time of the relevant determination, in accordance with the terms of such guarantee or Underlying Obligation, due to or following the occurrence of (I) a non-payment in respect of the guarantee or the Underlying Obligation, or (II) an event of the type described in the definition of Bankruptcy above in respect of the Reference Entity or the Underlying Obligor, then it shall be deemed for these purposes that such cessation or suspension is permanent, notwithstanding the terms of the guarantee or Underlying Obligation.

In order for a guarantee to constitute a Qualifying Guarantee:

- (i) the benefit of such guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation; and
- (ii) if a guarantee contains a Fixed Cap, all claims to any amounts which are subject to such Fixed Cap must be capable of being Delivered together with the Delivery of such guarantee.

"Qualifying Participation Seller" means any participation seller that meets the requirements specified in the Applicable Pricing Supplement. If no such requirements are specified, there shall be no Qualifying Participation Seller.

"Quantum of the Claim" means the lowest amount of the claim which could be validly asserted against the Reference Entity in respect of the Non-Contingent Amount if the obligation had become redeemable, been accelerated, terminated or had otherwise become due and payable at the time of the relevant determination, provided that the Quantum of the Claim cannot exceed the Non-Contingent Amount.

"Quotation" means each Full Quotation and the Weighted Average Quotation obtained and expressed as a percentage with respect to a Valuation Date in the manner that follows:

The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Quotation Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three (3) Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Quotation Dealers and,

if two or more Full Quotations are not available, a Weighted Average Quotation. If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation on the same Business Day on or prior to the tenth Business Day following the applicable Valuation Date the Quotations shall be deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Valuation Obligation obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

"Quotation Amount"

means the amount specified as such in the Applicable Pricing Supplement (which may be specified by reference to an amount in a currency or by reference to a Representative Amount) or, if no amount is specified in the Applicable Pricing Supplement, the aggregate Nominal Amount of the Notes (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent by reference to exchange rates in effect at the time that the relevant Quotation is being obtained).

"Quotation Dealer"

means a dealer (other than the Issuer or any Affiliate of the Issuer) in obligations of the type of Obligation(s) for which Quotations are to be obtained including each Quotation Dealer specified in the Applicable Pricing Supplement. If no Quotation Dealers are specified in the Applicable Pricing Supplement, the Calculation Agent shall select the Quotation Dealers. Upon a Quotation Dealer no longer being in existence (with no successors), or not being an active dealer in the obligations of the type for which Quotations are to be obtained, the Calculation Agent may substitute any other Quotation Dealer(s) for such Quotation Dealer(s).

"Quotation Method"

means the applicable Quotation Method specified in the Applicable Pricing Supplement by reference to one of the following terms:

- (a) **"Bid"** means that only bid quotations shall be requested from Quotation Dealers;
- (b) **"Offer"** means that only offer quotations shall be requested from Quotation Dealers; or
- (c) **"Mid-market"** means that bid and offer quotations shall be requested from Quotation Dealers and shall be averaged for purposes of determining a relevant Quotation Dealer's quotation.

If a Quotation Method is not specified in the Applicable Pricing Supplement, Bid shall apply.

"Reference Entity"

means the entity specified as such in the Applicable Pricing Supplement. Any Successor to the Reference Entity either (a) identified pursuant to the definition of "Successor" on or following the Trade Date or (b) where Auction Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement, identified pursuant to a DC Resolution in respect of a Successor Resolution Request Date and publicly announced by the DC Secretary on or following the Trade Date shall, in each case, with effect from the Succession Date, be the Reference Entity for the purposes of the relevant Series.

"Reference Obligation"

means the Standard Reference Obligation, if any, unless:

- (a) "Standard Reference Obligation" is specified as not applicable in the Applicable Pricing Supplement, in which case the Reference Obligation will be the Non-Standard Reference Obligation, if any; or
- (b) (i) "Standard Reference Obligation" is specified as applicable in the Applicable Pricing Supplement (or no election is specified in the Applicable Pricing Supplement), (ii) there is no Standard Reference Obligation and (iii) a Non-Standard Reference Obligation is specified in the Applicable Pricing Supplement, in which case the Reference Obligation will be (A) the Non-Standard Reference Obligation to but excluding the first date of publication of the Standard Reference Obligation and (B) the Standard Reference Obligation from such date onwards, provided that the Standard Reference Obligation that is published would have been eligible to be selected as a Substitute Reference Obligation.

If the Standard Reference Obligation is removed from the SRO List, such obligation shall cease to be the Reference Obligation (other than for purposes of the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic) and there shall be no Reference Obligation unless and until such obligation is subsequently replaced on the SRO List, in which case, the new Standard Reference Obligation in respect of the Reference Entity shall constitute the Reference Obligation.

"Reference Obligation Only Notes"

means any Notes in respect of which (a) "Reference Obligation Only" is specified as the Obligation Category and the Deliverable Obligation Category in the Applicable Pricing Supplement and (b) "Standard Reference Obligation" is specified as not applicable in the Applicable Pricing Supplement.

"Reference Transaction"

means a hypothetical credit derivative transaction:

- (a) for which the Deliverable Obligation Terms and the

Reference Obligation are (i) the same as in respect of the Credit Linked Notes (if such Deliverable Obligation Terms and Reference Obligation are specified in the Applicable Pricing Supplement) or (ii) if and to the extent the Deliverable Obligation Terms and/or the Reference Obligation are not specified, the Deliverable Obligation Terms and Reference Obligation determined by the Calculation Agent to be appropriate in respect of a credit derivative transaction linked to the relevant Reference Entity;

- (b) with a scheduled termination date matching the Scheduled Maturity Date of the Credit Linked Notes; and
- (c) otherwise having such other characteristics as the Calculation Agent may determine appropriate by reference to, without limitation, the Issuer's hedging arrangements (if any at the relevant time), and/or any credit derivative elections made in relation to the Credit Linked Notes.

"Relevant City Business Day" has the meaning given in the DC Rules.

"Relevant Guarantee" means a Qualifying Affiliate Guarantee or, if "All Guarantees" is specified as applicable in the Applicable Pricing Supplement, a Qualifying Guarantee.

"Relevant Holder" means a holder of the latest Prior Deliverable Obligation or Package Observable Bond, as the case may be, with an Outstanding Principal Balance or Due and Payable Amount, as applicable, immediately prior to the relevant Asset Package Credit Event, equal to the Outstanding Amount specified in respect of such Prior Deliverable Obligation or Package Observable Bond in the Notice of Physical Settlement, Physical Settlement Amendment Notice, Notice of Valuation Settlement or Valuation Settlement Amendment Notice, as applicable.

"Relevant Obligations" means the Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan" and which are outstanding immediately prior to the Succession Date (or, if there is a Steps Plan, immediately prior to the legally effective date of the first succession), provided that:

- (a) any Bonds or Loans outstanding between the Reference Entity and any of its Affiliates, or held by the Reference Entity, shall be excluded;
- (b) if there is a Steps Plan, the Calculation Agent shall, for purposes of the determination required to be made under paragraph (a) of the definition of "Successor" below, make the appropriate adjustments required to take account of any Obligations of the Reference Entity which fall within the Obligation Category "Bond or

Loan" that are issued, incurred, redeemed, repurchased or cancelled from and including the legally effective date of the first succession to and including the Succession Date;

- (c) if "Financial Reference Entity Terms" is specified as applicable in the Applicable Pricing Supplement and (i) the Reference Obligation or Prior Reference Obligation, as applicable, is a Senior Obligation, or (ii) there is no Reference Obligation or Prior Reference Obligation, the Relevant Obligations shall only include the Senior Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan"; and
- (d) if "Financial Reference Entity Terms" is specified as applicable in the Applicable Pricing Supplement, and the Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation, Relevant Obligations shall exclude Senior Obligations and any Further Subordinated Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan", provided that if no such Relevant Obligations exist, "Relevant Obligations" shall only include the Senior Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan".

"Replaced Deliverable Obligation Outstanding Amount" has the meaning given to that term in Credit Linked Condition 4 (*Physical Settlement*).

"Replaced Valuation Obligation Outstanding Amount" has the meaning given to that term in Credit Linked Condition 3 (*Cash Settlement*).

"Replacement Deliverable Obligation" has the meaning given to that term in Credit Linked Condition 4 (*Physical Settlement*).

"Replacement Valuation Obligation" has the meaning given to that term in Credit Linked Condition 3 (*Cash Settlement*).

"Representative Amount" means an amount that is representative for a single transaction in the relevant market and at the relevant time, which amount will be determined by the Calculation Agent.

"Repudiation/Moratorium" means the occurrence of both of the following events:

- (a) an authorised officer of the Reference Entity or a Governmental Authority:
 - (i) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement; or
 - (ii) declares or imposes a moratorium, standstill,

roll-over or deferral, whether *de facto* or *de jure*, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement; and

- (b) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation/Moratorium Evaluation Date.

"Repudiation/Moratorium Evaluation Date"

means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date (i) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (A) the date that is sixty (60) days after the date of such Potential Repudiation/Moratorium and (B) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of such payment date) and (ii) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is sixty (60) days after the date of such Potential Repudiation/Moratorium provided that, in either case, the Repudiation/Moratorium Evaluation Date shall occur no later than the Scheduled Maturity Date unless the Repudiation/Moratorium Extension Condition is satisfied.

"Repudiation/Moratorium Extension Condition"

will be satisfied:

- (a) where Auction Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement, if the DC Secretary publicly announces, pursuant to a valid request that was delivered and effectively received on or prior to the date that is fourteen (14) calendar days after the Scheduled Maturity Date that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the Reference Entity and that such event occurred on or prior to the Scheduled Maturity Date or
- (b) otherwise, by the delivery by the Calculation Agent to the Issuer of a Repudiation/Moratorium Extension Notice and, unless "Notice of Publicly Available Information" is specified as not applicable in the Applicable Pricing Supplement, a Notice of Publicly Available Information that are each effective on or prior to the date that is fourteen (14) calendar days after the Scheduled Maturity Date.

Only where Auction Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement will

the Repudiation/Moratorium Extension Condition be deemed not to have been satisfied, or not capable of being satisfied, if, or to the extent that, the DC Secretary publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved that either (A) an event does not constitute a Potential Repudiation/Moratorium with respect to an Obligation of the Reference Entity, or (B) an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the Reference Entity but that such event occurred after the Scheduled Maturity Date.

"Repudiation/Moratorium Extension Notice"

means a notice from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Potential Repudiation/Moratorium that occurred on or prior to the Scheduled Maturity Date. A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective.

"Resolve"

has the meaning set out in the DC Rules, and **"Resolved"** and **"Resolves"** shall be construed accordingly.

"Restructured Bond or Loan"

means an Obligation which is a Bond or Loan and in respect of which the relevant Restructuring has occurred.

"Restructuring"

means, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all the holders of the Obligation or is announced (or otherwise decreed) by the Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation (including, in each case, in respect of Bonds only, by way of an exchange), and such event is not expressly provided for under the terms of such Obligation in effect as of the later of (i) the Trade Date or, if earlier and if specified as applicable in the Applicable Pricing Supplement, the Credit Event Backstop Date applicable to the relevant Credit Linked Notes and (ii) the date as of which such Obligation is issued or incurred:

- (a) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);
- (b) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);

- (c) a postponement or other deferral of a date or dates for either (i) the payment or accrual of interest, or (ii) the payment of principal or premium;
- (d) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
- (e) any change in the currency of any payment of interest, principal or premium to any currency other than the lawful currency of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole).

Notwithstanding the above provisions, none of the following shall constitute a Restructuring:

- (i) the payment in euro of interest, principal or premium in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
- (ii) the redenomination from euros into another currency, if (A) the redenomination occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority and (B) a freely available market rate of conversion between euros and such other currency existed at the time of such redenomination and there is no reduction in the rate or amount of interest, principal or premium payable, as determined by reference to such freely available market rate of conversion;
- (iii) the occurrence of, agreement to or announcement of any of the events described in (a) to (e) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
- (iv) the occurrence of, agreement to or announcement of any of the events described in (a) to (e) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity, provided that in respect of paragraph (e) above only, no such deterioration in the creditworthiness or financial condition of the Reference Entity is required

where the redenomination is from euros into another currency and occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority.

For purposes of this definition of Restructuring and Credit Linked Condition 14 (*Provisions Relating to Multiple Holder Obligation*) the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Guarantee. In the case of a Guarantee and an Underlying Obligation, references to the Reference Entity in the definition of Restructuring and the definition of Subordination shall be deemed to refer to the Underlying Obligor and the references to the Reference Entity in sub-paragraphs (i) to (iv) above shall continue to be deemed to refer to the Reference Entity.

If an exchange has occurred, the determination as to whether one of the events described under paragraphs (a) to (e) above has occurred will be based on a comparison of the terms of the Bond immediately prior to such exchange and the terms of the resulting obligations immediately following such exchange.

"Restructuring Date"

means the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

"Restructuring Maturity Limitation Date"

means with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date. Notwithstanding the foregoing, if the final maturity date of the Restructured Bond or Loan with the latest final maturity date of any Restructured Bond or Loan occurs prior to the 2.5-year Limitation Date (such Restructured Bond or Loan, a "**Latest Maturity Restructured Bond or Loan**") and the Scheduled Maturity Date occurs prior to the final maturity date of such Latest Maturity Restructured Bond or Loan, then the Restructuring Maturity Limitation Date will be the final maturity date of such Latest Maturity Restructured Bond or Loan. For these purposes, the final maturity date shall be determined on the basis of the terms of the Deliverable Obligation in effect at the time of making such determination and, in the case of a Deliverable Obligation that is due and payable, the final maturity date shall be deemed to be the date on which such determination is made.

"Revised Currency Rate"

means, with respect to a Replacement Deliverable Obligation specified in a Physical Settlement Amendment Notice or a Replacement Valuation Obligation specified in the Valuation Settlement Amendment Notice, the rate of conversion between the currency in which the Replaced Deliverable Obligation Outstanding Amount or the Replaced Valuation Obligation Outstanding Amount, as applicable, is denominated and the currency in which the Outstanding Principal Balance or Due and

Payable Amount of such Replacement Deliverable Obligation or such Replacement Valuation Obligation, as applicable, is denominated that is determined either (a) by reference to the Currency Rate Source as at the Next Currency Fixing Time or (b) if such rate is not available at such time, by the Calculation Agent.

"Scheduled Maturity Date" has the meaning given to it in the Applicable Pricing Supplement.

"Seniority Level" means, with respect to an obligation of the Reference Entity:

- (a) "Senior Level" or "Subordinated Level" as specified in the Applicable Pricing Supplement, or
- (b) if no such seniority level is specified in the Applicable Pricing Supplement, "Senior Level" if the Original Non-Standard Reference Obligation is a Senior Obligation or "Subordinated Level" if the Original Non-Standard Reference Obligation is a Subordinated Obligation, failing which
- (c) "Senior Level".

"Senior Obligation" means any obligation which is not Subordinated to any unsubordinated Borrowed Money obligation of the relevant Reference Entity.

"Settlement Currency" means the currency specified as such in the Applicable Pricing Supplement, or if no currency is specified in the Applicable Pricing Supplement, the Payment Currency of the Credit Linked Notes.

"Settlement Method" means, if (a) Auction Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement, Auction Settlement or (b) Cash Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement, Cash Settlement, or (c) Physical Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement, Physical Settlement.

"Solvency Capital Provisions" means any terms in an obligation which permit the Reference Entity's payment obligations thereunder to be deferred, suspended, cancelled, converted, reduced or otherwise varied and which are necessary in order for the obligation to constitute capital resources of a particular tier.

"Sovereign" means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority acting in a governmental capacity (including without limiting the foregoing, the central bank) thereof.

"Sovereign Restructured Deliverable Obligation"	means an Obligation of a Reference Entity which is a Sovereign (either directly or as provider of a Relevant Guarantee) (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice or, where Auction Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement, a DC Credit Event Announcement has occurred and (b) which fell within paragraph (a) of the definition of "Deliverable Obligation" above immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.
"Sovereign Succession Event"	means, with respect to a Reference Entity that is a Sovereign, an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or, other similar event.
"Specified Number"	means the number of Public Source(s) specified in the Applicable Pricing Supplement, or if no such number is specified in the Applicable Pricing Supplement, two.
"SRO List"	means the list of Standard Reference Obligations as published by ISDA on its website at www.isda.org from time to time (or any successor website thereto) or by a third party designated by ISDA on its website from time to time.
"Standard Reference Obligation"	means the obligation of the Reference Entity with the relevant Seniority Level which is specified from time to time on the SRO List.
"Standard Specified Currency"	means: <ul style="list-style-type: none"> (a) if (A) Auction Settlement is specified as the applicable Settlement Method and (B) Local Market Variation is specified as not applicable, in each case, in the Applicable Pricing Supplement, each of the lawful currencies of Canada, Japan, Switzerland, France, Germany, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole); or (b) if sub-paragraph (a) above does not apply, each of the lawful currencies of Canada, Japan, Switzerland, France, Germany, South Africa, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole).

- "Steps Plan"** means a plan evidenced by Eligible Information contemplating that there will be a series of successions to some or all of the Relevant Obligations of the Reference Entity, by one or more entities.
- "Subordinated Obligation"** means any obligation which is Subordinated to any unsubordinated Borrowed Money obligation of the relevant Reference Entity or which would be so Subordinated if any unsubordinated Borrowed Money obligation of that Reference Entity existed.
- "Substitute Reference Obligation"** means, with respect to a Non-Standard Reference Obligation to which a Substitution Event has occurred, the obligation that will replace the Non-Standard Reference Obligation, determined by the Calculation Agent as follows:
- (a) The Calculation Agent shall identify the Substitute Reference Obligation in accordance with paragraphs (c), (d) and (e) below to replace the Non-Standard Reference Obligation; provided that where Auction Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement, the Calculation Agent will not identify an obligation as the Substitute Reference Obligation if, at the time of the determination, such obligation has already been rejected as the Substitute Reference Obligation by the relevant Credit Derivatives Determinations Committee and such obligation has not changed materially since the date of the relevant DC Resolution.
 - (b) If any of the events set forth under paragraph (a) or (b)(ii) of the definition of "Substitution Event" have occurred with respect to the Non-Standard Reference Obligation, the Non-Standard Reference Obligation will cease to be the Reference Obligation (other than for purposes of the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic and paragraph (c)(ii)). If the event set forth in paragraph (b)(i) of the definition of "Substitution Event" below has occurred with respect to the Non-Standard Reference Obligation and no Substitute Reference Obligation is available, the Non-Standard Reference Obligation will continue to be the Reference Obligation until the Substitute Reference Obligation is identified or, if earlier, until any of the events set forth under paragraph (a) or (b)(ii) of the definition of "Substitution Event" below occur with respect to such Non-Standard Reference Obligation.
 - (c) The Substitute Reference Obligation shall be an obligation that on the Substitution Date:
 - (i) is a Borrowed Money obligation of the

Reference Entity (either directly or as provider of a guarantee);

- (ii) satisfies the Not Subordinated Deliverable Obligation Characteristic as of the date it was issued or incurred (without reflecting any change to the priority of payment after such date) and on the Substitution Date; and
- (iii) (A) if the Non-Standard Reference Obligation was a Conforming Reference Obligation when issued or incurred and immediately prior to the Substitution Event Date:
 - (i) is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of "Deliverable Obligation" above; or if no such obligation is available,
 - (ii) is a Loan (other than a Private-side Loan) which constitutes a "Deliverable Obligation" determined in accordance with paragraph (a) of the definition of Deliverable Obligation above;
- (B) if the Non-Standard Reference Obligation was a Bond (or any other Borrowed Money obligation other than a Loan) which was a Non-Conforming Reference Obligation when issued or incurred and/or immediately prior to the Substitution Event Date:
 - (i) is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available,
 - (ii) is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of "Deliverable Obligation" above; or if no such obligation is available,
 - (iii) is a Non-Conforming Substitute Reference Obligation which is

a Loan (other than a Private-side Loan); or if no such obligation is available,

(iv) is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with paragraph (a) of the definition of "Deliverable Obligation" above; or

(C) if the Non-Standard Reference Obligation was a Loan which was a Non-Conforming Reference Obligation when incurred and/or immediately prior to the Substitution Event Date:

(i) is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available,

(ii) is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available,

(iii) is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of "Deliverable Obligation" above; or if no such obligation is available,

(iv) is a Loan (other than a Private-side Loan) which constitutes a "Deliverable Obligation" determined in accordance with paragraph (a) of the definition of Deliverable Obligation above.

(d) If more than one potential Substitute Reference Obligation is identified pursuant to the process described in paragraph (c) above, the Substitute Reference Obligation will be the potential Substitute Reference Obligation that most closely preserves the economic equivalent of the delivery and payment obligations of the Issuer under the Notes as determined by the Calculation Agent. The Issuer will notify the Noteholders in accordance with General Condition 16

(Early Redemption of Reference Obligation only Notes following a Substitution Event) of the Substitute Reference Obligation as soon as reasonably practicable after it has been identified in accordance with paragraph (c) above and the Substitute Reference Obligation shall replace the Non-Standard Reference Obligation.

- (e) If a Substitution Event has occurred with respect to the Non-Standard Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for the Non-Standard Reference Obligation then, subject to paragraph (a) above and notwithstanding the fact that the Non-Standard Reference Obligation may have ceased to be the Reference Obligation in accordance with paragraph (b) above, the Calculation Agent shall continue to attempt to identify the Substitute Reference Obligation.
- (f) For the avoidance of doubt, no Substitute Reference Obligation shall be determined in respect of any Credit Linked Notes that are Reference Obligation Only Notes.

"Substitution Date"

means, with respect to a Substitute Reference Obligation, the date on which the Calculation Agent notifies the Issuer of the Substitute Reference Obligation that it has identified in accordance with the definition of Substitute Reference Obligation above.

"Substitution Event"

means, with respect to the Non-Standard Reference Obligation:

- (a) the Non-Standard Reference Obligation is redeemed in whole; or
- (b) provided that the Credit Linked Notes to which the Non-Standard Reference Obligation relates are not Reference Obligation Only Notes:
 - (i) the aggregate amounts due under the Non-Standard Reference Obligation have been reduced by redemption or otherwise below ZAR100,000,000 (or its equivalent in the relevant Obligation Currency, as determined by the Calculation Agent); or
 - (ii) for any reason, other than due to the existence or occurrence of a Credit Event, the Non-Standard Reference Obligation is no longer an obligation of the Reference Entity (either directly or as provider of a guarantee).

For purposes of identification of the Non-Standard Reference Obligation, any change in the Non-Standard Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, constitute a Substitution Event. If an

event described in paragraph (a) or (b)(i) above has occurred on or prior to the Trade Date, then a Substitution Event shall be deemed to have occurred pursuant to paragraph (a) or (b)(i) above as the case may be, on the Trade Date.

"Substitution Event Date"

means, with respect to the Reference Obligation, the date of the occurrence of the relevant Substitution Event.

"Succession Date"

means the legally effective date of an event in which one or more entities succeed to some or all of the Relevant Obligations of the Reference Entity; provided that if at such time, there is a Steps Plan, the Succession Date will be the legally effective date of the final succession in respect of such Steps Plan, or if earlier (i) the date on which a determination pursuant to paragraph (a) of the definition of "Successor" below would not be affected by any further related successions in respect of such Steps Plan, or (ii) the occurrence of a Credit Event Determination Date in respect of the Reference Entity or any entity which would constitute a Successor.

"Successor"

means:

- (a) subject to paragraph (b) below, the entity or entities, if any, determined as follows:
 - (i) subject to paragraph (vii) below, if one entity succeeds, either directly or indirectly, as a provider of a Relevant Guarantee, to seventy-five per cent. or more of the Relevant Obligations of the Reference Entity, that entity will be the sole Successor;
 - (ii) if only one entity succeeds directly as a provider of a Relevant Guarantee, to more than twenty-five per cent. (but less than seventy-five per cent.) of the Relevant Obligations of the Reference Entity, and not more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than twenty-five per cent. of the Relevant Obligations will be the sole Successor;
 - (iii) if more than one entity each succeeds directly as a provider of a Relevant Guarantee, to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity, and not more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than twenty-five per cent. of the Relevant Obligations will each be a Successor and the General Conditions, these Credit Linked Conditions and/or the Applicable Pricing

Supplement will be adjusted as provided below;

- (iv) if one or more entity each succeed directly as a provider of a Relevant Guarantee, to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity, and more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor and the General Conditions, these Credit Linked Conditions and/or the Applicable Pricing Supplement will be adjusted as provided below;
- (v) if one or more entities succeed directly as a provider of a Relevant Guarantee, to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of such succession;
- (vi) if one or more entities succeed, either directly or indirectly, as a provider of a Relevant Guarantee, to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations will be the Successor (provided that if two or more entities succeed to an equal percentage of Relevant Obligations, each such entity will be a Successor and the General Conditions, these Credit Linked Conditions and/or the Applicable Pricing Supplement will be adjusted as provided below); and
- (vii) in respect of a Reference Entity which is not a Sovereign, if one entity assumes all of the obligations (including at least one Relevant Obligation) of the Reference Entity, and at the time of the determination either (A) the Reference Entity has ceased to exist, or (B) the Reference Entity is in the process of being dissolved (howsoever described) and the Reference Entity has not issued or incurred any Borrowed Money obligation at any time since the legally effective date of the assumption,

such entity (the Universal Successor) will be the sole Successor; and

- (b) An entity may only be a Successor if:
 - (i) either (A) the related Succession Date occurs on or after the Successor Backstop Date, or (B) such entity is a Universal Successor in respect of which the Succession Date occurred on or after 1 January 2014;
 - (ii) the Reference Entity had at least one Relevant Obligation outstanding immediately prior to the Succession Date and such entity succeeds to all or part of at least one Relevant Obligation of the Reference Entity; and
 - (iii) where the Reference Entity is a Sovereign, such entity succeeded to the Relevant Obligations by way of a Sovereign Succession Event.

The Calculation Agent will be responsible for determining, as soon as reasonably practicable after delivery of a Successor Notice and with effect from the Succession Date, any Successor or Successors under paragraph (a) above, Provided That where Auction Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement, the Calculation Agent will not make any such determination if, at the time of determination, the DC Secretary has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that there is no Successor based on the relevant succession to Relevant Obligations.

The Calculation Agent will make all calculations and determinations required to be made under this definition of Successor on the basis of Eligible Information and will, as soon as practicable after such calculation or determination, make such calculation or determination available for inspection by Noteholders at the specified office of the Paying Agent. In calculating the percentages used to determine whether an entity qualifies as a Successor under paragraph (a) above, if there is a Steps Plan, the Calculation Agent shall consider all related successions in respect of such Steps Plan in aggregate as if forming part of a single succession.

Where pursuant to paragraph (a)(iii), (a)(iv) or (a)(v) or (b) above, more than one Successor has been identified, the Calculation Agent shall adjust such of the General Conditions, these Credit Linked Conditions and/or the Applicable Pricing Supplement as it shall determine to be appropriate to reflect that the Reference Entity has been succeeded by more than one Successor and shall determine the effective date of that adjustment. The Calculation Agent shall be deemed to be acting in a commercially reasonable manner if it adjusts such of the

General Conditions, these Credit Linked Conditions and/or the Applicable Pricing Supplement in such a manner as to reflect the adjustment to and/or division of any credit derivative transaction(s) related to or underlying the Credit Linked Notes under the provisions of the 2014 ISDA Credit Derivatives Definitions.

Upon the Calculation Agent making such adjustment, the Issuer shall give notice as soon as practicable to Noteholders in accordance with General Condition 16 (*Notices*) stating the adjustment to the General Conditions, these Credit Linked Conditions and/or the Applicable Pricing Supplement and giving brief details of the relevant Successor event.

If two or more entities (each, a **Joint Potential Successor**) jointly succeed to a Relevant Obligation (the **Joint Relevant Obligation**) either directly or as a provider of a Relevant Guarantee, then (i) if the Joint Relevant Obligation was a direct obligation of the Reference Entity, it shall be treated as having been succeeded to by the Joint Potential Successor (or Joint Potential Successors, in equal parts) which succeeded to such Joint Relevant Obligation as direct obligor or obligors, or (ii) if the Joint Relevant Obligation was a Relevant Guarantee, it shall be treated as having been succeeded to by the Joint Potential Successor (or Joint Potential Successors, in equal parts) which succeeded to such Joint Relevant Obligation as guarantor or guarantors, if any, or otherwise by each Joint Potential Successor in equal parts.

For the purposes of this definition of "Successor", "succeed" means, with respect to the Reference Entity and its Relevant Obligations, that an entity other than the Reference Entity (i) assumes or becomes liable for such Relevant Obligations whether by operation of law or pursuant to any agreement (including, with respect to a Reference Entity that is a Sovereign, any protocol, treaty, convention, accord, concord, entente, pact or other agreement), or (ii) issues Bonds or incurs Loans (the **Exchange Bonds** or **Loans**) that are exchanged for Relevant Obligations, and in either case the Reference Entity is not thereafter a direct obligor or a provider of a Relevant Guarantee with respect to such Relevant Obligations or such Exchange Bonds or Loans, as applicable. For purposes of this definition of "Successor", "succeeded" and "succession" shall be construed accordingly. In the case of an exchange offer, the determinations required pursuant to paragraph (a) of this definition of "Successor" shall be made on the basis of the outstanding principal balance of Relevant Obligations exchanged and not on the basis of the outstanding principal balance of the Exchange Bonds or Loans.

The Issuer shall publish the details of any Successor on SENS promptly following the determination thereof

"Successor Backstop Date"	means for purposes of any Successor determination determined by DC Resolution, the date that is ninety (90) calendar days prior to the Successor Resolution Request Date otherwise, the date that is ninety (90) calendar days prior to the earlier of (i) the date on which the Successor Notice is effective and (ii) if Auction Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement and in circumstances where (A) a Successor Resolution Request Date has occurred, (B) the relevant Credit Derivatives Determinations Committee has Resolved not to make a Successor determination and (C) the Successor Notice is delivered not more than fourteen (14) calendar days after the day on which the DC Secretary publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to make a Successor determination, the Successor Resolution Request Date. The Successor Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.
"Successor Notice"	means an irrevocable notice from the Calculation Agent to the Issuer that describes a succession (or, in relation to a Reference Entity that is a Sovereign, a Sovereign Succession Event) in respect of which a Succession Date has occurred and pursuant to which one or more Successors to the Reference Entity can be determined. A Successor Notice must contain a description in reasonable detail of the facts relevant to the determination to be made pursuant to paragraph (a) of the definition of "Successor" above.
"Successor Resolution Request Date"	means, with respect to a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve one or more Successors to the Reference Entity, the date, as publicly announced by the DC Secretary, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.
"Suspension Period"	shall have the meaning given to that term in Credit Linked Condition 11 (<i>Settlement Suspension</i>).
"Trade Date"	means the date specified as such in the Applicable Pricing Supplement.
"Transaction Auction Settlement Terms"	means the Credit Derivatives Auction Settlement Terms selected by the Calculation Agent in accordance with this provision. In relation to a Credit Event (and as set out in the definition of Credit Derivatives Auction Settlement Terms), ISDA may publish one or more form(s) of Credit Derivatives Auction Settlement Terms on its website at www.isda.org (or any successor website thereto) and may amend such forms from time to time. Each such form of Credit Derivatives Auction Settlement Terms shall set out, <i>inter alia</i> , definitions of "Auction", "Auction Cancellation Date", "Auction Covered Transaction" and "Auction Final Price Determination Date" in

relation to the relevant Credit Event. The Transaction Auction Settlement Terms for purposes of the Credit Linked Notes shall be the relevant form of Credit Derivatives Auction Settlement Terms for which the Reference Transaction would be an Auction Covered Transaction (as such term will be set out in the relevant Credit Derivatives Auction Settlement Terms). The Reference Transaction (as set out in the definition thereof) is a hypothetical credit derivative transaction included in these Credit Linked Conditions principally for the purpose of selecting the Credit Derivatives Auction Settlement Terms appropriate to the Credit Linked Notes.

"Undeliverable Obligation"

means a Deliverable Obligation included in the Entitlement which, on the Physical Settlement Date for such Deliverable Obligation, the Calculation Agent determines for any reason (including without limitation, failure of the relevant clearance system or due to any law, regulation, court order, contractual restrictions, statutory restrictions or market conditions or the non-receipt of any requisite consents with respect to the Delivery of Loans or non-delivery of an Asset Transfer Notice or any relevant information by a holder) it is impossible, impracticable or illegal to Deliver on the Physical Settlement Date.

"Underlying Obligation"

means, with respect to a guarantee, the obligation which is the subject of the guarantee.

"Underlying Obligor"

means with respect to an Underlying Obligation, the issuer in the case of a Bond, the borrower in the case of a Loan, or the principal obligor in the case of any other Underlying Obligation.

"Unwind Costs Payment Amount"

has the meaning given to that term in Credit Linked Condition 4 (*Physical Settlement*).

"Valuation Date"

means:

- (a) where Physical Settlement is specified in the Applicable Pricing Supplement, the date that is the number of Business Days specified in the Applicable Pricing Supplement (or, if the number of Business Days is not specified, five (5) Business Days after the Latest Permissible Physical Settlement Date); or
- (b) where Cash Settlement is specified in the Applicable Pricing Supplement, (A) if "Single Valuation Date" is specified in the Applicable Pricing Supplement and subject to Credit Linked Condition 10 (*Partial Cash Settlement*), (i) the date that is the number of Business Days specified in the Applicable Pricing Supplement (or, if the number of Business Days is not so specified, five (5) Business Days) following the Credit Event Determination Date (or if the Credit Event Determination Date occurs pursuant to paragraph (a)(ii) of the definition of "Credit Event Determination Date"

above, the day on which the DC Credit Event Announcement occurs) (or, if Cash Settlement is applicable pursuant to the Fallback Settlement Method, the date that is the number of Business Days specified in the Applicable Pricing Supplement or, if the number of Business Days is not so specified, five (5) Business Days following the Auction Cancellation Date, if any, or the relevant No Auction Announcement Date, if any, as applicable), or (ii) if the Calculation Agent determines appropriate by reference to the Hedging Arrangements, the Valuation Obligation Observation Date and (B) if "Multiple Valuation Dates" is specified in the Applicable Pricing Supplement, each of the following dates:

- (i) subject to Credit Linked Condition 11 (*Settlement Suspension*), the date that is the number of Business Days specified in the Applicable Pricing Supplement (or, if the number of Business Days is not specified, five (5) Business Days) following (a) the Credit Event Determination Date (or if the Credit Event Determination Date occurs pursuant to paragraph (a) of the definition of "Credit Event Determination Date" above, the day on which the DC Credit Event Announcement occurs) (or if Cash Settlement is the applicable Fallback Settlement Method, the date that is the number of Business Days specified in the Applicable Pricing Supplement (or, if the number of Business Days is not specified, five Business Days) following the Auction Cancellation Date, if any, or the relevant No Auction Announcement Date, if any, as applicable) or (b) if the Calculation Agent determines appropriate by reference to the Hedging Arrangements, the Valuation Obligation Observation Date; and
- (ii) each successive date that is the number of Business Days specified in the Applicable Pricing Supplement or, if the number of Business Days is not so specified, five (5) Business Days after the date on which the Calculation Agent obtains a Market Value with respect to the immediately preceding Valuation Date.

When "Multiple Valuation Dates" is specified in the Applicable Pricing Supplement, the total number of Valuation Dates shall be equal to the number of Valuation Dates specified in the Applicable Pricing Supplement (or, if the number of Valuation Dates is not so specified, five Valuation Dates).

If neither Single Valuation Date nor Multiple Valuation Dates is specified in the Applicable Pricing Supplement, Single Valuation Date shall apply.

"Valuation Method"

- (a) The following Valuation Methods may be specified in the Applicable Pricing Supplement with only one Valuation Date:
 - (i) **"Market"** means the Market Value determined by the Calculation Agent with respect to the Valuation Date; or
 - (ii) **"Highest"** means the highest Quotation obtained by the Calculation Agent with respect to the Valuation Date.
- (b) If no such Valuation Method is specified in the Applicable Pricing Supplement, the Valuation Method shall be Highest.
- (c) The following Valuation Methods may be specified in the Applicable Pricing Supplement with more than one Valuation Date:
 - (i) **"Average Market"** means the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to each Valuation Date; or
 - (ii) **"Highest"** means the highest Quotation obtained by the Calculation Agent with respect to any Valuation Date; or
 - (iii) **"Average Highest"** means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent with respect to each Valuation Date.
- (d) If no such Valuation Method is specified in the Applicable Pricing Supplement, the Valuation Method shall be Average Highest.

Notwithstanding paragraphs (a) to (d) above, if Quotations include Weighted Average Quotations or fewer than two Full Quotations, the Calculation Agent may at its option determine that the Valuation Method shall be Market or Average Market, as the case may be.

Where applicable, the Applicable Pricing Supplement may specify an alternative Valuation Method which shall be applicable in respect of the relevant Credit Linked Notes.

"Valuation Obligation"	means any Deliverable Obligation as selected by the Calculation Agent in its sole and absolute discretion.
"Valuation Obligation Observation Date"	means the last day of the longest Valuation Obligation Observation Settlement Period following the VSN Cut-off Date (the " Scheduled Valuation Obligation Observation Date ") provided that if a Hedge Disruption Event has occurred and is continuing on the second Business Day immediately preceding the Scheduled Valuation Obligation Observation Date, the Valuation Obligation Observation Date shall be the earlier of (i) the second Business Day following the date on which no Hedge Disruption Event subsists and (ii) the day falling sixty (60) Business Days following the Scheduled Valuation Obligation Observation Date.
"Valuation Obligation Observation Settlement Period"	means, subject to Credit Linked Condition 11 (<i>Settlement Suspension</i>), the number of Business Days specified as such in the Applicable Pricing Supplement or, if a number of Business Days is not so specified, then, with respect to a Valuation Obligation comprising the Valuation Reference Holding, the longest number of Business Days for settlement in accordance with then current market practice of such Valuation Obligation, as determined by the Calculation Agent provided that if the Issuer has notified the Noteholders in accordance with Credit Linked Condition 3 (<i>Cash Settlement</i>) that it will value an Asset Package in lieu of a Prior Deliverable Obligation or a Package Observable Bond, the Valuation Obligation Observation Settlement Period shall be thirty five (35) Business Days
"Valuation Reference Holding"	means, in respect of each nominal amount of Credit Linked Notes equal to the Nominal Amount, Valuation Obligations, as selected by the Calculation Agent, with: <ul style="list-style-type: none"> (a) in the case of Valuation Obligations that are Borrowed Money, an Outstanding Principal Balance; or (b) in the case of Valuation Obligations that are not Borrowed Money, a Due and Payable Amount, <p>(or, in the case of either (a) or (b) above, the equivalent Currency Amount of any such amount), in an aggregate amount as of the first relevant Valuation Date equal to the Nominal Amount less if Unwind Costs are specified as applying in the relevant Applicable Pricing Supplement and are positive, Valuation Obligations with a market value determined by the Calculation Agent on the Business Day selected by the Calculation Agent falling during the period from and including the Credit Event Determination Date to and including the first Valuation Date equal to a <i>pro rata</i> share of Unwind Costs.</p>
"Valuation Settlement Amendment Notice"	has the meaning given to that term in Credit Linked Condition 3 (<i>Cash Settlement</i>).

- "Valuation Time"** means the time specified as such in the Applicable Pricing Supplement or, if no time is so specified, 11.00 a.m. in the principal trading market for the relevant Valuation Obligation.
- "Voting Shares"** means the shares or other interests that have the power to elect the board of directors or similar governing body of an entity.
- "VSN Cut-off Date"** means, subject, where applicable, to Credit Linked Condition 11 (*Settlement Suspension*):
- (a) subject to paragraph (b) below, the thirtieth calendar day after the Credit Event Determination Date; or
 - (b) if, in accordance with the terms of Credit Linked Condition 2 (*Auction Settlement*), Credit Linked Condition 3 (*Cash Settlement*) applies as a result of the occurrence of (a) an Auction Cancellation Date or (b) a No Auction Announcement Date where the Issuer has not exercised the Movement Option; and:
 - (i) the relevant Credit Event is not an M(M)R Restructuring, the later of:
 - (A) the thirtieth calendar after the Credit Event Determination Date; and
 - (B) the thirtieth calendar day after the Auction Cancellation Date or the No Auction Announcement Date, occurring pursuant to paragraph (a) or (c)(i) of the definition of "No Auction Announcement Date" above, as applicable; or
 - (ii) the relevant Credit Event is an M(M)R Restructuring either:
 - (A) the later of:
 - (I) the thirtieth calendar day after the Credit Event Determination Date; and
 - (II) the thirtieth calendar day after:
 - (x) a No Auction Announcement Date occurring pursuant to paragraph (a) of the definition of "No Auction Announcement Date" above, if any;

- (y) a No Auction Announcement Date occurring pursuant to paragraph (c)(i) of the definition of "No Auction Announcement Date" above, if any; or
 - (z) the Auction Cancellation Date, if any, as applicable; or
- (B) the later of the Parallel Notice of Physical Settlement Date (or, if more than one Parallel Notice of Physical Settlement Date should occur, the last Parallel Notice of Physical Settlement Date), and the Relevant City Business Day immediately following the Parallel Auction Cancellation Date, if any (or, if more than one should occur, the last Parallel Auction Cancellation Date), as applicable, in circumstances where either:
- (I) a No Auction Announcement Date occurs pursuant to paragraph (a) of the definition of "No Auction Announcement Date" above and the Issuer has not exercised the Movement Option; or
 - (II) a No Auction Announcement Date occurs pursuant to paragraph (c)(ii) of the definition of "No Auction Announcement Date" above and the Issuer has not exercised the Movement Option,

provided that in the case of paragraph (b) above, the relevant Credit Event Resolution Request Date, if any, occurred on or prior to the thirtieth calendar day after the Credit Event Determination Date.

"VSN Effective Date"

means the date on which an effective Notice of Valuation Settlement or Valuation Settlement Amendment Notice, as the case may be, is delivered by the Issuer in accordance with Credit Linked Condition 3 (*Cash Settlement*).

"Weighted Average Quotation" means in accordance with the Quotation Method, the weighted average of firm quotations obtained from Quotation Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Valuation Obligation with an Outstanding Principal Balance or Due and Payable Amount, as applicable, of as large a size as available but less than the Quotation Amount (but, of a size at least equal to the Minimum Quotation Amount) that in aggregate are approximately equal to the Quotation Amount.

13. CREDIT EVENT NOTICE AFTER RESTRUCTURING CREDIT EVENT

If this Credit Linked Condition 13 (*Credit Event Notice After Restructuring Credit Event*) is specified as applicable in the Applicable Pricing Supplement, then, notwithstanding anything to the contrary in these Terms and Conditions, upon the occurrence of an M(M)R:

- (a) The Calculation Agent may deliver multiple Credit Event Notices in respect of such M(M)R Restructuring, each such Credit Event Notice setting forth the nominal amount of those Notes to which such Restructuring Credit Event applies (the "**Partial Redemption Amount**") that may be less than the aggregate nominal amount of those Notes outstanding immediately prior to the delivery of such Credit Event Notice. In such circumstances the Credit Linked Conditions and related provisions shall be deemed to apply to the Partial Redemption Amount only and each such Note shall be redeemed in part (such redeemed part being equal to the Partial Redemption Amount).
- (b) For the avoidance of doubt (A) the nominal amount of each Note not so redeemed in part shall remain outstanding and interest shall accrue on the nominal amount outstanding of such Note as provided in General Condition 8 (*Payments*) (adjusted in such manner as the Calculation Agent determines to be appropriate), (B) the Credit Linked Conditions and related provisions shall apply to such nominal amount outstanding of such Note in the event that subsequent Credit Event Notices are delivered in respect of the Reference Entity that was the subject of the Restructuring Credit Event and (C) if, following a Restructuring Credit Event, different Credit Event Determination Dates have been determined with respect to different portions of amounts payable or deliverable to Noteholders under the relevant Series, the Calculation Agent will (x) determine such adjustment(s) to these Terms and Conditions as may be required to achieve as far as practicable the same economic effect as if each such portion was a separate series or otherwise reflect or account for the effect of the above provisions of this Credit Linked Condition 13 (*Credit Event Notice After Restructuring Credit Event*) and (y) the effective date of such adjustment(s).
- (c) If the provisions of this Credit Linked Condition 13 (*Credit Event Notice After Restructuring Credit Event*) apply in respect of the Notes, on redemption of part of each such Note, in the case of Registered Notes, the Register and in the case of Order Notes or Bearer Notes, the Notes shall be endorsed to reflect such part redemption.

14. PROVISIONS RELATING TO MULTIPLE HOLDER OBLIGATION

Unless this Credit Linked Condition 14 (*Provisions Relating to Multiple Holder Obligation*) is specified as not applicable in the Applicable Pricing Supplement, then, notwithstanding anything to the contrary in the definition of Restructuring and related provisions, the occurrence of, agreement to, or announcement of, any of the events described in subparagraphs (a) to (e) of the definition of "Restructuring" shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.

"**Multiple Holder Obligation**" means an Obligation that (i) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates of each other and (ii) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six and two-thirds is required to consent to the event which constitutes a Restructuring Credit Event, provided that any Obligation that is a Bond shall be deemed to satisfy the requirement in paragraph (ii) above.

15. CALCULATION AGENT NOTICES

Any notice to be delivered by the Calculation Agent to the Issuer, as applicable, pursuant to these Credit Linked Conditions may be given in writing (including by facsimile and/or email) and/or by telephone. Any such notice will be effective when given, regardless of the form in which it is delivered. A notice given by telephone will be deemed to have been delivered at the time the telephone conversation takes place. If the notice is delivered by telephone, a written confirmation will be executed and delivered confirming the substance of that notice within one Calculation Agent City Business Day of that notice. Failure to provide that written confirmation will not affect the effectiveness of that telephonic notice.

For the purposes of determining the day on which an event occurs for purposes of these Credit Linked Conditions, the Calculation Agent will determine the demarcation of days by reference to Greenwich Mean Time (or, if the Reference Entity has a material connection to Japan for these purposes, Tokyo time) irrespective of the time zone in which such event occurred. Any event occurring at midnight shall be deemed to have occurred immediately prior to midnight.

In addition, if a payment is not made by the Reference Entity on its due date or, as the case may be, on the final day of the relevant Grace Period, then such failure to make a payment shall be deemed to have occurred on such day prior to midnight Greenwich Mean Time (or, if the Reference Entity has a material connection to Japan for these purposes, Tokyo time), irrespective of the time zone of its place of payment.

16. EARLY REDEMPTION OF REFERENCE OBLIGATION ONLY NOTES FOLLOWING A SUBSTITUTION EVENT

If the Notes are Reference Obligation Only Notes relating to a single Reference Entity and the event set out in paragraph (a) of the definition of "Substitution Event" above occurs with respect to the Reference Obligation, then:

- (a) interest (if any) shall cease to accrue on the Notes from and including the Interest Payment Date immediately preceding the relevant Substitution Event Date or, if no Interest Payment Date has occurred, no interest will accrue on the Credit Linked Notes; and
- (b) each Note will be redeemed by the Issuer at its relevant Reference Obligation Only Termination Amount specified in, or determined in the manner specified in, the

Applicable Pricing Supplement in the Specified Currency on the Maturity Date, which for the purposes of this Credit Linked Condition 16 (*Early Redemption of Reference Obligation only Notes following a Substitution Event*) shall be the day falling five (5) Business Days following the relevant Substitution Event Date.

17. DC RESOLUTION ADJUSTMENT EVENTS

Where Auction Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement, if following the publication of a DC Resolution (the "**Prior DC Resolution**"), a further DC Resolution (the relevant "**Further DC Resolution**") is published the effect of which would be to reverse all or part of the Prior DC Resolution or if any DC Resolution would reverse any determination made by the Calculation Agent and/or the occurrence of a Credit Event Determination Date, notwithstanding any other provisions of these Credit Linked Conditions the Calculation Agent may, in its sole and absolute discretion, make any adjustment(s) that the Calculation Agent determines is necessary or desirable to the General Conditions or these Credit Linked Conditions to reflect the publication of such Further DC Resolution or DC Resolution, including, without limitation, as a result of the impact or effect of such Further DC Resolution or DC Resolution on the Issuer's Hedging Arrangements (if any at the relevant time), or if none at the relevant time, the PSN Effective Date or the Delivery Date, as applicable. Following publication of such Further DC Resolution or DC Resolution, as the case may be, the Note shall continue on the same terms and conditions as applied immediately prior to the Prior DC Resolution or Calculation Agent determination subject to the provisions of this Credit Linked Condition 17 (*Dc Resolution Adjustment Events*), any necessary amendments arising from the Prior DC Resolution or Calculation Agent determination that were not amended or reversed in the Further DC Resolution or DC Resolution, as the case may be, or any necessary new amendments arising in the Further DC Resolution or DC Resolution.

ANNEX 2

ADDITIONAL EQUITY LINKED NOTE TERMS AND CONDITIONS

The terms and conditions applicable to Equity Linked Notes shall comprise the Terms and Conditions of the Notes set out above (the **General Conditions**) and the Additional Equity Linked Note Terms and Conditions set out below (the **Equity Linked Conditions**), in each case subject to completion and/or amendment in the Applicable Pricing Supplement. If there is any inconsistency between the General Conditions and the Equity Linked Conditions of any Equity Linked Notes, the Equity Linked Conditions will prevail. If there is any inconsistency between (i) the General Conditions and/or the Equity Linked Conditions and (ii) the Applicable Pricing Supplement, the Applicable Pricing Supplement shall prevail.

1. EQUITY LINKED DEFINITIONS

In this Annex, unless inconsistent with the context or separately defined in the Applicable Pricing Supplement, the following expressions have the following meanings:

Averaging Date means each date specified as an Averaging Date in the Applicable Pricing Supplement or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day, unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day:

- (a) if **Omission** is specified as applying in the Applicable Pricing Supplement, then such date will be deemed not to be an Averaging Date for the purposes of determining the Share Price of any relevant Share; provided that, if through the operation of this provision there would not be an Averaging Date, then the provisions of the definition of "Valuation Date" will apply for purposes of determining the relevant price of each relevant Share on the final Averaging Date, as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if **Postponement** is specified as applying in the Applicable Pricing Supplement, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the Share Price of each relevant Share on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if **Modified Postponement** is specified as applying in the Applicable Pricing Supplement then:
 - (i) where the Equity Linked Notes relate to a single Share, the Averaging Date will be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that eighth Scheduled Trading Day will be deemed the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent will determine the relevant price for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of "Valuation Date" below; and

- (ii) where the Equity Linked Notes relate to a Basket of Shares, the Averaging Date for each Share not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the **Scheduled Averaging Date**) and the Averaging Date for a Share affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Share. If the first succeeding Valid Date in relation to such Share has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that eighth Scheduled Trading Day will be deemed the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in relation to such Share, and (B) the Calculation Agent will determine the relevant price for that Averaging Date in accordance with sub-paragraph (b)(ii) of the definition of "Valuation Date" below,
- (i) For the purposes of these Equity Linked Conditions **Valid Date** means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is deemed not to occur.

Basket of Shares means, subject to adjustment in accordance with these Equity Linked Conditions, a basket composed of Shares of each Share Company as specified in the Applicable Pricing Supplement.

Disrupted Day means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

Disruption Cash Settlement Price means, in respect of each Note, an amount equal to the fair market value of such Note (but not taking into account any Interim Amount in respect of such Note and paid pursuant to the Terms and Conditions) on such day as shall be selected by the Issuer in its sole and absolute discretion provided that such day is not more than fifteen days before the date that the Election Notice is given as provided in Equity Linked Condition 9 (*Failure to Deliver due to Illiquidity*) below less the cost to the Issuer and/or its Affiliates or agents of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including the cost of funding in respect of such hedging arrangements), all as calculated by the Calculation Agent.

Early Closure means the closure on any Exchange Business Day of any relevant Exchange or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day, and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time, the Knock-in Valuation Time or the Knock-out Valuation Time, as the case may be, on such Exchange Business Day.

Exchange means, in relation to a Share, each exchange or quotation system specified as such for such Share in the Applicable Pricing Supplement, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange).

Exchange Business Day means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

Exchange Disruption means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Shares on the Exchange or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Share on any relevant Related Exchange.

Failure to Deliver Settlement Price means, in respect of each Note, the fair market value of the Affected Relevant Assets in respect of such Note on the fifth Business Day prior to the date on which the Failure to Deliver Notice is given, less the cost to the Issuer and/or its Affiliates or agents of unwinding or adjusting any underlying or related hedging arrangements (including the cost of funding in respect of such hedging arrangements), all as calculated by the Calculation Agent.

Intervening Period means such period of time as any person other than the relevant Designated Transferee continues to be registered as the legal owner of any securities or other obligations comprising the Entitlement.

Observation Cut-Off Date means, in respect of a Scheduled Observation Date, the earlier of (i) the eighth Scheduled Trading Day immediately following the relevant Scheduled Observation Date, and (ii) the second Business Day immediately preceding the date of payment or delivery of any amount calculated in respect of such Observation Date pursuant to the definition of Observation Date or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

Observation Date means each date specified as such in the Applicable Pricing Supplement, or if such date is not a Scheduled Trading Day the first Scheduled Trading Day thereafter unless, in the opinion of the Calculation Agent such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) where the Equity Linked Notes relate to a single Share, that Observation Date will be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days immediately following the Scheduled Observation Date up to and including the Observation Cut-Off Date is a Disrupted Day. In that case, (i) the Observation Cut-Off Date will be deemed that Observation Date (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent will determine the relevant Share Price in the manner set out in the Applicable Pricing Supplement or, if not set out or if not practicable, determine the relevant Share Price in accordance with its good faith estimate of the relevant price as of the Valuation Time on the Observation Cut-Off Date; or
- (b) where the Equity Linked Notes relate to a Basket of Shares, that Observation Date for each Share not affected by the occurrence of a Disrupted Day will be the Scheduled Observation Date and that Observation Date for each Share affected (each an **Affected Share**) by the occurrence of a Disrupted Day will be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Share, unless each of the Scheduled Trading Days immediately following the Scheduled Observation Date up to and including the Observation Cut-Off Date is a Disrupted Day relating to the Affected Share. In that case, (i)

the Observation Cut-Off Date will be deemed that Observation Date for the Affected Share (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent will determine the relevant Share Price using, in relation to the Affected Share, a price determined in the manner set out in the Applicable Pricing Supplement or, if not set out or if not practicable, using its good faith estimate of the price for the Affected Share as of the Valuation Time on the Observation Cut-Off Date, and otherwise in accordance with the above provisions.

Observation Period means the period or periods specified as such in the Applicable Pricing Supplement.

Related Exchange means, in relation to a Share, each exchange or quotation system specified as such for such Share in the Applicable Pricing Supplement, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Share on such temporary substitute exchange or quotation system as on the original Related Exchange), provided, however, that where "All Exchanges" is specified as the Related Exchange in the Applicable Pricing Supplement, **Related Exchange** means each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Share.

Scheduled Closing Time means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

Scheduled Observation Date means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been an Observation Date.

Scheduled Trading Day means any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

Scheduled Valuation Date means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

Settlement Disruption Event means an event beyond the control of the Issuer as a result of which, in the opinion of the Calculation Agent, delivery of the Entitlement by or on behalf of the Issuer in accordance with the Terms and Conditions and/or the Applicable Pricing Supplement is not reasonably practicable.

Shares and Share mean, subject to adjustment in accordance with these Equity Linked Conditions, the shares or a share, subject as provided in Equity Linked Condition 4 (*Potential Adjustment Events, Merger Event, Tender Offer, De-Listing, Nationalisation and Insolvency*), specified as such in the Applicable Pricing Supplement and related expressions are to be construed accordingly.

Share Closing Price means, in respect of a Share and subject to these Equity Linked Conditions and to "Valuation Date", "Knock-in Determination Day", "Knock-out Determination Day", "Averaging Date" or "Observation Date", as the case may be, an amount equal to the official closing price of such Share quoted on the relevant Exchange

as determined by the Calculation Agent on (A) if Averaging is not specified in the Applicable Pricing Supplement, the Valuation Date, a Knock-in Determination Day, a Knock-out Determination Day or an Observation Date, as the case may be, or (B) if Averaging is specified in the Applicable Pricing Supplement, an Averaging Date, and if Exchange Rate is specified as applicable in the Applicable Pricing Supplement, such price as converted into the Specified Currency at the Exchange Rate.

Share Company means, in respect of a Share, the company that has issued such Share.

Share Performance means, in relation to an Averaging Date, a Valuation Date, an Observation Date, a Knock-in Determination Day or a Knock-out Determination Day, as the case may be, an amount expressed as a percentage determined by the Calculation Agent in accordance with the formula or such other basis of reference designated for such purpose in the Applicable Pricing Supplement.

Share Price means, in respect of a Share and a time on a Scheduled Trading Day and subject to these Equity Linked Conditions, the price of such Share at such time on such day as determined by the Calculation Agent.

Trading Disruption means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to the Share on the Exchange or (ii) in futures or options contracts relating to the Share on any relevant Related Exchange.

Valuation Cut-Off Date means, in respect of a Scheduled Valuation Date, the earlier of (i) the eighth Scheduled Trading Day immediately following the relevant Scheduled Valuation Date and (ii) the second Business Day immediately preceding the date of payment or delivery of any amount calculated pursuant to the definition of Valuation Date or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

Valuation Date means in the case of the Notes, each Valuation Date specified in the Applicable Pricing Supplement or if that is not a Scheduled Trading Day the first Scheduled Trading Day thereafter unless, in the opinion of the Calculation Agent such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (a) where the Equity Linked Notes relate to a single Share, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days up to and including the Valuation Cut-Off Date is a Disrupted Day. In that case, (i) the Valuation Cut-Off Date shall be deemed the Valuation Date (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price in the manner set out in the Applicable Pricing Supplement or, if not set out or if not practicable, determine the relevant price in accordance with its good faith estimate of the relevant price as of the Valuation Time on the Valuation Cut-Off Date; or
- (b) where the Equity Linked Notes relate to a Basket of Shares, the Valuation Date for each Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and the Valuation Date for each Share affected (each an **Affected Share**) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Share, unless each of the Scheduled Trading Days immediately

following the Scheduled Valuation Date up to and including the Valuation Cut-Off Date is a Disrupted Day relating to the Affected Share. In that case, (i) the Valuation Cut-Off Date shall be deemed the Valuation Date for the Affected Share (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price using, in relation to the Affected Share, a price determined in the manner set out in the Applicable Pricing Supplement or, if not set out or if not practicable, using its good faith estimate of the price for the Affected Share as of the Valuation Time on the Valuation Cut-Off Date, and otherwise in accordance with the above provisions.

Valuation Time means the Valuation Time specified in the Applicable Pricing Supplement or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date, Observation Date or Averaging Date, as the case may be, in relation to each Share to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time or, where the Share Price is to be determined during any period, each relevant time at which the Share Price is so determined.

2. MARKET DISRUPTION

Market Disruption Event means, in relation to a Share, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one-hour period that ends at the Valuation Time, Knock-in Valuation Time or Knock-out Valuation Time, as the case may be, for such Share or (iii) an Early Closure.

3. CORRECTION TO SHARE PRICES

If the Share Price is published on any Valuation Date, Observation Date, Averaging Date or any other date for Share valuation or observation, as the case may be, by the relevant Exchange and which is utilised for any calculation or determination made for the purposes of the Notes (a **Relevant Calculation**) is subsequently corrected and the correction (the **Corrected Share Price**) published by the relevant Exchange no later than 2 (two) Business Days prior to the date of payment of any amount to be calculated by reference to the Relevant Calculation, then such Corrected Share Price will be deemed to be the relevant Share Closing Price on such Averaging Date, Observation Date, Valuation Date or other relevant date, as the case may be, and the Calculation Agent will use such Corrected Share Price in determining the relevant price.

4. POTENTIAL ADJUSTMENT EVENTS, MERGER EVENT, TENDER OFFER, DE-LISTING, NATIONALISATION AND INSOLVENCY

4.1 **Potential Adjustment Event** means any of the following:

- (a) a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event or, if Tender Offer is specified as applying in the Applicable Pricing Supplement, a Tender Offer) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- (b) a distribution, issue or dividend to existing holders of the relevant Shares of (A) such Shares or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or

proportionately with such payments to holders of such Shares or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Share Company as a result of a spin-off or other similar transaction or (D) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Calculation Agent;

- (c) a free distribution of assets by the Share Company which the Calculation Agent determines to be an extraordinary dividend;
- (d) a call by a Share Company in respect of relevant Shares that are not fully paid;
- (e) an acquisition by the Share Company or any of its subsidiaries, as the case may be, of relevant Shares whether out of profits or capital and whether the consideration for such acquisition is cash, securities or otherwise; or
- (f) in respect of a Share Company an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Share Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event will be readjusted upon any redemption of such rights; or
- (g) any other event having, in the reasonable opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Shares.

Following the declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (i) make the corresponding adjustment(s), if any, to any one or more of the terms of the Terms and Conditions and/or the Applicable Pricing Supplement as the Calculation Agent determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, securities lending rate or liquidity relative to the relevant Share) and (ii) determine the effective date(s) of such adjustment(s). The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment(s) in respect of such Potential Adjustment Event made by a Related Exchange to futures contracts and options contracts in respect of the relevant Shares traded on that Related Exchange.

- 4.2 **Delisting** means, in respect of any relevant Shares, the Exchange announces that pursuant to the rules of such Exchange, such Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or, if Tender Offer is specified as applying in the Applicable Pricing Supplement, a Tender Offer) and are not immediately re-listed, re-traded or re-quoted on (A) where the Exchange is located in the United States of America, any of the New York Stock Exchange, the American Stock Exchange or the NASDAQ National Market System (or their respective successors); (B) where the Exchange is within the European Union and the United Kingdom, in any member state of the European Union and the United Kingdom; or (C) an exchange or quotation system located in the same country as the Exchange.

Insolvency means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the Share Company (A) all the Shares of that Share Company are required to be transferred to a trustee, liquidator, curator or other similar regulated official or (B) holders of the Shares of that Share Company become legally prohibited from transferring the Shares to other holders or at all.

Merger Date means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

Merger Event means, in respect of any relevant Shares, any (A) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (B) consolidation, amalgamation, merger or binding share exchange of the Share Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Company is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding), (C) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% (one hundred per cent) of the outstanding Shares of the Share Company that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (D) consolidation, amalgamation, merger or binding share exchange of the Share Company or its subsidiaries with or into another entity in which the Share Company is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% (fifty per cent) of the outstanding Shares immediately following such event, in each case if the Merger Date is on or before (i) in the case of cash settled Notes, the last occurring Valuation Date, Observation Date, or where Averaging is specified in the Applicable Pricing Supplement, the final Averaging Date or any other relevant date for Share valuation or observation, as the case may be, in respect of the relevant Share or (ii) in the case of Physical Delivery Notes, the Maturity Date.

Nationalisation means that all the Shares or all or substantially all the assets of the Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

Tender Offer means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10% (ten per cent.) and less than 100% (one hundred per cent.) of the outstanding voting shares of the Share Company, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

Tender Offer Date means, in respect of a Tender Offer, the date on which voting shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained (as determined by the Calculation Agent).

If (x) a Merger Event, Delisting, Nationalisation or Insolvency occurs in relation to a Share or Share Company and/or (y) if Tender Offer is specified as applicable in the Applicable Pricing Supplement, a Tender Offer occurs, the Issuer in its sole and absolute discretion may take the action described in (a), (b), (c), (d) or (e) below:

- (a) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any terms of the Terms and Conditions and/or the Applicable Pricing Supplement to account for the Delisting, Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, Delisting, Nationalisation or Insolvency made by any Related Exchange to futures contracts and/or options contracts in relation to the relevant Shares traded on that Related Exchange and the relevant adjustments may in the case of adjustments following a Merger Event or Tender Offer include, without limitation, adjustments to account for changes in volatility, expected dividends, securities lending rate or liquidity relevant to the affected Shares; or
- (b) where the Equity Linked Notes relate to a Basket of Shares on giving notice to the Noteholders in accordance with General Condition 16 (*Notices*), redeem each Note in part. If a Note is so redeemed in part, the portion (the **Partial Amount**) of each such Note representing the affected Share(s) will be redeemed and the Issuer will (x) pay to each Noteholder in respect of each Note held by such Noteholder an amount equal to the fair market value of the Partial Amount, taking into account the Merger Event, Tender Offer, Delisting, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent; and (y) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any of the terms of the Terms and Conditions and/or the Applicable Pricing Supplement to account for such redemption in part. Following such partial redemption and for the avoidance of doubt, the remaining part of each such Note after partial redemption and adjustment will remain outstanding with full force and effect. Payments will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 16 (*Notices*); or
- (c) give notice to the Noteholders in accordance with General Condition 16 (*Notices*) and redeem all, but not some, of the Notes, each Note to be redeemed at the Early Redemption Amount; or
- (d) following any adjustment to the settlement terms of futures contracts and/or options contracts relating to the Shares traded on a Related Exchange as the Issuer in its sole discretion may select, require the Calculation Agent to make a corresponding adjustment to any one or more of the terms of the Terms and Conditions and/or the Applicable Pricing Supplement which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Related Exchange. If at the relevant time no futures contracts and/or options contracts relating to the Shares are traded on the Related Exchange, the Calculation Agent may make such adjustment, if any, to any one or more of the terms of the Terms and Conditions and/or the Applicable Pricing Supplement as the Calculation Agent determines appropriate, with reference to the rules and precedents (if any) set by the Related Exchange to account for the Merger Event, Tender Offer, Delisting, Nationalisation or Insolvency, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Related Exchange if such futures contracts and/or options contracts were so traded; or

- (e) where the Equity Linked Notes relate to a Basket of Shares and if the Applicable Pricing Supplement provide that "Share Substitution" is applicable, then on or after the relevant Merger Date, Tender Offer Date, or the date of the Nationalisation, Insolvency or De-listing (as the case may be), the Calculation Agent may adjust the basket of Shares to include a share (the **Substitute Shares**) selected by it in accordance with the criteria for share selection (**Share Substitution Criteria**) set out in the Applicable Pricing Supplement in place of the Share(s) (the **Affected Share(s)**) which are affected by such Merger Event, Tender Offer, Nationalisation, Insolvency or De-listing and the Substitute Shares will be deemed to be "Shares" and the relevant issuer of such shares, a "Share Company" for the purposes of the Notes, and the Calculation Agent will make such adjustment, if any, to any of the terms of the Terms and Conditions and/or the Applicable Pricing Supplement as the Calculation Agent determines appropriate.

Upon the occurrence of a Merger Event, Delisting, Nationalisation, Insolvency or, if applicable, Tender Offer, the Issuer will give notice as soon as practicable to the Noteholders in accordance with General Condition 16 (*Notices*), stating the occurrence of the Delisting, Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto, provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such Merger Event, Tender Offer, Delisting, Nationalisation or Insolvency, as the case may be, and/or any action taken by the Issuer in relation thereto.

5. ADDITIONAL DISRUPTION EVENTS

- 5.1 **Additional Disruption Event** means any of Change in Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Loss of Stock Borrow and/or Insolvency Filing, in each case if specified in the Applicable Pricing Supplement.

- (a) **Change in Law** means that, on or after the Trade Date (as specified in the Applicable Pricing Supplement) (i) due to the adoption of, or any change in, any relevant applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of, or any change in the interpretation by any court, tribunal, government or regulatory authority with competent jurisdiction of any relevant applicable law or regulation (including any action taken by any taxing authority), and/or (iii) due to the public statement or action by any court, tribunal, government or regulatory authority (including any taxing authority) or any official or representative of any court, tribunal, governmental or regulatory authority (including any taxing authority), in each case acting in an official capacity, the Calculation Agent determines that (A) it has become illegal or unlawful to hold, acquire, establish, re-establish, maintain, unwind or dispose of any relevant hedge position relating to a Share, or (B) the Issuer has suffered, or there is a reasonable likelihood that the Issuer will suffer a material penalty, injunction, non-financial burden, reputational harm or other material adverse consequences in connection with holding, acquiring, establishing, re-establishing, maintaining, unwinding or disposing of any relevant hedge position relating to a Share, or (C) it will incur a materially increased cost in performing its obligations in relation to the Equity Linked Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its Affiliates).
- (b) **Hedging Disruption** means that the Issuer and/or any of its Affiliates or agents is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-

establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Equity Linked Notes, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

- (c) **Hedging Shares** means the number of Shares that the Issuer deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Equity Linked Notes.
- (d) **Increased Cost of Hedging** means that the Issuer and/or any of its Affiliates or agents would incur a materially increased (as compared with circumstances existing on the Trade Date amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to such Equity Linked Notes, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates or agents will not be deemed an Increased Cost of Hedging.
- (e) **Increased Cost of Stock Borrow** means that the Issuer and/or any of its Affiliates or agents would incur a rate to borrow Shares that is greater than the Initial Stock Loan Rate.
- (f) **Initial Stock Loan Rate** means, in respect of a Share, the Initial Stock Loan Rate specified in relation to such Share in the Applicable Pricing Supplement.
- (g) **Insolvency Filing** means that a Share Company institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Share Company will not be deemed an Insolvency Filing.
- (h) **Loss of Stock Borrow** means that the Issuer and/or any of its Affiliates or agents is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) a number of Shares equal to the number of Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.
- (i) **Maximum Stock Loan Rate** means in respect of a Share, the Maximum Stock Loan Rate specified in the Applicable Pricing Supplement.

5.2 If an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may take the action described in (a) or (b) below:

- (a) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any of the terms of the Terms and Conditions and/or the Applicable Pricing Supplement to account for the Additional Disruption Event and determine the effective date of that adjustment; or

- (b) give notice to Noteholders in accordance with General Condition 16 (*Notices*) and redeem all, but not some only, of the Notes, each Note being redeemed at the Early Redemption Amount.

Upon the occurrence of an Additional Disruption Event, the Issuer will give notice as soon as practicable to the Holders of the affected Equity Linked Notes in accordance with General Condition 16 (*Notices*), stating the occurrence of the relevant Additional Disruption Event giving details thereof and the action proposed to be taken in relation thereto provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event or the action taken by the Issuer in relation thereto.

6. **KNOCK-IN EVENT, KNOCK-OUT EVENT**

If "Knock-in Event" is specified as applicable in the Applicable Pricing Supplement, then the payment and/or delivery obligations under the Notes relating to the occurrence of a Knock-in Event will be as set out in the Applicable Pricing Supplement.

If "Knock-out Event" is specified as applicable in the Applicable Pricing Supplement, then the payment and/or delivery obligations under the Notes relating to the occurrence of a Knock-out Event shall be as set out in the Applicable Pricing Supplement.

Unless otherwise specified in the Applicable Pricing Supplement:

Knock-in Determination Day means the date(s) specified as such in the Applicable Pricing Supplement or, if any such date is not a Scheduled Trading Day, the first succeeding Scheduled Trading Day thereafter or, if not so specified, each Scheduled Trading Day during the Knock-in Determination Period, subject, in each case, as provided in Knock-in/Knock-out Disrupted Day Adjustments below.

Knock-in Determination Period means the period which commences on, and includes, the Knock-in Period Start Date and ends on, and includes, the Knock-in Period End Date.

Knock-in Event is as specified in the Applicable Pricing Supplement.

Knock-in/Knock-out Disrupted Day Adjustments means:

- (a) if the Knock-in Valuation Time or the Knock-out Valuation Time is a single time on each relevant day and any Knock-in Determination Day or Knock-out Determination Day is a Disrupted Day then, if "Knock-in/Knock-out Determination Day consequences of a Disrupted Day" is specified in the Applicable Pricing Supplement as:
 - (i) **Omission**, then such date will be deemed not to be a Knock-in Determination Day or Knock-out Determination Day for the purposes of determining whether a Knock-in Event or a Knock-out Event has occurred, as applicable; provided that if the Knock-in Period End Date or the Knock-out Period End Date is a Disrupted Day and no Knock-in Event or Knock-out Event has occurred in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period End Date or Knock-out Period End Date, as applicable, will be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on the Knock-in Period End Date or Knock-out Period End Date, as applicable, as if such Knock-in Period End Date or Knock-out Period End Date, as

applicable, were a Valuation Date that was a Disrupted Day and the Calculation Agent will determine the relevant price of the relevant Share(s) in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the Applicable Pricing Supplement, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Knock-in Event or Knock-out Event will occur; or

(ii) **Postponement**, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on that Knock-in Determination Day or Knock-out Determination Day as if such Knock-in Determination Day or Knock-out Determination Day, as the case may be, were a Valuation Date that was a Disrupted Day and the Calculation Agent will determine the relevant price of the relevant Share(s) in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the Applicable Pricing Supplement, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for purposes of determining whether a Knock-in Event or Knock-out Event will occur; or

(b) if the Knock-in Valuation Time or the Knock-out Valuation Time specified in the Applicable Pricing Supplement is other than a single time on each relevant day and if on any Knock-in Determination Day or Knock-out Determination Day as of any Knock-in Valuation Time or Knock-out Valuation Time a Knock-in Event or Knock-out Event has or would have occurred but the conditions for a Disrupted Day have been satisfied at such time then, if "Knock-in/Knock-out intraday valuation consequences of disruption" is specified in the Applicable Pricing Supplement as:

(i) **Omission**, then such Knock-in Valuation Time or the Knock-out Valuation Time, as the case may be, will be ignored for purposes of determining whether a Knock-in Event or a Knock-out Event has occurred, provided that if no Knock-in Event or Knock-out Event has occurred in the Knock-in Determination Period or Knock-out Determination Period and the conditions for a Disrupted Day are satisfied as of the last occurring Knock-in Valuation Time or Knock-out Valuation Time on the Knock-in Period End Date or Knock-out Period End Date, as applicable, then such day will be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on the Knock-in Period End Date or Knock-out Period End Date, as applicable, as if such Knock-in Period End Date or Knock-out Period End Date, as applicable, were a Valuation Date that was a Disrupted Day and the Calculation Agent will determine the relevant price of the relevant Share or Shares in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the Applicable Pricing Supplement, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Knock-in Event or Knock-out Event will occur; or

(ii) **Materiality**, then (i) where the Calculation Agent determines that the relevant event or occurrence giving rise to such Disrupted Day is not material for the purposes of determining the Share Price as of such time,

the Knock-in Event or Knock-out Event, as applicable, may occur notwithstanding such event or occurrence, or (ii) where the Calculation Agent determines that the relevant event or occurrence giving rise to such Disrupted Day is material for the purposes of determining the Share Price as of such time, then the Knock-in Event or the Knock-out Event will be deemed not to have occurred at such time provided that if no Knock-in Event or Knock-out Event has occurred in the Knock-in Determination Period or Knock-out Determination Period and the conditions for a Disrupted Day are satisfied as of the last occurring Knock-in Valuation Time or Knock-out Valuation Time on the Knock-in Period End Date or Knock-out Period End Date, as applicable, then such day will be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on the Knock-in Period End Date or Knock-out Period End Date, as applicable, as if such Knock-in Period End Date or Knock-out Period End Date, as applicable, were a Valuation Date that was a Disrupted Day and the Calculation Agent will determine the relevant price of the relevant Share(s) in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the Applicable Pricing Supplement, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Knock-in Event or Knock-out Event will occur.

Knock-in Level means, in respect of a Share, the price of the Share specified as such or otherwise determined as provided in the Applicable Pricing Supplement.

Knock-in Period End Date means the date specified as such in the Applicable Pricing Supplement or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day or, if earlier, the second Business Day immediately preceding the date of payment or delivery of any amount calculated pursuant to the applicable Knock-in Event provisions or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

Knock-in Period Start Date means the date specified as such in the Applicable Pricing Supplement or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

Knock-in Valuation Time means the time or period of time on any Knock-in Determination Day specified as such in the Applicable Pricing Supplement or, if no such time is so specified, the Valuation Time, for which purposes references in the definition of Valuation Time to "Valuation Date", will be deemed to be to "Knock-in Determination Day".

Knock-out Determination Day means the date(s) specified as such in the Applicable Pricing Supplement, or, if any such date is not a Scheduled Trading Day, the first succeeding Scheduled Trading Day thereafter or each Scheduled Trading Day during the Knock-out Determination Period, subject, in each case, as provided in Knock-in/Knock-out Disrupted Day Adjustments above.

Knock-out Determination Period means the period which commences on, and includes, the Knock-out Period Start Date and ends on, and includes, the Knock-out Period End Date.

Knock-out Event is as specified in the Applicable Pricing Supplement.

Knock-out Level means, in respect of a Share, the price of the Share specified as such or otherwise determined as provided in the Applicable Pricing Supplement.

Knock-out Period End Date means the date specified as such in the Applicable Pricing Supplement or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day or, if earlier, the second Business Day immediately preceding the date of payment or delivery of any amount calculated pursuant to the applicable Knock-out Event provisions or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

Knock-out Period Start Date means the date specified as such in the Applicable Pricing Supplement or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

Knock-out Valuation Time means the time or period of time on any Knock-out Determination Day specified as such in the Applicable Pricing Supplement or, if no such time is so specified, the Valuation Time for which purposes, references in the definition of Valuation Time to "Valuation Date", shall be deemed to be to "Knock-out Determination Day".

7. PHYSICAL DELIVERY NOTES

If Equity Linked Notes are specified in the Applicable Pricing Supplement to be Physical Delivery Notes, in order to obtain delivery of the Entitlement(s) in respect of any Note the relevant Noteholder must deliver to the Transfer Agent not later than 14:00 in the place of reception on the Asset Transfer Notice Cut-Off Date, a duly completed Asset Transfer Notice (the **Asset Transfer Notice**) together with, where applicable, the Certificates relating to the Notes. No Asset Transfer Notice may be withdrawn after actual receipt thereof. Where applicable, no transfers of the Notes the subject thereof will be effected by the Transfer Agent after delivery of an Asset Transfer Notice.

Forms of the Asset Transfer Notice may be obtained during normal business hours from the specified office of the Transfer Agent.

In the Asset Transfer Notice the Noteholder must:

- (a) specify the name of the Noteholder and the physical and postal address and the banking and securities safe custody account details of the Noteholder in the event the Noteholder is deemed to be the Designated Transferee;
- (b) specify the name, physical and postal address and the banking and securities safe custody account details of the Designated Transferee;
- (c) specify the Nominal Amount of Notes which are the subject of such notice;
- (d) irrevocably instruct and authorise the Transfer Agent to cancel the relevant Notes and (if applicable) Certificates;
- (e) authorise the production of such notice in any applicable administrative or legal proceedings; and
- (f) include an irrevocable undertaking to pay all Delivery Expenses on or prior to the Delivery Expenses Cut-off Date (as defined below).

Noteholders of Equity Linked Notes that are Physical Delivery Notes must pay all Delivery Expenses to the Issuer prior to the Delivery Expenses Cut-off Date. If all Delivery Expenses have not been received by the Issuer on or prior to the Delivery Expenses Cut-off Date, the Issuer will not deliver the Relevant Assets comprising such Entitlement until the Issuer has received all Delivery Expenses.

Failure to properly complete and deliver an Asset Transfer Notice as contemplated above and, where applicable, the relevant Certificates may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered will be made by the Transfer Agent in its sole and absolute discretion and will be binding on both the relevant Noteholder and the Issuer.

Upon receipt of a duly completed Asset Transfer Notice the Transfer Agent will, in the case of Registered Notes, verify that the person specified in the notice as the Noteholder is the holder of the Note referred to therein according to the Register and in the case of Order Notes or Bearer Notes, the Transfer Agent may for all purposes regard the person disclosed as the Noteholder in the Asset Transfer Notice as the holder of the Note and the Transfer Agent will not be required to perform any further verification or confirmation as to the identity of the holder of the Note.

The Entitlement in respect of each Note will be delivered at the risk of the relevant Noteholder in such commercially reasonable manner as the Calculation Agent will in its sole discretion determine and notify to the Designated Transferee or in such manner as specified in the Applicable Pricing Supplement. Any Designated Transferee other than the Noteholder must be approved by the Issuer in writing prior to its designation as Designated Transferee. If not approved, the Noteholder will be deemed to be the Designate Transferee. If approved, the approved Designated Transferee will be deemed to be the duly authorised and mandated agent of the Noteholder and any delivery or payment to such approved Designated Transferee will be deemed for all purposes to be a delivery or payment to the Noteholder and shall satisfy the Issuer's delivery and transfer obligations in respect thereof. Such approved person will not be entitled to enforce any of the Noteholder's rights against the Issuer and the Issuer will have no liability or obligation to or in respect of the approved Designated Transferee. By delivery of an Asset Transfer Notice designating a Designated Transferee other than the Noteholder, the Noteholder shall be deemed to represent and warrant that the Designated Transferee has agreed to the foregoing.

If the Asset Transfer Notice and where applicable, the relevant Certificates, are delivered to the Issuer later than 14:00 on the Asset Transfer Notice Cut-Off Date, then the Entitlement in respect of the relevant Notes will be delivered as soon as practicable after the date on which the duly completed Asset Transfer Notice is received, at the risk of the relevant Noteholder in the manner provided above. In such case, such Noteholder will not be entitled to any payment or to other assets, whether in respect of interest or otherwise, in the event of such later delivery of the Entitlement and such later delivery will under no circumstances constitute an Event of Default in respect of the Issuer.

If the Noteholder fails to deliver an Asset Transfer Notice in the manner set out herein or, where applicable, fails to deliver the Certificates related thereto within one calendar year of the originally designated Maturity Date, the Issuer will be discharged from its obligations in respect of the relevant Notes and will have no further obligation or liability whatsoever in respect thereof.

Until delivery of the Entitlement is made, the Issuer or any person holding such assets on behalf of the Issuer will continue to be the legal owner of those assets. After delivery of the Entitlement and for the Intervening Period, none of the Issuer, the Calculation Agent nor any

other person will at any time (i) be under any obligation to deliver or procure delivery to the Noteholder or its approved Designated Transferee of any letter, certificate, notice, circular or any other document or payment whatsoever received by that person in respect of the securities or obligations included in such Entitlement, (ii) be under any obligation to exercise or procure the exercise of any or all rights (including voting rights) attaching or appertaining to such securities or obligations included in such Entitlement or (iii) be under any liability to a Noteholder for any loss, liability, damage, cost or expense that such Noteholder may sustain or suffer as a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of such securities or obligations included in such Entitlement.

Where the Entitlement is, in the determination of the Issuer, an amount other than an amount of Relevant Asset(s) capable of being delivered at the relevant time, (i) the Issuer will not deliver and the relevant Noteholder will not be entitled to receive in respect of its Notes that fraction of a Relevant Asset which is less than a whole number (the **Fractional Entitlement**) and (ii) the Issuer will pay to the relevant Noteholder a cash amount (to be paid at the same time as delivery of the Entitlement) equal to the fair market value (as determined by the Calculation Agent) of such Fractional Entitlement.

Any costs, taxes, duties and/or expenses (including stamp duty, securities transfer tax and/or other costs, taxes or expenses) (the **Delivery Expenses**) of effecting any delivery of the Entitlement will, in the absence of any provision to the contrary in the Applicable Pricing Supplement, be borne by the relevant Noteholder and will, unless otherwise specified in the Applicable Pricing Supplement, either be:

- (a) paid to the Issuer by such Noteholder on or prior to the day falling 10 (ten) Business Days following the date of delivery of the Asset Transfer Notice (the **Delivery Expenses Cut-off Date**) and in any event prior to the delivery of the Entitlement (and, in such case, the Issuer will not be required to deliver such Entitlement until it has received such payment); or
- (b) if so instructed by such Noteholder in the Asset Transfer Notice or if the Noteholder has not paid the Delivery Expenses on or prior to the Delivery Expenses Cut-off Date, deducted by the Issuer in the calculation of the Entitlement.

8. SETTLEMENT DISRUPTION EVENT

If, prior to the delivery of the Entitlement in accordance with these Terms and Conditions, a Settlement Disruption Event is subsisting, then the Maturity Date in respect of such Note will be postponed until the next Settlement Business Day on which no Settlement Disruption Event is subsisting and notice thereof will be given to the relevant Noteholder, in accordance with General Condition 16 (*Notices*). Such Noteholder shall not be entitled to any payment, whether of interest or otherwise, on such Note as a result of any delay in the delivery of the Entitlement pursuant to this Condition. Where delivery of the Entitlement has been postponed as provided in this Condition, the Issuer will not be in breach of these Terms and Conditions and no liability in respect thereof will attach to the Issuer.

For so long as delivery of the Entitlement in respect of any Note is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by payment to the relevant Noteholder of the Disruption Cash Settlement Price not later than on the 3rd (third) Business Day following the date that the

notice of such election (the **Election Notice**) is given to the Noteholders in accordance with General Condition 16 (*Notices*).

9. FAILURE TO DELIVER DUE TO ILLIQUIDITY

If Failure to Deliver due to Illiquidity is specified as applicable in the Applicable Pricing Supplement and, in the opinion of the Calculation Agent, it is impossible or impracticable to deliver, when due, some or all of the Relevant Assets comprising the Entitlement (the **Affected Relevant Assets**), where such failure to deliver is due to illiquidity in the market for the Relevant Assets (a **Failure to Deliver due to Illiquidity**), then:

- (i) subject as provided elsewhere in the Terms and Conditions and/or the Applicable Pricing Supplement, any Relevant Assets which are not Affected Relevant Assets, will be delivered on the originally designated Maturity Delivery Date in accordance with the Terms and Conditions; and
- (ii) in respect of any Affected Relevant Assets, notwithstanding any other provision hereof, the Issuer may elect in its sole discretion, in lieu of delivery of the Affected Relevant Assets, to pay to the relevant Noteholder the Failure to Deliver Settlement Price on the fifth Business Day following the date the Failure to Deliver Notice is given to the Noteholders in accordance with General Condition 16 (*Notices*). The Issuer will give notice (such notice a **Failure to Deliver Notice**) as soon as reasonably practicable to the Noteholders in accordance with General Condition 16 (*Notices*) that the provisions of this Equity Linked Condition 9 (*Failure to Deliver due to Illiquidity*) apply.

10. OPTION TO VARY SETTLEMENT

Unless "Issuer's option to vary Settlement" is specified as Not Applicable in the Applicable Pricing Supplement, the Issuer has an option to vary settlement in respect of the Notes and the Issuer may at its sole and unfettered discretion in respect of each such Note elect not to pay the relevant Noteholders the Final Redemption Amount or to deliver or procure delivery of the Entitlement to the relevant Noteholders, as the case may be, but, in lieu thereof to deliver or procure delivery of the Entitlement or make payment of the Final Redemption Amount on the Maturity Date to the relevant Noteholders, as the case may be. Notification of such election will be given to Noteholders in accordance with General Condition 16 (*Notices*).

11. FUTURES PRICE VALUATION

- 11.1 If "Futures Price Valuation" is specified to apply in relation to a Share in the Applicable Pricing Supplement, in respect of such Share the following amendments will apply to these Equity Linked Conditions:

For the purposes of determining whether a day is a Scheduled Trading Day where Futures Price Valuation applies in relation to any Share, a Scheduled Trading Day must be a day on which the Official Settlement Price is published by the relevant Related Exchange in relation to the relevant Share to which Futures Price Valuation applies.

The Disrupted Day provisions in these Equity Linked Conditions will not apply in relation to any Share in respect of which Futures Price Valuation applies, unless there is a Non-Commencement or Discontinuance of the Exchange-traded Contract, in which case the Disrupted Day provisions will apply to the relevant Share.

For these purposes:

Exchange-traded Contract means, in relation to a Share, a futures or options contract specified as such for the Share in the Applicable Pricing Supplement, in each case, identified by reference to (a) the Share to which it relates, (b) the delivery month of such contract, and (c) the Related Exchange on which the relevant contract is traded.

Non-Commencement or Discontinuance of the Exchange-traded Contract means there is no Official Settlement Price as a result of the fact that trading in the Exchange-traded Contract never commences or is permanently discontinued at any time on or prior to a Valuation Date, Observation Date, Averaging Date or other date for valuation or observation, as the case may be, of the relevant Share.

Official Settlement Price means, the official settlement price (however described under the rules of the relevant Related Exchange or its clearing house) of the relevant Exchange-traded Contract published by the Related Exchange or its clearing house and as determined by the Calculation Agent.

Related Exchange means, in respect of a Share, the relevant exchange specified in the description of the Exchange-traded Contract for such Share in the Applicable Pricing Supplement.

Share Closing Price means, in relation to the relevant Share and any Scheduled Trading Day, the Official Settlement Price on such day.

11.2 Adjustments of the Exchange-traded Contract

If the terms of the relevant Exchange-traded Contract are changed or modified by the relevant Related Exchange, the Calculation Agent may make the appropriate adjustment, if any, to the Terms and Conditions and/or the Applicable Pricing Supplement to account for such change or modification.

11.3 Non-Commencement or Discontinuance of the Exchange-traded Contract

Where there is a Non-Commencement or Discontinuance of the Exchange-traded Contract, the Official Settlement Price for any Valuation Date, Observation Date, Averaging Date or any other relevant date for valuation or observation, as the case may be, of the relevant Share shall be deemed to be the Share Closing Price of the relevant Share at the close of the regular trading session on the relevant Exchange on the Valuation Date, Observation Date, Averaging Date or other relevant date.

11.4 Corrections of the Official Settlement Price

If the Official Settlement Price for any Valuation Date, Observation Date, Averaging Date or any other date for valuation or observation, as the case may be, in relation to the relevant Share (an **Exchange-traded Contract Relevant Calculation**) is subsequently corrected and the correction (the **Corrected Official Settlement Price**) is published by the relevant Related Exchange no later than two Business Days prior to the date of payment or delivery of any amount calculated by reference to the Exchange-traded Contract Relevant Calculation then the Corrected Official Settlement Price shall be deemed to be the Share Closing Price for such Share on such Valuation Date, Averaging Date, Observation Date or other relevant date, as the case may be, and the Calculation Agent shall use such Corrected Official Settlement Price in determining the relevant amount payable or deliverable.

ANNEX 3

ADDITIONAL TERMS AND CONDITIONS FOR FX LINKED NOTES

*The terms and conditions applicable to FX Linked Notes shall comprise the Terms and Conditions of the Notes set out above (the "**General Conditions**") and the Additional Terms and Conditions for FX Linked Notes set out below (the "**FX Linked Note Conditions**"), in each case subject to replacement or modification to the extent specified in the Applicable Pricing Supplement. In the event of any inconsistency between the General Conditions and the FX Linked Note Conditions, the FX Linked Note Conditions shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the FX Linked Note Conditions and (ii) the Applicable Pricing Supplement, the Applicable Pricing Supplement, shall prevail.*

1. CURRENCY VALUATION AND DISRUPTION PROVISIONS

(a) Disruption Events

If so specified in the Applicable Pricing Supplement, the occurrence of any of the following events, in respect of any Base Currency, Subject Currency and/or Subject Currencies, shall be a "**Disruption Event**":

- (i) Price Source Disruption;
- (ii) Illiquidity Disruption;
- (iii) Dual Exchange Rate;
- (iv) General Inconvertibility;
- (v) General Non-Transferability;
- (vi) Material Change in Circumstance;
- (vii) Nationalisation;
- (viii) Price Materiality;
- (ix) Benchmark Obligation Default;
- (x) Governmental Authority Default;
- (xi) Inconvertibility/Non-Transferability;
- (xii) Specific Inconvertibility;
- (xiii) Specific Non-Transferability; and/or

any other event that, in the opinion of the Calculation Agent, is analogous to any of sub-paragraphs (i) to (xiii) above (inclusive).

The Calculation Agent shall give notice as soon as reasonably practicable to Noteholders in accordance with General Condition 16 (*Notices*) of the occurrence of

a Disrupted Day on any day that but for the occurrence of the Disrupted Day would have been an Averaging Date or Settlement Price Date, as the case may be.

(b) Consequences of a Disruption Event

Upon the Calculation Agent determining that a Disruption Event has occurred or is continuing on any Averaging Date or Settlement Price Date, as the case may be (or, if different, the day on which prices for that date would, in the ordinary course, be published by the relevant FX Price Source), the Calculation Agent shall, in determining the consequences of the Disruption Event:

- (i) determine to apply:
 - (A) the applicable Disruption Fallback where the applicable Disruption Event is a Price Source Disruption or Price Materiality; otherwise
 - (B) Calculation Agent Determination where the applicable Disruption Event is other than Price Source Disruption or Price Materiality; or
- (ii) if an Averaging Date or Settlement Price Date is a Disrupted Day but is not the Redemption Valuation Date, if Delayed Redemption on the Occurrence of a Disruption Event is specified as being not applicable in the Applicable Pricing Supplement, determine that on giving notice to Noteholders in accordance with General Condition 16 (*Notices*), the Issuer shall redeem all but not some only of the Notes, each Note being redeemed by payment of an amount equal to the Calculated FX Disruption Amount. Payment shall be made in such manner as shall be notified to the Noteholders in accordance with General Condition 16 (*Notices*); or
- (iii) if an Averaging Date or Settlement Price Date is a Disrupted Day but is not the Redemption Valuation Date, if Delayed Redemption on the Occurrence of a Disruption Event is specified as being applicable in the Applicable Pricing Supplement, determine that on the Maturity Date the Issuer shall redeem each Note at an amount calculated by the Calculation Agent equal to (x) the Calculated FX Disruption Amount calculated on the Calculated FX Disruption Amount Determination Date plus interest accrued on the Calculated FX Disruption Amount on a daily basis from and including the Calculated FX Disruption Amount Determination Date to but excluding the Maturity Date, each such daily accrual rate being at a rate equal to the Issuer's funding cost on or about the relevant day or (y) if greater, its nominal amount; or
- (iv) if an Averaging Date or Settlement Price Date is a Disrupted Day but is not the Redemption Valuation Date, if (i) Delayed Redemption on the Occurrence of a Disruption Event is specified as being not applicable in the Applicable Pricing Supplement and (ii) FX Deliverable Obligations are specified in the Applicable Pricing Supplement, determine that on giving notice to Noteholders in accordance with General Condition 16 (*Notices*) (an "**FX Deliverable Obligations Redemption Notice**"), the Issuer shall redeem all but not some only of the Notes, each Note being redeemed by:
 - (A) Delivery of the FX Deliverable Obligations comprising the FX Entitlement to the FX Designated Transferee on or before the FX

Physical Settlement Date, subject to and in accordance with FX Linked Note Condition 1(f) (*Physical delivery*); or

- (B) payment of the FX Entitlement Fair Market Value. Payment shall be made in such manner as shall be notified to the Noteholders in accordance with General Condition 16 (*Notices*); or
- (v) if an Averaging Date or Settlement Price Date is a Disrupted Day but is not the Redemption Valuation Date, if (i) Delayed Redemption on the Occurrence of a Disruption Event is specified as being applicable in the Applicable Pricing Supplement and (ii) FX Deliverable Obligations are specified in the Applicable Pricing Supplement, determine that on the Maturity Date the Issuer shall redeem each Note at an amount calculated by the Calculation Agent equal to (x) the FX Entitlement Fair Market Value plus interest accrued on the FX Entitlement Fair Market Value on a daily basis from and including the FX Entitlement Valuation Date to but excluding the Maturity Date, each such daily accrual rate being at a rate equal to the Issuer's funding cost on or about the relevant day or (y) if greater, its nominal amount.

In such circumstances the Issuer shall give notice to the Noteholders in accordance with General Condition 16 (*Notices*) (a "**Disruption Event Action Notice**") specifying which of the above actions the Calculation Agent has determined shall be taken (for the avoidance of doubt, where notice of redemption is given pursuant to the above, the Disruption Event Action Notice may form part of such notice). Failure to give a Disruption Event Action Notice shall not constitute an Event of Default or invalidate any action taken pursuant to the above.

If the Notes are to be redeemed pursuant to sub-paragraph (iv) above, the FX Deliverable Obligations Redemption Notice will also describe the FX Deliverable Obligations comprising the FX Entitlement that the Issuer reasonably expects to Deliver or be valued. The Issuer may, from time to time, amend an FX Deliverable Obligations Redemption Notice by delivering a notice to Noteholders in accordance with General Condition 16 (*Notices*), (each such notification, an "**FX Deliverable Obligations Redemption Amendment Notice**") that the Issuer is replacing, in whole or in part, one or more FX Deliverable Obligations specified in the FX Deliverable Obligations Redemption Notice or a prior FX Deliverable Obligations Redemption Amendment Notice, as applicable (to the extent the relevant FX Deliverable Obligation has not been Delivered as of the date such FX Deliverable Obligations Redemption Amendment Notice is effective). An FX Deliverable Obligations Redemption Amendment Notice shall specify each replacement FX Deliverable Obligation that will comprise the FX Entitlement (each, a "**Replacement FX Deliverable Obligation**") and shall also specify the outstanding principal balance of each FX Deliverable Obligation identified in the FX Deliverable Obligations Redemption Notice or a prior FX Deliverable Obligations Redemption Amendment Notice, as applicable, that is being replaced (with respect to each such FX Deliverable Obligation, the "**Replaced FX Deliverable Obligation Outstanding Amount**"). The aggregate outstanding principal balance of the Replacement FX Deliverable Obligation(s), taken together, shall be at least equal to the aggregate of each Replaced FX Deliverable Obligation Outstanding Amount. Each such FX Deliverable Obligations Redemption Amendment Notice must be effective on or prior to the FX Physical Settlement Date (determined without reference to any change resulting from such FX Deliverable Obligations Redemption Amendment Notice) or FX Entitlement

Valuation Date, as applicable. Notwithstanding the foregoing, the Issuer may correct any errors or inconsistencies contained in the FX Deliverable Obligations Redemption Notice or any FX Deliverable Obligations Redemption Amendment Notice, as applicable, by notice to the Noteholders in accordance with General Condition 16 (*Notices*), prior to the relevant FX Delivery Date or FX Entitlement Valuation Date, as applicable, it being understood that any such notice of correction shall not constitute an FX Deliverable Obligations Redemption Amendment Notice.

For the avoidance of doubt, the Calculation Agent shall be entitled to select any of the FX Deliverable Obligations to constitute the FX Entitlement, irrespective of their market value.

In the event that the Notes become redeemable in accordance with this FX Linked Note Condition 1(b) (*Consequences of a Disruption Event*), upon Delivery of the FX Deliverable Obligations or payment of the relevant cash amount (as determined in accordance with the provisions of this FX Linked Note Condition 1(b) (*Consequences of a Disruption Event*)), as applicable, the Issuer shall have discharged its obligations in respect of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The value of such FX Deliverable Obligations or cash amount may be less than the nominal amount of a Note. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer.

(c) **Unscheduled Holiday**

If the Calculation Agent determines that a date that would otherwise have been a Settlement Price Date or Averaging Date is an Unscheduled Holiday in respect of a Subject Currency, then such date shall be the immediately succeeding Scheduled Trading Day after the occurrence of the Unscheduled Holiday, subject as provided above, and provided that if such Settlement Price Date or Averaging Date, as the case may be, has not occurred on or before the Maximum Days of Postponement then the next Business Day after such period that would have been a Scheduled Trading Day but for the Unscheduled Holiday shall be deemed to be the relevant date for valuation and the Settlement Price shall be determined by the Calculation Agent on such day in its sole and absolute discretion acting in good faith, having taken into account relevant market practice and by reference to such additional source(s) as it may deem appropriate.

(d) **Cumulative Events**

If "Cumulative Events" is specified as applicable in the Applicable Pricing Supplement in respect of a Subject Currency then, in no event shall the total number of consecutive calendar days during which a Settlement Price Date or Averaging Date is deferred due to either (i) an Unscheduled Holiday or (ii) a Valuation Postponement (or a combination of both (i) and (ii)) exceed the Maximum Cumulative Days of Postponement in the aggregate. If a Settlement Price Date or Averaging Date, as the case may be, is postponed by the number of calendar days equal to the Maximum Cumulative Days of Postponement and at the end of such period (i) an Unscheduled Holiday has occurred or is continuing on the day immediately following such period (the "**Final Day**"), then such Final Day shall be deemed to be the Settlement Price Date or Averaging Date, as the case may be, and (ii) if a Price Source Disruption has occurred or is continuing on the Final Day, then Valuation Postponement shall not apply and the Settlement Price shall be determined in accordance with the next applicable Disruption Fallback.

(e) Postponement of payment or settlement days

Where a Settlement Price Date or Averaging Date is postponed as a consequence of the provisions of this FX Linked Note Condition 1 (*Currency Valuation and Disruption Provisions*), then the corresponding date for payment shall be postponed to the later of (a) the date for such payment otherwise determined in accordance with the Applicable Pricing Supplement and (b) the day falling the Number of Postponement Settlement Days specified in the Applicable Pricing Supplement (or, if none are so specified, two Business Days) after the last occurring Settlement Price Date or Averaging Date, as the case may be.

(f) Physical delivery

If the Notes are to be redeemed by Delivery of the FX Deliverable Obligations comprising the FX Entitlement in accordance with FX Linked Note Condition 1(b)(iv)(A) above, in order to obtain Delivery of the FX Entitlement in respect of any Note the relevant Noteholder must deliver to the Transfer Agent within five (5) Business Days of the FX Deliverable Obligations Redemption Notice Delivery Date (the "**FX Cut-Off Date**"), a duly completed FX Asset Transfer Notice as referred to below together with, where applicable, the Certificates relating to the Notes. No FX Asset Transfer Notice may be withdrawn after receipt thereof. Where applicable, no transfers of the Notes the subject thereof will be effected by the Transfer Agent after delivery of an FX Asset Transfer Notice.

Forms of the FX Asset Transfer Notice may be obtained during normal business hours from the specified office of the Transfer Agent.

The FX Asset Transfer Notice shall:

- (i) specify the name of the Noteholder;
- (ii) specify the name, physical and postal address and the banking and securities safe custody account details of the FX Designated Transferee;
- (iii) specify the Nominal Amount of Notes which are the subject of such notice;
- (iv) irrevocably instruct and authorise the Transfer Agent to cancel the relevant Notes and Certificates;
- (v) authorise the production of such notice in any applicable administrative or legal proceedings; and
- (vi) either (i) include an undertaking to pay all FX Delivery Expenses on or prior to the FX Delivery Expenses Cut-off Date; or (ii) instruct the Issuer to deduct from the FX Entitlement FX Deliverable Obligations with a market value determined by the Calculation Agent equal to the FX Delivery Expenses.

Noteholders should note that if they elect to pay all FX Delivery Expenses but have not done so on or prior to the FX Delivery Expenses Cut-off Date, notwithstanding such election, the relevant FX Delivery Expenses will be deducted in the calculation of the FX Entitlement as provided in the definition thereof.

Failure to properly complete and deliver an FX Asset Transfer Notice and, where applicable, the relevant Certificates may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and

delivered shall be made by the Transfer Agent in its sole and absolute discretion and shall be binding on the relevant Noteholder and the Issuer.

Upon receipt of a duly completed FX Asset Transfer Notice the Transfer Agent shall, in the case of Registered Notes, verify that the person specified in the notice as the Noteholder is the holder of the Note referred to therein according to the Register and in the case of Order Notes or Bearer Notes, the Transfer Agent may for all purposes regard the person disclosed as the Noteholder in the FX Asset Transfer Notice as the holder of the Note and the Transfer Agent shall not be required to perform any further verification or confirmation as to the identity of the holder of the Note.

The FX Deliverable Obligations comprising the FX Entitlement in respect of each Note will be Delivered at the risk of the relevant Noteholder in such commercially reasonable manner as the Calculation Agent shall in its sole discretion determine and the Issuer shall notify to the FX Designated Transferee or in such manner as specified in the Applicable Pricing Supplement. Any FX Designated Transferee other than the Noteholder shall be deemed to be the duly authorised agent of the Noteholder and any Delivery or payment to such person shall be deemed for all purposes to be a Delivery or payment to the Noteholder and shall satisfy the Issuer's obligations in respect thereof. Such person shall not be entitled to enforce any of the Noteholder's rights against the Issuer and the Issuer shall have no liability or obligation to or in respect of the FX Designated Transferee. By delivery of an FX Asset Transfer Notice, the Noteholder shall be deemed to represent that the FX Designated Transferee has agreed to the foregoing.

If the FX Asset Transfer Notice and where applicable, the relevant Certificates, are delivered to the Issuer later than close of business on the FX Cut-Off Date, then the FX Deliverable Obligations comprising the FX Entitlement in respect of the relevant Notes will be Delivered as soon as practicable after the date on which the duly completed FX Asset Transfer Notice is received, at the risk of the relevant Noteholder in the manner provided above. For the avoidance of doubt, such Noteholder shall not be entitled to any payment or to other assets, whether in respect of interest or otherwise, in the event of such later Delivery of the FX Deliverable Obligations comprising the FX Entitlement and such later Delivery shall not constitute an Event of Default.

If the Noteholder fails to deliver an FX Asset Transfer Notice in the manner set out herein or, where applicable, fails to deliver the Certificates related thereto within one calendar year of the FX Deliverable Obligations Redemption Notice Delivery Date, the Issuer shall be discharged from its obligations in respect of such Notes and shall have no further obligation or liability whatsoever in respect thereof.

Until Delivery of the FX Deliverable Obligations comprising the FX Entitlement is made, the Issuer or any person holding such assets on behalf of the Issuer shall continue to be the legal owner of those assets. After Delivery of the FX Deliverable Obligations comprising the FX Entitlement and for the Intervening Period, none of the Issuer, the Calculation Agent nor any other person shall at any time (i) be under any obligation to deliver or procure delivery to the Noteholder or its FX Designated Transferee of any letter, certificate, notice, circular or any other document or payment whatsoever received by that person in respect of the securities or obligations included in such FX Entitlement, (ii) be under any obligation to exercise or procure the exercise of any or all rights (including voting rights) attaching or appertaining to such securities or obligations included in such FX Entitlement or (iii) be under any liability to a Noteholder for any loss, liability, damage, cost or expense that such Noteholder

may sustain or suffer as a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of such securities or obligations included in such FX Entitlement.

Where the FX Entitlement is, in the determination of the Issuer, an amount other than an amount of FX Deliverable Obligation(s) capable of being Delivered at the relevant time, (i) the Issuer shall not Deliver and the relevant Noteholder shall not be entitled to receive in respect of its Notes that fraction of a FX Deliverable Obligation which is less than a whole number (the "**Fractional Entitlement**") and (ii) the Issuer shall pay to the relevant Noteholder a cash amount (to be paid at the same time as Delivery of the FX Deliverable Obligations comprising the FX Entitlement) equal to the fair market value (as determined by the Calculation Agent) of such Fractional Entitlement.

The costs, taxes, duties and/or expenses (including stamp duty, securities transfer tax and/or other costs, taxes or expenses) (the "**FX Delivery Expenses**") of effecting any Delivery of the FX Deliverable Obligations comprising the FX Entitlement (except for the expenses of delivery by uninsured mail (if any) which shall be borne by the Issuer) shall, in the absence of any provision to the contrary in the Applicable Pricing Supplement, be borne by the relevant Noteholder and shall, unless otherwise specified in the Applicable Pricing Supplement, be:

- (i) paid to the Issuer by such Noteholder on or prior to the day falling 10 (ten) Business Days following the date of delivery of the FX Asset Transfer Notice (the "**FX Delivery Expenses Cut-off Date**") and in any event prior to the Delivery of the FX Deliverable Obligations comprising the FX Entitlement (and, for the avoidance of doubt, the Issuer shall not be required to Deliver such FX Deliverable Obligations until it has received such payment); and (as applicable in the case of sub-paragraph (b)(ii) below)/or
- (ii) (a) if so instructed by such Noteholder in the FX Asset Transfer Notice; (b) if the Noteholder has not paid the FX Delivery Expenses (in whole or in part) on or prior to the FX Delivery Expenses Cut-off Date; or (iii) if the FX Delivery Expenses have not been determined on or prior to the FX Delivery Expenses Cut-Off Date, deducted (if FX Delivery Expenses have been paid in part, to the extent of the non-payment only) by the Issuer in the calculation of the FX Entitlement.

If, due to an event beyond the control of the Issuer, it is impossible or illegal to Deliver any FX Deliverable Obligations comprising an FX Entitlement (the "**FX Undeliverable Obligations**") on the FX Physical Settlement Date (including without limitation, as a result of failure of the relevant clearance system or due to any law, regulation or court order, contractual restrictions, statutory restrictions or market conditions), then the Issuer shall Deliver or procure the Delivery of the FX Deliverable Obligations which are not FX Undeliverable Obligations and the FX Undeliverable Obligations will be Delivered on the first succeeding day on which Delivery of such FX Undeliverable Obligations can take place unless such an event prevents Delivery for 5 (five) Business Days. In that case, the Calculation Agent will determine the action to be taken under the Notes, including whether or not the Issuer will continue to attempt to Deliver the FX Undeliverable Obligations, and the future terms applicable to the Notes. . The relevant Noteholder shall not be entitled to any payment or to other assets, whether in respect of interest or otherwise, in the event of such late Delivery of or failure to Deliver such FX Undeliverable Obligations and such late Delivery or failure to Deliver shall not constitute an Event of Default.

2. DEFINITIONS

"Averaging Date"		means the dates specified as such in the Applicable Pricing Supplement or, if any such day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day for the relevant Subject Currency and, in the event of an Unscheduled Holiday, subject to adjustment as set out in FX Linked Note Condition 1(c) (<i>Unscheduled Holiday</i>) above, unless, in the opinion of the Calculation Agent, the resultant day is a Disrupted Day, in which case the provisions of FX Linked Note Condition 1(b) (<i>Consequences of a Disruption Event</i>) shall apply.
"Base Currency"		means the currency specified as such in the Applicable Pricing Supplement.
"Benchmark Obligation"		means, in respect of a Subject Currency, each obligation specified as such for such Subject Currency in the Applicable Pricing Supplement.
"Benchmark Default"	Obligation	means, with respect to any Benchmark Obligation, the occurrence of a default, event of default or other similar condition or event (however described) including, but not limited to, (A) the failure of timely payment in full of any principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of such Benchmark Obligation, (B) a declared moratorium, standstill, waiver, deferral, Repudiation or rescheduling of any principal, interest or other amounts due in respect of such Benchmark Obligation or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of such Benchmark Obligation without the consent of all holders of such Benchmark Obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of the relevant entity to issue or enter into such Benchmark Obligation.
"Calculated Amount"	FX Disruption	means the fair market value of each Note less the cost to the Issuer and/or its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion.
"Calculated Amount Determination Date"	FX Disruption	means as soon as reasonably practicable following the occurrence of the Disruption Event.
"Deliver"		means to deliver, novate, transfer, assign or sell, as appropriate, in the manner customary for the settlement of the relevant FX Deliverable Obligation (which shall include executing all necessary documentation and

taking any other necessary actions), in order to convey all right, title and interest in the FX Deliverable Obligation to the relevant FX Designated Transferee, free and clear of all claims, charges and liens and encumbrances. "**Delivery**" and "**Delivered**" will be construed accordingly.

"Disrupted Day"

means any Scheduled Trading Day on which the Calculation Agent determines that a Disruption Event has occurred.

"Disruption Fallback"

means a source or method that may give rise to an alternative basis for determining the Settlement Price when a Disruption Event occurs or exists on a day that is an Averaging Date or Settlement Price Date (or, if different, the day on which prices for that date would, in the ordinary course, be published or announced by the FX Price Source) being, in respect of a Subject Currency, any of Calculation Agent Determination, First Fallback Reference Price, Second Fallback Reference Price and Valuation Postponement, as so specified in the Applicable Pricing Supplement for such Subject Currency. Where more than one Disruption Fallback is so specified then such Disruption Fallbacks shall apply in the order in which they are specified in the Applicable Pricing Supplement until the Settlement Price can be determined for such exchange rate relating to that Subject Currency for such Averaging Date or Settlement Price Date.

Where:

- (a) "**Calculation Agent Determination**" means that the Calculation Agent shall determine the Settlement Price in its sole and absolute discretion taking into consideration all information that it deems relevant.
- (b) "**First Fallback Reference Price**" means that the Calculation Agent shall determine the Settlement Price in its sole and absolute discretion by reference to the applicable First Fallback Reference Price and, for which purpose, references in the definition of Settlement Price to "FX Price Source", "Valuation Time" and "Number of Settlement Days" shall be deemed to refer to, respectively, "First Fallback FX Price Source", "First Fallback Valuation Time" and "First Fallback Number of Settlement Days" (in each case, where such terms shall have the meanings given to them in the Applicable Pricing Supplement).
- (c) "**Second Fallback Reference Price**" means that the Calculation Agent shall determine the

Settlement Price in its sole and absolute discretion by reference to the applicable Second Fallback Reference Price and, for which purpose, references in the definition of Settlement Price to "FX Price Source", "Valuation Time" and "Number of Settlement Days" shall be deemed to refer to, respectively, "Second Fallback FX Price Source", "Second Fallback Valuation Time" and "Second Fallback Number of Settlement Days" (in each case, where such terms shall have the meanings given to them in the Applicable Pricing Supplement).

- (d) **"Valuation Postponement"** means that the Settlement Price shall be determined on the first succeeding Scheduled Trading Day which is not a Disrupted Day unless the Calculation Agent determines that each of the number of consecutive Scheduled Trading Days equal to the Maximum Days of Postponement immediately following the originally designated Averaging Date or Settlement Price Date, as the case may be, is a Disrupted Day. In such event, the Settlement Price shall be determined on the next Scheduled Trading Day after the Maximum Days of Postponement (notwithstanding the fact that that day may be a Disrupted Day) in accordance with the next applicable Disruption Fallback.

"Dual Exchange Rate"	means that any of the exchange rates (or component rates therefor) from which the Settlement Price is derived, splits into dual or multiple currency exchange rates.
"Face Amount"	means the amount specified as such in the Applicable Pricing Supplement.
"FX Asset Transfer Notice"	means a notice that complies with FX Linked Note Condition 1(f) (<i>Physical delivery</i>) delivered by the Noteholder to the Transfer Agent.
"FX Deliverable Obligations"	means the obligation(s) specified as such in the Applicable Pricing Supplement.
"FX Deliverable Obligations Redemption Notice Cut-off Date"	means the sixtieth calendar day after the FX Deliverable Obligations Redemption Notice Delivery Date.
"FX Deliverable Obligations Redemption Notice Delivery Date"	means the first date on which an effective FX Deliverable Obligations Redemption Notice has been delivered by the Issuer to the Noteholders in accordance with General Condition 16 (<i>Notices</i>).

"FX Delivery Date"	means, with respect to a FX Deliverable Obligation, the date such FX Deliverable Obligation is Delivered.
"FX Designated Transferee"	means the person specified in the FX Asset Transfer Notice, to whom Delivery of the FX Deliverable Obligations is to be made, which person may be the Noteholder or any other person.
"FX Entitlement"	means, in respect of a Note, such Note's <i>pro rata</i> share of (a) FX Deliverable Obligations, as selected by the Calculation Agent in its sole and absolute discretion, with an outstanding principal balance equal to the Face Amount less (b) FX Deliverable Obligations with a market value determined by the Calculation Agent in its sole and absolute discretion on the Business Day selected by the Calculation Agent in its sole and absolute discretion falling during the period from and including the date on which the Calculation Agent determined the Notes would be redeemed pursuant to FX Linked Note Condition 1(b)(iv) to and including the FX Delivery Date or FX Entitlement Valuation Date, as the case may be, equal to the Unwind Costs.
"FX Entitlement Fair Market Value"	means, in respect of a Note, the fair market value of the FX Entitlement on the FX Entitlement Valuation Date, as determined by the Calculation Agent in its sole and absolute discretion acting in good faith and a commercially reasonable manner.
"FX Entitlement Valuation Date"	means any Business Day selected by the Calculation Agent in its sole and absolute discretion falling within the period from (and excluding) the FX Deliverable Obligations Redemption Notice Delivery Date, to (and including) the 60th Business Day following such date.
"FX Physical Settlement Date"	means the last day of the longest FX Physical Settlement Period following the FX Deliverable Obligations Redemption Notice Cut-off Date.
"FX Physical Settlement Period"	means, with respect to an FX Deliverable Obligation, the longest number of Business Days for settlement in accordance with then current market practice of such FX Deliverable Obligation, as determined by the Calculation Agent.
"FX Price Source"	means, in respect of a Subject Currency, the price source(s) specified as such in the Applicable Pricing Supplement (or any successor to such price source(s) as determined by the Calculation Agent).
"General Inconvertibility"	means the occurrence of any event that generally makes it impossible to convert a Subject Currency into the Base Currency in the Subject Currency Jurisdiction through

customary legal channels.

"General Non-Transferability" means the occurrence of any event that generally makes it impossible to deliver (A) the Base Currency from accounts inside the Subject Currency Jurisdiction to accounts outside the Subject Currency Jurisdiction or (B) the Subject Currency between accounts inside the Subject Currency Jurisdiction or to a party that is a non-resident of the Subject Currency Jurisdiction.

"Governmental Authority" means (i) any *de facto* or *de jure* government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or (ii) any other entity (private or public) charged with the regulation of the financial markets (including the central bank), in each case in any relevant jurisdiction.

"Governmental Authority Default" means, with respect to any security or indebtedness for borrowed money of, or guaranteed by, any Governmental Authority, the occurrence of a default, event of default or other similar condition or event (however described) including, but not limited to, (A) the failure of timely payment in full of any principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security, indebtedness for borrowed money or guarantee, (B) a declared moratorium, standstill, waiver, deferral, Repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for borrowed money or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for borrowed money or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for borrowed money or guarantee. For the purposes of this definition, "any relevant jurisdiction" as used in the definition of "Governmental Authority" shall mean "the Subject Currency Jurisdiction".

"Illiquidity Disruption" means the occurrence of any event in respect of any of the Base Currency, Subject Currency and/or Subject Currencies whereby it becomes impossible for the Calculation Agent to obtain a firm quote for such currency in an amount deemed necessary by the Calculation Agent to hedge the Issuer's obligations under the Notes (in one or more transaction(s)) on the

relevant Averaging Date or Settlement Price Date (or, if different, the day on which rates for such Averaging Date or Settlement Price Date would, in the ordinary course, be published or announced by the relevant FX Price Source).

"Inconvertibility/Non-Transferability"

means the occurrence of any event which constitutes a General Inconvertibility Disruption Event, a General Non-Transferability Disruption Event, a Specific Inconvertibility Disruption Event and a Specific Non-Transferability Disruption Event.

"Intervening Period"

means such period of time as any person other than the relevant FX Designated Transferee shall continue to be registered as the legal owner of any securities or other obligations comprising the FX Entitlement.

"Material Change in Circumstance"

means the occurrence of any event (other than those events specified as Disruption Events) in the Subject Currency Jurisdiction beyond the control of the parties to a hedging arrangement in respect of the Notes which makes it impossible (A) for a party to fulfil its obligations under the hedging arrangement or (B) generally to fulfil obligations similar to such party's obligations under that hedging arrangement.

"Maximum Cumulative Days of Postponement"

means the number of days specified as such in the Applicable Pricing Supplement or, if no such number is specified, 30 calendar days.

"Maximum Days of Postponement"

means the number of days specified as such in the Applicable Pricing Supplement or, if no such number is specified, 30 calendar days.

"Nationalisation"

means any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives a party to a hedging arrangement in respect of the Notes of all or substantially all of its assets in the Subject Currency Jurisdiction.

"Number of Settlement Days"

means, in respect of a Subject Currency, the number (as specified in the Applicable Pricing Supplement) of days on which commercial banks are open (or, but for the occurrence of a Disruption Event would have been open) for business (including dealings in foreign exchange in accordance with the market practice of the foreign exchange market) in the Settlement Day Centre(s) specified as such in the Applicable Pricing Supplement (each, a **"Settlement Day"** and the last such Settlement Day, the **"Final Settlement Day"**). Where no such number or zero is so specified, then such rate shall be for settlement on the same day.

"Observation Date"	means the dates specified as such in the Applicable Pricing Supplement or, if any such day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day for the relevant Subject Currency and, in the event of an Unscheduled Holiday, subject to adjustment as set out in FX Linked Note Condition 1(c) (<i>Unscheduled Holiday</i>) above, unless, in the opinion of the Calculation Agent, the resultant day is a Disrupted Day, in which case the provisions of FX Linked Note Condition 1(b) (<i>Consequences of a Disruption Event</i>) shall apply.
"Price Materiality"	means that, in the determination of the Calculation Agent, the Primary Rate differs from any Secondary Rate by at least the Price Materiality Percentage or if there are insufficient responses on the relevant Settlement Price Date or Averaging Date to any survey used to calculate any such rate, then the Price Materiality Percentage will be deemed to be met.
"Price Materiality Percentage"	means the percentage specified as such in the Applicable Pricing Supplement or, if no such percentage is specified, 3 per cent.
"Price Source Disruption"	means that it becomes impossible to obtain the rate or rates from which the Settlement Price is calculated.
"Primary Rate"	means, in respect of a Subject Currency, the rate specified as such for such Subject Currency in the Applicable Pricing Supplement.
"Repudiation"	means: <ul style="list-style-type: none"> (a) for purposes of the definition of Benchmark Obligation Default, the issuer of, or a party to, as the case may be, the relevant Benchmark Obligation disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of the Benchmark Obligation in any material respect; and (b) for purposes of the definition of Governmental Authority Default, the relevant Governmental Authority disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of any security, indebtedness for borrowed money or guarantee of such Governmental Authority in any material respect.
"Scheduled Trading Day"	means a day on which commercial banks are open (or, but for the occurrence of a Disruption Event would have been open) for business (including dealings in foreign exchange in accordance with the market practice of the

foreign exchange market) in the Scheduled Trading Day Jurisdiction specified in the Applicable Pricing Supplement provided that where the Subject Currency is Brazilian Real, then notwithstanding the foregoing, if the Settlement Price Date or Averaging Date falls on a date that is not a scheduled day on which commercial banks are open (or, but for the occurrence of a Disruption Event would have been open) for business (including dealings in foreign exchange in accordance with the market practice of the foreign exchange market) in New York City (an "**NYC Business Day**"), then no adjustment to such date shall be made on account of the fact that such date is not an NYC Business Day.

"Secondary Rate"

means, in respect of a Subject Currency, the rate specified as such for such Subject Currency in the Applicable Pricing Supplement.

"Settlement Price"

means:

- (a) in the case of FX Linked Notes relating to a basket of Subject Currencies and in respect of a Subject Currency, the rate of exchange appearing on the FX Price Source at the Valuation Time on (a) if Averaging is not specified in the Applicable Pricing Supplement, the relevant Settlement Price Date or (b) if Averaging is specified in the Applicable Pricing Supplement, an Averaging Date, for the exchange of such Subject Currency per one unit of the Base Currency for settlement on the Final Settlement Day in respect of the Number of Settlement Days, multiplied by the relevant Weighting; and
- (b) in the case of FX Linked Notes relating to a single Subject Currency, the rate of exchange appearing on the FX Price Source at the Valuation Time on (a) if Averaging is not specified in the Applicable Pricing Supplement, the relevant Settlement Price Date or (b) if Averaging is specified in the Applicable Pricing Supplement, an Averaging Date, for the exchange of such Subject Currency per one unit of the Base Currency for settlement on the Final Settlement Day in respect of the Number of Settlement Days.

"Settlement Price Date"

means the Strike Date, Observation Date or Valuation Date, as the case may be.

"Specific Inconvertibility"

means the occurrence of any event that makes it impossible for a party to a hedging arrangement in respect of the Notes to convert such amount of the

Subject Currency deemed necessary by the Calculation Agent to hedge the Issuer's obligations in respect of the Notes into the Base Currency in the Subject Currency Jurisdiction, other than where such impossibility is due solely to the failure by such party to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Trade Date and it is impossible for such party, due to an event beyond the control of such party, to comply with such law, rule or regulation).

"Specific Non-Transferability"	means the occurrence of any event that makes it impossible for a party to a hedging arrangement in respect of the Notes to deliver (A) the Base Currency from accounts inside the Subject Currency Jurisdiction to accounts outside the Subject Currency Jurisdiction or (B) the Subject Currency between accounts inside the Subject Currency Jurisdiction or to a party that is a non-resident of the Subject Currency Jurisdiction, other than where such impossibility is due solely to the failure by such party to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Trade Date and it is impossible for such party, due to an event beyond the control of such party, to comply with such law, rule or regulation).
"Strike Date"	means the Strike Date specified in the Applicable Pricing Supplement or, if such day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day for the relevant Subject Currency and, in the event of an Unscheduled Holiday, subject to adjustment as set out in FX Linked Note Condition 1(c) (<i>Unscheduled Holiday</i>) above, unless, in the opinion of the Calculation Agent, the resultant day is a Disrupted Day, in which case the provisions of FX Linked Note Condition 1(b) (<i>Consequences of a Disruption Event</i>) shall apply.
"Strike Day"	means each date specified as such in the Applicable Pricing Supplement.
"Strike Period"	means the period specified as the Strike Period in the Applicable Pricing Supplement.
"Subject Currency"	means the currency(ies) specified as such in the Applicable Pricing Supplement (together, " Subject Currencies ").
"Subject Currency Jurisdiction"	means each country for which the relevant Subject Currency is the lawful currency.
"Unscheduled Holiday"	means a day that is not a Scheduled Trading Day and the market was not aware of such fact (by means of a public

announcement or by reference to other publicly available information) until a time later than 9:00a.m. local time in the principal financial centre of the Subject Currency two Scheduled Trading Days prior to the relevant scheduled Settlement Price Date or Averaging Date.

"Unwind Costs"

means the cost to the Issuer and/or its affiliates of unwinding any underlying related hedging arrangements in respect of the Notes, as determined by the Calculation Agent in its sole and absolute discretion.

"Valuation Date"

means any Interest Valuation Date and/or Redemption Valuation Date, as the case may be, specified in the Applicable Pricing Supplement or, if such day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day for the relevant Subject Currency and, in the event of an Unscheduled Holiday, subject to adjustment as set out in FX Linked Note Condition 1(c) (*Unscheduled Holiday*) above, unless, in the opinion of the Calculation Agent, the resultant day is a Disrupted Day, in which case the provisions of FX Linked Note Condition 1(b) (*Consequences of a Disruption Event*) shall apply.

"Valuation Time"

means, unless otherwise specified in the Applicable Pricing Supplement, the time at which the FX Price Source publishes the relevant rate or rates from which the Settlement Price is calculated.

"Weighting"

means, in relation to a Subject Currency, the percentage specified as such in the Applicable Pricing Supplement.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes or as may otherwise be described in the Applicable Pricing Supplement.

DESCRIPTION OF THE STANDARD BANK OF SOUTH AFRICA LIMITED

OVERVIEW

The Standard Bank of South Africa Limited ("**SBSA**") is the largest bank in South Africa (measured by assets) as at 31 December 2017 and is a wholly-owned subsidiary of Standard Bank Group Limited ("**SBG**"). SBSA is a universal bank providing retail, corporate, commercial and investment banking services to individuals and companies across South Africa. SBSA considers itself to be both a strong domestic bank, and a cross-border bank, integrated within SBG's operations and business. SBSA plays a fundamental role in positioning the Standard Bank Group to capitalise on the pace of growth in African markets. SBSA is the head office for SBG's African focus and provides the springboard for SBG's strategy: the capacities developed by SBSA's South African operations provide the foundation of knowledge and experience required in markets in sub-Saharan Africa. As SBG's largest operating entity, SBSA provides balance sheet capacity on which to book deals executed in support of SBG's African strategy. All references herein to "**SBSA Group**" are to SBSA and its subsidiaries and all references to the "**SB Group**" are to SBG and its subsidiaries.

As at 31 December 2017, SBSA Group had total assets of R1,308,800 million (compared to R1,285,621 million as at 31 December 2016) and had loans and advances of R900,895 million for the year ended 31 December 2017 (compared to R920,406 million for the year ended 31 December 2016). As at 31 December 2017, SBSA Group had headline earnings of R16,078 million (compared to R14,599 million as at 31 December 2016) and had profit attributable to the ordinary shareholder of R15,941 million (compared to R14,235 million for the year ended 31 December 2016).

Originally founded in 1862, SBSA was a member of Standard Chartered Bank group ("**Standard Chartered**") until 1987. Since that time, SBSA has focused on consolidating its position as the premier universal bank in South Africa, while its parent company, SBG, has an operational footprint in 20 African countries. SBG is a leading African integrated financial services group offering a full range of banking, investment, insurance and related services. SBG's vision is to be the leading financial services organisation in, for and across Africa by delivering exceptional client experiences and superior value.

SBG was listed on the Johannesburg Stock Exchange, operated by JSE Limited in 1970 and owns a controlling stake in the South African-listed, wealth management group, Liberty Holdings Limited. SBG operates as three business units: (1) Personal & Business Banking, (2) Corporate & Investment Banking and (3) Liberty. SBSA is the largest operating subsidiary by total assets and income within the SB Group and represents nearly all of SBG's South African operations in Personal & Business Banking and Corporate & Investment Banking.

SBSA operates through two principal business units:

- (1) Personal & Business Banking SA (including the Wealth business); and
- (2) Corporate & Investment Banking SA.

Personal & Business Banking SA provides banking and other financial services to individual customers and small-to-medium sized enterprises, in particular, mortgage lending, vehicle and asset finance, card products, transactional products, lending products and wealth. SBSA also provides mobile phone and internet banking services. For the year ended 31 December 2017, Personal & Business Banking SA recorded profits attributable to the ordinary shareholder of R12,320 million, constituting 77 per cent. of SBSA Group's total profit attributable to the ordinary shareholder¹

¹ These figures do not reflect indirect support costs which are borne by Other Services SA. Other Services SA provides centralised support and back office functions to the principal business units. These functions include legal and compliance, human capital, finance, governance, assurance, IT, procurement, marketing, real estate, risk management, group shared services and corporate social investment. The direct costs of the various support functions are re-charged to the relevant business unit.

(compared to R10,875 million and 76 per cent., respectively, for the year ended 31 December 2016). As at 31 December 2017, assets attributable to Personal & Business Banking SA constituted 41 per cent. of SBSA Group's total assets (41 per cent. as at 31 December 2016).

Corporate & Investment Banking SA provides corporate and investment banking services to governments, parastatals, large corporates, financial institutions and multinational corporates and includes global markets, transactional products and services, client coverage and investment banking. Corporate & Investment Banking SA contributed 34 per cent. of SBSA Group's profit attributable to the ordinary shareholder² for the year ended 31 December 2017 (38 per cent. for the year ended 31 December 2016) and constituted 54 per cent. of its total assets as at 31 December 2017 (55 per cent. as at 31 December 2016).

SBSA is incorporated in South Africa as a limited liability company and operates under South African law. SBSA's registered address is 9th Floor, Standard Bank Centre, 5 Simmonds Street, Johannesburg, PO Box 7725, Johannesburg 2000, South Africa (telephone number: + 27 11 636 9111).

HISTORY

SBSA is one of the oldest banks in South Africa having originally been incorporated in London as The Standard Bank of British South Africa Limited in 1862. The word "British" was dropped from SBSA's name in 1883. SBSA commenced operations in Port Elizabeth in 1863 and gradually expanded its geographic area of operation to include the whole of South Africa. In 1962, SBSA was formed and registered as a South African company, operating as a subsidiary of Standard Bank in London (subsequently to become Standard Chartered Bank plc).

SBSA is a wholly-owned subsidiary of SBG, formerly known as Standard Bank Investment Corporation Limited, which was established in 1969 as the holding company for SBSA. SBG continued as a member of Standard Chartered until 1987 when Standard Chartered plc sold its 39 per cent. ownership of SBG to Liberty Group Limited ("**Liberty**"), transferring complete ownership of the holding company to South Africa. In July 1978, SBG accepted an offer of a 25 per cent. shareholding in a new insurance company, Liblife Controlling Corporation (Proprietary) Limited ("**LCC**"), which was formed to acquire a controlling interest in the Liberty group's Liberty Holdings. SBG's equity interest in LCC was increased from 25 per cent. to 50 per cent. in July 1983. The acquisition ensured joint control of the Liberty group with Liberty Investments. In February 1999 Standard Bank agreed to purchase Liberty Investments' 50 per cent. interest in LCC.

Liberty now operates as a subsidiary of SBG and is therefore an affiliate of SBSA (see "*Corporate Structure*" below).

Effective 3 March 2008, SBG concluded a strategic partnership which resulted in Industrial and Commercial Bank of China Limited ("**ICBC**") becoming a supportive, non-controlling 20.1 per cent. minority shareholder in SBG.

SBG entered into an agreement on 29 January 2014 in terms of which ICBC would upon completion acquire a controlling interest in the SB Group's non-Africa business, focusing on commodities, fixed income, currencies, credit and equities products. Under the agreement, ICBC acquired 60 per cent. of Standard Bank Plc from Standard Bank London Holdings for cash on 1 February 2015, resulting in the name change to ICBC Standard Bank Plc (ICBCS).

CORPORATE STRUCTURE

The SB Group and relationship with SBSA

² These figures do not reflect indirect support costs which are borne by Other Services SA. Other Services SA provides centralised support and back office functions to the principal business units. The direct costs of the various support functions are re-charged to the relevant business unit.

SBSA is both a strong domestic bank, which leverages the advantages of its size and scope, and a cross-border bank, fully integrated with the rest of the SB Group.

SBG is the ultimate holding company of the SB Group, which is South Africa's largest banking group by assets. SBG is a leading African integrated financial services group offering a full range of banking, investment and insurance and related financial services. SBG's strategic focus is on Africa, and SBG currently operates in 20 countries in sub-Saharan Africa.

SB Group's competitive positioning as an African banking group which operates in a number of African countries and a strong resources focus gives Corporate & Investment Banking SA access to revenue opportunities beyond the borders of South Africa. It also provides commercial opportunities, experience, expertise, and intellectual capital from other SBG entities to Corporate & Investment Banking SA which both enhances the offering to clients and enables SBSA to better manage risk.

Investors should note that SBG is not a guarantor of, and will not guarantee, any Notes issued by SBSA under the Programme. Investors' sole recourse in respect of any Notes is to SBSA.

SBG has three business units: Personal & Business Banking, Corporate & Investment Banking, and Liberty. SBSA represents nearly all of SBG's South African operations in both Personal & Business Banking and Corporate & Investment Banking and is the largest operating subsidiary by total assets and income within the SB Group.

Personal & Business Banking provides banking and other financial services to individual customers and to small-to-medium sized enterprises in South Africa, African markets and the Channel Islands.

Corporate & Investment Banking provides banking services to clients including governments, parastatals, larger corporates, financial institutions and multinational corporates.

Liberty provides life insurance and investment management solutions to individual customers, mainly in South Africa.

The following table sets out selected ratios and financial information in relation to SBG as at the dates indicated.

	10. 31 December	
9.....	12. 2	
	0	
	1	13. 20
11.....	7	16
Headline earnings (Rm)	26,270	23,009
Dividends paid (Rm)	15,574	12,967
Total assets (Rm).....	2,027,928	1,951,974
Loans and advances (Rm).....	1,048,027	1,065,405
ROE (%).....	17.1	15.3
Credit loss ratio (%).....	0.86	0.86
Cost-to-income ratio (%).....	55.7	56.3
Total capital adequacy ratio (%).....	16.0	16.6
Tier 1 capital adequacy ratio (%).....	14.2	14.3

Source: The financial information and ratios presented above have been extracted from SBG's consolidated audited financial statements and analysis of financial results booklet as at and for the years ended 31 December 2017 and 31 December 2016.

The following table sets out selected ratios and financial information in relation to each of SBG's principal business units as at the dates indicated.

	15. Personal & Business Banking ²				16. Corporate & Investment Banking				17. Liberty			
	19. 31 December				20. 31 December				21. 31 December			
14.	23.	20	24.	20	25.	20	26.	20	27.	20	28.	20
18.		17		16		17		16		17		16
22.												
29.	30.				31.				32.			
Headline earnings ¹ (Rm).....	14,008		12,724		11,506		10,339		1,435		955	
ROE (%).....	20.0		18.8		22.2		19.5		12.7		8.4	
Cost-to-income ratio (%).....	60.3		60.1		52.2		54.5		NA		NA	
Credit loss ratio (%).....	1.20		1.25		0.33		0.30		NA		NA	
Third party funds under management (Rbn)	NA		NA		NA		NA		385		365	

¹ For Liberty, the above represents headline earnings attributable to SBG

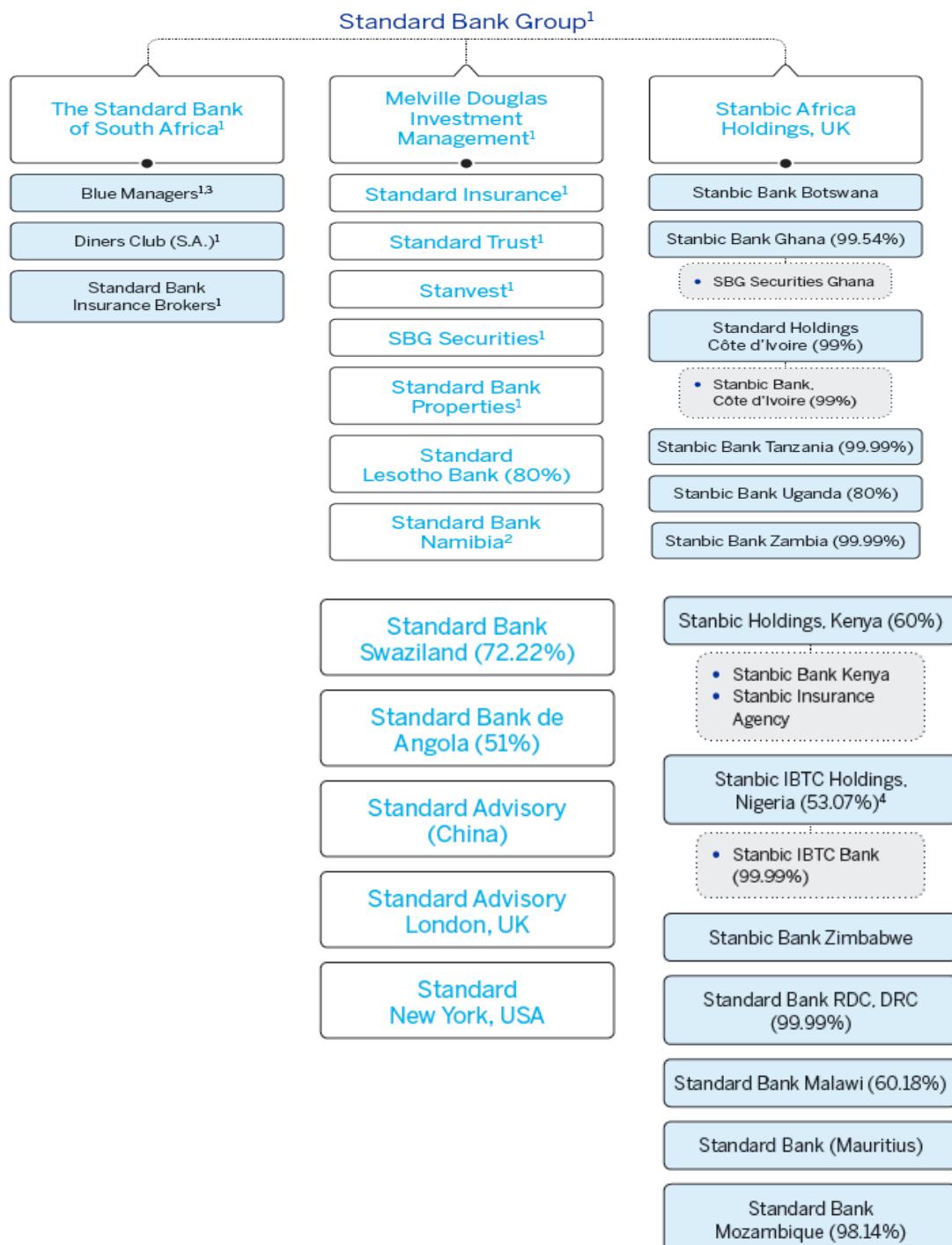
² Wealth financials included in Personal & Business Banking

Source: The financial information and ratios presented above have been extracted from SBG's consolidated audited financial statements and analysis of financial results booklet as at and for the years ended 31 December 2017 and 31 December 2016.

Share capital and ownership

SBSA's authorised share capital is 80,000,000 ordinary shares with a par value of R1 each and 1,000,000,000 non-redeemable, non-cumulative, non-participating preference shares of R0.01 each. As at 31 December 2017, SBSA had issued share capital of 59,997,131 ordinary shares of R1 each, all of which are owned by SBG. The chart below presents SBG's corporate structure as at 31 December 2017:

Standard Bank Group Limited



As at 31 December 2017, the ten largest shareholders in SBG beneficially held 42.7 per cent. of SBG's ordinary shares. The table sets out the ten largest shareholders of SBG as at 31 December 2017 and 31 December 2016.

	2017		2016	
	Number of shares		Number of shares	
	(million)	% holding	(million)	% holding
Industrial and Commercial Bank of China.....	325.0	20.1	325.0	20.1
Government Employees Pension Fund (PIC)	199.6	12.3	199.6	12.3
Investment Solutions	28.3	1.8	28.3	1.8
Allan Gray Balanced Fund	27.8	1.7	27.8	1.7
Vanguard Emerging Markets Fund.....	23.8	1.5	23.8	1.5
Old Mutual Life Assurance Company	19.7	1.2	19.7	1.2
GIC Asset Management.....	18.3	1.1	18.3	1.1
Dimensional Emerging Markets Value Fund.....	17.1	1.1	17.1	1.1
Vanguard Total International Stock Index	16.5	1.0	16.5	1.0
Allan Gray Equity Fund.....	13.8	0.9	13.8	0.9
	689.9	42.7	689.9	42.7

STRATEGY

SBG divides its business structure into three business pillars: (1) Personal & Business Banking, (2) Corporate & Investment Banking, and (3) Wealth, which provides insurance and asset management services directly and in partnership with the SB Group's subsidiary, Liberty Group. SBSA represents nearly all of SBG's South African operations in both Personal & Business Banking and Corporate & Investment Banking and is the largest operating subsidiary by total and assets and income within the SB Group.

SBG's strategic focus is on Africa. SBG regards SBSA's business in South Africa as its core operation, from which SBG develops its strategic focus in Africa. As the SB Group's largest operating subsidiary by total assets and income, SBSA's balance sheet is regarded as an important resource for the SB Group. Certain foreign currency transactions that are too large for the balance sheets of SB Group's local operations are funded by SBSA. This increases capital utilisation in South Africa. SBSA therefore cannot be viewed as self-standing or directly comparable to some of its domestic competitors as it carries assets from entities outside South Africa on its balance sheet and bears costs on its income statement that are attributable to SBG as well as related revenues where applicable.

SBSA aims to achieve a wide diversification of revenue streams and embraces a universal bank model with strong retail, commercial and investment banking activities and wealth solutions. SBSA's strategy is to serve the full value chain of customers in South Africa (from the basic to the most sophisticated of financial service needs), such that high standards of customer service can be maintained whilst ensuring that delivery channels are cost effective. The key elements of SBSA's strategy are as follows:

Personal & Business Banking SA

Grow SBSA's client base in its chosen segments by delivering an excellent and consistent client experience

As the digital revolution transforms the way people bank, SBSA is providing its clients with simpler, more efficient payment and banking products and services through integrated channels, including mobile banking. SBSA has introduced a range of new mobile solutions to provide clients with control of all aspects of their finances on their smartphones, and has improved the speed and efficiency of delivery on its website and mobile platforms. There has been steady growth in its clients' adoption of SBSA's digital offering by its Personal & Business Banking SA unit, with 550 million transactions

processed on SBSA's digital platforms in 2017, with mobile transactions rising 32 per cent. year-on-year. SBSA's digital platforms enable its clients to conduct more transactions themselves, which frees up the staff in SBSA's branches to manage more complex tasks and provide value-added services to its clients. The transition to a digital financial services business is a fundamental transformation. It involves IT architecture, SBSA's systems and processes, and the way it delivers service to clients and protects them and SBSA against fraudulent activity. SBSA completed its core banking transformation programme in 2017, with 93 per cent. of transactional accounts operating on the new platform by the end of 2017. UCount, a rewards programme has been taken up by almost 750,000 of SBSA's clients, many of whom are earning rewards well in excess of the cost of their banking fees. In November 2016, UCount Rewards for Business was introduced, with a focus on small and medium enterprises ("SMEs"). All the benefits of the programme are designed to assist members in growing their business.

Use technology to improve efficiency, effectiveness and innovation

SBSA's IT investment programme is the backbone of its transformation into a client-centred, data driven, digitally enabled universal bank. The programme has involved overhauling both the back office and front-end operations simultaneously and is critical to SBSA's competitiveness in an increasingly digital world. The core banking transformation, allows teams to originate new accounts faster and simplify processes. It supports the integration of operations, providing real-time banking and a single view of clients and product rationalisation. It also strengthens risk management, enabling SBSA to comply with many new regulatory requirements. Other important benefits include a robust anti-money laundering system and improved systems availability and security. SBSA's new digital security capabilities include real-time fraud detection, leading to a two-thirds reduction in digital fraud losses during 2017. They have also enhanced security measures to mitigate the risk of cash loss from ATM attacks, which remain an industry-wide challenge.

The modernisation of the IT platform has provided the basis for many new mobile services. SBSA's mobile platforms are designed to respond to changing client needs with faster, simpler responses and to create a unified banking and investment experience across its channels. Two out of three clients on SBSA's mobile app use it on average four times a week. The focus on innovation has resulted in the development of new products and services, including the award-winning global digital wallet, Shyft, and SnapScan, which uses smart phones and QR codes to provide cost-effective digital banking to microenterprises. Shyft won the 'MTN Business App of the Year Award' in 2017. SBSA partners with various IT start-ups to develop and offer innovations such as these to its clients.

Build excellence through engaged and committed people

SBSA remains focused on ensuring that every one of its employees understands that SBSA exists to serve its clients, whether they deal with clients directly or support those who do. It provides best-practice people management and aims to create a workplace in which high performance is expected and recognised. The shift to a more digitally equipped client base requires that employees are provided with additional training. SBSA's training and development expenditure in South Africa was R725 million in 2017 (compared to R688 million in 2016).

SBSA's management believe that engaged and committed people are crucial to delivering excellent client experiences. The SB Group held its first annual employee engagement survey in October 2017. SBSA's 'Employee Net Promoter' score in 2017 was +10 (compared to the global industry average score of -10). In addition, 90 per cent. of employees reported that they understand their contribution to the SB Group and 92 per cent. of employees said that they enjoy good working relationships with their colleagues.

SBSA has made concerted efforts to transform its workforce to more closely reflect the demographics of the markets it serves: 87.5 per cent. of junior management, 69.5 per cent of middle management, 43.1 per cent of senior management and 34.1 per cent. of top management were black people

(African, Indian or Coloured) as at 31 December 2017. Black females remain underrepresented in senior and top management roles and this remains a focus area.

Focus on growing market share in the Wealth segment

SBSA's view is that a substantial Wealth business comprising Insurance, Financial Planning, Fiduciary and Investments is an essential component of a customer-centric universal bank. Equally, in the current regulatory environment, the capital-light Wealth business makes an important contribution to enhancing SBSA's return on equity and diversifying SBSA's earnings. SBSA's management therefore work in partnership with Personal & Business Banking SA, Corporate and Investment Banking SA and Liberty to market wealth products and services through their distribution channels to their customers, and share the SB Group's support functions to achieve economies of scale. These partnerships are leveraged to unlock significant additional value by designing relevant solutions for clients and cross-selling products and services. The strategy is executed through a client-focused operating model which was implemented in 2016 and is now fully embedded. SBSA believes that the model uses data analysis and servicing and distribution capabilities to enable a deeper understanding of clients' behaviours and needs. Based on this knowledge, teams develop innovative products and channels and customised portfolios that are comprehensive, transparent and best suited to the individual needs of clients. There is a significant opportunity for SBSA to generate growth from its wealth activities; for instance, SBSA's share of retail deposits in South Africa was approximately 22 per cent. as at 31 December 2017 while, in comparison, the share of the short-term insurance market is 4.0 per cent. (sources: South African Reserve Bank's BA 900 returns and the 2017 KPMG South Africa Insurance Industry Survey).

Corporate and Investment Banking SA

SBSA's South African Corporate and Investment Banking unit continues to maintain SBSA's current market-leading position and defend its franchise against intensifying competition through increased innovation and flexibility. SBSA aims to remain positioned and resourced to participate in banking, finance, trading, transactional, investment and advisory needs of a wide range of multinational companies and local and regional businesses, financial institutions, governments and parastatals.

Organic Growth through client centricity and capturing deal flow

SBSA's client coverage model is the cornerstone of its strategy and defines how it offers value to clients. Under this model, each client is allocated a relationship manager who establishes a client service team with representatives across Corporate & Investment Banking SA and the other business units as necessary in order to develop a comprehensive understanding of its clients' needs and prospects and to provide them with integrated financial services solutions.

Despite the challenging macroeconomic conditions experienced in 2017, SBSA has benefited from its ability to support the expansion of many corporate clients into African markets beyond South Africa.

A new President of South Africa was elected in February 2018 and reshuffled his predecessor's Cabinet. Despite this change, SBSA expects that the Government will continue to invest in infrastructure. It is anticipated that this will be increasingly focused on procuring energy and transport infrastructure from private sector providers, as confirmed in the 2018 State of the Nation and Budget Speeches. The Government is also expected to restructure its state-owned companies over the next two to three years by reforming the governance of these entities and by inviting private-sector participation as equity partners. According to the 2018 Budget presentation, the Government remains committed to stabilising the public debt-to-GDP ratio, largely by moderating the growth of recurring expenditure and by implementing a substantial increase in value added tax, following the increases in personal income tax and dividend withholding tax in the previous year. SBSA's management anticipates that, if successful, this approach should boost investor confidence and should provide significant opportunities for deal flows for Corporate & Investment Banking SA. SBSA's management believes early indications, including data from the SARB and the South African Bureau

for Economic Research business and consumer confidence indices, show that investor confidence and growth are likely to improve over the medium term, both of which will be positive for SBSA's Corporate and Investment Banking businesses.

Prioritise the delivery of transformation and diversity

People are the critical success factor in SBSA's efforts to maintain excellent client service and SBSA continues to focus on attracting and retaining quality employees, who are appropriately resourced, developed and empowered to fulfil the commitments made to clients. SBSA has intensified its focus on transformation and diversity. Based on feedback received from employees about obstacles to creating an inclusive workplace environment in South Africa, SBSA has introduced numeric targets to hasten the transformation of Corporate and Investment Banking SA's culture and its demographic make-up.

Focus attention and resources on initiatives that will get the basics right

SBSA continues to refine its processes to ensure a seamless experience for its clients, whilst mitigating risk and increasing efficiency. In 2017, SBSA's client satisfaction index improved to 8.0 compared to 7.9 in 2016. The client satisfaction index is the measurement of SBSA's client's levels of satisfaction with SBSA. Client interviews are conducted via an independent subcontractor and take the form of telephonic or email surveys that are based on a structured questionnaire. SBSA's cost-to-income ratio improved to 52.2 in 2017 from 54.5 in 2016.

COMPETITIVE STRENGTHS

SBSA believes that it has the following competitive strengths:

Market position in key products

SBSA offers a wide range of retail, commercial and investment banking products and is one of the four major South African banks. According to the SARB BA 900 Filings as at 31 December 2017, in the 5 product categories tracked by the SARB, SBSA held a market share of 29.8 per cent. of mortgage lending at 31 December 2017 (compared to 30.5 per cent. as at 31 December 2016), 18.5 per cent. of vehicle and asset finance at 31 December 2017 (compared to 19.0 per cent. as at 31 December 2016), 27.3 per cent. of card debtors at 31 December 2017 (compared to 27.4 per cent. as at 31 December 2016), 21.5 per cent. of other loans and advances as at 31 December 2017 (compared to 23.8 per cent. as at 31 December 2016) and 22.8 per cent. of deposits at 31 December 2017 (compared to 23.1 per cent. as at 31 December 2016). According to the SARB BA 900 Filings as at 31 December 2017, SBSA's market share in mortgage advances, card debtors and deposits are the largest of the four major South African banks.

Diverse revenue sources

As a universal bank, SBSA is able to generate revenue from diverse sources including net interest income from its lending portfolio, fees and trading profits from corporate advisory services, foreign exchange and derivatives, stock and bond trading, brokerage reserve and transactional services.

Loan portfolio performance

Since 2012, SBSA's total loan portfolio has grown from R659,500 million to R900,895 million as at 31 December 2017, while actual write-offs decreased from 0.89 per cent. of average advances in 2012 to 0.77 per cent. in 2017. This was largely as a result of improvements in pricing for credit risk, as well as the optimisation of early stage collection strategies together with enhanced payment capabilities.

Experienced management team

SBSA's senior management has experience both at SBSA and at other institutions throughout the banking industry. SBSA's position in the market has allowed it to attract top managers from across the industry, both domestically and abroad. Managers are dedicated to the goals of the institution. A compensation structure that includes both short and long-term incentive plans assists in retaining key managers and leads to continuity in business operations.

Position within Standard Bank Group

SBSA is both a strong domestic bank, which leverages the advantages of its size and scope, and a cross-border bank, fully integrated with the rest of the SB Group.

SB Group's competitive positioning as an African bank which operates in a number of African countries and a strong resources focus gives Corporate & Investment Banking SA access to revenue opportunities beyond the borders of South Africa. It also provides commercial opportunities, experience expertise, and intellectual capital from other SB Group entities to Corporate & Investment Banking SA which both enhances the offering to clients and enables SBSA to better manage risk.

BUSINESS OF SBSA

Introduction

SBSA is a universal bank providing retail, corporate, commercial and investment banking services to individuals and companies across South Africa. SBSA has a broad franchise and is active in almost all banking markets in South Africa.

SBSA's principal business units are Personal & Business Banking SA, and Corporate & Investment Banking SA. A central support area (Other services) provides support functions to the two principal divisions, as well as advisory services.

As at 31 December 2017, the SBSA Group's total assets amounted to R1,308,800 million (compared to R1,285,621 million as at 31 December 2016), an increase of 1.8 per cent. For the year ended 31 December 2017, SBSA Group's profit attributable to the ordinary shareholder increased by 12.0 per cent. to R15,941 million from R14,235 million for the year ended 31 December 2016.

For the year ended 31 December 2017, SBSA Group's total income increased by 5.4 per cent. to R70,463 million, driven by a 5.3 per cent. increase in net interest income and a 5.5 per cent. increase in non-interest revenue. Growth in average balances and focus on pricing, particularly in Personal & Business Banking SA contributed to higher net interest income and margins. Net fee and commission income for the year ended 31 December 2017 was 3.4 per cent. slightly higher than the year ended 31 December 2016, assisted by moderate volume growth and annual price increases. Trading revenue for the year ended 31 December 2017 increased by 8.1 per cent. largely due to the non-recurrence of the forex loss arising on the write-off of an inter-company debt and the losses recognised on forward exchange currency contracts taken out to hedge of USD denominated IT expenditure. Other revenue for the year ended 31 December 2017 decreased by 18.7 per cent. compared to the previous financial year, as a result of fair value gains on unlisted investments.

Credit impairment for the year ended 31 December 2017 increased to R7.2 billion, a 1.7 per cent. increase from the year ended 31 December 2016, as a result of higher specific impairments in the business and personal unsecured lending portfolios coupled with increased portfolio provisioning in Corporate & Investment Banking SA due to the impact of the downgrade of South Africa's rating on a number of corporates. The increase in credit impairments in these portfolios were partly offset by improvements in the mortgage loans, vehicle and asset finance and card portfolios.

Muted costs growth driven by productivity efficiencies resulted in a cost growth of 5.2 per cent. for the year ended 31 December 2017 compared to cost growth of 11.9 per cent for the year ended 31 December 2016.

The following table shows selected ratios for SBSA Group as at, and for the years ended, 31 December 2017 and 31 December 2016:

	31 December	
	2017	2016
Income statement		
Total income (Rm)	70,463	66,874
Headline earnings (Rm)	16,078	14,599
Profit attributable to the ordinary shareholder (Rm)	15,941	14,235
Statement of financial position		
Gross loans and advances	919,457	938,502
Total assets	1,308,800	1,285,621
Total liabilities	1,204,462	1,189,331
Financial performance		
Non-performing loans (Rm)	28,884	28,312
Specific credit impairment charge (Rm)	6,796	6,656
Portfolio credit impairment charge (Rm)	349	368
Credit loss ratio (%)	0.77	0.75
Non-Performing Loan ratio (%)	3.14	3.02
Return on equity (%)	16.6	15.8
Loans - to- deposit ratio (%)	93.6	98.2
Cost -to - income ratio (%)	58.6	59.0

The following table shows the contribution of the different divisions within SBSA Group to its major financial indicators as at, and for the years ended, 31 December 2017 and 31 December 2016:

	Personal & Business Banking SA ¹		Corporate & Investment Banking SA ¹		Other Services ¹	
	31 December		31 December		31 December	
	2017	2016	2017	2016	2017	2016
	<i>(Rm)</i>		<i>(Rm)</i>		<i>(Rm)</i>	
Assets	540,492	524,235	706,769	705,927	61,539	55,459
Profit attributable to the ordinary shareholder	12,320	10,875	5,412	5,464	(1,791)	(2,104)

¹ Where reporting responsibility for individual cost centres and divisions within business units' change, the segmental analysis comparative figures have been reclassified accordingly.

Personal & Business Banking SA

SBSA Group's Personal & Business Banking SA business unit offers individual customers and small and medium enterprises a wide range of banking, investment and other financial services in South Africa. At 31 December 2017, it operated 640 branches and loan centres and 7,224 ATMs and ANAs (Automated Notes Acceptors) across South Africa. It also provides mobile phone and internet banking services which are an important part of providing convenient access to banking and related products.

Personal & Business Banking SA provides a variety of products and services, including in particular, mortgage lending to individual customers, vehicle and asset finance, lending products, card products to individuals and small and medium sized businesses, transactional products, as well as wealth and bancassurance products.

For the year ended 31 December 2017, Personal & Business Banking SA recorded profit attributable to the ordinary shareholder of R12,320 million, an increase of 13.3 per cent. compared to the year ended 31 December 2016. Net interest income of R32,317 million for the year ended 31 December 2017 constituted 61.7 per cent. of the division's total income (compared to R30,408 million and 61.8 per cent. for the year ended 31 December 2016), was assisted by balance sheet growth and continued pricing management particularly in mortgage loans, revolving credit and business lending portfolios. Non-interest income for the year ended 31 December 2017 amounted to R20,080 million, an increase of 6.6 per cent. compared to the year ended 31 December 2016, largely attributed to higher services fees, electronic banking fees and increased card based commissions due to growth in transactional volumes and annual fee increases. Credit impairment charges for the year ended 31 December 2017 amounted to R6,307 million, a decrease of 4.3 per cent. compared to the year ended 31 December 2016, attributed to improvement in the mortgage loans, card debtors and vehicle and asset finance portfolios. Total operating expenses for the year ended 31 December 2017 amounted to R28,842 million, an increase of 5.9 per cent. The growth in total operating expenses was primarily attributable to a 7.0 per cent. growth in staff costs mainly as a result of annual salary increases, and a 5.5 per cent. growth in other operating expenses, largely due to higher marketing and advertising spend compared to the year ended 31 December 2016.

The following table presents a summary of Personal & Business Banking SA's main performance indicators for the years ended 31 December 2017 and 31 December 2016.

	31 December	
	2017	2016
	(Rm)	
Net interest income.....	32,317	30,408
Non-interest revenue.....	20,080	18,830
Total income	52,397	49,238
Credit impairment charges.....	(6,307)	(6,592)
Net income after credit impairment charges	46,090	42,646
Operating expenses	(28,842)	(27,226)
Staff costs.....	(8,746)	(8,177)
Other operating expenses.....	(20,096)	(19,049)
Operating profits	17,248	15,420
Share of profits from associates and joint ventures.....	28	(23)
Non-trading and capital related items.....	(133)	(293)
Net income before indirect taxation	17,143	15,104
Indirect taxation.....	(363)	(350)
Profit before direct taxation	16,780	14,754
Direct taxation.....	(4,378)	(3,878)
Attributable to non-controlling interest.....	1	(1)
Attributable to other equity instrument holders.....	(83)	-
Profit attributable to ordinary shareholder	12,320	10,875
Headline earnings	21,416	11,089
Gross loans and advances	536,491	520,599
Total assets	540,492	524,235
Total liabilities	487,655	473,222

The following table presents selected ratios for Personal & Business Banking SA's for the years ended 31 December 2017 and 31 December 2016.

	31 December	
	2017	2016
	(%)	
Credit loss ratio.....	1.19	1.29
Non-performing loans ratio.....	4.7	4.7

The following table presents the non-performing loan ratios for Personal & Business Banking SA's products for the years ended 31 December 2017 and 31 December 2016.

	31 December	
	2017	2016
	(%)	
Non-performing loans ratios:		
Mortgage loans	4.4	4.3
Vehicle and asset finance	3.5	3.6
Card debtors	6.6	7.1
Other loans and advances	6.1	6.4

Mortgage loans

Mortgage loans provides residential accommodation loans to individual customers. Gross mortgage loans increased 2.7 per cent. for the year ended 31 December 2017 to R329,975 million (compared to R321,445 million for the year ended 31 December 2016), constituting 61.5 per cent. of loans and advances by the Personal & Business Banking SA business unit compared to 61.7 per cent. for the year ended 31 December 2016.

Improved performance within the mortgage loans portfolio resulted in a decrease in the credit loss ratio (including the charge for performing and non-performing loans) to 0.45 per cent. for the year ended 31 December 2017 (compared to 0.58 per cent. for the year ended 31 December 2016), whilst credit impairment charges amounted to R1,458 million for the year ended 31 December 2017 (compared to R1,838 million for the year ended 31 December 2016). For the financial year ended 31 December 2017, R14,452 million of gross mortgage loans (4.4 per cent. of gross mortgage loans) were impaired (compared to R13,704 million and 4.3 per cent. of gross mortgage loans for the financial year ended 31 December 2016).

The increase in net interest income from mortgage lending for the year ended 31 December 2017 was mainly due to continued growth of SBSA's mortgage loan portfolio at higher margins than the portfolio average during the year ended 31 December 2016.

Vehicle and asset finance

Vehicle and asset finance provides finance to retail market customers, finance vehicles and equipment to the business market and fleet solutions. As at 31 December 2017, gross loans and advances in vehicle and asset finance amounted to R72,727 million (compared to R71,297 million as at 31 December 2016), an increase of 2.0 per cent. The credit loss ratio for vehicle and asset finance decreased to 0.88 per cent. for the year ended 31 December 2017 from 1.11 per cent. for the year ended 31 December 2016 due to improved early stage collections, the involvement of risk specialists coupled with effective asset realisation and efficient repossession.

Card products

SBSA provides credit card facilities to individuals and businesses (credit card issuing) and merchant transaction acquiring services (card acquiring). The credit card product has been an important aspect of SBSA's strategic focus on the emerging middle-class consumer segment in South Africa. SBSA has developed sophisticated origination methods using internal and external data to identify existing and potential customers with suitable risk profiles for credit extension.

For the year ended 31 December 2017, SBSA's credit card debtors increased by 3.3 per cent. to R31,694 million (compared to R30,668 million for the year ended 31 December 2016). The credit loss ratio for gross card debtors decreased to 4.33 per cent. as at 31 December 2017, from 4.71 per cent. as at 31 December 2016 largely due to improved customer performance and collections.

Transactional products

Transactional products provides a comprehensive suite of transactional, savings, investment, trade, foreign exchange, payment and liquidity management solutions made accessible through a range of

physical and electronic channels such as ATMs, internet banking, mobile banking, telephone banking and branches.

Lending products

Lending products offers lending products to retail and business markets. The business markets lending offerings constitute a comprehensive suite of lending products, structured working capital finance and commercial property finance solutions.

Wealth (including bancassurance) products

The Wealth offering includes short-and long-term insurance products, comprising simple embedded products (including homeowners' insurance, funeral cover, household contents and vehicle insurance, accident and health insurance, and loan protection plans sold in conjunction with related banking products) as well as complex insurance products (including life, disability and investment policies sold by qualified intermediaries). The financial solutions offered include financial planning and modelling, integrated fiduciary services (including will drafting and custody services), trust, other tailored banking and wealth management solutions to private high net worth individuals to meet their domestic and international needs.

Corporate & Investment Banking SA

The Corporate & Investment Banking SA business unit comprises five main product groupings, namely: Global Markets, Transactional Products and Services, Investment Banking, Real Estate and Principal Investment Management and Client Coverage.

Corporate & Investment Banking SA offers a wide range of corporate and investment banking services including global markets, banking and trade finance, investment banking, and property finance and advisory services. The division's clients include large companies, parastatals (state-owned corporations), foreign banks and counterparties, and governments in South Africa and sub-Saharan Africa.

Corporate & Investment Banking SA's profit attributable to the ordinary shareholder decreased by 1.0 per cent. from R5,662 for the year ended 31 December 2016 to R5,412 million for the year ended 31 December 2017. Net interest income increased by 2.2 per cent. during 2017, primarily as a result of lower average loans and advances to banks and corporate customers as a result of the stronger Rand, repayment by several major customers and lower levels of new business, partly offset by higher cash management balances and margins. Lower non-interest revenue during 2017 was primarily driven by reduced trading revenue following decreased forex market volatility and losses on forward and spot trading positions. In addition, fees and commission revenue were impacted in 2017 by reduced advisory fees as a result of increased market competition and reduced trading activity. Credit impairment charges increased by 57.5 per cent. during 2017, primarily as a result of higher portfolio credit impairments raised for several corporate clients following the sovereign downgrade. Operating expenses increased by 4.1 per cent. to R12,405 million for the year ended 31 December 2017, mainly due to increased staff costs as a result of annual salary increases.

The value of the total gross loans and advances amounted to R356,523 million as at 31 December 2017 (compared to R396,149 million as at 31 December 2016), which represents 38.8 per cent. of SBSA's total gross loans and advances as at 31 December 2017 (compared to 42.2 per cent. of SBSA's total gross loans and advances as at 31 December 2016).

Global Markets

Global Markets comprises the division's trading and risk management solutions across financial markets, including foreign exchange, money markets, interest rates, equities, credit and commodities.

Transactional Products and Services

Transactional products and services are a key focus area for SBSA and includes a comprehensive suite of cash management, international trade finance, working capital and investor services solutions.

Investment Banking

Investment banking includes a full suite of advisory and financing solutions, from term lending to highly structured and specialised products across equity and debt capital markets.

Real Estate and Principal Investment Management

SBSA provides financing for individual properties, property portfolios and listed property funds. SBSA's clients include listed and private companies, pension funds, individuals, government and public enterprises.

Client Coverage

The Client Coverage and Distribution division provides in-depth sector expertise to develop relevant client solutions and foster client relationships.

The table below presents a summary of the Corporate & Investment Banking SA division's main performance indicators for the years ended 31 December 2017 and 31 December 2016.

	31 December	
	2017	2016
	<i>(Rm)</i>	
Net interest income.....	10,485	10,260
Non-interest revenue.....	9,546	9,603
Total income	20,031	19,863
Credit impairment charges.....	(838)	(532)
Net income after credit impairment charges	19,193	19,331
Revenue sharing agreements ¹	(726)	(1,015)
Operating expenses	(12,405)	(11,921)
Staff costs.....	(4,266)	(3,377)
Other operating expenses.....	(8,139)	(8,544)
Operating profits	6,062	6,395
Share of profits from associates and joint ventures.....	159	3
Non-trading and capital related items.....	(147)	(138)
Net income before indirect taxation	6,074	6,260
Indirect taxation.....	(108)	(107)
Profit before direct taxation	5,966	6,153
Direct taxation.....	(478)	(689)
Attributable to non-controlling interest.....	-	-
Attributable to other equity instrument holders.....	(76)	-
Profit attributable to ordinary shareholder	5,412	5,464
Headline earnings	5,517	5,558
Gross loans and advances	356,523	396,149
Total assets	706,769	705,927
Total liabilities	670,789	676,130

¹Revenue sharing agreements are agreements that allow for the sharing of income with other SBG companies

The following table presents selected ratios for Corporate & Investment Banking SA for the years ended 31 December 2017 and 31 December 2016.

	31 December	
	2017	2016
	<i>(%)</i>	
Credit loss ratio.....	0.22	0.13
NPL ratio.....	1.0	0.9

The following table presents selected financial information for Corporate & Investment Banking SA's products for the years ended 31 December 2017 and 31 December 2016.

	31 December	
	2017	2016
Non-performing loans ratios (%):		
Corporate loans.....	1.2	1.0
Commercial property finance	0.3	0.4
Credit loss ratios (%):		
Corporate loans.....		
Commercial property finance	0.28 (0.05)	0.15 0.02
Gross loans and advances (Rm):		
Corporate loans.....	293,148	331,112
Commercial property finance	63,375	65,037

LOAN PORTFOLIO

Introduction

The SBSA Group extends advances to the personal, commercial and corporate sectors as well as to the public sector. Advances to individuals are mostly in the form of mortgages, vehicle and asset finance, overdrafts and credit card borrowings. A significant portion of SBSA's advances to commercial and corporate borrowers consist of advances made to companies engaged in manufacturing, finance and service industries.

As at 31 December 2017, SBSA Group's total net loans and advances to customers amounted to R809,285 million (R800,562 million as at 31 December 2016), an increase of 1.1 per cent.

For the year ended 31 December 2017, R13,009 million (1.4 per cent.) of total gross loans and advances were specifically impaired compared to R12,762 million (1.4 per cent.) in the previous financial year.

Balance sheet credit impairments for loans and advances amounted to R18,562 million for the year ended 31 December 2017, an increase of 2.6 per cent. on the credit impairment for the year ended 31 December 2016.

Loan portfolio by category of loans and advances

The following table sets out the composition of SBSA's advances by category of loan or advance as at 31 December 2017 and 31 December 2016.

	31 December	
	2017	2016
	<i>(Rm)</i>	
Loans and advances to banks	91,610	119,844
Call loans.....	19,273	2,533
Loans granted under resale agreements	18,970	63,527
Balances with banks	53,367	53,784
Loans and advances to customers	809,285	800,562
Gross loans and advances to customers	827,847	818,658
Mortgage loans	329,975	321,445
Vehicle and asset finance.....	72,759	71,335
Card debtors	31,694	30,668
Overdrafts and other demand lending.....	48,212	49,262
Personal loans	7,644	8,219
Corporate, business and other loans	40,568	41,043
Other term loans	268,048	259,279
Personal loans	31,545	31,488
Corporate, business and other loans	236,503	227,791

	31 December	
	2017	2016
	(Rm)	
Commercial property finance	71,006	72,521
Loans granted under resale agreements	6,153	14,148
Credit impairments for loans and advances	(18,562)	(18,096)
Specific credit impairments	(13,009)	(12,762)
Portfolio credit impairments	(5,553)	(5,334)
Net loans and advances	900,895	920,406
Gross loans and advances	919,457	938,502
Less: credit impairments	(18,562)	(18,096)
Net loans and advances	900,895	920,406

Loan portfolio by industry sector

The following table sets out the composition of SBSA's advances by industry sector as at 31 December 2017 and 31 December 2016.

	31 December	
	2017	2016
	(Rm)	
Segmental analysis – industry		
Agriculture	24,403	8,450
Construction	9,133	16,746
Electricity	14,702	12,771
Finance, real estate and other business services	256,491	299,346
Individuals	425,048	414,913
Manufacturing	40,500	44,200
Mining	20,688	24,683
Transport	94,219	80,082
Wholesale	19,041	19,910
Other services	15,232	17,401
Gross loans and advances	919,457	938,502

Geographical concentration of loans

The following table sets out the distribution of SBSA's loans and advances by geographic area where the loans are recorded as at 31 December 2017 and 31 December 2016.

	31 December	
	2017	2016
	(Rm)	
Segmental analysis by geographic area		
South Africa	788,214	752,701
Sub-Saharan Africa	78,041	53,410
Other Countries	53,202	132,391
Gross loans and advances	919,457	938,502

Credit impairments for loan and advances

The table below presents the credit impairments for loans and advances for the years ended 31 December 2017 and 31 December 2016.

	31 December	
	2017	2016
	(Rm)	
Balance at the beginning of the year	18,096	17,863
Credit losses written off	(6,087)	(6,148)
Discount element recognised in interest income	(784)	(851)

	31 December	
	2017	2016
	<i>(Rm)</i>	
Exchange and other movements	(331)	(447)
Net impairments raised	7,668	7,679
Balance at the end of the year	18,562	18,096
Comprising:		
Specific impairments	13,009	12,762
Portfolio impairments	5,553	5,334
	18,562	18,096

The table below sets out a segmental analysis of specific impairments of loans and advances by industry as at 31 December 2017 and 31 December 2016.

	31 December	
	2017	2016
	<i>(Rm)</i>	
Segmental analysis of specific impairments by industry		
Agriculture	505	67
Construction	199	233
Electricity	232	139
Finance, real estate and other business services	986	1,041
Individuals	8,703	8,410
Manufacturing	113	300
Mining	1,485	592
Transport	272	39
Wholesale	79	270
Other services	435	1,671
	13,009	12,762

Performing loans

Neither past due nor specifically impaired loans are loans that are current and fully compliant with all contractual terms and conditions. Normal monitoring loans within this category are generally rated 1 to 21, and close monitoring loans are generally rated 22 to 25 using SBSA's master rating scale.

Early arrears but not specifically impaired loans include those loans where the counterparty has failed to make contractual payments and payments are less than 90 days due, but it is expected that the full carrying value will be recovered when considering future cash flows, including collateral. Ultimate loss is not expected but could occur if the adverse conditions persist.

Non-performing loans

- Non-performing loans are those loans for which:
- SBSA has identified evidence of default, such as a breach of a material loan covenant or condition, or
- Instalments are due and unpaid for 90 days or more.

Non-performing but not specifically impaired loans are not specifically impaired due to the expected recoverability of the full carrying value when considering the recoverability of discontinued future cash flows, including collateral.

Non-performing specifically impaired loans are those loans that are regarded as non-performing and for which there has been a measurable decrease in estimated future cash flows. Specifically impaired loans are further analysed into the following categories:

- Substandard: Items that show underlying well-defined weaknesses and are considered to be specifically impaired;
- Doubtful: Items that are not yet considered final losses due to some pending factors that may strengthen the quality of items; and
- Loss: Items that are considered to be uncollectible in whole or in part. SBSA provides fully for its anticipated loss, after taking collateral into account.

A significant portion of the Issuer's Personal and Business Banking division's loan impairment is calculated on a portfolio basis using models that incorporate SBSA's management's judgments on observable data, assumptions and estimates. Particular emphasis is placed on the treatment of cured and renegotiated loans. The approach taken by SBSA's management in calculating these portfolio provisions has been independently audited by the firm's auditors, KPMG Inc. and PricewaterhouseCoopers Inc., and found to be reasonable.

GOVERNANCE OVERVIEW

SBSA's governance framework is derived from SBG's governance framework, which in turn is based on principles in the King Report on Corporate Governance for South Africa (King IV). This governance framework enables the board of directors of SBSA (the "**SBSA Board**") to balance its role of providing risk oversight and strategic counsel with ensuring adherence to regulatory requirements and risk tolerance. The SBSA Board is ultimately responsible for governance. The chairman is an independent non-executive and the roles of chairman and chief executive are separate. The board composition is both qualitatively and quantitatively balanced in terms of skills, demographics, gender, nationality, experience and tenure. There is a clear division of responsibilities ensuring that no one director has unfettered powers in the decision-making process.

The board has delegated certain functions to its committees in line with its governance framework. This enables the board to allocate sufficient time to all matters within its sphere, including execution of strategy and forward-looking agenda items. Each committee has a mandate, which the SBSA Board reviews at least once a year. Mandates for each committee set out its role, responsibilities, scope of authority, composition, terms of reference and procedures. The SBSA Board's committees include the directors' affairs committee; audit committee; risk and capital management committee; and SBSA large exposure credit committee. The SBSA Board monitors oversight over compliance through its board committees. The board has delegated the management of the day-to-day business and affairs of SBSA to the Chief Executive. The executive committee assists the chief executive, subject to statutory parameters and matters reserved for the SBSA Board.

Board of Directors

As of 31 December 2017, SBSA is managed by one independent non-executive chairman, four non-executive directors, four executive directors and 10 independent non-executive directors.

The members of the SBSA Board as at the date of this Programme are listed below:

Name	Title	Year Joined SBSA Board
Thulani Gcabashe	Chairman	2003
Dr. Hao Hu	Non-Executive Director	2017
Jacko Maree	Non-Executive Director	2016
Lubin Wang	Non-Executive Director	2017
Sim Tshabalala	Executive Director	2018
Lungisa Fuzile	Chief Executive	2018
Ben Kruger	Executive Director	2013
Arno Daehnke	Executive Director	2016
Richard Dunne	Independent Non-Executive Director	2009

Geraldine Moleketi	Fraser-	Independent Director	Non-Executive	2016
Gesina Trix Kennealy		Independent Director	Non-Executive	2016
Nomgando Matyumza		Independent Director	Non-Executive	2016
Adv Kgomotso Moroka		Non-Executive Director		2003
Martin Oduor-Otieno		Independent Director	Non-Executive	2016
André Parker		Independent Director	Non-Executive	2014
Atedo Peterside		Independent Director	Non-Executive	2014
Myles Ruck		Independent Director	Non-Executive	2006
Peter Sullivan		Independent Director	Non-Executive	2013
John Vice		Independent Director	Non-Executive	2016

Changes to the SBSA's Board

Swazi Tshabalala resigned from the SBSA Board on 10 November 2017.

Lungisa Fuzile joined the SBSA Board as Chief Executive with effect from 15 January 2018. Lungisa Fuzile replaced Sim Tshabalala who was appointed as Executive Director on the SBSA Board.

Ted Woods retired from the SBSA Board on 25 May 2017. Furthermore, Shu Gu and Wenbin Wang resigned from the SBSA Board with effect from 1 June 2017. They were replaced by Hao Hu and Lubin Wang who were appointed as non-executive directors with effect from 1 June 2017.

The business address of the members of the SBSA Board is SBSA's registered address, 9th Floor, Standard Bank Centre, 5 Simmonds Street, Johannesburg 2001, PO Box 7725, Johannesburg 2000, South Africa.

Abridged curricula vitae of the members of the SBSA Board are set out below.

Thulani Gcabashe

BA (Botswana and Swaziland),
Masters in Urban and Regional
Planning (Ball State)

Thulani Gcabashe is chairman and independent non-executive director of SBG and SBSA. He was chairman of Imperial Holdings and MTNZakhele and CEO of Eskom between 2000 and 2007 and non-executive director of the National Research Foundation. He is the chairman of Built Environmental Africa Capital and related entities as well as African Olive Trading 160. He is chairman of the directors' affairs committee, and a member of the large exposure credit committee as well as the risk and capital management committee.

Dr. Hao Hu

Doctorate degree in Economics
(Graduate School of Chinese
Academy of Social Sciences)

Dr. Hao Hu is deputy chairman of SBG and non-executive director of SBG and SBSA. He is senior executive vice president of the Industrial and Commercial Bank of China (ICBC). His previous positions include, deputy general manager of the Industrial and Commercial Credit Department, deputy general manager of the Credit Management Department, general manager of the Institutional Banking Department, general manager of the International Banking Department, president of Chinese Mercantile Bank and chairman of ICBC Luxembourg S.A.

Jacko Maree

BCom (Stellenbosch), BA and MA
(Politics and Economics) (Oxford
University), PMD (Harvard)

Jacko Maree is deputy chairman of SBG and non-executive director of SBG and SBSA. He has over 36 years' experience in banking. From November 1999 to March 2013, he served as chief executive of SBG. He retired from his role as a senior banker focusing on key client relationships in August 2015. He is currently the chairman of Liberty Holdings Limited and Liberty Group Limited.

Lubin Wang

Bachelor's Degree in Corporate
Finance (Fudan University), Master's
Degree in Accounting and Finance
(London School of Economics and
Political Science)

Lubin Wang is non-executive director of SBG and SBSA. He is the chief representative officer of the ICBC African Representative Office. He has held several positions within ICBC, including deputy manager of the Finance Management Division, senior manager of the Overseas Financial Management Division within the Finance and Accounting Department as well as head of the Accounting and IT Department in the ICBC Sydney Branch.

Sim Tshabalala

BA LLB (Rhodes), LLM (University
of Notre Dame USA), HDip Tax
(Wits), AMP (Harvard)

Sim Tshabalala is the chief executive of SBG and executive director of SBSA. Mr. Tshabalala is a director of Tutuwa Community Holdings, Liberty Holdings, Liberty Group and Stanbic Africa Holdings and is director of the Banking Association of South Africa and Business Leadership South Africa. He is chairman of Stanbic IBTC Bank. He is a member of the large exposure credit committee.

Lungisa Fuzile

MCom (Natal), AMP (Harvard)

Lungisa Fuzile is chief executive of SBSA. Prior to his appointment, he had a 20-year career in public service. His most recent role was as director-general of the National Treasury where he was responsible for providing strategic leadership and direction to the successful execution of the legislative mandate of the National Treasury

Ben Kruger

BCom, (Hons) (Pretoria), CA (SA),
AMP (Harvard)

Mr. Kruger is executive director of SBG and SBSA. He is chairman of Stanbic Africa Holdings and is a director of ICBC Standard Bank Plc, the Institute of International Finance and Leadership for Conservation in Africa. He has held various executive roles in the group, more recently being Chief Executive of global Corporate & Investment Banking. He is a member of the large exposure credit committee.

Arno Daehnke

BSc, MSc (UCT), PhD (Vienna
University of Technology), MBA
(Milpark), AMP (Wharton)

Dr Arno Daehnke is the group's financial director and is an executive director of SBG and SBSA and a director of Stanbic Africa Holdings. He was previously head of SBG's treasury and capital management function and has extensive experience in key financial aspects such as financial planning under varying macroeconomic scenarios, managing a complex banking group balance sheet in volatile financial markets and a deep understanding of both local and international bank regulatory frameworks. He is a member of the large exposure credit committee.

Richard Dunne

CTA (Wits), CA (SA)

Richard Dunne is an independent non-executive director of SBG and SBSA. He was the chief operating officer of Deloitte & Touche, Southern Africa from 1998 until his retirement in 2006. He currently serves on the boards of Anglo American Platinum and AECL. He was the chairman of the SB Group/SBSA audit committee and a member of the risk and capital management committee, until his retirement at the Annual General Meeting in May 2018.

Geraldine Fraser-Moleketi

Master's degree in public
administration (Pretoria)

Geraldine Fraser-Moleketi is an independent non-executive director of SBG and SBSA. Until December 2016, she was the Special Envoy on gender at the African Development Bank based in Cote d'Ivoire. Previously, she was director of the UN Development Programme's Democratic Governance Group. Between 1994 and 2008, she was a member of the South African parliament and served as the Minister of Public Service and Administration from 1999 to 2008, and as the Minister of Welfare and Population Development from 1996 to 1999. She is a director of The Listen Charity, Mapungubwe Institute for Strategic Reflection, ISID Advisory Board McGill University Canada. She is a member of the directors' affairs committee and risk and capital management committee.

Gesina Trix Kennealy

BCom (Pretoria), BCom (Hons) (UJ),
CA (SA)

Gesina Trix Kennealy is an independent non-executive director of SBG and SBSA. From 2009 to 2013, she was the chief financial officer of the South African Revenue Service and prior to that, was the chief operating officer of ABSA Corporate and Business Bank between 2006 and 2008. She is chairman of the Accounting Standards Board and a director of Sasol Limited. She is a member of the audit committee and the risk and capital management committee.

Nomgando Matyumza

B Compt (Hons) (Transkei), LLB
(Natal), CA (SA)

Nomgando Matyumza is an independent non-executive of SBG and SBSA. Between 2004 and 2008, she was the general manager of Eskom Distribution (Eastern Region), and prior to that, she was deputy chief executive at Transnet Pipelines. Her previous directorships include serving as a non-executive director on the boards of Cadiz Limited, Transnet SOC Limited and Ithala Development Finance Corporation. She is currently a director of KwaZulu Natal Property Development Holdings, WBHO, Hulamin and Sasol Limited. She is a member of the risk and capital management committee.

Adv Kgomotso Moroka

BProc (University of the North), LLB
(Wits)

Advocate Kgomotso Moroka is a non-executive director of SBG and SBSA. She is chairman of Royal Bafokeng Platinum, Grinding Power and Temitayo. She is a director of Multichoice South Africa Holdings, Netcare Kalagadi Manganese and South African Breweries. She is a senior advocate and is currently a trustee of the Nelson Mandela Children's Fund and the Apartheid Museum. She serves on the directors' affairs committee and risk and capital committee.

Martin Oduor – Otieno

BCom (University of Nairobi),
Executive MBA (ESAMI/Maastricht
Business School), Honorary doctorate
of business leadership (KCA
University), AMP (Harvard)

Dr Martin Oduor-Otieno is an independent non-executive director of SBG and SBSA. He was previously the chief executive officer of the Kenya Commercial Bank Group. He is currently an independent business advisor, having retired as partner at Deloitte East Africa. He is a fellow of the Kenya Institute of Bankers and Institute of Certified Public Accountants of Kenya. He is a director at GA Life Insurance Company, British American Tobacco Kenya and East African Breweries. He is a member of the audit committee.

André Parker

BEcon (Hons), MCom (University of Stellenbosch)

André Parker was in charge of SABMiller Plc's Rest of Africa (excluding South Africa) and Asia business portfolio for the ten years before his retirement and until recently was chairman of Tiger Brands. He is currently a director of Distell and Empresas Carozzi (Chile). He is a member of the large exposure credit committee and the directors' affairs committee.

Atedo Peterside

BSc (Economics) (The City University, London), MSc (Economics) (London School of Economics and Political Science), Owner/President Management Programme (Harvard)

Atedo Peterside is currently an independent non-executive director of SBG and SBSA. He was previously the chairman of the Committee on Corporate Governance of Public Companies in Nigeria. He was the founder and chief executive of the then Investment Bank and Trust Company Limited (IBTC) from 1989 until 2007, and chairman of Stanbic IBTC Bank Plc from 2007 until September 2014. Mr Peterside is the chairman of ANAP Holdings Ltd and related parties as well as chairman of Cadbury Nigeria Plc. He is a director of Nigerian Breweries Plc, Flour Mills of Nigeria Plc and Unilever Nigeria Plc. He is a member of the audit committee.

Myles Ruck

BBusSc (Cape Town), PMD (Harvard)

Myles Ruck is an independent non-executive director of SBG and SBSA. He is vice chair of Industrial and Commercial Bank of China (Argentina) and a director at Mr Price Group. He is the chairman of the risk and capital management committee and the large exposure credit committee. He is a member of the directors' affairs committee.

Peter Sullivan

BSc (Physical Education) (University of NSW)

Peter Sullivan is an independent non-executive director of SBG and SBSA. He is chairman of Healthcare Locums Plc and a director of Winton Capital Group, Techtronic Industries, AXA China Region Insurance Company and AXA Asia. He was previously chief executive officer of Standard Chartered Bank Africa and chief executive officer of Standard Chartered Bank (Hong Kong) Limited. He is a member of the audit committee and risk and capital management committee.

John Vice

BCom (Natal), CTA (Natal), CA
(SA)

John Vice is an independent non-executive director of SBG and SBSA. He has extensive experience in IT and audit, gained during his 39 years at KPMG, where he was a senior partner and held various IT-related roles, including heading the firm's audit practice, IT audit and IT consulting departments. Prior to joining the board, he was an independent advisor to the group IT board committee. He previously served on the board of Zurich Insurance South Africa Limited and is currently a director of Anglo American Platinum. He is a member of the audit committee and the risk and capital management committee.

Conflicts of Interest

All of the directors of SBSA, with the exception of Lungisa Fuzile, are also directors or prescribed officers of SBG and they therefore also owe duties in that capacity to SBG as well as to SBSA. Since the directors of SBSA are also directors of SBG, it is unlikely but possible that decisions made by the directors which are in the best interests of SBG and/or the SB Group taken as a whole may not in every case be in the best interests of SBSA.

In addition, Ben Kruger, Myles Ruck, Arno Daehnke, Jacko Maree and Sim Tshabalala serve as directors of subsidiaries of SBG other than SBSA. These directors therefore also owe duties in that capacity to those companies as well as to SBSA. It is possible that the duties which these persons owe to those companies may potentially conflict with their duties to SBSA.

SBSA engages in transactions with some of entities in the SB Group, including transactions in the ordinary course of business.

SBSA's approach to managing compliance risk, including identifying and managing conflicts of interest, is proactive and premised on internationally-accepted principles of risk management. Its compliance risk management is a core risk management function and is overseen by the SB Group chief compliance officer. SBSA's compliance framework is based on the principles of effective compliance risk management as outlined in the Banks Act and recommendations from international policy-making bodies. SBSA is also subject to, and complies with, the applicable requirements of the South African Companies Act, 2008 (the "**Companies Act**") relating to potential conflicts of interest. These requirements include, amongst other things, an obligation on directors to file with the SB Group company secretary a list of all of their directorships and to declare the nature of any conflict of interest before the relevant matter is considered by the SBSA Board.

In addition, any director with a personal financial interest in any matter presented for consideration by the SBSA Board has to comply with section 75 of the Companies Act which provides, among others, that if a director of a company has a personal financial interest in respect of a matter to be considered at a meeting of the SBSA Board or knows that a related person has a financial interest in the matter, the director must disclose the interest and its general nature before the matter is considered and must not take part in the consideration of the matter.

Directors disclose their outside business interests as a standing agenda item at each meeting. Directors do not participate in the meeting when the board considers any matters in which they may be conflicted, and are excused from the meeting. In compliance with the provisions of the Companies Act, the group secretary maintains a register of directors' interests, which is tabled at the board meeting and any changes are submitted to the board as they occur.

EMPLOYEES

For the year ended 31 December 2017, the SBSA Group had 32,342 employees (compared to 32,805 employees for the year ended 31 December 2016). For the year ended 31 December 2017, approximately 56.8 per cent. of SBSA’s employees worked in the Personal & Business Banking SA segment of SBSA (56.8 per cent. for the year ended on 31 December 2016) whereas 8.3 per cent. worked in the Corporate & Investment Banking SA segment during the same period (9.9 per cent. for the year ended on 31 December 2016); the remaining 34.9 per cent. of employees worked in the central and other services segment within SBSA (33.3 per cent. for the year ended on 31 December 2016).

A significant number of SBSA Group’s non-managerial employees are represented by trade unions. SBSA Group has not experienced any significant strikes or work stoppages in recent years.

SBSA Group has developed employment policies to meet the needs of its different business segments in the locations in which they operate, embodying principles of equal opportunity. SBSA has a statement of business standards with which it expects its employees to comply, it encourages involvement of employees in the performance of the business in which they are employed and aims to achieve a sense of shared commitment.

COMPETITION

Competitors

As at 31 December 2017, there were 12 locally controlled banks, 6 foreign controlled banks, 43 mutual banks, 15 local branches of foreign banks and 36 foreign banks with approved representative offices in South Africa. According to the SARB BA 900 report for 31 December 2017, the banking sector in South Africa had total assets of R5.2 trillion as at 31 December 2017. SBSA’s principal competitors are ABSA Bank Limited, FirstRand Bank Limited, and Nedbank Limited. Apart from SBSA, these represent the largest banks in South Africa. The following table sets out total assets and capital and reserve for each as at 31 December 2017.

	<u>Total assets</u>	<u>Capital and reserves</u>
	<i>(Rm)</i>	
ABSA Bank Limited	983,378	82,178
FirstRand Bank Limited	1,120,747	90,457
Nedbank Limited	889,618	72,808
The Standard Bank of South Africa Limited	1,254,849	101,808

Source: BA 900 filings – SARB, 31 December 2017

SBSA operates in a highly competitive environment. The economic pressures experienced in developed economies have caused banks based in those jurisdictions to seek out growth opportunities within South Africa. As banks in developed economies are often able to benefit from lower costs of funding, this has resulted in greater competition for SBSA within South Africa and other emerging markets.

CAPITAL ADEQUACY

SBSA’s capital management function is designed to ensure that regulatory requirements are met at all times and that SBSA and its principal subsidiaries are capitalised in line with SBSA’s risk appetite and target ratios, both of which are approved by the board of directors of SBG and the SBSA Board. SBSA manages its capital levels to support business growth, maintain depositor and creditor confidence, create value for shareholders, and ensure regulatory compliance. It further aims to facilitate the allocation and use of capital, such that it generates a return that appropriately compensates shareholders for the risks incurred. Capital adequacy is actively managed and forms a key component of SBSA’s budget and forecasting process.

The SARB adopted Basel III from 1 January 2013 and SBSA has been compliant with the minimum requirements from that date. The Basel III capital adequacy requirements are subject to phase-in rules and SBSA is well positioned to comply with the requirements when they become effective.

SBSA manages its capital levels to support business growth, maintain depositor and creditor confidence, create value for shareholders, and ensure regulatory compliance. The main regulatory requirements to be complied with are those specified in the Banks Act and related regulations, which are aligned with Basel III.

Regulatory capital adequacy is measured through three risk-based ratios, namely common equity tier 1, tier 1 and total capital adequacy ratios which are calculated on the following basis:

- Common equity tier 1: ordinary share capital, share premium, retained earnings, other reserves and qualifying non-controlling interest less impairments divided by total risk weighted assets (“RWA”).
- Tier 1: common equity tier 1 and other qualifying non-controlling interest plus perpetual, non-cumulative instruments with either contractual or statutory principal loss absorption features that comply with the Basel III rules divided by total RWA. Perpetual, non-cumulative preference shares that comply with Basel I and Basel II rules are included in tier 1 capital but are currently subject to regulatory phase-out requirements over a ten-year period, which commenced on 1 January 2013.
- Total capital adequacy: tier 1 plus other items such as general credit impairments and subordinated debt with either contractual or statutory principal loss absorption features that comply with the Basel III rules divided by total RWA. Subordinated debt that complies with Basel I and Basel II rules is included in total capital but is currently subject to regulatory phase-out requirements, over a ten-year period, which commenced on 1 January 2013.

RWA are calculated in terms of the Banks Act and related regulations, which are aligned with Basel III.

For the year ended 31 December 2017, SBSA’s CET 1 ratio including unappropriated profits and tier 1 capital adequacy ratio including unappropriated profits were 13.6 and 14.2 per cent., respectively, compared to its internally set target range of 11.0 – 12.5 per cent. and 12.0 – 13.0 per cent. Respectively, while its total capital adequacy ratio including unappropriated profits was 16.6 per cent. compared to its internal target range of 15.0 – 16.0 per cent.

The SARB adopted the leverage framework that was issued by the BCBS in January 2014 with formal disclosure requirements commencing from 1 January 2015. The non-risk based leverage measure is designed to complement the Basel III risk based capital framework. SBSA’s leverage ratio inclusive of unappropriated profit was 6.3 per cent. as at 31 December 2017 (compared to 5.6 per cent. as at 31 December 2016), in excess of the SARB minimum requirement of 4 per cent.

The following table sets out SBSA’s tier 1 and tier 2 capital excluding unappropriated profit for the years ended 31 December 2017 and 31 December 2016, on a Basel III basis.

Basel III qualifying capital excluding unappropriated profits

	31 December	
	2017	2016
	<i>(Rm)</i>	
IFRS ordinary shareholders’ equity	43,698	41,198
Retained earnings	56,294	54,140
Other reserves	799	947
Less: regulatory adjustments	(17,929)	(19,419)
Goodwill.....	(42)	(42)
Other intangible assets.....	(15,346)	(16,634)

	31 December	
	2017	2016
	(Rm)	
Deferred tax asset	(14)	(20)
Shortfall of credit provisions to expected losses	(2,084)	(2,126)
Other adjustments	(443)	(597)
Less: regulatory exclusions.....	(11,010)	(8,769)
Common equity tier 1	71,852	68,097
Qualifying other equity instruments	3,852	-
Tier I capital	75,396	68,097
Qualifying tier II subordinated debt.....	17,080	20,080
General allowance for credit impairments	416	314
Less: regulatory adjustments - investment in tier II instruments in other banks.....	(2,341)	(2,901)
Tier II capital	15,200	17,493
Total regulatory capital	90,596	85,590

Basel III risk-weighted assets and associated capital requirements

	RWA		Minimum capital requirements ¹
	2017	2016	2017
	(Rm)		(Rm)
Credit risk (excluding counterparty credit risk)	440,518	412,628	47,357
Of which standardised approach ²	20,388	38,711	2,192
Of which internal rating-based (IRB) approach	420,130	373,917	45,165
Counterparty credit risk (CCR)	22,267	19,323	2,393
Of which standardised approach for CCR (SA-CCR)	1,334	779	143
Of which IRB approach	20,933	18,544	2,250
Equity positions in banking book under market-based approach	3,572	3,942	384
Securitisation exposures in banking book	747	678	80
Of which IRB approach	567	228	61
Of which IRB supervisory formula approach	180	450	19
Market risk	41,943	29,771	4,508
Of which standardised approach	29,139	11,738	3,132
Of which internal model approach	12,804	18,033	1,376
Operational risk	93,283	87,177	10,028
Of which standardised approach	26,431	27,985	2,841
Of which advanced measurement approach (AMA)	66,852	59,192	7,187
Amounts below the thresholds for deduction (subject to 250% risk weight)	7,984	7,216	858
Total	610,314	560,735	65,608

¹ Capital requirement at 10.38 per cent. excludes confidential bank-specific add-ons.

² Portfolios on the standardised approach relate to portfolios for which application to adopt the internal model approach has not been submitted, or for which application has been submitted but approval has not been granted.

The following table details SBSA's capital adequacy ratios for the years ended 31 December 2017 and 31 December 2016 on a Basel III basis.

	2017 SARB minimum regulatory requirement ¹	Internal target ratios	Including unappropriated profits		Excluding unappropriated profits	
			2017	2016	2017	2016
	(%)	(%)	(%)			
Total capital adequacy ratio	10.8	15.0 - 16.0	16.6	16.8	14.8	15.3
Tier I capital adequacy ratio	8.5	12.0 - 13.0	14.2	13.7	12.4	12.1
CET I capital adequacy	7.3	11.0 - 12.5	13.6	13.7	11.8	12.1

¹ Excludes confidential bank-specific add-ons.

Source: This information has been extracted from SBSA's 2017 Annual Report and is unaudited.

BASEL III

Banks in South Africa adopted Basel III with effect from 1 January 2013. Basel III aims to enhance financial stability globally by increasing the quality and level of capital to be held by banks, extending the risk framework coverage, by introducing new liquidity ratios and also a non-risk based leverage ratio. The BSD of the SARB (now referred to as the PA) commenced with its implementation from 1 January 2013 by way of the Regulations Relating to Banks, and Banks in South Africa have thus adopted the Basel III accord. The SB Group has approval from the SARB to use the advanced internal ratings-based ("**AIRB**") approach for its credit portfolios in SBSA. For internal management purposes, the SB Group utilises AIRB measures and principles wherever possible. Further, the SB Group has approval from the SARB to adopt the market-based approach for certain equity portfolios in SBSA and has approval for using the advanced measurement approach ("**AMA**") operational risk framework. Furthermore, the SB Group also has approval from the SARB to use the "internal models approach" for most trading product groups and across most market risk types for SBSA.

In Basel III, the BCBS introduced significant changes to the Basel II framework, including, amongst others:

Capital

The quality, consistency and transparency of the capital base levels are increased. In the new framework, the regulatory deductions should mainly be applied to the common equity component of the capital base. Further, to be eligible as Tier I and Tier II capital, instruments need to meet more stringent requirements than were applied under Basel II.

The Basel III framework introduces a capital conservation buffer of 2.5 per cent. on top of these minimum thresholds. If a bank does not meet this buffer, constraints will be imposed on SBSA's capital distribution, such as dividends. Also, in periods of excess growth, banks will be required to hold an additional countercyclical buffer of up to 2.5 per cent. in order to avoid facing restrictions.

Leverage Ratio

The BCBS has also proposed a requirement that effective from 1 January 2018 the risk-sensitive capital framework be supplemented with a non-risk based measure, the leverage ratio (the "**Leverage Ratio**"). The Leverage Ratio is calculated as the Tier I capital divided by the exposure (being on and off-balance sheet exposures, with certain adjustments for selected items such as derivatives). It is envisaged that the final calibration of the Leverage Ratio and any further definition amendments will be implemented by 2022.

Liquidity

Another key component of the Basel III framework is the introduction of increased regulations for liquidity risks. The objective of the liquidity reform is to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thereby reducing the risk of spillover from the financial sector to the real economy.

The BCBS has developed two new quantitative liquidity standards as part of the Basel III framework; namely the LCR (being phased-in from 1 January 2015) and the NSFR (effective 1 January 2018). The LCR's objective is to measure SBSA's ability to manage short-term liquidity stress and ensure the appropriate holding of surplus qualifying liquid assets. The NSFR's objective is to measure the SBSA Group's long-term structural funding stability in order to address the structural liquidity mismatch inherent in banking operations. Both the LCR and NSFR calculations are subject to an observation period prior to implementation such that any unintended consequences can be identified.

The BCBS has also put a more stringent regulatory framework into place for the monitoring of intraday liquidity risk. Management of intraday liquidity risk forms a key element of a bank's overall liquidity risk management framework. The mandatory tools introduced by the BCBS are for

monitoring purposes, and only international active banks will be required to apply them. National regulators will determine the extent to which the tools apply to banks that only operate domestically within their jurisdictions. Monthly reporting on the monitoring tools commenced on 1 January 2015.

Risk-Weighting (Finalised Basel III reforms)

On 7 December 2017 the BCBS published the Basel III finalised reforms for the calculation of RWA and a capital floor to be implemented on 1 January 2022. These reforms are the completion of work that the BCBS has been undertaking since 2012 to address inefficiencies that emerged from the financial crisis in 2008 and impacts both standardised and advanced internal models.

Reducing variation in the internal rating based ("IRB") approach for credit risk

The revised IRB framework constrains the use of the AIRB approach which allows banks to estimate the probability of default ("PD"), loss given default ("LGD"), exposure at default ("EAD") and maturity of an exposure for low default asset classes. These include exposures to large and mid-sized corporates, banks and other financial institutions, securities firms and public-sector entities. The relevant SB Group legal entities will now have to use the foundation IRB ("FIRB") approach for these exposures. The FIRB approach is more conservative as it applies fixed values to the LGD and EAD parameters. In addition, all IRB approaches are being removed for exposures to equities.

For the remaining asset classes, the revised IRB framework also introduces minimum "floor" values for bank-estimated IRB parameters that are used as inputs to the calculation of RWA. These include PD floors for both the FIRB and AIRB approaches, and LGD and EAD floors for the AIRB approach. The Committee agreed on various additional enhancements to the IRB approaches to further reduce unwarranted RWA variability, including providing greater specification of the practices that banks may use to estimate their model parameters.

Given the enhancements to the IRB framework and the introduction of an aggregate output floor, the BCBS has removed the 1.06 scaling factor that is currently applied to RWAs determined by the IRB approach to credit risk.

The date of implementation for these revisions is 1 January 2022.

Standardised approach for credit risk

The revisions to the standardised approach for credit risk (implementation date of 1 January 2022), enhances the regulatory framework by improving its granularity and risk sensitivity. It provides a more granular approach for unrated exposures to banks and corporates and a recalibration of risk weighting for rated exposures, a more risk-sensitive approach for real estate exposures based on their loan to value, separate treatment for covered bonds; specialised lending; and exposures to SME's, a more granular risk weight treatment for subordinated debt and equity exposures, and a recalibration of credit conversion factors for off balance sheet exposures.

Credit Valuation Adjustment ("CVA") risk capital charge

The initial phase of Basel III reforms introduced a capital charge for potential mark-to-market losses of derivative instruments as a result of the deterioration in the creditworthiness of a counterparty.

The final reforms introduce two new approaches for the calculation of the CVA risk capital charge which are a basic approach (full version including CVA hedges, or reduced version) and a standardised approach based on the fundamental review of the trading book market risk standardised approach with minimum requirements sensitivity calculations. The changes also include a €100 billion threshold for a simplified treatment (double counterparty credit risk capital requirement) and new eligibility requirements for CVA hedges.

The implementation date of the final reforms is 1 January 2022.

Operational risk

The BCBS has streamlined the operational risk framework. The AMAs for calculating operational risk capital requirements (which are based on banks' internal models) and the existing standardised approaches are replaced with a single risk-sensitive standardised approach to be used by all banks.

The new standardised approach for operational risk with an implementation date of 1 January 2022) determines a bank's operational risk capital requirements based on two components comprising a measure of a bank's income and a measure of historical losses experienced by the bank. Conceptually, it assumes that operational risk increases at an increasing rate with a bank's income and banks which have experienced greater operational risk losses historically are assumed to be more likely to experience operational risk losses in the future.

Output floor

The Basel III reforms replace the existing Basel II floor with a floor based on the revised Basel III standardised approaches. Consistent with the original floor, the revised floor places a limit on the regulatory capital benefits that a bank using internal models can derive relative to the standardized approaches. In effect, the output floor provides a risk-based backstop that limits the extent to which banks can lower their capital requirements relative to the standardised approaches.

This helps to maintain a level playing field between banks using internal models and those on the standardised approaches. It also supports the credibility of banks' risk-weighted calculations, and improves comparability via the related disclosures.

Under the revised output floor, banks' risk-weighted assets must be calculated as the higher of

- (i) total RWA calculated using the approaches that the bank has supervisory approval to use in accordance with the Basel capital framework (including both standardised and internal model-based approaches); and
- (ii) 72.5 per cent. of the total risk-weighted assets calculated using only the standardised approaches.

Risk-Weighting (Other Basel III reforms)

Counterparty Credit Risk

The BCBS has finalised the rules for the standardised approach for counterparty credit risk ("SA-CCR"). From 1 March 2019, the SA-CCR will be used to calculate the counterparty credit risk exposure associated with OTC derivatives, exchanges traded derivatives and long settlement transactions. The new SA-CCR is more risk sensitive than previously, limits the need for discretion by national authorities, minimises the use of banks' internal estimates and avoids undue complexity.

Securitisation Framework

The BCBS has finalised changes to the Basel securitisation framework. The new framework, to be implemented by 1 March 2019, provides a revised set of approaches for determining the regulatory capital requirements in relation to securitisation exposures with the aim of reducing mechanistic reliance on external ratings, increasing risk weights for highly rated securitisation exposures, reducing risk weights for low-rated securitisation exposures, reducing cliff effects (where small changes in the quality of an underlying pool of securitised exposures quickly leads to significant increases in capital requirements) and making the framework more risk-sensitive.

Fundamental Review of the Trading Book

Some initial measures to improve market risk were introduced by the BCBS in 2009 (known as "Basel 2.5"). The BCBS recognised that these incremental changes to the market risk framework were only

temporary, and that further measures were required to improve trading book capital requirements. The new market risk framework ("**Fundamental Review of the Trading Book**") was published on 14 January 2016 and is to be adopted on 1 January 2022.

Interest Rate Risk in the Banking Book ("IRRBB")

Arising from the Fundamental Review of the Trading Book, the Bank of International Settlement appointed a team to evaluate and refine the existing Pillar 2 treatment for spread risk in the banking book. In April 2016 the BCBS issued standards for IRRBB (the "**revised Standards**"). The revised Standards revise the BCBS' 2004 "Principles for the management and supervision of interest rate risk", which set out supervisory expectations for banks' identification, measurement, monitoring and control of IRRBB as well as its supervision. The revised Standards also introduced a strengthened Pillar 2 approach. The newly revised Standards for IRRBB cover the enhanced requirements over 12 principles. Nine principles are directed to banks including identification of IRRBB, sound methodologies, risk appetite and limits, internal reporting, external disclosures, data, controls and model risk management. Three principles are directed to supervisors, and focus on review of soundness of banks' IRRBB management, collaboration among supervisors and identification of outlier banks.

The revised standards are expected to be implemented by 1 January 2020.

Sovereign Risk

The regulatory treatment of sovereign exposures - discussion paper, was issued in December 2017 by the BCBS. The views of interested stakeholders will inform the BCBS' longer-term thinking on the issue. The discussion paper outlines some ideas regarding the regulatory treatment of sovereign exposures:

The first set of ideas relates to:

- (i) the removal of the IRB approach framework for sovereign exposures;
- (ii) revised standardised risk weights for sovereign exposures held in both the banking and trading book, including the removal of the national discretion to apply a preferential risk weight for certain sovereign exposures; and
- (iii) adjustments to the existing credit risk mitigation framework, including the removal of the national discretion to set a zero haircut for certain sovereign repo-style transactions.

The second set of ideas relate to mitigating the potential risks of excessive holdings of sovereign exposures, which, for instance, could take the form of marginal risk weight add-ons that would vary based on the degree of a bank's concentration to a sovereign (defined as the proportion of sovereign exposures relative to Tier 1 capital). The third set of ideas is related to the Pillar 2 (supervisory review process) and Pillar 3 (disclosure) treatment of sovereign exposures.

Systemically important financial institutions ("SIFIs")

The guidance developed by the BCBS and the Financial Stability Board form the basis for the requirements of domestic systemically important banks in South Africa. South African banks have developed their recovery plans in line with global standards. The specific "domestic systemically important bank capital requirements have been applied to the relevant banks from 1 January 2016.

Recovery plans focus on plausible management or recovery actions that can be taken to reduce risk and conserve capital during times of severe stress. Resolution plans are typically developed by the supervisor with the objective of ensuring that SIFIs are resolvable and will not become a burden to tax payers.

Although the Basel III phase-in approach affords SBSA a period of time before full compliance is required, SBSA maintains a strong focus on achieving these liquidity and capital requirements within the specified timelines. Specific areas of focus include optimising capital and liquidity allocation between product lines, trading desks, industry sectors and legal entities such that financial resources can be allocated in a manner that enhances the overall group economic profit and return on equity, embedding risk-adjusted performance measurement into the performance measurement and reporting processes of the SB Group; and ensuring that the SB Group is adequately positioned to respond to changing regulatory rules under Basel III.

LEGAL PROCEEDINGS

There are no governmental, legal or arbitration proceedings (nor are there any such proceedings which are pending or threatened of which SBSA is aware) which may have, or have during the 12 months prior to the date of this Programme had a material effect on the financial position or profitability of SBSA and/or the SBSA Group. SBSA and its subsidiaries have sued and are defendants in a number of legal proceedings incidental to their operations. While any litigation has an element of uncertainty, SBSA does not expect that the outcome of any such proceeding, either individually or in aggregate, will have a material adverse effect upon SBSA's financial condition or results of operations.

PROPERTY

As at 31 December 2017, SBSA Group held freehold title (net book value) to land and property of R2,968 million (compared to R3,026 million as at 31 December 2016).

INSURANCE

SBSA has a comprehensive insurance programme with cover for bankers' bond, computer crime, professional indemnity, directors' and officers' liability, assets and liabilities. An annual benchmarking review of policy wording, covers and limits ensures that the level of risk mitigation is adequate in relation to SBSA's risk profile.

All insurance cover is placed at SBG level to maximize on economies of scale and to ensure all business units are included.

INFORMATION TECHNOLOGY

The role of IT within SBSA has developed from being a support function to becoming a strategic partner in achieving SBSA's strategy. The primary aim of SBSA's IT platform is to ensure the stability, availability, security and efficient functioning of SBSA's banking systems, to ensure delivery on customer focus and to underpin the sustainable future of SBSA.

However, with the significant impact of the digital revolution, consumers and businesses are being forced to change the way they interact. IT is central to SBSA's ability to adapt to a changing world and create sustainable long-term value for SBSA's stakeholders. SBSA regards IT as a strategic asset which supports, sustains and enables growth and operational excellence within SBSA and the SB Group.

The key elements of SBSA's IT strategy are to enhance operational excellence, to improve the affordability of the IT operations and to support SBSA's competitiveness and growth in Africa. In delivering against the strategy, the first phase of SBSA's IT transformation programme, "Accelerate" was completed in 2017. The programme implemented the adoption of "Agile at Scale", an infrastructure efficiency initiative, and is operating as business-as-usual, the achievement of improved Occupational Health Index scores and the achievement of affordability targets. The modernisation of SBSA's core banking platforms is a key part of achieving SBSA's IT strategy, and SBSA has invested heavily (over the last couple of years) in transforming its IT platforms from complex legacy systems to a simplified and standardised platform, with a significant portion of the capability complete. SBSA's IT strategy is a key enabler of SBSA's strategic vision. The IT transformation and modernisation programmes has enabled SBSA to be well positioned to respond to changing client

needs and to contribute towards SBSA's strategic focus areas around client centricity, digitisation and building a universal financial services organisation.

Management believes that SBSA's overall IT stability is currently acceptable with a record number of transactions, both in terms of volume and value, being successfully processed in 2017 (50 per cent. increase in the number of mobile transactions, with a value of R196 billion. A 21 per cent. increase in digital transactions and 17 per cent. increase in card transactions, with a total value of R977 billion and R290 billion respectively). It is a reality that a certain amount of instability is unavoidable during periods of significant change to IT systems. Whilst the number of high profile IT outages has reduced in 2017, SBG continues to invest in its IT security strategy and enhance its current capabilities. SBG sets security, recovery and business resumption as a key focus area, and regularly tests contingency procedures so that interruptions are minimised.

IT governance functions provide oversight of IT within the SB Group to ensure that technology contributes to creating sustainable value both in the short and over the long term. The SBG Board is responsible for ensuring that prudent and reasonable steps have been taken regarding IT governance. The SB Group IT committee is an SBG Board committee with responsibility for ensuring the implementation of the IT governance framework across SB Group. The committee has the authority to review and provide guidance on matters related to SBSA's IT strategy, budget, operations, policies and controls, SBSA's assessment of risks associated with IT, including disaster recovery, business continuity and IT security, as well as oversight of significant IT investments and expenditure.

The committee is chaired by an independent SBG Board member, who is also a member of the SB Group risk and capital management committee. The chief information officers of each business unit within SBSA report to their chief executives as well as to the SB Group chief information officer to ensure that the IT strategy is aligned and integrated with the business strategies.

REGULATION

General regulatory requirements

SBSA is subject to the Banks Act and is supervised by the Financial Conglomerate Supervision Department.

SBSA holds a full banking licence granted by the SARB. It is an authorised dealer in foreign exchange in terms of the Exchange Control Regulations of the SARB.

Please see "*Risk Factors – The impact of any future change in law or regulation on the Issuer's business is uncertain*" on page 32.

Anti-money laundering regulatory requirements

SBG is committed to and supports global efforts to combat money laundering and terrorist financing. Consequently, SBG has drafted and implemented policies and procedures to assist it in complying with its legislative obligations in respect of anti-money laundering and combating the financing of terrorism requirements in each jurisdiction in which it operates. Meeting anti-money laundering and terrorist financing control requirements imposes significant obligations in terms of client identification and verification, record keeping, staff training and the detection and reporting of suspicious and unusual transactions. Minimum standards are implemented throughout the SBG and particular emphasis is placed on enhancing internal systems and processes to assist in managing money laundering and terrorist financing risks. SBSA continues to enhance and automate its anti-money laundering and terrorist financing detection measures. SBSA also has a dedicated anti-money laundering surveillance unit that is responsible for receiving, evaluating and reporting suspicious or unusual transactions and activities to the appropriate authorities. This unit also ensures full co-operation with law enforcement agencies, including the release of information to them in terms of SBSA's legal obligations.

Anti-bribery and corruption requirements

Anti-bribery and corruption policies are implemented consistently across the SB Group and SBSA Group. All companies in the SB Group are committed to the highest level of ethical behaviour, and have a zero tolerance for bribery and corruption. The SB Group requires compliance with anti-bribery and corruption laws in all markets and jurisdictions in which it operates. These laws include, but are not limited to, the South African Prevention and Combating of Corrupt Activities Act, the UK Bribery Act and the U.S. Foreign and Corrupt Practices Act.

SBG has developed and implemented an anti-bribery and corruption (“**ABC**”) compliance programme which is aligned with global best practice (in particular the ABC guidance that has been issued by the Organisation for Economic Co-operation and Development). The programme includes drafting and regular updates to the ABC policy, which is applicable to all employees of the Group, irrespective of location or jurisdiction.

Furthermore all SBG staff are required to complete ABC general awareness training annually. Regular reviews of the effectiveness of the ABC programme are conducted in the form of risk assessments and routine monitoring activities.

RISK MANAGEMENT

Effective risk management is fundamental to the business activities of both SBG and SBSA. SBSA operates under the SBG risk framework and SBSA-specific policies to address SBSA-specific business and regulatory requirements. SBSA’s chief risk officer is accountable to the SBSA Board and SBSA’s regulators. SBSA’s chief risk officer is also the chief risk officer for SBG and is therefore also accountable to the SBG Board and SBG regulators.

SBSA’s approach to risk management is based on a SBG risk, compliance and capital management (the “**RCCM**”) governance framework and the three lines of defence model.

SBSA operates under the SBG risk framework, which consists of:

- risk governance committees at a board and management level; and
- risk governance standards, frameworks and policies.

Risk governance committees

Board sub-committees responsible for effective risk management comprise the Audit Committee (“**AC**”), the Risk and Capital Management Committee (“**RCMC**”), the technology and information committee and the model approval committee.

Executive management oversight for all risk types has been delegated by the SBG management committee to the Risk Oversight Committee (the “**ROC**”) which, in turn, assists the RCMC to fulfil its mandate. As is the case with the RCMC, the ROC calls for and evaluates in-depth investigations and reports based on its assessment of the risk profile and external factors. The ROC delegates authority to various sub-committees which deal with specific risk types or oversight activities. Matters are escalated to the ROC, based on materiality, through reports or feedback from the sub-committee chairman. These sub-committees are the Corporate and Investment Banking and Personal and Business Banking Credit Governance Committees; the Asset and Liability Committee (the “**ALCO**”) (which also covers market risk); the Compliance Committee; the Country Risk Management Committee; the Equity Risk Committee; the Internal Financial Control Governance Committee; the Operational Risk Committee, the Sanctions and Client Risk Review Committee; the Stress Testing and Risk Appetite Committee and the Recovery and Resolution Plan Committee.

Governance documents

Governance documents within the RCMC governance framework comprise standards, frameworks and policies which set out the requirements for the identification, measurement, monitoring, management and reporting of risks, for effective oversight of compliance and effective management of capital. Governance standards and frameworks are approved by the relevant board committee. Governance policies are approved by the management committee or sub-committee, the relevant ROC sub-committee, the ROC itself or, where regulations require board approval, by the SBSA Board or the relevant board committee.

The three lines of defence

SBSA uses the three lines of defence governance model which promotes transparency, accountability and consistency through the clear identification and segregation of roles.

The first line of defence is made up of the management of business lines and legal entities. It is the responsibility of first line management to identify and manage risks. This includes, at an operational level, the day-to-day effective management of risk in accordance with agreed risk policies, appetite and controls. Effective first line management includes:

- the proactive self-identification of issues and risks, including emerging risks;
- the design, implementation and ownership of appropriate controls;
- the associated operational control remediation; and
- a strong control culture of effective and transparent risk partnership.

The second line of defence functions provide independent oversight and assurance. They have resources at the centre and embedded within the business lines. Central resources provide SBSA with Group-wide oversight of risks, while resources embedded within the business lines support management in ensuring that their specific risks are effectively managed as close to the source as possible. Central and embedded resources jointly oversee risks at a legal entity level.

The second line of defence functions develop, implement and integrate governance standards, frameworks and policies for each material risk type to which SBSA is exposed. This ensures consistency in approach across SBSA's business lines and legal entities. Compliance with the standards and frameworks is ensured through self-assessments by the second line of defence and reviews by Internal Audit ("IA").

IA is the third line of defence and it provides independent and objective assurance to the SBSA Board and senior management on the effectiveness of the first and second lines of defence.

All three levels report to the SBSA Board, either directly or through the RCMC and AC.

RISK APPETITE AND STRESS TESTING

SBSA believes that a strong link between its risk appetite and its strategy is key to SBSA's long-term sustainable growth and profitability. Risk appetite and stress testing activities are undertaken by teams at a Bank level and in business lines within the risk appetite and stress testing governance frameworks.

Risk appetite governance framework

The risk appetite governance framework provides guidance on the following:

- setting and cascading of risk appetite by Bank, business line, risk type and legal entity;

- measurement and methodology;
- governance;
- monitoring and reporting of risk profile; and
- escalation and resolution.

SBSA has adopted the following definitions, where entity refers to a business line or legal entity within SBSA, or SBSA itself:

- Risk appetite: An expression of the amount or type of risk an entity is generally willing to take in pursuit of its financial and strategic objectives, reflecting its capacity to sustain losses and continue to meet its obligations as they fall due, under both normal and a range of stress conditions.
- Risk appetite trigger: an early warning trigger set at a level that accounts for the scope and nature of available management actions, and ensures that corrective management action can take effect and prevent a risk tolerance limit breach.
- Risk tolerance: The maximum amount of risk an entity is prepared to tolerate above risk appetite. The metric is referred to as a risk tolerance limit.
- Risk capacity: The maximum amount of risk the entity is able to support within its available financial resources.
- Risk appetite statement ("**RAS**"): The documented expression of risk appetite and risk tolerance which have been approved by the entity's relevant governance committee. The RAS is reviewed and revised, if necessary, on an annual basis.
- Risk profile: The risk profile is defined in terms of three dimensions, namely current risk profile or forward risk profile, unstressed or stressed risk profile, pre- or post-management actions.

The current risk profile is the amount or type of risk the entity is currently exposed to. The unstressed forward risk profile is the forward-looking view of how the entity's risk profile is expected to evolve under expected conditions. The effectiveness of available management actions can be assessed through an analysis of pre- and post-management action risk profiles against risk appetite triggers and tolerance limits.

Stress testing governance framework

Stress testing is a key management tool within SBSA and is used to evaluate the sensitivity of the current and forward risk profiles relative to different levels of risk appetite. Stress testing supports a number of business processes including:

- strategic planning and financial budgeting;
- the internal capital adequacy assessment process, including capital planning and management and the setting of capital buffers;
- liquidity planning and management;
- informing the setting of risk appetite;
- identifying and proactively mitigating risks through actions such as reviewing and changing limits, limiting exposures and hedging;

- facilitating the development of risk mitigation or contingency plans, including recovery plans, across a range of stressed conditions; and
- supporting communication with internal and external stakeholders including industry-wide stress tests performed by the regulator.

Stress testing programme

The stress testing programme uses one or a combination of stress testing techniques, including scenario analysis, sensitivity analysis and reverse stress testing to perform stress testing for different purposes.

CREDIT RISK

Credit risk is the risk of loss arising out of failure of obligors to meet their financial or contractual obligations when due.

SBSA's credit risk is a function of its business model and arises from wholesale and retail loans and advances, underwriting and guarantee commitments, as well as from the counterparty credit risk arising from derivatives and securities financing contracts entered into with SBSA customers and trading counterparties. To the extent equity risk is held on the banking book, it is also managed under the credit risk governance framework. The management of credit risk is aligned to SBSA's three lines of defence framework. The business function owns the credit risk assumed by SBSA and as the first line of defence is primarily responsible for its management, control and optimisation in the course of business generation.

The credit risk function acts as the second line of defence and is responsible for providing independent and objective approval and oversight for the credit risk-taking activities of the business, to ensure the process of procuring revenue, while assuming optimal risk, is undertaken with integrity.

Further second line oversight is provided by the SBG risk function through independent credit risk assurance. The third line of defence is provided by IA, under its mandate from the AC.

SBSA's credit governance process relies on both individual responsibility and collective oversight, supported by comprehensive and independent reporting. This approach balances strong corporate oversight at a SBG level, with participation by SBSA's senior executives, in all significant risk matters.

Credit risk is governed in accordance with the SBG comprehensive risk, compliance and capital management framework as defined and detailed in the SBG credit risk governance standard and the model risk governance framework.

The RCMC is the principal board subcommittee ultimately responsible for the oversight of credit risk. ROC is responsible for credit risk management governance, effected through its subcommittees.

Exposure to Credit Risk

Loans and advances are analysed and categorised based on credit quality using the following definitions:

Default

SBSA defines a default as occurring at the earlier of:

- when either, based on objective evidence, the counterparty is considered to be unlikely to pay amounts due on due date or shortly thereafter without recourse to actions such as realisation of security; or
- when the counterparty is past due for more than 90 days. The overdue period may be measured using a "days past due" or a "number of missed payments or part thereof" approach.

Performing loans

Performing loans are classified into two categories, namely:

- Neither past due nor specifically impaired loans: These loans are current and fully compliant with all contractual terms and conditions. Normal monitoring loans within this category are generally rated 1 to 21, and close monitoring loans are generally rated 22 to 25 using SBSA's master rating scale.
- Early arrears but not specifically impaired loans: early arrears but not specifically impaired loans include those loans where the counterparty has failed to make contractual payments and payments are less than 90 days past due, but it is expected that the full carrying value will be recovered when considering future cash flows, including collateral. Ultimate loss is unlikely but could occur if the adverse conditions persist.

Non-performing loans

Non-performing loans are those loans for which SBSA has identified objective evidence of default, such as a breach of a material loan covenant or condition, or instalments are due and unpaid for 90 days or more. Non-performing but not specifically impaired loans are not specifically impaired due to the expected recoverability of the full carrying value when considering the recoverability of future cash flows, including collateral.

Non-performing specifically impaired loans are those loans that are regarded as non-performing and for which there has been a measurable decrease in estimated future cash flows. Specifically impaired loans are further analysed into the following categories:

- Sub-standard: Items that show underlying well-defined weaknesses and are considered to be specifically impaired.
- Doubtful: Items that are not yet considered final losses due to some pending factors that may strengthen the quality of the items.
- Loss: Items that are considered to be uncollectible in whole or in part. SBSA provides fully for its anticipated loss, after taking collateral into account.

Please refer to the diagram on page 135 and to the tables set out on pages 136 to 137 of SBSA's 2017 annual report with regard to SBSA's maximum exposure to credit risk by credit quality as at 31 December 2017 and 31 December 2016.

Restructured (or renegotiated) loans and advances

Restructured loans and advances are exposures that, on meeting certain eligibility criteria, have been rescheduled, rolled over or otherwise modified following weaknesses in the counterparty's financial position, and where it has been judged that contractual repayment under the revised conditions will likely continue after the restructure.

Collateral

Please refer to the tables set out on pages 142 to 143 of SBSA's 2017 annual report for details of the financial effect that collateral has on SBSA's maximum exposure to credit risk as at 31 December 2017. The table that follows is presented according to Basel asset categories and includes collateral that may not be eligible for recognition under Basel but that management takes into consideration in the management of SBSA's exposures to credit risk. All on- and off-balance sheet exposures which are exposed to credit risk, including non-performing loans, have been included.

Collateral includes financial securities that have a tradable market (such as shares and other securities), physical items (such as property, plant and equipment) and financial guarantees, suretyships and intangible assets.

Netting agreements which do not qualify for offset under *International Financial Reporting Standards*, but which are nevertheless enforceable, are included as part of SBSA's collateral for risk management purposes. All exposures are presented before the effect of any impairment provisions.

In the retail portfolio, 61 per cent. (compared to 60 per cent. in 2016) is fully collateralised in 2017. The R362 million (compared to R417 million in 2016) of retail accounts in 2017 that lie within the 0 per cent. to 50 per cent. range of collateral coverage mainly comprise accounts which are either in default or legal. The total average collateral coverage for all retail mortgage exposures in the 50 per cent. to 100 per cent. collateral coverage category is 95 per cent. (compared to 95 per cent. in 2016). Of SBSA's total exposure, 52 per cent. (compared to 46 per cent. in 2016) is unsecured and mainly reflects exposures to well-rated corporate counterparties, bank counterparties and sovereign entities.

	Total exposure Rm	Un-secured Rm	Secured Rm	Netting agreeme nts Rm	Secured exposure after netting Rm	Total collateral coverage		
						≤50 per cent. Rm	51 per cent. – 100 per cent. Rm	>100 per cent. Rm
2017								
Corporate	476,577	348,612	127,965	8,660	119,305	9,560	93,479	16,266
Sovereign	144,192	134,503	9,689	6,327	3,362	2,812	510	40
Bank	236,992	138,319	98,673	54,211	44,462	32,909	5,498	6,055
Retail	497,241	89,910	407,331		407,331	362	101,182	305,787
Retail mortgage	330,852		330,852		330,852	362	29,342	301,148
Other retail	166,389	89,910	76,479		76,479		71,840	4,539
Total	1,355,002	711,344	643,658	69,198	574,460	45,643	200,669	328,148
<i>Add: financial assets not exposed to credit risk</i>	22,312							
<i>Add: interest in financial instruments of SBG companies</i>	44,756							
<i>Less: impairments for loans and advances</i>	(18,562)							
<i>Less: unrecognised off-balance sheet items</i>	(124,305)							
Total exposure	1,279,203							
Cash and balances with central banks	35,893							
Derivative assets	71,542							
Trading assets	126,283							
Pledged assets	6,812							
Financial instruments	86,344							
Loans and advances	900,895							
Other financial assets	6,678							
Interest in financial instruments of SBG companies	44,756							
Total	1,279,203							

	Total exposure Rm	Un-secured Rm	Secured Rm	Netting agreeme nts Rm	Secured exposure after netting Rm	Total collateral coverage		
						≤50 per cent. Rm	51 per cent. – 100 per cent. Rm	>100 per cent. Rm
2016								
Corporate	562,596	369,950	192,646	16,216	176,430	5,511	127,813	43,106
Sovereign	98,583	84,224	14,359	4,037	10,322		5,172	5,150
Bank	165,189	33,142	132,047	39,093	92,954	1,157	18,797	73,000
Retail	488,548	91,782	396,766		396,766	417	102,314	294,035
Retail mortgage	322,571		322,571		322,571	417	32,277	289,877
Other retail	165,977	91,782	74,195		74,195		70,037	4,158
Total	1,314,916	579,098	735,818	59,346	676,472	7,085	254,096	415,291
Add: financial assets not exposed to credit risk	43,000							
Add: interest in financial instruments of SBG companies	33,573							
Less: impairments for loans and advances	(18,096)							
Less: unrecognised off-balance sheet items	(118,795)							
Total exposure	1,254,598							
Cash and balances with central banks	33,947							
Derivative assets	60,074							
Trading assets	107,442							
Pledged assets	2,081							
Financial instruments	91,551							
Loans and advances	920,406							
Other financial assets	5,524							
Interest in financial instruments of SBG companies	33,573							
Total	1,254,598							

COUNTRY RISK

Country risk, also referred to as cross-border transfer risk, is the uncertainty of whether obligors, (including the relevant sovereign, and including the obligations of bank branches and subsidiaries in a country) will be able to fulfil its obligations to SBSA given political or economic conditions in the host country.

All countries to which SBSA is exposed are reviewed at least annually. Internal rating models are employed to determine ratings for jurisdiction, sovereign and transfer and convertibility risk. In determining the ratings, extensive use is made of SBSA's network of operations, country visits and external information sources. These ratings are also a key input into SBSA's credit rating models.

The model inputs are continuously updated to reflect economic and political changes in countries. The model outputs are internal risk grades that are calibrated to a jurisdiction risk grade from aaa to d, as well as sovereign risk grade and transfer and convertibility risk grade ("SB") from SB01 to SB25. Countries with sovereign/jurisdiction risk ratings weaker than SB07/a, referred to as medium- and high-risk countries, are subject to more detailed analysis and monitoring.

Country risk is mitigated through a number of methods, including:

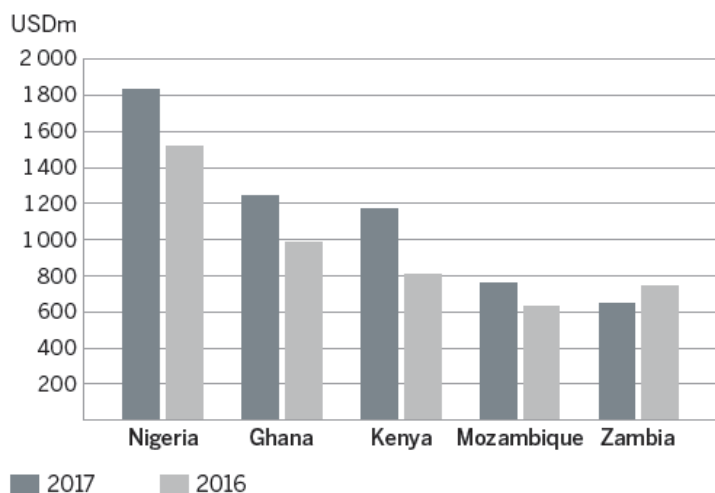
- political and commercial risk insurance;
- co-financing with multilateral institutions; and
- structures to mitigate transferability and convertibility risk such as collection, collateral and margining deposits outside the jurisdiction in question.

The primary management level governance committee overseeing this risk type is the SBSA's Country Risk Management Committee. The principal governance documents are the country risk governance standard and the model risk governance framework.

The risk distribution of cross-border country risk exposures is weighted towards European, Asian and North American low-risk countries, as well as sub-Saharan African medium- and high-risk countries.

The following graph shows SBSA's exposure to the top five medium- and high-risk countries for the years indicated. These exposures are in line with SBSA's growth strategy, which focused on Africa.

Top five medium- and high-risk exposures



FUNDING AND LIQUIDITY RISK

The nature of banking and trading gives rise to continuous exposure to liquidity risk. Liquidity risk is defined as the risk that an entity, although solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms. Liquidity risk may arise where counterparties, who provide SBSA with short-term funding, withdraw or do not roll over that funding, or normally liquid assets become illiquid as a result of a generalised disruption in asset markets.

SBSA manages liquidity in accordance with applicable regulations and within SBSA's risk appetite framework. The liquidity risk governance standard supports the measurement and management of liquidity across both the corporate and retail sectors to ensure that payment obligations can be met under both normal and stressed conditions. Liquidity risk management ensures that SBSA has the appropriate amount, diversification and tenor of funding and liquidity to support its asset base at all times.

The primary management level governance committee overseeing liquidity risk is ALCO, which is chaired by the financial director. The principal governance documents are the liquidity risk governance standard and model risk governance framework.

Basel III liquidity impact

The LCR is a metric introduced by the BCBS to measure a bank's ability to manage a sustained outflow of customer funds in an acute stress event over a 30-day period. The ratio is calculated by taking SBSA's high quality liquid assets ("**HQLA**") and dividing it by net cash outflows. The minimum regulatory LCR requirement for 2017 was 80 per cent., increasing by 10 per cent. annually to reach 100 per cent. by 1 January 2019.

From 2018, SBSA will also be required to comply with the Basel III NSFR. This is a metric designed to ensure that the majority of term assets are funded by stable sources, such as capital, term borrowings or other stable funds.

Contingency funding plans

Contingency funding plans are designed to protect stakeholder interests and maintain market confidence in the event of a liquidity crisis. The plans incorporate an early warning indicator process supported by clear crisis response strategies. Early warning indicators cover bank-specific and systemic crises and are monitored according to assigned frequencies and tolerance levels.

Crisis response strategies are formulated for the relevant crisis management structures and address internal and external communications and escalation processes, liquidity generation management actions and operations, and heightened and supplementary information requirements to address the crisis event.

Liquidity stress testing and scenario analysis

Stress testing and scenario analysis are based on hypothetical as well as historical events. These are conducted on SBSA's funding profiles and liquidity positions. The crisis impact is typically measured over a 30 calendar-day period as this is considered the most crucial time horizon for a liquidity event. This measurement period is also consistent with the Basel III LCR requirements.

Anticipated on- and off-balance sheet cash flows are subjected to a variety of bank-specific and systemic stresses and scenarios to evaluate the impact of unlikely but plausible events on liquidity positions. The results are assessed against the liquidity buffer and contingency funding plans to provide assurance as to SBSA's ability to maintain sufficient liquidity under adverse conditions.

Internal stress testing metrics are supplemented with the regulatory Basel III LCR to monitor SBSA's ability to survive severe stress scenarios.

Total contingent liquidity

Portfolios of highly marketable liquid instruments to meet prudential, regulatory and internal stress testing requirements are maintained as protection against unforeseen disruptions in cash flows. These portfolios are managed within ALCO-defined limits on the basis of diversification and liquidity. The table below provides a breakdown of SBSA's liquid and marketable securities as at 31 December 2016 and 31 December 2015. Eligible Basel III HQLA are defined according to the BCBS January 2013 LCR and liquidity risk monitoring tools framework. Managed liquidity represents unencumbered marketable securities other than eligible Basel III LCR HQLA (excluding trading assets) which would be able to provide significant sources of liquidity in a stress scenario.

	<u>2017</u>	<u>2016</u>
	<i>Rbn</i>	<i>Rbn</i>
Eligible LCR HQLA ¹ comprising:	172.3	166.2
Notes and coins	12.6	12.3
Cash with central banks	23.3	21.7
Government bonds and bills.....	91.3	115.5
Other eligible assets	45.1	16.7
Managed liquidity	40.6	93.8
Total contingent liquidity	<u>212.9</u>	<u>260.0</u>
Total liquidity as a percent of funding related liabilities	<u>20.3</u>	<u>24.6</u>

¹ Eligible LCR HQLA consider any liquid transfer restrictions that will inhibit the transfer across jurisdictions.

Structural liquidity mismatch

Maturity analysis of financial liabilities using behavioural profiling

With actual cash flows typically varying significantly from the contractual position, behavioural profiling is applied to assets, liabilities and off-balance sheet commitments as well as to certain liquid assets. Behavioural profiling assigns probable maturities based on historical customer behaviour. This is used to identify significant additional sources of structural liquidity in the form of core deposits, such as current and savings accounts, which exhibit stable behaviour despite being repayable on demand or at short notice.

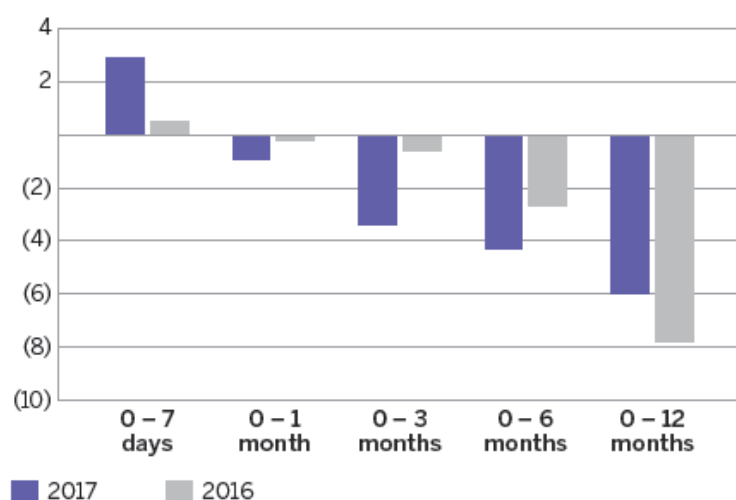
In order to highlight potential risks within SBSA's defined liquidity risk threshold, structural liquidity mismatch analyses are performed regularly to anticipate the mismatch between payment profiles of statement of financial position items.

The graph that follows shows SBSA's cumulative maturity mismatch between assets and liabilities for the 0 to 12 months bucket, after applying behavioural profiling. The cumulative maturity is expressed as a percentage of SBSA's total funding related liabilities. Expected aggregate cash outflows are subtracted from expected aggregate cash inflows. These mismatches are monitored on a regular basis with active management intervention if potential limit breaches are evidenced.

SBSA maintained NSFR compliance in excess of the 100% regulatory requirement with effect from 1 January 2018.

Behaviourally adjusted cumulative liquidity mismatch

(% of funding-related liabilities)



Maturity analysis of financial liabilities by contractual maturity

The following table analyses cash flows on a contractual, undiscounted basis based on the earliest date on which SBSA can be required to pay (except for trading liabilities and derivative liabilities which are presented as redeemable on demand) and will therefore not agree directly with the balances disclosed in the consolidated statement of financial position. Derivative liabilities are included in the maturity analysis on a contractual, undiscounted basis when contractual maturities are essential for an understanding of the derivatives' future cash flows. Management considers only contractual maturities to be essential for understanding the future cash flows of derivative liabilities that are designated as hedging instruments in effective hedge accounting relationships. All other derivative liabilities, together with trading liabilities, are treated as trading and are included at fair value in the redeemable on demand bucket since these positions are typically held for short periods of time. The table also includes contractual cash flows with respect to off-balance sheet items which have not yet

been recorded on-balance sheet. Where cash flows are exchanged simultaneously, the net amounts have been reflected.

	Redeemable on demand Rm	Maturing within 1 month Rm	Maturing 1 – 6 months Rm	Maturing 6 – 12 months Rm	Maturing after 1 year Rm	Total Rm
2017						
Financial liabilities						
Derivative financial instruments.....	71,425		(38)	(115)	(256)	71,016
Instruments settled on a net basis	45,742		3	(2)		45,743
Instruments settled on a gross basis.....	25,683		(41)	(113)	(256)	25,273
Trading liabilities	38,240					38,240
Deposits from customers and banks	560,120	210	2,537	250,543	162,690	976,100
Subordinated debt.....			134	344	18,040	18,518
Other		13,060				13,060
Total	669,785	13,270	2,633	250,772	180,474	1,116,934
Unrecognised financial instruments						
Letters of credit and bankers' acceptances	8,940					8,940
Guarantees.....	43,466					43,466
Irrevocable unutilised facilities.....	71,899					71,899
Total	124,305					124,305
2016						
Financial liabilities						
Derivative financial instruments.....	65,399	191	37	222	264	66,113
Instruments settled on a net basis	39,828	191	1	119	2	40,141
Instruments settled on a gross basis.....	25,571		36	103	262	25,972
Trading liabilities	26,976					26,976
Deposits from customers and banks	548,240	85,421	99,085	96,547	117,427	946,720
Subordinated debt.....		65	534	838	22,161	23,598
Other		10,355				10,355
Total	640,615	96,032	99,656	97,607	139,852	1,073,762
Unrecognised financial instruments						
Letters of credit and bankers' acceptances	9,590					9,590
Guarantees.....	45,051					45,051
Irrevocable unutilised facilities.....	64,164					64,164
Total	118,795					118,795

Funding activities

Funding markets are evaluated on an ongoing basis to ensure appropriate funding strategies are executed depending on the market, competitive and regulatory environment. SBSA employs a diversified funding strategy, sourcing liquidity in both domestic and offshore markets, and incorporates a coordinated approach to accessing loan and debt capital markets for SBG.

Primary funding sources are in the form of deposits across a spectrum of retail and wholesale clients, as well as loan and debt capital markets across SBSA.

Total funding-related liabilities reduced from R1,056 billion as at 31 December 2016 to R1,048 billion as at 31 December 2017.

The following table sets out SBSA's funding-related liabilities composition¹ as at 31 December 2017 and 31 December 2016.

	2017	2016
	<i>Rbn</i>	<i>Rbn</i>
Corporate funding	243	240
Retail deposits ²	219	208
Institutional funding		
Interbank funding ³		
Government and parastatals	53	52
Senior debt ³	46	47
Subordinated debt issued	20	21
Term loans		
Total funding-related liabilities	1056	1,021

¹ Composition aligned to Basel III liquidity classifications.

² Comprises individual and small business customers.

³ Restated.

Historically, South Africans have favoured the insurance market and mutual funds for their savings over bank deposits. As a result, SBSA has pursued various methods of diversifying its funding sources, including the securitisation of assets to provide added flexibility in mitigating structural liquidity risk and diversifying the funding base. Credit risk transfer and capital relief are factored in when deciding on the economic merits of each new securitisation issue.

Funding markets are evaluated on an ongoing basis to ensure appropriate funding strategies are executed depending on the market, competitive and regulatory environment. SBSA employs a diversified funding strategy, sourcing liquidity in both domestic and offshore markets and incorporates a coordinated approach to accessing loan and debt capital markets across SBSA.

Deposits and debt funding provide SBSA with the means to lend to its clients. This fulfils SBSA's role in connecting providers of capital with those that require additional capital and thereby contributes to the functioning of the broader financial system. SBSA pays interest on the funds borrowed and also derives fee income from transactional activity with respect to its client deposits.

Deposits from customers (including cheque accounts, savings accounts, call and notice deposits, fixed deposits and negotiable interest deposits) constitute SBSA's primary source of funding. In 2017, deposits and debt funding increased by 3 per cent. to R963 billion.

The table below provides a breakdown of SBSA's deposits and debt funding from banks and customers for the years ended 31 December 2017 and 31 December 2016.

	2017	2016
	<i>Rm</i>	<i>Rm</i>
Deposits and debt funding from banks	80,610	105,739
Deposits and debt funding from customers	881,040	829,205
Current accounts	111,598	104,982
Cash management deposits	165,900	165,510
Card creditors	1,435	1,440
Call deposits	216,866	195,354
Savings accounts	13,145	14,001
Term deposits	204,023	189,341
Foreign currency funding	30,950	32,364
Negotiable certificates of deposit	134,147	121,848
Other funding	2,976	4,365
Deposit and debt funding	961,650	934,944

In addition to the funding sourced from SBSA's clients included in deposits and debt funding SBSA also issues subordinated debt which provides further funding for SBSA's growth requirements and importantly, qualifies as Tier II capital. Subordinated debt decreased by 15 per cent. in 2017 mainly due to the redemption of note issuances in January and December 2017 of R3 billion. The terms of the

subordinated debt include regulatory requirements which are similar to those required for debt to be eligible as additional Tier 1 Capital.

MARKET RISK

Market risk is the risk of a change in the market value, actual or effective earnings or future cash flows of a portfolio of financial instruments, including commodities, caused by adverse movements in market variables such as equity, bond and commodity prices, currency exchange rates and interest rates, credit spreads, recovery rates, correlations and implied volatilities in all of these variables.

The management level governance committees overseeing market risk are ALCO, which is chaired by the financial director, and the Equity Risk Committee, which is chaired by the Corporate & Investment Banking chief risk officer. The principal governance documents are the market risk governance standard and the model risk governance framework.

Trading book market risk

Trading book market risk is represented by financial instruments, including commodities, held on the trading book arising out of normal global markets' trading activities.

SBSA's policy is that all trading activities are undertaken within SBSA's global markets' operations. The market risk functions are independent of trading operations and accountable to the relevant legal entity ALCO.

All value-at-risk ("**VaR**") and stressed VaR ("**SVaR**") limits require prior approval from the respective entity ALCOs. The market risk functions have the authority to set limits at a lower level.

Market risk teams are responsible for identifying, measuring, managing, monitoring and reporting market risk as outlined in the market risk governance standard.

Exposures and excesses are monitored and reported daily. Where breaches in limits and triggers occur, actions are taken by market risk functions to move exposures back in line with approved market risk appetite, with such breaches being reported to management and legal entity ALCOs.

Measurement

The techniques used to measure and control trading book market risk and trading volatility include VaR and SVaR, stop-loss triggers, stress tests, backtesting and specific business unit and product controls.

VaR and SVaR

SBSA uses the historical VaR and SVaR approach to quantify market risk under both normal and stressed conditions. For risk management purposes, VaR is based on 251 days of unweighted recent historical data updated at least monthly, a holding period of one day and a confidence interval of 95 per cent. SVaR uses a similar methodology to VaR, but is based on a 251-day period of financial stress, which is reviewed quarterly, and assumes a 10 day holding period and a worst case loss.

In general, SBSA's trading desks have run higher levels of market risk throughout 2017 when compared to 2016 aggregate normal VaR and increased levels when compared to aggregate SVaR.

The following table sets out the trading book normal VaR analysis by market variable:

	Normal VaR			
	Maximum ¹	Minimum ¹	Average	Closing
	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>
2017				
Commodities risk.....	2.1	0.05	0.3	0.7
Foreign exchange risk.....	37	10	21	11
Equities position risk.....	12	3	6	5
Debt securities.....	20	9	13	10
Diversification benefits ²			(12)	(10)
Aggregate.....	45	13	29	17
2016				
Commodities risk.....	0.8		0.2	0.1
Foreign exchange risk.....	34.8	15.5	21.0	34.8
Equities position risk.....	18.7	3.8	9.5	9.0
Debt securities.....	21.2	9.4	13.4	11.7
Diversification benefits ²			(14.1)	(18.9)
Aggregate.....	47.6	18.5	29.9	36.6

¹ The maximum and minimum VaR figures reported for each market variable do not necessarily occur on the same day. As a result, the aggregate VaR will not equal the sum of the individual market VaR values, and it is inappropriate to ascribe a diversification effect to VaR when these values may occur on different dates.

² Diversification benefit is the benefit of measuring the VaR of the trading portfolio as a whole, that is, the difference between the sum of the individual VaRs and the VaR of the whole trading portfolio.

Where SBSA has received internal model approval, the market risk regulatory capital requirement is based on a VaR and SVaR, both of which use a confidence level of 99 per cent. and a 10-day holding period.

Limitations of historical VaR are acknowledged globally and include:

- The use of historical data as a proxy for estimating future events may not encompass all potential events, particularly those which are extreme in nature;
- The use of a one-day holding period assumes that all positions can be liquidated or the risk offset in one day. This may not fully reflect the market risk arising at times of severe illiquidity, when a one-day holding period may be insufficient to liquidate or hedge all positions fully; and
- The use of a 95 per cent. confidence level, by definition, does not take into account losses that might occur beyond this level of confidence.

VaR is calculated on the basis of exposures outstanding at the close of business and therefore does not necessarily reflect intra-day exposures. VaR is unlikely to reflect loss potential on exposures that only arise under significant market moves.

Credit issuer risk is assumed in the trading book by virtue of normal trading activity, and is managed according to the market risk governance standard. These exposures arise from, among others, trading in debt securities issued by corporate and government entities as well as trading derivative transactions with other banks and corporate clients. The credit spread risk is incorporated into the daily price movements used to compute VaR and SVaR, as mentioned above. The VaR models used for credit risk are only intended to capture the risk presented by historical day-to-day market movements, and therefore do not take into account instantaneous or jump to default risk. Issuer risk is incorporated in the standardised approach interest rate risk charge.

Stop-loss triggers

Stop-loss triggers are used to protect the profitability of the trading desks and are monitored by market risk on a daily basis. The triggers constrain cumulative or daily trading losses through acting as a prompt to a review or close-out positions.

Stress tests

Stress testing provides an indication of the potential losses that could occur under extreme but plausible market conditions, including where longer holding periods may be required to exit positions. Stress tests comprise individual market risk factor testing, combinations of market factors per trading desk and combinations of trading desks using a range of historical, hypothetical and Monte Carlo simulations. Daily losses experienced during the year ended 31 December 2016 did not exceed the maximum tolerable losses as represented by SBSA's stress scenario limits.

Backtesting

SBSA backtests its VaR models to verify the predictive ability of the VaR calculations and to ensure the appropriateness of the models within the inherent limitations of VaR. Backtesting compares the daily hypothetical profit and losses under the one-day buy and hold assumption to the prior day's calculated VaR.

Regulators categorise a VaR model as green, amber or red and assign regulatory capital multipliers based on this categorisation. A green model is consistent with a satisfactory VaR model and is achieved for models that have four or less backtesting exceptions in a 12-month period. All SBSA's approved models were assigned green status by the SARB for the year ended 31 December 2017.

Specific business unit and product controls

Other market risk limits and controls specific to individual business units include permissible instruments, concentration of exposures, gap limits, maximum tenor, stop loss triggers price validation and balance sheet substantiation.

Interest rate risk in the banking book

This risk results from the different repricing characteristics of banking book assets and liabilities. Banking book-related market risk exposure principally involves managing the potential adverse effect of interest rate movements on banking book earnings (net interest income and banking book mark-to-market profit or loss) and the economic value of equity.

SBSA's approach to managing banking book interest rate risk is governed by applicable regulations and influenced by the competitive environment in which SBSA operates. SBSA's treasury and capital management team monitors banking book interest rate risk operating under the oversight of the ALCO.

Measurement

The analytical techniques used to quantify banking book interest rate risk include both earnings- and valuation-based measures. The analysis takes account of embedded optionality such as loan prepayments and accounts where the account behaviour differs from the contractual position.

The results obtained from forward-looking dynamic scenario analyses, as well as Monte Carlo simulations, assist in developing optimal hedging strategies on a risk-adjusted return basis. Desired changes to a particular interest rate risk profile are achieved through the restructuring of on-balance sheet re-pricing or maturity profiles, or through derivative overlays.

Limits

Interest rate risk limits are set in relation to changes in forecast banking book earnings and the economic value of equity. Economic value of equity sensitivity is calculated as the net present value of aggregate asset cash flows less the net present value of aggregate liability cash flows.

All assets, liabilities and derivative instruments are allocated to gap intervals based on either their repricing or maturity characteristics. Assets and liabilities for which no identifiable contractual repricing or maturity date exists are allocated to gap intervals based on behavioural profiling.

Hedging of endowment risk

Interest rate risk in the banking book is predominantly the consequence of endowment exposures, being the net exposure of non-rate sensitive liabilities and equity less non-rate sensitive assets. The endowment risk is hedged using liquid instruments as and when it is considered opportune. Following meetings of the monetary policy committees, or notable market developments, the interest rate view is formulated through ALCO processes. Where permissible, hedge accounting is adopted using the derivatives designated as hedging instruments.

Non-endowment interest rate risk in the banking book, (basis, re-pricing, optionality and yield curve) is managed within the treasury and global markets portfolios.

Equity risk in the banking book

Equity risk is defined as the risk of loss arising from a decline in the value of equity or an equity-type instrument held on the banking book, whether caused by deterioration in the underlying operating asset performance, net asset value, enterprise value of the issuing entity, or by a decline in the market price of the equity or instrument itself. Equity risk relates to all transactions and investments subject to approval by the SBSA's Equity Risk Committee, in terms of that committee's mandate, and includes debt, quasi-debt and other instruments that are considered to be of an equity nature.

The table below illustrates sensitivity for all non-trading equity investments assuming a 10 per cent. shift in the fair value. The analysis is shown before tax.

	<u>10 per cent. reduction</u>	<u>Fair value</u>	<u>10 per cent. increase</u>
	<i>Rm</i>	<i>Rm</i>	<i>Rm</i>
2017			
Equity securities - listed and unlisted	2,724	3,027	
Listed		467	
Unlisted		2,560	
Impact on profit and loss	(297)		
Impact on other comprehensive income	(6)		
2016			
Equity securities - listed and unlisted	3,176	3,529	3,882
Listed		784	
Unlisted		2,745	
Impact on profit and loss	(349)		349
Impact on other comprehensive income	(4)		4

Foreign currency risk

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

The Foreign Currency Management Committee, a sub-committee of the Capital Management Committee, manages the risk according to existing legislation, South African exchange control

regulations and accounting parameters. It takes into account naturally offsetting risk positions and manages SBSA's residual risk by means of forward exchange contracts, currency swaps and option contracts. Hedging is undertaken in such a way that it does not constrain normal operational activities.

The repositioning of SBSA's net asset value by currency profile, which is managed at SBG level, is a controlled process based on underlying economic views and forecasts of the relative strength of currencies. SBSA does not ordinarily hold open exposures of any significance with respect to the banking book.

Gains or losses on derivatives that have been designated as cash flow hedging relationships are reported directly in other comprehensive income, with all other gains and losses on derivatives being reported in profit or loss.

Foreign currency risk sensitivity analysis

The foreign currency risk sensitivity analysis below reflects the expected financial impact, in rand equivalent, resulting from a 10 per cent. shock to foreign currency risk exposures, against ZAR. The sensitivity analysis is based on derivative financial instruments, foreign denominated cash balances and accruals and intragroup foreign denominated debt. The sensitivity analysis reflects the sensitivity to over the counter instruments and profit or loss on SBSA's foreign-denominated exposures other than those trading positions for which sensitivity has been included in the trading book VaR analysis.

		<u>USD</u>	<u>Euro</u>	<u>GBP</u>	<u>Naira</u>	<u>Other</u>	<u>Total</u>
2017							
Total net long / (short) position.....	Rm	57	6	14	2	(1)	78
Sensitivity(ZAR depreciation)	per cent.	10	10	10	10	10	
Impact on profit or loss.....	Rm	(6)	(1)	(1)		18	10
2016							
Total net long / (short) position.....	Rm	638	15	1		(4)	650
Sensitivity(ZAR depreciation)	per cent.	10	10	10	10	10	
Impact on profit or loss.....	Rm	(64)	(2)			23	(43)

OPERATIONAL RISK

Operational risk is defined as the risk of loss suffered as a result of the inadequacy of, or a failure in, internal processes, people and/or systems or from external events. Reputational risk and strategic risk are, in terms of general market convention, excluded from the definition of operational risk.

SBSA recognises that operational risk exists in the natural course of business activity and adheres to the operational risk governance framework, which sets out the minimum standards for operational risk management adopted across SBSA. This framework aligns to SBSA's strategy by demonstrating that the purpose of operational risk management is not to eliminate all risks, which is not economically viable, but rather to enable management to weigh the payoff between risk and reward. The framework also ensures that adequate and consistent governance is in place, guiding management to avoid unacceptable risks such as:

- breaking the law;
- damaging SBSA's reputation;
- disrupting services to customers;
- wilful conduct failures;
- inappropriate market conduct;
- knowingly breaching regulatory requirements; and
- causing environmental damage.

SBSA's approach to managing operational risk is to adopt fit-for-purpose operational risk practices that assist line management in understanding their residual risk and managing their risk profile within risk appetite. The management of operational risk primarily resides in first line, supported by second line with dedicated centres of excellence. The operational risk management function forms part of the second line of defence and is an independent area, reporting to the SB Group chief risk officer.

The core capabilities of operational risk ensure alignment and integration across:

- developing and maintaining the operational risk governance framework;
- facilitating the business's adoption of the operational risk framework;
- regulatory oversight;
- monitoring and assurance;
- reporting; and
- challenging the risk profile and providing guidance and advice as thought leaders.

The operational risk management function analyses root causes of internal incidents and events to allow for the implementation and recommendation of controls to curb future threats. These analyses are followed by self-assessments and risk-focused reviews, where an independent team provides objective monitoring and assessment of the adequacy and effectiveness encompassing the implementation of the operational risk governance framework. The function also plays a role in influencing risk decision-making and implementing risk controls, which results in acceptance, mitigation, or avoidance of risk. The function also provides an assessment of regulatory requirements that need to be implemented within embedded operational risk management functions to ensure regulatory compliance.

Individual teams are dedicated to each business line and report to the respective Personal & Business Banking and Corporate & Investment Banking credit risk officer with a functional reporting line to the SB Group Head of Operational Risk Management. The SB Group function provides dedicated teams to corporate functions such as finance, IT and human capital. These teams work alongside the corporate functions and facilitate the adoption of the operational risk governance framework. As part of the second line of defence, they also monitor and challenge management in respect of their operational risk profile.

The primary management level governance committees overseeing operational risk are ROC and the Operational Risk Committee. The primary governance documents are the operational risk governance standard and the operational risk governance framework. Operational risk subtypes report to various governance committees and have various governance documents applicable to each risk subtype.

Operational risk subtypes are managed and overseen by specialist functions. These subtypes include:

- cyber risk;
- model risk;
- tax risk;
- legal risk;
- environmental and social risk;
- technology risk;
- information risk;

- compliance risk; ad
- fraud risk.

SETTLEMENT, CLEARING AND TRANSFER OF NOTES

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

Notes listed on the JSE and/or held in the Central Depository

Each Tranche of Notes which is listed on the JSE will be in uncertificated form and will be held in the Central Depository. A Tranche of unlisted Notes may also be held in the Central Depository.

Clearing systems

Central Depository

Each Tranche of Notes listed on the JSE and/or held in the Central Depository will be issued, cleared and settled in accordance with the rules and operating procedures for the time being of the JSE and the Central Depository through the electronic settlement system of the Central Depository. Such Notes will be cleared by Participants who will follow the electronic settlement procedures prescribed by the JSE and the Central Depository.

The Central Depository has, as the operator of an electronic clearing system, been appointed by the JSE to match, clear and facilitate the settlement of transactions concluded on the JSE. Subject as aforesaid each Tranche of Notes which is listed on the JSE will be issued, cleared and transferred in accordance with the Applicable Procedures and the Terms and Conditions, and will be settled through Participants who will comply with the electronic settlement procedures prescribed by the JSE and the Central Depository. The Notes may be accepted for clearance through any additional clearing system as may be agreed between the JSE (where listed on the JSE), the Issuer and the Dealer(s).

Participants

Central Depository

The Central Depository will maintain and open central securities accounts only on instruction of Participants. As at the Programme Date, the Participants which are approved by the Central Depository, in terms of the rules of the Central Depository, are Absa Bank Limited, Citibank NA, South Africa Branch, FirstRand Bank Limited, Nedbank Limited, The Standard Bank of South Africa Limited, Standard Chartered Bank, Johannesburg Branch, Société Générale, Johannesburg Branch and the SARB.

Settlement and clearing

Central Depository

Participants will be responsible for the settlement of scrip and payment transfers through the Central Depository, the JSE and the SARB.

While a Tranche of Notes is held in its entirety in the Central Depository, each relevant CSDP's Nominee or the individual Noteholder, where the Participant has set up a central securities account for such Noteholder, will be named in the Register as the Noteholder of the Notes in that Tranche. All amounts to be paid in respect of Notes held in the Central Depository will be paid to the relevant Participants for the holders of Beneficial Interests in such Notes.

In relation to each person shown in the records of the Central Depository or the relevant Participant,

as the case may be, as the holder of a Beneficial Interest in a particular Nominal Amount of Notes, a certificate or other document issued by the Central Depository or the relevant Participant, as the case may be, as to the Nominal Amount of such Notes standing to the account of such person shall be *prima facie* proof of such Beneficial Interest. Each relevant CSDP's Nominee or the the individual Noteholder, where the Participant has set up a central securities account for such Noteholder (as the registered Noteholder of such Notes named in the Register) will be treated by the Issuer, the Paying Agent, the Transfer Agent and the relevant Participant as the holder of that aggregate Nominal Amount of such Notes for all purposes.

Payments of all amounts in respect of a Tranche of Notes which is listed on the JSE and/or held in the Central Depository will be made to the relevant Participants for the holders of Beneficial Interests in such Notes. Each of the persons reflected in the records of the Central Depository as the holders of Beneficial Interests in Notes shall look solely to the Central Depository or the relevant Participant for such person's share of each payment so made by (or on behalf of) the Issuer to, or for the order of, each CSDP's Nominee, as the registered Noteholder of such Notes.

Transfers and exchanges

Central Depository

Subject to the Applicable Laws, title to Beneficial Interests held by clients of Participants indirectly through such Participants will pass on transfer thereof by electronic book entry in the securities accounts or central securities accounts maintained by such Participants for such clients. Subject to the Applicable Laws, title to Beneficial Interests held by Participants directly through the Central Depository will pass on transfer thereof by electronic book entry in the central securities accounts maintained by the Central Depository for such Participants. Beneficial Interests may be transferred only in accordance with the Applicable Procedures.

Beneficial Interests may be exchanged for Notes represented by Individual Certificates in accordance with Condition 13.1.2 (*Transfer of Registered Notes represented by Individual Certificates*).

Records of payments, trust and voting

Neither the Issuer nor the Paying Agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, Beneficial Interests, or for maintaining, supervising or reviewing any records relating to Beneficial Interests. Neither the Issuer nor the Paying Agent nor the Transfer Agent will be bound to record any trust in the Register or to take notice of or to accede to the execution of any trust (express, implied or constructive) to which any Note may be subject. Holders of Beneficial Interests vote in accordance with the Applicable Procedures.

JSE Debt Guarantee Fund Trust and/or JSE Guarantee Fund

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

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

Each Tranche of Notes which is listed on any Financial Exchange other than (or in addition to) the JSE will be issued, cleared and settled in accordance with the rules and settlement procedures for the

time being of that Financial Exchange. The settlement and redemption procedures for a Tranche of Notes which is listed on any Financial Exchange (other than or in addition to the JSE) will be specified in the Applicable Pricing Supplement.

SOUTH AFRICAN EXCHANGE CONTROL

Capitalised words used in this section headed "South African Exchange Control" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or clearly inappropriate from the context.

The information below is intended as a general guide to the position under the Exchange Control Regulations as at the Programme Date. The contents of this section headed "South African Exchange Control" do not constitute exchange control advice and do not purport to describe all of the considerations that may be relevant to a prospective subscriber for or purchaser of any Notes. Prospective subscribers for or purchasers of any Notes should consult their professional advisers in this regard.

Programme Memorandum

This Programme Memorandum does not require the prior approval of the Financial Surveillance Department of the South African Reserve Bank (the "**Exchange Control Authorities**") in terms of the Exchange Control Regulations.

Issue of Notes

The issue of a particular Tranche of Notes may, depending on the type of Notes in that Tranche, require the prior written approval of the Exchange Control Authorities in terms of the Exchange Control Regulations.

Dealings in the Notes and the performance by the Issuer of its obligations under the Notes and the applicable Terms and Conditions may be subject to the Exchange Control Regulations.

Non-South African resident Noteholders and emigrants from the Common Monetary Area

The issue of a particular Tranche of Notes may, depending on the type of Notes in that Tranche, require the prior written approval of the Exchange Control Authorities in terms of the Exchange Control Regulations. Dealings in the Notes and the performance by the Issuer of its obligations under the Notes and the applicable Terms and Conditions may be subject to the Exchange Control Regulations.

Emigrant Blocked Rand

Emigrant Blocked Rand may be used for the subscription for or purchase of Notes. Any amounts payable by the Issuer in respect of the Notes subscribed for or purchased with Emigrant Blocked Rand may not, in terms of the Exchange Control Regulations, be remitted out of South Africa or paid into any non-South African bank account.

Emigrants from the Common Monetary Area

Any Individual Certificates issued to Noteholders who are emigrants from the Common Monetary Area will be endorsed "*non-resident*". Such restrictively endorsed Individual Certificates shall be deposited with an authorised foreign exchange dealer controlling such emigrant's blocked assets.

In the event that a Beneficial Interest in Notes is held by an emigrant from the Common Monetary Area through the Central Depository, the securities account maintained for such emigrant by the relevant Participant will be designated as an "*emigrant*" account. All payments in respect of subscriptions for Notes by an emigrant from the Common Monetary Area, using Emigrant Blocked

Rands, must be made through the Authorised Dealer in foreign exchange controlling the blocked assets.

Any payments of interest and/or interim amounts and/or principal due to a Noteholder who is an emigrant from the Common Monetary Area will be deposited into such emigrant Noteholder's Emigrant Blocked Rand account, as maintained by an authorised foreign exchange dealer. The amounts are not freely transferable from the Common Monetary Area and may only be dealt with in terms of the Exchange Control Regulations.

Non-residents of the Common Monetary Area

Any Individual Certificates issued to Noteholders who are not resident in the Common Monetary Area will be endorsed "*non-resident*". In the event that a Beneficial Interest in Notes is held by a non-resident of the Common Monetary Area through the Central Depository, the securities account for such Noteholder by the relevant Participant will be designated as a "*non-resident*" account.

It will be incumbent on any such non-resident Noteholder to instruct the non-resident's nominated or authorised dealer in foreign exchange as to how any funds due to such non-resident in respect of Notes are to be dealt with. Such funds may, in terms of the Exchange Control Regulations, be remitted abroad only if the relevant Notes are acquired with foreign currency introduced into South Africa and provided that the relevant Individual Certificate has been endorsed "*non-resident*" or the relevant securities account has been designated as a "*non-resident*" account, as the case may be.

Bearer Notes

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

Order Notes

Any Order Notes issued to Noteholders who are emigrants from the Common Monetary Area will be endorsed in accordance with the applicable provisions of the Exchange Control Regulations. Any Order Notes issued to Noteholders who are emigrants from the Common Monetary Area will be subject to the applicable provisions of the Exchange Control Regulations.

Any Order Notes issued to Noteholders who are not resident in the Common Monetary Area will be endorsed in accordance with the applicable provisions of the Exchange Control Regulations. Any Order Notes issued to Noteholders who are not resident in the Common Monetary Area will be subject to the applicable provisions of the Exchange Control Regulations.

SOUTH AFRICAN TAXATION

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

The comments below are intended as a general guide to the relevant tax laws of South Africa as at the Programme Date. The contents of this section headed "South African Taxation" do not constitute tax advice and do not purport to describe all of the considerations that may be relevant to a prospective subscriber for or purchaser of any Notes. Prospective subscribers for or purchasers of any Notes should consult their professional advisers in this regard.

Withholding Tax

Under current taxation law in South Africa, all payments made under the Notes to South African tax resident Noteholders will be made free of withholding or deduction for or on account of any taxes, duties, assessments or governmental charges in South Africa.

A withholding tax on South African-sourced interest (see the section on "*Income Tax*" below) paid to or for the benefit of a 'foreign person' (being any person that is not a South African tax-resident) applies at a rate of 15% of the amount of interest in terms of sections 50A-50H of the Income Tax Act, No 58 of 1962 (the "**Income Tax Act**"). The withholding tax could be reduced by the relevant double taxation treaties. The legislation exempts, *inter alia*, from withholding tax on interest any amount of interest paid by a bank as defined in the Banks Act, 1990 (the "**Banks Act**"), to a foreign person. It is envisaged that this exemption would apply to the interest payments made to foreign Noteholders.

The withholding tax legislation also provides an exemption for interest paid to a foreign person in respect of any debt instrument listed on a 'recognised exchange' as defined in paragraph 1 of the eighth schedule of the Income Tax Act. The JSE Limited ('JSE') would qualify as such an exchange, and therefore, subject to any legislative changes, the interest paid on the Notes listed on the JSE will also be exempt from the withholding tax on interest under the Income Tax Act. A foreign person will also be exempt from the withholding tax on interest if -

- (a) that foreign person is a natural person who was physically present in South Africa for a period exceeding 183 days in aggregate during the twelvemonth period preceding the date on which the interest is paid; or
- (b) the debt claim in respect of which that interest is paid is effectively connected with a permanent establishment of that foreign person in South Africa, if that foreign person is registered as a taxpayer in South Africa.

Foreign persons are subject to normal South African income tax on the interest sourced in South Africa unless exempted under section 10(1)(h) of the Income Tax Act (please refer to the section headed "*Income Tax*" below).

Securities Transfer Tax (STT)

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

Value-Added Tax (VAT)

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

Commissions, fees or similar charges raised for the facilitation, issue, allotment, drawing, acceptance, endorsement or transfer of ownership of Notes (bonds) that constitute "debt securities" will however

be subject to VAT at the applicable prevailing rate, except where the recipient is a non-resident as contemplated below.

Services (including exempt financial services) rendered to non-residents who are not in South Africa when the services are rendered, are subject to VAT at the zero rate in terms of section 11(2)(1) of the VAT Act.

Income Tax

Under current taxation law effective in South Africa a “*resident*” (as defined in section 1 of the Income Tax Act) is subject to income tax on his/her worldwide income. Accordingly, all Noteholders who are “*residents*” of South Africa will generally be liable to pay income tax, subject to available deductions, allowances and exemptions, on any interest earned pursuant to the Notes. Non-residents of South Africa are subject to income tax on all income derived from a source, or deemed to be from a source, within South Africa (subject to domestic exemptions or relief in terms of an applicable double taxation treaty).

Interest income is from a South African source if that amount:

- (a) is incurred by a South African tax resident, unless the interest is attributable to a permanent establishment which is situated outside of South Africa; or
- (b) is derived from the utilisation or application in South Africa by any person of any funds or credit obtained in terms of any form of interest-bearing arrangement.

The Issuer is a South African tax resident and the Notes will constitute an "interest-bearing arrangement". Accordingly, the interest paid to the Noteholders will be from a South African source and subject to South African income tax unless such income is exempt from income tax under section 10(1)(h) of the Income Tax Act (see below).

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

- (a) that person is a natural person who was physically present in South Africa for a period exceeding 183 days in aggregate during the twelvemonth period preceding the date on which the interest is received by or accrues to, that person; or
- (b) the debt from which the interest arises is effectively connected to a permanent establishment of that person in South Africa.

Interest as defined in section 24J of the Income Tax Act (including the premium or discount) may qualify for the exemption under section 10(1)(h) of the Income Tax Act. If a Noteholder does not qualify for the exemption under section 10(1)(h) of the Income Tax Act, exemption from, or reduction of any South African income tax liability may be available under an applicable double taxation treaty.

Purchasers are advised to consult their own professional advisers as to whether the interest income earned on the Notes will be exempt under section 10(1)(h) of the Income Tax Act or under an applicable double taxation treaty.

Under section 24J of the Income Tax Act, broadly speaking, any discount or premium to the Nominal Amount of a Note is treated as part of the interest income on the Note. Section 24J of the Income Tax Act deems interest income to accrue to a Noteholder on a day to-day basis until that Noteholder disposes of the Note. The day to day basis accrual is determined by calculating the yield to maturity and applying this rate to the capital involved for the relevant tax period. Section 24JB of the Income Tax Act contains specific provisions relating to the fair value taxation of financial instruments for "covered persons" (as defined in section 24JB of the Income Tax Act). Noteholders should seek advice as to whether these provisions may apply to them.

The note offering is not a ‘hybrid debt instrument’ and as a result sections 8F and 8FA of the Income Tax Act are not applicable.

Purchasers of Notes are advised to consult their own professional advisors to ascertain whether the abovementioned provisions may apply to them.

Capital Gains Tax

Capital gains and losses of residents of South Africa on the disposal of Notes are subject to capital gains tax, unless the Notes are purchased for re-sale in the short term as part of a scheme of profit-making, in which case any gain or loss would be subject to income tax. Any discount or premium on acquisition which has already been treated as interest for income tax purposes, under section 24J of the Income Tax Act will not be taken into account when determining any capital gain or loss. If the Notes are disposed of or redeemed prior or on maturity, an ‘adjusted gain on transfer or redemption of an instrument’, or an ‘adjusted loss on transfer or redemption of an instrument’ as contemplated in section 24J of the Act, must be calculated. Any such adjusted gain or adjusted loss is deemed to have been incurred or to have accrued in the year of assessment in which the transfer or redemption occurred. The calculation of the adjusted gain or adjusted loss will be taken into account, inter alia, all interest which has already been deemed to accrue to the Noteholder over the term that the Note has been held by the Noteholder. Under section 24J(4A) of the Income Tax Act, where an adjusted loss on transfer or redemption of an instrument realised by a holder of a Note includes an amount representing interest that has previously been included in the income of the holder, that amount will qualify as a deduction from the income of the holder during the year of assessment in which the transfer or redemption takes place and will not give rise to a capital loss.

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

To the extent that a Noteholder constitutes a "covered person" (as defined in section 24JB of the Income Tax Act) and section 24JB applies to the Notes, the Noteholder will be taxed in accordance with the provisions of section 24JB of the Act and the capital gains tax provisions would not apply.

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

Definition of Interest

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

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including South Africa) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining

"foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. However, if additional notes that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, the Issuer will not be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Capitalised terms used in this section headed “Subscription and Sale” shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or clearly inappropriate from the context.

Selling restrictions

South Africa

Each Dealer has (or will have) represented, warranted and agreed that it (i) will not offer Notes for subscription, (ii) will not solicit any offers for subscription for or sale of the Notes, and (iii) will itself not sell or offer the Notes in South Africa in contravention of the Companies Act, Banks Act, Exchange Control Regulations and/or any other Applicable Laws and regulations of South Africa in force from time to time.

Prior to the issue of any Tranche of Notes under the Programme, each Dealer who has (or will have) agreed to place that Tranche of Notes will be required to represent and agree that it will not make an “offer to the public” (as such expression is defined in the Companies Act, and which expression includes any section of the public) of Notes (whether for subscription, purchase or sale) in South Africa. This Programme Memorandum does not, nor is it intended to, constitute a prospectus prepared and registered under the Companies Act.

Offers not deemed to be offers to the public

Offers for subscription for, or sale of, Notes are not deemed to be an offer to the public if:

- (a) to certain investors contemplated in section 96(1)(a) of the Companies Act; or
- (b) the total contemplated acquisition cost of Notes, for any single addressee acting as principal, is equal to or greater than ZAR1 000 000, or such higher amount as may be promulgated by notice in the Government Gazette of South Africa pursuant to section 96(2)(a) of the Companies Act.

Information made available in this Programme Memorandum should not be considered as “advice” as defined in the Financial Advisory and Intermediary Services Act, 2002.

The issue of a particular Tranche of Notes may, depending on the type of Notes in that Tranche, require the prior written approval of the Exchange Control Authorities in terms of the Exchange Control Regulations (see the section of this Programme Memorandum headed “*South African Exchange Control*”).

United States of America

Regulation S Category 2 TEFRA D, unless TEFRA C is specified as applicable in the relevant Pricing Supplement.

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer and its affiliates will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

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

European Economic Area

In relation to each Member State of the European Economic Area (“**EEA**”) which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Programme Memorandum as completed by the Applicable Pricing Supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) *Approved prospectus*: if the Applicable Pricing Supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a **Non-exempt Offer**), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus which has subsequently been completed by the Applicable Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Applicable Pricing Supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) *Fewer than 150 offerees*: at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) *Other exempt offers*: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Notes referred to in paragraphs (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “*offer of Notes to the public*” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Each Dealer has represented, warranted and agreed, and each new Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (a) ***No deposit taking***: in relation to any Notes having a maturity of less than one year:
 - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
 - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
 - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer;
- (b) ***Financial promotion***: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) ***General compliance***: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Prohibition of Sales to EEA Retail Investors

From 1 January 2018 Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Programme Memorandum as completed by the Applicable Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended or replaced from time to time, "**MiFID II**"); or
 - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "b"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"); and
- (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Consequently, no key information document required by Regulation (EU) No 1286/2014 (as may be amended or replaced from time to time, the "**PRIIPS Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation. Notwithstanding the above, if the Issuer subsequently prepares and publishes a key information document under the PRIIPS Regulation in respect of the Notes, then the prohibition on the offering, sale or otherwise making available the Notes to a retail investor as described above shall no longer apply.

General

Prior to the issue of any Tranche of Notes under the Programme, each Dealer who has (or will have) agreed to place that Tranche of Notes will be required to agree that:

- (a) it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in each jurisdiction in which it purchases, subscribes or procures the subscription for, offers or sells Notes in that Tranche or has in its possession or distributes the Programme Memorandum and will obtain any consent, approval or permission required by it for the purchase, subscription, offer or sale by it of any Notes in that Tranche under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, subscription, offers or sales;
- (b) it will comply with such other or additional restrictions as the Issuer and such Dealer agree and as are set out in the Applicable Pricing Supplement relating to the relevant Tranche of Notes.

Neither the Issuer nor any of the Dealers represent that Notes may at any time lawfully be subscribed for or sold in compliance with any applicable registration or other requirements in any jurisdiction or

pursuant to any exemption available thereunder or assumes any responsibility for facilitating such subscription or sale.

GENERAL INFORMATION

Capitalised words used in this section headed "General Information" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or clearly inappropriate from the context.

AUTHORISATION

All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of South Africa have been or will be given or obtained for the establishment of the Programme, its update from time to time and the issue of Notes and for the Issuer, Transfer Agent, Calculation Agent and Paying Agent to undertake and perform their respective obligations under the Notes, the Programme Memorandum and Agency Agreement.

LISTING

The Programme has been approved and registered with the JSE. Notes issued under the Programme may be listed on the JSE or such other or further Financial Exchange(s) as may be determined by the Issuer and the Dealer(s) (if any), subject to all Applicable Laws. Unlisted Notes may also be issued under this Programme. The Applicable Pricing Supplement will specify whether or not a Tranche of Notes will be listed and, if so, on which Financial Exchange(s).

MATERIAL CHANGE

As at the Programme Date, and after due and careful enquiry, there has been no material change in the financial or trading conditions of the Issuer and its subsidiaries since the date of the Issuer's latest audited financial statements. As at the Programme Date, there has been no involvement by PricewaterhouseCoopers Incorporated or KPMG Incorporated in the making of the aforementioned statement.

LITIGATION AND RISKS

Save as disclosed herein, the Issuer is not engaged (whether as defendant or otherwise) in any legal, arbitration, administration or other proceedings, the results of which might have or have had a material effect on the financial position or the operations of the Issuer, nor is it aware of any such proceedings being threatened or pending.

An investment in Notes by a Noteholder is subject to the risks detailed in the section of this Programme Memorandum headed "*Risk Factors*".

AUDITORS

PricewaterhouseCoopers Incorporated and KPMG Incorporated have acted as the auditors of the financial statements of the Issuer for the financial years ending 31 December 2011, 2012, 2013, 2014, 2015, 2016 and 2017 and in respect of these years, have issued unqualified audit reports in respect of the Issuer.

PUBLICATION

This Programme Memorandum, any supplementary documents published since the date of this Programme Memorandum and any pricing supplements issued since the date of this Programme Memorandum are available on the Issuer's website (www.standardbank.co.za) and the website of the JSE (www.jse.co.za).

SANCTIONS

In respect of unlisted Notes, the Issuer shall not be liable for any loss or damage arising out of –

- (a) a Noteholder becoming subject to sanctions imposed by any Sanctioning Body; and
- (b) the seizure, blocking or withholding of any funds in relation to a Noteholder by any Sanctioning Body.

The Issuer shall be entitled to immediately suspend or terminate performance in respect of an unlisted Note or any part thereof in the event that:

- (a) a Noteholder does anything that, directly or indirectly, benefits any third party against which sanctions have been established by a Sanctioning Body; or
- (b) a Noteholder becomes the subject of sanctions established by a Sanctioning Body.

ISSUER, ARRANGER, DEALER AND DEBT SPONSOR

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As to English Law in respect of the Additional Terms and Conditions for Credit Linked Notes, Equity Linked Notes and FX Linked Notes

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