
APPLICABLE PRICING SUPPLEMENT

Investec Bank Limited

(Incorporated in the Republic of South Africa with limited liability under registration number 1969/004763/06)

Issue of ZAR589 000 000 (five hundred and eighty nine million Rand) Subordinated Callable Notes

Under the stock code IV040

Under its ZAR40,000,000,000 Domestic Medium Term Note and Preference Share Programme

This document constitutes the Applicable Pricing Supplement (Notes) 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 **4 September 2013** (the “**Programme Memorandum**”), as updated and amended from time to time, as read together with **Annexure 2** hereto. This Applicable Pricing Supplement (Notes) must be read in conjunction with the Programme Memorandum. To the extent that there is any conflict or inconsistency between the contents of this Applicable Pricing Supplement (Notes) and the Programme Memorandum, the provisions of this Applicable Pricing Supplement (Notes) shall prevail.

PARTIES

1. Issuer	Investec Bank Limited
2. Specified Office	100 Grayston Drive, Sandown, Sandton
3. If non-syndicated, Dealer(s)	Investec Bank Limited
4. If syndicated, Managers	N/A
5. Debt Sponsor	Investec Bank Limited
6. Paying Agent	Investec Bank Limited
7. Specified Office	100 Grayston Drive, Sandown, Sandton
8. Calculation Agent	Investec Bank Limited
9. Specified Office	100 Grayston Drive, Sandown, Sandton
10. Transfer Agent	Investec Bank Limited
11. Specified Office	100 Grayston Drive, Sandown, Sandton
12. Stabilising Manager (if any)	N/A
13. Specified Office	N/A



PROVISIONS RELATING TO THE NOTES

14. Status of Notes	Subordinated Unsecured Tier 2 Notes (see Condition 6.4 (<i>Status of Tier 2 Notes</i>)).
(a) Series Number	IV040
(b) Tranche Number	1
15. Aggregate Nominal Amount of Tranche	ZAR589 000 000 (five hundred and eighty nine million Rand)
16. Aggregate Nominal Amount of Notes in the Series	ZAR589 000 000 (five hundred and eighty nine million Rand) []
17. Interest/Payment Basis	Floating Rate Notes
18. Form of Notes	Registered Notes
19. Automatic/Optional Conversion from one Interest/ Payment Basis to another	N/A
20. Issue Date	29 September 2016
21. Business Centre	Johannesburg
22. Additional Business Centre	N/A
23. Nominal Amount	ZAR1,000,000.00 per Note
24. Specified Denomination	ZAR1,000,000.00 per Note
25. Calculation Amount	ZAR1,000,000.00 per Note
26. Issue Price	100% of Nominal Amount per Note
27. Interest Commencement Date	29 September 2016
28. Maturity Date	29 September 2026
29. Specified Currency	ZAR
30. Applicable Business Day Convention	Following Business Day
31. Final Redemption Amount	The aggregate Outstanding Nominal Amount per Note plus interest, if any, to the Maturity Date.
32. Books Closed Period(s)	The Register will be closed from 19 September to 29 September, 19 December to 29 December, 19 March to 29 March and 19 June to

- 29 June (all dates inclusive) in each year until the Applicable Redemption Date, or 10 days prior to any Payment Day
33. Last Day to Register 18 September, 18 December, 18 March and 18 June or the last day immediately preceding the commencement of the Books Closed Period
34. Additional/Amended terms and conditions applicable to Subordinated Capital Notes The additional/amended Terms and Conditions applicable to the Notes are set out in **Annexure 2** attached hereto.
- Tier 2 Notes issued under this Applicable Pricing Supplement will be subject to Write Off if a Trigger Event occurs in relation to the Issuer, as described more fully in **Annexure 2**.
- See Conditions 6.3 (*Regulatory Capital Requirements and Additional Conditions*) and 6.5 (*Write Off of Tier 2 Notes*) to 6.9 (*Disapplication of Contractual Write Off Condition*).

FIXED RATE NOTES

- N/A
35. Payment of Interest Amount
- (a) Interest Rate(s) N/A
- (b) Interest Payment Date(s) N/A
- (c) Fixed Coupon Amount[(s)] N/A
- (d) Initial Broken Amount N/A
- (e) Final Broken Amount N/A
- (f) Interest Step-Up Date N/A
- (g) Day Count Fraction N/A
- (h) Any other terms relating to the particular method of calculating interest N/A

FLOATING RATE NOTES

36. Issuer election not to pay interest	Not applicable.
37. Payment of Interest Amount	<i>Subject to the applicable Regulatory Capital Requirements</i>
(a) Interest Rate(s)	3 month ZAR-JIBAR-SAFEX plus Margin
(b) Interest Payment Date(s)	29 September, 29 December, 29 March and 29 June of each year with the first Interest Payment Date being 29 December 2016
(c) Any other terms relating to the particular method of calculating interest	If the date for payment in respect of the Notes is not a Business Day, then payment shall be effected on the Following Business Day and the Interest Period shall be adjusted accordingly for purposes of calculating the interest payable in respect of the Notes
(d) Interest Step-Up Date	N/A
(e) Definition of Business Day (if different from that set out in Condition 1 (<i>Interpretation</i>))	N/A
(f) Minimum Interest Rate	N/A
(g) Maximum Interest Rate	N/A
(h) Day Count Fraction	Actual/365
(i) Other terms relating to the method of calculating interest (e.g.: day count fraction, rounding up provision, if different from Condition 8.2 (<i>Interest on Floating Rate Notes and Indexed Notes</i>))	N/A
38. Manner in which the Interest Rate is to be determined	Screen Rate Determination
39. Margin	4.25% (425 basis points)
40. If ISDA Determination	
(a) Floating Rate	N/A
(b) Floating Rate Option	N/A
(c) Designated Maturity	N/A

(d) Reset Date(s)	N/A
(e) ISDA Definitions to apply	N/A
41. If Screen Rate Determination	
(a) Reference Rate (including relevant period by reference to which the Interest Rate is to be calculated)	ZAR-JIBAR-SAFEX with a Designated Maturity of 3 (three) months
(b) Interest Rate Determination Date(s)	29 September, 29 December, 29 March and 29 June of each year with the first Interest Rate Determination Date being 29 September 2016
(c) Relevant Screen page and Reference Code	Reuters page SAFEX MNY and MKT code SFX3MYLD or any successor page
(d) Relevant Time	12h00
42. If Interest Rate to be calculated otherwise than by ISDA Determination or Screen Rate Determination, insert basis for determining Interest Rate/Margin/Fallback provisions	N/A
43. If different from Calculation Agent, agent responsible for calculating amount of principal and interest	N/A
ZERO COUPON NOTES	N/A
44. (a) Implied Yield	N/A
(b) Reference Price	N/A
(c) Any other formula or basis for determining amount(s) payable	N/A
PARTLY PAID NOTES	N/A
45. (a) Amount of each payment comprising the Issue Price	N/A
(b) Date upon which each payment is to be made by Noteholder	N/A
(c) Consequences (if any) of failure to make any such payment by Noteholder	N/A

- | | |
|--|-----|
| (d) Interest Rate to accrue on the first and subsequent instalments after the due date for payment of such instalments | N/A |
|--|-----|

INSTALMENT NOTES

- | | |
|---|-----|
| | N/A |
| 46. Instalment Dates | N/A |
| 47. Instalment Amounts (expressed as a percentage of the aggregate Nominal Amount of the Notes) | N/A |

MIXED RATE NOTES

- | | |
|--|-----|
| | N/A |
| 48. Period(s) during which the interest rate for the Mixed Rate Notes will be (as applicable) that for: | |
| (a) Fixed Rate Notes | N/A |
| (b) Floating Rate Notes | N/A |
| (c) Indexed Notes | N/A |
| (d) Other Notes | N/A |
| 49. The Interest Rate and other pertinent details are set out under the headings relating to the applicable forms of Notes | |

INDEXED NOTES

- | | |
|---|-----|
| | N/A |
| 50. (a) Type of Indexed Notes | N/A |
| (b) Index/Formula by reference to which Interest Rate/ Interest Amount/Final Redemption Amount (delete as applicable) is to be determined | N/A |
| (c) Manner in which the Interest Rate/Interest Amount/Final Redemption Amount (delete as applicable) is to be determined | N/A |
| (d) Interest Period(s) | N/A |
| (e) Interest Payment Date(s) | N/A |

(f) If different from the Calculation Agent, agent responsible for calculating amount of principal and interest	N/A
(g) Provisions where calculation by reference to Index and/or Formula is impossible or impracticable	N/A
(h) Minimum Interest Rate	N/A
(i) Maximum Interest Rate	N/A
(j) Other terms relating to the calculation of the Interest Rate (e.g. Day Count Fraction, rounding up provisions)	N/A
EXCHANGEABLE NOTES	N/A
51. (a) Mandatory Exchange applicable?	N/A
(b) Noteholders' Exchange Right applicable?	N/A
(c) Exchange Securities	N/A
(d) Manner of determining Exchange Price	N/A
(e) Exchange Period	N/A
(f) Other	N/A
OTHER NOTES	N/A
52. Relevant description and any additional Terms and Conditions relating to such Notes	N/A
PROVISIONS REGARDING REDEMPTION/MATURITY	
53. Prior consent of the Relevant Authority required for any redemption (in the case of Tier 2 Notes, prior to the Maturity Date)	Yes, save for redemption of Subordinated Capital Notes for Regulatory Capital reasons as contemplated in Condition 10.6 (<i>Redemption of Subordinated Capital Notes for Regulatory Change reasons</i>). Condition 10.15 (<i>Conditions to redemption, purchase, cancellation or modification of Subordinated Capital Notes</i>) is not applicable to the redemption of this Tranche of Notes upon the occurrence of a Regulatory Capital event.
54. Redemption at the option of the Issuer: if yes:	Yes, subject to the applicable Regulatory Capital Requirements and Condition 10.15 (<i>Conditions</i>

	<i>to redemption, purchase, cancellation or modification of Subordinated Capital Notes).</i>
(a) Optional Redemption Date(s)	29 September 2021 (" the First Optional Redemption Date ") and on each Interest Payment Date (as referred to in item 37(b) above) thereafter, subject to the applicable Regulatory Capital Requirements.
(b) Optional Redemption Amount(s) and method, if any, of calculation of such amount	100% of Nominal Amount plus accrued but unpaid interest (if any) to the date the Notes are redeemed.
(c) Minimum period of notice (if different from Condition 10.3 (<i>Redemption at the option of the Issuer</i>))	N/A
(d) If redeemable in part:	N/A
Minimum Redemption Amount(s)	N/A
Higher Redemption Amount(s)	N/A
(e) Other terms applicable on Redemption	The Issuer will be entitled to redeem all or some of the Notes at the Optional Redemption Amount on the First Optional Redemption Date or on any Interest Payment Date thereafter as referred to in item 36(b) above, subject to the applicable Regulatory Capital Requirements. For the avoidance of doubt, the Issuer's option to early redeem the Notes for taxation reasons or pursuant to a Regulatory Capital Event shall be in addition to the Issuer's option to redeem the Notes in terms of this item 54.
55. Redemption at the Option of Noteholders of Senior Notes: if yes:	No
(a) Optional Redemption Date(s)	N/A
(b) Optional Redemption Amount(s) and method of calculation?	N/A
(c) Minimum period of notice (if different from Condition 10.4 (<i>Redemption at the option of Noteholders of Senior Notes</i>))	N/A

(d) If redeemable in part:	
Minimum Redemption Amount(s)	N/A
Higher Redemption Amount(s)	N/A
(e) Other terms applicable on Redemption	N/A
(f) Attach <i>pro forma</i> Put Notice(s)	
56. Early Redemption Amount(s) payable on redemption following the occurrence of a Tax Event (Gross Up), Tax Event (Deductibility) and/or Change in Law, or on Event of Default (if required), if yes:	Yes, subject to the applicable Regulatory Capital Requirements and Condition 10.15 (<i>Conditions to redemption, purchase, cancellation or modification of Subordinated Capital Notes</i>).
(a) Amount payable; or	Early Redemption Amount as set out in Condition 10.8 payable on redemption for taxation reasons and on Event of Default.
(b) Method of calculation of amount payable (if required or if different from that set out in Condition 10.8 (<i>Early Redemption Amounts</i>))	N/A
57. Early Redemption Amount(s) payable on redemption for Regulatory Capital reasons, if yes	Yes.
(a) Amount payable; or	Early Redemption Amount as set out in Condition 10.8
(b) Method of calculation of amount payable or if different from that set out in Condition 10.8 (<i>Early Redemption Amounts</i>))	N/A

GENERAL

58. Aggregate Nominal Amount of Notes Outstanding and aggregate Calculation Amount of Programme Preference Shares as at the Issue Date	ZAR33 674 400 000 (thirty three billion six hundred and seventy four million and four hundred thousand Rand)
59. Financial Exchange	JSE
60. ISIN No.	ZAG000139718
61. Stock Code	IV040
62. Additional selling restrictions	See Condition 10.12 (<i>Purchases</i>).

(a) Financial Exchange	N/A
(b) Relevant sub-market of the Financial Exchange	N/A
63. Provisions relating to stabilisation	N/A
64. Receipts attached? If yes, number of Receipts attached	N/A
65. Coupons attached? If yes, number of Coupons attached	N/A
66. Talons attached? If yes, number of Talons attached	N/A
67. Method of distribution	Private Placement
68. Credit Rating assigned to [Issuer] / [Notes] as at the Issue Date (if any)	See Annexure 5 (<i>Applicable Credit Ratings</i>). Credit Ratings will be reviewed from time to time.
69. Stripping of Receipts and/or Coupons prohibited as provided in Condition 16.4 (<i>Prohibition on stripping</i>)	N/A
70. Governing law (if the laws of South Africa are not applicable)	N/A
71. Other Banking Jurisdiction	N/A
72. Use of proceeds	General business purposes. As at the Issue Date, the proceeds of the issue of this Tranche rank as Tier 2 Capital.
73. Surrendering of Individual Certificates	The Individual Certificates must be surrendered to the offices of the Issuer at least 10 days before the date on which the Notes are to be redeemed.
74. Reference Banks	ABSA Bank Limited, FirstRand Bank Limited. Nedbank Limited and The Standard Bank of South Africa Limited
74. Other provisions	For purposes Additional Risk Factors : See Annexure 4 hereto.

The proceeds obtained through the issue of this instrument qualify as capital for the Issuer in terms of the provisions of the Banks Act, 1990. Any direct or indirect acquisition of this instrument by a bank or a controlling company, as defined by the Banks Act, 1990, or by a non-bank subsidiary of a bank or controlling company, shall be regarded as a deduction against the capital of the acquiring bank or

controlling company in question, in an amount as specified in the Regulations relating to Banks, published pursuant to the Banks Act, 1990.

Responsibility:

This issuance does not exceed the Programme Amount.

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

Application is hereby made to list this issue of Notes on 29 September 2016.

 SIGNED at Sandton on this 28 day of September 2016.

For and on behalf of

INVESTEC BANK LIMITED



Name: **Igna Ferreira**
Capacity: Authorised Signatory

Who warrants his/her authority hereto



Name: **Kriosha Naidoo**
Capacity: Authorised Signatory

Who warrants his/her authority hereto

ANNEXURE 1: ADDITIONAL/AMENDED SUMMARY OF THE PROGRAMME SECTION APPLICABLE TO THIS TRANCHE OF TIER 2 NOTES

The Programme Memorandum is amended in relation to this Tranche of Tier 2 Notes by the replacement of the items titled "*Maturities*", "*Redemption of Notes*" and "*Status of Securities*" in the section titled "*Summary of the Programme*" on pages 22 to 29 of the Programme Memorandum, with the following paragraphs:

Maturities

Notes: Notes may be issued with such maturity(ies) as specified in the Applicable Pricing Supplement (Notes), subject, in relation to Subordinated Capital Notes, to such minimum maturities as may be required from time to time by the applicable Regulatory Capital Requirements.

A Tranche of Tier 2 Notes will have a minimum Maturity Period of 5 (five) years and 1 (one) day.

"Redemption of Notes"

Scheduled Redemption: A Tranche of Notes will, subject to the Note Terms and Conditions, be redeemed on the Maturity Date, as set out in Condition 10.1 (*Scheduled Redemption*) of the Note Terms and Conditions.

Subject to the applicable Regulatory Capital Requirements, Tier 2 Notes will have a minimum period to maturity determined in accordance with the Regulatory Capital Requirements relating to such Tier 2 Notes (of at least five years and one day after the Issue Date). The Maturity Date(s) of any such Tier 2 Notes will accordingly need to fall after the end of any such Maturity Period(s).

Early Redemption at the option of the Issuer: Subject to Condition 10.15 (*Conditions to redemption, purchase, cancellation or modification of Subordinated Capital Notes*) in the case of Subordinated Capital Notes, the Issuer may (having given not less than 30 (thirty) and not more than 60 (sixty) days' notice to the Noteholders in accordance with Condition 19 (*Notices*) of the Note Terms and Conditions) redeem the Notes in whole on the Optional Redemption Dates, in accordance with Condition 10.3 (*Early Redemption at the option of the Issuer*) of the Note Terms and Conditions.

Early Redemption following the occurrence of a Tax Event (Gross up) or Tax Event (Deductibility) or Change in Law: Subject to Condition 10.15 (*Conditions to redemption, purchase, cancellation or modification of Subordinated Capital Notes*) in the case of Subordinated Capital Notes, the Issuer may redeem any Tranche of Notes prior to the Maturity Date

following the occurrence of a Tax Event (Gross up), Tax Event (Deductibility) and/or a Change in Law as set out in Condition 10.2 (*Redemption following the occurrence of a Tax Event (Gross up) or Tax Event (Deductibility) or Change in Law*) of the Note Terms and Conditions.

Early Redemption following an Event of Default: The redemption of Subordinated Notes (that are not Subordinated Capital Notes) and Tier 2 Notes upon the occurrence of an Event of Default is dealt with in Conditions 14.2 (*Subordinated Notes (that are not Subordinated Capital Notes)*) and 14.3 (*Tier 2 Notes*) respectively.

Redemption of Subordinated Capital Notes for Regulatory Capital reasons: The Issuer may redeem Subordinated Capital Notes at their Early Redemption Amount, together with interest accrued (if any) to the date fixed for redemption, if a Regulatory Capital Event occurs and is continuing in accordance with Condition 10.6 (*Redemption of Subordinated Capital Notes for Regulatory Change reasons*) of the Note Terms and Conditions.

Redemption of Subordinated Capital Notes: For so long as the applicable Regulatory Capital Requirements so require, Tier 2 Notes (which at the time of redemption purchase, cancellation or modification constitute Tier 2 Capital) may only be redeemed, purchased or cancelled prior to their Maturity Date or modified, at the option of the Issuer, and in compliance with Condition 10.15 (*Conditions to redemption, purchase, cancellation or modification of Subordinated Capital Notes*).

"Status and Securities"

Notes may be issued on a subordinated or unsubordinated basis, as specified in the Applicable Pricing Supplement (Notes). Subordinated Notes may also be designated as Subordinated Capital Notes in the Applicable Pricing Supplement (Notes).

Senior Notes: Unless otherwise specified in the Applicable Pricing Supplement (Notes), Senior Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 7 (*Negative Pledge*) of the Note Terms and Conditions) unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain debts required to be preferred by law) equally with all other unsecured and unsubordinated obligations of the Issuer from time to time outstanding, all as described in Condition 6.1

(*Status of Senior Notes*) of the Note Terms and Conditions and the Applicable Pricing Supplement (Notes).

Subordinated Notes that are not Subordinated Capital Notes

Subordinated Notes that are not Subordinated Capital Notes will constitute direct, unsecured and subordinated obligations of the Issuer, all as described in Condition 6.2 (*Status of Subordinated Notes that are not Subordinated Capital Notes*) of the Note Terms and Conditions and the Applicable Pricing Supplement (Notes).

Tier 2 Notes

The Tier 2 Notes will constitute direct, unsecured and, in accordance with Condition 6.4.3 (*Subordination*) of the Note Terms and Conditions, subordinated obligations of the Issuer and will rank (i) *pari passu* without any preference among themselves, (ii) save for those that have been accorded preferential rights by law, at least *pari passu* with all other subordinated obligations of the Issuer (other than any subordinated obligations which rank or are expressed to rank senior to the Issuer's obligations under the Tier 2 Notes), including but not limited to subordinated obligations in the form of other Tier 2 Notes and Tier 2 Capital, whether issued before the date of issue of the Tier 2 Notes or thereafter and (iii) behind in priority to all claims of Depositors and Senior Creditors, all as described in Condition 6.4 (*Status of Tier 2 Notes*) of the Note Terms and Conditions and the Applicable Pricing Supplement (Notes).

"Taxation"

A summary of certain aspects of the relevant South African tax laws as at the Programme Date is set out in the section of this Programme Memorandum headed "*South African Taxation*". The summary does not constitute tax advice. Prospective purchasers of Securities should consult their own professional advisers in regard to the purchase of Securities and the tax implications thereof.

"Withholding Taxes"

All payments in respect of the Notes will be made without withholding or deduction for or on account of Taxes levied in South Africa, unless such withholding or deduction is required by Applicable Law. In the event that withholding tax or such other deduction is required by Applicable Law, then the Issuer will, subject to the Issuer's right to redeem Notes following a Tax Event (Gross up) or Tax Event (Deductibility) pursuant to Condition 10.2 (*Redemption following the occurrence of a Tax*

Event (Gross up) or Tax Event (Deductibility) or Change in Law of the Note Terms and Conditions and the exceptions in Condition 12 (*Taxation*) of the Note 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 payable in respect of the Notes in the absence of such withholding or deduction.

The Programme Memorandum is amended in relation to this Tranche of Tier 2 Notes by the insertion of the following additional items in the section titled "*Summary of the Programme*" on pages 22 to 29 of the Programme Memorandum:

**"Subordinated Capital Notes –
Regulatory Capital Requirements"**

In order for the proceeds of the issue of a Tranche of Subordinated Notes to qualify as Regulatory Capital and rank as Tier 2 Capital, that Tranche of Subordinated Notes must comply with the applicable Regulatory Capital Requirements, including such Additional Conditions (if any) as are prescribed by the Relevant Authority in respect of that Tranche of Subordinated Notes.

Any Additional Conditions prescribed by the Relevant Authority in respect of a Tranche of Subordinated Notes, the proceeds of which are intended to qualify as Regulatory Capital, will be specified in the Applicable Pricing Supplement (Notes) or a supplement to the Programme Memorandum.

**"Subordinated Capital Notes –
occurrence of a Trigger Event"**

Condition 6.7 (*Write Off of Tier 2 Notes upon a Trigger Event*) of the Note Terms and Conditions will apply to Tier 2 Notes. At the occurrence of a Trigger Event (at the discretion of the Relevant Authority), all of the Tier 2 Notes or the Relevant Part thereof, as applicable, will be Written Off in the manner set out in Condition 6.7(*Write Off of Tier Notes upon a Trigger Event*), subject to Condition 6.7.4 of the Note Terms and Conditions.

ANNEXURE 2: ADDITIONAL/AMENDED TERMS AND CONDITIONS APPLICABLE TO THIS TRANCHE OF TIER 2 NOTES

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

In this Tranche of Tier 2 Notes, the following expressions shall have the following meanings:

"Additional Conditions"	in relation to any Tranche of Subordinated Capital Notes, such conditions (in addition to the conditions specified in the applicable Regulatory Capital Requirements) as may be prescribed by the Relevant Authority for the proceeds of the issuance of such Tranche of Subordinated Capital Notes to qualify as Regulatory Capital at the time of such issue pursuant to the approval granted by the Relevant Authority for the issue of such Subordinated Capital Notes, as specified in the Applicable Pricing Supplement (Notes);
"Additional Tier 1 Capital"	<i>"additional tier 1 capital"</i> as defined in the Banks Act;
"Controlling Company"	Investec Limited (registration number 1925/002833/06), a public company with limited liability and a registered "controlling company" duly incorporated in accordance with the company and banking laws of South Africa, or any other company which, after the Programme Date, becomes the "controlling company" (as defined in the Banks Act) of the Issuer, as the case may be;
"Contractual Write Off Condition"	has the meaning ascribed thereto in Condition 6.7.1;
"Controlling Company Shares"	fully paid ordinary shares of the Controlling Company;
"Conversion"	the conversion of Subordinated Capital Notes into Controlling Company Shares or fully paid ordinary shares of the Issuer, as the case may be, upon the occurrence of a Trigger Event and after the delivery of an Issuer's Trigger Event Notice, and its cognates shall bear the same meaning;
"Deposit"	a <i>"deposit"</i> as defined in the Banks Act;
"Depositor"	any Person having a claim against the Issuer in respect of a Deposit, excluding any such Person whose claim in respect of such Deposit (i) ranks or is expressed to rank (or are deemed under the Regulatory Capital Requirements to rank), <i>pari passu</i> with, or junior to the claims of the Tier 2 Noteholders or (ii) constitutes a claim of the Tier 2 Noteholders in respect of Tier 2 Notes;

11
12

"Guidance Note 7"

Guidance Note 7 of 2013 (*Loss absorbency requirements for Additional Tier 1 and Tier 2 capital instruments*) issued by the SARB on 18 October 2013 in terms of section 6(5) of the Banks Act, or such other replacement or successor guidance note, directive or circular;

"Interest Period"

each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date; provided that the first Interest Period shall begin on (and include) the Interest Commencement Date and the last Interest Period in respect of such Notes shall end on (but exclude) the Applicable Redemption Date;

"Issuer's Trigger Event Notice"

has the meaning ascribed thereto in Condition 6.6.1;

"Maturity Period"

in relation to a Tranche of Notes, the period from (and including) the Issue Date to (but excluding) the Maturity Date, as specified in the Applicable Pricing Supplement (Notes);

"Outstanding"

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

- (i) those which have been redeemed in full;
- (ii) those in respect of which the date for redemption in accordance with the Note Terms and Conditions has occurred and the redemption monies wherefor (including all interest (if any) accrued thereon to the date for such redemption and any interest (if any) payable under the Note Terms and Conditions after such date) remain available for payment against presentation and surrender of such Notes (or any Individual Certificates in respect thereof (if any));
- (iii) those which have been fully Written Off under Condition 6 (*Status of Notes*);
- (iv) those which have been purchased and cancelled as provided in Condition 10.13 (*Cancellation*);
- (v) those which have become prescribed under Condition 13 (*Prescription*);
- (vi) Notes represented by those worn out, mutilated or defaced Individual Certificates which have been surrendered in exchange for replacement Individual

96
17

Certificates pursuant to Condition 15 (*Exchange of Beneficial Interests and Replacement of Certificates*);

- (vii) (for the purpose only of determining how many Notes are Outstanding and without prejudice to their status for any other purpose), those Notes represented by Individual Certificates alleged to have been lost, stolen or destroyed and in respect of which replacement Individual Certificates have been issued pursuant to Condition 15 (*Exchange of Beneficial Interests and Replacement of Certificates*),

provided that for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of the Noteholders; and
- (ii) the determination of how many and which Notes are for the time being Outstanding for the purposes of Conditions 20 (*Meetings of Noteholders*) and 21 (*Modification*), all:
 - A. 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

B. Receipts and Coupons,

shall be deemed not to be Outstanding;

“Regulations Relating to Banks”

the Regulations promulgated under section 90 of the Banks Act (published on 12 December 2012 in Government Gazette 35950) (as amended by Government Notice R261 in Government Gazette 38616 of 27 March 2015, Government Notice R309 in Government Gazette 38682 of 10 April 2015 and Government Notice R297 in Government Gazette 40002 of 20 May 2016), as such Regulations may be amended, supplemented or replaced from time to time, and any other prevailing capital adequacy regulations promulgated under the Banks Act and applicable to the Issuer, as such regulations may be amended, supplemented or replaced from time to time;

“Regulatory Capital”

as applicable, Tier 2 Capital or Additional Tier 1 Capital;



“Regulatory Capital Change”

(i) a change in, or amendment to, the Regulatory Capital Requirements or (ii) any change in the application of or official or generally published guidance or interpretation of the Regulatory Capital Requirements, which change or amendment becomes, or would become, effective on or after the Issue Date of the first Tranche of these Tier 2 Notes;

“Regulatory Capital Event”

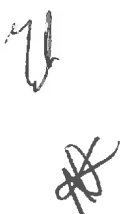
an event which is deemed to have occurred (irrespective of whether such event occurred prior to the Issue Date or thereafter) if, the whole or any part of the aggregate outstanding Nominal Amount of the Tier 2 Notes would, as a result of a Regulatory Capital Change, no longer be eligible to qualify, or no longer qualify (on a solo and/or consolidated basis) fully, or will in the future but prior to the Maturity Date, no longer qualify (on a solo or consolidated basis) fully, as Regulatory Capital (save where such non-qualification arises only as a result of any applicable limitation on the amount of such capital or any amortisation of recognition of Tier 2 Capital under the Regulatory Capital Requirements in the final 5 (five) years prior to maturity) of the Issuer, on a solo and/or consolidated basis. For the avoidance of doubt, a Write Off would not constitute a Regulatory Capital Event;

“Regulatory Capital Requirements”

at any time, any legislation, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in South Africa in relation to banks registered under the Banks Act and licensed to conduct the business of a bank in South Africa (and, if applicable, to the controlling companies of such banks) (including any rules and Additional Conditions applicable specifically to the Issuer as prescribed by the Relevant Authority) or if the Issuer becomes domiciled in a jurisdiction other than South Africa, any legislation, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in such other jurisdiction in relation to banks registered in, and licensed to conduct the business of a bank in, such other jurisdiction;

“Relevant Authority”

the Registrar of Banks in terms of the Banks Act and any successor or replacement thereto, or any authority having primary responsibility for the prudential oversight and supervision of the Issuer and/or the responsibility of making decisions relating to the declaration of a bank as being non-viable with the effect (as contemplated in the Regulations

Handwritten signature and initials in the bottom right corner of the page.

"Relevant Authority's Trigger Event Notice"

Relating to Banks) of triggering loss absorption within the relevant capital instruments and/or shares;

means the notification given to the Issuer or the Controlling Company, as the case may be, by the Relevant Authority upon the occurrence of a Trigger Event as contemplated in the Regulatory Capital Requirements, which notification may or may not be in writing, and which may or may not require the Issuer to Write Off all or some of its Regulatory Capital-qualifying instruments or shares;

"Relevant Part"

that portion of the aggregate outstanding Nominal Amount of the Tier 2 Notes which the Relevant Authority requires be Written Off upon the occurrence of a Trigger Event, whether expressed as a value, a percentage or otherwise, as determined and notified to the Issuer or the Controlling Company, as the case may be, by the Relevant Authority;

"SARB"

the South African Reserve Bank, or the relevant replacement or successor regulator;

"Senior Creditors"

- (a) all creditors of the Issuer (including the Noteholders of Senior Notes) whose claims against the Issuer are in respect of unsubordinated obligations of the Issuer; and
- (b) all creditors of the Issuer whose claims (whether subordinated or unsubordinated) are, or are expressed to be or rank (or are deemed under the Regulatory Capital Requirements to rank) in priority to all or certain claims which are subordinated (whether only in the event of the winding up, liquidation or curatorship of the Issuer or otherwise) to the claims of other creditors of the Issuer, other than all creditors of the Issuer whose claims rank or are expressed to rank (or are deemed under the Regulatory Capital Requirements to rank) *pari passu* with or junior to the claims of the Tier 2 Noteholders;

"Solvent Reconstruction"

the event where an order is made or an effective resolution is passed for the winding-up of the Issuer (a) under or in connection with a scheme of amalgamation or reconstruction not involving a bankruptcy or insolvency where the obligations of the Issuer in relation to the outstanding Securities are assumed by the successor entity to which all, or substantially all, of the property, assets and undertaking of the Issuer are transferred or (b) where an

arrangement with similar effect not involving a bankruptcy or insolvency is implemented;

"Statutory Loss Absorption Regime"

any legal, statutory or regulatory regime or requirement implemented in South Africa which provides the Relevant Authority with the power to implement principal loss absorption measures in respect of capital instruments (such as Additional Tier 1 Capital and Tier 2 Capital) in accordance with Basel III (being the set of minimum global standards for banks issued by the Basel Committee on Banking Supervision in December 2010 and revised in July 2011) and which legal, statutory or regulatory regime or requirement so implemented:

- (a) requires the capital instrument to be written off upon the occurrence of a trigger event specified by the Relevant Authority in writing; or
- (b) otherwise requires the instrument to fully absorb loss before tax payers or ordinary depositors are exposed to loss;

"Subordinated Notes"

any Notes (including Subordinated Capital Notes) specified as such in the Applicable Pricing Supplement (Notes), issued, in the case of Subordinated Notes that are not Subordinated Capital Notes, with the status and characteristics set out in Condition 6.2 (*Status of Subordinated Notes that are not Subordinated Capital Notes*) and in the case of Subordinated Capital Notes the proceeds of which are intended to constitute Tier 2 Capital, with the status and characteristics set out in Condition 6.4 (*Status of Tier 2 Notes*);

"Tax Event (Gross up)"

an event where, as a result of a Tax Law Change, the Issuer has paid or will or would on the next Interest Payment Date be required to pay additional amounts as provided or referred to in Condition 12 (*Taxation*), 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);

"Tier 2 Capital"

"*tier 2 capital*" as defined in the Banks Act;

9/

~~9/~~

"Tier 2 Capital Regulations"

Regulation 38(12) of the Regulations Relating to Banks and/or such other provisions of the Regulatory Capital Requirements with which the instruments and/or shares contemplated in that Regulation (including the Tier 2 Notes) must comply in order for the proceeds of the issue of such instruments and/or shares to rank as Tier 2 Capital;

"Tier 2 Noteholder"

a Noteholder of a Tier 2 Note;

"Tier 2 Notes"

Notes specified as such in the Applicable Pricing Supplement (Notes) and complying with the Tier 2 Capital Regulations;

"Trigger Event"

the occurrence of a "*trigger event*" specified in the Relevant Authority's Trigger Event Notice by the Relevant Authority as contemplated in Regulations 38(12)(a)(i) of the Regulations Relating to Banks, provided that the aforesaid "*trigger event*" shall be the earlier of:

- (a) a decision that a Write Off, without which the Issuer would become non-viable, is necessary as determined by the Relevant Authority; or
- (b) a decision to make a public sector injection of capital without which the Issuer or Controlling Company would become non-viable as determined by the Relevant Authority; and

"Write Off"

- (a) the Tier 2 Notes shall be cancelled (in the case of a write off in whole) or written down in part on a *pro rata* basis (in the case of write off in part), in accordance with the Regulatory Capital Requirements and as determined by the Relevant Authority; and
- (b) all rights of any Tier 2 Noteholders for payment of any amounts under or in respect of the Tier 2 Notes, or the Written Off portion thereof, as the case may be, (including, without limitation, any amounts arising as a result of, or due and payable upon the occurrence of, an Event of Default) shall, as the case may be, be cancelled or written off *pro rata* among the Tier 2 Noteholders and, in each case, not restored under any circumstances, irrespective of whether such amounts have become due and payable prior to the date of the Relevant Authority's Trigger Event Notice and even if the Trigger Event has ceased.

Handwritten signature and initials in the bottom right corner of the page.

The Terms and Conditions set out in the Programme Memorandum are amended in relation to this Tranche of Tier 2 Notes by:

1. the insertion of the words “, but subject to the prior consent of the Relevant Authority if and to the extent required by Applicable Law” between the words “(without the consent of any Noteholder” and “), issue one of more Tranche(s) of Notes” in Condition 3.1 under Condition 3 titled “Issue” on page 46 of the Programme Memorandum;
2. the insertion of the words “issued in certificated form” between the words “Title to Registered Notes” and “will pass upon registration of transfer” in Condition 5.1.1(b) under Condition 5.1 titled “Registered Notes” under Condition 5 titled “Title” on page 48 of the Programme Memorandum;
3. the replacement of all references to “Subordinated Notes” in Condition 6.2 titled “Status of Subordinated Notes” under Condition 6 titled “Status of Notes” on pages 49 to 50 of the Programme Memorandum (including in the heading of Condition 6.2) with references to “Subordinated Notes that are not Subordinated Capital Notes”;
4. the insertion of the words “in Condition 6.4 (Status of Tier 2 Notes), and” between the words “rank in accordance with the provisions of the Regulations Relating to Banks as set out” and “in the Applicable Pricing Supplement (Notes) relating to such Notes” in Condition 6.2.2 under Condition 6 titled “Status of Notes” on pages 49 to 50 of the Programme Memorandum;
5. the replacement of Condition 6.3 titled “Regulatory Capital Requirements and Additional Conditions” under Condition 6 titled “Status of Notes” on page 50 of the Programme Memorandum with the following new Condition 6.3 titled “Regulatory Capital Requirements and Additional Conditions”:

“6.3 Regulatory Capital Requirements and Additional Conditions

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

6. the insertion of the following new Conditions 6.4 titled “Status of Tier 2 Notes”, 6.5 titled “Write off of Tier 2 Notes”, 6.6 titled “Notification of Trigger Event”, 6.7 titled “Write off of Tier 2 Notes upon a Trigger Event”, 6.8 titled “No default” and 6.9 titled “Disapplication of Contractual Write Off Condition” immediately after Condition 6.3 titled “Regulatory Capital Requirements and Additional Conditions” (amended pursuant to paragraph 5 above) on page 50 of the Programme Memorandum:

“6.4 Status of Tier 2 Notes



- 6.4.1 *Application:* This Condition 6.4 (*Status of Tier 2 Notes*) applies only to Tier 2 Notes.
- 6.4.2 *Status of Tier 2 Notes:* The Tier 2 Notes constitute direct, unsecured and, in accordance with Condition 6.4.3 (*Subordination*), subordinated obligations of the Issuer and will rank (i) *pari passu* without any preference among themselves, (ii) save for those that have been accorded preferential rights by law, at least *pari passu* with all other subordinated obligations of the Issuer (other than any subordinated obligations which rank or are expressed to rank senior to the Issuer's obligations under the Tier 2 Notes), including but not limited to subordinated obligations in the form of other Tier 2 Notes and Tier 2 Capital, whether issued before the date of issue of the Tier 2 Notes or thereafter and (iii) behind in priority to all claims of Depositors and Senior Creditors.
- 6.4.3 *Subordination:* The claims of Tier 2 Noteholders entitled to be paid amounts due in respect of the Tier 2 Notes (including any damages or other amounts (if payable)) are subordinated to the claims of Depositors and Senior Creditors and accordingly, in the event of the dissolution of the Issuer or if the Issuer is placed into liquidation or wound up or placed under curatorship (in each case other than pursuant to a Solvent Reconstruction):
- (a) no Tier 2 Noteholder shall be entitled to prove a claim in respect of the Tier 2 Notes in such event to the extent that the claims of the Issuer's Depositors and Senior Creditors which are admissible in any such dissolution, insolvency, winding-up or curatorship would not be paid or discharged in full as a result of such proof;
 - (b) no other amount due under the Tier 2 Notes shall be eligible for set-off, counterclaim, abatement or other similar remedy which a Tier 2 Noteholder might otherwise have under the laws of any jurisdiction in respect of the Tier 2 Notes nor shall any amount due under the Tier 2 Notes be payable to any Tier 2 Noteholder until the claims of such Depositors and Senior Creditors which are admissible in any such dissolution, liquidation, winding-up or curatorship have been paid or discharged in full; and
 - (c) subject to Applicable Law, a Tier 2 Noteholder may not exercise or claim any right of set-off in respect of any amount arising out of or in connection with the Tier 2 Notes owed to it by the Issuer and each Tier 2 Noteholder shall, by virtue of its subscription, purchase or holding of any Tier 2 Notes, (i) be deemed to have waived all such rights of set-off and (ii) to the extent that any set-off takes place, whether by operation of law or otherwise,

96



between (A) any amount arising out of or in connection with the Tier 2 Notes owed by the Issuer to a Tier 2 Noteholder and (B) any amount owed to the Issuer by such Tier 2 Noteholder, such Tier 2 Noteholder will immediately transfer such amount which is set-off to the Issuer or, in the event of the Issuer's dissolution, winding-up, liquidation or curatorship (as the case may be), to the liquidator, curator or other relevant insolvency official of the Issuer, to be held in trust by the liquidator, curator or other relevant insolvency official of the Issuer for the benefit of the Issuer's Depositors and Senior Creditors until the claims of such Depositors and Senior Creditors which are admissible in any such dissolution, liquidation, winding-up or curatorship have been paid or discharged in full, and this undertaking will constitute a *stipulatio alteri* in favour of the Depositors and Senior Creditors.

6.5 Write Off of Tier 2 Notes

6.5.1 Write Off will apply upon the occurrence of a Trigger Event to the Tier 2 Notes issued in terms of this Applicable Pricing Supplement (Notes). If a Trigger Event occurs, then the Issuer shall, after receipt of a Relevant Authority's Trigger Event Notice in relation to that Trigger Event and in accordance with the Regulatory Capital Requirements, and if so instructed by the Relevant Authority, Write Off the Tier 2 Notes in this Tranche or the Relevant Part thereof, as the case may be.

6.5.2 Subject to the Regulatory Capital Requirements and the written instructions received from the Relevant Authority, Write Off need only occur up until the point where the Issuer is deemed by the Relevant Authority to be viable again, as specified in writing by the Relevant Authority.

6.6 Notification of Trigger Event

6.6.1 Following receipt by the Issuer of a Relevant Authority's Trigger Event Notice notifying the Issuer that a Trigger Event has occurred, the Issuer will forthwith deliver a written notice (the "**Issuer's Trigger Event Notice**") to the Tier 2 Noteholders in accordance with Condition 19 (*Notices*):

- (a) stating that the Issuer has received a Relevant Authority's Trigger Event Notice;
- (b) repeating the Trigger Event as set out in that Relevant Authority's Trigger Event Notice; and
- (c) if the Issuer is instructed by the Relevant Authority to Write Off, stating that a Write Off of the Tier 2 Notes will

U

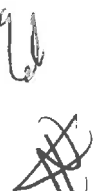
X

take place pursuant to the occurrence of that Trigger Event specified in such Relevant Authority's Trigger Event Notice.

- 6.6.2 The Issuer shall forthwith, after having issued any Issuer's Trigger Event Notice, notify all Tier 2 Noteholders of the details contained in such notices in accordance with Condition 19 (*Notices*), and shall further notify (i) to the extent that there are any Uncertificated Notes outstanding, the CSD and (ii) if and for so long as any Notes are listed on a Financial Exchange, such Financial Exchange, of such details.

6.7 Write Off of Tier 2 Notes upon a Trigger Event

- 6.7.1 This Condition 6.7 (Write Off of Tier 2 Notes upon a Trigger Event) only applies to Tier 2 Notes and is referred to as the "**Contractual Write Off Condition**" in the Note Terms and Conditions.
- 6.7.2 The Issuer will, forthwith, subject to Condition 6.7.4 but always in accordance with Applicable Law, the Regulatory Capital Requirements and the written instructions received from the Relevant Authority, and to the extent determined by the Relevant Authority, Write Off the Tier 2 Notes or Relevant Part(s) thereof identified by the Relevant Authority. Any Write Off of the Tier 2 Notes or Relevant Part(s) thereof in accordance with this Condition 6.7 (*Write Off of Tier 2 Notes upon a Trigger Event*) will be final and binding.
- 6.7.3 Any Tier 2 Notes Written Off in accordance with Condition 6.7.2 will promptly be cancelled in the Register, and each Tier 2 Noteholder hereby agrees to the cancellation and acknowledges that, where the Note is certificated and evidenced by an Individual Certificate, such cancellation will occur without such Tier 2 Noteholder having to deliver the relevant Individual Certificate to the Issuer.
- 6.7.4 Notwithstanding the occurrence a Trigger Event and the delivery of an Issuer's Trigger Event Notice:
- (a) the Issuer shall ensure that any Write Off is implemented in such a manner that the Tier 2 Noteholders will be treated rateably and equally amongst themselves;
 - (b) no Tier 2 Notes may be Written Off unless Additional Tier 1 Capital instruments, if any, have been completely written-off or converted, as the case may be; and
 - (c) the Write Off of Tier 2 Notes shall be conducted on a *pro rata* and proportionate basis with all other Tier 2 Capital of the Issuer to the extent that such other Tier 2



Capital (including but not limited to other notes which qualify as Tier 2 Capital) is subject to being Written Off or Converted into Controlling Company Shares under Applicable Law and/or the applicable contractual provisions of such Tier 2 Capital; and

- 6.7.5 Provided the manner in which the Tier 2 Notes (or Relevant Part(s) thereof) are Written Off is in accordance with Applicable Law, the Regulatory Capital Requirements and the written instructions received from the Relevant Authority, such Write Off pursuant to this Condition 6.7 (*Write Off of Tier 2 Notes upon a Trigger Event*) (as read with Condition 6.8 (*No default*)) will be deemed to be full, final, unconditional and irrevocable settlement of all of the Issuer's obligations in respect of the Tier 2 Notes (or Relevant Part(s) thereof) and under no circumstances (including the Issuer once again becoming viable) shall such released obligations be reinstated. For the avoidance of doubt, the Issuer shall not be obliged to pay compensation in any form to the Tier 2 Noteholders following a Write Off of such Tier 2 Notes in accordance with this Condition 6.7 (*Write Off of Tier 2 Notes upon a Trigger Event*).
- 6.7.6 Where only a Relevant Part of a Tier 2 Note is Written Off (and such Tier 2 Note is therefore only partly Written Off):
- (a) a Tier 2 Noteholder's rights, title and interest in, and the Issuer's obligations in respect of, that portion of such Tier 2 Noteholder's Tier 2 Notes not Written off, will remain unaffected by the Writing Off of such Relevant Part; and
 - (b) all references to "Nominal Amount" in the Note Terms and Conditions (including, without limitation, in Condition 10 (*Redemption and Purchase*)) shall be construed as references to the Nominal Amount outstanding immediately prior to the Write Off less the relevant portion of the Nominal Amount Written Off in accordance with this Condition 6.7 (*Write Off of Tier 2 Notes upon a Trigger Event*), and all references to "Tier 2 Notes" and/or a Tranche or Series of Tier 2 Notes in the Note Terms and Conditions (including, without limitation, in Condition 10 (*Redemption and Purchase*)) shall be construed as references to the surviving Tier 2 Notes in that Tranche or Series.

9/1



6.8 No default

For the avoidance of doubt and notwithstanding anything to the contrary in the Note Terms and Conditions:

- 6.8.1 neither the Write Off nor the failure by the Issuer to pay any amounts Written Off which would have been payable to the relevant Tier 2 Noteholder of the Tier 2 Notes but for the Write Off, will amount to a breach of the Issuer's obligations under the Note Terms and Conditions and/or constitute an Event of Default under the Note Terms and Conditions, and the relevant Tier 2 Noteholders will have no claims of whatsoever nature against the Issuer as a result of a Write Off or Conversion;
- 6.8.2 no lawful actions of whatsoever nature in connection with and/or as a result of the occurrence of a Trigger Event taken by the Issuer in accordance with, and/or to give effect to, the Regulatory Capital Requirements and any other Applicable Law, regulation or guidance note, circular or directive issued by the Relevant Authority and/or written instructions received from the Relevant Authority will amount to a breach of the Issuer's obligations under the Note Terms and Conditions and/or constitute an Event of Default under the Note Terms and Conditions or entitle any Tier 2 Noteholder to avoid Write Off of the relevant Tier 2 Notes pursuant to a Relevant Authority's Trigger Event Notice requiring such Write Off;
- 6.8.3 no other delay by the Issuer in meeting its obligations under Conditions 6.6 (*Notification of Trigger Event*) and 6.7 (*Write Off of Tier 2 upon a Trigger Event*) will constitute an Event of Default under the Note Terms and Conditions or entitle any Tier 2 Noteholder to avoid Write Off of the relevant Tier 2 Notes pursuant to a Relevant Authority's Trigger Event Notice requiring such Write Off; and
- 6.8.4 any write off of other instruments of the Issuer which constitute Regulatory Capital in accordance with the Regulatory Capital Requirements and any other Applicable Law, regulation, guidance note, circular or directive issued by the Relevant Authority and/or written instructions received from the Relevant Authority shall likewise not amount to a breach of the Issuer's obligations under the Note Terms and Conditions and/or constitute an Event of Default under the Note Terms and Conditions.

3/1

2/1

6.9 Disapplication of Contractual Write Off Condition

6.9.1 This Condition 6.9 (*Disapplication of Contractual Write Off Condition*) applies only to Tier 2 Notes.

6.9.2 If a Statutory Loss Absorption Regime is implemented in South Africa, then the Issuer shall have the option at any time prior to receipt by the Issuer of a Relevant Authority's Trigger Event Notice, by written notice (the "**Amendment Notice**") to the Tier 2 Noteholders in accordance with Condition 19 (*Notices*) and to the Relevant Authority, to elect that the Contractual Write Off Condition shall cease to apply to the Tier 2 Notes and that the Statutory Loss Absorption Regime will apply to such Tier 2 Notes from the date specified in the Amendment Notice (the "**Amendment Date**"), being a date no earlier than the date on which the Statutory Loss Absorption Regime takes effect (the "**Amendment Option**"). If the Issuer exercises the Amendment Option timeously, the Contractual Write Off Condition will cease to apply and the Tier 2 Notes will be subject to such minimum requirements of the Statutory Loss Absorption Regime required to ensure that such Tier 2 Notes continue to qualify as Tier 2 Capital with effect from the Amendment Date. If the Amendment Option is not exercised by the Issuer, then the Tier 2 Notes will not be subject to the Statutory Loss Absorption Regime and the Contractual Write Off Condition will continue to apply to the Tier 2 Notes.

6.9.3 For the avoidance of doubt, if a Trigger Event occurs on or after the date on which the Contractual Write Off Condition is disapplied, the Relevant Authority or the Issuer following written instructions from the Relevant Authority, may take such action in respect of the Tier 2 Notes as is required or permitted by such Statutory Loss Absorption Regime.";

7. the deletion of the lead-in language to Condition 10 (*Redemption and Purchase*) on page 55 of the Programme Memorandum, and the replacement of Conditions 10.1 titled "*Scheduled Redemption*" and 10.2 titled "*Redemption following the occurrence of a Tax Event (Gross Up) or Tax Event (Deductibility) or Change in Law*" with the following new Conditions 10.1 titled "*Scheduled Redemption*" and 10.2 titled "*Redemption following the occurrence of a Tax Event (Gross Up) or Tax Event (Deductibility) or Change in Law*":

"10.1 Scheduled Redemption

Unless previously redeemed or purchased and cancelled as specified below (and subject, in the case of Tier 2 Notes, to Condition 10.15 (*Conditions to redemption, purchase, cancellation or modification of Subordinated Capital Notes*) or as otherwise specified in the Note Terms and Conditions), the Notes will be

redeemed at the Final Redemption Amount, or determined in the manner specified in, the Applicable Pricing Supplement (Notes), on the Maturity Date, subject as provided in Condition 11 (*Payments*).

10.2 Redemption following the occurrence of a Tax Event (Gross Up) or Tax Event (Deductibility) or Change in Law

10.2.1 Subject to Condition 10.15 (*Conditions to redemption, purchase, cancellation or modification of Subordinated Capital Notes*) in the case of Subordinated Capital Notes, if so specified in the Applicable Pricing Supplement (Notes), the Issuer may redeem the Notes of any Tranche of Notes in whole, but not in part:

- (a) at any time (if neither the Floating Rate Note provisions nor the Indexed Note provisions are specified in the Applicable Pricing Supplement (Notes) 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 (Notes) as being applicable and are applicable at the time of redemption),

on giving not less than 30 (thirty) nor more than 60 (sixty) days' (or such other notice period specified in the Applicable Pricing Supplement (Notes)) notice to the Noteholders and to the Transfer Agent and the Paying Agent (which notice shall be irrevocable) in accordance with Condition 19 (*Notices*), at their Early Redemption Amount together with interest (if any) to the date fixed for redemption, following the occurrence of a Tax Event (Gross up) or Tax Event (Deductibility) or Change in Law, provided, however, that no such notice of redemption shall be given earlier than:

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

cf
X

materially reduced) to claim a deduction in respect of computing its taxation liabilities, as the case may be.

10.2.2 Prior to the publication of any notice of redemption pursuant to this Condition 10.2 (*Redemption following the occurrence of a Tax Event (Gross up) or Tax Event (Deductibility) or Change in Law*), the Issuer shall deliver to the Transfer Agent and the Paying Agent (i) a certificate signed by 2 (two) authorised officers of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) an opinion of independent legal or tax advisers (as appropriate) of recognised standing to the effect that a Tax Event (Gross up), Tax Event (Deductibility) and/or Change in Law, as the case may be, has occurred. Upon the expiry of any such notice as is referred to in this Condition 10.2 (*Redemption following the occurrence of a Tax Event (Gross up) or Tax Event (Deductibility) or Change in Law*), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10.2 (*Redemption following the occurrence of a Tax Event (Gross up) or Tax Event (Deductibility) or Change in Law*).";

8. the insertion of the words "*Subjection to Condition 10.15 (Conditions to redemption, purchase, cancellation or modification of Subordinated Capital Notes) in the case of Subordinated Capital Notes,*" at the beginning of Condition 10.3.1 under Condition 10.3 titled "*Early redemption at the option of the Issuer*" under Condition 10 titled "*Redemption and Purchase*" on page 56 of the Programme Memorandum;
9. the deletion in its entirety of Condition 10.4 titled "*Redemption of Subordinated Notes*" under Condition 10 titled "*Redemption and Purchase*" on page 56 of the Programme Memorandum;
10. the replacement of Conditions 10.6 titled "*Redemption for Regulatory Capital reasons*" and 10.7 titled "*Early Redemption upon the occurrence of an Event of Default*" on page 57 of the Programme Memorandum with the following new Conditions 10.6 titled "*Redemption of Subordinated Capital Notes for Regulatory Capital reasons*" and 10.7 titled "*Early Redemption upon the occurrence of an Event of Default*":

"10.6 Redemption of Subordinated Capital Notes for Regulatory Capital reasons

10.6.1 Subject to Condition 10.15 (*Conditions to redemption, purchase, cancellation or modification of Subordinated Capital Notes*) and if so specified in the Applicable Pricing Supplement (Notes), the Issuer may redeem the Notes of any Series of Subordinated Capital 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 relevant

96
X

Applicable Pricing Supplement (Notes) 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 relevant Applicable Pricing Supplement (Notes) as being applicable and are applicable at the time of redemption),

on giving not less than 30 (thirty) nor more than 60 (sixty) days' (or such other notice period specified in the Applicable Pricing Supplement (Notes)) notice prior to Noteholders and to the Transfer Agent and the Paying Agent (which notice shall be irrevocable) in accordance with Condition 19 (Notices), at their Early Redemption Amount together with interest accrued (if any) to the date fixed for redemption, if a Regulatory Capital Event occurs and is continuing.

10.6.2 Prior to the publication of any notice of redemption pursuant to this Condition 10.6 (*Redemption of Subordinated Capital Notes for Regulatory Capital reasons*), the Issuer shall deliver to the Transfer Agent and the Paying Agent (i) a certificate signed by 2 (two) authorised officers of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) unless the Relevant Authority has confirmed in writing to the Issuer that a Regulatory Event applies to the relevant Notes (i.e. that the proceeds of the issue of the relevant Notes are not eligible to qualify as the relevant class of Regulatory Capital of the Issuer on a solo and/or consolidated basis), an opinion of appropriate independent advisers of recognised standing to the effect that a Regulatory Event applies. Upon the expiry of any such notice as is referred to in this Condition 10.6 (*Redemption of Subordinated Capital Notes for Regulatory Capital reasons*), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10.6 (*Redemption of Subordinated Capital Notes for Regulatory Capital reasons*).

10.7 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 14 (*Events of Default*), such Notes shall, subject to Conditions 10.15 (*Conditions to redemption, purchase, cancellation or modification of Subordinated Capital Notes*) and 14 (*Events of Default*), and, in the case of Subordinated Capital Notes, subject to the applicable Regulatory

41
K

Capital Requirements (including such Additional Conditions (if any) as are prescribed by the Relevant Authority in respect of a Tranche of Subordinated Capital Notes), become forthwith due and payable at the Early Redemption Amount in the manner set out in Condition 10.8 (*Early Redemption Amounts*), together with interest (if any) accrued to (but excluding) the date of payment, in accordance with Condition 14 (*Events of Default*).";

11. the insertion of the following new Condition 10.15 titled "*Conditions to redemption, purchase, cancellation or modification of Subordinated Capital Notes*" immediately after Condition 10.14 titled "*Late Payments on Zero Coupon Notes*" on page 58 of the Programme Memorandum:

"10.15 Conditions to redemption, purchase, cancellation or modification of Subordinated Capital Notes

10.15.1 Notwithstanding any other provisions of this Condition 10 (*Redemption and Purchase*) and subject as provided below, for so long as the applicable Regulatory Capital Requirements so require Tier 2 Notes (which at the time of redemption, purchase, cancellation or modification constitute Tier 2 Capital) may only be redeemed, purchased or cancelled (in each case, in whole or in part) prior to the Maturity Date or modified, at the option of the Issuer, and only if:

- (a) the Issuer has notified the Relevant Authority of, and the Relevant Authority has consented in writing to, such redemption, purchase, cancellation or modification, as the case may be, subject to such conditions (if any) as the Relevant Authority may deem appropriate (in any case, only if and to the extent that such notification or consent is required in terms of the Regulatory Capital Requirements) (subject to any prescribed notice periods with which the Issuer may need to comply, if any, in the Regulatory Capital Requirements);
- (b) the redemption, purchase, cancellation or modification, as the case may be, of the Tier 2 Notes is not prohibited by the Regulatory Capital Requirements (including any prohibitions on redemption prior to the lapsing of a minimum initial period of issue in the Regulatory Capital Requirements);
- (c) in the case of redemption, purchase or cancellation, as the case may be, unless the Relevant Authority is satisfied that the Issuer is duly capitalised above the minimum capital requirements after the redemption, purchase or cancellation, the Issuer concurrently replaces the Tier 2 Notes being redeemed, purchased or cancelled with

Yh
X

capital of similar or better quality and the replacement of capital is done at conditions that are sustainable for the income capacity of the Issuer; and

- (d) both at the time when the notice of redemption or modification is given and immediately following such redemption or modification, as the case may be, the Issuer is or will be, as the case may be, in compliance with its capital adequacy requirements as provided in the Regulatory Capital Requirements (except to the extent that the Relevant Authority no longer so requires), as confirmed by the Relevant Authority.

10.15.2 Subject to the applicable Regulatory Capital Requirements, Tier 2 Notes may be redeemed at maturity, provided that, for so long as is required by the Regulatory Capital Requirements, Tier 2 Notes shall have a minimum Maturity Period of 5 (five) years and 1 (one) day and accordingly, the Maturity Date specified pursuant to Condition 10.1 (*Scheduled Redemption*) shall comply with this requirement.

10.15.3 For the avoidance of doubt, references in this Condition 10.15 (*Conditions to redemption, purchase, cancellation or modification of Subordinated Capital Notes*) to purchase and/or cancellation do not contemplate any purchases and/or cancellation required to give effect to a Write Off of Tier 2 Notes in accordance with Condition 6 (*Status of Notes*).";

12. the replacement of Condition 10.12 titled "*Purchases*" on page 58 of the Programme Memorandum with the following new Condition 10.12 titled "*Purchases*":

"10.12 Purchases

Subject to Condition 10.15 (*Conditions to redemption, purchase, cancellation or modification of Subordinated Capital Notes*) and the Regulatory Capital Requirements in the case of Subordinated Capital Notes, the Issuer or any of its subsidiaries or any subsidiaries of its holding company may at any time purchase Notes (including all unmatured Coupons and Receipts) at any price in the open market or otherwise. No proscribed entity referred to in the Regulatory Capital Requirements may purchase, acquire or hold any Subordinated Capital Notes. In the event of the Issuer purchasing Notes, such Notes may (subject to restrictions in any Applicable Law, including the Regulatory Capital Requirements) be held, resold or, at the option of the Issuer, cancelled. The Issuer shall not have any voting rights on any Notes repurchased or otherwise held by it.";

13. the replacement of the reference to "*Condition 11.5 (Method of Payment)*" in Condition 11.8(a) under Condition 11.8 titled "*Interpretation of principal and interest*" under Condition 11 titled

"Payments" on page 62 of the Programme Memorandum with a reference to "Condition 12 (Taxation)";

14. the replacement of Condition 12.3 under Condition 12 titled "Taxation" on page 62 with the following new Condition 12.3:

"12.3 In such event, the Issuer will, subject to the Issuer's right to redeem such Notes in terms of Condition 10.2 (*Redemption following the occurrence of a Tax Event (Gross Up) or Tax Event (Deductibility) or Change in Law*), 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:

12.3.1 held by or on behalf of a Noteholder, who is liable for such Taxes or duties in respect of such Note by reason of the Noteholder's 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

12.3.2 held by or on behalf of a Noteholder who could lawfully avoid (but has not so avoided) such withholding or deduction by complying with any statutory requirements or requirements of an administrative nature imposed by the South African revenue authorities in force from time to time, including, without limitation, by making a declaration of non-residence or other similar claim for exemption to which it is entitled to the relevant tax authority or the Paying Agent (the effect of which is not to require the disclosure of the identity of the relevant Noteholder); or

12.3.3 held by or on behalf of a Noteholder who could lawfully reduce (but has not so reduced) such withholding or deduction by complying with any statutory requirements or requirements of an administrative nature imposed by the South African revenue authorities in force from time to time, including, without limitation, by making a declaration of non-residence or other similar claim for the reduction to which it is entitled to the relevant tax authority or the Paying Agent (the effect of which is not to require the disclosure of the identity of the relevant Noteholder), provided that this exceptions shall only apply to that portion of the withholding or deduction which could lawfully have been so reduced; or

12.3.4 held by or on behalf of a Noteholder to the extent that such party could lawfully reduce the amount of taxation otherwise levied or

Handwritten signature and initials in the bottom right corner of the page.

leviable upon the principal or interest by virtue of the application of any tax treaty or non-South African tax laws applicable to such Noteholder, whether by way of a Tax credit, rebate deduction or reduction equal to all or part of the amount withheld or otherwise, and whether or not it is actually claimed and/or granted and/or allowed and in these circumstances the additional amount shall only be payable to the extent that such amount could not be so reduced; or

- 12.3.5 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 income or taxable income (as defined in section 1 of the Income Tax Act) or capital gain (as contemplated in paragraph 3 of Schedule 8 to 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
- 12.3.6 [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]
- 12.3.7 if such withholding or deduction arises through the exercise by revenue authorities of special powers in respect of disputers or alleged tax defaulters; or
- 12.3.8 if such withholding or deduction arises in terms of the US Foreign Account Tax Compliance Act ("FATCA") or the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor legislation or provisions), any regulations or agreements thereunder, official interpretations thereof, any intergovernmental approach thereto, or implementing legislation adopted by another jurisdiction in connection with FATCA and/or the aforementioned rules; or
- 12.3.9 where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC (or any other directive implementing the conclusions of the 2312th Economic and Financial Affairs Council (ECOFIN) meeting of 26 and 27 November 2000) on the taxation of savings income or any law implementing or complying with, or introduced in order to confirm to, such directive; or
- 12.3.10 where any combination of the scenarios or occurrences contemplated in Condition 12.3.1 to 12.3.9 occurs.

Any reference in these Note 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 Note Terms and Conditions or under any undertakings given in addition to, or in substitution for, these Note Terms and Conditions.”;

15. the insertion of the following new Condition 12.4 immediately after Condition 12.3 (amended pursuant to paragraph 15 above) under Condition 12 titled “*Taxation*” on page 62 of the Programme Memorandum:

“12.4 If the Issuer becomes subject generally at any time to any taxing jurisdiction, authority or agency other than or in addition to South Africa, references in this Condition 12 (*Taxation*) and in the definitions of “Tax Event (Deductibility)”, “Tax Event (Gross up)”, “Tax Law Change” and “Taxes” shall be read and construed as references to South Africa and/or to such other jurisdiction, authority or agency.”

16. the deletion of the words “*Subject to Condition 6.3 (Regulatory Capital Requirements and Additional Conditions),*” at the beginning of Condition 14.2 under Condition 14 titled “*Events of Default*” on page 64 of the Programme Memorandum, and the replacement of all references to “*Subordinated Notes*” therein (including in the heading of Condition 14.2) with references to “*Subordinated Notes (that are not Subordinated Capital Notes)*”;

17. the insertion of the following new Condition 14.3 titled “*Tier 2 Notes*” immediately after Condition 14.2 titled “*Subordinated Notes (that are not Subordinated Capital Notes)*” (amended pursuant to paragraph 17 above) on page 64 of the Programme Memorandum:

“14.3 Tier 2 Notes

14.2.1 This Condition 14.3 (*Tier 2 Notes*) applies only to Tier 2 Notes, is only for the benefit of Tier 2 Noteholders and is subject to Condition 6.8 (*No default*).

14.3.2 Notwithstanding any of the provisions below in this Condition 14.3 (*Tier 2 Notes*), the remedies available to Tier 2 Noteholders in circumstances where payment of principal or interest (as the case may be) has become due and payable, but remains unpaid, are limited to the right to institute winding-up proceedings. If the Issuer fails to pay any amount due and payable in respect of any Tier 2 Notes and the failure to pay has continued for more than 10 (ten) Business Days following the service on the Issuer of a written notice requiring that breach to be remedied (unless such non-payment is caused by an administrative error or technical difficulties affecting the transfer of funds and is remedied within 3 (three) Business Days after the due date), any Tier 2 Noteholder may, subject to Condition 6.4 (*Status of Tier 2 Notes*), and subject as provided below, at its discretion and without

further notice, institute proceedings for the winding-up of the Issuer, but may not take any other action in respect of that default; provided that no action may be taken by a Tier 2 Noteholder if the Issuer withholds or refuses to make any such payment in order to comply with any Applicable Law or to comply with any order of a court of competent jurisdiction. Where there is doubt as to the validity or applicability of any such Applicable Law or order, the Issuer will not be in default if it acts on the advice given to it by independent legal advisers of recognised standing during the aforementioned grace period.

- 14.3.3 If an order is made or an effective resolution is passed for the winding-up of the Issuer (other than pursuant to a Solvent Reconstruction), each Tier 2 Noteholder may, by written notice to the Issuer as its Specified Office, effective upon the date of receipt thereof by the Issuer, declare the Tier 2 Notes held by such Tier 2 Noteholder to be forthwith due and payable whereupon those Tier 2 Notes shall become forthwith due and payable at the Early Redemption Amount, together with accrued interest (if any) to the date of payment, subject to Condition 6.4 (*Status of Tier 2 Notes*) and specifically Condition 6.4.3 (*Subordination*), provided that no such action may be taken by a Tier 2 Noteholder if the Issuer withholds or refuses to make any such payment in order to comply with any Applicable Law or to comply with any order of court of competent jurisdiction.
- 14.3.4 Without prejudice to Conditions 14.3.2 and 14.3.3 above, if the Issuer breaches any of its obligations under the Tier 2 Notes (other than any payment obligation arising out of or in connection with the Tier 2 Notes, including but not limited to in respect of the payment of principal or interest on such Tier 2 Notes), then each Tier 2 Noteholder may, at its discretion and without further notice, but subject to the Regulatory Capital Requirements, bring such proceedings as it may think fit to enforce the obligation in question, provided that the Issuer shall not, as a result of the bringing of any such proceedings, be obliged to pay any sum representing or measured by reference to principal or interest on or satisfy any other payment obligation in relation to such Tier 2 Notes earlier than the same would otherwise have been payable by it.
- 14.3.5 The rights of the holder of a Tier 2 Note shall be subject to any condition which requires such Tier 2 Note to be Written Off upon the occurrence of a Trigger Event in accordance with the applicable Regulatory Capital Requirements in respect of Tier 2 Notes (and subject further to the Regulatory Capital Requirements, including such Additional Conditions (if any) as are prescribed by the



Relevant Authority in respect of a Tranche of Tier 2 Notes) and as further contemplated in Conditions 6.3 (*Regulatory Capital Requirements and Additional Conditions*) to 6.9 (*Disapplication of Contractual Write Off Condition*).”; and

18. the insertion of the following new Condition 21.3 immediately after Condition 21.2 under Condition 21 titled “*Modification*” on page 72 of the Programme Memorandum:

“21.3 Any modification of the Note Terms and Conditions applicable to Subordinated Capital Notes in accordance with this Condition 21 (*Modification*) is subject, if and to the extent that such consent is required under the Regulatory Capital Requirements, to the Issuer obtaining the consent of the Relevant Authority.”.

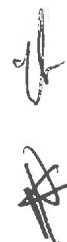
The disclosures set out in the Programme Memorandum are amended in relation to this Tranche of Tier 2 Notes by:

1. the insertion of the following new subparagraph immediately after the subheading “APPROVALS” in the section of the Programme Memorandum titled “*General Information*” on page 134 of the Programme Memorandum:

“Notes, the proceeds of which are intended to qualify as Regulatory Capital, to be issued under the Programme are “*debt instruments*” as contemplated by section 79(1)(b) of the Banks Act. Accordingly, the Issuer requires the consent of the Registrar of Banks in accordance with section 79(1)(b) of the Banks Act and Regulation 38 of the Regulations Relating to Banks, for permission to issue Notes the proceeds of which are intended to qualify as Regulatory Capital under the Programme.”;

2. the replacement of the section of the Programme Memorandum titled “*South African Taxation*” with **Annexure 3** titled “*South African Taxation*” hereto; and
3. the replacement of the contact details of the legal advisers to the Issuer, Arranger, Dealer and debt sponsor on page 146 of the Programme Memorandum with the following details:

ENSafrica
(Registration Number: 2006/018200/21)
1 North Wharf Square
Loop Street
Foreshore
Cape Town
8001
South Africa
Contact: Mr C van Loggerenberg / Mr D Rose.



ANNEXURE 3: SOUTH AFRICAN TAXATION

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

The information contained below is intended to be a general guide to the relevant tax laws of South Africa as at the Programme Date and does not purport to describe all of the considerations that may be relevant to a prospective purchaser of Securities. South African tax legislation is subject to frequent change and accordingly the comments as set out below may be subject to change, possibly with retrospective effect. Prospective purchasers of Securities should consult their own professional advisers in regard to the purchase of Securities and the tax implications thereof. Accordingly, the Issuer makes no representation and gives no warranty or undertaking, express or implied, and accepts no responsibility for the accuracy or completeness of the information contained in this section. The content of this section constitutes a summary of certain aspects of the relevant South African tax laws as at the Programme Date and does not constitute tax advice, and persons should consult their own professional advisors.

Securities Transfer Tax

The issue, transfer and redemption of the Notes will not attract securities transfer tax ("STT") under the Securities Transfer Tax Act, 2007 (as amended from time to time) (the "STT Act") because the Notes do not constitute "securities" as defined in the STT Act. Any future transfer duties and/or taxes that may be introduced in respect of (or applicable to) the transfer of Notes will be for the account of holders of the Notes.

Value-Added Tax

No value-added tax ("VAT") is payable on the issue or transfer of the Notes or the Programme Preference Shares. The issue, sale or transfer of the Notes or the Programme Preference Shares constitute "financial services" as contemplated in section 2 of the Value-Added Tax Act, 1991 (as amended from time to time) (the "VAT Act"). In terms of section 2 of the VAT Act, the issue, allotment, drawing, acceptance, endorsement or transfer of ownership of a debt security as well as the issue, allotment or transfer of ownership of an equity security or a participatory security, and the buying and selling of derivatives constitute financial services, which are exempt from VAT in terms of section 12(a) of the VAT Act.

Where financial services as contemplated in section 2 are however rendered to non-residents who are not in South Africa at the time the services are rendered, such services will be subject to VAT at the zero rate in terms of section 11(2)(l) of the VAT Act. Commissions, fees or similar charges raised for the facilitation of the issue, allotment, drawing, acceptance, endorsement or transfer of ownership of Notes that constitute "debt securities" as defined in section 2(2)(iii) of the VAT Act will be subject to VAT at the standard rate (currently 14% (fourteen percent)), except where the recipient is a non-resident in which case such commissions, fees or similar charges may be subject to VAT at a zero rate as contemplated above.

Income Tax

Under current taxation law effective in South Africa, a “resident” (as defined in section 1 of the South African Income Tax Act, 1962 (as amended from time to time) (the “Income Tax Act”)) is subject to income tax on his/her world-wide income. Accordingly, all holders of Notes who are residents of South Africa will generally be liable to pay income tax, subject to available deductions, allowances and exemptions, on any income (including income in the form of interest) earned in respect of the Notes.

Non-residents of South Africa are subject to income tax on all income derived from a South African source (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 constitutes “interest” as defined in section 24J of the Income Tax Act where that interest:

1. is attributable to an amount incurred by a person that is a South African tax resident, unless the interest is attributable to a permanent establishment which is situated outside South Africa; or
2. is received or accrues in respect of the utilisation or application in South Africa by any person of funds or credit obtained in terms of any form of interest-bearing arrangement.

Accordingly, if the interest payments in respect of the Notes are from a South African source as set out above, the interest earned by a Noteholder will be subject to South African income tax unless such interest income is exempt from South African income tax under section 10(1)(h) of the Income Tax Act (*see below*).

Under section 24J of the Income Tax Act, broadly speaking, any discount or premium to the Nominal Amount of a Tranche of Notes is treated as part of the interest income on the Notes. Interest income which accrues (or is deemed to accrue) to the Noteholder is deemed, in accordance with section 24J of the Income Tax Act, to accrue on a day to-day basis until that Noteholder disposes of the Notes or until maturity. The day to day basis accrual is determined by calculating the yield to maturity and applying it to the capital involved for the relevant tax period. The interest may qualify for exemption under section 10(1)(h) of the Income Tax Act.

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:

1. that Person is a natural person who was physically present in South Africa for a period exceeding 183 (one hundred and eighty-three) days in aggregate during the 12 (twelve) month period preceding the date on which the interest is received or accrues by or to that Person; or
2. the debt from which that interest arises is effectively connected to a permanent establishment of that Person in South Africa.

If a holder does not qualify for the exemption under Section 10(1)(h) of the Income Tax Act, an exemption from, or reduction of any income tax liability may be available under an applicable double taxation treaty.

In terms of section 24JB of the Income Tax Act, specific provisions dealing with the taxation of “financial assets” and “financial liabilities” of “covered persons”, as defined in section 24JB of the Income Tax Act, apply with effect from 1 January 2014 in respect of years of assessment ending on or after this date. If section 24JB applies to the Notes, the tax treatment of the acquisition, holding and/or disposal of the

Notes will differ from what is set out in this section. Noteholders should seek advice from their own professional advisors as to whether these provisions may apply to them.

Certain entities may be exempt from income tax. Prospective subscribers for or purchasers of Notes are advised to consult their own professional advisors as to whether the interest income earned on the Notes will be exempt under section 10(1)(h) of the Income Tax Act or whether they constitute entities that are exempt from income tax.

Section 8F of the Income Tax Act applies to "*hybrid debt instruments*", and section 8FA of the Income Tax Act applies to "*hybrid interest*", as these terms are defined in the Income Tax Act. Sections 8F and 8FA provide that interest incurred or accrued on a hybrid debt instrument and hybrid interest are, for purposes of the Income Tax Act, deemed to be a dividend *in specie*. If either of these provisions applies, the tax treatment of the interest paid under the Notes will differ from what is set out in this section and such payments may be subject to dividends tax as a result of the deemed classification as dividends *in specie*. These provisions apply from 1 April 2014 in respect of amounts incurred on or after this date. The provisions of sections 8F and 8FA will not apply where the instrument, or the instrument in respect of which any interest is owed, constitutes a tier 1 or tier 2 capital instrument referred to in the regulations issued in terms of section 90 of the Banks Act and which is issued by a bank as defined in section 1 of the Banks Act, or by a controlling company in relation to that bank.

Prospective subscribers for or purchasers of Notes are advised to consult their own professional advisors to ascertain whether the abovementioned provisions may apply to them.

The disposal of the Notes may give rise to income tax implications for any Noteholder that is a resident of South Africa. In respect of non-resident Noteholders, income tax implications may arise should the Notes so disposed of be attributable to a South African permanent establishment of such Noteholder. Prospective subscribers for or purchasers of Notes are advised to consult their own professional advisors to ascertain whether a disposal of the Notes will result in a liability to income tax.

Capital Gains Tax

The provisions relating to capital gains tax apply in respect of the disposal of any asset by certain taxpayers. The word "*dispose*" is defined in the Eighth Schedule to the Income Tax Act to include, *inter alia*, any action by virtue of which an asset is created, transferred, varied or extinguished. If an asset was acquired, is held and will be disposed of on a speculative basis or as part of a scheme of profit making, the gain should generally be subject to normal tax. Capital gains tax is imposed at lower effective rates in comparison to income tax.

Residents are subject to capital gains tax on all capital gains realised on the disposal of any assets held on a worldwide basis. A non-resident is subject to capital gains tax only in respect of capital gains which are realised from the disposal of (i) "*immovable property*" (as such term is defined in the Income Tax Act) situated in South Africa or any interest or right of whatever nature of such non-resident to or in immovable property situated in South Africa (as such term is defined in paragraph 2(2) of the Eighth Schedule to the Income Tax Act, being, in essence, equity shares in certain companies, the principal assets of which are "*immovable property*" located in South Africa), or (ii) assets effectively connected with a permanent establishment of that non-resident in South Africa. A "*permanent establishment*" is defined (in section 1 of the Income Tax Act) as a permanent establishment as from time to time defined in article 5 of the

Model Tax Convention on Income and Capital of the Organisation for Economic Co-operation and Development, with some additions.

The disposal of Notes by residents of South Africa may give rise to capital gains tax implications.

The capital gains tax provisions will not apply to the extent that the holder of the Notes constitutes a "covered person", as defined in section 24JB of the Income Tax Act, and section 24JB of the Income Tax Act (see above) applies to the Notes.

Any discount or premium on acquisition of the Notes which has already been treated as interest for income tax purposes under section 24J of the Income Tax Act (see above) will not be taken into account when determining any capital gain or loss. Under section 24J(4A) of the Income Tax Act a loss on disposal or redemption of the Notes will, to the extent that it has previously been included in taxable income (as interest), be allowed as a deduction from the income of the holder when it is incurred and accordingly 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 effectively connected with a permanent establishment of that Person in South Africa.

Prospective subscribers for or purchasers of Notes are advised to consult their own professional advisors as to whether a disposal or redemption of Notes will result in a liability to capital gains tax.

Withholding Tax

The withholding tax ("WHT") on interest payments from a South African source (see above) to non-residents at the rate of 15% (fifteen percent) came into effect on 1 March 2015. The WHT on interest applies to interest that is paid or that becomes due and payable on or after this date.

To the extent that any interest is paid to Noteholders who are South African tax residents, the WHT on interest will not apply.

The WHT on interest does not, however, apply to payments made to non-resident Noteholders in respect of any interest paid by a "bank" (defined as, *inter alia*, any bank as defined in section 1 of the Banks Act), provided there is not a "back-to-back" arrangement between any non-resident Noteholder and the bank. The WHT on interest does not apply to payments of interest made in respect of any "listed debt", which is defined as debt that is listed on a recognised exchange. The JSE Limited constitutes a recognised exchange in accordance with paragraph 1 of the Eighth Schedule to the Income Tax Act. Other exemptions may apply to interest payments made to non-resident Noteholders.

If interest paid to a Noteholder does not qualify for an exemption under the WHT on interest provisions, an exemption from, or reduction of, any WHT on interest liability may be available under an applicable double taxation treaty.

Documentary requirements exist in order to rely on certain of the exemptions from, or reductions in the rate of, the WHT on interest.

Prospective subscribers for or purchasers of Notes are advised to consult their own professional advisors as to whether the payment of any interest in respect of the Notes will result in a liability for the WHT on interest.

Handwritten signature and initials in the bottom right corner of the page.

Definitions

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

References to "*person*" above shall mean "*person*" within the meaning given in section 1 of the Income Tax Act.

11
11

ANNEXURE 4: ADDITIONAL RISK FACTORS APPLICABLE TO THIS TRANCHE OF TIER 2 NOTES

Subordination

The Issuer's obligations under the Tier 2 Notes will be unsecured and subordinated and will, in the event that the Issuer is placed into liquidation or is wound-up, be subordinated to the claims of Depositors and all creditors in respect of the obligations of the Issuer that are expressed to rank senior to the obligations of the Issuer under the Tier 2 Notes (the "**Senior Obligations**").

If the Issuer is wound-up or put into liquidation or curatorship, the Tier 2 Noteholders will not be entitled to any payments of principal or interest in respect of the Tier 2 Notes until the claims of all the creditors in respect of Senior Obligations which are admissible in any such winding-up or liquidation have been paid or discharged in full. If the Issuer does not have sufficient assets at the time of winding-up or liquidation to satisfy its Senior Obligations, then the Tier 2 Noteholders will not receive any payment in respect of the Tier 2 Notes.

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

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

Limited rights of acceleration

The remedies available to Tier 2 Noteholders in circumstances where payment of principal or interest (as the case may be) has become due and payable, but remains unpaid, are limited to the right to institute winding-up proceedings, but may not take any other action in respect of that default. If an order is made or an effective resolution is passed for the winding-up of the Issuer (other than pursuant to a Solvent Reconstruction), each Tier 2 Noteholder may, by written notice to the Issuer as its Specified Office, effective upon the date of receipt thereof by the Issuer, declare the Tier 2 Notes held by such Tier 2 Noteholder to be forthwith due and payable whereupon those Tier 2 Notes shall become forthwith due and payable.

Statutory Loss Absorption

If a Statutory Loss Absorption Regime is implemented in South Africa, then the Issuer shall have the option at any time prior to receipt by the Issuer of a Relevant Authority's Trigger Event Notice, by written notice to the Tier 2 Noteholders and to the Relevant Authority, to elect that the contractual Write Off conditions set out in **Annexure 2** shall cease to apply to the Tier 2 Notes and that the Statutory Loss Absorption Regime will apply to such Tier 2 Notes.

Write Off of principal and interest in respect of the Tier 2 Notes

If a Trigger Event occurs, then the Issuer shall, after receipt of a Relevant Authority's Trigger Event Notice in relation to that Trigger Event and in accordance with the Regulatory Capital Requirements, and if so instructed by the Relevant Authority, Write Off the Tier 2 Notes or the Relevant Part thereof, as the case

may be and Tier 2 Noteholders will no longer have any claims against the Issuer in respect of any amounts so Written Off.

gh
H

ANNEXURE 5: ISSUER RATINGS

<HELP> for explanation, <MENU> for similar functions.
Enter #<Go> for Rating Profile

91) Company Tree Ratings-	92) Alert	Page 1/2	Credit Rating Profile
Investec Bank Ltd			
MOODY'S		12) STANDARD & POOR'S	
1) Outlook	STABLE	13) Outlook	STABLE
2) Long Term Rating	Baa2	14) LT Foreign Issuer Credit	BBB-
3) Foreign LT Bank Deposits	Baa2	15) LT Local Issuer Credit	BBB-
4) Local LT Bank Deposits	Baa2	16) ST Foreign Issuer Credit	A-3
5) Senior Unsecured Debt	Baa2	17) ST Local Issuer Credit	A-3
6) Subordinated Debt	(P)Baa3	S&P National	
7) Bank Financial Strength	C-	18) Natl LT Issuer Credit	zaAA
8) Foreign Currency ST Debt	P-2	19) Natl ST Issuer Credit	zaA-1
9) Local Currency ST Debt	P-2		
Moody's National			
10) NSR LT Bank Deposit	A1,za		
11) NSR Short Term	P-1,za		

Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2015 Bloomberg Finance L.P.
SH 213225 H628-2090-3 04-Feb-15 15:17:43 SAST GMT+2:00

4
Ch
XX

<HELP> for explanation.
Enter #<Go> for Rating Profile

91) Company Tree Ratings-

92) Alert

Page 2/2

Credit Rating Profile

Investec Bank Ltd

FITCH

1) Outlook	STABLE
2) LT FC Issuer Default	BBB-
3) LT LC Issuer Default	BBB-
4) Senior Unsecured Debt	BBB-
5) Short Term	F3
6) ST Issuer Default Rating	F3
7) Individual Rating	WD
8) Support Rating	3
9) Viability	bbb-

Fitch National

10) Natl Long Term	A+(zaf)
11) Natl Subordinated	A(zaf)
12) Natl Short Term	F1(zaf)

GCR

13) LT Local Crncy Outlook	STABLE
14) ST Local Crncy Outlook	STABLE
15) LC Curr Issuer Rating	AA-
16) ST Local Issuer Rating	A1+

Capital Intelligence

17) Finl Strength Outlook	NEG
18) Foreign Currency Outlook	NEG
19) Financial Strength	BBB+
20) Support Rating	3
21) Foreign Long Term	BBB+
22) Foreign Short Term	A2

THOMSON BANKWATCH

23) Long Term	WR
24) Short Term	WR

Australia 61 2 9777 8600 Brazil 55 11 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2015 Bloomberg Finance L.P.
SN 213225 H628-2090-3 04-Feb-15 15:17:58 SHST GMT+2 00

96
X