Investec Bank Limited Issuer Disclosure for JSE listed debt programmes and preference share programmes

6 DECEMBER 2018

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RISK FACTORS

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

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

The Issuer believes that the factors described below represent the principal risks inherent in investing in Securities issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Securities may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Programme Memorandum to reach their own views prior to making any investment decision. The information given below is as at the Programme Date.

Factors that may affect the Issuer's ability to fulfil its obligations under Securities issued under the Programme

<u>The Issuer is subject to risks arising from general macro-economic conditions in the countries in which it operates, including in particular Southern Africa, as well as global economic conditions</u>

In recent years, economic conditions in the countries in which the Issuer operates have been negatively impacted by a number of global macroeconomic trends, including ongoing concerns surrounding the significant sovereign debts and fiscal deficits of several countries in Europe, a weakening of the Chinese economy, the potential exit of member states from the European Monetary Union and a decline in global commodity prices such as crude oil. The effects of these events have been felt in the global economy and by financial institutions in particular, and have placed strains on funding markets at times when many financial institutions had material funding needs. Any further adverse developments in the global economy and in particular the South African economy could have an adverse impact on its business, results of operations, financial condition and prospects.

Revenues from the Specialist Banking business are also sensitive to market volatility. Deterioration in the financial markets and general economic activity has in the past affected, and will continue to affect levels of private client activity. The Issuer's investment banking and corporate banking income is directly related to the number and size of the transactions in which the Issuer participates and general corporate and institutional activity. Accordingly, any reduction in the number and/or size of such transactions and a slowdown in corporate activity, whether occasioned by market volatility or otherwise, will adversely affect its results of operations. Moreover, some of the Specialist Banking income is derived from direct or principal investments or from the management of private equity portfolios. This income is dependent upon the performance of the underlying investments and the ability to realise value upon exit from the investments and, as such, revenues, returns and profitability may fluctuate, impacting the Issuer's results of operations. As a result of the foregoing factors, market volatility may have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects.

The Issuer also maintains trading and investment positions in various financial and other assets, including equity, fixed income, currency and related derivative instruments and real estate. At any point in time these positions could be either long positions, such that the Issuer will benefit from upward movements in the market prices of these assets, or short positions, such that it will benefit from downward movements in the market prices of these assets. Fluctuations in the value of equities, fixed income, currency and related derivative instruments and real estate, either absolutely or relative to other asset classes, could also adversely affect investor sentiment. These financial markets are sometimes subject to significant stress conditions where steep falls in perceived or actual asset values are accompanied by severe reductions in market liquidity. In dislocated markets, hedging and other risk management strategies may not be as effective as they are in normal market conditions. Market instability of this nature could result in the Issuer incurring losses.

<u>The Issuer faces risks associated with interest rate levels and volatility</u>

Interest rates, which are impacted by factors outside of the Issuer's control, including the fiscal and monetary policies of the South African government and central bank, as well as South African and international political and economic conditions, affect the Issuer's results of operations, profitability and return on capital in three principal areas: margins and income, cost and availability of funding and impairment levels.

Increases in interest rates could also adversely affect the Issuer. In an increasing interest rate environment, the Issuer may be more exposed to re-pricing of its liabilities than competitors with higher levels of term deposits. In the event of sudden large or frequent increases in interest rates, the Issuer also may not be able to re-price its floating rate assets and liabilities at the same time, giving rise to re-pricing gaps in the short term, which, in turn, could negatively affect its net interest margin and income.

Changes in interest rates could also impact the Issuer's impairment loss levels and customer affordability. A rise in interest rates, without sufficient improvement in customer earnings or employment levels, could, for example, lead to an increase in default rates among customers with variable rate loans who can no longer afford their repayments, in turn leading to increased impairment charges and lower profitability for the Issuer. A high interest rate environment also reduces demand for loan products generally, as individuals are less likely or less able to borrow when interest rates are high. In addition, there is a risk that a sudden rise in interest rates, or an expectation thereof, could encourage significant demand for fixed rate products. High levels of movement between products in a concentrated time period could put considerable strain on the Issuer's business and operational capability, and it may not be willing or able to price its fixed rate products as competitively as others in the market. This could lead to high levels of customer attrition and, consequently, a negative impact on the Issuer's profitability.

If the Issuer is unable to manage its exposure to interest rate volatility, whether through hedging, product pricing or by other means, its business, results of operations, financial condition and prospects could be materially adversely affected.

Operational risks may disrupt the Issuer's business or result in regulatory action

Operational losses can result, for example, from fraud, errors by employees, failure to document transactions properly or to obtain proper authorisation, failure to comply with regulatory requirements and conduct of business rules, equipment failures, natural disasters or the failure of systems and controls, including those of the Issuer's suppliers or counterparties. Although the Issuer has implemented risk controls and loss mitigation actions, and substantial resources are devoted to developing efficient procedures, reporting systems and to staff training, it is not possible to be certain that such actions have been or will be effective in controlling each of the operational risks faced by the Issuer. Notwithstanding anything contained in this risk factor, it should not be taken as implying that the Issuer will be unable to comply with its regulatory obligations.

Any operational failure may cause serious reputational or financial harm and could have a material adverse effect on the Issuer's results of operations, reputation and financial condition.

The Issuer is subject to risks concerning customer and counterparty credit quality

Credit and counterparty risk is defined as the risk arising from an obligor's (typically a client's or counterparty's) failure to meet the terms of any agreement. Credit and counterparty risk arises when funds are extended, committed, invested, or otherwise exposed through contractual agreements, whether reflected on- or off-balance sheet.

Credit and counterparty risk arises primarily from three types of transactions:

- lending transactions through loans and advances to clients and counterparties creates the risk that an obligor will be unable to unwilling to repay capital and/or interest on loans and advances granted to them. This category includes bank placements, where the Issuer has placed funds with other financial institutions;

- Issuer risk on financial instruments (for example, corporate bonds) where payments due from the issuer of a financial instrument may not be received; and

- trading transactions, giving risk to settlement and replacement risk, which is collectively referred to as counterparty risk. Settlement risk is the risk that the settlement of a transaction does not take place as expected. Replacement risk is the financial cost of having to enter into a replacement contract with an alternative market counterparty following default by the original counterparty.

The Issuer's credit risk arises primarily in relation to its Specialist Banking business, through which it offers products such as private client mortgages and specialised lending to high income professionals and high net worth individuals and a range of lending products to corporate clients, including corporate loans, asset based lending, fund finance, asset finance, acquisition finance, power and infrastructure finance, resource finance and corporate debt securities.

Credit and counterparty risks can be impacted by country risk where cross-border transactions are undertaken. This can include geopolitical risks, transfer and convertibility risks and the impact on the borrower's credit profile due to local and economic political conditions.

In accordance with policies overseen by its Central Credit Management department, the Issuer makes provision for specific impairments and calculates the appropriate level of portfolio impairments in relation to the credit and counterparty risk to which it is subject. This process requires complex judgements, including forecasts of how changing macro-economic conditions might impair the ability of customers to repay their loans. The Issuer may fail to adequately identify the relevant factors or accurately estimate the impact and/or magnitude of identified factors. Further, despite the Issuer having conducted an accurate assessment of customer credit quality, customers may be unable to meet their commitments as they fall due as a result of customer-specific circumstances, macro-economic disruptions or other external factors. The failure of customers to meet their commitments as they fall due may result in higher impairment losses. Increased credit and counterparty risk could have a material adverse impact on the Issuer's business, results of operations, financial condition and prospects.

<u>Concentration of credit risk could increase the Issuer's potential for significant losses</u>

The Issuer is subject to concentration risk, which arises when large exposures exist to a single client or counterparty, group of connected counterparties or to a particular geography, asset class or industry. Concentration risk can also exist where a portfolio of loan maturities is clustered within a single period of time. While the Issuer regularly monitors its loan book to assess potential concentration risk, efforts to divest, diversify or manage its loan book against concentration risks may not be successful and could result in an adverse effect on its business, results of operations, financial condition and prospects.

<u>The Issuer is subject to liquidity risk, which may impair its ability to fund its operations</u>

Liquidity risk is the risk that the Issuer has insufficient capacity to fund increases in its assets, or that it is unable to meet its payment obligations as they fall due, without incurring unacceptable losses. This includes repaying depositors and repayments of wholesale debt. This risk is inherent in all banking operations and can be impacted by a range of institution-specific and market-wide events. Liquidity risk can be further broken down into:

Funding liquidity, which relates to the risk that the Issuer will be unable to meet current and/or future cash flow or collateral requirements in the normal course of its business, without adversely affecting its financial position or reputation; and

Market liquidity, which relates to the risk that the Issuer may be unable to trade in specific markets or that it may only be able to do so with difficulty due to market disruptions or a lack of market liquidity.

Sources of liquidity risk include:

- unforeseen withdrawals of deposits;
- restricted access to new funding with appropriate maturity and interest rate characteristics;
- inability to liquidate a marketable asset in a timely manner with minimal risk of capital loss;
- unpredicted customer non-payment of loan obligations; and
- a sudden increased demand for loans in the absence of corresponding funding inflows of appropriate maturity.

The Issuer utilised deposits from its private client base to provide a stable source of funding. The Issuer's primary source of funding is customer deposits. Growth in the Issuer's lending activities will therefore depend in part on the availability of customer deposit funding on acceptable terms, for which there may be increased competition, which is dependent on a variety of factors outside the Issuer's control. These factors include general macroeconomic conditions and market volatility and confidence of retail depositors in the economy. Increases in the cost of customer deposit funding will adversely affect the Issuer's net interest margin and a lack of availability of customer deposit funding could have a material adverse effect on the Issuer's growth.

While the Issuer does not currently rely heavily on. borrowing from other banks, it may need to access interbank markets where there is a residual funding requirement over and above funds held from customer deposits. If the interbank funding markets were to be fully or partially closed, it is likely that interbank funding would prove more difficult to obtain on commercial terms. Significant curtailments of central bank liquidity to the financial markets in connection with other market stresses might also have a material adverse effect on the Issuer's financial position depending on the Issuer's liquidity position at that time.

<u>The Issuer is exposed to depositor concentration risk</u>

Due to exchange controls in South Africa, individuals and corporates are limited from making deposits outside South Africa. This has led to large deposits in banks in South Africa being made by corporates and in particular by the local South African fund managers. The principal South African fund managers are the largest depositors in the South African banking market, making deposits on behalf of their customers to benefit from high interest rates available to wholesale depositors. The Issuer, in line with other South African banks, obtains a large percentage of its deposits from such fund managers and thus has a high reliance on wholesale funding. Legislation in South Africa restricts the exposure that the fund managers can have to an individual bank and the fund managers are required to spread their deposits amongst banks. However, given the impact of exchange controls, Rand liquidity is contained within the Rand system thus significantly reducing the potential liquidity risks in South Africa compared to other more open financial systems. Notwithstanding, the Issuer believes that its level of access to domestic and international inter-bank and capital markets and its liquidity risk management policy allow and will continue to allow the Issuer to meet is short-term and long-term liquidity needs.

The Issuer's risk management policies and procedures may leave it exposed to risks which have not been identified by such policies or procedures

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

The financial services industry in which the Issuer operates is intensely competitive

The financial services industry in which the Issuer's businesses operate is highly competitive. The Issuer competes on the basis of a number of factors, including customer services and quality, transaction execution, its products and services, innovation, reputation and price. New competitors, including companies other than banks, may disintermediate the market and as a result they may acquire significant market share. Some of the Issuer's competitors also offer a wider range of services and products than the Issuer offers and have greater name recognition, greater financial resources and more extensive customer bases. These competitors may be able to respond more quickly to new or evolving opportunities, technologies and customer requirements than the Issuer and may be able to undertake more extensive promotional activities. If the Issuer is unable to compete successfully, its future revenue and profit growth could be materially adversely affected.

Failing infrastructure systems may negatively impact the economy generally and the business and results of operations of the Issuer

Events such as electricity supply failures, the shut-down of transport systems due to inclement weather (such as snow or extreme heat) or postal, transport or other strikes have a negative impact on the ability of most firms, including the Issuer, to do business. The regular occurrence of such events or timing of the occurrence of such events could have an adverse effect on the Issuer's operations.

The Issuer may be unable to recruit, retain and motivate key personnel

The Issuer's performance is largely dependent on the talents and efforts of key personnel, many of whom have been employed by the Issuer for a substantial period of time and have developed with the business. In addition, while the Issuer is covered by a general director's and officer's insurance policy, it does not maintain any "key man" insurance in respect of any management employees. Competition in the financial services industry for qualified employees is intense. Further, the Issuer's ability to implement its strategy depends on the ability and experience of its senior management and other key employees. The loss of the services of certain key employees, particularly to competitors, could have a negative impact on the Issuer's business. The Issuer's continued ability to compete effectively and further develop its businesses depends on its ability to retain, remunerate and motivate its existing employees and to attract new employees and qualified personnel competitively with its peers. In relation to the development and training of new staff, the Issuer is reliant on the continued development of the educational sector within South Africa, including access to facilities and educational programmes by its future employees. In addition, the South African operations of the Issuer have been and may continue to be affected by the general skill shortages occurring in the labour pool in the industry in which the Issuer operates.

The Issuer may be vulnerable to the failure of its information and operating systems and breaches of its security systems

The Issuer relies on the proper functioning of its information and operating systems which may fail as a result of hardware or software failure or power or telecommunications failure. The occurrence of such a failure may not be adequately covered by its business continuity planning. Any significant degradation, failure or lack of capacity of the Issuer's information systems or any other systems in the trading process could therefore cause it to fail to complete transactions on a timely basis, could have an adverse effect on its business, results of operations and financial condition and prospects or could give rise to adverse regulatory and reputational consequences for the Issuer's business.

The secure transmission of confidential information is a critical element of the Issuer's operations. The Issuer's networks and systems may be vulnerable to unauthorised access and other security problems. In particular, as a financial institution, the Issuer is subject to a heightened risk that it will be the target of criminal activity, including fraud, theft or cybercrime. For example, the Issuer is exposed to potential losses due to breaches of its terms of business by its customers (e.g., through the use of a false identity to open an account) or by customers engaging in fraudulent activities, including the improper use of legitimate customer accounts. There also can be no assurance that the Issuer's systems will not be subject to attack by cybercriminals, including through denial of service attacks, which could significantly disrupt the Issuer's operations. The Issuer cannot be certain that its existing security measures will prevent security breaches including break-ins, viruses or disruptions. Persons that circumvent the security measures could use the Issuer's or its client's confidential information wrongfully which could expose it to a risk of loss, adverse regulatory consequences or litigation.

The Issuer's future success will depend in part on its ability to respond to changing technologies and demands of the market place. The Issuer's failure to upgrade its information and communications system on a timely or cost-effective basis could damage its relationships with its clients and counterparties and could have a materially adverse effect on its business, results of operations, financial condition and prospects.

The Issuer is subject to conduct risk, including the risk that it treats its customers unfairly and delivers inappropriate outcomes and the risk of conducting itself negatively in the market

The Issuer is exposed to conduct risk, including retail conduct risk and wholesale conduct risk. Retail conduct risk is the risk that the Issuer treats its customers unfairly and delivers inappropriate outcomes. Wholesale conduct risk is the risk of conducting itself negatively in the market. Certain aspects of the Issuer's business may be determined by regulators in various jurisdictions or by courts not to have been conducted in accordance with applicable local or, potentially, overseas laws and regulations, or in a fair and reasonable manner. If the Issuer fails to comply with any relevant laws or regulations, it may suffer reputational damage and may become subject to challenges by customers or competitors, or sanctions, fines or other actions imposed by regulatory authorities. Changes in laws or regulations may also vastly change the requirements applicable to the Issuer in a short period of time and/or without transitional arrangements.

The Issuer may be adversely affected if its reputation is harmed

The Issuer is subject to the risk of loss due to customer or staff misconduct. The Issuer's ability to attract and retain customers and employees and raise appropriate financing or capital may be adversely affected to the extent its reputation is damaged. If it fails to deal with various issues that may give rise to reputational risk, its reputation and in turn its business prospects may be harmed. These issues include, but are not limited to, appropriately dealing with potential conflicts of interest, legal and regulatory requirements, customer management and communication, discrimination issues, money-laundering, privacy, record-keeping, sales and trading practices, and the proper identification of the legal, reputational, credit, liquidity and market risks inherent in its business. Failure to address these issues appropriately could give rise to litigation and regulatory risk to the Issuer.

There have been a number of highly publicised cases involving fraud or other misconduct by employees of financial services firms in recent years. The Issuer's reputation could be damaged by an allegation or finding, even where the associated fine or penalty is not material. Misconduct could include hiding unauthorised activities from the Issuer, improper or unauthorised activities on behalf of customers, improper use of confidential information or use of improper marketing materials. The Issuer has systems and controls in place to prevent and detect misconduct; however, the risks posed by misconduct may not be entirely eliminated through controls.

Terrorist acts and other acts of war could have a negative impact on the business and results of operations of the Issuer

Terrorist acts, and other acts of war or hostility and responses to those acts, may create economic and political uncertainties, which could have a negative impact on South Africa, and international economic conditions generally and may directly affect the countries in which the Issuer operates, and more specifically on the business and results of operations of the Issuer in ways that cannot be predicted.

<u>The Issuer's business performance could be affected if its capital resources and liquidity are not managed effectively</u>

The Issuer's capital and liquidity is critical to its ability to operate its businesses, to grow organically and to take advantage of strategic opportunities. The Issuer mitigates capital and liquidity risk by careful management of its balance sheet, through, for example, capital and other fund-raising activities, disciplined capital allocation, maintaining surplus liquidity buffers and diversifying its funding sources. The Issuer is required by regulators in the jurisdictions in which it undertakes regulated activities, to maintain adequate capital and liquidity. The maintenance of adequate capital and liquidity is also necessary for the Issuer's financial flexibility in the face of any turbulence and uncertainty in the global economy.

Extreme and unanticipated market circumstances may cause exceptional changes in the Issuer's markets, products and other businesses. Any exceptional changes, including, for example, substantial reductions in profits and retained earnings as a result of write-downs or otherwise, delays in the disposal of certain assets or the ability to access sources of liability, including customer deposits and wholesale funding, as a result of these circumstances, or otherwise, that limit the Issuer's ability effectively to manage its capital resources could have a material adverse impact on the Issuer's profitability and results. If such exceptional changes persist, the Issuer may not have sufficient financing available to it on a timely basis or on terms that are favourable to it to develop or enhance its businesses or services take advantage of business opportunities or respond to competitive pressures.

The Issuer is subject to government regulation in South Africa. Regulatory agencies have broad jurisdiction over many aspects of the Issuer's business, which may range from capital adequacy, funding and liquidity risk management and credit risk management to practices relating to marketing and selling, advertising, licensing agents, policy forms, terms of business and permitted investments.

The Issuer is subject to capital adequacy guidelines adopted by the Financial Surveillance Department of the South African Reserve Bank (the "**SARB**"), which provide for a minimum target ratio of capital to risk-adjusted assets. Any failure by the Issuer to maintain its ratios may result in sanctions against the Issuer which may in turn impact on its ability to fulfil its obligations under the Securities.

The Basel III proposals agreed by the Governors and Heads of the Basel committee on Banking Supervision (the "**Basel Committee**"), and endorsed by the G20 leaders at their November 2010 Seoul summit have been adopted in the domestic regulatory framework in 2013 with various phase-ins and transitional arrangements through to 2019. From a capital perspective the most heavily impacted banks are those with relatively large capital market businesses, particularly trading activities, complex securitisations, over-the-counter derivatives (counterparty credit risk) and securities lending. The Issuer has a relatively small capital markets business and therefore the overall impact is manageable. From a liquidity perspective most banks, domestically and abroad, generally fall short of the two new liquidity ratios (the liquidity coverage ratio ("**LCR**"), effective 1 January 2015 and the net stable funding ratio ("**NSFR**"), effective 1 January 2018, with shortfalls in high-quality liquid assets and stable funding presenting significant business model implications. Both ratios will be subject to an initial observation period and banks will have several years before full compliance becomes mandatory. In particular, the NSFR, in its current form, seems likely to significantly curtail longer-term lending. This is contrary to the primary role of banks to act as regulated financial intermediaries to convert short-term deposits into long-term lending, which enables economies to grow. For the Issuer and generally the entire South African banking industry, the impact of these two liquidity ratios would be pervasive if implemented in their current form, particularly the NSFR. The SARB is engaging the banking industry with regards to the national discretion items that are allowed for national regulators to adopt the Basel III framework as appropriate within their respective jurisdictions. The Basel III aligned South African Banking Regulations became effective on 1 January 2013 (the "**Regulations**"). The consultation process will continue for a number of years during the monitoring period, and until implementing regulations are approved, the effect on the Issuer will remain uncertain. The Issuer expects the SARB to take a pragmatic approach to the implementation of the Regulations, but there can be no assurance as to what approach the SARB will ultimately adopt. If the LCR and NSFR are implemented in their current form, this could have a material adverse effect on the Issuer's revenues and profitability.

<u>South African Regulatory developments</u>

Other important regulatory developments in South Africa include the Financial Markets Act, 19 of 2012 and the Protection of Personal Information Act, 4 of 2013.

The Financial Markets Act, which was promulgated on 3 June 2013, introduces an enabling framework for the regulation of over-the-counter ("**OTC**") derivatives trading and gives effect to South Africa's G20 commitments. A phased approach to OTC derivative regulation has been followed, starting with mandatory reporting of OTC trades to a trade repository. Phase two includes central clearing of standardised OTC products. On 9 February 2018, the Minister of Finance enacted into law the final version of the Regulations to the Financial Markets Act, 2012 ("**FMA Regulations**"). The FMA Regulations govern the provision of securities services under the Financial Markets Act including in respect of OTC derivatives. Following the enactment of the FMA Regulations, market participants will be required to comply with the new licensing, trade reporting and clearing requirements for OTC derivatives transactions.

The Protection of Personal Information Act introduces certain minimum conditions such as acquiring customer consent before processing personal information and provides for the establishment of an Information Protection Regulator. The Protection of Personal Information Act is not yet fully in force and is expected to come into operation once the Information Protection Regulator is fully operational. This legislation provides for conditions of privacy and protection of personal information. The Protection of Personal Information Act will affect the Issuer and its operations, particularly in relation to the manner in which it uses, records and transfers information.

In addition, in February 2011, the South African Government published policy proposals in its document "A safer financial sector to serve South Africa better". These significant proposals include the development of a "twin peaks" model of regulation and supervision of banks and other financial service firms, with the Prudential Authority being responsible for all prudential supervision and the Financial Sector Conduct Authority

("**FSCA**") being responsible for market conduct regulation. In February 2013, the National Treasury published an additional paper on Twin Peaks setting out proposals for how the Twin Peaks model will be implemented in South Africa. On 21 August 2017, the President assented to the Financial Sector Regulation Act 9 of 2017 (the "**FSR Act**"), however the FSR Act is not yet fully in force.

<u>Social, political and economic risk outside of the Issuer's control may adversely affect its business and results of operations</u>

Unfavourable economic, political, military and diplomatic developments producing social instability or legal uncertainty may affect both the performance and demand for the Issuer's products and services. The Issuer's businesses, results of operations and financial condition could be materially adversely affected by changes in government or the economic, regulatory or other policies of the governments of the jurisdictions in which the Issuer operates. Among others, the actions of such governments in relation to employee relations, salaries, the setting of interest rates, or in relation to exerting controls on prices, exchange rates or local and foreign investment, may adversely affect the Issuer's business and results of operations.

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

<u>Regulatory risks</u>

The Issuer is subject to extensive regulation by governmental and other regulatory organisations in the jurisdictions in which it operates, including, in particular, the SARB.

In addition, the Issuer is subject to extensive and increasing legislation, regulation, accounting standards and changing interpretations thereof in the various countries in which it operates. The requirements imposed by the Issuer's regulators, including capital adequacy, are designed to ensure the integrity of financial markets and to protect customers and other third parties who deal with the Issuer.

In addition, new laws are introduced, and existing laws are amended from time to time, including Tax, consumer protection, privacy and other legislation, which affect the environment in which the Issuer operates. Governmental policies and regulatory changes in the other areas which could affect the Issuer, include:

- the monetary, interest rate and other policies of central banks and regulatory authorities;

- general changes in government or regulatory policy or changes in regulatory regimes that may significantly influence investor decisions in particular markets in which the Issuer operates or may increase the costs of doing business in those markets;
- other general changes in the regulatory requirements, such as prudential rules relating to the capital adequacy and liquidity framework;
- changes in competition and pricing environments;
- further developments in the financial reporting environment;
- further developments in the corporate governance, conduct of business and employee compensation environments;
- expropriation, nationalisation, confiscation of assets and changes in legislation relating to foreign ownership; and
- other unfavourable political or diplomatic developments or legal uncertainty which, in turn, may affect demand for the Issuer's products and services.

Consequently, changes in these governmental policies and regulation may limit the Issuer's activities, which could have an adverse effect on the Issuer's results.

<u>The response of governments and regulators to instability in the global financial markets may not be effective</u>

In times of economic instability, governments and regulators are faced with pressure from a variety of sources, including market participants, the media, investor organisations and others, to reform the existing financial and regulatory system. There can be no guarantee that the response of governments and regulators in the jurisdictions in which the Issuer operates, and the reforms proposed thereby, will be effective or that the timing of responses (which might otherwise have been effective) will be appropriate. In addition, any such measures taken may negatively impact the Issuer's business even when they achieve their policy goals.

In the past, governments and regulators in some jurisdictions have responded to pressure of the kind referred to above by greatly increasing regulation. Reforms which increase the compliance and reporting burdens of companies can have unintended effects on the environment within which companies operate. There can be no guarantee that the governments and regulators in the jurisdictions in which the Issuer operates will not make policy decisions to implement reforms which increase the burdens faced by the Issuer in relation to compliance and reporting. This could increase the costs the Issuer has to devote to compliance and reporting and, in turn, could have a negative effect on the Issuer's financial condition and results of operations.

The Issuer's borrowing costs and access to the debt capital markets depend significantly on its credit rating

Rating agencies, which determine the Issuer's own credit ratings and thereby influence the Issuer's cost of funds, take into consideration management effectiveness and the success of the Issuer's risk management processes. Rating agencies have, in the past, altered their ratings of all or a majority of the participants in a given industry as a result of the risks affecting that industry or have altered the credit ratings of the Issuer or instruments issued by the Issuer specifically.

A reduction in the Issuer's long- or short-term credit ratings could increase its borrowing costs, limit its access to the capital markets and trigger additional collateral requirements in derivative contracts and other secured funding arrangements. Any further changes in the credit ratings of the Issuer could negatively impact the volume and pricing of the Issuer's funding, which could in turn have a materially adverse effect on its business, results of operations, financial condition and prospects.

Certain financial instruments are recorded at fair value under relevant accounting rules. To determine fair value, the Issuer uses financial models which require it to make certain assumptions and judgements and estimates which may change over time

Under IFRS, the Issuer is required to carry certain financial instruments on its balance sheet at fair value, including, among others, trading assets (which include certain retained interests in loans that have been securitised), available-for-sale securities and derivatives. Generally, in order to establish the fair value of these instruments, the Issuer relies on quoted market prices or internal valuation models that utilise observable market data. In certain circumstances and over the last year in particular, however, the ability of the Issuer and other financial institutions to establish fair values has been influenced by the lack of readily available observable market prices and data and the fact that the availability or reliability of such information has diminished due to market conditions. Furthermore, in common with other financial institutions, the Issuer's processes and procedures governing internal valuation models are complex, and require the Issuer to make assumptions, judgements and estimates in relation to matters that are inherently uncertain, such as expected cash flows from a particular asset class, the ability of borrowers to service debt, house price appreciation and depreciation, and relative levels of defaults and deficiencies. Such assumptions, judgements and estimates may need to be updated to reflect changing trends in relation to such matters. To the extent the Issuer's assumptions, judgements or estimates change over time in response to market conditions or otherwise, the resulting change in the fair value of the financial instruments reported on the Issuer's balance sheet could have a material adverse effect on the Issuer's earnings.

Financial instruments are valued differently under relevant applicable accounting rules depending upon how they are classified. For example, assets classified as held-to-maturity are carried at cost (less provisions for permanent impairment) while trading assets are carried at fair value. Similar financial instruments can be classified differently by a financial institution depending upon the purpose for which they are held and different financial institutions may classify the same instrument differently. In addition, financial institutions may use different valuation methodologies which may result in different fair values for the same instruments.

Accordingly, the Issuer's carrying value for an instrument may be materially different from another financial institution's valuation of that instrument or class of similar instruments.

Furthermore, a fair value determination does not necessarily reflect the value that can be realised for a financial instrument on a given date. As a result, assets and liabilities carried at fair value may not actually be able to be sold or settled for that value. If such assets are ultimately sold or settled for a lower or greater value, the difference would be reflected in a write-down or gain. The difference between the fair value determined at a particular point in time and the ultimate sale or settlement value can be more pronounced in volatile market conditions or during periods when there is only limited trading of a particular asset class from which to establish fair value. This can result in a significant negative impact on the Issuer's financial Condition and results of operations due to an obligation arising to revalue assets at a fair value significantly below the value at which the Issuer believes it could ultimately be realised.

<u>The Issuer faces significant legal risks</u>

The Issuer faces significant legal risks, and the volume and amount of damages claimed in litigation against financial intermediaries generally is increasing. These risks include potential liability under securities or other laws for materially false or misleading statements made in connection with the sale of securities and other transactions, potential liability for advice the Issuer provides to participants in corporate transactions and disputes over the terms and conditions of complex trading arrangements. The Issuer also faces the possibility that counterparties in complex or risky trading transactions will claim that the Issuer improperly failed to inform them of the risks or that they were not authorised or permitted to enter into these transactions with the Issuer and that their obligations to the Issuer are not enforceable.

The Issuer may also be subject to claims arising from disputes with employees for, among other things, alleged discrimination or harassment. These risks may often be difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time. Liability resulting from any of the foregoing or other claims could have a material adverse effect on the Issuer's results of operations and financial condition.

These issues require the Issuer to deal appropriately with, *inter alia*, potential conflicts of interest; legal and regulatory requirements; ethical issues; anti-money laundering laws or regulations; privacy laws; information security policies; sales and trading practices; and conduct by companies with which it is associated. Failure to address these issues appropriately may give rise to additional legal and compliance risk to the Issuer, with an increase in the number of litigation claims and the amount of damages asserted against the Issuer, or subject the Issuer to regulatory enforcement actions, fines, penalties or reputational damage.

<u>The Issuer is subject to the substance and interpretation of tax laws in all countries in which it operates. A number of double taxation agreements entered into between countries also affect the taxation of the Issuer.</u>

Tax risk is the risk associated with changes in tax law or in the interpretation of tax law. It also includes the risk of changes in tax rates and the risk of consequences arising from failure to comply with procedures required by tax authorities. Failure to manage tax risks could lead to increased tax charges, including financial or operating penalties, for not complying as required with tax laws. Action by governments to increase tax rates or to impose additional taxes would reduce the profitability of the Issuer. Revisions to tax legislation or to its interpretation might also affect the Issuer's results in the future.

Factors which are material for the purpose of assessing the market risks associated with Securities issued under the Programme

The Securities may not be a suitable investment for all investors

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Securities it wishes to subscribe for, the merits and risks of investing in such Securities and the information contained or incorporated by reference in this Programme Memorandum and/or any Applicable Pricing Supplement (Notes) and/or Applicable Pricing Supplement (Preference Shares);

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact the Securities in question will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including Securities with principal or interest or dividends (as applicable) payable in one or more currencies, or where the currency for principal or interest or dividends (as applicable) payments is different from the potential Investor's currency;

- understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant indices and financial markets; and

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

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

Risks related to the structure of a particular issue of Securities

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

Securities subject to optional redemption by the Issuer

If specified as applicable in the Applicable Pricing Supplement (Notes) or Applicable Pricing Supplement (Preference Shares), as the case may be, in respect of a Tranche of Securities, the Issuer may, at its option, redeem that Tranche of Securities (in whole or in part) on the Optional Redemption Date as set out in Condition 10.3 (*Early Redemption at the option of the Issuer*) of the Note Terms and Conditions or Condition 10.3 (*Early Redemption at the option of the Issuer*) of the Programme Preference Share Terms and Conditions, as applicable. In addition, the Issuer may, at its option, redeem Tranche(s) of Notes in a Series (in whole but not in part) in the circumstances 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 and Tranche(s) of Programme Preference Shares in a Class (in whole but not in part) in the circumstances set out in Condition 10.2 (*Early Redemption following a Regulatory Event*), as the case may be.

An optional redemption feature of Securities is likely to limit their market value. During any period when the Issuer may elect to redeem Securities, the market value of those Securities generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index Linked Securities and Dual Currency Notes

The Issuer may issue Securities with principal or interest or redemption amount or dividend, as the case may be, determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "**Relevant Factor**").

In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Securities may be volatile;
- they may receive no interest;
- payment of principal or interest may occur at a different time or in a different currency than expected;

- they may lose all or a substantial portion of their principal;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Securities in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest or redemption amount or divided, as applicable, payable likely will be magnified; and
- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Securities. Accordingly, you should consult your own financial and legal advisers about the risk entailed by an investment in any Index Linked Securities and the suitability of such Securities in light of their particular circumstances.

Variable rate Securities with a multiplier or other leverage factor

Securities with variable interest rates or dividend rates, as applicable, can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Fixed/Floating Rate Securities

Fixed/Floating Rate Securities may bear interest and/or dividends, as the case may be, at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Securities since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Securities may be less favourable than then prevailing spreads on comparable Floating Rate Securities tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Securities. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Securities.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as JIBAR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Partly-paid Notes

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

Notes issued at a substantial discount or premium

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

The Issuer's obligations under Subordinated Notes are subordinated

The payment obligations of the Issuer under Subordinated Notes will rank behind Senior Notes. Subordinated Notes constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and (save for certain debts accorded preferential rights by law) and at least *pari passu* with all other Subordinated Indebtedness of the Issuer.

See Condition 6.2 (*Status of Subordinated Notes that are not Subordinated Capital Notes*) of the Note Terms and Conditions of the Notes for a full description of subordination and the payment obligations of the Issuer under Subordinated Notes that are not Subordinated Capital Notes.

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

The ranking of the Programme Preference Shares

Each Programme Preference Share will rank as regards to the payment of dividends and a return of capital on the winding-up of the Issuer in accordance with the Issuer's Memorandum of Incorporation.

Capital Regulations

In order for the proceeds of the issuance of any Class of Programme Preference Shares to qualify as Regulatory Capital, the Class of Programme Preference Shares must comply with the applicable Regulatory Capital Requirements, where "**Regulatory Capital Requirements**" means, 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 or the controlling companies of such banks.

Risks related to Securities generally

Set out below is a brief description of certain risks relating to the Securities generally:

Because the Uncertificated Securities are held by or on behalf of the CSD, investors will have to rely on their procedures for transfers, payments and communications with the Issuer

Securities issued under the Programme may be issued in uncertificated form and will in such cases be deposited with the CSD. Except in the circumstances described in Condition 15 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*) of the Note Terms and Conditions and Condition 15 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*) of the Programme Preference Share Terms and Conditions, investors will not be entitled to receive Individual Certificates. The CSD will maintain records of the Beneficial Interests in the Uncertificated Notes. Investors will be able to trade their Beneficial Interests in such uncertificated Securities only through CSD.

While any Securities are issued in uncertificated form, the Issuer will discharge its payment obligations under such Securities by making payments to the CSD for distribution to their account holders. A holder of a Beneficial Interest must rely on the procedures of the CSD to receive payments under the relevant Securities. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, Beneficial Interests in the uncertificated Securities.

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

Compliance with section 46 of the Companies Act

The payment of any Preference Dividend and/or Applicable Redemption Amount under the Programme Preference Shares is subject to the provisions of section 46 of the Companies Act. Failure by the Issuer to satisfy the requirements of section 46 of the Companies Act at any time when any Preference Dividend and/or Applicable Redemption Amount, as the case may be, is due to be paid under the Preference Share Terms shall not relieve the Issuer of its obligation to pay such Preference Dividend and/or Applicable Redemption Amount, as applicable, at any time when it is lawfully able to do so.

Modification and waivers and substitution

The Applicable Terms and Conditions contain provisions for calling meetings of holders of Securities respectively, to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders or Programme Preference Shareholders, as the case may be, including holders who did not attend and vote at the relevant meeting and holders of Securities who voted in a manner contrary to the majority.

Change of law

This Programme Memorandum, the Securities and the Applicable Terms and Conditions, are governed by, and will be construed in accordance with, the laws of South Africa. No assurance can be given as to the impact of any possible judicial decision or change to the laws of South Africa or administrative practice in South Africa after the Programme Date, including but not limited to the Regulations, any circulars, directives and/or guidance notes published by the SARB, and/or any guidelines or policy documents which may from time to time be published by the Basel Committee.

Withholding Tax

Withholding tax on interest was introduced into the Income Tax Act by the Taxation Laws Amendment Act, 2010 with effect from 1 January 2013. This may affect the interest payable on the Notes. A general guide of the relevant South African tax laws as at the Programme Date is set out in that section of this Programme Memorandum headed "*South African Taxation*".

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

<u>The secondary market generally</u>

Securities may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Securities that are especially sensitive to interest or dividend rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Securities generally would have a more limited secondary market and more price volatility than conventional debt or equity securities. Illiquidity may have a severely adverse effect on the market value of Securities. To the extent required by a Financial Exchange and/or the debt listings requirements of such Financial Exchange, as the case may be, on which a Tranche of Securities is listed, the Issuer may procure that a third party provide liquidity by appointing a third party as a market maker. However, to the extent not required by the Financial Exchange or the debt listings requirements of that Financial Exchange on which the Tranche of Securities is listed, the decision to appoint a market maker is voluntary and there can be no guarantee or assurance that a market maker will be appointed.

Exchange rate risks and exchange controls

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

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Dealings in the Securities and the performance by the Issuer of its obligations under any of the Securities may be subject to the Exchange Control Regulations. In particular, no Security may be (i) subscribed for, or purchased, by a Resident (as defined in "*South African Exchange Control Regulations*"); or (ii) sold to a Resident; or (iii) beneficially held, or owned, by a Resident, other than in strict compliance with the Exchange Control Regulations in effect from time to time. A summary of the Exchange Control Regulations is set out in that section of this Programme Memorandum headed "*South African Exchange Control Regulations*".

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

Interest rate and/or dividend rate risks

Investment in Fixed Rate Notes and/or Fixed Rate Preference Shares, as the case may be, involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes and/or Fixed Rate Preference Shares, as the case may be.

Credit ratings may not reflect all risks

One or more independent credit Rating Agencies may assign credit Ratings to the Securities. The Ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Securities. A credit Rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the Rating Agency at any time.

Legal investment considerations may restrict certain investments

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

SOUTH AFRICAN EXCHANGE CONTROL

Capitalised terms used in this section headed "South African Exchange Control" shall bear the same meanings as used in the Applicable Terms and Conditions, except to the extent that they are separately defined in this section or clearly inappropriate from the context.

The information below is a summary and intended as a general guide to the position under the Exchange Control Regulations as at the Programme Date. The Exchange Control Regulations are subject to change at any time without notice. The content of this section headed "South African Exchange Control" does not constitute exchange control advice and does not purport to describe all of the considerations that may be relevant to a prospective subscriber for or purchaser of any Securities. Prospective subscribers for or purchasers of any Securities should consult their professional advisors in this regard.

*For the purposes of the discussion below, the "**Common Monetary Area**" means South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland.*

Non-South African resident holders and emigrants from the Common Monetary Area

Dealings in the Securities and the performance by the Issuer of its obligations under the Securities and the Applicable Terms and Conditions may be subject to the Exchange Control Regulations.

Emigrant Blocked Rand

Blocked Rand may be used for the subscription for or purchase of Securities. Any amounts payable by the Issuer in respect of the Securities subscribed for or purchased with Blocked Rand may not, in terms of the Exchange Control Regulations, be remitted out of South Africa or paid into any non-South African bank account.

Emigrants from the Common Monetary Area

Any Individual Certificates issued to holders who are emigrants from the Common Monetary Area will be endorsed "*emigrant*". Such restrictively endorsed Individual Certificates shall be deposited with an authorised foreign exchange dealer controlling such emigrant's blocked assets.

In the event that a Beneficial Interest in Securities is held by an emigrant from the Common Monetary Area through the CSD, the Securities Account maintained for such emigrant by the relevant Participant will be designated as an "*emigrant*" account.

Any payments of interest and/or principal due to a holder who is an emigrant from the Common Monetary Area will be deposited into such emigrant Holder's Blocked Rand account, as maintained by an authorised foreign exchange dealer. The amounts are not freely transferable from the Common Monetary Area and may only be dealt with in terms of the Exchange Control Regulations.

Non-residents of the Common Monetary Area

Any Individual Certificates issued to holders who are not resident in the Common Monetary Area will be endorsed "*non-resident*". In the event that a Beneficial Interest in Securities is held by a non-resident of the Common Monetary Area through the CSD, the Securities Account maintained for such holder by the relevant Participant will be designated as a "*non-resident*" account.

It will be incumbent on any such non-resident holder to instruct the non-resident's nominated or authorised dealer in foreign exchange as to how any funds due to such non-resident in respect of Securities are to be dealt with. Such funds may, in terms of the Exchange Control Regulations, be remitted abroad only if the relevant Securities are acquired with foreign currency introduced into South Africa and provided that the relevant Individual Certificate has been endorsed "*non-resident*" or the relevant Securities Account has been designated as a "*non-resident*" account, as the case may be.

As at the Programme Date, no exchange approval is required in connection with the issuance of Securities under the Programme.

OVERVIEW OF REGULATORY CAPITAL REQUIREMENTS

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

The information contained below is intended to be a summary of the regulatory capital requirements which may be applicable to Tier 2 Notes and Additional Tier 1 Notes as at the Programme Date, and is subject to change or any Additional Conditions as may be prescribed by the Relevant Authority in respect of a particular Tranche of Subordinated Capital Notes. The summary is of a general nature, is included herein solely for information purposes and does not constitute advice. 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.

Prospective investors in the Securities should therefore (i) read the summary below in conjunction with the Banks Act and the applicable Regulations Relating to Banks, including but not limited to regulation 38, and (ii) consult their own professional advisors.

Tier 2 Notes

The issue of Tier 2 Notes requires the prior written approval of the Prudential Authority in terms of section 79(1)(b) of the Banks Act.

Conditions for the issue of Tier 2 Notes

Subordinated Capital Notes the proceeds of which rank as Tier 2 Capital must adhere to the following requirements:

38(12) In the case of any instrument or share that is subordinated to depositors and general creditors:

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

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

1.1.2. otherwise requires the instrument to fully absorb loss before tax payers or ordinary depositors are exposed to loss, and the bank complies with such further requirements as may be directed by the Prudential Authority in writing.

Provided that:

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

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

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

(aa) a decision that a write off, without which the bank would become non-viable, is necessary, as determined by the Prudential Authority; or

(bb) the decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non-viable, as determined by the Prudential Authority;

1.2. the bank shall obtain the prior written approval of the Prudential Authority before the instrument or share is issued;

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

1.4. the instrument or share:

1.4.1. shall be issued and fully paid;

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

1.4.3. shall have a minimum original maturity of more than five years, provided that during the fifth year preceding the maturity of the relevant instrument the amount qualifying as tier 2 capital shall be reduced by an amount equal to 20% (twenty percent) of the amount so obtained and, annually thereafter, by an amount that in each successive year is increased by 20% (twenty percent) of the amount so obtained, as set out in table 1 below:

Table 1

Years to maturity	**Qualifying amount included in Tier 2 capital**	**Specified reduction**
5 years or more	100%	0%
4 years and more but less than 5 years	80%	20%
3 years and more but less than 4 years	60%	40%
2 years and more but less than 3 years	40%	60%
1 year and more but less than 2 years	20%	80%
Less than 1 year	0%	100%

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

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

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

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

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

(i) the bank shall obtain the prior written approval of the Prudential Authority before exercising the said call;

(ii) the bank shall not create any expectation that such call will be exercised;

(iii) the bank shall not exercise the call unless the bank:

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

(bb) demonstrates to the satisfaction of the Prudential Authority that its capital position shall be well above the relevant specified minimum capital requirements after the call option is exercised;

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

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

Additional Tier 1 Notes

The issue of Additional Tier 1 Notes requires the prior written approval of the Prudential Authority in terms of section 79(1)(b) of the Banks Act.

Conditions for the issue of Additional Tier 1 Notes

Subordinated Capital Notes the proceeds of which rank as Additional Tier 1 Capital must adhere to the following requirements:

38(11) The relevant proceeds of any instrument or share that as a minimum meets or complies with all the conditions specified below may rank as additional tier 1 capital:

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

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

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

and the bank or controlling company complies with such further requirements as may be directed by the Prudential Authority in writing.

Provided that:

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

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

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

(aa) a decision that a write off, without which the bank would become non-viable, is necessary, as determined by the Prudential Authority; or

(bb) the decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non-viable, as determined by the Prudential Authority;

1.2. the bank shall obtain the prior written approval of the Prudential Authority before the instrument or share is issued;

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

1.4. the instrument or share:

1.4.1. shall be issued by the relevant bank and shall be paid in full by the relevant investor;

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

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

1.4.4. may be callable at the sole initiative of the issuer only after a minimum period of 5 (five) years, provided that:

(i) the relevant bank shall obtain the prior written approval of the Prudential Authority before exercising the said call;

(ii) the bank shall not create any expectation that such call will be exercised;

(iii) the bank not exercise the call unless the bank:

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

(bb) demonstrates to the satisfaction of the Prudential Authority that its capital position shall be well above the relevant specified minimum capital requirements after the call option is exercised;

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

1.4.6. shall not be funded directly or indirectly by the relevant bank;

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

1.4.8. shall under no circumstances contribute to liabilities exceeding assets if such a balance sheet test, for example, forms part of any insolvency law or insolvency proceedings, provided that any instrument classified as a liability or equity in terms of a Financial Reporting Standard shall have principal loss absorption through either:

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

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

(aa) shall reduce the claim of the instrument in liquidation;

(bb) shall reduce the amount re-paid when a relevant related call is exercised; and

(cc) shall partially or fully reduce any relevant coupon or dividend payments on the instrument;

1.5. the relevant bank shall obtain the prior written approval of the Prudential Authority before any repayment of principal is considered by way of, for example, repurchase or redemption, provided that the bank shall not assume or create market expectation that the Prudential Authority will grant approval;

1.6. the relevant bank shall at all times have full discretion regarding any relevant distribution or payment of dividend, provided that:

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

1.6.2. the relevant bank shall have full access to cancelled payments to meet any relevant obligation as it falls due;

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

1.6.4. any dividend or coupon payment shall be paid out of distributable reserves, such as retained earnings; and

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

1.7. when the instrument or share is issued by a special purpose vehicle or institution, instead of by an operating entity, that is, an entity established to conduct business with clients with the intention of earning a profit in its own right, or the relevant controlling company in the consolidated group, the proceeds shall be immediately available without limitation to an operating entity or the controlling company in a form that meets or exceeds all the relevant criteria for inclusion in additional tier 1 capital specified above.

DESCRIPTION OF INVESTEC BANK LIMITED

1. OVERVIEW AND HISTORY

The Investec group, comprising Investec plc and Investec Limited, (the "**Investec Group**" or the "**Group**") is an international specialist bank and asset manager that provides a diverse range of financial products and services to a select client base in South Africa, the United Kingdom and Europe and Asia/Australia as well as certain other countries.

Founded as a leasing company in Johannesburg in 1974, the Investec Group acquired a banking licence in 1980 and listed on the JSE Limited (the "**JSE**") in South Africa in 1986. In 1992, the Investec Group made its first international acquisition, in the United Kingdom.

On 22 July 2002, the Investec Group implemented a Dual Listed Companies ("**DLC**") structure and listed its offshore businesses on the London Stock Exchange (the "**LSE**"). In terms of the DLC structure, Investec Limited is the controlling company of the Investec Group's businesses in Southern Africa and Mauritius and Investec plc is the controlling company of the majority of the Investec Group's non-Southern African businesses. Investec Limited is listed on the JSE whilst Investec plc has a primary listing on the LSE and a secondary listing on the JSE. As a result of the DLC structure, Investec plc and Investec Limited together form a single economic enterprise (the Investec Group). Shareholders have common economic and voting interests as if Investec Limited and Investec plc are a single company. Creditors are, however, ring-fenced to either Investec Limited or Investec plc as there are no cross guarantees between the companies.

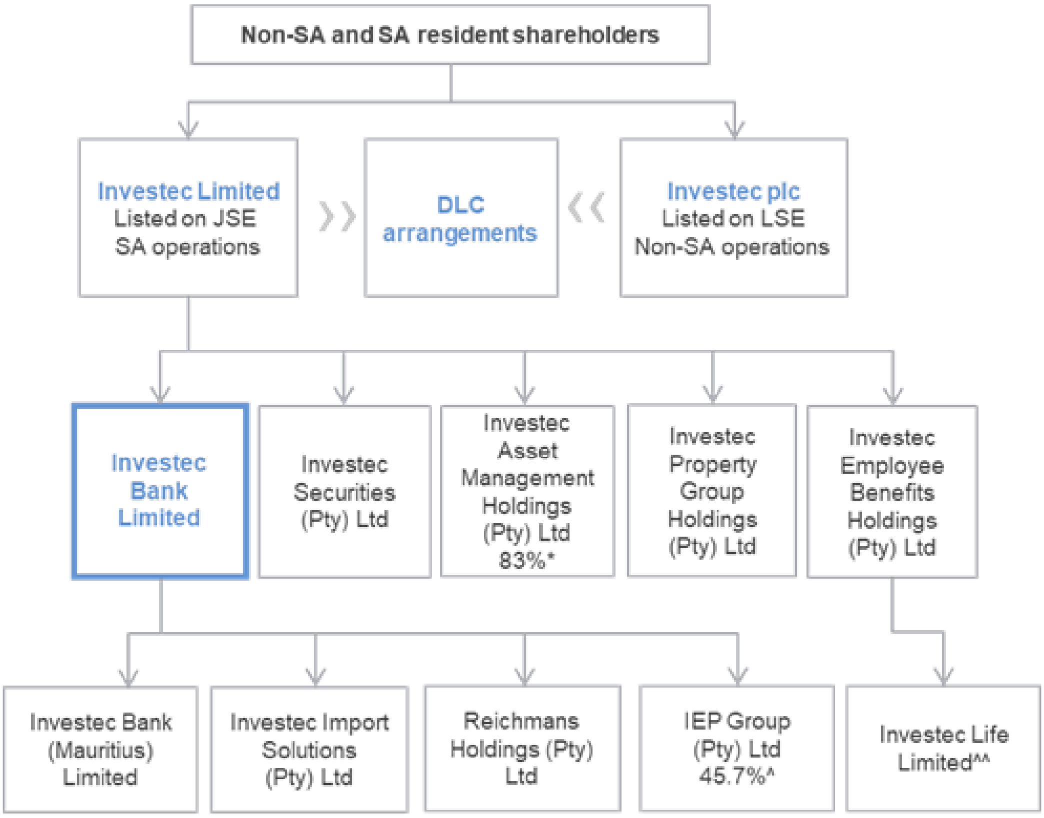
In 2003, Investec Limited concluded a significant empowerment transaction in which its empowerment partners collectively acquired a 25.1 per cent. (twenty five point one per cent.) stake in its issued share capital.

The Investec Group has since expanded through a combination of substantial organic growth and a series of strategic acquisitions.

2. THE INVESTEC GROUP AND INVESTEC LIMITED'S ORGANISATION STRUCTURE

Investec Bank Limited ("**Bank**") is a wholly owned subsidiary of Investec Limited and was incorporated on 31 March 1969 with indefinite duration. The principal legislation under which the Issuer operates as at the Programme Date, is: (i) the Banks Act, 1990; (ii) the Companies Act, 2008; (iii) the Financial Advisory and Intermediary Services Act, 2002; (iv) Financial Markets Act, 2012; (v) the dual listing conditions pursuant to the Exchange Control Regulations, 1961 promulgated pursuant to the Currency and Exchanges Act, 1933, of South Africa; (vi) the Competition Act, 1998; (vii) National Environmental Management: Integrated Coastal Management Act, 2008 and National Environmental Management: Waste Act, 2008 and (viii) the JSE's rules and regulations. The Issuer is also subject to the Protection of Personal Information, 2013. The telephone number of the Issuer is: +27 (0)11 286 7000. The

Company Secretary, Niki van Wyk, registered address is 100 Grayston Drive, Sandown, Sandton, 2196 and contact number is (011) 286 7957. The structure under which the Issuer operates as of the date of this Issuer Disclosure Document is as follows:



*All shareholdings are 100 per cent. unless otherwise stated. Only main operating subsidiaries are indicated. *17 per cent. is held by senior management in the company. ^54.3 per cent. held by third party investors in the company together with senior management of the business. ^^Previously Investec Employee Benefits Limited.*

As at 31 March 2018, the major shareholders of Investec Limited, which owns 100 per cent. (one hundred per cent.) of the ordinary share capital of the Bank, were as follows:

	Shareholder analysis by manager group	Number of shares	% holding
1	Allan Gray (ZA)	38,471,349	12.4
2	Public Investment Corporation (ZA)	35,492,302	11.4
3	Investec Staff Share Scheme (ZA)	14,674,608	4.7

4	Old Mutual (ZA)	13,123,570	4.2
5	BlackRock Inc (US & UK)	12,223,803	3.9
6	Sanlam Group (ZA)	10,554,623	3.4
7	The Vanguard Group, Inc (US & UK)	10,492,686	3.4
8	Coronation Fund Mgrs (ZA)	10,186,937	3.3
9	Dimensional Fund Advisors (UK)	8,276,719	2.7
10	Entrepreneurial Development Trust (ZA)	5,547,362	1.8
	Cumulative total	**159,043,959**	**51.2**

The top 10 (ten) shareholders account for 51.2 per cent. (fifty one point two per cent.) of the total shareholding in Investec Limited. This information is based on a threshold of 20,000 (twenty thousand) shares. Some major fund managers hold additional shares below this, which may cause the above figures to be marginally understated.

3. **THE INVESTEC GROUP'S STRATEGY**

The Investec Group strives to be a distinctive specialist bank and asset manager, driven by commitment to its core philosophies and values. The Investec Group pursues its strategy through an emphasis on:

3.1. Reinforcing a specialised and focused approach

The Investec Group looks to build well-defined businesses focused on serving the needs of select market niches where it can compete effectively. In its pursuit of client satisfaction, the Investec Group aims to provide high quality specialised services to targeted clients, rather than high-volume services to the greatest number. The Investec Group will continue to focus on building business depth rather than breadth in its core areas of activity and the geographies in which it operates. The Investec Group intends to largely pursue organic growth opportunities.

3.2. Maintaining a balanced business model

The Investec Group focuses on maintaining an appropriate balance between revenue earned from operational risk businesses and revenue earned from financial risk businesses. This ensures that the Investec Group is not over reliant on any one part of its business to sustain its activities and that it has a large recurring revenue base that the directors believe enable it to better navigate through varying cycles and support the Investec Group's long-term growth objectives.

The Investec Group's current strategic objectives include increasing the proportion of its non-lending revenue base which the Group largely intends to achieve through the continued strengthening and development of its wealth management and asset management businesses.

3.3. Stringent management of risk, capital and liquidity

The intimate involvement of senior management underpins the Investec Group's risk management strategy, which is critical to the Group's success. A culture of risk awareness is embedded in the Investec Group's reward programmes and day-to-day activities. The Investec Group will continue to focus on maintaining a sound balance sheet with low leverage. The Investec Group invests a significant portion of deposits gathered in readily available, high quality liquid assets and targets a minimum cash-to-customer deposit ratio of 25 per cent. (twenty five per cent.). The Investec Group holds capital in excess of regulatory requirements and intends to continue to adhere to this philosophy and to ensure that it remains well capitalised in this vastly changed, and continually changing, banking environment.

3.4. Maintaining efficiency

The Investec Group aims to ensure that costs are contained and targets a cost-to-income ratio of below 65 per cent. (sixty five per cent.). The Group at present, notably in the UK, is seeing a narrowing in its jaws ratio, as the group is focusing on growing a number of its businesses, which has resulted in an increase in headcount, business and IT infrastructure costs. The directors believe that this investment is required to support future growth in the business. Outside of these investment costs, fixed expenses are targeted below the respective inflation rates in each of the group's core geographies.

3.5. Perpetuation of the Investec Group's culture

The Investec Group seeks to attract and retain highly talented professionals by maintaining a working environment that stimulates high performance and encourages a creative and entrepreneurial culture. The directors are keen that the careful selection of people, their ongoing education and uncompromising commitment to the Investec Group's stated values should continue to be a distinctive characteristic of the Investec Group's culture and drive.

3.6. The achievement of financial objectives

The Investec Group has an established and published set of financial objectives that it aspires to achieve over the medium to long-term and through varying market conditions. These targets are:

(a) a Group return on equity in pounds Sterling of between 12 per cent. (twelve per cent.) to 16 per cent. (sixteen per cent.) over a rolling 5 (five) year period

(b) a dividend cover of between 1.7 (one point seven) to 3.5 (three point five) times based on adjusted earnings per share;

(c) a Group cost-to-income ratio of less than 65 per cent. (sixty five per cent.); and

(d) a capital adequacy ratio range of between 14 per cent. (fourteen per cent.) to 17 per cent. (seventeen per cent.) on a consolidated basis for Investec plc and Investec Limited, a minimum Tier 1 ratio of 11 per cent. (eleven per cent.), a minimum common equity Tier one ratio of 10 per cent. (ten per cent.) and a minimum leverage ratio of 6 per cent. (six per cent.).

4. KEY STRENGTHS

The directors believe that the Investec Group's key strengths are:

4.1. Careful targeting of niche markets

The Investec Group's core philosophy is to build well-defined businesses focused on serving clients in select market niches where it can compete effectively.

4.2. Distinctive culture and people

The Investec Group has a strong entrepreneurial, merit and value-based culture, and aims to encourage and reward passion, energy and stamina. The Investec Group seeks to reinforce its employees' commitment to its culture and values through a compensation philosophy that promotes material employee share ownership.

4.3. Balanced portfolio of businesses

The Investec Group has a balanced and diversified portfolio of businesses which offers carefully selected products and services across different geographies, thereby increasing the stability of the Investec Group's earnings.

4.4. Risk awareness, control and compliance are embedded in day-to-day activities

Material employee ownership and risk-based reward programmes ensure that shareholder and employee interests are aligned.

4.5. Depth and stability of leadership

The Investec Group's executive directors are supported by divisional and geographic business leaders as well as senior management. Both the executive directors and business leaders have a long history with the Group resulting in a stable leadership.

5. **ACTIVITIES OF INVESTEC BANK LIMITED**

The Bank operates as a specialist bank within Southern Africa.

The bank focuses on three key areas of activity: Investment activities, Corporate and Institutional Banking activities and Private Banking activities. Each business provides specialised products and services to defined target markets.

(a) Investment activities

Investment activities focuses on Principal Investments and [Property Activities[1]].

The bank's Principal Investments division seeks to invest largely in unlisted companies. Investments are selected based on the track record of management, the attractiveness of the industry and the ability to build value for the existing business by implementing an agreed strategy.

A material portion of the bank's principal investments have been transferred to the IEP Group ("**IEP**"). The bank holds a 45.7 per cent. stake in IEP alongside other strategic investors who hold the remaining 54.3 per cent. in IEP.

Furthermore, the bank's Central Funding division is the custodian of certain equity and property investments.

(b) Corporate and Institutional Banking activities

Corporate and Institutional Banking provides a wide range of specialist products, services and solutions to select corporate clients, public sector bodies and institutions. The business

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1 Not referred to in image above.

undertakes the bulk of Investec Limited's wholesale debt, structuring, proprietary trading, capital markets, advisory, trade finance, import solutions and derivatives business.

The Issuer's institutional stockbroking activities are conducted outside of the bank in Investec Securities (Pty) Ltd.

(c) Private Banking activities

Private Banking positions itself as the 'investment bank for private clients', offering both credit and investment services to its select clientele.

Through strong partnerships, the business has created a community of clients who thrive on being part of an entrepreneurial and innovative environment. The business unit's target market includes ultra-high net worth individuals, active wealthy entrepreneurs, high income professionals, self employed entrepreneurs, owner managers in mid-market companies and sophisticated investors.

6. CONFLICTS OF INTEREST

A list of the Bank's directors and their principal outside interests is set out below. There are no political conflicts of interest between the duties of any such persons to the Bank and their private interests or other duties.

Name of director Function within Bank	**Other outside directorships (*Role*)**
Richard John Wainwright Chief Executive Officer	*Director:* A.P.A. Network Consultants Proprietary Limited, Bud Group Proprietary Limited, Investec Australia Limited, Investec Bank Limited, Investec Holdings Australia Limited, Investec Import Solutions Proprietary Limited, Investec Specialist Investments (RF) Limited, Wilcardo Investments Proprietary Limited
Khumo Lesego Shuenyane Non-Executive Director/Chairman	*Director:* Bonkae Capital Proprietary Limited, I Capital Proprietary Limited, Investec Property Fund Limited, Investec Specialist Investments (RF) Limited, Risible Trading Proprietary Limited, Sceptre Investments Proprietary Limited *Non-Executive Director:*

Name of director Function within Bank	**Other outside directorships (*Role*)**
	Investec Bank Limited, Investec Life Limited, Investec Limited, Investec plc
David Martin Lawrence Non-Executive Director/Deputy Chairman	*Director:* Sithole Restoration Services Proprietary Limited *Director/Chairman:* Investec Bank (Mauritius) Limited *Non-Executive Director:* Bosman Lodge Share Block (Proprietary) Limited, JSE Limited *Non-Executive Director/Chairman:* Paycorp Investments Proprietary Limited *Non-Executive Director and Deputy:* Investec Bank Limited
Zarina Bibi Mahomed Bassa Non-Executive Director	*Chairman:* YeboYethu Limited *Director:* Financial Services Board, Investec Bank Ltd, Investec Bank plc, Investec Life, Investec Ltd, Investec plc, Jupicol (Pty) Ltd, Marblesharp 161 Pty Ltd, Nimro 159 Pty Ltd, Oceana Group Limited, Songhai Tourism and Events (Pty) Ltd, Songhai Travel (Pty) Ltd T/A Dreams (previously Sun International Travel), Unit 5 Hermanus Beach Club (Pty), Vodacom South Africa, Woolworths (Pty) Ltd, Woolworths Holdings Ltd, Zarina Bassa Investments (Pty) Ltd *Executive Chairman:*

Name of director Function within Bank	**Other outside directorships (*Role*)**
	Songhai Capital (Pty) Ltd
Glynn Robert Burger Executive Director	*Director:* 55 Fox Street Share Block Proprietary Limited, Grayinvest Limited, Investec Bank Limited, Investec Employee Benefits Holdings Proprietary Limited, Investec Equity Partners (Pty) Ltd, Investec Investments Proprietary Limited, Investec Nominees Proprietary Limited, Investec Private Equity Management (Ireland) Limited (external company), Investec Private Equity Management (Ireland) Limited (incorporated in Ireland), Investec Property Proprietary Limited, Investec Share Nominees Proprietary Limited, Metboard (Natal) Proprietary Limited, Metboard Holdings Proprietary Limited, Metboard Trust Company Proprietary Limited, Paramount Leasing (Pty) Ltd *Executive Director:* Investec Limited, Investec plc *Non-Executive Director:* Global Capital Proprietary Limited
David Friedland Non-Executive Director	*Director:* Investec Fund Managers SA (RF) (Proprietary) Limited *Non-Executive Director:* Investec Limited, Investec Bank Limited, Investec Bank plc, Investec plc, Pick 'n Pay Stores Limited, Pres Les Proprietary Limited, The Foschini Group Limited

Name of director Function within Bank	**Other outside directorships (*Role*)**
Bernard Kantor Executive Director	*Director:* Cape Thoroughbred Sales Proprietary Limited, EP Group (Pty) Limited, Grayinvest Limited, Grovepoint Sar.l., Investec 1 Limited, Investec Asset Management Limited, Investec Bank plc, Investec Finance (Jersey) Limited, Investec Finance plc, Investec Finance Sarl, Investec Group (UK) Plc, Investec Group Investments (UK) Limited, Investec Holding Company Limited, Investec International Holdings (Gibraltar) Limited, Investec International Holdings Proprietary Limited, Investec Securities Limited, Klawervlei Stud Proprietary Limited, Phumelela Gaming and Leisure Limited, Rensburg Sheppards plc *Executive Director:* Investec Asset Management Holdings (Pty) Limited, Investec Limited *Managing Director:* Investec Bank Limited, Investec plc
Stephen Koseff Executive Director	*Chief Executive:* Investec plc *Director:* Blora Properties (Worcester) (Proprietary) Limited, Bud Group Proprietary Limited, Business Leadership South Africa, Ed Trust INL Investments 1 Proprietary Limited, Grayinvest Limited, Grovepoint Sarl, Investec 1 Limited, Investec Asset Management Holdings (Pty) Limited, Investec Asset Management Limited, Investec Australia Limited, Investec Bank Limited, Investec Finance plc, Investec Finance Sarl, Investec Group (UK) Plc, Investec Holding Company Limited, Investec Holdings Australia Limited, Investec Insurance Brokers

Name of director Function within Bank	**Other outside directorships (*Role*)**
	Proprietary Limited, Investec International Holdings Proprietary Limited, Investec Investments Proprietary Limited, Investec Property Limited, Investec Securities Limited, Investec Securities Proprietary Limited, Investec Property Proprietary Limited, Metboard Holdings Proprietary Limited, Newshelf 1280 (RF) (Pty) Ltd, Rensburg Sheppards plc, The Banking Association South Africa NPC, Youth Employment Service NPC *Executive Director:* Investec Limited *Director/Chairman* IEP Group (Pty) Limited *Non-Executive Director:* Investec Bank plc *Ind. Non-Executive Director/Chairman:* Bid Corporation Limited
Nishlan Andre Samujh Executive Director	*Director:* Investec Bank Limited, Investec International Holdings (Gibraltar) Limited, Investec Investments Proprietary Limited
Peter Richard Suter Thomas Non-Executive Director	*Director:* Boschendal Investment Company (Pty) Ltd, Boschendal Proprietary Limited, Consolidated Mining Corporation Limited, Consolidated Mining Management Services Limited, Elements Lodge

Name of director Function within Bank	**Other outside directorships (*Role*)**
	(Proprietary) Limited, Grant T Investments (Proprietary) Limited, High Branching (Ireland) Limited, High Branching Proprietary Limited, Investec Australia Limited, Investec Bank (Mauritius) Limited, Investec Holdings Australia Limited, JCI Gold Limited, JCI Investment Finance Proprietary Limited, JCI Limited, Mziki Eight and Nine (Proprietary) Limited, Plovers Nest Investments (Proprietary) Limited, Villa 14 Sparrebosch (Proprietary) Limited *Non-Executive Director:* Investec Securities (US) LLC, Investec USA Holdings Corp., Investec Bank Limited
Fani Titi Executive Director	*Alternate Director:* IEP Group (Pty) Limited *Director:* George Avenue Investments 101 Proprietary Limited, Investec Asset Management Limited, Investec Specialist Investments (RF) Limited, Izandla Property Fund Proprietary Limited, Izandla Property Proprietary Limited, Newshelf 1280 (RF) (Pty) Ltd, Radio Heart 104.9 (Proprietary) Limited, Setefor Proprietary Limited, Tsiya Radio Proprietary Limited. *Non-Executive Director:* Ed Trust INL Investments 1 Proprietary Limited, Igagasi 99.5 (Proprietary) Limited, Investec Asset Management Holdings (Pty) Limited, MRC Media (Proprietary) Limited *Non-Executive Director and Chairman:* Investec Bank Limited, Investec Bank plc, Investec Limited

Name of director Function within Bank	**Other outside directorships (*Role*)**
	Non-Executive Director and Joint Chair: Investec plc

7. **Corporate Governance**

The board of directors of the Issuer endorses the code of corporate practices and conduct as set out in the King IV report and confirms that the Issuer is compliant with the provisions thereof. Please refer to the Issuer's annual report, available on the website of the Issuer: https://www.investec.com/content/dam/investor-relations/financial-information/group-financial-results/2018/FINAL-Investec-IBL-15-June-2018.pdf for a detailed analysis of the Issuer's compliance with King IV.