



INVESTEC BANK LIMITED

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

ZAR10 000 000 000
Domestic Medium Term Note Programme

Under this ZAR10 000 000 000 Domestic Medium Term Note Programme (the "**Programme**"), Investec Bank Limited (the "**Issuer**") may, from time to time, issue notes (the "**Notes**") that are subject to the terms and conditions ("**Terms and Conditions**") contained in this Programme Memorandum. Any other terms and conditions not contained in the Terms and Conditions that are applicable to any Notes, replacing or modifying the Terms and Conditions, will be set forth in a pricing supplement (the "**Applicable Pricing Supplement**"). Save as set out herein, the Notes will not be subject to a minimum or maximum maturity period and the maximum aggregate principal amount of all Notes from time to time outstanding will not exceed ZAR10 000 000 000.

The Programme has been listed by the Bond Exchange of South Africa ("**BESA**"). Notes may be listed on BESA or any successor exchange or on such other or further exchange as may be determined by the Issuer and the relevant authority and subject to the applicable ruling laws. Unlisted Notes may also be issued under this Programme. Notes which were not originally issued under this Programme may (provided they are amended to be documented in terms of the Programme) be listed under the Programme. Details of the Notes, including the aggregate principal amount of Notes, interest (if any) payable in respect of Notes and the issue price of Notes will be set forth in the Applicable Pricing Supplement. The Applicable Pricing Supplement of the Notes to be listed on BESA will be delivered to BESA and the Central Depository Limited (as defined under "*Form of Notes*") on or before the date of issue of such Notes and the Notes may be traded by or through members of BESA from the date specified in the Applicable Pricing Supplement. The Issuer may determine that particular Notes will not be listed on BESA or any other exchange and in that case, no Applicable Pricing Supplement will be delivered to BESA.

The Issuer may determine that Notes may be issued in a form and on terms not contemplated by the Terms and Conditions, in which case a supplementary programme memorandum, if appropriate, will be made available which will describe the terms and conditions upon which such Notes will be issued.

The Issuer accepts responsibility for the information contained in this Programme Memorandum. To the best of the knowledge and belief of the Issuer, the Issuer having taken all reasonable care to ensure that such is the case, the information contained in this Programme Memorandum is correct and does not omit anything reasonably likely to materially affect the import of such information.

The Issuer, having made all reasonable enquiries, and having taken all reasonable care, confirms that this Programme Memorandum (including the Issuer Disclosure Supplement incorporated herein) contains or incorporates all information that is reasonably material in the context of the issue and the offering of Notes, that the information contained or incorporated in this Programme Memorandum is true and accurate in all material respects and is not intended to be misleading, that the opinions and the intentions expressed in this Programme Memorandum are honestly held and that there are no other facts, the omission of which would make this Programme Memorandum or any of such information or expression of any such opinions or intentions misleading in any material respect. This Programme Memorandum is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "Documents Incorporated by Reference" on page 4).

This Programme Memorandum shall be read and construed on the basis that such documents are incorporated into and form part of this Programme Memorandum.

The Dealers (as defined under "Terms and Conditions of the Notes") and other professional advisers will not separately verify the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Dealers or other professional advisers as to the accuracy or completeness of the information contained in this Programme Memorandum or any other information provided by the Issuer. The Dealers and professional advisers do not accept any liability in relation to the information contained in this Programme Memorandum or any other information provided by the Issuer in connection with the Programme.

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

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

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

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

This Programme Memorandum does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction (see "Subscription and Sale" on page 42).

The distribution of this Programme Memorandum and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer does not represent that this Programme Memorandum may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Programme Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

The distribution of this Programme Memorandum and the offer or sale of Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Programme Memorandum or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Programme Memorandum and the offer or sale of Notes in the United States of America, the United Kingdom and the Republic of South Africa.

Notes have not been and will not be registered under the United States Securities Act of 1933 (the “Securities Act”). Notes may not be offered, sold or delivered within the United States of America or to U.S. persons except in accordance with Regulation S under the Securities Act.

All references in this document to “Rands”, “ZAR”, “South African Rand”, “R” and “cent” refer to the currency of the Republic of South Africa and all references to “U.S. Dollar”, “US\$” or “Dollars” shall be a reference to the currency of the United States of America.

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

In connection with the issue and distribution of any Tranche of Notes, the Issuer may, subject to the terms and conditions for stabilisation contained in the Applicable Pricing Supplement, over-allot or effect transactions which stabilise or maintain the market price of the Notes of the Series (as defined in the Terms and Conditions) of which such Tranche forms part at a level which might not otherwise prevail. Such stabilising, if commenced, may be discontinued at any time. Such stabilising shall be carried out in accordance with all applicable laws and regulations.

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DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) Annexures A, B, C, D and E and all other supplements to this Programme Memorandum circulated by the Issuer from time to time;
- (b) the published audited Annual Financial Statements, and notes thereto of the Issuer in respect of further financial years, as and when such become available; and
- (c) each Pricing Supplement relating to any Notes.

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

The Issuer will, in connection with the listing of Notes on BESA, or on such other exchange or further exchange or exchanges as may be selected by the Issuer, and for so long as any Note remains outstanding and listed on such exchange, publish a new Programme Memorandum or a further supplement to the Programme Memorandum on the occasion of any subsequent issue of Notes where there has been:

- (a) a material adverse change in the condition (financial or otherwise) of the Issuer which is not then reflected in the Programme Memorandum or any supplement to the Programme Memorandum; or
- (b) any modification of the terms of the Programme which would then make the Programme Memorandum inaccurate or misleading.

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

The Issuer may appoint one or more dealer to place the Notes under the Programme from time to time, which appointment may be for a specific issue or an ongoing basis (each a “**Dealer**” and together the “**Dealers**”) by signature of a Subscription Agreement between it and such Dealer or Dealers.

The Issuer shall act as the Calculation Agent, unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Notes, another entity as Calculation Agent, in respect of that Tranche or Series of Notes. The Issuer may also elect to appoint, in relation to a particular Tranche or Series of Notes, another entity to act as an agent to attend to the transfer of Notes, the issue of Certificates and related matters and/or another entity as a paying agent to attend to the surrender of Certificates and the payment of amounts due in respect of the Notes, in each case in respect of that Tranche or Series of Notes. In each such instance in which another entity is appointed to perform such functions, the Issuer shall conclude an agency agreement with such other entity or entities.

The Issuer will provide, free of charge, to each person to whom a copy of the Programme Memorandum has been delivered, upon request of such person, a copy of any of the documents deemed to be incorporated herein by reference, unless such documents have been modified or superseded. Requests for such documents should be directed to the Issuer at its registered office as set out herein.

GENERAL DESCRIPTION OF THE PROGRAMME

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

A summary of the Programme and the Terms and Conditions appears below.

This Programme Memorandum will only apply to Notes issued under the Programme in an aggregate principal amount which does not exceed ZAR10 000 000 000 or its equivalent in such other currencies as the Notes are issued, unless such amount is increased as set out below. For the purpose of calculating the aggregate principal amount of Notes issued under the Programme from time to time:

- (a) the ZAR equivalent of Notes denominated in another currency shall be determined at or about the time at which an agreement is reached for the issue of such Notes as between the Issuer and the relevant Dealer(s) on the basis of the spot rate at such time for the sale of such ZAR amount against the purchase of such currency or unit of account in the Johannesburg inter-bank foreign exchange markets, as quoted by any leading bank selected by the Issuer;
- (b) the amount of Indexed Notes and Partly Paid Notes (each as defined in the Terms and Conditions) shall be calculated by reference to the original principal amount of such Notes (and, in the case of Partly Paid Notes, regardless of the subscription price paid); and
- (c) the amount of Zero Coupon Notes (as defined in the Terms and Conditions) and other Notes issued at a discount or premium shall be calculated by reference to the net subscription proceeds received by the Issuer for the relevant issue.

In the event that the Issuer issues unlisted Notes, or any Notes are listed on any exchange other than BESA, the Issuer shall, no later than the last day of the month of such issue, inform BESA in writing of the aggregate principal amount and scheduled maturity date in respect of such Notes.

From time to time the Issuer may wish to increase the aggregate principal amount of the Notes that may be issued under the Programme. Subject to the requirements of BESA and/or any such other exchange or exchanges on which the Notes may be listed or in terms of any applicable law, the Issuer may, without the consent of Noteholders, increase the aggregate principal amount on the Notes that may be issued under the Programme by delivering a notice thereof to Noteholders in accordance with Condition 19 of the Terms and Conditions. Upon such notice being given, all references in the Programme Memorandum or any other agreement, deed or document in relation to the Programme, to the aggregate principal amount of the Notes, shall be and shall be deemed to be references to the increased aggregate principal amount.

SUMMARY OF THE PROGRAMME

The following summary does not purport to be complete and is taken from, and is qualified by, the remainder of this Programme Memorandum and, in relation to the terms and conditions of any particular Tranche of Notes, the Applicable Pricing Supplement.

Issuer	Investec Bank Limited (Registration number 1969/004763/06);
Blocked Rand	Blocked Rand may be used for the purchase of Notes, subject to South African Exchange Control Regulations;
Transfer Agent, Calculation Agent and Paying Agent	the Issuer, unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Notes, another entity as Transfer Agent, Calculation Agent or Paying Agent, as the case may be, in the place of the Issuer, in which event the other entity shall act in such capacity in respect of that Tranche or Series of Notes;
Currencies	South African Rand or, subject to all applicable laws and, in the case of Notes listed on BESA, the rules of BESA, in such other currency as specified in the Applicable Pricing Supplement;
Denomination of Notes	Notes will be issued in such denominations as may be indicated in the Applicable Pricing Supplement;
Description of Programme	Investec Bank Limited ZAR10 000 000 000 Domestic Medium Term Note Programme;
Distribution	Notes may be offered by way of private placement or any other means permitted by law as determined by the Issuer and reflected in the Applicable Pricing Supplement;
Form of Notes	The Notes will be issued in the form of Registered Notes, Bearer Notes or Order Notes as described in " <i>Form of the Notes</i> " below;
Governing Law	The Notes will be governed by, and construed in accordance with the laws of the Republic of South Africa;
Interest Period(s) or Interest Payment Date(s)	Such period(s) or date(s) as may be indicated in the Applicable Pricing Supplement;
Issue Price	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at their principal amount or at a discount to, or premium over, their principal amount as indicated in the Applicable Pricing Supplement;
Listing	The Programme has been listed by BESA. Notes issued under the Programme may be listed on BESA (or on a successor exchange to BESA or such other or further exchange or exchanges as may be selected by the Issuer in relation to such issue). Unlisted Notes may also be issued under the Programme. Notes which were not originally issued under this Programme may (provided they are amended to be documented in terms of the Programme) be listed under the Programme. The Applicable Pricing Supplement in respect of a Tranche will specify whether or not such Notes will be listed and, if so, on which exchange;
Maturities	Such maturity as indicated in the Applicable Pricing Supplement (subject to any maturity as may be required by BESA and/or any such exchange or exchanges on which the Notes may be listed or in terms of any law). The Notes are not subject to any minimum or maximum maturity;

Negative Pledge

So long as any Senior Notes remain Outstanding, the Issuer undertakes not to secure any Relevant Debt (as defined in Condition 7 of the Terms and Conditions), without at the same time granting security in respect of those Senior Notes equally and rateably with such Relevant Debt or providing such other security as may be approved by Extraordinary Resolution (as defined in the Terms and Conditions) of the holders of Senior Notes;

Notes

Notes may comprise:

Fixed Rate Notes: Fixed Rate Notes will bear interest at a fixed interest rate, as indicated in the Applicable Pricing Supplement, and more fully described in Condition 8.1 of the Terms and Conditions

Floating Rate Notes: Floating Rate Notes will bear interest as indicated in the Applicable Pricing Supplement and more fully described in Condition 8.2 of the Terms and Conditions

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

Indexed Notes: payments, in respect of interest on Indexed Interest Notes or in respect of principal on Indexed Redemption Amount Notes, will be calculated by reference to such index and/or formula as may be indicated in the Applicable Pricing Supplement

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

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

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

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

Senior Notes: Notes bearing the characteristics described under “*Status of Senior Notes*” below

Subordinated Notes: Notes bearing the characteristics described under “*Status and Characteristics of Subordinated Notes*” below

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

Noteholder(s)

The holders of the Registered Notes (as recorded in the Register) and/or Bearers of Bearer Notes and/or the Payees of the Order Notes;

Redemption

The Applicable Pricing Supplement relating to each Tranche of Notes will indicate either:

- (a) that the Notes may only be redeemed prior to their stated maturity (other than in specified instalments, if applicable) for taxation reasons or following an Event of Default); or
- (b) that such Notes will be redeemable at the option of the Issuer (in relation to Subordinated Notes identified in the Applicable Pricing Supplement as constituting secondary capital or tertiary capital in accordance with the Banks Act, 1990) and/or the Noteholders (in the case of Senior Notes only), upon giving not less than 15 nor more than 30 days’ irrevocable notice (or such other notice period, if any, as is indicated in the Applicable Pricing Supplement) to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the Applicable Pricing Supplement;

If Condition 6.4 is specified in the Applicable Pricing Supplement as being applicable, the Issuer shall be entitled, by notice to the Noteholders, to defer the due date for payment of any principal or interest in respect of such Notes where required or requested by the South African Registrar of Banks to do so and for such period and subject to such conditions as the Registrar of Banks may prescribe;

The Applicable Pricing Supplement may provide that Notes may be repayable in two or more instalments of such amounts and on such dates as indicated in the Applicable Pricing Supplement;

Register	The Register maintained by the Issuer in terms of the Terms and Conditions;
Settlement	Notes listed on BESA will be issued, cleared and settled in accordance with the rules of BESA through the UNEXcor electronic settlement system;
Selling Restrictions	There are selling restrictions in relation to the United States, the United Kingdom and the Republic of South Africa and such other restrictions as may be required to be met in relation to an offering or sale of a particular Tranche of Notes which may be included in the Applicable Pricing Supplement (see " <i>Subscription and Sale</i> " on page 42);
Size of the Programme	Up to ZAR10 000 000 000 outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the Programme Memorandum;
Stamp Duty	In terms of prevailing South African legislation, no stamp duty is payable by the Issuer on the original issue of listed Notes qualifying as marketable securities and on the transfer of any such Notes listed by any stock exchange licensed in terms of the Stock Exchanges Control Act, 1985 or listed by any financial exchange (including BESA) as defined in the Financial Markets Control Act, 1989. Bearer Notes or Order Notes which are not listed and which qualify as marketable securities, will attract stamp duty upon original issue and upon transfer. Notes which qualify as bills of exchange or promissory notes will not attract any stamp duty;
Status and Characteristics of Subordinated Notes	Subordinated Notes will constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and will rank <i>pari passu</i> among themselves and will rank at least <i>pari passu</i> with all other present and future unsecured and subordinated obligations of the Issuer, save for those that have been accorded preferential rights by law. Subject to applicable law, in the event of the dissolution of the Issuer or if the Issuer is placed into liquidation or wound up then and in any such event the claims of the persons entitled to be paid amounts due in respect of Subordinated Notes shall be subordinated to all other claims in respect of any other indebtedness of the Issuer except for other Subordinated Indebtedness (as defined in Condition 6 of the Terms and Conditions). Accordingly, in any such event, and provided as aforesaid, no amount shall be eligible for setting-off or shall be payable to any or all the persons entitled to be paid amounts due in respect of those Subordinated Notes until all other indebtedness of the Issuer which is admissible in any such dissolution, liquidation or winding-up (other than Subordinated Indebtedness) has been paid or discharged in full;
Status of Senior Notes	Unless otherwise specified in the Applicable Pricing Supplement, Senior Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves and (save for certain debts required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer from time to time outstanding;

Taxation

As at the date of issue of this Programme Memorandum all payments in respect of the Notes will be made without withholding or deduction for or on account of taxes levied in South Africa. If withholding tax or such other deduction is required by law, then the Issuer will, subject to the exceptions in Condition 12 of the Terms and Conditions, pay such additional amounts as shall be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been payable in respect of the Notes in the absence of such withholding or deduction; and

Terms and Conditions

The terms and conditions of the Notes set out below.

FORM OF THE NOTES

Notes may be issued in Registered, Bearer or Order form, as specified in the Applicable Pricing Supplement.

The Notes may be listed on the Bond Exchange of South Africa, a licensed financial exchange in terms of the Financial Markets Control Act, 1989 (“**BESA**”) and/or a successor exchange to BESA or such other or further exchange or exchanges as the Issuer may select in relation to an issue and approved by BESA or any other such exchange. Each Tranche of Notes listed on BESA will be issued in accordance with the terms and conditions set out below in this Programme Memorandum (the “**Terms and Conditions**”) in the form of a single certificate, without interest coupons (the “**Global Certificate**”), which will be lodged and immobilised in The Central Depository Limited (Registration number 1991/000941/06), or its nominee, operating in terms of the Custody and Administration of Securities Act, 1992 (or any successor Act thereto) (the “**Central Depository**”), which forms part of the settlement system of BESA. This will entail that the Notes, represented by the Global Certificate, will be deposited with and registered in the name of, and for the account of the Central Depository.

All Notes not represented by a Global Certificate, including Bearer Notes and Order Notes (each defined below) shall be issued in definitive form (“**Individual Certificate**”).

Listed Registered Notes

Beneficial interests in Notes which are lodged in the form of the Global Certificate in the Central Depository (“**Beneficial Interests**”) may, in terms of existing law and practice, be transferred through the Central Depository by way of book entry in the securities accounts of the participants in the Central Depository (“**Participants**”), who are also approved by BESA to act as Settlement Agents and therefore perform electronic settlement of both funds and scrip on behalf of market participants. A certificate or other document issued by a Participant as to the principal amount of such Beneficial Interest in Notes standing to the account of any person shall be *prima facie* proof of such Beneficial Interest.

Beneficial Interests in Notes may be exchanged, without charge by the Issuer, for Individual Certificates in accordance with the provisions of Condition 15 of the Terms and Conditions. The Notes represented by the Global Certificate and Individual Certificates will be registered in the names of the Noteholders in the register of Noteholders maintained by the Issuer (the “**Register**”). The Issuer shall regard the Register as the conclusive record of title to the Notes. The Central Depository shall be recognised by the Issuer as the owner of the Notes represented by the Global Certificate and the registered holders of Individual Certificates shall be recognised by the Issuer as the owners of the Notes represented by such Individual Certificates.

Bearer and Order Notes

Notes issued in bearer form (“**Bearer Notes**”) or in order form (“**Order Notes**”) and which are interest bearing shall, if indicated in the Applicable Pricing Supplement, have interest coupons (“**Coupons**”) and, if indicated in the Applicable Pricing Supplement, talons for further Coupons (“**Talons**”) attached on issue. Notes repayable in instalments shall have receipts (“**Receipts**”) for the payment of the instalments of principal (other than the final instalment) attached on issue.

Title to Bearer Notes and/or Receipts, Coupons and Talons attached on issue to the Certificate evidencing such Bearer Notes will pass by delivery of such Certificate, Receipt, Coupon or Talon (as the case may be). Title to Order Notes and/or any Receipts, Coupons and Talons attached on issue to the Certificate evidencing such Order Note, will pass by way of endorsement and delivery of such Certificate, Receipt, Coupon or Talon (as the case may be).

PRO FORMA PRICING SUPPLEMENT

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

INVESTEC BANK LIMITED

(Registration number 1969/000763/07)

(Incorporated with limited liability in the Republic of South Africa)

Issue of [Aggregate Principal Amount of Tranche] [Title of Notes]

Under its ZAR10 000 000 000 Domestic Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions ("Terms and Conditions") set forth in the Programme Memorandum dated 12 February 2003 (the "Programme Memorandum"). This Pricing Supplement must be read in conjunction with the Programme Memorandum. To the extent that there is any conflict or inconsistency between the contents of this Pricing Supplement and the Programme Memorandum, the provisions of this Pricing Supplement shall prevail.

DESCRIPTION OF THE NOTES

1. Issuer	Investec Bank Limited
2. Senior Notes or Subordinated Notes	[]
3. (a) Tranche Number	[]
(b) Series Number	[]
4. Aggregate Principal Amount of Tranche	[]
5. Interest/Payment Basis	[Fixed Rate/Floating Rate/Zero Coupon/Indexed Notes/Partly Paid Notes/Instalment Notes/other]
6. Form of Notes	[Registered Notes/Bearer Notes/Order Notes]
7. Automatic/Optional Conversion from one Interest/Payment Basis to another	[insert details including date for conversion]
8. Issue Date	[]
9. Business Centre	[]
10. Additional Business Centre	[]
11. Principal Amount per Note	[]
12. Specified Denomination	[]
13. Issue Price	[]
14. Interest Commencement Date	[]
15. Maturity Date	[]
16. Specified Currency	[]
17. Applicable Business Day Convention	[Floating Rate Business Day/Following Business Day/Modified Following Business Day/Modified Following Business Day Adjusted/Preceding Business Day/other convention – insert details]
18. Calculation Agent	[]

- | | |
|--|---------|
| 19. Paying Agent | [] |
| 20. Specified office of the Paying Agent | [] |
| 21. Transfer Agent | [] |
| 22. Final Redemption Amount | [] |

PARTLY PAID NOTES

- | | |
|--|-----------------|
| 23. Amount of each payment comprising the Issue Price | [] |
| 24. Date upon which each payment is to be made by Noteholder | [] |
| 25. Consequences (if any) of failure to make any such payment by Noteholder | [] |
| 26. Interest Rate to accrue on the first and subsequent instalments after the due date for payment of such instalments | [] percent |

INSTALMENT NOTES

- | | |
|---|---------|
| 27. Instalment Dates | [] |
| 28. Instalment Amounts (expressed as a percentage of the aggregate Principal Amount of the Notes) | [] |

FIXED RATE NOTES

- | | |
|---|-----------------|
| 29. (a) Interest Rate(s) | [] percent |
| (b) Interest Payment Date(s) | [Dates/Periods] |
| (c) Initial Broken Amount | [] |
| (d) Final Broken Amount | [] |
| (e) Any other terms relating to the particular method of calculating interest | [] |

FLOATING RATE NOTES

- | | |
|---|--|
| 30. (a) Interest Payment Date(s) | [Dates/Periods] |
| (b) Interest Period(s) | [] |
| (c) Definitions of Business Day (if different from that set out in Condition 1) | [] |
| (d) Interest Rate(s) | [] percent |
| (e) Minimum Interest Rate | [] percent |
| (f) Maximum Interest Rate | [] percent |
| (g) Other terms relating to the method of calculating interest (e.g., Day Count Fraction, rounding up provision, if different from Condition 8.2) | [] |
| 31. Manner in which the Interest Rate is to be | [ISDA Determination/Screen Rate determined Determination/other (insert details)] |
| 32. Margin | [(+/-) • percent to be added to/subtracted from the relevant (ISDA Rate/Reference Rate)] |
| 33. If ISDA Determination | |
| (a) Floating Rate | [] |
| (b) Floating Rate Option | [] |
| (c) Designated Maturity | [] |
| (d) Reset Date(s) | [] |

34. If Screen Determination
- (a) Reference Rate (including relevant period by reference to which the Interest Rate is to be calculated) [e.g. ZAR-JIBAR-SAFEX]
- (b) Interest Determination Date(s) []
- (c) Relevant Screen Page and Reference Code []
35. If Interest Rate to be calculated otherwise than by reference to 33 or 34 above, insert basis for determining Interest Rate/Margin/Fall back provisions []
36. Calculation Agent (if not the Issuer) []

MIXED RATE NOTES

37. Period(s) during which the interest rate for the Mixed Rate Notes will be (as applicable) that for:
- (a) Fixed Rate Notes []
- (b) Floating Rate Notes []
- (c) Indexed Notes []
- (d) Other Notes []

The interest rate and other pertinent details are set out under the headings relating to the applicable forms of Notes

ZERO COUPON NOTES

38. (a) Implied Yield [] percent [NACA] [NACS] [NACM] [NACQ] [other method of compounding]
- (b) Reference Price []
- (c) Any other formula or basis for determining amount(s) payable []

INDEXED NOTES

39. (a) Type of Indexed Notes [Indexed Interest Notes/Indexed Redemption Amount Notes]
- (b) Index/Formula by reference to which Interest Rate/Interest Amount (delete as applicable) is to be determined []
- (c) Manner in which the Interest Rate/Interest Amount (delete as applicable) is to be determined []
- (d) Interest Period(s) []
- (e) Interest Payment Date(s) []
- (f) Calculation Agent (if not the Issuer) []
- (g) Provisions where calculation by reference to Index and/or Formula is impossible or impracticable []

EXCHANGEABLE NOTES

40. Mandatory Exchange applicable? [Yes/No]
41. Noteholders' Exchange Right applicable? [Yes/No]
42. Exchange Securities []
43. Manner of determining Exchange Price []
44. Exchange Period []

45. Other []

OTHER NOTES

46. If the Notes are not Partly Paid Notes, Instalment Notes, Fixed Rate Notes, Floating Rate Notes, Mixed Rate Notes, Zero Coupon Notes or Indexed Notes, or if the Notes are a combination of any of the foregoing, set out the relevant description and any additional Terms and Conditions relating to such Notes []

PROVISIONS REGARDING REDEMPTION/MATURITY

47. Prior consent of Registrar of Banks required for any redemption prior to the Maturity Date [Yes/No]
48. Issuer's Optional Redemption: if yes: [Yes/No]
- (a) Optional Redemption Date(s) []
- (b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s) []
- (c) Minimum Period of Notice (if different to Condition 11.3) []
- (d) If redeemable in part:
- Minimum Redemption Amount(s) []
- Higher Redemption Amount(s) []
- (e) Other terms applicable on Redemption []
49. Redemption at the option of the Noteholders: if yes: [Yes/No]
- (a) Optional Redemption Date(s) []
- (b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s) []
- (c) Minimum period of notice (if different to Condition 11.4) []
- (d) If redeemable in part:
- Minimum Redemption Amount(s) []
- Higher Redemption Amount(s) []
- (e) Other terms applicable on Redemption []
- (f) Attach *pro forma* put notice(s)
50. Early Redemption Amount(s) payable on redemption for taxation reasons or on Event of Default (if required): If no insert: [Yes/No]
- (a) amount payable; or []
- (b) method of calculation of amount payable. []

GENERAL

51. Qualification of Notes as Secondary Capital under the Banks Act, 1990 [Yes/No]
52. Qualification of Notes as Tertiary Capital under the Banks Act, 1990 [Yes/No]
53. Condition 6.4 to apply (deferral of interest and principal payments)? [Yes/No]
54. Additional selling restrictions []
55. (a) International Securities Numbering (ISIN) []
- (b) Stock Code []

- | | |
|--|--|
| 56. Financial Exchange | [] |
| 57. If syndicated, names of managers | [] |
| 58. Receipts attached? If yes, number of Receipts attached | [Yes/No]
[] |
| 59. Coupons attached? If yes, number of Coupons attached | [Yes/No]
[] |
| 60. Talons attached? If yes, number of Talons attached | [Yes/No]
[] |
| 61. Credit Rating assigned to Notes as at Issue Date (if any) | [] |
| 62. Stripping of Receipts and/or Coupons prohibited as provided in Condition 16.4? | [Yes/No] |
| 63. Governing law (if the laws of South Africa are not applicable) | [] |
| 64. Other Banking Jurisdiction | [] |
| 65. Surrendering of Notes | [] days after the date on which the Certificate in respect of the Note to be redeemed has been surrendered to the Issuer |
| 66. Last Day to Register | [] or [], which shall mean that the Register will be closed from each Last Day to Register to the next applicable Payment Day or [10] days prior to the actual redemption date |

Application is hereby made to list this issue of Notes pursuant to the approval of the ZAR10 000 000 000 Domestic Medium Term Note Programme of Investec Bank Limited as from **[insert date]**.

INVESTEC BANK LIMITED

Issuer

By: _____
Director duly authorised

By: _____
Director duly authorised

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes to be issued by the Issuer. Notes will be issued in individual Tranches which, together with other Tranches, may form a Series of Notes. The Applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Tranche of Notes. The Applicable Pricing Supplement will be attached to each Global Certificate and Individual Certificate.

1. INTERPRETATION

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

"Agency Agreement"	the agency agreement (if any) to be entered into between the Issuer, the Transfer Agent, the Calculation Agent and the Paying Agent, if the Issuer is not acting in any of the aforementioned capacities;
"Applicable Pricing Supplement"	the Pricing Supplement relating to each Tranche of Notes;
"Applicable Procedures"	the rules and operating procedures for the time being of the Central Depository, Settlement Agents and BESA, as the case may be;
"Bearer"	the bearer of a Certificate evidencing a Bearer Note or of a Receipt or Coupon attached to such Certificate on issue;
"Bearer Note"	a Note payable to the Bearer thereof, transferable by way of delivery in accordance with Condition 16.2 and the term <i>"Bearer Note"</i> shall include the rights to payment of any interest or principal represented by a Coupon or Receipt (if any) attached on issue to the Certificate evidencing such Bearer Note;
"Beneficial Interest"	the undivided share of a co-owner of the Notes represented by a Global Certificate as provided in section 4 of the Custody and Administration of Securities Act, 1992;
"BESA"	the Bond Exchange of South Africa, a licensed financial exchange in terms of the Financial Markets Control Act, 1989 or any exchange which operates as a successor exchange to BESA;
"Business Day"	a day (other than a Saturday or Sunday or public holiday within the meaning of the Public Holidays Act, 1994) which is a day on which commercial banks settle ZAR payments in Johannesburg or any Additional Business Centre specified in the Applicable Pricing Supplement, save that if the Specified Currency is not ZAR, "Business Day" shall mean a day (other than a Saturday or Sunday) which is a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the Specified Currency and in each (if any) Additional Business Centre, save further that if the Applicable Pricing Supplement so provides, "Business Day" shall include a Saturday;
"Calculation Agent"	the Issuer, unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Notes, another entity as Calculation Agent in respect of that Tranche or Series of Notes;
"Central Depository"	The Central Depository Limited (Registration number 1991/000941/06), or its nominee, operating in terms of the Custody and Administration of Securities Act, 1992 (or any successor Act thereto), or any additional or alternate depository approved by the Issuer;
"Certificate"	a Global Certificate or Individual Certificate;

“Coupon”	an interest coupon evidencing title to an interest payment in respect of an interest bearing Note which is a Bearer Note or an Order Note, attached to the Certificate evidencing such interest bearing Note and any reference to a Coupon shall, unless the context otherwise requires, be deemed to include a reference to a Talon;
“Dealer”	any Dealer, as may be appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis, subject to the Issuer’s right to terminate the appointment of any Dealer;
“Early Redemption Amount”	the amount, as set out in Condition 11.5, at which the Notes will be redeemed by the Issuer pursuant to the provisions of Condition 11.2 and/or Condition 14;
“Endorsement”	an “indorsement”, <i>mutatis mutandis</i> , within the meaning of the Bills of Exchange Act, 1964;
“Endorsement in Blank”	an Endorsement which specifies no named Payee;
“Event of Default”	an event of default by the Issuer as set out in Condition 14;
“Exchangeable Notes”	Notes which may be redeemed by the Issuer in the manner indicated in the Applicable Pricing Supplement by the delivery to the Noteholders of cash or of so many of the Exchange Securities as is determined in accordance with the Applicable Pricing Supplement;
“Exchange Period”	in respect of Exchangeable Notes to which the Noteholders’ Exchange Right applies (as indicated in the Applicable Pricing Supplement), the period indicated in the Applicable Pricing Supplement during which such right may be exercised;
“Exchange Price”	the amount determined in accordance with the manner described in the Applicable Supplement, according to which the number of Exchange Securities which may be delivered in redemption of an Exchangeable Note will be determined;
“Exchange Securities”	the securities indicated in the Applicable Pricing Supplement which may be delivered by the Issuer in redemption of Exchangeable Notes to the value of the Exchange Price;
“Extraordinary Resolution”	a resolution passed at a meeting (duly convened) of the Noteholders by a majority consisting of not less than 66.6% of the persons voting thereat upon a show of hands or if a poll be duly demanded then by a majority consisting of not less than 66.6% of the votes given on such poll;
“Final Redemption Amount”	the amount of principal specified in the Applicable Pricing Supplement payable in respect of each Note upon the Maturity Date;
“Fixed Rate Notes”	Notes which will bear interest at the fixed Interest Rate, as indicated in the Applicable Pricing Supplement;
“Floating Rate Notes”	Notes which will bear interest as indicated in the Applicable Pricing Supplement and more fully described in Condition 8.2;
“Global Certificate”	the single Certificate, without interest coupons, registered in the name of the Central Depository and representing those Notes issued in terms of the Terms and Conditions which are lodged and immobilised in the Central Depository other than those Notes represented by the Individual Certificates;
“Group of Noteholders”	the holders of a Series of Notes or, where appropriate, the holders of different Series of Notes;
“Implied Yield”	the yield accruing on the Issue Price of Zero Coupon Notes, as specified in the Applicable Pricing Supplement;
“Indexed Interest Notes”	Notes in respect of which the Interest Amount is calculated by reference to such index and/or formula as indicated in the Applicable Pricing Supplement;

"Indexed Notes"	an Indexed Interest Note and/or an Indexed Redemption Amount Note, as applicable;
"Indexed Redemption Amount Notes"	Notes in respect of which the Final Redemption Amount calculated by reference to an index and/or a formula as may be indicated in the Applicable Pricing Supplement;
"Individual Certificate"	<p>(a) in respect of Registered Notes: a Note in the definitive registered form of a single Certificate and, in respect of Registered Notes which are listed, being a Certificate exchanged for a Beneficial Interest in the Notes represented by the Global Certificate in accordance with Condition 15 and any further Certificate issued in consequence of a transfer thereof;</p> <p>(b) in respect of Bearer Notes: a Note in the definitive bearer form of a single Certificate together with Coupons and/or Receipts, if applicable;</p> <p>(c) in respect of Order Notes: a Note in the definitive order form of a single Certificate together with Coupons and/or Receipts, if applicable;</p>
"Instalment Amount"	the amount expressed as a percentage of the Principal Amount of an Instalment Note, being an instalment of principal (other than the final instalment) on an Instalment Note;
"Instalment Notes"	Notes issued at the same date but redeemed in Instalment Amounts by the Issuer on an amortised basis on different Instalment Dates (as indicated in the Applicable Pricing Supplement);
"Interest Amount"	the amount of interest payable in respect of each Principal Amount of Fixed Rate Notes, Floating Rate Notes and Indexed Notes, as determined in accordance with Condition 8.1, 8.2F and 8.4, respectively;
"Interest Commencement Date"	the first date from which interest on the Notes, other than Zero Coupon Notes, will accrue, as specified in the Applicable Pricing Supplement;
"Interest Payment Date"	the Interest Payment Date(s) specified in the Applicable Pricing Supplement or if no express Interest Payment Date(s) is/are specified in the Applicable Pricing Supplement, the last day of the Interest Period commencing on the preceding Interest Payment Date, or, in the case of the first Interest Payment Date, commencing on the Interest Commencement Date;
"Interest Period"	the period(s) in respect of which interest accrues on Notes other than Zero Coupon Notes and falls due for payment on the applicable Interest Payment Date;
"Interest Rate"	the rate or rates of interest applicable to Notes other than Zero Coupon Notes as indicated in the Applicable Pricing Supplement;
"Investec Group"	the Issuer, its holding company and any subsidiaries of its holding company;
"ISDA"	International Swaps and Derivatives Association, Inc;
"ISDA Definitions"	the 2000 ISDA Definitions as published by ISDA (as amended, supplemented, revised or republished from time to time);
"Issuer"	Investec Bank Limited (Registration number 1969/004763/06);
"Last Day to Register"	with respect to a particular Series of Notes (as reflected in the Applicable Pricing Supplement), the last date or dates preceding a Payment Day on which the Transfer Agent will accept Transfer Forms and record the transfer of Notes in the Register for that particular Series of Notes and whereafter the Register is closed for further transfers or entries until the Payment Day;
"Mandatory Exchange"	if indicated in the Applicable Pricing Supplement, the obligation of the Issuer to redeem Exchangeable Notes on the Maturity Date by delivery of Exchange Securities to the relevant Noteholders of Exchangeable Notes;
"Mixed Rate Notes"	Notes which will bear interest over respective periods at differing Interest Rates applicable to any combination of Fixed Rate Notes, Floating Rate Notes or Indexed Notes, each as indicated in the Applicable Pricing Supplement and as more fully described in Condition 8.3;

"NACA"	nominal annual compounded annually;
"NACM"	nominal annual compounded monthly;
"NACQ"	nominal annual compounded quarterly;
"NACS"	nominal annual compounded semi-annually;
"Noteholders"	the holders of the Registered Notes (as recorded in the Register) and/or the Bearers of the Bearer Notes and/or the Payees of the Order Notes;
"Noteholders' Exchange Right"	if indicated as applicable in the Applicable Pricing Supplement, the right of Noteholders of Exchangeable Notes to elect to receive delivery of the Exchange Securities in lieu of cash from the Issuer upon redemption of such Notes;
"Notes"	the notes issued or to be issued by the Issuer under the Programme and represented by a Certificate together with Receipts and/or Coupons (if any);
"Order Note"	a Note payable to the Payee thereon, transferable by way of Endorsement and delivery in accordance with Condition 16.3 and the term "Order Note" shall include the rights to interest or principal represented by a Coupon or Receipt (if any) attached on issue to the Certificate evidencing such Order Note;
"Outstanding"	<p>in relation to the Notes, all the Notes issued other than:</p> <ul style="list-style-type: none"> (a) those which have been redeemed in full; (b) those in respect of which the date for redemption in accordance with the Terms and Conditions has occurred and the redemption moneys wherefor (including all interest (if any) accrued thereon to the date for such redemption and any interest (if any) payable under the Terms and Conditions after such date) remain available for payment against presentation of Certificates; (c) those which have been purchased and cancelled as provided in Condition 11; (d) those which have become prescribed under Condition 13; (e) Notes represented by those mutilated or defaced Certificates which have been surrendered in exchange for replacement Certificates pursuant to Condition 15; (f) (for the purpose only of determining how many Notes are Outstanding and without prejudice to their status for any other purpose) those Notes represented by Certificates alleged to have been lost, stolen or destroyed and in respect of which replacement Certificates have been issued pursuant to Condition 15, <p>provided that for each of the following purposes, namely:</p> <ul style="list-style-type: none"> (i) the right to attend and vote at any meeting of the Noteholders; and (ii) the determination of how many and which Notes are for the time being Outstanding for the purposes of Conditions 20 and 21, <p>all:</p> <ul style="list-style-type: none"> (i) Notes (if any) which are for the time being held by the Issuer (subject to any applicable law) or by any person for the benefit of the Issuer and not cancelled shall (unless and until ceasing to be so held); (ii) Receipts and Coupons, <p>be deemed not to be Outstanding;</p>
"Participants"	depository institutions accepted by the Central Depository as participants in terms of the Custody and Administration of Securities Act, 1992;
"Partly Paid Notes"	Notes which are issued with the Issue Price partly paid and which Issue Price is paid up fully by the Noteholder in instalments (as indicated in the Applicable Pricing Supplement);

“Payee”	a person reflected (either as the subscriber or by way of Endorsement) as the payee on a Certificate evidencing an Order Note or a Receipt or Coupon attached thereto on issue and to whom such Certificate, Receipt or Coupon (as the case may be) has been delivered;
“Paying Agent”	the Issuer, unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Notes, another entity as Paying Agent, in which event that other entity shall act as Paying Agent in respect of that Tranche or Series of Notes;
“Payment Day”	any day which is a Business Day and upon which a payment is due by the Issuer in respect of the Notes;
“Principal Amount”	the principal amount of each Note specified in the Applicable Pricing Supplement;
“Programme”	the ZAR10 000 000 000 Domestic Medium Term Note Programme under which the Issuer may from time to time issue Notes;
“Receipt”	a receipt evidencing title to payment of an Instalment Amount payable on an Instalment Note which is a Bearer Note or Order Note, attached upon issue to the Certificate evidencing such Instalment Note;
“Register”	the register maintained by the Issuer in terms of Condition 17;
“Registered Note”	a Note issued in registered form and transferable in accordance with Condition 16.1;
“Registrar of Banks”	the Registrar of Banks in accordance with the Banks Act, 1990;
“Relevant Date”	in respect of any payment relating to the Notes, the date on which such payment first becomes due, except that, in relation to monies payable to the Central Depository in accordance with these Terms and Conditions, it means the first date on which (i) the full amount of such monies have been received by the Central Depository, (ii) such monies are available for payment to the holders of Beneficial Interests and (iii) notice to that effect has been duly given to such holders in accordance with the Applicable Procedures;
“Representative”	a person duly authorised to act on behalf of a Noteholder, the Transfer Agent and the Paying Agent who may be regarded by the Issuer (acting in good faith) as being duly authorised based upon the tacit or express representation thereof by such Representative, in the absence of express notice to the contrary from such Noteholder;
“Senior Notes”	Notes issued with the status set out in Condition 5 and being subject to the negative pledge set out in Condition 7;
“Series”	a Tranche of Notes together with any further Tranche or Tranches of Notes which are: <ul style="list-style-type: none"> (i) expressed to be consolidated and form a single series; and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices;
“Settlement Agent”	a Participant, approved by BESA in terms of the rules of BESA to perform electronic settlement of both funds and scrip on behalf of market participants;
“Subordinated Notes”	Notes issued with the status and characteristics set out in Condition 6;
“Talon”	a talon entitling the holder to receive further Coupons in relation to an interest bearing Bearer Note or Order Note, if indicated in the Applicable Pricing Supplement, attached to the Certificate evidencing such interest bearing Note;
“Terms and Conditions”	the terms and conditions incorporated in this section headed “Terms and Conditions of the Notes” and in accordance with which the Notes will be issued;
“Tranche”	in relation to any particular Series, all Notes which are identical in all respects (including as to listing);

“Transfer Agent”	the Issuer, unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Notes, another entity as Transfer Agent in accordance with the Agency Agreement (if any), in which event that other entity shall act as an Transfer Agent in respect of that Tranche or Series of Notes;
“Transfer Form”	the written form for the transfer of a Registered Note, in the form approved by the Transfer Agent, and signed by the transferor and transferee;
“ZAR”	the lawful currency of the Republic of South Africa, being South African Rand, or any successor currency;
“ZAR-JIBAR-SAFEX”	the mid-market rate for deposits in ZAR for a period of the Designated Maturity (as indicated in the Applicable Pricing Supplement) which appears on the Reuters Screen SAFEX Page as at 12:00, Johannesburg time on the relevant date; and
“Zero Coupon Notes”	Notes which will be offered and sold at a discount to their Principal Amount or at par and will not bear interest other than in the case of late payment.

2. ISSUE

- 2.1 Subject to the prior consent of the Registrar of Banks (to the extent required), Notes may be issued by the Issuer in Tranches pursuant to the Programme. A Tranche of Notes may, together with a further Tranche or Tranches, form a Series of Notes issued under the Programme.
- 2.2 The Noteholders are deemed to have knowledge of, and are entitled to the benefit of, and are subject to, all the provisions of the Applicable Pricing Supplement.
- 2.3 The Applicable Pricing Supplement for each Tranche of Notes is (to the extent relevant) incorporated herein for the purposes of those Notes and supplements these Terms and Conditions. The Applicable Pricing Supplement may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of those Notes. Capitalised expressions used in these Terms and Conditions and not here defined shall bear the meaning assigned to them in the Applicable Pricing Supplement.
- 2.4 Copies of the Applicable Pricing Supplement are available for inspection at the registered office of the Issuer.

3. FORM AND DENOMINATION

3.1 General

Listed Notes issued in registered form will be issued in the form of a Global Certificate, which will be deposited with and registered in the name of, and for the account of the Central Depository. An owner of a Beneficial Interest in the Notes represented by the Global Certificate shall be entitled to exchange such Beneficial Interest for an Individual Certificate in accordance with Condition 15.

All payments in relation to the Notes will be made in the Specified Currency.

Each Note shall be a Senior Note or a Subordinated Note, as indicated in the Applicable Pricing Supplement. Any Note may be a Partly Paid Note, Instalment Note or an Exchangeable Note.

Each Note, whether a Senior Note or a Subordinated Note, may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Indexed Interest Note, an Indexed Redemption Amount Note, a Mixed Rate Note or a combination of any of the foregoing or such other types of Note as may be determined by the Issuer, as indicated in the Applicable Pricing Supplement.

Notes will be issued in such denominations as may be determined by the Issuer and as indicated in the Applicable Pricing Supplement.

Listed and/or unlisted Notes may be issued under the Programme. Notes which were not originally issued under this Programme may (provided they are amended to be documented in terms of the Programme) be listed under the Programme.

3.2 Registered Notes

Each Tranche of Registered Notes listed on BESA will be issued in the form of a Global Certificate, which will be deposited with and registered in the name of, and for the account of the Central Depository. An owner of a Beneficial Interest in the Notes represented by the Global Certificate shall be entitled to exchange such Beneficial Interest for an Individual Certificate in accordance with Condition 15.

3.3 Bearer Notes and Order Notes

Bearer Notes or Order Notes will be evidenced by Individual Certificates. Bearer Notes or Order Notes, other than Zero Coupon Notes, will have Coupons and (if indicated in the Applicable Pricing Supplement), Talons attached to the Certificate on issue. Instalment Notes which are Bearer Notes or Order Notes will have Receipts attached to the Certificate on issue.

4. TITLE

4.1 Registered Notes

Subject as set out below, title to the Registered Notes will pass upon registration of transfer in the Register in accordance with Condition 16.1. The Issuer may deem and treat the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes and shall not be bound to enter any trust in the Register or to take notice of or to accede to the execution of any trust (express, implied or constructive) to which any Note may be subject.

4.2 Bearer Notes

Title to Bearer Notes (including rights to Instalment Amounts and/or interest thereon, as applicable) will pass by delivery of the Certificate evidencing such Note or of the Receipt and/or Coupon relating thereto, as the case may be, in accordance with Condition 16.2. The Issuer, the Transfer Agent and the Paying Agent may deem and treat the Bearer of any such Certificate, Receipt or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes.

4.3 Order Notes

Title to Order Notes (including rights to Instalment Amounts and/or interest thereon, as applicable) will initially pass by Endorsement and delivery of the Certificate evidencing such Note or of the Receipt and/or Coupon relating thereto, as the case may be, in accordance with Condition 16.3. Any Certificate evidencing an Order Note or such Receipt or Coupon upon which the last Endorsement is an Endorsement in Blank shall be treated as a Bearer Note, for so long as not subject to further Endorsement.

The Issuer and the Transfer Agent may deem and treat the person who from the face of the Certificate, Receipt or Coupon relating to an Order Note appears to be the Payee thereto as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or notice of any previous loss or theft thereof) for all purposes and payment to such person or their Representative shall discharge the Issuer from all liability to the Payee in relation to such Certificate, Receipt or Coupon, as the case may be, even if such Endorsement has been forged or made without authority.

Provided the Issuer pays any amount due upon presentation and surrender of a Certificate evidencing an Order Note, or any Receipt or Coupon attached thereto on issue, in good faith, it shall not be incumbent upon the Issuer or the Transfer Agent to determine or prove that the Endorsement of the Payee making such Endorsement was made by or under the authority of the person whose Endorsement it purports to be.

5. STATUS OF SENIOR NOTES

Senior Notes are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves and, subject to Condition 7 and save for certain debts required to be preferred by law, rank equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time owing.

6. STATUS AND CHARACTERISTICS RELATING TO SUBORDINATED NOTES

- 6.1 Subordinated Notes constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and subordinated obligations of the Issuer, save for those that have been accorded preferential rights by law.
- 6.2 Subject to applicable law, in the event of the dissolution of the Issuer or if the Issuer is placed into liquidation or wound-up, the claims of the persons entitled to be paid amounts due in respect of Subordinated Notes shall be subordinated to all other claims in respect of any other indebtedness of the Issuer except for other Subordinated Indebtedness (as defined below). Accordingly, in any such event, and provided as aforesaid, no amount shall be eligible for setting-off or shall be payable to any or all the persons entitled to be paid amounts due in respect of Subordinated Notes in respect of the obligations of the Issuer thereunder until all other indebtedness of the Issuer which is admissible in any such dissolution, insolvency or winding-up (other than Subordinated Indebtedness) has been paid or discharged in full.
- 6.3 “**Subordinated Indebtedness**” means for the purposes of this Condition 6 any indebtedness of the Issuer, including any guarantee given by the Issuer, under which the right of payment of the person(s) entitled thereto is, or is expressed to be, or is required by any present or future agreement of the Issuer to be, subordinated to the rights of all unsubordinated creditors of the Issuer in the event of the dissolution, winding-up or placing into liquidation of the Issuer.
- 6.4 In the case of Subordinated Notes in relation to which this Condition 6.4 is specified in the Applicable Pricing Supplement as being applicable, the Issuer shall be entitled, by notice in writing to the Noteholders (a “**Deferral Notice**”), to defer the due date for payment of any principal or interest in respect of such Notes, and, accordingly, on the giving of such notice, the due date for payment of such principal or interest (the “**Deferred Payment**”) shall be so deferred and the Issuer shall not be obliged to make payment thereof on the date upon which such Deferred Payment would otherwise have become due and payable, and such deferral of payment shall not constitute an Event of Default. The Issuer may not give a Deferral Notice except where the Registrar of Banks has required or requested a Deferred Payment for such period and subject to such conditions as the Registrar of Banks may prescribe. Interest at the Interest Rate will accrue on principal deferred as aforesaid, save that such interest shall only become due and payable at such time as the principal in respect of which it has accrued becomes due and payable as set out hereunder. Promptly upon being satisfied that the Registrar of Banks will not object to the payment of the whole or any part of any Deferred Payment, the Issuer shall give written notice thereof (a “**Payment Notice**”) to the Noteholders and the relevant Deferred Payment (or the appropriate part of it) and any accrued interest as aforesaid shall become due and payable on the fifth Business Day after the date of such Payment Notice. In addition, all Deferred Payments which remain unpaid upon the Issuer being placed into liquidation or being wound-up shall become due and payable upon such occurrence. When more than one Deferred Payment remains unpaid, payment in part thereof shall be made *pro rata* according to the amounts of such Deferred Payments remaining unpaid and of any accrued interest as aforesaid remaining unpaid.

7. NEGATIVE PLEDGE

- 7.1 This Condition 7 shall apply only to Senior Notes. For as long as any Senior Notes remain Outstanding, the Issuer undertakes not to create or permit the creation of any Encumbrance (as defined below) over any of its present or future assets or revenues to secure any present or future Relevant Debt (as defined below) without at the same time securing all Senior Notes equally and rateably with such Relevant Debt or providing such other security as may be approved by Extraordinary Resolution of the holders of those Senior Notes, unless the provision of any such security is waived by an Extraordinary Resolution of the holders of those Senior Notes. The Issuer shall be entitled but not obliged, to form, or procure the formation of, a trust or trusts or appoint, or procure the appointment of, an agent or agents to hold any such rights of security for the benefit or on behalf of such Noteholders.
- 7.2 For the purposes of this Condition 7:
- (a) “**Encumbrance**” means any mortgage, pledge, hypothecation, assignment, cession-in-*securitatem debiti*, deposit by way of security or any other agreement or arrangement (whether conditional or not and whether relating to existing or to future assets), having the effect of providing a security interest to a creditor or any agreement or arrangement to give any form of security to a creditor but excluding

statutory preferences and any security interest arising by operation of law, any Encumbrance on or with respect to the receivables of the Issuer which is created pursuant to any securitisation scheme or like arrangement or any Encumbrance created over any asset acquired, developed or constructed by the Issuer providing that the Relevant Debt so secured shall not exceed the *bona fide* arm's length market value of such asset or the cost of such acquisition, development or construction (including all interest and other finance charges, any adjustments due to changes in circumstances and other charges reasonably incidental to such cost, whether contingent or otherwise) when such market value or cost both apply, the higher of the two; and

- (b) "**Relevant Debt**" means any present or future indebtedness of the Issuer in the form of, or represented by any bond, note, bill, debenture issued by the Issuer and listed on a financial or stock exchange but excluding any option or warrant in respect of any share or index or any written acknowledgement of indebtedness issued by the Issuer to the South African Reserve Bank.

8. INTEREST

8.1 Interest on Fixed Rate Notes

Except if otherwise specified in the Applicable Pricing Supplement, interest on Fixed Rate Notes will be paid on a six-monthly basis, on the Interest Payment Dates.

Each Fixed Rate Note bears interest on its Principal Amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Interest Rate(s). Such interest shall fall due for payment in arrears on the Interest Payment Date(s) in each year and on the date of early redemption in accordance with Condition 11 or the Maturity Date, as the case may be, if either such date does not fall on an Interest Payment Date. The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date.

Unless otherwise specified, the interest in respect of any six-monthly period shall be calculated by dividing the Interest Rate by two and multiplying the product by the Principal Amount (or, if it is a Partly Paid Note, the amount paid up), provided that:

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

Save as provided in the preceding paragraphs, if interest is required to be calculated for a period other than one year (in the case of annual interest payments) or other than six months (in the case of semi-annual interest payments), as the case may be, such interest shall be calculated on the basis of the actual number of days in such period divided by 365.

8.2 Interest on Floating Rate Notes

A. Interest Payment Dates

Each Floating Rate Note bears interest on its Principal Amount (or, if it is a Partly Paid Note, on the amount paid up) from (and including) the Interest Commencement Date at the rate equal to the Interest Rate. Such interest shall fall due for payment in arrears on the Interest Payment Date(s) in each year and on the date of early redemption in accordance with Condition 11 or the Maturity Date, as the case may be, if either such date does not fall on an Interest Payment Date. The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date.

B. Interest Rate

The Interest Rate payable from time to time in respect of the Floating Rate Notes will be determined:

- (a) on the basis of ISDA Determination; or
- (b) on the basis of Screen Rate Determination; or
- (c) on such other basis as may be determined by the Issuer, all as indicated in the Applicable Pricing Supplement.

C. ISDA Determination

Where ISDA Determination is specified in the Applicable Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate for each Interest Period will be the relevant ISDA Rate (as defined below) plus or minus (as indicated in the Applicable Pricing Supplement) the Margin (if any).

For the purposes of this Condition 8.2C:

“ISDA Rate” for an Interest Period means a rate equal to the Floating Rate that would be determined by such agent as is specified in the Applicable Pricing Supplement under a notional interest rate swap transaction if that agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

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

“Floating Rate”, “Floating Rate Option”, “Designated Maturity” and “Reset Date” have the meanings given to those expressions in the ISDA Definitions. Other expressions used in this Condition 8.2C or in the Applicable Pricing Supplement (where ISDA determination is specified) not expressly defined shall bear the meaning given to those expressions in the ISDA Definitions.

When this Condition 8.2C applies, in respect of each Interest Period such agent as is specified in the Applicable Pricing Supplement will be deemed to have discharged its obligations under Condition 8.2F in respect of the determination of the Interest Rate if it has determined the Interest Rate in respect of such Interest Period in the manner provided in this Condition 8.2C.

D. Screen Rate Determination

Where Screen Rate Determination is specified in the Applicable Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate for each Interest Period will, subject as provided below, be either:

- (a) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- (b) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.00005 being rounded upwards) of the offered quotations,

for the Reference Rate(s) which appears or appear as the case may be, on the Relevant Screen Page as at 12:00 (Johannesburg time) on the Interest Determination Date in question, plus or minus (as indicated in the Applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent. If five or more such offered quotations are available on the Relevant Screen Page the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by such agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of (a) above in this Condition 8.2D, no such offered quotation appears or, in the case of paragraph (b) above in this Condition 8.2D, fewer than three such offered quotations appear, in each case at the time specified in the preceding paragraph, the Calculation Agent shall request the principal Johannesburg office of each of the Reference Banks (as defined below) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 12:00 (Johannesburg time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Interest Rate for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.00005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If the Interest Rate cannot be determined by applying the provisions of the preceding paragraphs of this Condition 8.2D, the Interest Rate for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.00005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks offered, at approximately 12:00 (Johannesburg time) on the relevant Interest Determination Date, in respect of deposits in an amount

approximately equal to the Principal Amount of the Notes of the relevant Series, for a period equal to that which would have been used for the Reference Rate, to Reference Banks in the Johannesburg inter-bank market plus or minus (as appropriate) the Margin (if any). If fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the Interest Rate for the relevant Interest Period will be determined by the Calculation Agent as the arithmetic mean (rounded as provided above) of the rates for deposits in an amount approximately equal to the Principal Amount of the Notes of the relevant Series, for a period equal to that which would have been used for the Reference Rate, quoted at approximately 12:00 Johannesburg time on the relevant Interest Determination Date, by four leading banks in Johannesburg (selected by the Calculation Agent and approved by the Issuer) plus or minus (as appropriate) the Margin (if any). If the Interest Rate cannot be determined in accordance with the foregoing provisions of this paragraph, the Interest Rate shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the Applicable Pricing Supplement as being other than the ZAR-JIBAR-SAFEX rate, the Interest Rate in respect of such Notes will be determined, in the manner provided above, or as may be provided in the Applicable Pricing Supplement.

“Reference Banks” means for the purposes of this Condition 8.2D four leading banks in the South African inter-bank market selected by the Calculation Agent and approved by the Issuer (where the Issuer does not act as the Calculation Agent).

E. *Minimum and/or Maximum Interest Rate*

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

F. *Determination of Interest Rate and calculation of Interest Amount*

The Calculation Agent will, in the case of Floating Rate Notes, at or as soon as practicable after each time at which the Interest Rate is to be determined, determine the Interest Rate and calculate the Interest Amount for the relevant Interest Period. Unless stated otherwise in the Applicable Pricing Supplement, each Interest Amount shall be calculated by multiplying the Interest Rate by the Principal Amount, then multiplying the product by the applicable Day Count Fraction and rounding the resultant product to the nearest cent, half a cent being rounded upwards.

“Day Count Fraction” means, in respect of the calculation of the Interest Amount for any Interest Period:

- (a) if “1/1” is specified, 1;
- (b) if “Actual/365”, “Act/365”, “Actual/Actual” or “Act/Act” is specified in the Applicable Pricing Supplement, the actual number of days in the Interest Period in respect of which payment is being made divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365); or
- (c) if “Actual/365 (Fixed)”, “Act/365 (Fixed)”, “A/365 (Fixed)” or “A/365F” is specified in the Applicable Pricing Supplement, the actual number of days in the Interest Period in respect of which payment is being made divided by 365; or
- (d) if “Actual/360”, “Act/360” or “A/360” is specified in the Applicable Pricing Supplement, the actual number of days in the Interest Period in respect of which payment is being made divided by 360; or
- (e) if “30/360”, “360/360” or “Bond Basis” is specified in the Applicable Pricing Supplement, the number of days in the Interest Period in respect of which payment is being made divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes

that last day shall not be considered to be shortened to a 30-day month or (ii) that last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); or

- (f) if “30E/360” or “Eurobond Basis” is specified in the Applicable Pricing Supplement, the number of days in the Interest Period in respect of which payment is being made divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of the final Interest Period, the Interest Payment Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month); or

- (g) such other calculation method as is specified in the Applicable Pricing Supplement.

G. *Notification of Interest Rate and Interest Amount*

The Calculation Agent (or such other agent as is specified in the Applicable Pricing Supplement) will cause the Interest Rate and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Paying Agent, the Transfer Agent and the Noteholders in respect of any Floating Rate Notes which any Bearer Notes or Order Notes, any Financial Exchange on which the relevant Floating Rate Notes are for the time being listed and any central securities depository in which Certificates in respect of the notes are immobilised, as soon as possible after their determination but not later than the fourth Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to the Issuer, the Paying Agent, the Transfer Agent and the Noteholders in respect of any Floating Rate Notes which are Bearer Notes or Order Notes, each Financial Exchange on which the relevant Floating Rate Notes are for the time being listed and any central securities depository in which Certificates in respect of the Notes are immobilised.

H. *Certificates to be Final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 8.2 by the Calculation Agent shall, in the absence of wilful deceit, bad faith, manifest error or dispute as set out hereunder, be binding on the Issuer, the Calculation Agent, and all Noteholders, and no liability to the Issuer, or the Noteholders shall attach to the Transfer Agent, the Calculation Agent or the Paying Agent (as the case may be) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions. Where the Issuer acts as the Calculation Agent and in the event that Noteholders holding not less than 25%, in Aggregate Principal Amount, of the Notes for the time being Outstanding, deliver a written notice of objection to any determination made by the Issuer, to the Issuer within five Business Days of notification of the Interest Rate and Interest Amount in accordance with Condition 8.2G, such determination shall not be regarded as final and upon such notification, the Issuer shall request the chief executive officer for the time being of BESA to appoint an independent third party to make such determination. Such independent third party shall make such determination promptly as an expert and not as an arbitrator and their determination, in the absence of wilful deceit, bad faith or manifest error, shall be binding on the Issuer and all Noteholders, and no liability to the Issuer, or the Noteholders shall attach to such third party in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions. The costs of procuring and effecting such determination shall be borne by the Issuer in the event that the determination of such third party differs from that of the Issuer as Calculation Agent and shall be borne by the Noteholders disputing such determination by the Issuer in the event that the determination of such third party confirms that of the Issuer as Calculation Agent.

8.3 **Mixed Rate Notes**

The Interest Rate payable from time to time on Mixed Rate Notes shall be the Interest Rate payable on the form of interest bearing Note (be it a Fixed Rate Note, Floating Rate Note or Indexed Note) specified for each respective period, each as specified in the Applicable Pricing Supplement. During each such applicable period, the Interest Rate on the Mixed Rate Notes shall be determined and fall due for payment on the basis that such Mixed Rate Notes are Fixed Rate Notes, Floating Rate Notes or Indexed Notes, as the case may be.

8.4 Indexed Notes

In the case of Indexed Notes, if the Interest Rate or Interest Amount falls to be determined by reference to an index and/or a formula, such rate or amount of interest payable in respect of each Interest Period shall be determined in the manner specified in the Applicable Pricing Supplement. Any interest so accruing shall fall due for payment on the applicable Interest Payment Date(s) in each year and on the date of early redemption in accordance with Condition 11 or the Maturity Date, as the case may be, if either such date does not fall on an Interest Payment Date.

8.5 Partly Paid Notes

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

8.6 Accrual of Interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date of its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will accrue at the SAFEX Overnight Deposit Rate (to be found on the Reuters Screen SAFEX page as at 12:00 (Johannesburg time) on the presentation date or any successor rate) until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) in respect of Notes evidenced by a Global Certificate, the date on which the full amount of the moneys payable has been received by the Central Depository and notice to that effect has been given to Noteholders in accordance with Condition 19.

In the event that the SAFEX Overnight Deposit Rate is not ascertainable from the relevant screen page at the time contemplated above, the Calculation Agent shall follow the procedure contemplated in Condition 8.2D to ascertain a rate.

8.7 Business Day Convention

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

- (a) the **"Floating Rate Business Day Convention"**, such Interest Payment Date (or other date) shall in any case where Interest Periods are specified in accordance with Condition 8.2A, be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event: (i) such Interest Payment Date (or other date) shall be brought forward to the first preceding Business Day and (ii) each subsequent Interest Payment Date (or other date) shall be the last Business Day in the month which falls the number of months or other period specified as the Interest Period in the Applicable Pricing Supplement after the preceding applicable Interest Payment Date (or other date) has occurred; or
- (b) the **"Following Business Day Convention"**, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or
- (c) the **"Modified Following Business Day Convention"**, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date (or other such date) shall be brought forward to the first preceding Business Day; or
- (d) the **"Preceding Business Day Convention"**, such Interest Payment Date (or other date) shall be brought forward to the first preceding Business Day.

9. PAYMENTS

9.1 Payments – Registered Notes

Only Noteholders reflected in the Register at 17:00 (Johannesburg time) on the relevant Last Day to Register shall be entitled to payments of interest and/or principal.

9.2 Payments – Bearer Notes

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

Payments of Instalment Amounts in respect of Bearer Notes will be made to the Bearer only following presentation and surrender by the Bearer or its Representative of the relevant Receipt. Payments of the final instalment of principal in respect of Bearer Notes will be made to the Bearer only following presentation and surrender by the Bearer or its Representative of the Certificate evidencing such Bearer Notes.

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

9.3 Payments – Order Notes

Payments of interest in respect of Order Notes will be made to the Payee only following presentation and surrender by the Payee or its Representative of the relevant Coupon.

Payments of Instalment Amounts in respect of Order Notes will be made to the Noteholder only following presentation and surrender by the Payee or its Representative of the relevant Receipt. Payments of the final instalment of principal in respect of Order Notes will be made to the Payee only following presentation and surrender by the Payee or its Representative of the Certificate evidencing such Order Notes.

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

9.4 Method of Payment

Payments of interest and principal will be made in ZAR by electronic funds transfer.

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

- (a) the address of the Noteholder of Registered Notes as set forth in the Register or, in the case of joint Noteholders of Registered Notes, the address set forth in the Register of that one of them who is first named in the Register in respect of that Note;
- (b) the address nominated by the Bearer or the Payee in respect of Bearer Notes or Order Notes, as the case may be, upon surrender in accordance with Condition 9.2.

Each such cheque shall be made payable to the relevant Noteholder or, in the case of joint Noteholders of Registered Notes, the first one of them named in the Register. Cheques may be posted by ordinary post, provided that neither the Issuer nor the Paying Agent shall be responsible for any loss in transmission and the postal authorities shall be deemed to be the agent of the Noteholders for the purposes of all cheques posted in terms of this Condition 9.4.

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

Payments will be subject in all cases to any taxation or other laws, directives and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 12.

9.5 Surrender of Certificates, Receipts and Coupons

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

Payments of interest in respect of Bearer Notes or Order Notes shall be made in accordance with Condition 9.4 only following surrender of the relevant Coupon to the Paying Agent.

Payments of Instalment Amounts in respect of Instalment Notes which are Bearer Notes or Order Notes shall be made by the Issuer in accordance with Condition 9.4 only following surrender of the relevant Receipt to the Issuer.

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

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

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

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

9.6 Payment Day

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

9.7 Interpretation of principal and interest

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

- (a) any additional amounts which may be payable with respect to principal under Condition 12;
- (b) the Final Redemption Amount of the Notes or the Early Redemption Amount of the Notes, as the case may be;
- (c) the Optional Redemption Amount(s) (if any) of the Notes;
- (d) in relation to Instalment Notes, the Instalment Amounts;
- (e) in relation to Zero Coupon Notes, the Accrued Face Amount (as defined under Condition 11.5); and
- (f) any premium and any other amounts which may be payable under or in respect of the Notes, but excluding for the avoidance of doubt, interest.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 12.

10. EXCHANGE OF TALONS

On or after the Interest Payment Date on which the final Coupon (comprising the Coupon attached to the relevant Certificate relating to the latest Interest Payment Date in respect of that Series of Coupons) matures, but not later than the date for prescription (in accordance with Condition 13) of the Talons which may be exchanged for the respective Coupons, the Talon (if any) attached to the relevant Certificate upon issue, may be surrendered at the specified office of the Issuer in exchange for further Coupons, including (if such further Coupons do not include Coupons to, and including, the final date for the payment of interest due in respect of the Notes to which they pertain) a further Talon, subject to the provisions of Condition 13. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon issued relative to such Talon matures.

11. REDEMPTION AND PURCHASE

11.1 At maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed in the Specified Currency by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the Applicable Pricing Supplement on the Maturity Date.

11.2 Redemption for tax reasons

Notes may be redeemed at the option of the Issuer, subject to the consent of the Registrar of Banks, to the extent required, at any time (in the case of Notes other than Floating Rate Notes or Indexed Notes or Mixed Rate Notes having an Interest Rate then determined on a floating or indexed basis) or on any Interest Payment Date (in the case of Floating Rate Notes, Indexed Notes or Mixed Rate Notes), on giving not less than 30 nor more than 60 days' notice to the Noteholders prior to such redemption, in accordance with Condition 19 (which notice shall be irrevocable), if the Issuer is of the reasonable opinion that:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 12 as a result of any change in or amendment to, the laws or regulations of the Republic of South Africa or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date; and

- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. From the date of publication of any notice of redemption pursuant to this Condition 11.2, the Issuer shall make available at its registered office, for inspection by any holder of Notes so redeemed, a certificate signed by two authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes may be redeemed by the Issuer in accordance with this Condition 11.2 in whole or in part. A redemption in part may be effected by the Issuer:

- (a) notwithstanding that such partial redemption may not entirely avoid such obligation to pay additional amounts as provided for or referred to in Condition 12; and
- (b) *mutatis mutandis* in the manner described in Condition 11.3, provided that the references to the giving of notice therein and to the Minimum Redemption Amount and the Higher Redemption Amount therein shall be disregarded for such purposes.

Notes redeemed for tax reasons pursuant to this Condition 11.2 will be redeemed at:

- (a) their Early Redemption Amount referred to in Condition 11.5, together (if appropriate) with interest accrued from (and including) the immediately preceding Interest Payment Date to (but excluding) the date of redemption; or
- (b) as specified in the Applicable Pricing Supplement.

11.3 Redemption at the option of the Issuer

If the Issuer is specified in the Applicable Pricing Supplement as having an option to redeem, the Issuer shall be entitled, subject to consent of the Registrar of Banks, to the extent required, having given:

- (a) not less than 15 and not more than 30 days' notice to the Noteholders in accordance with Condition 19; and
- (b) not less than seven days before giving the notice referred to in (a) above, notice to the Transfer Agent, (which notices shall be irrevocable) redeem all or some of the Notes then Outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the Applicable Pricing Supplement together, if appropriate, with interest accrued from (and including) the immediately preceding Interest Payment Date to (but excluding) the Optional Redemption Date(s).

Any such redemption amount for redemption in part must be of a principal amount equal to or greater than the Minimum Redemption Amount or equal to or less than a Higher Redemption Amount, both as indicated in the Applicable Pricing Supplement.

In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemable Notes**") will be selected:

- (a) in the case of Redeemable Notes represented by Individual Certificates individually by lot;
- (b) in the case of Redeemable Notes represented by a Global Certificate in accordance with the Applicable Procedures,

and in each case not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**").

A list of the serial numbers of the Certificates (and in the case of Redeemable Notes which are Bearer Notes or Order Notes, the Receipts and/or Coupons) will be published in accordance with Condition 19 not less than 15 days prior to the date fixed for redemption.

No exchange of Beneficial Interests in Notes represented by the Global Certificate for Individual Certificates will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this Condition 11.3 and notice to that effect shall be given by the Issuer to the Noteholders in the notice to Noteholders contemplated in the first paragraph (a) above in this Condition 11.3.

Holders of Redeemable Notes shall surrender the Certificates together with Receipts and Coupons (if any) representing the Notes in accordance with the provisions of the notice given to them by the Issuer as contemplated in the first paragraph (a) above in this Condition 11.3. Where only a portion of the Notes represented by such Certificates, Receipts and Coupons (as applicable) are redeemed, the Transfer Agent shall deliver new Certificates, Receipts and Coupons (as applicable) to such Noteholders in respect of the balance of the Notes.

11.4 Redemption at the option of Noteholders of Senior Notes

If Noteholders of Senior Notes are specified in the Applicable Pricing Supplement as having an option to redeem any Senior Notes, such Noteholders may, subject to consent of the Registrar of Banks to the extent required, redeem Senior Notes represented by an Individual Certificate, by delivering to the Issuer in accordance with Condition 19, a duly executed notice ("**Put Notice**"), at least 15 days but not more than 30 days, prior to the applicable Optional Redemption Date. For redemption in part, the redemption amount specified in such Put Notice in respect of any such Note must be of a principal amount equal to or greater than the Minimum Redemption Amount or equal to or less than the Higher Redemption Amount, each as indicated in the Applicable Pricing Supplement.

The redemption of Senior Notes represented by a Global Certificate shall take place in accordance with the Applicable Procedures.

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

The Issuer shall proceed to redeem such Notes (in whole or in part, as the case may be) in accordance with the terms of the Applicable Pricing Supplement, at the Optional Redemption Amount and on the Optional Redemption Date, together, if appropriate, with interest accrued from (and including) the immediately preceding Interest Payment Date to (but excluding) the Optional Redemption Date(s).

The delivery of Put Notices shall be required to take place during normal office hours of the Issuer. Put Notices shall be available from the registered office of the Issuer.

Any Put Notice given by a holder of any Senior Note pursuant to this Condition 11.4 shall be irrevocable except where after giving the notice but prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such Noteholder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Senior Note forthwith due and payable pursuant to Condition 14.

The Issuer shall have no liability to remedy any defects in any Put Notice or bring any such defects to the attention of any Noteholder.

11.5 Early Redemption Amounts

For the purpose of Condition 11.2 and Condition 14 (and otherwise as stated herein), the Notes will be redeemed at the Early Redemption Amount calculated as follows:

- (a) in the case of Notes with a Final Redemption Amount equal to the Principal Amount, at the First Redemption Amount thereof; or
- (b) in the case of Notes (other than Zero Coupon Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price, to be determined in the manner specified in the Applicable Pricing Supplement, at that Final Redemption Amount or, if no such amount or manner is so specified in the Pricing Supplement, at their Principal Amount; or
- (c) in the case of Zero Coupon Notes, at an amount (the “**Accrued Face Amount**”) equal to the sum of (i) the Reference Price and (ii) the product of the Implied Yield being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or, as the case may be, the date upon which such Note becomes due and payable, or such other amount as is provided in the Applicable Pricing Supplement.

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

11.6 Instalment Notes

Instalment Notes will be redeemed at the Instalment Amounts and on the Instalment Dates. In the case of early redemption in accordance with Conditions 11.2 or 14, the Early Redemption Amount will be determined pursuant to Condition 11.5.

11.7 Partly Paid Notes

If the Notes are Partly Paid Notes, they will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 11 and the Applicable Pricing Supplement. In the case of early redemption in accordance with Conditions 11.2 or 14, the Early Redemption Amount will be determined pursuant to Condition 11.5.

11.8 Exchangeable Notes

If the Notes are Exchangeable Notes, they will be redeemed, whether at maturity, early redemption or otherwise in the manner indicated in the Applicable Pricing Supplement.

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

11.9 Purchases

The Issuer may at any time purchase Notes (including all unmatured Coupons and Receipts) at any price in the open market or otherwise. In the event of the Issuer purchasing Notes, such Notes may (subject to restrictions of any applicable law) be held, resold or, at the option of the Issuer, cancelled.

11.10 Cancellation

All Notes which are redeemed will forthwith be cancelled. Where only a portion of Notes represented by a Certificate are cancelled, the Transfer Agent shall deliver a Certificate to such Noteholder in respect of the balance of the Notes.

11.11 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note, pursuant to Condition 11 or upon its becoming due and repayable as provided in Condition 14, is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (c) of Condition 11.5, as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date on which all amounts due in respect of such Zero Coupon Note have been paid.

12. TAXATION

As at the date of issue of this Programme Memorandum, all payments of principal or interest in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges ("**taxes**") of whatever nature imposed or levied by or on behalf of the country of domicile (or residence for tax purposes) of the Issuer or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. The payment of any taxes by the Issuer as an agent or representative tax payer for a Noteholder shall not constitute a withholding or deduction for the purposes of this Condition 12. In the event of any such withholding or deduction in respect of taxes levied or imposed on interest or principal payments on Debt Instruments (as defined below), the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, as the case may be, in the absence of such withholding or deduction except that no such additional amounts shall be payable with respect to any Note:

- (a) held by or on behalf of a Noteholder, who is liable for such taxes in respect of such Note by reason of it having some connection with the country of domicile (or residence for tax purposes) of the Issuer other than the mere holding of such Note or the receipt of principal or interest in respect thereof; or
- (b) held by or on behalf of a Noteholder which would not be liable or subject to the withholding or deduction by complying with any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (c) where such withholding or deduction is in respect of taxes levied or imposed on interest or principal payments only by virtue of the inclusion of such payments in the Taxable Income or Taxable Gains (each as defined below) of any Noteholder; or
- (d) where (in the case of any payment of principal or interest which is conditional on surrender of the relevant Certificate in accordance with these Terms and Conditions) the relevant Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Noteholder would have been entitled to an additional amount on presenting the Certificate for payment on such thirtieth day; or
- (e) if such withholding or deduction arises through the exercise by revenue authorities of special powers in respect of tax defaulters.

For the purposes of this Condition 12:

- (i) "**Debt Instrument**" means any "*instrument*" as defined in section 24J(1) of the Income Tax Act, 1962 (the "**Income tax Act**");
- (ii) "**Taxable Income**" means any "*taxable income*" as defined in section 1 of the Income Tax Act; and
- (iii) "**Taxable Gain**" means any "*taxable capital gain*" as defined in paragraph 1 of Schedule 8 to the Income Tax Act.

13. PRESCRIPTION

In the absence of action for the interruption of prescription, claims against the Issuer under the Notes, Receipts and Coupons will prescribe within a period of three years after the Relevant Date therefor, save that claims against the Issuer under any Certificate, Receipt or Coupon constituting a "*bill of exchange or other negotiable instrument*" in accordance with section 11 of the Prescription Act, 1969 will prescribe within a period of six years from the Relevant Date thereof.

14. EVENTS OF DEFAULT

14.1 Senior Notes

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

- (a) the Issuer fails to pay any amount due and payable in respect of any of the Notes and the failure to pay has continued for more than seven Business Days following the service on the Issuer of a written notice requiring that breach to be remedied; or
- (b) the Issuer fails to perform or observe any of its other obligations under any of the Notes and such failure has continued for the period of 30 calendar days following the service on the Issuer of a written notice requiring that breach to be remedied. (For these purposes, a failure to perform or observe an obligation shall be deemed to be remediable notwithstanding that the failure results from not doing an act or thing by a particular time.); or

- (c) the Issuer fails to obtain any consent, license, approval or authorisation now or hereafter necessary to enable the Issuer to comply with its obligations under the Programme or any such consent, license, approval or authorisation ceases to remain in full force and effect, resulting in the Issuer being unable to perform any of its obligations under the Notes or the Programme, and such failure or cessation continues for more than 10 Business Days after the Issuer becomes aware of such event; or
- (d) the granting of an order by any competent court or authority for the liquidation, winding-up, dissolution or judicial management of the Issuer, whether provisionally (and not dismissed or withdrawn within 30 days thereof) or finally, or the placing of the Issuer under voluntary liquidation or curatorship, provided that no liquidation, curatorship, winding-up, dissolution or judicial management shall constitute an event of default if (i) the liquidation, winding-up dissolution or judicial management is for purposes of effecting an amalgamation, merger, demerger, consolidation, reorganisation or other similar arrangement within the Investec Group; or (ii) the liquidation, winding-up, dissolution or judicial management is for purposes of effecting an amalgamation, merger, demerger, consolidation, reorganisation or other similar arrangement, the terms of which were approved by Extraordinary Resolution of Noteholders before the date of the liquidation, winding-up, dissolution or judicial management.

Upon the happening of such an Event of Default, then any holder of Senior Notes may, by written notice to the Issuer at its registered office, effective upon the date of receipt thereof by the Issuer, declare the Notes held by such Noteholder to be forthwith due and payable whereupon those Notes shall become forthwith due and payable at:

- (a) the Early Redemption Amount, together with accrued interest (if any) to the date of payment; or
- (b) as specified in the Applicable Pricing Supplement,

provided that no such action may be taken by a holder of Senior Notes if the Issuer withholds or refuses to make any such payment in order to comply with any law or regulation of the Republic of South Africa or to comply with any order of a court of competent jurisdiction.

14.2 Subordinated Notes

Subject to Condition 6.4 (if applicable), an Event of Default in relation to Subordinated Notes shall arise if any one or more of the events contemplated in Condition 14.1(a) or (d) shall have occurred and be continuing. Upon the happening of such an Event of Default, any holder of Subordinated Notes may, by written notice to the Issuer at its registered office, effective upon the date of receipt thereof by the Issuer, declare the Subordinated Notes held by such holder to be forthwith due and payable whereupon those Subordinated Notes shall become forthwith due and payable at the Early Redemption Amount together with accrued interest (if any) to the date of payment.

15. DELIVERY, EXCHANGE AND REPLACEMENT OF NOTES

- 15.1 Upon the issue of Bearer Notes, Order Notes, unlisted Registered Notes or upon notice from a Participant pursuant to Condition 15.3 requesting the exchange or partial exchange of a Beneficial Interest in Notes represented by a Global Certificate(s) for an Individual Certificate(s), the Transfer Agent shall deliver the relevant Individual Certificate(s) in accordance with the Terms and Conditions.
- 15.2 Listed Notes of each Tranche issued in registered form will initially be issued in the form of the Global Certificate and will be lodged and immobilised in the Central Depository.
- 15.3 Any person holding a Beneficial Interest in the Notes represented by the Global Certificate may, in terms of the Applicable Procedures and through its nominated Participant, direct a written request to the Transfer Agent for an Individual Certificate representing the number of Notes to be delivered by the Issuer in exchange for such Beneficial Interest. The aggregate of the Principal Amount of the Notes represented by such Individual Certificate shall be equivalent to the amount of such Beneficial Interest. The Transfer Agent shall deliver such Individual Certificate upon such written request no later than 14 days after receiving the written request of the holder of such Beneficial Interest in accordance with the Applicable Procedures, provided that, joint holders of a Beneficial Interest shall be entitled to receive only one Individual Certificate in respect of that joint holding and delivery to one of those joint holders shall be delivery to all of them.

- 15.4 Upon the receipt of a written request for delivery of an Individual Certificate in terms of Condition 15.3, the Global Certificate shall, in terms of the Applicable Procedures, be presented to the Transfer Agent for splitting and a new Global Certificate for the balance of the Notes (if any) still held by the Central Depository shall be delivered to the Central Depository. The original Global Certificate shall be cancelled and retained by the Transfer Agent.
- 15.5 Certificates and any Receipts and/or Coupons in relation to Bearer Notes or Order Notes shall be provided (whether by way of issue, delivery or exchange) by the Issuer without charge, save as otherwise provided in these Terms and Conditions. Separate costs and expenses relating to the provision of Certificates and/or the transfer of Notes may be levied by other persons, such as a Settlement Agent, under the Applicable Procedures and such costs and expenses shall not be borne by the Issuer. The costs and expenses of delivery of Certificates, Receipts and/or Coupons otherwise than by ordinary post (if any) and, if the Issuer shall so require, taxes or governmental charges or insurance charges that may be imposed in relation to such mode of delivery shall be borne by the Noteholder.
- 15.6 Any person becoming entitled to Notes in consequence of the death, sequestration or liquidation of the holder of such Notes may upon producing such evidence that he holds the position in respect of which he proposes to act under this paragraph or of his title as the Issuer and the Transfer Agent shall require, be registered himself as the holder of such Notes or, subject to the requirements of the Applicable Procedures and of this Condition 15, may transfer such Notes. The Issuer and the Paying Agent shall be entitled to retain any amount payable upon the Notes to which any person is so entitled until such person shall be registered as aforesaid or shall duly transfer the Notes.
- 15.7 If any Certificate, Receipt or Coupon is mutilated, defaced, stolen, destroyed or lost it may be replaced at the registered office of the Issuer or the office of the Transfer Agent specified in the Applicable Pricing Supplement, on payment by the claimant of such costs and expenses as may be incurred in connection therewith and the provision of such indemnity as the Issuer may reasonably require. Mutilated or defaced Certificates, Receipts or Coupons must be surrendered before replacements will be issued.

16. TRANSFER OF NOTES

16.1 Transfer of Registered Notes

Beneficial Interests in the Registered Notes may be transferred in terms of the Applicable Procedures in the Central Depository. In order for any transfer of Registered Notes to be effected through the Register and for the transfer to be recognised by the Issuer, each transfer of a Registered Note:

- (a) must be embodied in the Transfer Form;
- (b) must be signed by the relevant Noteholder and the transferee, or any authorised representatives of that registered Noteholder and/or transferee;
- (c) shall only be in the Specified Denomination or a multiple thereof and consequently the Issuer will not recognise any fraction of the Specified Denomination; and
- (d) must be made by way of the delivery of the Transfer Form to the Transfer Agent together with the Certificate in question for cancellation or, if only part of the Notes represented by a Certificate is transferred, a new Certificate for the balance will be delivered to the transferor and the cancelled Certificate will be retained by the Transfer Agent.

The transferor of any Registered Notes represented by a Certificate shall be deemed to remain the owner thereof until the transferee is registered in the Register as the holder thereof.

Before any transfer is registered all relevant transfer taxes (if any) must have been paid and such evidence must be furnished as the Issuer may reasonably require as to the identity and title of the transferor and the transferee.

The Transfer Agent will, within three Business Days of receipt by it of a valid Transfer Form (or such longer period as may be required to comply with any applicable fiscal or other laws, regulations or Applicable Procedures), authenticate and deliver to the transferee (at the risk of the transferee) a new Certificate in respect of the Notes transferred.

No transfer will be registered while the Register is closed.

In the event of a partial redemption of Notes under Conditions 11.3 or 11.4 the Transfer Agent shall not be required:

- (a) in terms of Condition 11.3, to register the transfer of any Notes during the period beginning on the tenth day before the date of the partial redemption and ending on the date of the partial redemption (both inclusive); or
- (b) in terms of Condition 11.4, to register the transfer of any Note, or part of a Note, called for partial redemption.

16.2 Transfer of Bearer Notes

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

16.3 Transfer of Order Notes

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

16.4 Prohibition on stripping

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

17. REGISTER

- 17.1 The Register shall be kept at the registered office of the Transfer Agent. The Register shall contain the name, address, and bank account details of the registered Noteholders. The Register shall set out the Principal Amount of the Notes issued to such Noteholder and shall show the date of such issue. The Register shall reflect the number of Notes issued and Outstanding, whether they are Registered Notes, Bearer Notes or Order Notes and the serial number of Certificates issued in respect of Notes. The Register shall be open for inspection during the normal business hours of the Transfer Agent to any Noteholder or any person authorised in writing by any Noteholder. The Transfer Agent shall not be obliged to record any transfer while the Register is closed. The Transfer Agent shall not be bound to enter any trust into the Register or to take notice of any or to accede to any trust executed, whether express or implied, to which any Note may be subject. The Register shall be closed from the Last Day to Register until each Payment Day of principal and interest in respect of the Notes, as the case may be.
- 17.2 The Transfer Agent shall alter the Register in respect of any change of name, address or bank account number of any of the Noteholders of any Registered Notes of which it is notified in accordance with these Terms and Conditions.

18. TRANSFER AGENT, CALCULATION AGENT AND PAYING AGENT

- 18.1 The Transfer Agent, Calculation and Paying Agents act solely as the agent of the Issuer and do not assume any obligation towards or relationship of agency or trust for or with any Noteholders.
- 18.2 The Issuer is entitled to vary or terminate the appointment of the Transfer Agent, Calculation Agent and Paying Agent and/or appoint additional or other agents and/or approve any change in the specified office through which any agent acts, provided that there will at all times be a Transfer Agent, Calculation Agent and a Paying Agent with a specified office in such place as may be required by the Applicable Procedures.

- 18.3 All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the discharge by the Transfer Agent, the Calculation Agent and Paying Agent of their functions in accordance with the Terms and Conditions, whether by a Reference Bank or such agent shall, (in the absence of willful default, negligence, bad faith or manifest error) be binding on the Issuer, the Transfer Agent, the Calculation Agent, the Paying Agent and the Noteholders and (in such absence as aforesaid) no liability to the Noteholders shall attach to the Issuer, the Reference Banks, the Transfer Agent, the Calculation Agent and Paying Agent in connection with the exercise or non exercise by them of their respective powers, duties and discretions in that regard. In the event of any dispute of any such determination, the relevant determination shall be referred to the chief executive officer for the time being of BESA, who shall make such determination as an expert and not as an arbitrator and whose decision shall be final and binding on all relevant parties.
- 18.4 To the extent that the Issuer acts as Transfer Agent, the Calculation Agent or Paying Agent all references in these Terms and Conditions to:
- (a) any action, conduct or functions in such role shall be understood to mean that the Issuer shall perform such action, conduct or function itself; and
 - (b) requirements for consultation, indemnification by or of, payment by or to, delivery by or to, notice by or to, consent by or to or agreement between the Issuer and such Transfer Agent, Calculation Agent or Paying Agent (as the case may be) shall be disregarded to the extent that the Issuer performs such role.

19. NOTICES

- 19.1 All notices to Noteholders in respect of Registered Notes shall be sent by registered mail or delivered by hand to their addresses appearing in the Register. Any such notice shall be deemed to have been given on the fourth day after the day on which it is mailed and on the day of delivery if delivered. In the event of there being any Individual Certificates (whether evidencing Registered Notes, Bearer Notes or Order Notes) in issue, such notices shall be published, not earlier than four days after the date of posting of such notice in terms of this clause (i) in an English language daily newspaper of general circulation in the Republic of South Africa and (ii) and for so long as the Notes are listed on BESA or such other Financial Exchange upon which the Notes are listed, a daily newspaper of general circulation in the city in which BESA or such other Financial Exchange is situated, and any such notices shall be deemed to have been given on the date of first publication.
- 19.2 For as long as any of the Notes are represented by a Global Certificate, all notices to holders of Beneficial Interests in Notes represented by the Global Certificate shall be by way of the delivery of the relevant notice to the Central Depository and BESA or such other exchange on which the Notes are listed for communication by them to such holders of Beneficial Interest on Notes represented by the Global Certificate.
- 19.3 A notice to be given by any Noteholder to the Issuer shall be in writing and given by lodging (either by hand delivery or posting by registered mail) that notice, together with a certified copy of the relevant Certificate, Coupon or Receipt with the applicable Transfer Agent. The Issuer may change its registered office upon prior written notice to Noteholders specifying such new registered office. For so long as any of the Notes are represented by a Global Certificate, notice may be given by any holder of a Beneficial Interest in Notes represented by a Global Certificate to the Issuer via the relevant Settlement Agent in accordance with the Applicable Procedures, in such manner as the Issuer and the relevant Settlement Agent may approve for this purpose. Such notices shall be deemed to have been received by the Issuer, if delivered by hand, on the second Business Day after being hand delivered, or, if sent by registered mail, seven days after posting.

20. MEETINGS OF NOTEHOLDERS

- 20.1 The Issuer or a Noteholder may, at any time and upon at least 14 days' prior notice, convene a meeting of any Group of Noteholders to consider any matter affecting their interests. Such meetings may be convened by the Issuer or Noteholders holding not less than 25%, in principal amount, of the Notes in such Group for the time being Outstanding. Such notice shall specify the place of the meeting, which shall be in the Republic of South Africa, and the date and time thereof.
- 20.2 The quorum at any meeting of Noteholders at which a resolution other than an Extraordinary Resolution is to be passed shall be one or more Noteholders, present or by proxy, holding or representing not less than one-quarter in principal amount of the Notes of such Group for the time being Outstanding. The quorum at

any meeting of Noteholders for passing an Extraordinary Resolution is one or more Noteholders, present or by proxy, holding or representing not less than a clear majority in principal amount of the Noteholders of such Group for the time being Outstanding, or at any adjourned meeting one or more Noteholders, present or by proxy, holding or representing whatever the principal amount of the Notes so held or represented, except that at any meeting or adjourned meeting the business of which includes Special Matters (as defined below) the necessary quorum for passing an Extraordinary Resolution will be one or more persons, present or by proxy, holding or representing not less than two-thirds in principal amount of the Notes of such Group for the time being, or at any adjourned such meeting not less than one third, in principal amount of the Notes of such Group for the time being Outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting.

- 20.3 Every director or duly appointed representative of the Issuer may attend and speak at a meeting of Noteholders of such Group, but shall not be entitled to vote in respect of Notes held by the Issuer. The Issuer shall have no entitlement to vote as a Noteholder in respect of any Notes held by it.

The chairperson of the meeting shall be appointed by the Issuer. The chairperson shall be entitled to determine the entitlement of any person to be present at and vote at any meeting of such Group of Noteholders, including the validity of any proxy and the chairperson's decision, in the absence of fraud or manifest error, shall be final and binding on all parties directly affected thereby. Subject to the remaining provisions of this Condition 20, the procedures to be followed at the meeting shall be determined by the chairperson. In the event of an equality of votes, the chairperson shall have a casting vote.

- 20.4 Each Noteholder that is present in person or by proxy at a meeting of such Group of Noteholders shall have one vote for each Specified Denomination held by such Noteholder. The Noteholder in respect of the Notes represented by the Global Certificate shall vote at any such meeting on behalf of the holders of Beneficial Interests in such Notes in accordance with the Applicable Procedures.

- 20.5 The instrument appointing a proxy shall be in writing and signed by the appointer or its authorised agent or if the appointer is a company or any other body corporate (including a benefit, pension, provident or any other similar fund) by its authorised officer or agent. All necessary authorities shall be attached to the proxy in original form or in the form of a duly certified copy. Such instrument shall entitle a proxy to speak at a meeting. A person appointed to act as a proxy need not be a Noteholder.

- 20.6 The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a duly certified copy of such power of attorney, shall be deposited with the Issuer not less than twenty-four hours before the time appointed for the meeting or adjourned meeting (or in the event of a poll, before the time appointed for the taking of the poll), failing which the instrument of proxy shall not be treated as valid.

- 20.7 For the purposes of this Condition 21, "**Special Matters**" means any:

- (a) modification of a Maturity Date or Interest Payment Date;
- (b) reduction or cancellation of the amount of principal or the rate of interest payable in respect of the Notes; or
- (c) modification of the majority or quorum required for the passing of an Extraordinary Resolution, or a modification of the definition of "**Special Matters**".

21. MODIFICATION

- 21.1 No modification of these Terms and Conditions may be effected without the written agreement of the Issuer. The Issuer may effect, without the consent of the relevant Group of Noteholders any modification of the Terms and Conditions which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated. Any such modification shall be binding on the relevant Group of Noteholders and any such modification shall be notified to the relevant Group of Noteholders in accordance with Condition 19 as soon as practicable thereafter. For the avoidance of doubt, the provision of any rights of security to or for the benefit of any Group of Noteholders in accordance with Condition 7.1 or the exercise by the Issuer of its rights under Condition 18 shall not constitute a modification of these Terms and Conditions.

21.2 Save as provided in Condition 21.1, no modification of these Terms and Conditions may be effected unless:

- (a) in writing and signed by or on behalf of the Issuer and by or on behalf of the Noteholders holding not less than 75%, in principal amount, of the Notes in that Group for the time being Outstanding; or
- (b) sanctioned by an Extraordinary Resolution.

22. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further Notes having terms and conditions the same as any of the other Notes issued under the Programme or the same in all respects save for the amount and date of the first payment of interest thereon, the Issue Price and the Issue Date, so that the further Notes shall be consolidated to form a single Series with the Outstanding Notes.

23. GOVERNING LAW

The provisions of the Programme Memorandum and the Notes are governed by, and shall be construed in accordance with, the laws of the Republic of South Africa.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes or as otherwise may be described in the relevant Pricing Supplement.

SUBSCRIPTION AND SALE

The Notes will be distributed by Investec bank Limited (the “**Issuer**”) and/or any person appointed as dealer by the Issuer in terms of a Programme Agreement (if any) relating to the Programme. The Issuer and/or any such person are referred to in this section titled “*Subscription and Sale*” as “**Dealers**”.

Republic of South Africa

Each Dealer has represented and agreed that it will not solicit any offers for subscription for the Notes in contravention of the Companies Act, 1973, or the Banks Act, 1990.

United States

The Notes have not been and will not be registered under the United States Securities Act and may not be offered or sold within the United States or to, or for the account of or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the US Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the US Securities Act.

Each Dealer agrees that it will not solicit offers for the subscription for, or deliver, any Notes within the United States or to, or for the account or benefit of, US persons.

United Kingdom

Each Dealer has represented, warranted and agreed that (i) in relation to Notes which have a maturity of one year or more, it has not offered or sold and will not offer or sell any such Notes to persons in the United Kingdom prior to admission of such Notes to listing in accordance with Part IV of the Financial Services Market Act, 2000 (the “**FMSA**”), except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations, 1995 or the FMSA; (ii) in relation to Notes which have a maturity of one year or more, it has not offered or sold and, prior to the expiry of a period of six months from the Issue Date, will not offer or sell any such Notes to persons in the United Kingdom, except to persons whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offer of Securities Regulations, 1995; (iii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FMSA) received by it in connection with the issue of such Notes in circumstances in which section 21(1) of the FMSA does not apply to the Issuer and (iv) it has complied and will comply with all applicable provisions of the FMSA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

General

Each Dealer represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder or assumes any responsibility for facilitating such sale.

SETTLEMENT, CLEARING AND TRANSFERS

Words used in this section headed "Settlement, Clearing and Transfers" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

GLOBAL CERTIFICATES

Notes issued in registered form ("**Registered Notes**") and listed on BESA (as defined below) will initially be issued in the form of a single Global Certificate (the "**Global Certificate**") which will be lodged and immobilised in The Central Depository Limited, a company registered as a central securities depository in terms of the Custody and Administration of Securities Act, 1992, or its nominee (the "**Central Depository**"), which forms part of the settlement system of the Bond Exchange of South Africa, a licensed financial exchange in terms of the Financial Markets Control Act, 1989 ("**BESA**"). The Central Depository will be the sole Noteholder in respect of the Global Certificate.

The Central Depository holds Notes subject to the Custody and Administration of Securities Act, 1992 and the Rules of the Central Depository. The Rules of the Central Depository as at the date of this Programme Memorandum are as published by the Registrar of Financial Markets in Government Gazette No. 17637 of 6 December 1996.

While the Notes are held in the Central Depository under the Global Certificate, the Central Depository will be reflected as the Noteholder in the register maintained by the Issuer (the "**Register**"). Accordingly, in terms of the Terms and Conditions relating to the Notes, all amounts to be paid and all rights to be exercised in respect of the Notes held in the Central Depository, will be paid to and may be exercised only by the Central Depository, for the holders of Beneficial Interests in the Notes held by the Central Depository under the Global Certificate.

The Central Depository maintains accounts only for the participants in the Central Depository ("**Participants**"). The Participants are also approved settlement agents of BESA. As at the date of this Programme Memorandum, the settlement agents are the South African Reserve Bank, ABSA Bank Limited, FirstRand Bank Limited, Nedcor Bank Limited and The Standard Bank of South Africa Limited ("**Settlement Agents**"). The Participants are in turn required to maintain securities accounts for their clients. The clients of Participants may include the holders of Beneficial Interests in the Notes represented by the Global Certificate ("**Beneficial Interests**") or their custodians. The clients of Participants, as the holders of Beneficial Interests or as custodians for such holders, may exercise their rights in respect of the Notes held by them in the Central Depository only through the Participants. Euroclear Bank SA/N.V., as operator of the Euroclear System and Clearstream Banking *société anonyme* (Clearstream, Luxembourg) may hold Notes through their BESA Settlement Agent, which is currently The Standard Bank of South Africa Limited.

Transfers of Beneficial Interests in the Central Depository to and from clients of Participants, who are also Settlement Agents, occur by book entry in the securities accounts of the clients with Settlement Agents. Transfers among Participants of Notes held in the Central Depository occur through book entry in the Participant's central security accounts with the Central Depository.

Beneficial Interests in Registered Notes may be exchanged for Notes in definitive registered form ("**Individual Certificates**") in accordance with the Terms and Conditions. Transfers of Registered Notes represented by an Individual Certificate may be made only in accordance with the Terms and Conditions and may be subject to the rules and operating procedures for the time being of the Central Depository, Settlement Agents and BESA.

Payments of interest and principal in respect of Notes represented by the Global Certificate, or any other Notes represented by a Certificate immobilised in the Central Depository and registered in the name of the Central Depository ("**Re-Immobilised Certificate**"), will be made in accordance with Condition 9 of the Terms and Conditions to the Central Depository, or such other registered holder of the Global Certificate or the Re-Immobilised Certificate, as the case may be, as shown in the Register and the Issuer will be discharged by proper payment to, or to the order of the registered holder of the Certificate in respect of each amount so paid. Each of the persons shown in the records of the Central Depository and the Participants as the holders of Beneficial Interests, as the case may be, shall look solely to the Central Depository or the Participant, as the case may be, for such person's shares of such payment so made by the Issuer to, or to the order of, the registered holder of such Global Certificate or Re-Immobilised Certificate, as the case may be.

INDIVIDUAL CERTIFICATES

All Notes not represented by a Global Certificate, including Bearer Notes and Order Notes, (each as defined below) shall be issued in definitive form ("**Individual Certificates**").

Notes issued in bearer form or order ("**Bearer Notes**"), and which are interest bearing, have interest coupons ("**Coupons**") and, if indicated in the Applicable Pricing Supplement, talons attached on issue. Notes repayable in instalments have receipts ("**Receipts**") for the payment of the instalments of principal (other than the final instalment) attached on issue.

Title to Bearer Notes and/or Receipts, Coupons and Talons attached on issue to the Certificate evidencing such Bearer Note will pass by delivery of such Certificate, Receipt, Coupon or Talon (as the case may be). Title to Order Notes and/or any Receipts, Coupons and Talons attached on issue to the Certificate evidencing such Order Note, are transferable by way of endorsement and delivery of such Certificate, Receipt, Coupon or Talon (as the case may be).

Payments of interest and principal in respect of Individual Certificates will be made to Noteholders in accordance with Condition 9 of the Terms and Conditions.

GENERAL INFORMATION

AUTHORISATION

All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of the Republic of South Africa have been given for the establishment of the Programme and the issue of Notes and for the Issuer, Transfer Agent, Calculation Agent and Paying Agent to undertake and perform their respective obligations under the Notes.

SUBSCRIPTION AND SALE

At the date of this Programme Memorandum no arranger or dealers have been appointed by the Issuer in respect of the Programme. The Issuer shall, in accordance with all applicable law, offer Notes for subscription as set out in the Applicable Pricing Supplement. No issue of Notes under the Programme will be underwritten.

The Issuer does not represent that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder or assumes any responsibility for facilitating such sale.

LISTING

The Programme has been listed by BESA. Notes issued under the Programme may be listed on BESA or such other or further exchange(s) as may be selected by the Issuer and approved by BESA or any successor exchange.

DOCUMENTS AVAILABLE

So long as Notes are in issue under the Programme, copies of the following documents will, when published, be available from the registered office of the Issuer:

- (a) the audited Annual Financial Statements, and notes thereto, of the Issuer in respect of the two financial years ended 31 March 2001 and 2002, as well as the published audited Annual Financial Statements, and notes thereto of the Issuer in respect of further financial years, as and when such become available;
- (b) a copy of this Programme Memorandum (including the Annexures);
- (c) the Programme Agreement and Agency Agreement (if any); and
- (d) any future supplements to this Programme Memorandum and any future supplements to the Annexures and any other documents incorporated herein or therein by reference.

CLEARING SYSTEMS

The Notes will be cleared and settled in accordance with the rules of BESA and the Central Depository, or their successors. The Universal Exchange Corporation Limited ("UNEXcor"), the operator of the UNEXcor electronic clearing system, is appointed by BESA to match, clear and facilitate the settlement of transactions concluded on BESA. The Notes may also be accepted for clearance through any additional clearing system as may be selected by the Issuer.

SETTLEMENT AGENTS

As at the date of this Programme Memorandum, the BESA recognised Settlement Agents, who are also Participants, are The South African Reserve Bank, ABSA Bank Limited, FirstRand Bank Limited, Nedcor Bank Limited and The Standard Bank of South Africa Limited. Euroclear and Clearstream will settle offshore transfers through South African Settlement Agents.

MATERIAL CHANGE

Save as disclosed in this Programme Memorandum, there has been no material change in the financial or trading position of the Issuer since 31 March 2002.

LITIGATION

Save as disclosed herein, the Issuer is not engaged (whether as defendant or otherwise) in any legal, arbitration, administration or other proceedings, the results of which might have or have had a material effect on the financial position or the operations of the Issuer, nor is it aware of any such proceedings being threatened or pending.

AUDITORS

KPMG Incorporated and Ernst & Young have acted as the auditors of the financial statements of the Issuer for the financial years ending 31 March 2001 and 2002 and, in respect of these years, issued unqualified audit reports in respect of the Issuer.

NON-SOUTH AFRICAN RESIDENT NOTEHOLDERS AND EMIGRANTS FROM THE COMMON MONETARY AREA

The information below is not intended as advice and it does not purport to describe all of the considerations that may be relevant to a prospective purchaser of Notes. Prospective purchasers of Notes that are non-South African residents or Emigrants from the Common Monetary Area are urged to seek further professional advice in regard to the purchase of Notes under the Programme.

Blocked Rand may be used for the purchase of Notes. Any principal amounts payable by the Issuer in respect of the Notes purchased with Blocked Rand may not, in terms of the Exchange Control Regulations of 1961, be remitted out of South Africa or paid into any non-South African resident's bank account. For the purposes of this clause, Blocked Rand are defined as funds which may not be remitted out of South Africa or paid into a non-South African resident's bank account.

EMIGRANTS FROM THE COMMON MONETARY AREA

Any Individual Certificates issued to Noteholders who are emigrants from the Common Monetary Area will be endorsed "*emigrant*". In the event that the Beneficial Interest in Notes is held by an emigrant from the Common Monetary Area through the Central Depository and its relevant Settlement Agents, the securities account of such Emigrant will be designated as an "*emigrant*" account. Such restrictively endorsed Individual Certificates shall be deposited with an authorised foreign exchange dealer controlling such emigrant's blocked assets.

Any payments of interest or principal due to an emigrant Noteholder will be deposited into such emigrant's Blocked Rand account, as maintained by an authorised foreign exchange dealer.

NON-RESIDENTS OF THE COMMON MONETARY AREA

Any Individual Certificates issued to Noteholders who are not resident in the Common Monetary Area will be endorsed "*non-resident*". In the event that Notes are held by a non-resident of the Common Monetary Area through the Central Depository and its relevant Participants, the securities account of such Noteholder will be designated as a "*non-resident*" account.

For the purposes of these paragraphs, the Common Monetary Area includes the Republic of South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland.

IMPAIRMENT OF BANK'S CAPITAL IN RESPECT OF NOTES QUALIFYING AS SECONDARY CAPITAL

Regulation 21(9) of the Capital Adequacy Regulations (Government notice R1112, Government Gazette 21726, 8 November 2000) published under section 90 of the Banks Act, 1990 provides that the acquisition of any Notes qualifying as Secondary Capital by a bank, as defined in the Banks Act, 1990, or by a non-banking subsidiary of a bank shall be regarded as an impairment of the capital of the bank in question, in an amount equal to the book value of such Notes by that bank when it calculates its capital adequacy requirements.

DEFERRAL OF PAYMENTS OF PRINCIPAL AND INTEREST IN RESPECT OF NOTES QUALIFYING AS TERTIARY CAPITAL

The regulations relating to capital adequacy requirements for banks' trading activities and financial instruments (Government Notice R1058, Government Gazette 6268, 21 August 1998) published under section 90 of the Banks Act, 1990, provide that in the event that the qualifying capital (as defined therein) of a bank issuing Notes qualifying as Tertiary Capital falls below the prescribed minimum amount, the Registrar of Banks may require that interest and principal payments in respect of such Notes be deferred for such a period of time and subject to such conditions, if any, that the Registrar of Banks may deem fit.

SOUTH AFRICAN TAXATION

The comments below are intended as a general guide to the position, as at the date of the Programme Memorandum, under the laws of the Republic of South Africa ("South Africa"). The contents of this section headed "South African Taxation" do not constitute tax advice and persons who are in any doubt as to their tax position should consult their professional advisers.

Words used in this section shall have the same meanings as defined in the Terms and Conditions, unless they are defined in this section or this is clearly inappropriate from the context.

STAMP DUTY ON CREATION AND TRANSFER OF NOTES

In terms of the Stamp Duties Act, 1968 (the "**Stamp Duties Act**"):

- (a) the original issuing of a listed Note being an interest-bearing debenture of a company is exempt from the payment of stamp duty;
- (b) the issuing of a Certificate in respect of Notes in substitution of a similar Note Certificate which has been withdrawn, cancelled or lost, does not attract stamp duty;
- (c) the registration of the transfer of any Note, being an interest-bearing debenture of a company, is exempt from the payment of stamp duty or other transfer duty if the Note is listed on any financial exchange as defined in the Financial Markets Control Act, 1989; and
- (d) Notes which qualify as bills of exchange or promissory notes (and not as marketable securities) do not attract stamp duty.

INCOME TAX

Nature of any issue discount

Any issue discount to the face value of the Notes will be treated as interest for tax purposes and will be deemed to accrue to the Noteholder on a day-to-day basis until maturity. The amount to be included in the Noteholder's taxable income is normally calculated on a yield to maturity basis.

POSITION IN RESPECT OF THE CURRENT TAX YEAR

With effect from 1 January 2001, the basis of taxation in the Republic of South Africa changed from a source basis to a residence basis. Consequent on this change:

- (a) a person ordinarily resident in the Republic of South Africa will, subject to any available exemptions, be taxed on their worldwide income; and
- (b) a person not ordinarily resident in the Republic of South Africa will, subject to any available exemption or any relief under any applicable Double Taxation Treaty, be taxed in the Republic of South Africa on the basis of the income received by them or accrued or deemed to accrue to them from a South African source or deemed South African source.

With effect from 1 October 2001, any subsequent disposal of the Notes by a Noteholder prior to their redemption may be subject to Capital Gains Tax.

ISSUER DISCLOSURE SUPPLEMENT AND DESCRIPTION OF INVESTEC BANK LIMITED

INVESTEC BANK LIMITED
Registration number 1969/004763/06
(Incorporated with limited liability in the Republic of South Africa)

ZAR10 000 000 000 Domestic Medium Term Note Programme (the "Programme")

This document constitutes the Issuer Disclosure Supplement relating to the Programme. This Issuer Disclosure Supplement forms part of the Programme Memorandum dated 12 February 2003 (the "**Programme Memorandum**"). The information set out below in this Issuer Disclosure Supplement, together with the balance of the Programme Memorandum and as read with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"), contains or incorporates all information which is material in the context of the issue and the offering of Notes.

The Issuer will, in connection with the listing of the Notes on BESA, or on such other exchange or further exchange or exchanges as may be selected by the Issuer, so long as any Note remains outstanding and listed on such exchange, publish a new Programme Memorandum or a new Issuer Disclosure Supplement on the occasion of any subsequent issue of Notes in the event of:

- (a) a material adverse change in the condition (financial or otherwise) of the Issuer which is not then reflected in the Programme Memorandum;
- (b) any modification of the terms of the Programme which would then make the Programme Memorandum inaccurate or misleading.

Any such new Programme Memorandum or Issuer Disclosure Supplement shall be deemed to have been substituted for the previous Programme Memorandum or Issuer Disclosure Supplement, as the case may be, from the date of their issue. To the extent that there is any conflict or inconsistency between the contents of this Issuer Disclosure Supplement and the balance of the Programme Memorandum, the provisions of this Issuer Disclosure Supplement shall prevail, provided that to the extent that there is any conflict or inconsistency between the contents of this Issuer Disclosure Supplement and any Pricing Supplement, the contents of such Pricing Supplement shall prevail.

1. DESCRIPTION OF INVESTEC BANK LIMITED

1.1 Introduction

Investec Bank Limited (the "**Bank**") is a wholly-owned subsidiary of Investec Limited (formerly Investec Group Limited) ("**Investec**"). Investec and its subsidiaries are jointly referred to as the "**Group**". Investec is currently one of the 30 largest companies listed on the JSE Securities Exchange South Africa and the fifth largest banking group in South Africa.

Investec Bank Limited is a specialist banking group that provides a diverse range of financial products and services to a niche client base in South Africa, Botswana and Mauritius. The Bank is organized as a network comprising three principal business divisions, Private Banking, Investment Banking and Treasury and Specialised Finance.

1.2 History

Investec was incorporated as a leasing company in Johannesburg in 1974. Investec employs approximately 3 000 people in Southern Africa.

Investec's strategic goals and objectives are motivated by the desire to develop an efficient and integrated business through the active pursuit of clearly established core competencies in its principal business areas. In this regard, some significant events in the history of Investec in Southern Africa include:

- 1980 Investec acquires a banking licence, which enables it to expand its activities beyond leasing and instalment finance into corporate and professional banking, treasury, corporate finance and project finance.
- 1986 Metboard Limited, a trust company established in 1937, merged with Investec. This development adds portfolio management, a participating mortgage bond scheme and an in-house unit trust to the growing range of products and services offered by Investec. Investec Holdings Limited is listed on the JSE Securities Exchange South Africa ("JSE").
- 1988 Investec is listed on the JSE.
- 1990 Investec acquires property management company I Kuper & Company (Proprietary) Limited, Corporate Merchant Bank Limited (formerly Hill Samuel Merchant Bank Limited) and leading trade finance company Reichmans Limited.
- 1991 Investec forges a strategic alliance with life assurance company Fedsure Holdings Limited, through the creation of cross shareholdings.
- 1994 Investec acquires control of the listed securities trading group Sechold Limited.
- 1995 Investec acquires stockbroking company Solms & Company Incorporated and becomes an active member of the JSE Securities Exchange South Africa.
- 1996 Investec acquires local stockbroker, Ferguson Bros. Limited. This is then integrated with other trading activities to form Investec Securities Limited.
- 1999 Investec acquires the Johannesburg Retail Stockbroking division of HSBC Simpson McKie (Proprietary) Limited.
- 2000 Investec buys the professional banking book of Mercantile Bank Limited in South Africa.
Investec buys the private client asset management business of Quyn Martin Asset Management in South Africa.
Investec acquires the private client loan portfolio of McCarthy Bank in South Africa.
- 2001 Investec acquires the insurance and financial services businesses of Fedsure Holdings Limited.
Investec acquires Merrill Lynch South Africa private client operation in Cape Town.

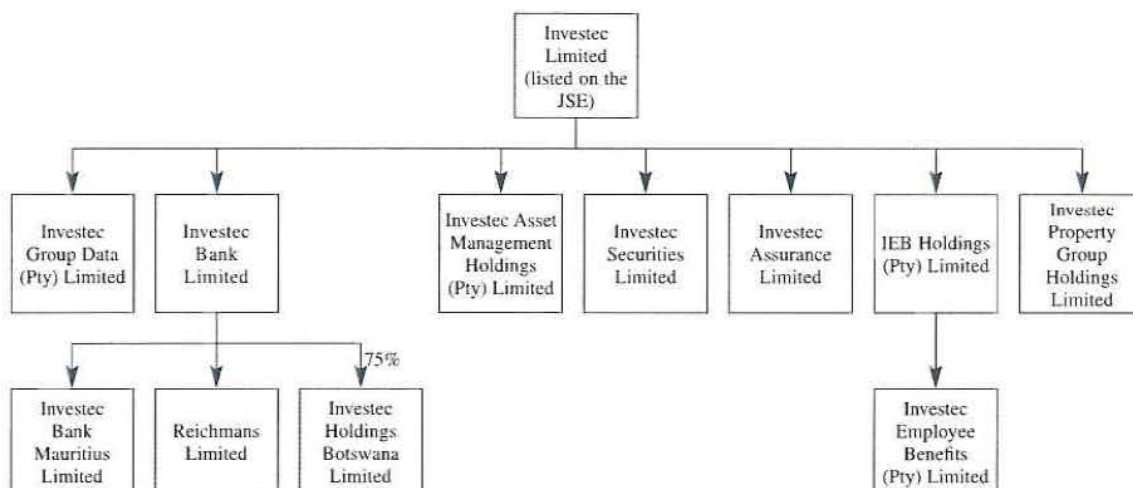
1.3 Organisational Structure

During the 2001 financial year, with the consent of the South African Reserve Bank, the Bank was restructured. This resulted in the sale of its major subsidiaries (including the majority of its international subsidiaries) to its holding company, Investec Group Limited (now Investec Limited) and to other fellow subsidiaries. The Bank remained the holding company of, among others, the Group's South African banking operations (including private banking, treasury and specialised finance, and investment banking activities), Reichmans Limited, Investec Bank (Mauritius) Limited and Investec Holdings (Botswana) Limited.

Reflected in the earnings of the Bank during the 2001 financial year is a once off adjustment relating to the restructure. The earnings capability of the Bank, however, was not diluted due to the restructure as none of the activities and operations of the business units were affected. As a result of the restructure, the regulatory capital of the Bank as reported to the South African Reserve Bank was substantially strengthened.

Furthermore, in November 2001, Investec announced that it had obtained permission from the Minister of Finance and the South African Reserve Bank to establish a Dual Listed Companies ("DLC") Structure with linked companies listed in London and Johannesburg. The implementation of the DLC structure has not affected the activities, operations or earnings capability of the Bank, which has remained a wholly-owned subsidiary of Investec.

The current structure under which Investec Bank Limited operates is as follows:



Note: All shareholdings are 100%, unless otherwise stated.

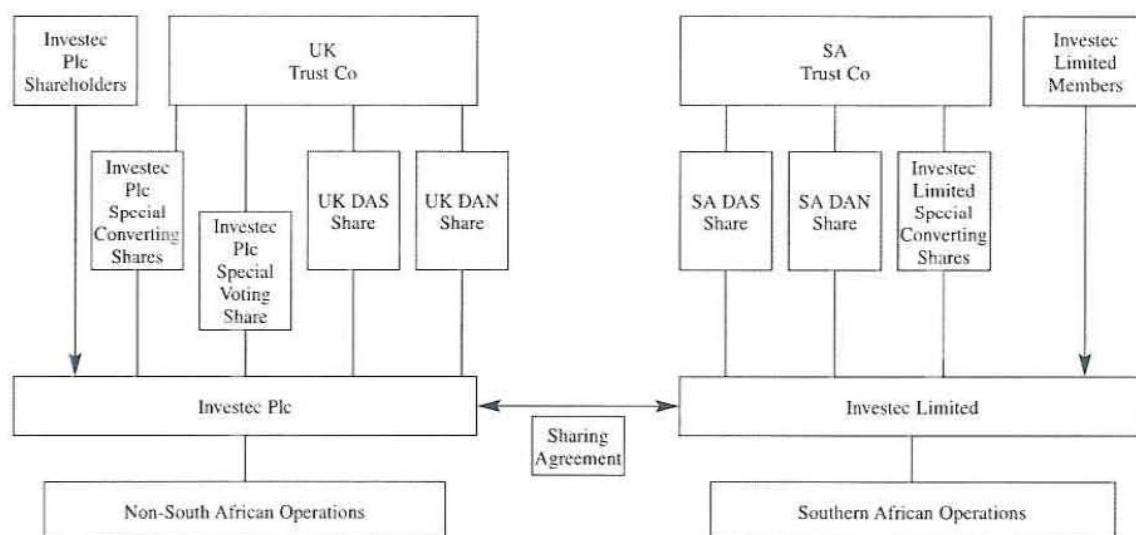
1.4 Mechanics of the DLC Structure implemented by Investec

A circular to Investec Holdings Limited (“Inhold”) and Investec Group Limited (“IGL”) members regarding the establishment of a DLC structure was issued on 20 June 2002. In summary, some of the salient features of the DLC structure include:

- The Inhold pyramid structure, which had been in place since IGL listed on the JSE in 1988, was not considered appropriate under the changed circumstances, and Inhold unbundled its entire shareholding in IGL to Inhold members. At the record date for the Inhold unbundling, Inhold members received 86,04 IGL ordinary shares for every 100 Inhold ordinary shares held. With effect from 19 July 2002 Inhold ordinary shares were suspended on the JSE and the delisting of Inhold from the JSE took place on 26 July 2002.
- In terms of the DLC structure, IGL has retained all its businesses in continental Southern Africa and Mauritius and its primary listing on the JSE.
- IGL has been renamed Investec Limited.
- Most of IGL’s other businesses were placed into a UK company, Investec Plc, and were unbundled from IGL after the close of business on 19 July 2002. The mechanics of the IGL unbundling were arranged in such away that for every 100 ordinary shares held by an IGL shareholder, he/she received 37 IGL (Investec Limited) and 63 Investec Plc shares i.e. 100 instruments.
- Investec Plc has been listed on the London Stock Exchange and has a secondary listing on the JSE.
- See below a simplified illustration of the DLC structure.
- Separate legal entities and listings, but bound together by the terms of their articles of association, contractual agreements and mechanisms. This ensures, insofar as possible, that the economic and therefore, market value, of a share in one company will be the same as the economic and market value of a share in the other.
- Unified Boards of Directors and management – the implementation of the DLC structure does not in any way change the way in which Investec manages its business.
- Investec and Investec Plc will continue to operate as if it were a single unified economic enterprise.
- Shareholders have common economic and voting interests as if Investec Limited and Investec Plc were a single company:
 - equivalent dividends on a per share basis;
 - joint electorate and class right voting.
- Creditors are however ring-fenced to either Investec Limited or Investec Plc as there are no cross guarantees between the companies.

The DLC structure is a very exciting development for Investec and is a major stepping-stone in allowing the Group to fulfil its mission of becoming one of the world’s leading specialist banking groups.

The following is a simplified illustration of the DLC Structure:



Note: On the Investec Plc side, the Investec Plc Special Voting Share is used to reflect the votes cast by Investec Limited members. On the Investec Limited side, the Investec Limited Special Converting Shares are used to reflect the votes cast by Investec Plc shareholders and therefore there is no Investec Limited Special Voting Share.

1.5 Activities of Investec Bank Limited

The Bank's structure comprises three highly focused business units being Private Banking, Investment Banking and Treasury and Specialised Finance. Each division focuses on providing specialised products and services to defined target markets. Furthermore, the Bank's head office provides certain Group-wide integration functions such as risk management, information technology, finance, investor relations, marketing, human resources and organizational development. It also has responsibility for the Group's central funding as well as other activities, such as trade finance.

1.5.1 Private Banking

The Bank provides a range of private banking services, targeting select, high income and high net worth individuals. The products and services provided by the Private Banking business principally comprises structured finance and specialised lending activities; trust and fiduciary services; banking services; investment management; and private client investment banking. The Bank seeks to position its private banking operations in low volume, high value advisory market. The Group's Directors believe that one of the Bank's strengths is its ability to originate new business by leveraging off the strong client relationships it has been able to establish through its lending activities. The Bank believes that this operating model positions it more favourably during times of high market volatility compared to private banks that are dependent on the more traditional asset-gathering model.

The Bank operates one of South Africa's leading private banks, offering comprehensive wealth management services to its target client base. The Bank achieved its current market status primarily by leveraging off its strong residential and commercial lending and deposit taking operations. In 1998, it built upon this platform with the addition of structured finance activities, as well as trust and fiduciary services, investment management services and private client investment banking. The Bank targets and offers services and products to three distinct market segments. These comprise individuals with a net asset value of at least R50 million and investible assets of at least R15 million; private clients with a net asset value of at least R5 million and minimum earnings of at least R1 million; and professionals and others with high earnings potential.

As at 31 March 2002, the Bank's private banking operation had a loan portfolio of R14 billion, retail deposits of R6,7 billion and assets under management of R5,4 billion. The Bank has received a number of accolades, including the PricewaterhouseCoopers' peer rating as the number one private bank in Southern Africa in the last two years.

1.5.2 *Investment Banking*

The Bank engages in a range of investment banking activities including corporate finance, direct investments and private equity.

1.5.2.1 *Corporate finance*

Since 1999, there has been relatively little domestic capital markets activity in South Africa. Accordingly, the Bank has focused on the development of its domestic financial advisory business, in particular with respect to public and private mergers and acquisitions, divestitures, restructurings, spin-offs, joint ventures and share buy-backs, and the provision of innovative and creative deal structures and advice. It has acted for approximately 20% of South Africa's top forty JSE-listed corporations and in 2001 acted on 39 transactions with a combined value of approximately R25 billion and was ranked by the most recent Ernst & Young survey as having advised on the highest volume and value of transactions undertaken during the 2001 calendar year.

1.5.2.2 *Direct investments*

As a result of its in-depth market knowledge and local expertise, the Bank is well-positioned to evaluate direct investment opportunities that are primarily sourced by the corporate finance department. In the past, when an appropriate investment case has been presented, the Bank has made selective, opportunistic investments on an independent basis predominantly in JSE-listed, as well as unlisted, South African companies. These investments have been made primarily on a passive basis, and the Bank's risk profile with respect to these investments is conservative. As at 31 March 2002, the South African direct investments portfolio had a market value of R598 million.

1.5.2.3 *Private equity*

The Bank also actively seeks out select, opportunistic investments as principal in unlisted South African companies. The private equity division applies its extensive knowledge of the South African market, together with risk management techniques, to its investment analysis when making its investment decisions. As at 31 March 2002, the private equity portfolio had an aggregate market value of R25 million.

1.5.3 *Treasury and Specialised Finance*

Investec Bank Limited's Treasury and Specialised Finance division provides a wide range of products, services and solutions to select corporate clients, public sector bodies and financial institutions. The division undertakes the bulk of the Bank's proprietary trading activities. All non-private client deposit taking, corporate and public sector lending, structuring and proprietary trading activities are transacted through the division.

The division has eight product areas that are divided equally between Banking Activities and Financial Market Activities. The division's Banking Activities comprise structured finance, treasury, financial products, and project and resource finance. These activities tend to be more stable, and are generally the greatest contributors of revenues and operating profit to the division. The Financial Market Activities comprise of commodities trading, foreign exchange trading, interest rates trading and equity derivatives. These activities, although potentially lucrative, tend to be more volatile. The Bank has established itself as a leading player in South Africa in a number of these banking and financial market activities.

1.5.4 *Group Services and Other Activities*

Group Services and Other Activities consists primarily of the following three components:

1.5.4.1 *Central Costs*

Central Costs is made up of functional areas which provide services centrally across all of Investec's business operations. Consistent with Investec's philosophy of operating as a single organization, Central Costs provide integrating mechanisms between the business operations. As these services do not form part of the Group's principal operating divisions, their costs are generally not allocated to any of those divisions.

Central Costs include Investec's head office, Group Risk Management, internal audit and compliance, Group Information Technology, Group Finance, Investor Relations, Group Marketing, and other Group support services, such as legal, human resources, organisational development, company secretarial, tax, information centre, regulatory and facilities.

1.5.4.2 *Central Funding*

Investec has a business model of maintaining a central pool of capital with the aim of ensuring that economies of scale with respect to corporate investments, funding and overall management are obtained. Investec employs various sources of funding, the determination of which depends on the specific financial and strategic requirements it faces at the relevant point in time. The funds raised are applied towards the making of acquisitions, the funding of central services and debt obligations, and the purchase of corporate assets and investments not allocated to the Group's principal operating divisions.

1.5.4.3 *Other Activities*

Other Activities comprise those operations which are either better managed separately due to the specific expertise which would be diluted if incorporated and split across the business operations or that do not fall into one of Investec's principal business divisions yet and have been grown organically by Investec or retained following acquisition due to their profitability and diversifying effect on Investec's income streams.

1.5.5 *International Trade Finance*

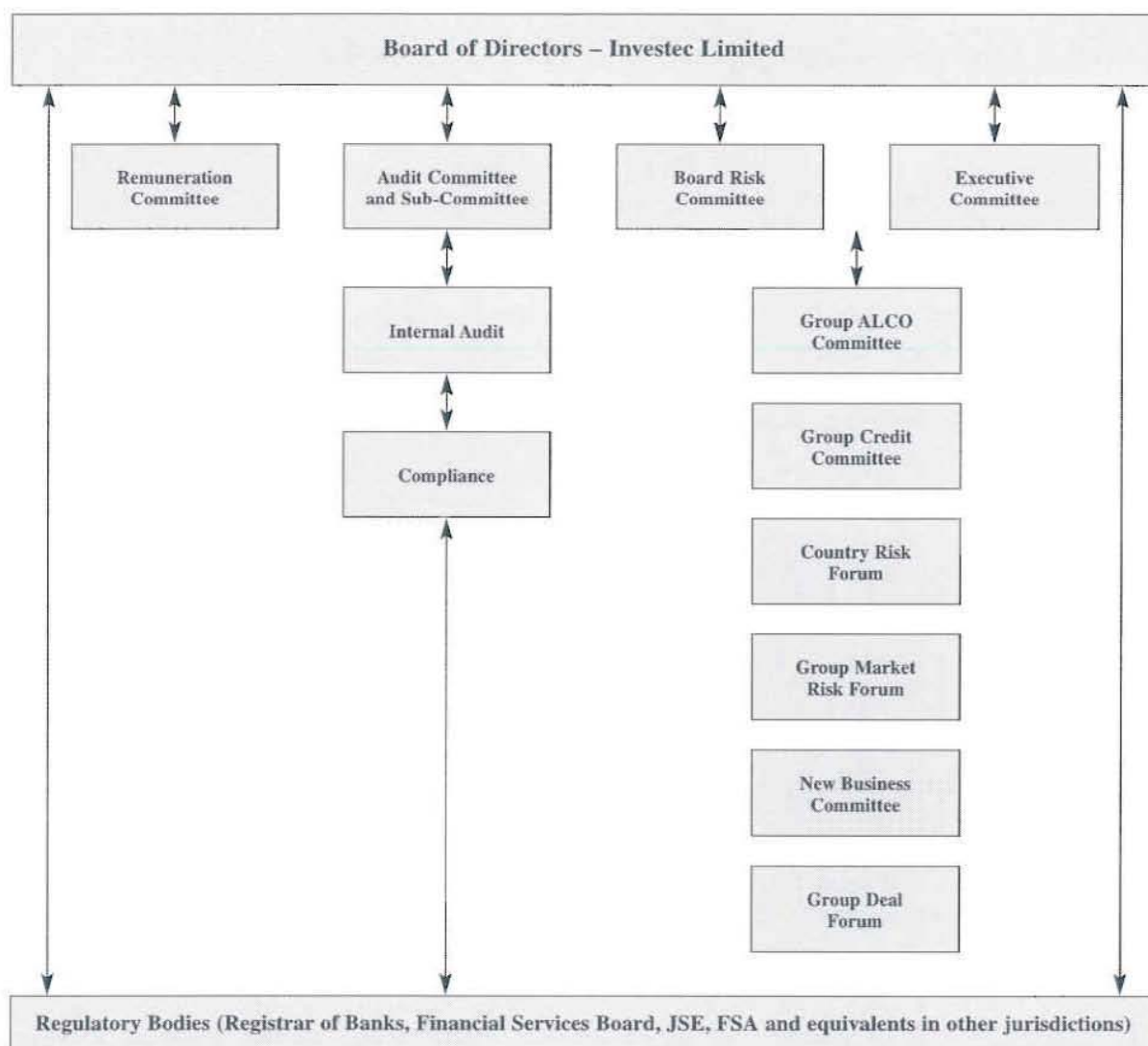
Investec acquired its International Trade Finance business, Reichmans, in South Africa in 1990. International Trade Finance offers trade and asset finance and factoring services to medium sized privately owned businesses involved mainly in manufacturing, trading and wholesale distribution, in order to provide working capital to fund the growth of these businesses. Services provided by International Trade Finance include import and export finance and receivables finance, as well as instalment sale and rental facilities. International Trade Finance operates predominantly in South Africa and also has operations in Switzerland.

1.6 **Strategy**

The Bank's strategy is guided by the Group's overall strategic objectives. Investec's strategy is to be one of the world's leading specialist banking groups, differentiated and driven by a passionate commitment to its distinctive culture and its people. Investec pursues its strategy through an emphasis on:

- *Reinforcing a specialised and focused approach.* An essential pillar of Investec's strategy is that it does not seek to be all things to all people. Investec continues to build well-defined businesses focused on serving the needs of select market niches where it can compete effectively. Investec will continue to concentrate on building business depth rather than breadth. In its relentless pursuit of client satisfaction, Investec strives to be the best rather than the biggest.
- *Pursuing growth opportunities.* Investec intends to enhance and expand its capability within the markets in which it operates, both organically and opportunistically through the acquisition of complementary businesses where appropriate opportunities arise. Specifically, Investec intends to maintain its strong position in its core markets while continuing to pursue significant opportunities by leveraging off its existing platforms. Investec will take advantage of acquisition opportunities as they arise on the basis that they either bolster Investec's critical mass of existing businesses or allow it to enter new markets considered to be of strategic value.
- *Leveraging Group skills.* Investec encourages and exploits synergies across markets and divisions in order to develop a comprehensive and efficient cross-border capability. An ability to effectively integrate an increasingly complex organization and exploit a culture that fosters unselfish collaboration in the pursuit of Investec's performance is central to Investec's strategy.
- *Perpetuation of Investec's culture.* Investec 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 careful selection of people, their ongoing education and uncompromising commitment to Investec's stated values will continue to be a distinctive characteristic of Investec's culture and drive.

2. INVESTEC LIMITED GOVERNANCE STRUCTURE AND PROCESS



2.1 Introduction

The governance structure detailed above has been established on a Group wide basis and operates consistently across key subsidiaries and operations of the Group.

In keeping with the principles of good governance, the Board of Directors of the Bank, (the “**Board**”), comprises of a majority of non-executive directors. Non-executive directors are individuals of a high calibre, diverse backgrounds and expertise and provide objectivity and independent insight to Board deliberations and decision-making processes.

2.1.1 Composition of the Board

The Board composition of the Bank is as follows:

Non-Executive Chairman: Hugh S Herman (61)
Deputy Chairman: David M Lawrence (51)
Chief Executive Officer: Stephen Koseff (50)
Managing Director: Bernard Kantor (52)

Non-Executive Directors: Sam E Abrahams (63)
Reg S Berkowitz (65)
Donn E Jowell (60)
Ian R Kantor (55)
David Kuper (67)
Peter M Malungani (44)
Dr Renosi D Mokate (44)
Dr Morley Z Nkosi (67)
Peter R S Thomas (57)
Russel A P Upton (67)
Daphne R Motsepe (45)
Fani Titi (40)

Executive Directors: Glynn R Burger (45)
Richard P M A Forlee (41)
Sam Hackner (46)
Andy W J Leith (42)
M Carole L Mason (41)
David M Nurek (52)
Bradley Tapnack (55)
Richard J Wainwright (40)

Board meetings are convened at least four times per annum and adequate Board information is prepared to allow effective deliberation.

The Board continually assesses both quantitative and qualitative performance issues. It is supported in this regard by comprehensive financial reporting, risk management, internal audit and regulatory compliance processes which provide the Board with assurance and information regarding developing industry trends.

Non-executive directors participate in key Board sub-committees in order to ensure that they remain suitably informed to adequately and effectively discharge their responsibilities.

2.1.2 *Board Appointments*

The selection and appointment of directors is considered a serious matter, which the Board addresses as a whole. Directors are subject to retirement by rotation, and no fixed term contracts are entered into.

2.1.3 *The Chairman*

The chairman is a non-executive director and the roles of chief executive officer ("CEO") and chairman are separate.

2.1.4 *Executive Management*

Executive management meet at least fortnightly in Group Management or Group Operations forum and at least eight times a year as a Global Management Forum, which covers all jurisdictions. These forums identify and discuss key strategic issues and opportunities facing business units and the Group as a whole.

2.1.5 *Succession Planning*

As part of the succession planning process, the Group develops and maintains a substantial pool of talent from which executives and senior management can be sourced.

2.1.6 *Board Committees*

Various Board committees are in place to support the effective discharge of the Board responsibilities. The committees have terms of reference and are composed of appropriate skilled members. Non-executive Board members are assigned to these committees to remain abreast of developments.

2.1.7 *Audit Committee*

The audit committee in the Group is entrenched and mature and is described later in this document.

2.1.8 Internal Control

The Board recognises its responsibility to ensure that adequate and effective systems of internal control and risk management, considering the nature and complexity of the Group are implemented, monitored and assured by independent risk management, internal audit and compliance functions as well as the independent external auditors.

In addition the Board is required to report annually to the South African Reserve Bank in terms of the Banks Act, 1990 that the Board has assessed the process of governance, including risk management and internal controls. This report is required to be audited by the external auditors.

The Board subscribes to a philosophy of providing meaningful, transparent, timely and accurate communication to stakeholders. This includes open and active dialogue with regulators and supervisors in all the jurisdictions in which Investec operates.

2.1.9 Reporting

The audit committee reviews both annual and interim financial results and related communication. As part of this process consideration is given to accurate and meaningful disclosure, compliance with consistently applied accounting policies and is carried out with due consideration of the principles of a going concern.

2.1.10 Values

The Group has a strong culture of entrenched values, which forms the behavioural framework. These are embodied in a written statement and are continually reinforced by an in-house dedicated organisational development division. Where appropriate, the Group subscribes to industry codes of practice.

2.1.11 Share Dealing

Directors and staff dealings in shares are subject to a defined policy and process and appropriate closed periods apply during price sensitive periods.

2.1.12 Governance Disclosure

As a public, listed regulated banking group, the Group Annual Report contains comprehensive disclosures of the governance philosophy and processes.

3. GROUP AUDIT COMMITTEE

The Group Audit Committee comprises non-executive directors, with a non-executive director as chairman, and meets at least six times a year. A number of senior managers are invited (or required by the Audit Committee Charter) to attend the Group Audit Committee meetings. These include the Chief Executive Officer of the Group, the Managing Director, members of the finance, operational risk, internal audit and compliance divisions, and the Chief Technology Officer. Representatives of the respective firms of external auditors have permanent invitations and attend meetings as a matter of course. In addition, the chairman has the right to call in any other employee of the Group who is able to assist the committee on an *ad hoc* basis. The Group Audit Committee is supported by the audit sub-committees established for all significant business operations, designed to assess, implement and report on the operational internal control environment. Non-executive directors have "white cards" to attend all the meetings of these various committees and at least one non-executive director is assigned to each sub-committee in order to promote integration of the whole system. The Group Audit Committee reviews the significant issues raised in all the Audit Sub-Committees. The duties and responsibilities of the Group Audit Committee are set out in a written charter approved by the Board and (in brief summary) include:

- Review accounting policies and changes in accounting policies.
- Review of the adequacy and effectiveness of internal controls and management information.
- Review of suggested improvements to disclosure.
- Review of annual and interim financial reports and accounts.
- Review and consideration of areas of judgement, external adjustments, the going concern statement and compliance with national and international accounting standards.
- Review of the Internal Audit Charter and plans, review of the performance of the internal audit function and the interaction of that function with the external auditors.
- Review the processes intended to secure statutory and regulatory compliance and compliance with internal codes of ethics and conduct.

- Review of the external auditors' audit plan, discussion with them of the scope and cost of the annual audit, discussion of problems if encountered and of management letters and statutory reports.

The Audit Committee Charter is reviewed annually.

The risk and compliance managers, the internal auditors, the respective firms of external auditors, the non-executive directors and the various supervisory and regulatory bodies all have unrestricted access to the chairman of the Group Audit Committee and to each other. They submit formal reports to the Group Audit Committee at its meetings throughout the year.

4. RISK MANAGEMENT

Risk management is of critical importance to the Group as it understands that in most transactions risk is unavoidable. Over the years, the Group has sought to ingrain a comprehensive and independent risk management process to consistently identify, understand and properly manage risks at all times. This ensures that the Group assumes a tolerable risk profile in its pursuit of growth in all areas of business in which it operates. Furthermore, the Group continues to entrench a culture of risk awareness, control and compliance in its core activities.

The Group has sought to comply with international best practice in risk management. While each business unit is primarily responsible for managing risk associated with its business, an independent centralised division – Group Risk Management – manages the Group's risk. The primary objectives of Group Risk Management are:

- to be the custodian of the Group's risk management culture;
- to set or approve risk standards and limits and to ensure that these standards are consistently implemented;
- to aggregate exposures across all classes of risk;
- to co-ordinate risk management activities across the organisation, covering all legal entities and jurisdictions; and
- to facilitate various risk committees as mandated by the Board.

Group Risk Management operates within a matrix structure, in line with the Group's philosophy, to ensure that all risks are dealt with using the appropriate processes. The Group seeks to ensure that Group Risk Management divisions which have international responsibility, are both locally responsive, yet globally aware, to ensure that all initiatives and businesses operate within the Group's defined risk parameters and objectives.

Group Risk Management has grown into a function that aims to meet the international needs of the Group and operates in conjunction with a number of committees, forums and teams dedicated to the management of risk.

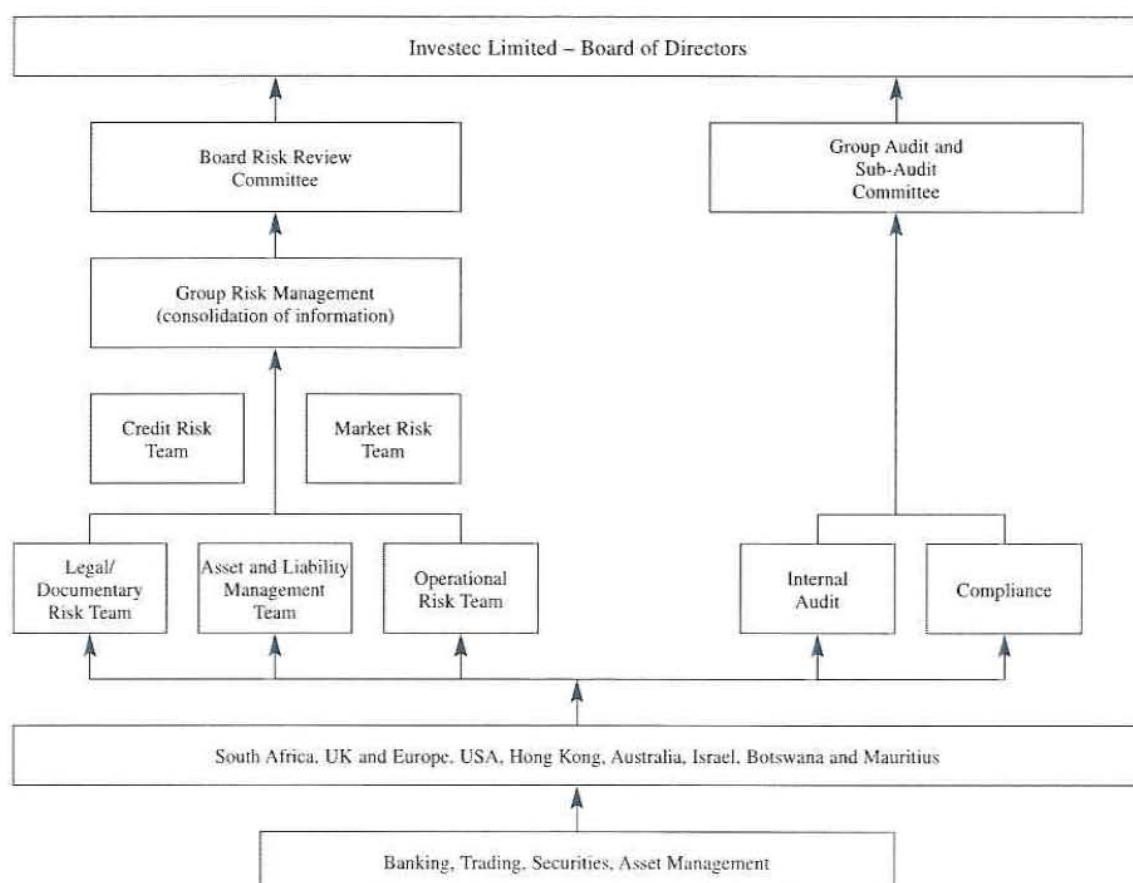
Committee	Function
Board Risk Review Committee ("BRRC")	The BRRC acts as agent of the Board to ensure all decisions of the Board in respect of risk management policies and procedures are implemented and monitored and that the risk management structure is appropriate with the allocation of required resources and sufficient budget. The BRRC provides regular reports to the Board detailing the effectiveness of the risk control framework and adherence to regulatory requirements. In addition, the BRRC ensures that there is an ongoing process of risk and control identification, particularly in line with any changes to business objectives.
Executive Risk Review Forum	A Board approved committee that meets weekly to review and evaluate the most significant risks the Group faces in the ordinary course of its business (credit, market, balance sheet management, operational, legal and reputational). It ensures that limits are adhered to and agreed recommendations to mitigate risks are implemented. It receives a weekly report from Group Risk Management to assist it in the review and recommendation process.
Group Credit Committee	Considers and approves the granting of credit to counterparties in excess of the mandates granted to divisional and other credit forums on a global basis.
Country Risk Forum	Considers and manages risks associated with the country in which the Group assumes exposure.

Committee	Function
Group Market Risk Forum	Manages market risk by identifying and quantifying risks, on the basis of current and future expectations and ensuring that trading occurs within defined parameters. The forum is responsible for consolidating risk on a global basis.
Group Balance Sheet Management Committees	Sets and reviews the Group's funding and liquidity framework and policies and ensures compliance with these. It also mandates the regional Asset and Liability Committees ("ALCO") to manage liquidity risk in line with the Group's parameters. The forum is responsible for consolidating risk on a global basis.
New Product Forum	Considers and approves the risk issues inherent in all new business that the Group is considering entering. A new business is one that either exposes the Group to a new product or market that it has not traded in previously or a new geographic location in which the Group has not operated.
Group Deal Forum	Considers, approves and mitigates the risks inherent in any acquisition, disposal or other transaction that the Group is considering.

Assessment of Risks, Policies and Procedures

In the ordinary course of business operations, the Group is exposed to a number of risks. The most significant are credit, market, balance sheet management, operational, legal and reputational risk. The processes to measure, monitor and mitigate these risks are described below:

4.1 Risk Management Framework



As specified earlier, the governance structure detailed above has been established on a Group-wide basis and operates consistently across key subsidiaries and operations of the Group, including the Bank.

4.2 Credit Risk

The credit risk section of Group Risk Management, supervised by the Group Credit Committee, measures and manages the extension of credit.

Credit risk represents the loss the Group might incur if a counterparty or issuer of securities or other instruments the Group holds, fails to perform its contractual obligations to the Group. Credit and counterparty risk is incurred both in the traditional areas of banking and by virtue of the Group's trading activities.

Credit philosophy and policies are developed and guided centrally by Group Risk Management, in co-operation with the Group's executive directors and operational management. The credit process is, within prescribed limits, decentralized throughout the regions in which the Group operates. Central and regional credit forums have been established with predetermined authority limits and quorums for conducting business.

The Group Credit Committee approves transactions above the regional authority thresholds. The members of the credit forums are nominated credit officers, drawn from senior management, executive and non-executive directors, and are independent of those extending credit. Sector and industry specialists are included where appropriate. Credit facilities, irrespective of size, are always extended on the basis of consensus. No facilities may be established on the judgment of only one credit officer.

The Group's fundamental principles to manage credit risk include:

- Adherence to the Group's lending philosophy.
- A clear definition of the Group's target market.
- A qualitative and quantitative assessment of the creditworthiness of the Group's counterparties.
- Appropriate credit granting criteria.
- An analysis of related risks, including those associated with concentration.
- Prudential limits.
- Proactive and regular monitoring of existing and potential exposures once facilities have been approved.
- A high level of executive and non-executive involvement in decision-making and review.

The Credit process operates as follows:

- The credit philosophy and policies are guided centrally by Group Risk Management in co-operation with the Group's executive directors and operation management.
- The process is decentralized (within prescribed limits) throughout the regions in which the Group operates.
- The central and regional credit forums have been established with predetermined authority levels and quorums for conducting business.
- All credit decisions are forum based.
- Members of the forums are nominated credit officers, drawn from senior management, executive and non-executive directors, and are independent of those extending credit. Sector and industry specialists are included where appropriate.
- Facilities, irrespective of size, are extended on the basis of consensus. No facilities are established on the judgement of only one credit officer.
- Outcomes are based on unanimous, and not majority views.
- All facilities are assessed on the basis of formal written proposals.
- Although external assessments may be used as credit tools, all decisions are based on the Group's own credit process and analysis.
- Limits are set per counterparty and groups of connected counterparties, with reference to aggregate exposure, taking into account different types of exposure in both the banking and trading book, and on and off the balance sheet. The limits set are detailed by product, with a maximum tenor specified.
- Limits are reviewed at least annually.

In addition to the Group Credit Committee, the following specialist forums have been established to assist in measuring and monitoring credit risk:

- Intensive Care Committee, which manages assets at risk.
- Watchlist Committee, which oversees and manages exposures in arrears that require additional attention and supervision.
- Country Risk Forum, which considers and manages risk associated with the countries in which the Group assumes exposure.

The Group uses the key principles of equivalent lending risk, (“ELR”), to monitor and measure credit exposures. ELR is defined as an attempt to translate the credit risk on treasury products into banking product equivalent terms, i.e. what size/value loan has the same credit risk as the treasury product being evaluated.

The ELR calculation incorporates both cumulative mark-to-market and an element of potential future credit exposure, (“PFE”). The Group incorporates a measure of PFE because the credit exposure of treasury products is strongly correlated to the volatility of the relevant market factors. Since it is difficult in many instances to reduce credit exposure once it has been incurred, it is necessary to adjust the exposure at inception of the deal to take into account potential future movements in amounts owed by counterparties as a result of market moves.

The Group’s credit risk team has considerably enhanced methods for measuring and monitoring credit risk, at both a product and portfolio level, across the Group. RICOS, a global credit risk management system from Algorithmics, a leading supplier of risk management software, used to monitor credit limits and exposures, has been implemented over the last three financial years in South Africa.

Other credit system-related developments include the current implementation of a new credit administration system (“iCAS”). This is a global intranet based application that has been developed to manage the preparation, approval and compliance with specific conditions during the credit proposal administration process. The application uses Documentum to provide document management and distribute workflow management functionality to assist in the automation of the credit administration process and documentation of the necessary compliance controls.

One of the primary objectives of the analytics and methodology area of credit risk has been to develop an internal credit risk model. An internal credit scoring/rating model has been implemented for corporates in South Africa. In addition, management has also incorporated a default probability model in order to assess credit risk exposures under stressful conditions (the Credit Monitor Model from the KMV Corporation). Using a combination of information from the Credit Monitor Model and RICOS, the credit risk division has the ability to calculate individual risk values, for example, expected loss values per transaction per counterparty. To provide aggregate risk measures on a portfolio basis, the credit risk team has also purchased Portfolio Manager from the KMV Corporation. This software will provide the supplementary information such as macro-economic variables, default correlation data and sovereign related quantities that are required to measure credit risk on a portfolio basis. In addition the software will provide a mechanism that can be used to determine the economic capital requirements of the bank and the resulting capital allocation framework to be used for risk-adjusted pricing and other strategic purposes.

Additional work is to be undertaken on an internal credit rating model to ensure the most efficient use of regulatory capital under the Bank of International Settlements New Basel Capital Accord proposals.

4.3 Non-Performing Loans

The Board approved policy on non-performing loans incorporates the following:

- An exposure is classified as non-performing when there is a prospect of non-recovery of interest or capital or it is deemed imprudent to bring interest to account. There is no formula driven approach but there is a documented provision policy for non-performing loans. This also covers arrears, specific and general provisions.
- Exposures in arrears are continually scrutinised. Based on this scrutiny, if it becomes evident that the account requires additional supervision and attention it will be included in the managed book and fall under the “Watchlist Committee”, comprising members of the Group Credit Committee and the credit risk division. Unless there are reasonable prospects of recovering interest and capital in full, the accounts are classified as non-performing. Each individual exposure that is in arrears is assessed on its merits and classified accordingly.

- The “*Watchlist Committee*” assesses perceived and/or actual deterioration in a counterpart’s credit risk profile. The “watchlist” is managed and monitored on an ongoing basis, with review by the Board and the BRRC.
- Interest is charged on non-performing accounts. The corresponding amount is not brought to income but credited to a suspended interest provision.
- A specific bad debt provision is made when there is a probability that the Group will not be able to collect the full amount of capital and interest due.
- The amount of the provision is determined after taking into account:
 - The value of the asset or other collateral securing the debt.
 - The value of other assets owned by the debtor after giving consideration to secured and unsecured liabilities.
 - The value of any securities or guarantees given in respect of the debt.
 - The amount, if any, already raised as a provision for suspended interest.
- A general provision is made in respect of all debtors other than those where a specific provision has been made.

4.4 Market Risk

Market risk refers to the potential for change in the market value of a portfolio of financial instruments (including derivatives) caused by adverse movements in market factors such as interest and foreign exchange rates, equity, bond and commodity prices, volatility and credit spreads.

Market risk exists where the Group has taken on principal trading positions. These positions result from proprietary trading, market making, arbitrage, underwriting and investments in the commodity, foreign exchange, equity, capital and money markets. The Group actively trades in the following markets in South Africa:

- Domestic money market;
- Domestic capital markets;
- Equities and equity indices;
- Foreign exchange; and
- Commodities.

The market risk team, supervised by the Group Market Risk Forum, manages market risk by identifying and quantifying risks, on the basis of current and future expectations and ensuring that trading occurs within defined parameters.

4.4.1 *Management of Market Risk*

An independent, centralised market risk function manages and reviews the Group’s market risk across all geographic locations on a day-to-day basis. Its trading positions are marked-to-market daily by pricing models that apply mid-market valuations. All appropriate risk measurement indicators and figures are calculated using automated processes.

The Group also monitors trading activities through the establishment of appropriate limits. These are determined by the Group’s risk appetite both for the markets and/or products traded, the liquidity and maturity of the market and the Group’s desired risk/return profile. The Group Market Risk Forum and the Board approve trading limits.

4.4.2 *Measurement of Market Risk*

The Group measures market risk using a combination of sensitivity analysis, historically simulated Value at Risk, (“**VaR**”), and stress testing. VaR is a statistically based technique which estimates the potential loss which could occur on a trading portfolio due to movements in market rates over a specified time horizon and to a given level of confidence. A series of stress tests are applied to

ANNEXURE C
as at 12 February 2003

determine the market risk for parallel shifts and twists in the underlying yield curves, for basis risk between yield curves, and for extreme or abnormal market conditions. Daily reports are produced containing this VaR and stress test information. Daily profitability is also analysed to ensure that sources of revenue are understood.

The tables below represent the Group's VaR, for its trading book, for a 95% confidence interval and a one-day holding period, applying the exponentially weighted historically simulated VaR model. This means that there is a one in twenty chance that daily losses will be at least as large as the reported VaR. VaR, however, does not indicate how much the Group can expect to lose in these cases. Expected Tail Loss, ("ETL"), quantifies the amount the Group can expect to lose when the VaR threshold is exceeded.

The tables for the year ended 31 March 2002 present a consolidated view for the South African operations. The consolidated VaR presented below is significantly lower than the aggregated VaR due to offsets taking place as a result of the correlation between the various asset classes being taken into consideration.

VaR 95% (one day)

(R'000)	Consolidated South Africa
Interest rates	7 684
Equity	1 344
Foreign Exchange	6 817
Commodities	–
Consolidated	14 208

ETL 95% (one day)

(R'000)	Consolidated South Africa
Interest rates	13 500
Equity	1 991
Foreign Exchange	18 060
Commodities	–
Consolidated	30 774

The portfolio stress tested under extreme market conditions will result in a loss of R120 million based on a one-day holding period.

(R'000)	Consolidated South Africa
Interest rates	57 750
Equity	11 250
Foreign Exchange	51 878
Commodities	–
Consolidated	120 878

4.4.3 *Market Risk – Derivatives*

The risks associated with the use of swaps, futures, forwards, options and other derivative instruments are monitored in the same manner as for the underlying instruments. Risks are also measured across the product range in order to take possible correlations into account.

The table below reflects the Bank's derivative trading portfolio at the end of the financial year on the basis of the notional principal and the fair value of all derivatives.

The notional principal indicates the Bank's activity in the derivatives market and represents the aggregate size of total outstanding contracts at the year-end. The fair value of a derivative financial instrument represents the present value of the positive or negative cash flows which would have occurred had the rights and obligations arising from that instrument been closed out by the Bank in an orderly market transaction at year end. Both these amounts reflect only derivatives exposure and exclude the value of the physical financial instruments used to hedge these positions.

Notional Principal		Positive Fair Value (Rm)	Negative Fair Value (Rm)
	(Rm)		
Foreign exchange derivatives	330 140	14 359	16 262
Interest rate contracts	723 122	5 604	5 914
Equity and stock derivatives	13 796	877	789
Commodity derivatives	18 188	729	703
Credit Derivatives	750	8	8
Effect of netting	–	(15 872)	(15 872)
Net Fair Values	1 085 246	5 157	7 076

5. ASSET LIABILITY MANAGEMENT

The purpose of Asset Liability Management (“ALM”) is to manage the risk reward relationship that exists between liquidity and interest rate risk that arises from the term, structure and concentration of the assets and liabilities on the Bank’s balance sheet, dynamically adjusting to changing economic conditions.

The range of techniques employed by the Group combine the use of traditional gap analysis and dynamic modelling techniques, which include quantitative models and stress tests designed to measure the possible future states of liquidity needs and potential distribution of net interest income over a range of scenarios. The dynamic modelling process is supported by an ongoing technical analysis of economic and banking trends.

The objective is to identify and quantify undesirable risks, which are mitigated through the implementation of appropriate on and off balance sheet strategies.

The Group philosophy dictates maintaining a diversified high quality surplus liquidity position in the short-term, placing liquidity as a priority over short-term profit and further excludes taking material interest and currency mismatch. This philosophy is required of all relevant branches, subsidiaries and asset creators in the Group.

5.1 Asset Liability Management Committee (“ALCO”)

ALCO manages the term and structure of the Bank’s balance sheet, measuring and monitoring interest rate and liquidity exposures on the banking book.

It performs the following functions:

- Sets the funding and liquidity policy and ensures compliance with this policy. The policy covers domestic and foreign currency funds and sets out sources and amounts of funds necessary to ensure continuation of operations without undue interruption, in accordance with the regulatory requirements pertaining to the jurisdiction.
- Sets limits pertaining to the liquidity gaps and interest rate exposure in regard to the structural/commercial banking book.
- Implements the methodology, techniques and processes used to measure the exposure.
- Directs the development of scenarios covering risk factors and assumptions in view of expected economic conditions and market circumstances.
- Independently examines the external economic and interest rate outlook, positioning in an interest rate cycle, term structure of interest rates and other socio-economic factors together with current asset and liability mix, projected balance sheet growth, future funding requirements and liquidity projections.
- Reviews the risk reward relationship that exists between liquidity and interest rate on an ongoing basis and manages the liquidity and interest rate risk that arises out of the term, structure and concentration of the assets and liabilities (on the Bank’s balance sheet) dynamically adjusting to changing economic conditions.
- Manages the sensitivity of income to risk factors in such a way that it remains materially neutral to interest rate/market conditions.
- Sets investment, funding and hedging strategies and funding targets.

ALCO is represented in all the Group locations, with different levels of the ALM function carried out in the different geographical locations.

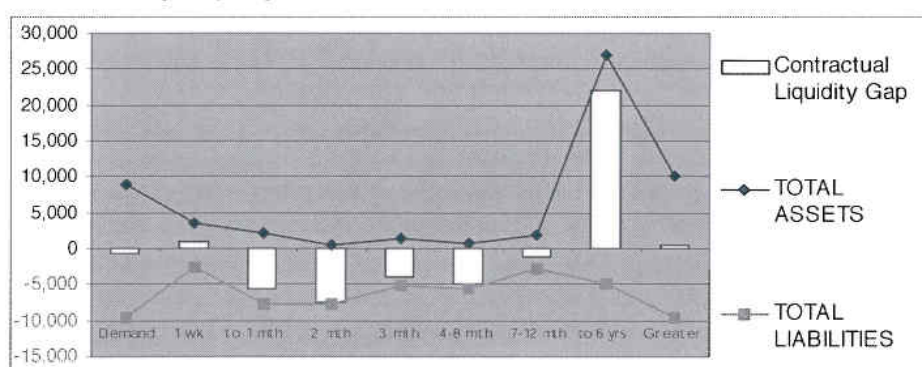
5.1.1 Liquidity Risk

Liquidity risk is defined as the risk that Investec Bank Limited does not have sufficient cash to meet its financial obligations, especially in the short-term.

Liquidity risk is defined by the contractual maturity cash flow mismatch between assets and liabilities. Sources of liquidity risk include unforeseen withdrawal of demand deposits, restricted access to new funding with appropriate maturity and interest rate characteristics, inability to liquidate a marketable asset timeously with minimal risk of capital loss, unpredicted non-payment of a loan obligation and a sudden increased demand for loans.

The cumulative liquidity gap at year-end represents the cash flow required to meet scheduled commitments as and when due. The year-end figures depicted assume normal market conditions and the Board's ability to realize its equity and tradable instruments within the specified time frames.

Contractual Liquidity Gap (Rm)

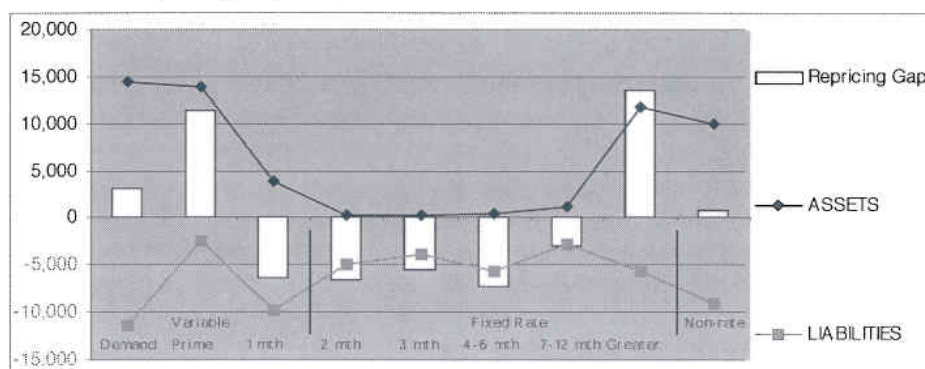


5.1.2 Interest rate risk

Interest rate risk is defined as the risk that interest rates paid to depositors and yields earned from loans change at different times, with varying degrees of certainty.

Interest rate risk is defined as the impact on the net interest earnings, as a result of increases or decreases in the levels of interest rates and/or changes in the shape of the term structure of interest rates, when applied to the Bank's balance sheet. The repricing gap represents the contractual repricing characteristics of assets and liabilities within given intervals.

Cumulative Repricing Gap (Rm)



5.1.3 Operational risk

Operational risk is the risk of direct loss arising from inadequate or failed internal processes, people, systems and from external events.

Primary responsibility for management of operational risk lies with business unit management. The business unit leaders report to the Board on key business objectives, and the significant internal risks and external environmental factors that could affect their respective businesses.

Group operational risk is responsible for the design, development and facilitation of a consistent and systematic process across the Group to assist it in identifying, assessing, mitigating, measuring, monitoring and reporting operational risks.

A key focus remains that of perpetuating and enhancing the culture of risk awareness, control and compliance consciousness throughout the Group. This supports senior management and the Board in their responsibility to implement sound governance processes, including risk management and internal control monitoring, which are adequate and effective relative to the nature and complexity of the operations of the Group.

The Group continues to assess and validate the risk assessment processes in place to support management responsibility and governance reporting requirements.

Primary focus areas of the Group in respect of operational risks are:

Processes

The identification, assessment, mitigation, and documentation of significant risks; the maintenance of adequate and effective internal controls; timeous and accurate processing; monitoring of unauthorized transactions; sound financial disciplines ensuring accurate and timely reporting; incident tracking and evaluation; and new product assessment and approval.

People

The ability to attract, retain and develop the appropriate skills and talent; the embedding of the Group values and culture; and the provision of a safe and secure operating environment.

Systems

The appropriate investment in technology to support the operations of the Group; continued availability of technology; the maintenance of a secure operating environment to protect and ensure integrity of data and information.

Availability of systems and business process continuity is essential to the Group. Business Resumption programmes are in place to enable the resumption of critical business functions at an alternate location in the event of disruption. Regular practice ensures relevant and adequate Business Resumption capability.

External Events

The continuous monitoring of criminal activity and trends; investigation of fraudulent activities; and recovery and protection of assets of the Group. Outsourced services are subject to performance agreements and are monitored. External macro environmental events and developments are monitored and potential impacts are assessed and responded to.

In addition, the Basle Capital Accord developments continue to be monitored to assess their impact on Operational Risk Management trends and the proposed capital adequacy requirements for operational risk.

A key element of sound operational risk management is the adoption and endorsement of governance standards that apply in jurisdictions within which the Group operates. In this regard the South African King 11 “Code of Corporate Practice and Conduct” and the “London Combined Code”, in particular the “Turnbull Guidance” relating to the accountability and audit principles of the code, form the foundation of governance practices throughout the Group.

Various policies and practices are in operation to mitigate reputational risk. The Group is acutely aware of the impact of practices that may result in a breakdown of trust and confidence in the Group. The policies and practices are regularly reinforced through transparent communication, accurate reporting, continuous Group culture and values assessment, internal audit and regulatory compliance reviews, as well as the Group risk management process. Anti-Money Laundering policies have been reviewed and enhanced.

6. REPUTATIONAL RISK

Reputational risk is the risk caused by damage to an organisation's reputation, name or brand. Such damage may be a breakdown of trust, confidence or business relationships. Reputational risk may arise as a result of other risks manifesting and not being mitigated.

Various policies and practices are in operation to mitigate reputational risk. These include a strong Group values statement that is regularly and proactively reinforced. In addition, the Group subscribes to sound corporate governance practices, which require that activities, processes and decisions are based on secure and carefully considered principles. As an international banking group, regulatory best practices are a desired outcome. This is particularly relevant in client acceptance rules, anti-money laundering policies and processes, and risk management practices.

The Group is acutely aware of the impact of practices that may result in a breakdown of trust and confidence in the organisation. The Group's policies and practices are regularly reinforced through transparent communication, accurate reporting, continuous Group culture and values assessment, internal audit and regulatory compliance reviews, as well as the Group Risk Management process.

7. LEGAL AND DOCUMENTATION RISK

Legal and documentation risk is defined as the risk that contracts entered into by the Group with its clients will not be enforceable, especially with respect to events of default by a client i.e. that the documentation will not give rise to the rights and remedies anticipated when the transaction was entered into, particularly when security arrangements have been agreed.

The Group's legal teams seek to ensure that the documentation entered into provides for the appropriate rights and remedies.

8. CORPORATE GOVERNANCE

Overview

The Group has long had an entrenched corporate culture, which emphasises above all the need to conduct the affairs of the Group in accordance with the highest standards of corporate ethics.

Corporate Governance, reduced to its absolute essentials, is the formal maintenance of the necessary balance between entrepreneurial flair and enterprise on the one hand and prudential restraint, within the boundaries of regulation, on the other. Accordingly, while Corporate Governance, embodied in the Group's written Statement of Values (which serves as its Code of Ethics) has always been a pillar of the Group's culture, the Group has over time created (and continues to refine) the structures necessary to formalise oversight and to ensure that the values remain embedded in all businesses and processes.

The Group endorses the King Code of Corporate Governance and operates in compliance with its recommendations. International business units operate in accordance with the governance recommendations of the jurisdiction in which they operate, but with clear reference at all times to Group values and culture.

The Group initiated the adoption of the "Turnbull Guidance" containing principles for consideration by Directors on the implementation of the Accountability and Audit Principles of the United Kingdom "Combined Code" on good governance and best practice. This requires management and the board to assess the control and risk management environment, identify risks, embed a culture of risk awareness and control consciousness, provide assurance of implementation and review the governance process.

The Group recognises its responsibility as a financial institution to conduct its affairs with prudence and integrity and to safeguard the interests of all stakeholders.

Governance, including Risk Management and internal control practices, is monitored consistently across the Group and the Bank.

9. INTERNAL AUDIT

The Group's processes in this regard are implemented at a Group level and are applied consistently across each of its subsidiaries.

Internal audit provides assurance to management and the Board that risks are being adequately managed and that the control environment within the Group is appropriate for the nature and complexity of the various operations of the Group.

An internal audit function is based in each significant jurisdiction. The globalisation of business units has focused internal audit on meeting jurisdiction and global business needs.

The Group's internal audit functions collaborate globally and bring a systematic, risk-focused and disciplined approach to evaluating and improving the effectiveness and appropriateness of risk management, internal control and governance processes.

An Internal Audit Charter, reviewed and approved by the Group Audit Committee, governs internal audit activity within the Group. The charter sets out the role and objectives, authority and responsibility for the function. The primary role is to provide independent assurance on the adequacy and effectiveness of the control framework including financial, operational and compliance controls. The secondary role is to provide assistance in improving the control framework including financial, operational and compliance controls. The secondary role is to provide assistance in improving the control framework.

Internal audit operates independently from executive management with unrestricted access to the chairman of the Group Audit Committee. Internal audit operates to an audit plan which is based on a formal risk assessment, issues raised by the respective audit committees and management, and which is approved by the appropriate audit committee.

Control failures are reported, in terms of an escalation protocol, to the appropriate level of the risk and audit committee where rectification procedures and progress are monitored.

The members of the Group's audit and audit sub-committees consist of executive and non executive directors, senior management and external auditors with the chairman being a non executive director. These committees meet at least six times per year.

10. COMPLIANCE

Group Compliance assists management in developing and maintaining an operating environment that complies with statutory regulations and market practices.

The Group's compliance officers collaborate globally to identify best practice and standards, while focusing on addressing local regulatory requirements.

The mandate of the Group Compliance division includes the following:

- Co-ordinating the implementation of compliance throughout the Group.
- Providing for a formal, structured and consistent implementation of compliance processes.
- Monitoring and reviewing implemented compliance processes.
- Providing a central point of reference for advice and consultation on compliance related issues.
- Facilitating compliance education and awareness programs with the purpose of establishing and enhancing a compliance culture throughout the Group.
- Providing specific focus to regulatory and reputational risk within a broader risk management framework.
- Ensuring compliance processes and standards are kept in line with international best practice.

Group Compliance operates independently from executive management with unrestricted access to the Board and the chairman of the Group Audit Committee.

Other issues of particular relevance addressed by Group Compliance include:

- Enhancing money laundering policies and procedures to take into account global initiatives following the events of 11 September 2001.
- Introducing new compliance standards governing conflicts of interest to specifically address the relationship between research and investment banking.

11. CREDIT RATINGS

See the Bank's current credit rating as per Annexure E.

FINANCIAL STATEMENTS OF INVESTEC BANK LIMITED

For purposes of this Annexure only, "Group" or "group" refer to Investec Bank Limited and its subsidiaries and "Company" refers to Investec Bank Limited. A copy of the full Audited Financial Statements are available at the offices of Investec Bank Limited.

Investec Bank Limited

Group and Company Annual Financial Statements for the financial year ended 31 March 2002.

Annual Financial Statements

Directorate and corporate information for the financial year ended 31 March 2002.

Executive Directors

S Koseff *(Chief Executive Officer)*
B Kantor *(Managing Director)*
G R Burger
R P M A Forlee
S Hackner
D M Lawrence *(Deputy Chairman)*
A W J Leith
M C L Mason (Irish)
D M Nurek
B Tapnack

Non-executive Directors

H S Herman *(Chairman)*
S E Abrahams
R S Berkowitz
G H Davin (resigned 26 June 2002)
D E Jowell
I R Kantor
D Kuper
M P Malungani (appointed 21 August 2001)
Dr R D Mokate
D R Motsepe (appointed 3 July 2002)
Dr M Z Nkosi
P R S Thomas
F Titi (appointed 03 July 2002)
R A P Upton

Divisional Directors

M Barr
G H Gerber
P B Hanley
S J Heilbron
P R Jacobson (Canadian)
S M Shapiro
J K C Whelan (Irish)
J Witter

Secretary and registered office

S Noik
2nd Floor
100 Grayston Drive
Sandown
Sandton
2196

PO Box 785700
Sandton
2146

Auditors

KPMG Incorporated
Ernst & Young

Investec Bank Limited

Accounting policies for the financial year ended 31 March 2002.

Basis of presentation

The annual financial statements have been prepared on the historical cost basis, unless otherwise indicated, in conformity with South African Statements of Generally Accepted Accounting Practice. The following are the principal accounting policies, which are consistent with those of the previous year:

Basis of consolidation

The Group annual financial statements incorporate the financial results of the Group and its subsidiaries. All subsidiaries in which the Group holds more than one half of the voting rights or over which it exercises control are consolidated from the effective dates of acquisition and up to the effective dates of disposal. The results of operating subsidiaries have been equity accounted in the company.

Accounting for associates

Entities other than subsidiary undertakings, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence are treated as associates. In the group accounts, associates are accounted for using the equity method.

Equity accounting involves recognising the attributable share of the results and reserves of associated undertakings, based on accounts made up to dates not earlier than six months prior to 31 March. The Group's interests in associated undertakings are included in the consolidated balance sheet at the Group's share of net assets. Goodwill relating to associates is included in goodwill on the balance sheet and amortised as detailed below.

Goodwill

Goodwill arising on the acquisition of subsidiaries and associates is written-off against income over its useful economic life, not exceeding 20 years. Negative goodwill arising on acquisitions is included within goodwill and released to the income statement over the period that non-monetary assets are recovered. Negative goodwill arising on the acquisition of monetary assets is taken to income in the year of acquisition.

Foreign entities

The net assets of foreign subsidiaries, which are classified as foreign entities, are translated at closing rates of exchange and the translation differences arising are taken to reserves. The results of foreign subsidiaries are translated at weighted average rates of exchange for the relevant period. The difference between the profit and loss translated at an average rate and the closing rate is recorded as a movement in reserves. Any exchange differences for foreign currency loans, which are used to hedge the net investment in foreign subsidiaries, are also taken to reserves. Goodwill arising on the acquisition of foreign entities is translated at historical rates of exchange.

Integrated foreign operations

The monetary net assets of foreign operations, that are considered to be an integral part of the operations of the reporting entity, are translated at closing rates of exchange and the translation differences arising are included in income for the period. The results of integral foreign operations are translated at weighted average rates of exchange for the relevant period and non-monetary assets are translated at the later of acquisition or revaluation exchange rates.

Foreign currency transactions

Assets and liabilities in foreign currencies are translated into sterling at market rates of exchange ruling at the balance sheet date. All foreign currency transactions are translated into rand at the exchange rates ruling at the time of the transactions. Any profit or loss arising from a change in the exchange rates subsequent to the date of the transaction is included as an exchange profit or loss in the profit and loss account.

Interest bearing securities

Except for instruments held to maturity, interest bearing securities are marked to market and profits and losses recognised in the income statement. Interest bearing securities held to maturity are carried at amortised cost, net of any impairment.

Securities sold subject to repurchase agreements are recorded as assets. Obligations for the repurchase of these securities are included under deposits and other accounts.

Securities purchased under an agreement to resell the securities at a future date are reflected in the balance sheet as cash and short-term funds.

Stock borrowing and lending transactions that are not cash collateralised are not included in the balance sheet, but are disclosed as assets under administration.

Derivatives

Derivatives entered into for trading purposes are measured at fair value. Profits and losses arising on the mark to market of trading derivatives are recognised in the income statement in the period in which they arise, whereas income and expenses on hedging instruments are amortised over the life of the instrument, with adjustments made to reflect changes in estimated premiums and discounts. Where the Group has entered into legally binding netting arrangements and there is an intention to settle and realise simultaneously, positive and negative values of derivatives are offset within the balance sheet totals.

Exposures to market risks are limited through the use of hedging instruments. The criteria used for a derivative instrument to be classified as a designated hedge include:

- the transaction must effectively reduce the price or interest rate risk of the asset, liability or cashflow to which it is linked; and
- adequate evidence of the intention to link with the underlying risk inherent in the asset, liability or cashflow; and
- must be designated as a hedge at the inception of the derivative con.

These are accounted for on the same basis as the underlying asset, liability, position or cash flow being hedged with income and expense being recognised in the profit and loss account income statement. Hedging transactions which are superseded, cease to be effective or are terminated prior to the end of the life of the asset, liability or cashflow being hedged are measured at fair value. Any profit or loss arising from re-measurement is deferred and amortised into income or expense over the remaining life of the item previously hedged.

When the underlying asset, liability position or cashflow is terminated prior to the hedging transaction, the hedging instrument is re-measured at fair value and the resulting profit or loss is included in the category of income or expense relating to the previously hedged transaction.

Equity investments

Listed equity investments are stated at market value. Unlisted equity investments are stated at the lower of cost or director's valuation unless there is a reliable basis to re-measure to fair value.

Profits and losses arising from the revaluation of trading investments are included in income.

The excess of market value of long-term investments over cost, determined on a portfolio basis, is taken to reserves, whilst any deficit arising is reflected in the income statement. On disposal of such investments, the revaluation is reversed and the full difference between cost and the amount realised is shown in the income statement.

Other investments

Other investments are valued at market value where a formal market exists or in the case of investments such as insurance policies or equity funds at the value of the underlying investments. Where no formal market exists investments are valued at the lower of cost or director's valuation.

Instalment credit, leases and rental agreements

Amounts outstanding on these contracts, net of unearned finance charges, are included in advances. Finance charges on instalment sale transactions are credited to income in proportion to the capital balances outstanding. Finance lease income is credited to interest income in according to effective interest method.

Specific and general provisions

Specific provisions represent the quantification of actual and expected losses from identified accounts and are deducted from advances in the balance sheet. The amount of specific provision raised is the Group's conservative estimate of the amount needed to reduce the carrying value of the asset to the expected ultimate net realisable value, taking into account the financial status of the customer and any security for the loan. Included in the specific provisions are amounts in respect of interest that is not serviced. The charge for provision for bad and doubtful debts in the income statement includes the unserviced interest which has been transferred to specific provisions.

General provisions augment specific provisions and provide cover for loans which are impaired at the balance sheet date but which will not be identified as such until some time in the future. The Group's general provision has been determined taking into account the structure and the risk characteristics of the Group's loan portfolio, in accordance with South African banking regulations. General provisions are deducted from advances in the balance sheet but, unlike specific provisions, are included in Tier II capital when calculating the Group's capital base for regulatory purposes.

Tangible property and equipment

Property and equipment is stated at amortised cost, less impairments. Depreciation is provided on a straight-line basis over their anticipated useful lives. Leasehold improvements are amortised over the remaining period of the leases.

The annual rates used to depreciate assets are as follows:

Computer equipment	33%
Infrastructure	20%
Motor vehicles	20%
Office equipment	20%
Furniture and fittings	10%
Operating properties	2%

Certain of the Group's properties are held for long-term investment purposes. The properties are revalued to their open market value and the aggregate surplus or deficit on revaluation is recognised in the profit and loss account for the year. No depreciation is provided in respect of investment properties.

Deferred taxation

Deferred taxation is provided using the balance sheet method on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

Deferred tax assets or liabilities are measured using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are only recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Impairments

At each balance sheet date the Group reviews the carrying value of assets, which are not carried at fair value for indication of impairment. If the recoverable amount of an asset is less than its carrying amount, the recognised value of the asset is reduced to its recoverable value.

Impairment losses are recognised as an expense in the income statement in the period in which they are identified.

Trust and fiduciary activities

The Group acts as a trustee or in other fiduciary capacities that result in the holding, placing or managing of assets for the account of and at the risk of clients.

As these are not assets of the Group, they are not reflected on the balance sheet but are included at market value as part of assets under administration.

Income recognition

Interest income

Interest income is recognised in the income statement as it accrues, based on the effective rates of interest.

Included in interest income is the accrual of unserviced interest, which is fully provided for in the charge for bad and doubtful debt in the income statement. Net interest margin is determined after taking into account the bad and doubtful debt charge. Suspended interest is written-off when there is no longer any realistic prospect of it being recovered.

Other income

Trading profits is shown net of the funding cost of the underlying positions and includes the unrealised profits on trading portfolios, which are marked to market daily.

Commissions and fees include fees earned from providing advisory services, portfolio management and the arranging of financing for clients. All such commissions and fees are recognised as revenue when the related services are performed. Equity investments received in lieu of corporate finance fees are included in trading securities and valued accordingly.

Investment income includes realised profits and losses on disposal of investments and dividends received.

Retirement benefits

In South Africa the Group provides a pension fund, governed by the Pension Funds Act, 1956 and a disability fund for the benefit of employees. Membership of these funds is compulsory for all employees. The Group pension fund is structured as a money purchase scheme and accordingly can have no funding deficit. The scheme provides that at all times an employee will receive from the fund the amount that has been contributed together with the Group's contribution plus interest and capital appreciation. Life cover is incorporated in the fund.

The Group also offers the optional benefits of a provident fund and a deferred compensation fund. The funds are administered by Alexander Forbes Consultants and Actuaries (Tvl) (Proprietary) Limited and are registered in South Africa. The Group has no liabilities for other post retirement benefits.

All employer contributions are charged to income, as they become payable in accordance with the rules of the scheme, and included under staff costs.

Comparative figures

Comparative figures are restated where necessary to allow for more meaningful comparison.

ANNEXURE D
as at 12 February 2003

Further disclosure

The Group Staff Share Scheme and risk is managed on a global basis. Please refer to the Investec Group Limited March 2002 annual report for further details.

Investec Bank Limited

Balance sheets

As at 31 March 2002

(Rm)	Notes	2002	Group 2001	2002	Company 2001
ASSETS					
Cash and short-term funds	1	9 116	9 561	8 857	8 877
Short-term negotiable securities	2	7 354	5 117	7 095	5 031
Investment and trading securities	3	11 228	6 039	11 728	3 939
Other assets	4	796	1 465	591	1 220
Advances	5	28 955	20 209	21 308	17 025
Loans to group companies	6	11 523	8 830	5 780	8 649
Subsidiary companies	7	–	–	5 731	1 974
Associated companies	8	15	15	–	3
Property and equipment	9	860	617	838	149
Intangible assets	10	10	23	–	–
		69 857	51 876	61 928	46 867
EQUITY AND LIABILITIES					
Capital and Reserves					
Ordinary share capital	11	16	16	16	16
Compulsorily convertible debentures	12	1 938	1 938	1 938	1 938
Reserves	13	6 695	6 102	6 592	5 812
		8 649	8 056	8 546	7 766
Interest of minority shareholders in subsidiaries		31	23	–	–
Total shareholders' funds		8 680	8 079	8 546	7 766
Subordinated debt	14	2 245	1 945	2 245	1 945
		10 925	10 024	10 791	9 711
Liabilities					
Deposits and other accounts	15	58 884	41 790	51 100	37 098
Taxation	16	48	62	37	58
		69 857	51 876	61 928	46 867

Investec Bank Limited

Income statements

For the year ended 31 March 2002

(Rm)	Notes	Group		Company	
		2002	2001	2002	2001
Interest received	17.1	5 997	12 129	5 117	4 261
Interest paid	17.2	4 599	10 409	4 449	3 881
Net interest income		1 398	1 720	668	380
Provision for bad and doubtful debts		178	198	116	138
		1 220	1 522	552	242
Other income	18	832	3 233	1 355	945
Total income		2 052	4 755	1 907	1 187
Operating expenses	18	936	3 249	885	697
Income before exceptional items		1 116	1 506	1 022	490
Exceptional items	18	9	(1 235)	39	(427)
Income before taxation		1 125	271	1 061	63
Taxation	19	191	195	128	–
Income after taxation		934	76	933	63
Earnings attributable to minority shareholders		1	13	–	–
Net income		933	63	933	63
Convertible debenture interest		266	223	266	223
Earnings attributable to ordinary shareholders		667	(160)	667	(160)
Headline earnings attributable to ordinary shareholder					
Earnings attributable to ordinary shareholders		667	(160)	667	(160)
Headline adjustments		(9)	1 235	(39)	427
Reversal of equity accounted income and foreign currency gains and losses on disposal of subsidiaries		–	105	–	(442)
Foreign currency losses on realisation of foreign loans		–	869	–	869
Disposal of subsidiaries		(22)	–	(39)	–
Goodwill amortised		13	264	–	–
Negative goodwill written-off		–	(3)	–	–
Headline earnings		658	1 075	628	267

ANNEXURE D
as at 12 February 2003

Investec Bank Limited

Cash flow statement

For the year ended 31 March 2002

(Rm)	Notes	Group 2002	2001	Company 2002	2001
Cash flow from operating activities					
Cash generated by operating activities	22.1	1 346	1 845	805	167
Taxation paid	22.2	(205)	(131)	(149)	1
Cash available from operating activities		1 141	1 714	656	168
Ordinary dividends paid	22.3	(47)	(289)	(47)	(289)
Convertible debenture interest paid		(266)	(223)	(266)	(223)
Net cash inflow from operating activities		828	1 202	343	(344)
Cash utilised in investing activities					
Cash flow on acquisitions or disposal of subsidiaries	22.4	469	(54 967)	(3 353)	6 270
Net investment in associated companies		–	(10)	3	1
Net investment in fixed assets		(735)	(396)	(735)	(49)
Net cash outflow from investing activities		(266)	(55 373)	(4 085)	6 222
Cash flow from banking activities					
Movement in deposits and other accounts		17 137	12 990	14 045	1 175
Movement in income earning assets	22.5	(17 551)	(16 466)	(10 682)	(6 259)
Net cash inflow from banking activities		(414)	(3 476)	3 363	(5 084)
Cash flow from financing activities					
Proceeds on issue of ordinary shares		–	1 999	–	1 999
Proceeds on issue of convertible debentures		–	399	–	399
Issue of bonds		300	1 445	300	1 445
Net increase in loans to Group companies		(893)	(9 632)	59	(8 187)
		(593)	(5 789)	359	(4 344)
Net (decrease)/increase in cash and short-term funds		(445)	(63 436)	(20)	(3 550)
Cash and short-term funds at beginning of year		9 561	72 997	8 877	12 427
Cash and short-term funds at end of year		9 116	9 561	8 857	8 877

ANNEXURE D
as at 12 February 2003

Investec Bank Limited

Statement of changes in shareholders' funds

For the year ended 31 March 2002

(Rm)	Notes	Group		Company	
		2002	2001	2002	2001
Share capital					
Balance at beginning of year		16	14	16	14
Issue of shares		–	2	–	2
Balance at end of year	11	16	16	16	16
Compulsorily convertible debentures					
Balance at beginning of year		1 938	1 539	1 938	1 539
Issue of debentures		–	399	–	399
	12	1 938	1 938	1 938	1 938
Share premium					
Balance at beginning of year		4 732	2 735	4 732	2 735
Issue of shares-net of issue expenses		–	1 997	–	1 997
Balance at end of year	13	4 732	4 732	4 732	4 732
General reserves					
Balance at beginning of year		1 313	1 762	1 158	1 607
Earnings attributable to ordinary shareholders		667	(160)	667	(160)
Dividends	20	(47)	(289)	(47)	(289)
Balance at end of year	13	1 933	1 313	1 778	1 158
Secondary reserves					
Balance at beginning of year		57	922	(78)	706
Movement in revaluations		(27)	(865)	160	(784)
Balance at end of year	13	30	57	82	(78)
		8 649	8 056	8 546	7 766

Investec Bank Limited

Notes to the financial statements

For the year ended 31 March 2002

(Rm)	Group		Company	
	2002	2001	2002	2001
1. CASH AND SHORT-TERM FUNDS				
Balances with Central bank	1 070	1 882	1 061	1 878
Balances with other banks	3 467	4 116	3 221	4 048
Other short-term funds	4 579	3 563	4 575	2 951
	9 116	9 561	8 857	8 877
2. SHORT-TERM NEGOTIABLE SECURITIES				
Analysis by portfolio				
Investment	692	911	457	848
Trading	6 662	4 206	6 638	4 183
	7 354	5 117	7 095	5 031
3. INVESTMENT AND TRADING SECURITIES				
Category analysis				
Government and government guaranteed	1 965	2 749	1 241	2 149
Listed securities	1 373	1 068	1 280	535
Unlisted securities and investments	2 670	1 852	*4 050	885
Positive fair value of trading derivatives	5 220	370	5 157	370
	11 228	6 039	11 728	3 939
Analysis by portfolio				
Liquid assets	1 965	2 749	1 241	2 149
Trading	6 278	705	*9 016	633
Investment	2 985	2 585	1 471	1 157
	11 228	6 039	11 728	3 939
*Includes deposits of R2 810 million placed with Group banks, relating to trading activities.				
4. OTHER ASSETS				
Settlement debtors	1	–	1	–
Other debtors and prepayments	795	1 465	590	1 220
	796	1 465	591	1 220

ANNEXURE D
as at 12 February 2003

(Rm)	Group		Company	
	2002	2001	2002	2001
5. ADVANCES				
Category analysis				
Commercial property loans	4 883	4 107	4 754	4 002
Residential mortgages	4 581	3 171	4 500	3 140
Leases and instalment debtors	1 808	1 559	1 586	1 383
Corporate and public sector loans and advances	13 117	9 097	6 848	6 218
Other secured private advances	2 751	1 650	2 568	1 645
Other loans and advances	2 325	1 150	1 545	1 149
	29 465	20 734	21 801	17 537
Specific provisions against doubtful debts	(253)	(347)	(237)	(324)
General provisions against doubtful debts	(257)	(178)	(256)	(188)
	28 955	20 209	21 308	17 025
Maturity analysis				
On demand to one month	2 156	1 872	1 970	1 677
One month to six months	4 027	1 721	1 030	1 200
Six months to one year	1 499	2 578	1 116	2 274
One year to five years	11 450	7 659	4 465	4 189
Greater than five years	10 333	6 904	13 220	8 197
	29 465	20 734	21 801	17 537
6. LOANS TO GROUP COMPANIES				
Loans to holding company – Investec Group Limited	6 763	6 710	3 357	6 800
Loans to fellow subsidiaries	4 760	2 120	2 423	1 849
	11 523	8 830	5 780	8 649
<p>The loans to the holding company are mainly as a result of the Group restructure in preparation of a dual listed structure (please refer to the Investec Group Limited financial statements at 31 March 2002 for further details). At the end of July 2002, the loan from the company to its holding company would be reduced to under R1 billion.</p> <p>The majority of loans to fellow subsidiaries and to IBL company subsidiaries earn either a rate of 3% below the prime overdraft rate or 65% of the prime overdraft rate, dependant on the nature of the finance.</p>				
7. SUBSIDIARY COMPANIES				
Shares at book value	–	–	2 902	2 821
Amounts owing by/(to) subsidiaries	–	–	2 829	(847)
	–	–	5 731	1 974

ANNEXURE D
as at 12 February 2003

(Rm)	Group		Company	
	2002	2001	2002	2001
8. ASSOCIATED COMPANIES				
Listed shares at cost	15	15	–	3
Equity accounted share of retained earnings	–	–	–	–
	15	15	–	3
9. PROPERTY AND EQUIPMENT				
Operational properties and leasehold improvements				
– Cost	17	470	–	–
– Accumulated depreciation†	–	19	–	–
Net book value at end of year	17	451	–	–
Vehicles, furniture and equipment				
– Cost	359	336	349	315
– Accumulated depreciation	213	173	206	168
Net book value at end of year	146	163	143	147
Investment properties	697	3	695	2
A register of investment and operational properties is available for inspection at the registered office of the company				
Net book value at end of year	860	617	838	149
Reconciliation of investment properties				
Opening balance	3	11	2	2
Acquisitions	694	–	693	–
Disposals	–	(8)	–	–
Revaluation	–	–	–	–
Closing balance	697	3	695	2

†Amounts less than R1 million.

10. INTANGIBLE ASSETS

Goodwill

Balance at beginning of year	23	2 421	–	–
Net (disposals)/acquisitions	–	(2 137)	–	–
Negative goodwill written-off*	–	3	–	–
Goodwill amortised	(13)	(264)	–	–
Balance at end of year	10	23	–	–

*There is no negative goodwill balance in the current year.

ANNEXURE D
as at 12 February 2003

(Rm)	Group 2002	2001	Company 2002	2001
11. SHARE CAPITAL				
Ordinary share capital				
<i>Authorised</i>				
105 000 000 (2001 – 105 000 000) ordinary shares of 50 cents each.	53	53	53	53
<i>Issued</i>				
31 700 000 (2001 – 31 700 000) ordinary shares of 50 cents each.	16	16	16	16
<i>Preference share capital</i>				
4 000 000 authorised and unissued preference shares at R1,00 each.				
The unissued shares are under the control of the directors until the next annual general meeting.				
12. COMPULSORILY CONVERTIBLE DEBENTURES				
<i>Issued</i>				
3 573 994 (2001 – 3 573 994) unsecured subordinated compulsorily convertible debentures of 50 cents issued at a premium of R78,50 each.	282	282	282	282
Interest is payable six monthly in arrears on 31 January and 31 July of each year at a rate of 15,25%.				
The compulsorily convertible debentures will convert into Investec Bank Limited ordinary shares, on a one for one basis, on 31 July 2008. The company at its discretion may at the request of the holder convert at an earlier date, but not before 31 July 2002.				
The Investec Bank Limited shares arising out of conversion have been sold forward by the holder thereof to Investec Limited in exchange for Investec Limited ordinary shares.				
5 000 000 (2001 – 5 000 000) Class A unsecured subordinated compulsorily convertible debentures of 50 cents issued at a premium of R159,50 each, net of issue expenses.	797	797	797	797
1 000 000 (2001 – 1 000 000) Class A Series II unsecured subordinated compulsorily convertible debentures of 50 cents issued at a premium of R159,50 each, net of issue expenses.	160	160	160	160
1 500 000 (2001 – 1 500 000) Class B unsecured subordinated compulsorily convertible debentures of 50 cents issued at a premium of R199,50 each, net of issue expenses.	300	300	300	300
Interest is payable six monthly in arrears on 15 June and 15 December of each year at a rate of 15% for Class A and Class A Series II and 12% for Class B debentures.				
The Class A and Class A Series II debentures will convert into Investec Bank Limited ordinary shares on a 3,5 for one basis on 15 December 2004. Class B debentures will convert on a 2,8 for one basis on the same day resulting in the issue of 2 250 714 Investec Bank Limited shares.				

ANNEXURE D
as at 12 February 2003

(Rm)	Group 2002	2001	Company 2002	2001
The 2 250 714 Investec Bank Limited shares arising out of the conversion have been sold forward by the holders thereof to Investec Limited in exchange for Investec Limited ordinary shares.				
2 000 000 (2001 – 2 000 000) Class C unsecured subordinated compulsorily convertible debentures of 50 cents issued at a premium of R199.50 each, net of issue expenses	399	399	399	399
Interest is payable six monthly in arrears on 30 September and 31 March of each year at a rate of 11% per annum for the Class C debentures.				
The Class C debentures will convert into Investec Bank Limited ordinary shares on a 2,3 for one basis on 31 March 2008.				
All the convertible debentures are issued as part of the Group's employee share ownership initiatives and are exempt from the requirements of AC 125.				
Total compulsorily convertible debentures	1 938	1 938	1 938	1 938
13. RESERVES				
Reserves comprise:				
Share premium	4 732	4 732	4 732	4 732
General reserves	1 933	1 313	1 778	1 158
Secondary reserves	30	57	82	(78)
	6 695	6 102	6 592	5 812
Secondary reserves comprise:				
Revaluation reserves	199	226	82	(78)
Goodwill written-off	(169)	(169)	–	–
	30	57	82	(78)
14. SUBORDINATED DEBT				
R1 961 million (2001 – R1 945) Investec Bank Limited 16% local registered unsecured subordinated bonds due 2012. Interest is paid six monthly in arrears on 31 March and 30 September at a rate of 16% per annum. The settlement date of the bonds is 31 March 2012.	1 961	1 945	1 961	1 945
R284 million (2001 – nil) Class "E" 15% unsecured redeemable debentures due 2014. From the date of issue to the period ended 31 March and 30 September at a rate of 15% (nominal annual compounded). Thereafter to 31 March 2014, the interest is the floating rate of ZAR-JIBAR-SAFEX plus 2,5%, payable quarterly on 31 March, 30 June, 30 September and 31 December.	284	–	284	–
	2 245	1 945	2 245	1 945

ANNEXURE D
as at 12 February 2003

(Rm)	Group		Company	
	2002	2001	2002	2001
15. DEPOSITS AND OTHER ACCOUNTS				
Category analysis				
Deposits and loans from banks	4 754	4 258	4 099	3 563
Demand and saving deposits	10 417	7 750	9 912	7 338
Fixed and notice deposits	29 077	16 500	24 685	15 855
Negotiable certificates of deposit	2 018	8 072	2 018	8 072
Other deposits and loan accounts	619	2 474	619	–
Negative fair value of trading derivatives	7 076	941	7 076	941
Creditors and other accounts	4 923	1 795	2 691	1 329
	58 884	41 790	51 100	37 098
Maturity analysis				
On demand to one month	32 673	18 024	31 029	17 324
One month to six months	14 882	14 051	10 414	13 256
Six months to one year	4 055	2 750	3 454	2 743
Greater than one year	7 274	6 965	6 203	3 775
	58 884	41 790	51 100	37 098
16. TAXATION				
Taxation payable	9	23	–	20
Deferred taxation liability	39	39	37	38
	48	62	37	58
17. INTEREST				
17.1 Interest received				
Cash and short-term funds	943	6 654	932	1 136
Short-term negotiable securities	411	2 450	407	385
Investment and trading securities	140	154	48	122
Advances	3 317	2 391	2 757	2 156
Intercompany loans	654	419	803	423
	5 465	12 068	4 947	4 222
Foreign currency gains	543	284	474	58
Foreign currency losses	(11)	(223)	(304)	(19)
	5 997	12 129	5 117	4 261
17.2 Interest paid				
Demand and saving deposits	935	269	879	684
Fixed and notice deposits	2 610	1 902	2 539	1 731
Negotiable certificates of deposits	474	823	474	786
Repurchase agreements	2	6 586	2	–
Other deposits and loan accounts	563	578	307	197
Intercompany loans	15	251	248	483
	4 599	10 409	4 449	3 881

ANNEXURE D
as at 12 February 2003

(Rm)	Group		Company	
	2002	2001	2002	2001
18. OTHER INCOME, EXCEPTIONAL ITEMS AND OPERATING EXPENSES				
Other income comprises				
Commissions and fees – recurring	255	2 042	241	213
Principal transactions and trading income	331	539	85	49
Commissions and fees – once off	204	617	240	160
Dividends received	42	36	410	18
Equity accounted income of subsidiaries	–	–	379	506
Equity accounted income of associates	–	(1)	–	(1)
	832	3 233	1 355	945
Exceptional items comprise				
Reversal of equity accounted income and foreign currency gains and losses on intergroup disposal of subsidiaries	–	(105)	–	442
Disposal of subsidiaries	22	–	39	–
Losses on realisation of foreign currency loans	–	(869)	–	(869)
Goodwill amortised	(13)	(264)	–	–
Negative goodwill written-off	–	3	–	–
	9	(1 235)	39	(427)
Operating expenses comprise				
Personnel remuneration	423	1 657	393	317
Pension and provident fund contributions	44	123	43	33
Auditors remuneration	10	22	8	8
audit fees	10	20	8	8
fees for other services	–	2	–	–
Directors' emoluments paid by subsidiary*				
(*non executive directors receive market-related fees based on attendance at meetings†)				
Executive directors	2	6	1	1
remuneration	2	6	1	1
other benefits	–	–	–	–
Depreciation	52	141	46	45
Premises	65	233	82	56
Equipment	57	299	52	50
Business expenses	221	583	199	137
Marketing expenses	62	185	61	50
	936	3 249	885	697
Total employment cost:				
– Personnel remuneration	423	1 657	393	317
– Pension and provident fund contributions	44	123	43	33
– Executive directors remuneration	2	6	1	1
– Directly allocated against income*	150	783	147	159
	619	2 569	584	510

*Payments made to employees as a result of contractual obligations directly relating to income generation.

†Remuneration is less than R1 million.

ANNEXURE D
as at 12 February 2003

(Rm)	Group		Company	
	2002	2001	2002	2001
19. TAXATION				
19.1 Tax charge for the year				
Taxation on income				
South African normal taxation				
– current	186	32	128	–
– deferred	–	(6)	–	–
Secondary taxation on companies	2	–	–	–
Total South African taxation	188	26	128	–
Foreign taxation	3	169	–	–
– United Kingdom and Europe	–	116	–	–
– United States of America	–	37	–	–
– Israel	–	25	–	–
– Other	3	(9)	–	–
Total tax charge for the period	191	195	128	–
Income before taxation as per income statement	1 125	452	1 061	244
Less: Convertible debenture and bond interest	(266)	(404)	(266)	(404)
	859	48	795	(160)
Total taxation on income	191	195	128	–
Less: Secondary tax on companies	2	–	–	–
	189	195	128	–
Effective rate of taxation on income	22%	406%	16%	0%
The standard rate of South African normal taxation has been affected by				
– exempt dividend income	1%	236%	1%	(45%)
– exceptional items – goodwill	–	(164%)	–	–
– exceptional items: sale of subsidiaries	1%	(66%)	1%	(87%)
– accumulated tax losses	8%	(412%)	8%	124%
– foreign earnings	22%	353%	–	–
– other permanent differences	(24%)	(323%)	4%	38%
	30%	30%	30%	30%
20. ORDINARY DIVIDENDS				
Declared and paid	47	289	47	289
21. CONTINGENT LIABILITIES				
Guarantees and letters of credit	1 807	2 297	521	1 858
Acceptances on behalf of clients	2 227	658	2 388	643
Forward repurchase agreements	–	40	–	–
	4 034	2 995	2 909	2 501

21.1 Included in deposits and other accounts for the Group are funding preference shares issued by subsidiaries to the value of R2 206 million (2001 – R2 925 million) in respect of which Investec Bank Limited has granted a put option to the holders in the event of default by the issuer.

ANNEXURE D
as at 12 February 2003

(Rm)	Group		Company	
	2002	2001	2002	2001
21.2	Preference shares to the value of R321 million (2001 – R669 million) have been issued between Group companies in respect of which Investec Bank Limited has granted a put option.			
22. NOTES TO THE CASH FLOW STATEMENT				
22.1 Cash generated by operating activities				
Net income before taxation	1 125	271	1 061	63
Adjustments for non-cash items:				
Depreciation	52	141	46	45
Provision for bad and doubtful debts	178	198	116	138
Exceptional items	(9)	1 235	(39)	427
Equity accounted income from subsidiaries	–	–	(379)	(506)
	1 346	1 845	805	167
22.2 Taxation paid				
Taxation balances at beginning of year	(62)	(295)	(58)	(57)
Reduction in liability due to disposal of subsidiaries	–	266	–	–
Deferred tax asset raised on acquisitions	–	31	–	–
Amounts charged to income statement	(191)	(195)	(128)	–
Taxation balances at end of year	48	62	37	58
	(205)	(131)	(149)	1
22.3 Ordinary dividends paid				
Amounts unpaid at beginning of year	–	–	–	–
Declared from reserves	(47)	(289)	(47)	(289)
Amounts unpaid at end of year	–	–	–	–
	(47)	(289)	(47)	(289)
22.4 Cash flow on acquisitions or disposal of subsidiaries				
Investment in subsidiaries	–	–	(3 392)	6 697
Deposits and other accounts	–	(127 704)	–	–
Loans to Group companies	–	336	–	–
Investment and trading securities	–	3 291	–	–
Advances and other assets	–	68 303	–	–
Fixed assets	440	588	–	–
Deferred tax asset on acquisitions	–	(31)	–	–
Taxation	–	(266)	–	–
Minority shareholders on (disposal)/acquisition of subsidiaries	7	(281)	–	–
Goodwill	–	2 137	–	–
Foreign currency translation	–	(366)	–	–
Income statement charge on disposal of subsidiaries	22	(974)	39	(427)
	469	(54 967)	(3 353)	6 270

ANNEXURE D
as at 12 February 2003

(Rm)	Group			Company		
	2002		2001	2002		2001
22.5 Increase in income earning assets						
Short-term negotiable securities	(2 237)		(11 923)	(2 064)		(504)
Investment and trading securities	(5 259)		(96)	(4 848)		(15)
Advances and other assets	(10 055)		(4 447)	(3 770)		(5 740)
	(17 551)		(16 466)	(10 682)		(6 259)
	Notional principal	2002 Positive fair value	Negative fair value	Notional principal	2001 Positive fair value	Negative fair value
23. DERIVATIVE INSTRUMENTS						
Group derivative instruments						
Trading derivatives						
Foreign exchange derivatives						
Forward foreign exchange	193 362	13 369	13 107	151 800	4 124	4 055
Currency swaps	9 527	832	2 643	6 682	77	620
OTC options bought and sold	8 445	135	478	3 763	75	32
Other foreign exchange contracts	–	–	–	640	18	16
OTC derivatives	211 334	14 336	16 228	162 885	4 294	4 723
Exchange traded futures	118 808	21	34	–	–	–
Exchange traded options	–	–	–	–	–	–
Total	330 142	14 357	16 262	162 885	4 294	4 723
Interest rate contracts						
Caps and floors	53 993	71	87	12 941	14	20
Swaps	280 095	3 986	3 970	149 254	2 669	2 688
Forward rate agreements	364 114	802	752	132 192	124	83
OTC options bought and sold	23 362	268	384	25 673	119	143
OTC derivatives	721 564	5 127	5 193	320 060	2 926	2 934
Exchange traded futures	322	1	–	51 630	23	20
Exchange traded options	1 300	1	1	462	–	–
Total	723 186	5 129	5 194	372 152	2 949	2 954
Equity and stock index derivatives						
OTC options bought and sold	10 889	723	698	2 885	197	307
Exchange traded futures	29	–	2	1 415	104	106
Exchange traded options	2 102	42	40	1 973	204	205
Warrants	776	112	49	361	2	26
Total	13 796	877	789	6 634	507	644
Commodity derivatives						
OTC options bought and sold	17 133	674	674	–	–	–
Commodity swaps and forwards	1 055	55	29	–	–	–
OTC derivatives	18 188	729	703	–	–	–
Exchange traded futures	–	–	–	–	–	–
Exchange traded options	–	–	–	–	–	–
Total	18 188	729	703	–	–	–
Total trading derivatives	1 085 312	21 092	22 948	541 671	7 750	8 321
Effect of netting	–	(15 872)	(15 872)	–	(7 380)	(7 380)
	1 085 312	5 220	7 076	541 671	370	941

23. Group and company derivative instruments (continued)

Derivative instruments

Derivative instruments have been classified into trading and hedging transactions. Hedging transactions are those used to reduce price and interest rate risk in the activities of Investec Bank Limited. All other derivatives are entered into for proprietary trading purposes. The above table shows the Group's and company's proprietary trading exposures.

Notional principal

The notional principal gives an indication of the Group's activity in the derivatives market and represents the aggregate size of total outstanding contracts at year end. This figure cannot be used in assessing the market risk associated with the position.

Fair value

The fair value of a derivative financial instrument represents the present value of the positive or negative cash flows which would have occurred if the rights and obligations arising from that instrument were closed out by the Group in an orderly market transaction at year end. Fair values are determined from quoted market prices or instrument pricing models where appropriate.

Subsidiaries

For the year ended 31 March 2002

Principal subsidiary companies	Nature of business	Issued ordinary share capital	Holding %	Shares at book value (Rm)
Directly held				
Investec Bank (Mauritius) Limited*	Banking institution	R281 630 447	100	934
Grayinvest Limited (formerly Investec Limited)	Investment holding	R14 150 000	100	549
Reichmans Limited	Trade financing	R23 439 668	100	87
Investec Holdings (Botswana) Limited†	Investment holding	Pula55 000 000	75	79
SIB Investments Limited	Investment holding	R592 923 543	100	585
Secfin Finance Limited	Investment holding	R20 600 000	100	36
Securities Equities (Proprietary) Limited	Investment holding	R200 000 000	100	136
Sechold Finance Services (Proprietary) Limited	Investment holding	R1 000	100	142
KWJ Investments (Proprietary) Limited	Investment holding	R1 000	100	47
AEL Investment Holdings (Proprietary) Limited	Investment holding	R1 000	100	71
Vesque Limited	Finance and investment	R2 236 200	100	236
				2 902

Details of subsidiary and associated companies that are not material to the financial position of the Group are not stated above.

* Mauritius † Botswana

ANNEXURE D
as at 12 February 2003

Company Capital Adequacy

For the year ended 31 March 2002

The regulatory capital of the bank as reported to the South African Reserve Bank is detailed below.

(Rm)	31 March 2002	31 March 2001
Primary capital	5 204	4 900
Secondary capital	4 276	3 848
Total	9 480	8 748
<i>Less: Impairments</i>	753	1 147
Net qualifying capital	8 727	7 601
Capital adequacy ratio	19,29%	19,05%

CREDIT RATINGS

In general, the Bank has been assigned high ratings for credit quality, capacity for timely repayment and financial strength.

Fitch

Domestic short-term	F1
Domestic long-term	A+

Moody's

Bank financial strength	C-
Long-term bank deposits	Baa2**
Short-term bank deposits	prime 2**

Capital Intelligence Ratings

Foreign currency – long-term rating	BBB-**
Foreign currency – short-term rating	A3**
Domestic strength ratings	A-

**Constrained by the sovereign rating for South Africa

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