



# FIRSTRAND

## Bank Limited

### FIRSTRAND BANK LIMITED

(Registration Number 1929/001225/06)  
(incorporated with limited liability in South Africa)

**U.S.\$1,500,000,000**

### **Euro Medium Term Note Programme**

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This Base Prospectus has been approved by the United Kingdom Financial Services Authority (the "FSA"), which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC (the "Prospectus Directive") and relevant implementing measures in the United Kingdom, as a base prospectus issued in compliance with Article 5.4 of the Prospectus Directive and relevant implementing measures in the United Kingdom for the purpose of giving information with regard to the issue of notes ("Notes") issued under the Euro Medium Term Note Programme (the "Programme") described in this Base Prospectus during the period of twelve months after the date hereof. Applications have been made for such Notes to be admitted during the period of twelve months after the date hereof to listing on the Official List of the FSA and to trading on the regulated market of the London Stock Exchange plc which is a regulated market for the purpose of Directive 2004/39/EC (the Markets in Financial Instruments Directive) (the "London Stock Exchange"). The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

Notes to be issued under the Programme may comprise (i) unsubordinated Notes (the "Unsubordinated Notes"), (ii) Notes which are subordinated as described herein with a maturity date and with terms capable of qualifying the proceeds of such Notes as Dated Secondary Capital (as defined in "Terms and Conditions of the Unsubordinated, Tier 2 and Tier 3 Notes") (the "Dated Tier 2 Notes") or Tertiary Capital (as defined in "Terms and Conditions of the Unsubordinated, Tier 2 and Tier 3 Notes") (the "Tier 3 Notes" and, together with the Dated Tier 2 Notes, the "Dated Subordinated Notes"), (iii) Notes which are subordinated as described herein with no maturity date and with terms capable of qualifying the proceeds of such Notes as Undated Secondary Capital (the "Undated Tier 2 Notes" and, together with the Dated Tier 2 Notes, the "Tier 2 Notes") and (iv) Notes which are subordinated as described herein with no maturity date, ranking junior to the Tier 2 Notes and the Tier 3 Notes and with terms capable of qualifying the proceeds of such Notes as Primary Share Capital (as defined in "Terms and Conditions of the Tier 1 Notes") (the "Tier 1 Notes" and, together with the Tier 2 Notes and the Tier 3 Notes, the "Subordinated Notes").

**Prior written approval of the Exchange Control Department ("ExCon") of the South African Reserve Bank ("SARB") and, in respect of the issue of Notes the proceeds of which are intended to qualify as Primary Share Capital, Dated Secondary Capital, Undated Secondary Capital or Tertiary Capital, the Registrar of Banks is required for the issuance of each Tranche of Notes under the Programme. The prior approval of the Registrar of Banks is not required for the issuance of Unsubordinated Notes.**

*Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed under "Risk Factors" below.*

*Arranger and Structuring Advisor*  
**The Royal Bank of Scotland**

*Co-Arranger*  
**Rand Merchant Bank, division of FirstRand Bank Limited**

*Dealers*

**BNP PARIBAS**  
**FirstRand Bank Limited London Branch**  
**J.P. Morgan**  
**Morgan Stanley**

**UBS Investment Bank**

27 January 2011

**Citi**  
**ING Commercial Banking**  
**Mizuho International plc**  
**The Royal Bank of Scotland**

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## IMPORTANT NOTICES

FirstRand Bank Limited (the "**Issuer**") accepts responsibility for the information contained in this Base Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Certain information identified as such in this Base Prospectus has been extracted from independent sources identified in this Base Prospectus. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by the relevant sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Unsubordinated, Tier 2 and Tier 3 Notes*" (the "**Ordinary Conditions**") or, as the case may be, "*Terms and Conditions of the Tier 1 Notes*" (the "**Tier 1 Conditions**", together with the Ordinary Conditions, the "**Conditions**") as amended and/or supplemented by a document specific to such Tranche called final terms (the "**Final Terms**") the forms of which are set out in "*Form of Final Terms of the Unsubordinated, Tier 2 and Tier 3 Notes*" and "*Form of Final Terms of the Tier 1 Notes*" or in a separate prospectus specific to such Tranche (the "**Drawdown Prospectus**") as described under "*Final Terms and Drawdown Prospectuses*" below. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise. This Base Prospectus must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the relevant Final Terms.

The Issuer has confirmed to the Dealers named under "*Subscription and Sale*" below that this Base Prospectus contains all information which is (in the context of the Programme, the issue, offering and sale of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Base Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme, the issue, offering and sale of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Dealer.

Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Base Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the

subject of an offering contemplated in this Base Prospectus as completed by Final Terms or a Drawdown Prospectus in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer. The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**"). Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed U.S.\$1,500,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into U.S. dollars at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement)). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under "*Subscription and Sale*".

In this Base Prospectus, unless otherwise specified, references to a "Member State" are references to a Member State of the European Economic Area, references to "South Africa" are references to the Republic of South Africa, references to "U.S.\$", "U.S. dollars" or "dollars" are to United States dollars, references to "EUR" or "euro" are to the single currency introduced at the start of the third stage of European Economic and Monetary Union and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended and references to "ZAR", "R" or "Rand" are to South African rand.

For ease of information, certain financial information relating to the Issuer included herein has been presented as translated into U.S. Dollars at the U.S. Dollar/Rand official rates of exchange deemed appropriate by the Issuer. Unless otherwise specified, such rates were applicable as of the end of the relevant specified period(s). Such translations should not be construed as a representation that the amounts in question have been, could have been or could be converted into U.S. Dollars at that or any other rate.

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which**

**adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.**

## **RISK FACTORS**

*The Issuer believes that the factors outlined below may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below. The value of the Notes could decline due to any of these risks, and investors may lose some or all of their investment.*

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

*Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus to reach their own views prior to making any investment decision.*

*References below to the "Conditions", in relation to Unsubordinated Notes, Tier 2 Notes and Tier 3 Notes, shall mean the "Terms and Conditions of the Unsubordinated, Tier 2 and Tier 3 Notes" set out below and, in relation to Tier 1 Notes shall mean the "Terms and Conditions of the Tier 1 Notes" set out below and references to a numbered "Condition" shall be to the relevant Condition under the relevant Terms and Conditions set out below. Capitalised terms used herein and not otherwise defined shall bear the meanings ascribed to them in the Conditions.*

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

#### **Risks relating to the Issuer**

*The investments, business, profitability and results of operations of the Issuer may be adversely affected as a result of volatility in the economy and financial markets or a deterioration in the conditions thereof.*

The Issuer's businesses are inherently subject to the risk of economic and market fluctuations as well as the effects of these. In particular, the Issuer's activities are subject to interest rate risks and may in some cases also be subject to foreign exchange, bond and equity price risks. Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised between lending and borrowing costs. The performance of financial markets may cause changes in the value of the Issuer's investment and trading portfolios. The Issuer has implemented risk management methods to mitigate and control these and other market risks to which the Issuer is exposed. However, it is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on the Issuer's financial performance. Should market circumstances deteriorate, this could lead to a decline in credit quality, decreases in asset prices, increases in defaults and non-performing debt and/or a worsening of general economic conditions in the markets in which the Issuer operates, all of which may materially adversely affect the Issuer's business, profitability and results of operations.

Furthermore it is not possible to predict what structural and/or regulatory changes may result from market conditions or whether such changes may be materially adverse to the Issuer and its prospects.

#### ***Risk Management***

The Issuer, in common with other banks in South Africa and elsewhere, is exposed to commercial and market risks in its ordinary course of business, the most significant of which are credit risk, market risk, liquidity risk, interest rate risk and operational risk. Credit risk is the risk of loss due to non-performance of a counterparty in respect of any financial or performance obligation due to deterioration in the financial status of the counterparty. Market risk is the risk of loss on trading instruments and portfolios due to changes in market prices and rates. Liquidity risk is the inability to discharge funding or trading obligations which fall due at market related prices. Interest rate risk is defined as the sensitivity of the balance sheet and income statement to unexpected, adverse movements of interest rates. Operational risk

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

Whilst the Issuer believes that it has implemented appropriate policies, systems and processes to control and mitigate these risks, investors should note that any failure to control these risks adequately could have an adverse effect on the financial condition and reputation of the Issuer (see "*Risk Management*" below).

### ***Concentration Risk***

The Issuer's business is significantly focused on the South African markets and therefore faces a geographic concentration risk. Any adverse changes affecting the South African economy are likely to have an adverse impact on the Issuer's loan portfolio and, as a result, on its financial condition and results of its operations.

### ***Liquidity Risk***

The Issuer, in common with other banks in South Africa, is very reliant on wholesale funding rather than retail deposits, due to the low savings rate within South Africa. Although the Issuer believes that its level of access to domestic and international inter-bank and capital markets and its liquidity risk management policy allow and will continue to allow the Issuer to meet its short-term and long-term liquidity needs, any maturity mismatches may have a material adverse effect on its financial condition and results of operations. Furthermore, there can be no assurance that the Issuer will be successful in obtaining additional sources of funds on acceptable terms or at all.

### ***Competitive Landscape***

The Issuer is subject to significant competition from other major banks operating in South Africa, including competitors that may have greater financial and other resources, and, in certain markets, from international banks. Many of these banks operating in the Issuer's markets compete for substantially the same customers as the Issuer. Competition may increase in some or all of the Issuer's principal markets and may have an adverse effect on its financial condition and results of operations.

### ***The Issuer is subject to capital requirements that could limit its operations***

The Issuer is subject to capital adequacy guidelines adopted by the SARB, which provide for a minimum target ratio of capital to risk-adjusted assets. Any failure by the Issuer to maintain its ratios may result in sanctions against the Issuer which may in turn impact on its ability to fulfil its obligations under the Notes.

In particular, certain provisions of the Banks Act have been amended, with effect from 1 January 2008, as read with the "*Regulations Relating to Banks*" promulgated under section 90 of the Banks Act (the "**Regulations Relating to Banks**"), in order, among other things, to provide for the issue by a bank of:

- "hybrid-debt instruments", substantially on the terms and conditions set out in Regulation 38(13) (as amended) of the Regulations Relating to Banks, and for the proceeds of the issue of such "hybrid- debt instruments" to qualify as Primary Share Capital;
- "hybrid-debt instruments", substantially on the terms and conditions set out in Regulation 38(14)(a) of the Regulations Relating to Banks, and for the proceeds of the issue of such "hybrid-debt instruments" to qualify as Undated Secondary Capital;
- term debt instruments, substantially on the terms and conditions set out in Regulation 38(14)(b) of the Regulations Relating to Banks, and for the proceeds of the issue of such term debt instruments to qualify as Dated Secondary Capital;
- debt instruments, substantially on the terms and conditions set out in Regulation 38(16) of the Regulations Relating to Banks, and for the proceeds of the issue of such debt instruments to qualify as Tertiary Capital.

## **Risks Relating to the Notes**

### ***The Notes may not be a suitable investment for all investors***

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such an investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

### ***There is no active trading market for the Notes***

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

### ***The Notes may be redeemed prior to maturity***

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

In addition, if in the case of any particular Tranche of Notes the relevant Final Terms specify that the Notes are redeemable at the Issuer's option in certain other circumstances, the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective



interest rate as high as that of the relevant Notes. Any redemption of Subordinated Notes prior to their Maturity Date (if any) requires the prior written approval of the Registrar of Banks.

***Because the Global Note Certificates are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer***

Notes issued under the Programme may be represented by one or more Global Note Certificates. Such Global Note Certificates will be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note Certificate, investors will not be entitled to receive Individual Note Certificates. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Note Certificates. While the Notes are represented by one or more Global Note Certificates, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are represented by one or more Global Note Certificates the Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common depository for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note Certificate must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Note Certificates.

Holders of beneficial interests in the Global Note Certificates will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Note Certificates will not have a direct right under the Global Note Certificates to take enforcement action against the Issuer in the event of a default under the relevant Notes but will have to rely upon their rights under the Deed of Covenant (defined below).

### **Risks relating to the Subordinated Notes**

#### ***Notes may be subordinated to most of the Issuer's liabilities***

The payment obligations of the Issuer under Subordinated Notes will rank behind Unsubordinated Notes and in particular the payment obligations of the Issuer under (a) Tier 1 Notes will rank behind Unsubordinated Notes, Tier 3 Notes and Tier 2 Notes, (b) Undated Tier 2 Notes will rank behind Unsubordinated Notes, Dated Tier 2 Notes and Tier 3 Notes and (c) Tier 3 Notes and Dated Tier 2 Notes will rank behind Unsubordinated Notes. See Condition 5 (*Status*) in respect of Tier 1 Notes and Conditions 5(b) (*Status of Tier 3 Notes and Dated Tier 2 Notes*) and 5(c) (*Status of Undated Tier 2 Notes*) in respect of the Tier 2 and Tier 3 Notes for a full description of subordination and the payment obligations of the Issuer under Subordinated Notes.

With regard to any Subordinated Notes, in the event of the dissolution of the Issuer or if the Issuer is placed into liquidation, administration or wound-up, the Issuer will be required to pay or discharge the claims of Depositors, Senior Creditors (each as defined, in relation to Tier 1 Notes, in Condition 2 (*Interpretation*) of the Tier 1 Conditions and, in relation to Tier 2 Notes and Tier 3 Notes, in Condition 2 (*Interpretation*) of the Ordinary Conditions) and (other than in the case of Tier 3 Notes and Dated Tier 2 Notes) the holders of Subordinated Debt (as defined, in relation to Tier 1 Notes, in Condition 2 (*Interpretation*) of the Tier 1 Conditions and, in relation to Tier 2 Notes and Tier 3 Notes, in Condition 2 (*Interpretation*) of the Ordinary Conditions) in full before it can make any payments in respect of such Subordinated Notes. If this occurs, the Issuer may not have enough assets remaining after these payments to pay amounts due under such Subordinated Notes.

#### ***No Limitation On Issuing Securities***

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

### ***Winding-up, liquidation and administration***

If the Issuer is wound-up or put into liquidation or administration, voluntarily or involuntarily, holders of Subordinated Notes will not be entitled to any payments of the Subordinated Notes until the claims of Depositors, Senior Creditors and (other than in the case of Tier 3 Notes and Dated Tier 2 Notes) holders of Subordinated Debt (each as defined, in relation to Tier 1 Notes, in Condition 2 (*Interpretation*) of the Tier 1 Conditions and, in relation to the Tier 2 Notes and the Tier 3 Notes, in Condition 2 (*Interpretation*) of the Ordinary Conditions) which are admissible in any such winding-up, liquidation or administration have been paid or discharged in full. If the Issuer does not have sufficient assets at the time of winding-up, liquidation or administration to satisfy those claims, holders of Subordinated Notes will not receive any payment on the Subordinated Notes. There is no limitation on the ability to issue debt securities in the future that would rank equal or senior in winding-up, liquidation or administration to the Subordinated Notes.

### ***Capital Regulations***

In order for the proceeds of the issuance of Subordinated Notes to qualify as Primary Share Capital, Undated Secondary Capital, Dated Secondary Capital or Tertiary Capital, as the case may be, the Notes must comply with the applicable Capital Regulations and such Additional Conditions (if any) as are prescribed by the Registrar of Banks in respect of any Tranche of Subordinated Notes.

### ***Credit Rating***

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

### ***EU Savings Directive and Other Withholding Tax Obligations***

If, pursuant to the European Council Directive 2003/48/EC on the taxation of savings income (see "*Taxation — European Union Savings Directive*" below), a payment in respect of a Note were to be made by or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to such Note as a result of the imposition of such withholding tax (see Condition 14 (*Taxation*) of the Ordinary Conditions and Condition 14 (*Taxation*) of the Tier 1 Conditions). The Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive (see Condition 18(b) of the Ordinary Conditions and Condition 18(b) of the Tier 1 Conditions).

There may be other occasions in other jurisdictions in which an amount of, or in respect of, tax is required to be withheld from a payment in respect of any Note and in respect of which neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to such Note as set out in Condition 14 (*Taxation*) of the Ordinary Conditions and Condition 14 (*Taxation*) of the Tier 1 Conditions.

### ***Risks related to the structure of the particular issue of Notes***

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

#### ***Notes subject to optional redemption by the Issuer***

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to re-invest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed.

and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### ***Index-Linked and Dual Currency Notes***

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

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

#### ***Partly-paid Notes***

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

#### ***Notes issued at a substantial discount or premium***

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

#### ***Modification and waivers and substitution***

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

#### ***Change of law***

The Notes, and any non-contractual obligations arising out of or in connection with them, are governed by English law, save that the provisions of Conditions 5 (*Status*), 7(a) (*Optional deferral of interest on the Undated Tier 2 Notes*), 7(d) (*Deferral of Principal and Interest on Tier 3 Notes*), 12(a)(ii) (*Scheduled redemption*) and 12(e) (*Redemption of Subordinated Notes*) of the Ordinary Conditions and Conditions 5 (*Status*), 6(a) (*Non payment of interest*) 12(a) (*No maturity date*) and 12(e) (*Conditions to Redemption*) of the Tier 1 Conditions are governed by, and will be construed in accordance with, South African law. No assurance can be given as to the impact of any possible judicial decision or change to English or South African law or administrative practice in either such jurisdiction after the date of this Base Prospectus.

## **Risks relating to the Tier 1 Notes and Undated Tier 2 Notes**

### ***Election not to pay interest on the Tier 1 Notes***

The Issuer may elect not to pay any Interest Amount on the Tier 1 Notes, as more particularly described in Condition 6(a) (*Non payment of interest*) of the Tier 1 Conditions. The Issuer shall also be obliged not to pay interest in the limited circumstances described in Condition 6(b) (*Compulsory payment of interest*) and Condition 5(c) (*Solvency Condition*) of the Tier 1 Conditions.

If, on any Interest Payment Date, the Interest Amount in respect of any Tier 1 Notes has not been paid in full (following an election not to pay interest on such Tier 1 Notes in accordance with Condition 6(a) (*Non payment of interest*) of the Tier 1 Conditions) then from that Interest Payment Date, until the date on which the Issuer next pays in full the Interest Amount due and payable on any succeeding Interest Payment Date on all outstanding Tier 1 Notes, the Ultimate Parent Company has undertaken to the Tier 1 Noteholders (other than the Ultimate Parent Company or any of its subsidiaries) pursuant to the FRL Deed of Covenant, and the Issuer shall use its reasonable endeavours to ensure that any future Ultimate Owner will undertake to the Tier 1 Noteholders pursuant to a deed of covenant, that no member of the FirstRand Group shall (a) declare or pay a distribution or dividend or pay any interest on Junior Securities or Parity Securities (other than Mandatory Preference Shares or a final dividend declared by the Ultimate Parent Company before that Interest Payment Date, or intra-group dividends between wholly-owned FirstRand Group Subsidiaries and to FirstRand Group holding companies, which can be paid at any time) (b) redeem, purchase, reduce or otherwise acquire any Junior Securities or Parity Securities or any securities of any of its Subsidiary undertakings benefiting from a guarantee from any member of the FirstRand Group ranking, as to the right of repayment of principal, or in the case of any such guarantee, as to the payment of sums under such guarantee, *pari passu* with or junior to the Tier 1 Notes.

### ***Interest satisfied through the issue of Ordinary Shares***

The Issuer can elect not to pay an Interest Amount on the Tier 1 Notes, as more particularly described in Condition 6(a) (*Non payment of interest*) of the Tier 1 Conditions. If the Issuer has elected to pay interest on an Interest Payment Date, the Issuer can further elect to satisfy the payment of such Interest Amount in full or in part through the issue of Ordinary Shares in the Issuer in accordance with the mechanism more particularly described in Condition 10 (*Interest Satisfied via Issue of Shares Mechanism*) of the Tier 1 Conditions. If the Issuer is unable to raise the necessary amount to satisfy the payment of the relevant Interest Amount in full on the relevant Interest Payment Date through the operation of the ISIS Mechanism due to (but not limited to) the occurrence of a Market Disruption Event, the Issuer can further elect not to pay the Shortfall Interest Amount, unless the Issuer is obliged to pay the Shortfall Interest Amount in accordance with Condition 6(b) (*Compulsory payment of interest*). A Noteholder will have no claim in respect of the non-payment of a Shortfall Interest Amount unless it is a Shortfall Interest Amount which the Issuer is obliged to pay in accordance with Condition 6(b) (*Compulsory payment of interest*) and accordingly such non-payment shall not constitute a default of the Issuer.

### ***Election to defer payment of interest on Undated Tier 2 Notes***

The Issuer may elect to defer payment of any interest on the Undated Tier 2 Notes, as more particularly described in Condition 7(a) (*Optional deferral of interest on the Undated Tier 2 Notes*) of the Ordinary Conditions. Arrears of Interest may be satisfied at any time at the election of the Issuer in whole or in part and on 14 days notice to the Undated Tier 2 Noteholders, provided that all Arrears of Interest outstanding shall become due in full on a later date as more fully described in Condition 7(a) (*Optional deferral of interest on the Undated Tier 2 Notes*) of the Ordinary Conditions. If, on any Interest Payment Date, the Interest Amount in respect of any Undated Tier 2 Notes has not been paid in full (following an election to defer payment of interest on such Undated Tier 2 Notes) then, from that Interest Payment Date until the date on which the full amount of the Arrears of Interest has been received by the Undated Tier 2 Noteholders and no other Arrears of Interest remains unpaid, the Ultimate Parent Company has undertaken to the Undated Tier 2 Noteholders (other than the Ultimate Parent Company or any of its subsidiaries) pursuant to the FRL Deed of Covenant, and the Issuer shall use its reasonable endeavours to ensure that any future Ultimate Owner will undertake to the Undated Tier 2 Noteholders pursuant to a deed of covenant, that no member of the FirstRand Group shall (a) declare or pay a distribution or dividend or pay any interest on Junior Securities or Parity Securities (other than Mandatory Preference Shares or a final dividend declared by the Ultimate Parent Company before that Interest Payment Date, or intra-group dividends between wholly-owned FirstRand Group Subsidiaries and to FirstRand Group

holding companies, which can be paid at any time) or (b) redeem, purchase, reduce or otherwise acquire any Junior Securities or Parity Securities or any securities of any of its Subsidiary undertakings benefiting from a guarantee from any member of the FirstRand Group ranking, as to the right of repayment of principal, or in the case of any such guarantee, as to the payment of sums under such guarantee, *pari passu* with or junior to the Undated Tier 2 Notes.

Any deferral of interest payments in respect of Undated Tier 2 Notes may have an adverse effect on the market price of such Undated Tier 2 Notes. In addition, as a result of the interest deferral provision of such Undated Tier 2 Notes, the market price of such Undated Tier 2 Notes may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in the Issuer's financial condition.

### ***Solvency Condition***

Payments in respect of the principal of and interest on the Tier 1 Notes are, in addition to the right of the Issuer to elect not to pay interest in accordance with Condition 6(a) (*Non payment of interest*) of the Tier 1 Conditions, conditional upon the Issuer being solvent at the time of payment by the Issuer. Payments in respect of the principal of and interest on the Undated Tier 2 Notes are, in addition to the right of the Issuer to defer payment of any interest in accordance with Condition 7(a) (*Optional deferral of interest on the Undated Tier 2 Notes*) of the Ordinary Conditions, conditional upon the Issuer being solvent at the time of payment by the Issuer. No principal of or interest on the Tier 1 Notes or the Undated Tier 2 Notes, as the case may be, shall be due and payable in respect of the Tier 1 Notes or the Undated Tier 2 Notes, as the case may be, except to the extent that the Issuer could make such payment and still be solvent immediately thereafter.

The restrictions set out under "*Election not to pay interest on the Tier 1 Notes*" above (in the case of Tier 1 Notes) and the restrictions set out under "*Election to defer payment of interest on Undated Tier 2 Notes*" above (in the case of Undated Tier 2 Notes) also apply if any interest in respect of Tier 1 Notes or Undated Tier 2 Notes, as the case may be, is not paid in full due to the Issuer failing to satisfy the Solvency Condition.

### ***Perpetual Securities and Redemption Risk***

The Issuer is under no obligation to redeem, substitute or vary the Tier 1 Notes or to redeem the Undated Tier 2 Notes at any time other than in a winding-up or liquidation of the Issuer in which event the claims of the Tier 1 Noteholders against the Issuer will be subject to Condition 5(b) (*Subordination*) of the Tier 1 Conditions against the Issuer and the claims of the Undated Tier 2 Noteholders will be subject to Condition 5(c)(iii) (*Subordination*) of the Ordinary Conditions. Holders of Tier 1 Notes have no right to call for the redemption, substitution or variation of such Tier 1 Notes and holders of Undated Tier 2 Notes have no right to call for the redemption of such Undated Tier 2 Notes. The Tier 1 Notes and the Undated Tier 2 Notes can (with the prior written approval of the Registrar of Banks and in accordance with conditions approved by the Registrar of Banks) be redeemed in whole, but not in part, at the Early Redemption Amount (Tax) or Early Redemption Amount (Regulatory), as the case may be, plus accrued interest on the occurrence of a Tax Event or a Regulatory Event, as the case may be, as more particularly described in Condition 12(f) (*Redemption for tax reasons*) and Condition 12(c) (*Redemption for regulatory reasons*) of both the Tier 1 Conditions and the Ordinary Conditions. The Tier 1 Notes may, instead of being redeemed, be substituted or varied at the option of the Issuer (with approval of the Registrar of Banks) on the occurrence of a Tax Event or a Regulatory Event, as more particularly described in Condition 12(e) (*Substitution or Variation instead of Redemption*) of the Tier 1 Conditions. In addition, the Tier 1 Notes and the Undated Tier 2 Notes can be redeemed in whole, but not in part, on the First Optional Redemption Date and on any Interest Payment Date thereafter (in the case of Tier 1 Notes) at the Optional Redemption Amount or on the Optional Redemption Date (Call) (in the case of Undated Tier 2 Notes), at the Optional Redemption Amount (Call) plus accrued interest, at the option of the Issuer (with the prior written approval of the Registrar of Banks and in accordance with conditions approved by the Registrar of Banks), as more particularly described in Condition 12(d) (*Redemption at the option of the Issuer*) of the Tier 1 Conditions and Condition 12(d) (*Redemption at the option of the Issuer*) of the Ordinary Conditions.

## **Risks relating to the Tier 3 Notes**

### ***Deferral of payments on the Tier 3 Notes***

Pursuant to the Capital Regulations applicable to Tier 3 Notes, if the Issuer's qualifying capital falls below or is likely to fall below the minimum amount prescribed by the Capital Regulations, the Registrar of Banks may require that interest and/or principal payments in respect of such Tier 3 Notes be deferred for such period of time and subject to such conditions (if any) as the Registrar of Banks may determine, as more fully described in Condition 7(d) (*Deferral of Principal and Interest on Tier 3 Notes*) of the Ordinary Conditions.

Any deferral of interest or principal payments in respect of Tier 3 Notes may have an adverse effect on the market price of such Tier 3 Notes. In addition, as a result of the interest and principal deferral provision of such Tier 3 Notes, the market price of such Tier 3 Notes may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in the Issuer's financial condition.

## **Risks relating to South Africa**

### ***Risk relating to Emerging Markets***

South Africa is generally considered by international investors to be an emerging market. Investors in emerging markets such as South Africa should be aware that these markets are subject to greater risk than more developed markets. These risks include economic instability as well as, in some cases, significant legal and political risks.

Economic instability in South Africa in the past and in other emerging market countries has been caused by many different factors, including the following:

- high interest rates;
- changes in currency values;
- high levels of inflation;
- exchange controls;
- wage and price controls;
- changes in economic or tax policies;
- the imposition of trade barriers; and
- internal security issues.

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

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

Investors should also note that developing markets, such as South Africa, are subject to rapid change and that the information set out in this Base Prospectus may become outdated relatively quickly.

### ***Regulatory Environment***

The Issuer is subject to government regulation in South Africa. Regulatory agencies have broad jurisdiction over many aspects of the Issuer's business, which may include capital adequacy, premium

rates, marketing and selling practices, advertising, licensing agents, policy forms, terms of business and permitted investments.

Changes in government policy, legislation or regulatory interpretation applying to the financial services industry in the markets in which the Issuer operates may adversely affect the Issuer's product range, distribution channels, capital requirements and, consequently, reported results and financing requirements.

### *Exchange Controls*

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

## INFORMATION INCORPORATED BY REFERENCE

The following information shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- (1) the audited non consolidated financial statements (including the auditors' report thereon and notes thereto) of the Issuer in respect of the years ended 30 June 2010 and 30 June 2009 (set out on pages 83 to 201 of the 2010 annual report of the Issuer and pages 59 to 165 of the 2009 annual report of the Issuer, respectively);
- (2) the risk and capital management report of the Issuer in respect of the year ended 30 June 2010 (set out on pages 13 to 81 of the 2010 annual report of the Issuer) (the "**Risk and Capital Management Report**");
- (3) the audited consolidated financial statements (including the auditors' report thereon and notes thereto) of the Issuer in respect of the years ended 30 June 2010 and 30 June 2009 (set out on pages 83 to 220 of the 2010 annual group report of the Issuer and pages 66 to 209 of the 2009 annual group report of the Issuer, respectively);
- (4) the terms and conditions set out on pages 19 to 39 of the base prospectus dated 24 May 2007 relating to the Programme under the heading "Terms and Conditions of the Notes" (the "**May 2007 Conditions**");
- (5) the terms and conditions set out on pages 26 to 53 of the base prospectus dated 30 November 2007 relating to the Programme under the heading "Terms and Conditions of the Unsubordinated, Tier 2 and Tier 3 Notes" (the "**November 2007 Ordinary Conditions**"); and
- (6) the terms and conditions set out on pages 54 to 77 of the base prospectus dated 30 November 2007 relating to the Programme under the heading "Terms and Conditions of the Tier 1 Notes" (the "**November 2007 Tier 1 Conditions**").

Copies of the documents specified above as containing information incorporated by reference in this Base Prospectus may be inspected, free of charge, at the registered office of the Issuer. Any information contained in any of the documents specified above which is not incorporated by reference in this Base Prospectus is either not relevant to investors or is covered elsewhere in this Base Prospectus.

The credit ratings referred to in the Risk and Capital Management Report have been issued by Standard & Poor's Ratings Services, a division of the McGraw Hill Companies, Inc. and Moody's Investor Services, Inc., both of which are not established in the European Union and are not registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.



## **SUPPLEMENT TO THIS BASE PROSPECTUS**

If at any time during the duration of the Programme a significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus arises or is noted which is capable of affecting the assessment of any Notes which may be issued under the Programme whose inclusion is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and the rights attaching to the Notes, the Issuer will prepare a supplement to this Base Prospectus.

## KEY FEATURES OF THE PROGRAMME

*The following overview of key features of the Programme does not purport to be complete and is qualified in its entirety by the remainder of this Base Prospectus. Words and expressions defined in the Conditions or elsewhere in this Base Prospectus have the same meanings in this overview of the key features of the Programme.*

<b>Issuer:</b>	FirstRand Bank Limited.
<b>Risk Factors:</b>	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed under "Risk Factors" above.
<b>Arranger and Structuring Advisor:</b>	The Royal Bank of Scotland plc.
<b>Co-Arranger</b>	Rand Merchant Bank, a division of FirstRand Bank Limited.
<b>Dealers:</b>	BNP Paribas, Citigroup Global Markets Limited, FirstRand Bank Limited London Branch, ING Bank N.V., J.P. Morgan Securities Ltd., Mizuho International plc, Morgan Stanley & Co. International plc, The Royal Bank of Scotland plc and UBS Limited and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes.
<b>Fiscal Agent:</b>	The Bank of New York Mellon, acting through its London office.
<b>Registrar:</b>	The Bank of New York Mellon (Luxembourg) S.A.
<b>Final Terms or Drawdown Prospectus:</b>	Notes issued under the Programme may be issued either (1) pursuant to this Base Prospectus and associated Final Terms or (2) pursuant to a Drawdown Prospectus. The terms and conditions applicable to any particular Tranche of Notes will be the Terms and Conditions of the Notes as supplemented, amended and/or replaced to the extent described in the relevant Final Terms or, as the case may be the relevant Drawdown Prospectus.
<b>Listing and Trading:</b>	Applications have been made for Notes to be admitted during the period of twelve months after the date hereof to listing on the Official List of the FSA and to trading on the regulated market of the London Stock Exchange. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer, subject in all cases to the Issuer obtaining the consent from ExCon and the Registrar of Banks, to the extent necessary.
<b>Clearing Systems:</b>	Euroclear Bank SA/NV (" <b>Euroclear</b> ") and/or Clearstream Banking, société anonyme (" <b>Clearstream, Luxembourg</b> ") and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms.
<b>Initial Programme Amount:</b>	Up to U.S.\$1,500,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time.
<b>Issuance in Series:</b>	Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each

Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.

Prior written approval of the ExCon and, in respect of the issue of Notes the proceeds of which are intended to qualify as Primary Share Capital, Dated Secondary Capital, Undated Secondary Capital or Tertiary Capital, the Registrar of Banks is required for the issuance of each Tranche of Notes under the Programme. The prior approval of the Registrar of Banks is not required for the issuance of Unsubordinated Notes.

**Forms of Notes:**

Notes may only be issued in registered form. Each Tranche of Notes will initially be represented by a global note certificate in registered form (a "**Global Note Certificate**"). The Global Note Certificate will be deposited with the common depository for Euroclear and Clearstream, Luxembourg and registered in the name of its nominee. Persons holding beneficial interests in the Global Note Certificate will be entitled or required, as the case may be, to receive physical delivery of individual note certificates ("**Individual Note Certificates**").

Interests in a Global Note Certificate will be exchangeable (free of charge), in whole but not in part, for Individual Note Certificates without receipts, interest coupons or talons attached only in the limited circumstances described under "*Summary of Provisions Relating to the Notes While in Global Form*".

**Currencies:**

Notes may be denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.

**Status of the Notes:**

Notes may be issued on a subordinated or unsubordinated basis, as specified in the relevant Final Terms.

**Status of the Unsubordinated Notes:**

The Unsubordinated Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 6 (*Negative Pledge*) of the Ordinary Conditions) unsecured obligations of the Issuer, all as described in Condition 5(a) (*Status — Status of the Unsubordinated Notes*) of the Ordinary Conditions and the relevant Final Terms.

**Status of the Tier 3 Notes and the Dated Tier 2 Notes:**

The Tier 3 Notes and the Dated Tier 2 Notes constitute direct, unsecured and, in accordance with Condition 5(b)(iii) (*Subordination*) of the Ordinary Conditions, subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and (save for those that have been accorded by law preferential rights) at least *pari passu* with all other claims of creditors of the Issuer which rank or are expressed to rank (and which are entitled to rank) *pari passu* with the Tier 3 Notes and the Dated Tier 2 Notes.

**Status of the Undated Tier 2 Notes:**

The Undated Tier 2 Notes constitute direct, unsecured and, in accordance with Condition 5(c)(iii) (*Subordination*) of the Ordinary Conditions, subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and

(save for those that have been accorded by law preferential rights) at least *pari passu* with all other claims of creditors of the Issuer which rank or are expressed to rank (and which are entitled to rank) *pari passu* with the Undated Tier 2 Notes.

**Status of the Tier 1 Notes:**

Tier 1 Notes constitute direct, unsecured and, in accordance with Condition 5(b) (*Subordination*) of the Tier 1 Conditions, subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves. Tier 1 Notes rank *pari passu* with all subordinated debt issued by the Issuer the proceeds of which qualify as Primary Share Capital and all Non-Redeemable Non-Cumulative Preference Shares issued by the Issuer the proceeds of which qualify as Primary Share Capital and are senior in respect of the rights and claims of the holders of Ordinary Shares.

**Subordinated Notes and Capital Regulations:**

In order for the proceeds of the issue of a Tranche of Subordinated Notes to qualify as Primary Share Capital, Dated Secondary Capital, Undated Secondary Capital or Tertiary Capital, as the case may be, Subordinated Notes must comply with the applicable Capital Regulations (including such Additional Conditions (if any) as are prescribed by the Registrar of Banks in respect of that Tranche of Subordinated Notes). The Issuer will specify in the relevant Final Terms whether any issue of Notes is an issue of Tier 1 Notes, the proceeds of which are intended to qualify as Primary Share Capital, Undated Tier 2 Notes, the proceeds of which are intended to qualify as Undated Secondary Capital, Dated Tier 2 Notes, the proceeds of which are intended to qualify as Dated Secondary Capital or Tier 3 Notes, the proceeds of which are intended to qualify as Tertiary Capital. The Additional Conditions (if any) prescribed by the Registrar of Banks in respect of Subordinated Notes will be specified in the applicable Final Terms, a Drawdown Prospectus or a supplement to this Base Prospectus.

**Issue Price:**

Notes may be issued at any price and either on a fully or partly paid basis, as specified in the relevant Final Terms. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

**Maturities:**

Notes may be issued with any maturity date or Notes may be issued with no maturity date, subject, in relation to Subordinated Notes, to such minimum maturities as may be required from time to time by the applicable Capital Regulations and, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Subject to the applicable Capital Regulations: (i) Tier 1 Notes will be issued without a maturity date; (ii) Undated Tier 2 Notes will be issued without a maturity date; (iii) Dated Tier 2 Notes will have a minimum maturity of five years and one day; and (iv) Tier 3 Notes will have a minimum maturity of two years and one day.

Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only 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 who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "FSMA") by the Issuer.

**Redemption:**

Subject as described in "*Maturities*" above, Notes may be redeemable at par or at such other Redemption Amount (detailed in a formula, index or otherwise) as may be specified in the Final Terms. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Final Terms. For so long as the Capital Regulations so require, Subordinated Notes may be redeemed prior to the Maturity Date only at the option of the Issuer and no Subordinated Notes may be redeemed without the prior written approval of the Registrar of Banks or otherwise than in accordance with the conditions (if any) approved by the Registrar of Banks in writing.

There is no fixed redemption date for Undated Tier 2 Notes or Tier 1 Notes and the Issuer may only redeem them in accordance with the terms indicated in the relevant Final Terms.

**Optional Redemption:**

Subject as described in "*Redemption*" above, Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) with, in the case of Subordinated Notes, the prior written approval of the Registrar of Banks and (if any) in accordance with conditions approved by the Registrar of Banks in writing, and/or the Noteholders to the extent (if at all) specified in the relevant Final Terms.

**Tax Redemption:**

Except as described in "*Optional Redemption*" above, and subject as described in "*Redemption*" above, early redemption will only be permitted for tax reasons as described in Condition 12(b) (*Redemption for tax reasons*) of the Ordinary Conditions and Condition 12(b) (*Redemption for tax reasons*) of the Tier 1 Conditions.

**Redemption for Regulatory Reasons:**

Except as described in "*Optional Redemption*" and "*Tax Redemption*" above, early redemption of the Subordinated Notes in whole (but not in part) is permitted at the option of the Issuer if a Regulatory Event occurs and while it is continuing as described in Condition 12(c) (*Redemption for regulatory reasons*) of the Ordinary Conditions and Condition 12(c) (*Redemption for regulatory reasons*) of the Tier 1 Conditions.

**Interest:**

Notes may be interest-bearing or non-interest bearing. Tier 1 Notes, Tier 2 Notes and Tier 3 Notes must be interest-bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or, except in the case of the Tier 1 Notes, be index-linked and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.

The Issuer may elect not to pay, and in certain circumstances is not obliged to pay, interest on Tier 1 Notes as more fully set out in Condition 6(a) (*Non payment of interest*) of the Tier 1 Conditions.

The Issuer may elect to defer, and in certain circumstances is not obliged to pay, interest on Undated Tier 2 Notes as more fully set out in Condition 7(a) (*Optional deferral of interest on the Undated*

*Tier 2 Notes*) of the Ordinary Conditions.

The Issuer will be obliged to defer the payment of interest on the Tier 3 Notes if required by the Registrar of Banks if the Issuer's qualifying capital falls below or is likely to fall below the minimum amount required by the Capital Regulations as more fully described in Condition 7(d) (*Deferral of Principal and Interest on Tier 3 Notes*) of the Ordinary Conditions.

<b>Denominations:</b>	No Notes may be issued under the Programme (a) where such Notes are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in circumstances which require the publication of a prospectus under the Prospectus Directive, with a minimum denomination of less than EUR100,000 (or its equivalent in another currency at the Issue Date of such Notes), or (b) which carry the right to acquire shares (or transferable securities equivalent to shares) issued by the Issuer or by any entity to whose group the Issuer belongs. Subject thereto, Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/ or central bank requirements. See also "Maturities" above.
<b>Negative Pledge:</b>	Unsubordinated Notes will have the benefit of a negative pledge as described in Condition 6 ( <i>Negative Pledge</i> ) of the Ordinary Conditions.
<b>Cross Default:</b>	Unsubordinated Notes will have the benefit of a cross default as described in Condition 15 ( <i>Events of Default</i> ) of the Ordinary Conditions.
<b>Taxation:</b>	All payments in respect of Notes will be made free and clear of withholding taxes of South Africa, unless the withholding is required by law. In that event, the Issuer will (subject as provided in Condition 14 ( <i>Taxation</i> ) of the Ordinary Conditions and Condition 14 ( <i>Taxation</i> ) of the Tier 1 Conditions) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.
<b>Governing Law:</b>	English law, except Conditions 5 ( <i>Status</i> ), 7(a) ( <i>Optional deferral of interest on the Undated Tier 2 Notes</i> ), 7(d) ( <i>Deferral of Principal and Interest on Tier 3 Notes</i> ), 12(a)(ii) ( <i>Scheduled redemption</i> ) and 12(e) ( <i>Redemption of Subordinated Notes</i> ) of the Ordinary Conditions and Conditions 5 ( <i>Status</i> ), 6(a) ( <i>Non payment of interest</i> ), 12(a) ( <i>No maturity date</i> ) and 12(e) ( <i>Conditions to Redemption</i> ) of the Tier 1 Conditions which will be governed by, and construed in accordance with South African law.
<b>Enforcement of Notes in Global Form:</b>	In the case of Global Note Certificates, individual investors' rights against the Issuer will be governed by a Deed of Covenant (the " <b>Deed of Covenant</b> ") dated 21 October 2009, a copy of which will be available for inspection at the specified office of the Fiscal Agent.
<b>Ratings:</b>	Each Tranche of Notes may be rated or unrated. Where applicable, the ratings of the Notes will be specified in the relevant Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

**Selling Restrictions:**

For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the European Economic Area, the United Kingdom, South Africa and Japan, see "*Subscription and Sale*" below.

## FINAL TERMS AND DRAWDOWN PROSPECTUSES

In this section the expression "**necessary information**" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme the Issuer has endeavoured to include in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus or any supplement hereto and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in a Drawdown Prospectus. Such information will be contained in the relevant Final Terms unless any of such information constitutes a significant new factor relating to the information contained in this Base Prospectus in which case such information, together with all of the other necessary information in relation to the relevant series of Notes, will be contained in a Drawdown Prospectus.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, supplement this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

Each Drawdown Prospectus will be constituted either (1) by a single document containing the necessary information relating to the Issuer and the relevant Notes or (2) by a registration document (the "**Registration Document**") containing the necessary information relating to the Issuer, a securities note (the "**Securities Note**") containing the necessary information relating to the relevant Notes and, if necessary, a summary note. In addition, if the Drawdown Prospectus is constituted by a Registration Document and a Securities Note, any significant new factor, material mistake or inaccuracy relating to the information included in the Registration Document which arises or is noted between the date of the Registration Document and the date of the Securities Note which is capable of affecting the assessment of the relevant Notes will be included in the Securities Note.



## FORMS OF THE NOTES

Each Tranche of Notes will initially be represented by a Global Note Certificate. Global Note Certificates will be deposited with the common depository and registered in the name of its nominee. Persons holding beneficial interests in a Global Note Certificate will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Individual Note Certificates in fully registered form.

Payments of principal, interest and any other amount in respect of the Global Note Certificates will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 2(a) (*Definitions*) of the Ordinary Conditions and Condition 2(a) (*Definitions*) of the Tier 1 Conditions) as the registered holder of the Global Note Certificate. None of the Issuer, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Global Note Certificates or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Individual Note Certificates will, in the absence or provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 13(f) (*Record Date*) of the Ordinary Conditions and Condition 13(f) (*Record Date*) of the Tier 1 Conditions) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Global Note Certificate will be exchangeable (free of charge), in whole but not in part, for Individual Note Certificates without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. The Issuer will promptly give notice to Noteholders in accordance with Condition 20 (*Further Issues*) of the Ordinary Conditions or Condition 20 (*Further Issues*) of the Tier 1 Conditions if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Global Note Certificate) may give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

### **Terms and Conditions applicable to the Notes**

The terms and conditions applicable to any Notes represented by an Individual Note Certificate will be endorsed on that Individual Note Certificate and will consist of the terms and conditions set out under "*Terms and Conditions of the Unsubordinated, Tier 2 and Tier 3 Notes*" or "*Terms and Conditions of the Tier 1 Notes*" as the case may be below and the provisions of the relevant Final Terms which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Notes represented by a Global Note Certificate will differ from those terms and conditions which would apply to the Note were it in individual form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

### **Legend concerning United States persons**

In the case of any Tranche of Notes having a maturity of more than 365 days, the Global Note Certificate and the Individual Note Certificates will bear a legend to the following effect:

*"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."*

### **Legend to appear on Tier 1 Notes Certificates**

The Global Note Certificate and the Individual Note Certificates representing Tier 1 Notes will bear a legend to the following effect:

*"The proceeds obtained through the issue of the Notes represented by this Certificate qualify as capital for the issuing bank in terms of the provisions of the South African Banks Act, 1990 (the "**Banks Act**"). Any direct or indirect acquisition of the Notes represented by this Certificate by a bank or controlling company, as defined in the Banks Act, or by a non-bank subsidiary of a bank or controlling company, shall be regarded as a deduction against the capital of the acquiring*

*bank or controlling company in question, in an amount equal to the book value of the said investment in the Notes represented by this Certificate.*

*The Notes represented by this Certificate constitute direct, unsecured and, in accordance with Condition 5(b) (Subordination) of the "Terms and Conditions of the Tier 1 Notes", subordinated obligations of the Issuer and rank pari passu without any preference amongst themselves. The Notes represented by this Certificate rank pari passu with all subordinated debt issued by the Issuer the proceeds of which subordinated debt qualify as "primary share capital" (as defined in the Banks Act) and all Non-Redeemable Non-Cumulative Preference Shares issued by the Issuer the proceeds of which qualify as "primary share capital" as defined in the Banks Act. The Notes represented by this Certificate rank senior only to the ordinary shares in the issued share capital of the Issuer.*

*If the Issuer is wound-up or put into liquidation or administration, voluntarily or involuntarily, the claims of the Holders of the Notes represented by this Certificate shall be subordinated to the claims of Depositors, Senior Creditors and holders of Subordinated Debt (each as defined, in relation to Tier 1 Notes, in Condition 2 (Interpretation) of the "Terms and Conditions of the Tier 1 Notes"). In any such event, no amount shall be payable to any Holder of the Notes represented by this Certificate entitled to be paid amounts due under the Notes represented by this Certificate until the claims of Depositors, Senior Creditors and holders of Subordinated Debt which are admissible in any such winding-up, liquidation or administration have been paid or discharged in full, as set out more fully in Condition 5 (Status) of the "Terms and Conditions of the Tier 1 Notes".*

*The Notes represented by this Certificate may be redeemed only at the option of the Issuer and with prior written approval of the Registrar of Banks.*

*The Registrar of Banks has approved the issue of the Notes represented by this Certificate in terms of the Banks Act (as read with Regulation 38(13) of the "Regulations Relating to Banks" promulgated under the Banks Act) and for the proceeds thereof to rank as "primary share capital" as defined in the Banks Act.*

*The Notes represented by this Certificate have no Maturity Date."*

## **Legend to appear on Undated Tier 2 Notes Certificates**

The Global Note Certificate and the Individual Note Certificates representing Undated Tier 2 Notes will bear legend to the following effect:

*"The proceeds obtained through the issue of the Notes represented by this Certificate qualify as capital for the issuing bank in terms of the provisions of the South African Banks Act, 1990 (the "Banks Act"). Any direct or indirect acquisition of the Notes represented by this Certificate by a bank or controlling company, as defined in the Banks Act, or by a non-bank subsidiary of a bank or controlling company, shall be regarded as a deduction against the capital of the acquiring bank or controlling company in question, in an amount equal to the book value of the said investment in the Notes represented by this Certificate.*

*The Notes represented by this Certificate constitute direct, unsecured and, in accordance with Condition 5(c) (Hi) (Subordination) of the "Terms and Conditions of the Unsubordinated, Tier 2 and Tier 3 Notes", subordinated obligations of the Issuer and rank pari passu without any preference amongst themselves and (save for those that have been accorded by law preferential rights) at least pari passu with all other claims of creditors of the Issuer which rank or are expressed to rank (and which are entitled to rank) pari passu with the Undated Tier 2 Notes.*

*If the Issuer is wound-up or put into liquidation or administration, voluntarily or involuntarily, the claims of the Holders of the Notes represented by this Certificate shall be subordinated to the claims of Depositors, Senior Creditors and holders of Subordinated Debt (each as defined, in relation to Undated Tier 2 Notes, in Condition 2 (Interpretation) of the "Terms and Conditions of the Unsubordinated, Tier 2 and Tier 3 Notes"). In any such event, no amount shall be payable to any Holder of the Notes represented by this Certificate entitled to be paid amounts due under the Notes represented by this Certificate until the claims of Depositors, Senior Creditors and holders*

*of Subordinated Debt which are admissible in any such winding-up, administration or liquidation have been paid or discharged in full, as set out more fully in Condition 5(c) (Status of the Undated Tier 2 Notes) of the "Terms and Conditions of the Unsubordinated, Tier 2 and Tier 3 Notes".*

*The Notes represented by this Certificate may be redeemed before the Maturity Date only at the option of the Issuer and with prior written approval of the Registrar of Banks.*

*The Registrar of Banks has approved the issue of the Notes represented by this Certificate in terms of the Banks Act (as read with Regulation 38(14)(a) of the "Regulations Relating to Banks" promulgated under the Banks Act) and for the proceeds thereof to rank as "secondary capital" as defined in the Banks Act.*

*The Notes represented by this Certificate have no Maturity Date."*

### **Legend to appear on Dated Tier 2 Notes Certificates**

The Global Note Certificate and the Individual Note Certificates representing Dated Tier 2 Notes will bear a legend to the following effect:

*"The proceeds obtained through the issue of the Notes represented by this Certificate qualify as capital for the issuing bank in terms of the provisions of the South African Banks Act, 1990 (the "Banks Act"). Any direct or indirect acquisition of the Notes represented by this Certificate by a bank or controlling company, as defined in the Banks Act, or by a non-bank subsidiary of a bank or controlling company, shall be regarded as a deduction against the capital of the acquiring bank or controlling company in question, in an amount equal to the book value of the said investment in the Notes represented by this Certificate.*

*The Notes represented by this Certificate constitute direct, unsecured and, in accordance with Condition 5(b)(iii) (Subordination) of the "Terms and Conditions of the Unsubordinated, Tier 2 and Tier 3 Notes", subordinated obligations of the Issuer and rank **pari passu** without any preference amongst themselves and (save for those that have been accorded by law preferential rights) at least **pari passu** with all other claims of creditors of the Issuer which rank or are expressed to rank (and which are entitled to rank) **pari passu** with the Tier 3 Notes and the Dated Tier 2 Notes.*

*If the Issuer is wound-up or put into liquidation or administration, voluntarily or involuntarily, the claims of the Holders of the Notes represented by this Certificate shall be subordinated to the claims of Depositors and Senior Creditors (each as defined, in relation to Dated Tier 2 Notes, in Condition 2 (Interpretation) of the "Terms and Conditions of the Unsubordinated, Tier 2 and Tier 3 Notes"). In any such event, no amount shall be payable to any Holder of the Notes represented by this Certificate entitled to be paid amounts due under the Notes represented by this Certificate until the claims of Depositors and Senior Creditors which are admissible in any such winding-up, liquidation or administration have been paid or discharged in full, as set out more fully in Condition 5(b) (Status of the Tier 3 Notes and the Dated Tier 2 Notes) of the "Terms and Conditions of the Unsubordinated, Tier 2 and Tier 3 Notes".*

*The Registrar of Banks has approved the issue of the Notes represented by this Certificate in terms of the Banks Act (as read with Regulation 38(14)(b) of the "Regulations Relating to Banks" promulgated under the Banks Act) and for the proceeds thereof to rank as "secondary capital" as defined in the Banks Act.*

*The Notes represented by this Certificate are issued for a minimum period of five years and one day."*

### **Legend to appear on Tier 3 Notes Certificate**

The Global Note Certificate and the Individual Note Certificates representing Tier 3 Notes will bear a legend to the following effect:

*"The proceeds obtained through the issue of the Notes represented by this Certificate qualify as capital for the issuing bank in terms of the provisions of the South African Banks Act, 1990 (the*

*"Banks Act"). Any direct or indirect acquisition of the Notes represented by this Certificate by a bank or controlling company, as defined in the Banks Act, or by a non-bank subsidiary of a bank or controlling company, shall be regarded as a deduction against the capital of the acquiring bank or controlling company in question, in an amount equal to the book value of the said investment in the Notes represented by this Certificate.*

*The Notes represented by this Certificate constitute direct, unsecured and, in accordance with Condition 5(b)(iii) (Subordination) of the "Terms and Conditions of the Unsubordinated, Tier 2 and Tier 3 Notes", subordinated obligations of the Issuer and rank pari passu without any preference amongst themselves and (save for those that have been accorded by law preferential rights) at least pari passu with all other claims of creditors of the Issuer which rank or are expressed to rank (and which are entitled to rank) pari passu with the Tier 3 Notes and the Dated Tier 2 Notes.*

*If the Issuer is wound-up or put into liquidation or administration, voluntarily or involuntarily, the claims of the Holders of the Notes represented by this Certificate shall be subordinated to the claims of Depositors and Senior Creditors (each as defined, in relation to Tier 3 Notes, in Condition 2 (Interpretation) of the "Terms and Conditions of the Unsubordinated, Tier 2 and Tier 3 Notes"). In any such event, no amount shall be payable to any Holder of the Notes represented by this Certificate entitled to be paid amounts due under the Notes represented by this Certificate until the claims of Depositors and Senior Creditors which are admissible in any such winding-up, liquidation or administration have been paid or discharged in full, as set out more fully in Condition 5(b) (Status of the Tier 3 Notes and the Dated Tier 2 Notes) of the "Terms and Conditions of the Unsubordinated, Tier 2 and Tier 3 Notes".*

*The Notes represented by this Certificate may be redeemed before the Maturity Date only at the option of the Issuer and with the prior written approval of the Registrar of Banks.*

*The Registrar of Banks has approved the issue of the Notes represented by this Certificate in terms of the Banks Act (as read with Regulation 38(16) of the "Regulations Relating to Banks" promulgated under the Banks Act) and for the proceeds thereof to rank as "tertiary capital" as defined in the Banks Act.*

*The Notes represented by this Certificate are issued for a minimum period of 2 years and one day."*

## TERMS AND CONDITIONS OF THE UNSUBORDINATED, TIER 2 AND TIER 3 NOTES

*The following is the text of the terms and conditions which, as supplemented, amended and/or replaced by the relevant Final Terms, will be endorsed on each Unsubordinated, Tier 2 and Tier 3 Note in definitive form issued under the Programme. The terms and conditions applicable to any Unsubordinated, Tier 2 or Tier 3 Note in global form will differ from those terms and conditions which would apply to the Unsubordinated, Tier 2 or Tier 3 Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below.*

### 1. Introduction

*Programme:* FirstRand Bank Limited (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to U.S.\$1,500,000,000 in aggregate principal amount of notes (the "**Notes**").

*Final Terms:* Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of a written final terms (the "**Final Terms**") which supplements these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of the Unsubordinated, Tier 2 or Tier 3 Notes are these Conditions as supplemented, amended and/or replaced by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.

*Deed of Covenant:* The Notes are constituted by a deed of covenant dated 21 October 2009 (the "**Deed of Covenant**") entered into by the Issuer.

*Agency Agreement:* The Notes are the subject of an amended and restated issue and paying agency agreement dated 21 October 2009 (the "**Agency Agreement**") between the Issuer, The Bank of New York Mellon (Luxembourg) S.A. as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), The Bank of New York Mellon as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes). References herein to the "**Agents**" are to the Registrar, the Fiscal Agent and the Paying Agents and any reference to an "**Agent**" is to any one of them.

*FRL Deed of Covenant:* For so long as FirstRand Limited is the Ultimate Owner (as defined below), the Noteholders have the benefit of a deed of covenant dated 21 October 2009 (the "**FRL Deed of Covenant**") entered into by FirstRand Limited and FirstRand Bank Limited.

*The Notes:* All subsequent references in these Conditions to "**Notes**" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for viewing at, and copies may be obtained from, the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.

*Summaries:* Certain provisions of these Conditions are summaries of the Agency Agreement, the FRL Deed of Covenant and the Deed of Covenant and are subject to their detailed provisions. The Noteholders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Covenant applicable to them. Copies of the Agency Agreement, the FRL Deed of Covenant and the Deed of Covenant are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Agents, the initial Specified Offices of which are set out below.

### 2. Interpretation

*Definitions:* In these Conditions the following expressions have the following meanings:

"**Accrual Yield**" has the meaning given in the relevant Final Terms;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Additional Conditions**" means, in relation to any issue of Notes, the proceeds of which are intended by the Issuer to qualify as Secondary Capital or Tertiary Capital, as the case may be, such conditions, in addition to the conditions specified in the applicable Capital Regulations, as may be prescribed by the Registrar of Banks for the proceeds of the issue of such Notes to qualify as Secondary Capital or Tertiary Capital, as the case may be, pursuant to the approval granted by the Registrar of Banks for the issue of such Notes, as specified in the Final Terms;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Arrears of Interest**" has the meaning given in Condition 7(a) (*Optional deferral of interest on the Undated Tier 2 Notes*);

"**Assets**" means the total amount of the non consolidated gross assets of the Issuer as shown in the latest published audited non consolidated balance sheet of the Issuer, but adjusted for contingencies and subsequent events in such manner as the directors of the Issuer, the auditors of the Issuer or a liquidator or administrator of the Issuer (if applicable) may determine;

"**Authorised Holding**" has the meaning given to it in Condition 3 (*Form, Denomination and Title*);

"**Banks Act**" means the South African Banks Act, 1990;

"**Business Day**" means:

- (i) in relation to any sum payable in Euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) "**FRN Convention**", "**Floating Rate Convention**" or "**Eurodollar Convention**" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**
  - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day

falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(v) "**No Adjustment**" means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"**Calculation Agent**" means the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

"**Calculation Amount**" has the meaning given in the relevant Final Terms;

"**Call Option**" has the meaning given in the relevant Final Terms;

"**Capital Regulations**" means, at any time, any legislation, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in South Africa in relation to banks registered under the Banks Act and licensed to conduct the business of a bank in South Africa (including the Additional Conditions (if any)) (or if the Issuer becomes domiciled in a jurisdiction other than South Africa, any legislation, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in such other jurisdiction in relation to banks registered in, and licensed to conduct the business of a bank in, such other jurisdiction);

"**Controlling Company**" means FirstRand Limited and/or any other company which is a "*controlling company*" in relation to the Issuer as contemplated by the Banks Act;

"**Dated Secondary Capital**" means the proceeds of the issue of debt instruments contemplated in section 1(1) of the Banks Act that are term debt instruments which proceeds are intended, upon issue of such term debt instruments, to qualify as Secondary Capital in accordance with the Dated Tier 2 Capital Regulations;

"**Dated Subordinated Noteholder**" means the Holder of a Dated Subordinated Note;

"**Dated Subordinated Notes**" means, collectively, Tier 3 Notes and Dated Tier 2 Notes;

"**Dated Tier 2 Capital Regulations**" means Regulation 38(14)(b) of the "*Regulations Relating to Banks*" to be promulgated under the Banks Act and/or such other provisions of the Capital Regulations with which Dated Tier 2 Notes must comply in order for the proceeds of the issue of such Notes to qualify as Secondary Capital;

"**Dated Tier 2 Noteholder**" means a Holder of a Dated Tier 2 Note;

"**Dated Tier 2 Notes**" means Notes specified as such in the relevant Final Terms and complying with the Dated Tier 2 Capital Regulations;

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

(i) if "**Actual/Actual (ICMA)**" is so specified, means:

(A) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(B) where the Calculation Period is longer than one Regular Period, the sum of:

- (x) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (y) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year;
- (ii) if "**Actual/365**" or "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
  - (iii) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;
  - (iv) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;
  - (v) if "**30/360**" is so specified, means the number of days in the Calculation period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the first day immediately following the last day included in the Calculation Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the first day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (vi) if "**30E/360**" or "**Eurobond Basis**" is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;



"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (vii) if "**30E/360 (ISDA)**" is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30;

"**Deferred Payment**" has the meaning given in Condition 7(d) (*Deferral of Principal and Interest on the Tier 3 Notes*);

"**Deferred Payment Date**" has the meaning given in Condition 7(d) (*Deferral of Principal and Interest on the Tier 3 Notes*);

"**Deferral Notice**" has the meaning given in Condition 7(d) (*Deferral of Principal and Interest on the Tier 3 Notes*);

"**Deposit**" means a "deposit" as defined in the Banks Act;

"**Depositor**" means any Person having a claim against the Issuer in respect of a Deposit;

"**Dispute**" has the meaning given to it in Condition 24(b) (*English courts*);

"**Early Redemption Amount (Regulatory)**" means, in respect of any Note, the Make Whole Redemption Price;

**"Early Redemption Amount (Tax)"** means, in respect of any Note, its principal amount plus accrued interest (if any) to the date fixed for redemption;

**"Early Termination Amount"** means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Final Terms;

**"Eligible Capital"** means Notes that are treated on issue by the Registrar of Banks for inclusion in the Primary Share Capital, Undated Secondary Capital, Dated Secondary Capital or Tertiary Capital, as the case may be, of the Issuer or the Controlling Company on a solo and/or consolidated basis, in accordance with the Capital Regulations;

**"Event of Default"** means any of the events described in Condition 15 (*Events of Default*);

**"Extraordinary Resolution"** has the meaning given in the Agency Agreement;

**"Final Redemption Amount"** means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

**"Financial Indebtedness"** means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (i) amounts raised by acceptance under any acceptance credit facility;
- (ii) amounts raised under any note purchase facility;
- (iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (iv) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 90 days; and
- (v) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

**"First Interest Payment Date"** means the date specified in the relevant Final Terms;

**"FirstRand Group"** means the Ultimate Parent Company, the Controlling Company, the Issuer, any wholly-owned consolidated Subsidiary of the Controlling Company or the Issuer and any wholly-owned consolidated Subsidiary of the Ultimate Parent Company which is regulated as a banking operation;

**"Fixed Coupon Amount"** has the meaning given in the relevant Final Terms;

**"Group"** means the Issuer and its consolidated Subsidiaries;

**"Guarantee"** means, in relation to any Financial Indebtedness of any Person, any obligation of another Person to pay such Financial Indebtedness including (without limitation):

- (i) any obligation to purchase such Financial Indebtedness;
- (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Financial Indebtedness;
- (iii) any indemnity against the consequences of a default in the payment of such Financial Indebtedness; and
- (iv) any other agreement to be responsible for such Financial Indebtedness;

**"Holder"** of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint-holding, the first named thereof) and **"Noteholders"** shall be construed accordingly;

**"Independent Investment Bank"** means the independent investment bank or financial institution of international repute selected and appointed by the Issuer (at the Issuer's expense) for the purposes of performing one or more of the functions expressed to be performed by it under these Conditions;

**"Interest Amount"** means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

**"Interest Commencement Date"** means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

**"Interest Determination Date"** has the meaning given in the relevant Final Terms;

**"Interest Payment Date"** means the First Interest Payment Date and any other date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the First Interest Payment Date) or the previous Interest Payment Date (in any other case);

**"Interest Period"** means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

**"ISDA Definitions"** means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

**"ISDA Rate"** has the meaning given to it in Condition 9(d) (*ISDA Determination*);

**"Issue Date"** has the meaning given in the relevant Final Terms;

**"Junior Securities"** means the Ordinary Shares or any other share capital of the Issuer or any other member of the FirstRand Group or any other securities of the Issuer or any other member of the FirstRand Group the proceeds of which qualify as Primary Share Capital ranking or expressed to rank junior to the Undated Tier 2 Notes either issued directly by the Issuer or, where issued by a member of the FirstRand Group, where the terms of the securities benefit from a guarantee or support agreement entered into by the Issuer or any other member of the FirstRand Group which ranks or is expressed to rank junior to the Undated Tier 2 Notes;

**"Liabilities"** means the total amount of the non consolidated gross liabilities of the Issuer as shown in the latest published audited non consolidated balance sheet of the Issuer, but adjusted for contingencies and subsequent events in such manner as the directors of the Issuer, the auditors of the Issuer or a liquidator or administrator of the Issuer (if applicable) may determine;

**"Make Whole Redemption Price"** has the meaning given thereto in the relevant Final Terms;

**"Mandatory Preference Shares"** means any class of preference shares (i) the terms of which do not allow the relevant issuer's board of directors to cancel, defer, pass or eliminate any distribution or dividend payment at its discretion and (ii) which are not treated on issue by the Registrar of Banks for inclusion in the Eligible Capital of the relevant issuer;

"**Margin**" has the meaning given in the relevant Final Terms;

"**Maturity Date**" has the meaning given in the relevant Final Terms;

"**Maturity Period**" means the period from, and including, the Issue Date to, but excluding, the Maturity Date;

"**Maximum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**Minimum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**Note Certificate**" has the meaning given to it in Condition 4(a) (*Register*);

"**Optional Redemption Amount (Call)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"**Optional Redemption Amount (Put)**" means, in respect of any Unsubordinated Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"**Optional Redemption Date (Call)**" has the meaning given in the relevant Final Terms;

"**Optional Redemption Date (Put)**" has the meaning given in the relevant Final Terms;

"**Ordinary Shares**" means ordinary shares in the issued share capital of the Issuer having on the Issue Date a par value of ZAR 2 each;

"**Parity Securities**" means any security issued by the Issuer or any other member of the FirstRand Group the proceeds of which qualify as Undated Secondary Capital from time to time outstanding or any other securities issued by the Issuer or any other member of the FirstRand Group ranking or expressed to rank equally as to payments with the Undated Tier 2 Notes and the proceeds of which qualify as Undated Secondary Capital or any securities issued by a member of the FirstRand Group that benefit from a guarantee or support agreement from the Issuer or any other member of the FirstRand Group which ranks or is expressed to rank equally as to payments with the Undated Tier 2 Notes;

"**Payment Business Day**" means:

- (i) if the Specified Currency is euro, any day which is:
  - (A) a day on which banks in the relevant place of surrender or endorsement are open for surrender or endorsement of note certificates and payment and for dealings in foreign currencies; and
  - (B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the Specified Currency is not euro, any day which is:
  - (A) a day on which banks in the relevant place of surrender or endorsement are open for surrender or endorsement of note certificates and payment and for dealings in foreign currencies; and
  - (B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the Specified Currency and in each (if any) Additional Financial Centre;

"**Permitted Security Interest**" means any Security Interest created or outstanding upon any property or assets (including current and/or future revenues, accounts receivables and other payments) of the Issuer or any Subsidiary arising out of any securitisation of such property or

assets or other similar asset backed finance transaction in relation to such property or assets where:

- (i) the payment obligations secured by such Permitted Security Interest are to be discharged primarily from, and recourse under such Permitted Security Interest is limited to, the proceeds of such property or assets or a guarantee from an entity other than a Group entity; and
- (ii) such Security Interest is created pursuant to any securitisation, asset-backed financing or like arrangement in accordance with normal market practice;

**"Person"** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

**"Primary Share Capital"** means "*primary share capital*" as defined in the Banks Act;

**"Principal Financial Centre"** means, in relation to any currency, the principal financial centre for that currency **provided, however, that:**

- (i) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;
- (ii) in relation to South African Rand, it means Johannesburg;
- (iii) in relation to Australian dollars, it means either Sydney or Melbourne;
- (iv) in relation to New Zealand dollars, it means either Wellington or Auckland; and
- (v) in any case any financial centre that is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

**"Principal Subsidiary"** means a Subsidiary of the Group whose (a) total profits before tax represent in excess of 10 per cent, of the consolidated total profits before tax of the Issuer and its Subsidiaries, or (b) total value of net assets represent in excess of 10 per cent, of the total value of all consolidated net assets owned by the Issuer and its Subsidiaries in each case calculated by reference to the latest audited financial statements of each Subsidiary and the latest audited consolidated financial statements of the Issuer and its Subsidiaries but if a Subsidiary has been acquired or sold since the date as at which the latest audited consolidated financial statements of the Issuer and its Subsidiaries were prepared, the financial statements shall be adjusted in order to take into account the acquisition or sale of that Subsidiary (that adjustment being certified by the Issuer and its Subsidiaries' auditors as representing an accurate reflection of the revised consolidated profits before interest and tax or turnover of the Issuer and its Subsidiaries). A report by the auditors of the Issuer that a Subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Noteholders;

**"Proceedings"** has the meaning given to it in Condition 24(d) (*Rights of the Noteholders to take proceedings outside England*);

**"Record Date"** has the meaning given to it in Condition 13(f) (*Record date*);

**"Put Option Notice"** means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem an Unsubordinated Note at the option of the Noteholder;

**"Rate of Interest"** means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

**"Redemption Amount"** means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Early Redemption Amount (Regulatory), the Optional

Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms;

"**Reference Banks**" has the meaning given in the relevant Final Terms or, if none, four major banks selected (after consultation with the Issuer, if reasonably practicable) by the Calculation Agent in the market that is most closely connected with the Reference Rate;

"**Reference Price**" has the meaning given in the relevant Final Terms;

"**Reference Rate**" has the meaning given in the relevant Final Terms;

"**Register**" means the register maintained by the Registrar in respect of the Notes in accordance with the Agency Agreement;

"**Registrar of Banks**" means the South African Registrar of Banks designated under section 4 of the Banks Act;

"**Regular Period**" means:

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

"**Regulatory Change**" means a change in, or amendment to, the Capital Regulations or any change in the application of or official or generally published guidance or interpretation of the Capital Regulations, which change or amendment becomes, or would become, effective on or after the Issue Date;

"**Regulatory Event**" means an event which is deemed to have occurred if, with respect to the Notes of any Series which comprise a certain class of Eligible Capital on the Issue Date of the first Tranche of Notes of that Series, the proceeds of the issue of the Notes would, as a result of a Regulatory Change, no longer be eligible to qualify (save where such non-qualification is only as a result of any applicable limitation on the amount of such capital) for inclusion in that class of Eligible Capital of the Issuer or the Controlling Company on a solo and/or consolidated basis;

"**Relevant Date**" means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

"**Relevant Financial Centre**" has the meaning given in the relevant Final Terms;

"**Relevant Indebtedness**" means any present or future Financial Indebtedness which is in the form of any bond, note, debenture, debenture stock, loan stock, certificate or other similar security which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) and having an original maturity of more than 364 days from its date of issue;

**"Relevant Interest Payment Date"** has the meaning given to it in Condition 7(b) (*Restrictions following non payment of interest on Undated Tier 2 Notes*);

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

**"Relevant Time"** has the meaning given in the relevant Final Terms;

**"Reserved Matter"** means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

**"SARB"** means the South African Reserve Bank;

**"Secondary Capital"** means **"secondary capital"** as defined in the Banks Act;

**"Security Interest"** means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

**"Senior Creditors"** means:

- (i) creditors of the Issuer who are unsubordinated creditors of the Issuer; and
- (ii) creditors of the Issuer whose claims are, or are expressed to be, subordinated to the claims of other creditors, whether subordinated or unsubordinated, of the Issuer other than those whose claims rank, or are expressed to rank, *pari passu* with, or junior to, (1) the claims of the Undated Tier 2 Noteholders (in the case of Undated Tier 2 Notes) or (2) the claims of the Dated Tier 2 Noteholders (in the case of Dated Tier 2 Notes) or (3) the claims of the Tier 3 Noteholders (in the case of Tier 3 Notes), as the case may be;

**"Solvency Claims"** has the meaning given to it in Condition 5(c)(v) (*Solvency Claims*);

**"Solvency Condition"** has the meaning given to it in Condition 5(c)(iv) (*Solvency Condition*);

**"Solvent Reconstruction"** means the event where an order is made or an effective resolution is passed for the winding-up or administration of the Issuer, other than under or in connection with a scheme of amalgamation or reconstruction not involving a bankruptcy or insolvency where the obligations of the Issuer in relation to the outstanding Notes are assumed by the successor entity to which all, or substantially all, of the property, assets and undertaking of the Issuer are transferred or where an arrangement with similar effect not involving bankruptcy or insolvency is implemented;

**"South Africa"** means the Republic of South Africa as constituted from time to time;

**"Specified Currency"** has the meaning given in the relevant Final Terms;

**"Specified Denomination(s)"** has the meaning given in the relevant Final Terms, save that the minimum denomination of any Note to be admitted to trading on a regulated market within the European Economic Area or offered to the public in circumstances which require the publication of a prospectus under EU Directive 2003/71/EC will be EUR100,000 (or its equivalent in another currency at the Issue Date of such Notes);

**"Specified Office"** has the meaning given in the Agency Agreement;

**"Specified Period"** has the meaning given in the relevant Final Terms;

**"Subordinated Debt"** means any subordinated term debt issued by the Issuer (including, without limitation, Tier 3 Notes and Dated Tier 2 Notes), the proceeds of which subordinated term debt qualify as Tertiary Capital or Dated Secondary Capital of the Issuer;

**"Subordinated Notes"** means any Tier 3 Notes, Dated Tier 2 Notes or Undated Tier 2 Notes;

**"Subsidiary"** means, in relation to any Person (the **"first Person"**) at any particular time, any other Person (the **"second Person"**) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise;

**"TARGET2"** means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single share platform and which was launched on 19 November 2007;

**"TARGET Settlement Day"** means any day on which TARGET2 is open for the settlement of payments in euro;

**"Taxes"** has the meaning given to it in Condition 14(a) (*Gross up*);

**"Tax Event"** means an event where, as a result of a Tax Law Change, (i) the Issuer has paid or will or would on the next Interest Payment Date be required to pay additional amounts as provided or referred to in Condition 14 (*Taxation*); or (ii) in respect of the Issuer's obligation to make any payment of interest on the next following Interest Payment Date or any subsequent Interest Payment Date, the Issuer would not be entitled to claim a deduction in respect of computing its taxation liabilities in South Africa, or such entitlement is materially reduced, and in each case the Issuer cannot avoid the foregoing in connection with the Notes by taking measures reasonably available to it (such reasonable measures to exclude any requirement to instigate litigation in respect of any decision of determination of the South African Revenue Service that any such interest does not constitute a tax deductible expense);

**"Tax Law Change"** means a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of South Africa, or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), whether or not having retrospective effect, which change or amendment is announced on or after the Issue Date;

**"Tertiary Capital"** means *"tertiary capital"* as defined in the Banks Act;

**"Tier 1 Capital Regulations"** means Regulation 38(13) of the "Regulations Relating to Banks" to be promulgated under the Banks Act and/or such other provisions of the Capital Regulations with which Tier 1 Notes must comply in order for the proceeds of the issue of such Notes to qualify as Primary Share Capital;

**"Tier 1 Notes"** means Notes complying with the Tier 1 Capital Regulations;

**"Tier 2 Notes"** means collectively the Dated Tier 2 Notes and the Undated Tier 2 Notes;

**"Tier 3 Capital Regulations"** means Regulation 38(16) of the "Regulations Relating to Banks" to be promulgated under the Banks Act and/or such other provisions of the Capital Regulations with which Tier 3 Notes must comply in order for the proceeds of the issue of such Notes to qualify as Tertiary Capital;

**"Tier 3 Noteholder"** means a Holder of a Tier 3 Note;

**"Tier 3 Notes"** means Notes specified as such in the relevant Final Terms and complying with the Tier 3 Capital Regulations;

**"Ultimate Owner"** means, at any time, the ultimate holding company of the Issuer at that time;

**"Ultimate Parent Company"** means FirstRand Limited;



"**Undated Secondary Capital**" means the proceeds of the issue of hybrid-debt instruments that combine features of equity instruments and debt instruments contemplated in section 1(1) of the Banks Act which proceeds are intended, upon issue of such hybrid-debt instruments, to qualify as Secondary Capital in accordance with the Undated Tier 2 Capital Regulations;

"**Undated Tier 2 Capital Regulations**" means Regulation 38(14)(a) of the "Regulations Relating to Banks" to be promulgated under the Banks Act and/or such other provisions of the Capital Regulations with which Undated Tier 2 Notes must comply in order for the proceeds of the issue of such Notes to qualify as Secondary Capital;

"**Undated Tier 2 Noteholder**" means a Holder of an Undated Tier 2 Note;

"**Undated Tier 2 Notes**" means Notes specified as such in the relevant Final Terms and complying with the Undated Tier 2 Capital Regulations;

"**Unsubordinated Notes**" means Notes issued with the status and characteristics set out in Condition 5(a) (*Status of the Unsubordinated Notes*) as specified in the relevant Final Terms; and

"**Zero Coupon Note**" means a Note specified as such in the relevant Final Terms.

*Interpretation:* In these Conditions:

any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 14 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;

any reference to interest shall be deemed to include payment of any Interest Amount, any additional amounts in respect of interest which may be payable under Condition 14 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;

references to Notes being "**outstanding**" shall be construed in accordance with the Agency Agreement;

if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "**not applicable**" then such expression is not applicable to the Notes; and

any reference to the Agency Agreement, the Deed of Covenant or the FRL Deed of Covenant shall be construed as a reference to the Agency Agreement, the Deed of Covenant or the FRL Deed of Covenant, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

### 3. **Form, Denomination and Title**

The Notes are in registered form in the Specified Denomination(s) and may be held in holdings equal to any specified minimum amount and integral multiples equal to any specified increments (as specified in the relevant Final Terms) in excess thereof (each, an "**Authorised Holding**"). The Holder of each Note shall (except as otherwise required by law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Note Certificate) and no Person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

### 4. **Register, Title and Transfers**

*Register:* The Registrar will maintain the register in accordance with the provisions of the Agency Agreement. A certificate (each, a "**Note Certificate**") will be issued to each Noteholder in

respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.

*Transfers:* Subject to paragraphs (e) (*Closed periods*) and (f) (*Regulations concerning transfers and registration*) below, a Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar, together with such evidence as the Registrar may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; **provided, however, that** a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are Authorised Holdings. Where not all the Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor.

*Registration and delivery of Note Certificates:* Within five business days of the surrender of a Note Certificate in accordance with paragraph (b) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Notes transferred to each relevant Holder at its Specified Office or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar has its Specified Office.

*No charge:* The transfer of a Note will be effected without charge by or on behalf of the Issuer or the Registrar but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

*Closed periods:* Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes.

*Regulations concerning transfers and registration:* All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

## 5. **Status**

*Status of the Unsubordinated Notes:*

*Application:* This Condition 5(a) applies only to Unsubordinated Notes.

*Status of the Unsubordinated Notes:* The Unsubordinated Notes constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 6 (*Negative Pledge*)) unsecured obligations of the Issuer which will at all times rank *pari passu* without preference or priority among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

*Status of the Tier 3 Notes and the Dated Tier 2 Notes:*

*Application:* This Condition 5(b) applies only to Tier 3 Notes and Dated Tier 2 Notes.

*Status of the Tier 3 Notes and the Dated Tier 2 Notes:* The Tier 3 Notes and the Dated Tier 2 Notes constitute direct, unsecured and, in accordance with Condition 5(b)(iii) (*Subordination*) below, subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and (save for those that have been accorded by law preferential rights) at least *pari passu* with all other claims of creditors of the Issuer which rank or are expressed to rank (and which are entitled to rank) *pari passu* with the Tier 3 Notes and the Dated Tier 2 Notes.

*Subordination:* The claims of Tier 3 Noteholders and Dated Tier 2 Noteholders entitled to be paid amounts due in respect of the Tier 3 Notes or the Dated Tier 2 Notes (as applicable) are subordinated to the claims of Depositors and Senior Creditors and, accordingly, in the event of the dissolution of the Issuer or if the Issuer is placed into liquidation, administration or wound-up:

- (1) no Tier 3 Noteholder or Dated Tier 2 Noteholder shall be entitled to prove or tender to prove a claim in respect of the Tier 3 Notes or the Dated Tier 2 Notes (as applicable);
- (2) no amount due under the Tier 3 Notes or the Dated Tier 2 Notes shall be eligible for set-off, counterclaim, abatement or other similar remedy which a Tier 3 Noteholder or Dated Tier 2 Noteholder might otherwise have under the laws of any jurisdiction in respect of the Tier 3 Notes or the Dated Tier 2 Notes (as applicable) nor shall any amount due under the Tier 3 Notes or the Dated Tier 2 Notes be payable to any Tier 3 Noteholder or Dated Tier 2 Noteholder (as applicable); and
- (3) subject to applicable law, a Tier 3 Noteholder or a Dated Tier 2 Noteholder may not exercise or claim any right of set-off in respect of any amount in respect of the principal of and/or interest on the Tier 3 Notes or the Dated Tier 2 Notes (as applicable) owed to it by the Issuer and each Tier 3 Noteholder and Dated Tier 2 Noteholder shall, by virtue of its subscription, purchase or holding of any Tier 3 Notes or Dated Tier 2 Notes (as applicable), be deemed to have waived all such rights of set-off and, to the extent that any set-off takes place, whether by operation of law or otherwise, between: (aa) any amount in respect of the principal and/or interest on the Tier 3 Notes or the Dated Tier 2 Notes (as applicable) owed by the Issuer to a Tier 3 Noteholder or Dated Tier 2 Noteholder (as applicable); and (bb) any amount owed to the Issuer by such Tier 3 Noteholder or Dated Tier 2 Noteholder, such Tier 3 Noteholder or Dated Tier 2 Noteholder will immediately transfer such amount which is set-off to the Issuer or, in the event of its winding-up or administration (as the case may be), the liquidator, administrator or other relevant insolvency official of the Issuer, to be held on trust for the Depositors and Senior Creditors, until the claims of Depositors and Senior Creditors which are admissible in any such dissolution, insolvency or winding-up have been paid or discharged in full.

*Status of the Undated Tier 2 Notes*

*Application:* This Condition 5(c) applies only to Undated Tier 2 Notes.

*Status of the Undated Tier 2 Notes:* The Undated Tier 2 Notes constitute direct, unsecured and, in accordance with Condition 5(c)(iii) (*Subordination*) below, subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and (save for those that have been accorded by law preferential rights) at least *pari passu* with all other claims of creditors of the Issuer which rank or are expressed to rank (and which are entitled to rank) *pari passu* with the Undated Tier 2 Notes.

*Subordination:* The claims of Undated Tier 2 Noteholders entitled to be paid amounts due in respect of the Undated Tier 2 Notes are subordinated to the claims of Depositors, Senior Creditors and the holders of Subordinated Debt and, accordingly, in the event of the dissolution of the Issuer or if the Issuer is placed into liquidation, administration or wound-up:

- (1) no Undated Tier 2 Noteholder shall be entitled to prove or tender to prove a claim in respect of the Undated Tier 2 Notes;
- (2) no amount due under the Undated Tier 2 Notes shall be eligible for set-off, counterclaim, abatement or other similar remedy which an Undated Tier 2 Noteholder might otherwise have under the laws of any jurisdiction in respect of

the Undated Tier 2 Notes nor shall any amount due under the Undated Tier 2 Notes be payable to any Undated Tier 2 Noteholder; and

- (3) subject to applicable law, an Undated Tier 2 Noteholder may not exercise or claim any right of set-off in respect of any amount in respect of the principal of and/or interest on the Undated Tier 2 Notes owed to it by the Issuer and each Undated Tier 2 Noteholder shall, by virtue of its subscription, purchase or holding of any Undated Tier 2 Notes, be deemed to have waived all such rights of set-off and, to the extent that any set-off takes place, whether by operation of law or otherwise, between: (aa) any amount in respect of the principal and/or interest on the Undated Tier 2 Notes owed by the Issuer to an Undated Tier 2 Noteholder; and (bb) any amount owed to the Issuer by such Undated Tier 2 Noteholder, such Undated Tier 2 Noteholder will immediately transfer such amount which is set-off to the Issuer or, in the event of its winding-up or administration (as the case may be), the liquidator, administrator or other relevant insolvency official of the Issuer, to be held on trust for the Depositors, Senior Creditors and holders of Subordinated Debt,

until the claims of Depositors, Senior Creditors and the holders of Subordinated Debt which are admissible in any such dissolution, insolvency or winding-up have been paid or discharged in full.

*Solvency Condition:* Payments in respect of the principal of and interest (including any Arrears of Interest and payment of any additional amounts pursuant to Condition 14(a) (*Gross up*) on the Undated Tier 2 Notes are, in addition to the right of the Issuer to defer interest in accordance with Condition 7(a) (*Optional deferral of interest on the Undated Tier 2 Notes*), conditional upon the Issuer being solvent at the time of payment by the Issuer, and no principal or interest on the Undated Tier 2 Notes (including any Arrears of Interest) shall be due and payable in respect of the Undated Tier 2 Notes except to the extent that the Issuer could make such payment and still be solvent immediately thereafter. For the purposes of this Condition 5(c), the Issuer shall be solvent if (1) it is able to pay its debts owed to Depositors, Senior Creditors and the holders of Subordinated Debt as they fall due and (2) its Assets exceed its Liabilities to Depositors, Senior Creditors and the holders of Subordinated Debt (the "**Solvency Condition**"). A report as to the solvency of the Issuer made by two directors of the Issuer or, if the Issuer is in winding-up, its liquidator or, if in administration, its administrator shall, in the absence of manifest error, be treated and accepted by the Issuer and the Noteholders as correct and sufficient evidence of such solvency.

*Solvency Claims:* Amounts representing any payments of principal or interest in respect of which the Solvency Condition is not satisfied on the date upon which the same would otherwise be due and payable ("**Solvency Claims**") will be payable by the Issuer (1) subject to Condition 5(c)(iii) (*Subordination*), in a winding-up or administration of the Issuer and (2) subject to satisfying the Solvency Condition, on any redemption pursuant to Condition 12(b) (*Redemption for tax reasons*), Condition 12(c) (*Redemption for regulatory reasons*) or Condition 12(d) (*Redemption at the option of the Issuer*) **provided that** in the event that, prior to any winding-up or administration of the Issuer, the Issuer shall again be solvent and would be solvent immediately after the making of such payment of Solvency Claims, then the Issuer shall promptly notify the Noteholders in accordance with Condition 21 (*Notices*), the Registrar and the Fiscal Agent of such fact and the Solvency Claims shall, subject to satisfying the Solvency Condition, be due and payable on the 16th Business Day after the Issuer shall have given such notice. A Solvency Claim shall not bear interest unless and only so long as the Issuer shall be solvent once again, in which case interest shall accrue on any such Solvency Claim from (and including) the date on which the Issuer is so solvent again to (but excluding) the date on which such Solvency Claim is paid. Any such interest shall accrue at a rate equal to the then applicable Rate of Interest determined in accordance with Condition 8 (*Fixed Rate Note Provisions*) or Condition 9 (*Floating Rate Note and Index-Linked Interest Note Provisions*). In the event that the Issuer shall be so solvent once again, the Issuer may not declare or pay a dividend (in accordance with Condition 7(b) (*Restrictions following non payment of interest on Undated Tier 2 Notes*)) from the date

that the Issuer is so solvent again until the date on which the Solvency Claim and any relevant interest on the Solvency Claim is paid.

For the avoidance of doubt, if the Issuer would otherwise not be solvent for the purposes of the above, any sums which would otherwise be payable in respect of the Undated Tier 2 Notes will be available to be put towards the losses of the Issuer.

#### *Capital Regulations and Additional Conditions*

In order for the proceeds of the issuance of the Notes to qualify as Secondary Capital or Tertiary Capital, as the case may be, Subordinated Notes must comply with the applicable Capital Regulations (including the Additional Conditions (if any) prescribed by the Registrar of Banks in respect of a particular Tranche of Subordinated Notes). The Issuer will specify in the relevant Final Terms whether any issue of Notes is an issue of Dated Tier 2 Notes the proceeds of which are intended to qualify as Dated Secondary Capital or Undated Tier 2 Notes the proceeds of which are intended to qualify as Undated Secondary Capital or an issue of Tier 3 Notes the proceeds of which are intended to qualify as Tertiary Capital. The Additional Conditions (if any) prescribed by the Registrar of Banks in respect of Subordinated Notes will be specified in the applicable Final Terms or a supplement to the Base Prospectus.

#### 6. **Negative Pledge**

This Condition 6 only applies to Unsubordinated Notes.

So long as any Unsubordinated Note remains outstanding, the Issuer shall not, and the Issuer shall procure that none of its Principal Subsidiaries shall, create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Unsubordinated Notes equally and rateably therewith or (b) providing such other security for the Unsubordinated Notes, as may be approved by an Extraordinary Resolution of Noteholders.

#### 7. **Interest and principal payments on the Subordinated Notes**

*Optional deferral of interest on the Undated Tier 2 Notes:* This Condition 7(a) applies to Undated Tier 2 Notes only. Interest payments on the Undated Tier 2 Notes will be cumulative. The Issuer shall be obliged to pay interest on each Interest Payment Date unless (i) the Issuer elects to defer the relevant Interest Amount on such Interest Payment Date, (ii) the Issuer is in breach of either of the Capital Regulations or the Solvency Condition on the Business Day prior to such Interest Payment Date or would be in breach of the Capital Regulations or the Solvency Condition if the relevant Interest Amount were paid on such Interest Payment Date or (iii) at any time the Registrar of Banks imposes a mandatory prohibition on the payment of interest. If the Issuer does not pay the relevant Interest Amount in respect of an Interest Period in accordance with this Condition 7(a) then any such failure to pay such Interest Amount shall not constitute a default by the Issuer or any other breach of obligations under the Undated Tier 2 Notes or for any other purpose.

If the Issuer elects to defer the payment of interest on an Interest Payment Date, it shall give notice of such election to the Undated Tier 2 Noteholders in accordance with Condition 21 (*Notices*) and to the Registrar and the Fiscal Agent not less than 30 days prior to the relevant Interest Payment Date (or such shorter notice period as may be required by the Capital Regulations or the Registrar of Banks). If the Issuer is not obliged pursuant to the provisions of this Condition 7(a) to pay any interest on any Interest Payment Date, it shall give notice to such fact to the Undated Tier 2 Noteholders in accordance with Condition 21 (*Notices*) and to the Registrar of Banks and the Fiscal Agent.

Any interest in respect of the Undated Tier 2 Notes not paid on any Interest Payment Date, together with any other interest in respect thereof not paid on any other Interest Payment Date, shall, so long as the same remains unpaid, constitute "**Arrears of Interest**". Arrears of Interest may, at the option of the Issuer but subject to the restrictions of this Condition 7(a) and subject to Condition 5(c)(iii) (*Subordination*), be paid in whole or in part at any time upon the expiration of

not less than 14 days' notice to such effect given to the Undated Tier 2 Noteholders in accordance with Condition 21 (*Notices*), but all Arrears of Interest in respect of Undated Tier 2 Notes for the time being outstanding shall (subject to the restrictions of this Condition 7(a) and subject to Condition 5(c)(iii) (*Subordination*)) become due in full on whichever is the earlier of (i) the date fixed for any repayment pursuant to Condition 12(b) (*Redemption for tax reasons*), Condition 12(c) (*Redemption for regulatory reasons*) or 12(d) (Redemption at the option of the Issuer), or (ii) the commencement of a winding-up (other than pursuant to a Solvent Reconstruction) of the Issuer. If notice is given by the Issuer of its intention to pay the whole or any part of any Arrears of Interest in respect of the Undated Tier 2 Notes, the Issuer shall be obliged (subject to the restrictions of this Condition 7(a) and subject to Condition 5(c)(iii) (*Subordination*)) to do so upon the expiration of such notice. Where Arrears of Interest are paid in part, each part payment shall be in respect of the full amount of the Arrears of Interest accrued due to the relevant Interest Payment Date or consecutive Interest Payment Dates furthest from the date of payment. Arrears of Interest shall not themselves bear interest.

*Restrictions following non payment of interest on Undated Tier 2 Notes:* If, on any Interest Payment Date (the "**Relevant Interest Payment Date**"), the Interest Amount in respect of any Undated Tier 2 Notes shall not have been paid in full pursuant to Condition 7(a) (*Optional deferral of interest on the Undated Tier 2 Notes*), then from such Relevant Interest Payment Date until the date on which the full amount of such Arrears of Interest has been received by the Undated Tier 2 Noteholders and is no longer outstanding and no other Arrears of Interest remains unpaid, the Ultimate Parent Company has undertaken to the Undated Tier 2 Noteholders (other than the Ultimate Parent Company or any of its subsidiaries) pursuant to the FRL Deed of Covenant and the Issuer shall use its reasonable endeavours to ensure that any future Ultimate Owner will undertake to the Undated Tier 2 Noteholders pursuant to a deed of covenant that no member of the FirstRand Group shall (a) declare or pay a distribution or dividend or pay any interest on Junior Securities or Parity Securities (other than Mandatory Preference Shares or a final dividend declared by the Ultimate Parent Company before such Relevant Interest Payment Date, or intra-group dividends between wholly-owned FirstRand Group Subsidiaries and to FirstRand Group holding companies, which can be paid at any time), or (b) redeem, purchase, reduce or otherwise acquire any Junior Securities or Parity Securities or any securities of any of its Subsidiary undertakings benefiting from a guarantee from any member of the FirstRand Group ranking, as to the right of repayment of principal, or in the case of any such guarantee, as to the payment of sums under such guarantee, *pari passu* with or junior to the Undated Tier 2 Notes.

*Compulsory payment of interest:* On any Interest Payment Date on which: (i) a Regulatory Event has occurred and is continuing (**provided that** a certificate signed by two authorised officers of the Issuer or a written confirmation from the Registrar of Banks stating that a Regulatory Event has not occurred and is not continuing as at such Interest Payment Date shall be sufficient evidence for the purposes of this Conditions 7(c) that a Regulatory Event has not occurred and is not continuing as at such Interest Payment Date and no Undated Tier 2 Noteholders shall be entitled to dispute the contents of such certificate or confirmation, as the case may be); (ii) the Issuer is in compliance with the Capital Regulations and the Solvency Condition; and (iii) the Registrar of Banks has not imposed a mandatory prohibition on the payment of interest, the Issuer shall not be permitted to exercise its right under Condition 7(a) (*Optional deferral of interest on the Undated Tier 2 Notes*) to defer any Interest Amount on an Interest Payment Date and shall be obliged to pay in respect of each Note the Interest Amount payable on such Interest Payment Date.

*Deferral of Principal and Interest on Tier 3 Notes:* This Condition 7(d) applies to Tier 3 Notes only. If the Issuer's qualifying capital falls below or is likely to fall below the minimum amount prescribed by the Capital Regulations and as a consequence of this event the Registrar of Banks, pursuant to the Tier 3 Capital Regulations, requires the Issuer to defer the due date for payment of any principal (or any portion thereof) and/or any interest (or any portion thereof) payable in respect of such Tier 3 Notes (the "**Deferred Payment**"), the Issuer shall, by notice in writing (a "**Deferral Notice**") to the Tier 3 Noteholders in accordance with Condition 21 (*Notices*) and to the Registrar and the Fiscal Agent, defer the due date for payment of the Deferred Payment, until such date (the "**Deferred Payment Date**"), and subject to such conditions, as are prescribed by the Registrar of Banks. On the giving of the Deferral Notice, the due date for payment of the Deferred Payment shall be deferred to the Deferred Payment Date, and the Issuer shall not be obliged to make payment of the Deferred Payment on the date upon which the Deferred Payment would otherwise have become due and payable, and such deferral of payment shall not constitute

a default under the Tier 3 Notes or for any other purpose and a Tier 3 Noteholder will have no claim in respect of any such Deferred Payment (save as set out below in this Condition 7(d)). The Issuer may not give a Deferral Notice except where the Registrar of Banks so requires in accordance with the Tier 3 Capital Regulations. Interest will continue to accrue on the outstanding amount of the Deferred Payment at the Rate of Interest applicable on the date upon which the Deferred Payment would otherwise have become due and payable, from and including such date to but excluding the Deferred Payment Date. All Deferred Payments (together with any interest accrued thereon) which remain unpaid shall become due and payable upon the earlier to occur of (i) the Deferred Payment Date, and (ii) the Issuer being placed into liquidation, administration or wound-up (other than pursuant to a Solvent Reconstruction). When more than one Deferred Payment remains unpaid, any payment in part thereof shall be made *pro rata* according to the proportion which each such Deferred Payment bears to the aggregate of all such Deferred Payments.

#### 8. **Fixed Rate Note Provisions**

*Application:* This Condition 8 is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.

*Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 13 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 8 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

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

*Calculation of interest amount:* The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

#### 9. **Floating Rate Note and Index-Linked Interest Note Provisions**

*Application:* This Condition 9 is applicable to the Notes only if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable.

*Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 13 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 9 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

*Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:

if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:

request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and

determine the arithmetic mean of such quotations; and

if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time, and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

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

the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;

the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and

the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.



*Index-Linked Interest:* If the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable, the Rate(s) of Interest applicable to the Notes for each Interest Period will be determined in the manner specified in the relevant Final Terms.

*Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

*Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

*Calculation of other amounts:* If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.

*Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents, and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

*Notifications etc.:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 9 by the Calculation Agent will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Paying Agents and the Noteholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

#### 10. **Zero Coupon Note Provisions**

*Application:* This Condition 10 is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.

*Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

the Reference Price; and

the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii)

the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

#### 11. **Dual Currency Note Provisions**

*Application:* This Condition 11 is applicable to the Notes only if the Dual Currency Note Provisions are specified in the relevant Final Terms as being applicable.

*Rate of Interest:* If the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.

#### 12. **Redemption and Purchase**

*Scheduled redemption:*

Subject to Condition 12(e) (*Redemption of Subordinated Notes*), unless previously redeemed, or purchased and cancelled, the Dated Tier 2 Notes, the Tier 3 Notes and the Unsubordinated Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 13 (*Payments*).

Undated Tier 2 Notes have no maturity date and may only be redeemed or purchased (subject to Condition 12(e) (*Redemption of Subordinated Notes*) and subject to compliance with the Solvency Condition and Condition 5(c)(iii) (*Subordination*)) and without prejudice to Condition 5(c)(v) (*Solvency Claims*) or Condition 15.3 (*Events of Default relating to the Undated Tier 2 Notes*) in accordance with the provisions of this Condition 12.

*Redemption for tax reasons:* The Notes may, subject to Condition 12(e) (*Redemption of Subordinated Notes*), be redeemed at the option of the Issuer in whole, but not in part if a Tax Event occurs and is continuing:

at any time (if neither the Floating Rate Note Provisions nor the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable or, if they are, such provisions are not applicable at the time of redemption); or

on any Interest Payment Date (if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable and are applicable at the time of redemption),

on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 21 (*Notices*) and to the Registrar and the Fiscal Agent, at their Early Redemption Amount (Tax),

**provided, however, that** no such notice of redemption shall be given earlier than:

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

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent (A) a certificate signed by two authorised officers of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (B) an opinion of independent advisers of recognised standing to the effect that a Tax Event has

occurred. Upon the expiry of any such notice as is referred to in this Condition 12(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 12(b).

*Redemption for regulatory reasons:* Any Series of Subordinated Notes may (subject to Condition 12(e) (*Redemption of Subordinated Notes*)) and, in the case of Undated Tier 2 Notes, the Issuer satisfying the Solvency Condition) be redeemed at the option of the Issuer in whole, but not in part:

at any time (if neither the Floating Rate Note Provisions nor the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable or, if they are, such provisions are not applicable at the time of redemption); or

on any Interest Payment Date (if the Floating Rate Note Provisions or the Index Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable and are applicable at the time of redemption),

on giving not less than 30 nor more than 60 days notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 21 (*Notices*) and to the Registrar and the Fiscal Agent, at their Early Redemption Amount (Regulatory), together with interest accrued (if any) to the date fixed for redemption, if a Regulatory Event occurs and is continuing.

Prior to the publication of any notice of redemption pursuant to this Condition 12(c), the Issuer shall deliver to the Fiscal Agent (A) a certificate signed by two authorised officers of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (B) unless the Registrar of Banks has confirmed to the Issuer that the proceeds of the issue of the relevant Notes are not eligible to qualify as the relevant class of Eligible Capital of the Issuer on a solo and/or a consolidated basis, an opinion of independent advisers of recognised standing to the effect that a Regulatory Event has occurred. Upon the expiry of any such notice as is referred to in this Condition 12(c), the Issuer shall be bound to redeem the Notes in accordance with this Condition 12(c).

*Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may (subject to Condition 12(e) (*Redemption of Subordinated Notes*)) in the case of Subordinated Notes and, in the case of Undated Tier 2 Notes, the Issuer satisfying the Solvency Condition) be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) upon the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

*Redemption of Subordinated Notes:* Subject to the applicable Capital Regulations and Condition 12(b) (*Redemption for tax reasons*) and Condition 12(c) (*Redemption for regulatory reasons*), Subordinated Notes may be redeemed, or purchased and cancelled at the option of the Issuer only and **provided that**:

Dated Tier 2 Notes shall have a minimum Maturity Period of five years and one day;

Tier 3 Notes shall have a minimum Maturity Period of two years and one day;

Undated Tier 2 Notes may only be redeemed pursuant to Condition 12(a) (*Redemption at the option of the Issuer*) after a minimum initial period of issue of five years; **provided that** in any case unless the Registrar of Banks determines that the Issuer is duly capitalised the Issuer may not redeem such Undated Tier 2 Notes unless such Undated Tier 2 Notes are replaced by the Issuer with instruments of similar or better quality;

the Issuer has notified the Registrar of Banks of its intention to redeem, or purchase and cancel the relevant Subordinated Notes at least one month (or such other period, longer or shorter, as the Registrar of Banks may then require or accept) prior to the date scheduled for such redemption or purchase and cancellation and written approval of the same has been received from the Registrar of Banks;

such redemption is effected in accordance with conditions (if any) approved by the Registrar of Banks in writing; and

both at the time when the notice of redemption is given and immediately following such redemption, the Issuer is or will be (as the case may be) in compliance with its capital adequacy requirements as provided in the Capital Regulations (except to the extent that the Registrar of Banks no longer so requires) as confirmed by an Independent Investment Bank or the Registrar of Banks.

*Partial redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 12(d) (*Redemption at the option of the Issuer*), each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Notes on such date.

*Redemption at the option of Noteholders:* This Condition 12(g) applies only to Unsubordinated Notes. If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the Holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 12(g), the Holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit the Note Certificate relating to such Note with any Paying Agent together with a duly completed Put Option Notice in the form obtainable from any Paying Agent. No Note Certificate, once deposited with a duly completed Put Option Notice in accordance with this Condition 12(g), may be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date (Put), the Notes evidenced by any Note Certificate so deposited become immediately due and payable or, upon due presentation of any Note Certificate on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, such Note Certificate shall, without prejudice to the exercise of the Put Option, be returned to the Holder by uninsured first class mail (airmail if overseas) at the address specified by such Holder in the relevant Put Option Notice.

*No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (f) above.

*Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

the Reference Price; and

the product of the Accrual Yield (compounded annually) 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 the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 12(i) or, if none is so specified, a Day Count Fraction of 30E/360.

*Purchase:* Subject to Condition 12(e) (*Redemption of Subordinated Notes*) in the case of Subordinated Notes and, in the case of Undated Tier 2 Notes, compliance with the Solvency Condition, the Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price.

*Cancellation:* All Notes so redeemed or purchased by the Issuer or any of its Subsidiaries may, at its option, be cancelled and may, if cancelled, not be reissued or resold.

### 13. **Payments**

*Principal:* Payments of principal shall be made by cheque drawn in the currency in which the payment is due on, or, upon application by a Holder of a Note to the Specified Office of the Fiscal Agent not

later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

*Interest:* Payments of interest shall be made by cheque drawn in the currency in which the payment is due on, or, upon application by a Holder of a Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

*Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 14 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

*Payments on business days:* Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not a Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the Payment Business Day immediately preceding the due date for payment. A Holder of a Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a Payment Business Day or (B) a cheque mailed in accordance with this Condition 13(d) arriving after the due date for payment or being lost in the mail.

*Partial payments:* If a Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and date of such payment is endorsed on the relevant Note Certificate.

*Record date:* Each payment in respect of a Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

## 14. **Taxation**

*Gross up:* All payments of principal and interest in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of South Africa or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such Taxes is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note:

presented for payment by, or on behalf of, or held by, a Holder which is liable to such Taxes in respect of such Note by reason of its having some connection with South Africa other than the mere holding of such Note; or

where such withholding or deduction is imposed on a payment to an individual or a residual entity and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

presented for payment by, or on behalf of, or held by a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Note Certificate or by arranging to receive the relevant payment through another Paying Agent in a Member State of the EU; or

where (in the case of a payment of principal or interest on redemption) the relevant Note Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such additional amounts if it had surrendered the relevant Note Certificate on the last day of such period of 30 days; or

presented for payment by or on behalf of, or held by, a Holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying with any statutory requirements in force at the present time or in the future by making a declaration of non-residence or other claim or filing for exemption to which it is entitled to the relevant tax authority or the Paying Agent.

*Taxing jurisdiction:* If the Issuer becomes subject at any time to any taxing jurisdiction other than South Africa, references in these Conditions to South Africa shall be construed as references to South Africa and/or such other jurisdiction.

## 15. **Events of Default**

### 15.1 *Events of Default relating to Unsubordinated Notes*

This Condition 15.1 only applies to Unsubordinated Notes.

If any of the following events occurs and is continuing:

- (a) *Non-payment:* the Issuer fails to pay any amount of principal in respect of the Notes within five days of the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within 10 days of the due date for payment thereof; or
- (b) *Breach of other obligations:* the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Deed of Covenant and such default remains unremedied for 30 days after written notice thereof, has been delivered by any Noteholder to the Issuer or to the Specified Office of the Fiscal Agent (addressed to the Issuer); or

- (c) *Cross-default of Issuer or Principal Subsidiary:*
- (i) any Financial Indebtedness of the Issuer or any of its Principal Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;
  - (ii) any such Financial Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer or (as the case may be) the relevant Principal Subsidiary or (**provided that** no Event of Default, howsoever described, has occurred) any Person entitled to such Financial Indebtedness; or
  - (iii) the Issuer or any of its Principal Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Financial Indebtedness;

**provided that** the amount of Financial Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above individually or in the aggregate exceeds U.S.\$10,000,000 (or its equivalent in any other currency or currencies); or

- (d) *Unsatisfied judgment:* one or more judgment(s) or order(s) from which no further appeal is permissible under applicable law for the payment of any amount in excess of U.S.\$10,000,000 (or its equivalent in any other currency or currencies) is rendered against the Issuer or any of its Principal Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (e) *Security enforced:* any present or future Security Interest created by the Issuer or any Principal Subsidiary over all or a substantial part of its undertaking, assets and revenues for an amount at the relevant time in excess of U.S.\$10,000,000 (or its equivalent in any other currency or currencies) becomes enforceable and any step is taken to enforce it (including, but not limited to, the taking of possession or the appointment of a receiver, administrative receiver, manager or other similar person or analogous event) unless such enforcement is discharged within 45 days or the Issuer or Principal Subsidiary (as the case may be) is contesting such enforcement in good faith; or
- (f) *Insolvency etc.:* (i) the Issuer or its Principal Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator, curator, judicial manager or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer or any of its Principal Subsidiaries or in respect of the whole or a substantial part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries, (iii) the Issuer or any of its Principal Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Financial Indebtedness or any Guarantee of any Financial Indebtedness given by it or (iv) the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business (otherwise than (A) in the case of a Principal Subsidiary of the Issuer for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent; or (B) in the case of the Issuer, in respect of a Solvent Reconstruction); or
- (g) *Winding-up etc.:* an order is made or an effective resolution is passed for the winding-up, liquidation, administration or dissolution of the Issuer or any of its Principal Subsidiaries (otherwise than (A) in the case of a Principal Subsidiary of the Issuer for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent; or (B) in the case of the Issuer, in respect of a Solvent Reconstruction); or
- (h) *Analogous event:* any event occurs which under the laws of South Africa or other relevant jurisdiction in the case of a Principal Subsidiary has an analogous effect to any of the events referred to in paragraphs (d) to (g) above; or

- (i) *Failure to take action etc.:* any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes and the Deed of Covenant, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Note Certificates and the Deed of Covenant admissible in evidence in the courts of South Africa is not taken, fulfilled or done; or
- (j) *Unlawfulness:* it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Deed of Covenant,

then any Unsubordinated Note may, by written notice from the Holder thereof to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent (addressed to the Issuer), be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) without further action or formality.

#### 15.2 *Events of Default relating to Dated Subordinated Notes*

This Condition 15.2 applies only to Dated Subordinated Notes.

- (a) If default shall be made in the payment of any principal or interest due on the Dated Subordinated Notes of the relevant Series for a period of five days or more after any date on which the payment of principal is due or 10 days or more after any date on which the payment of interest is due (as the case may be), any Dated Subordinated Noteholder of that Series may, subject as provided below, at its discretion and without further notice, institute proceedings for the winding-up of the Issuer and/or prove in any winding-up of the Issuer, but take no other action in respect of that default.
- (b) If an order is made or an effective resolution is passed for the winding-up of the Issuer (other than pursuant to a Solvent Reconstruction), each Dated Subordinated Noteholder may, by written notice to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent (addressed to the Issuer), be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) (subject to Condition 5(b)(iii) (*Subordination*) in the case of Tier 3 Notes and Dated Tier 2 Notes) and Condition 12(e) (*Redemption of Subordinated Notes*) without further action or formality.
- (c) Without prejudice to paragraph (a) or (b) above, if the Issuer breaches any of its obligations under the Dated Subordinated Notes of the relevant Series (other than any obligation in respect of the payment of principal or interest on such Notes) then each Dated Subordinated Noteholder may at its discretion and without further notice, bring such proceedings as it may think fit to enforce the obligation in question **provided that** the Issuer shall not, as a result of the bringing of any such proceedings, be obliged to pay any sum representing or measured by reference to principal or interest on such Series of Dated Subordinated Notes sooner than the same would otherwise have been payable by it.

#### 15.3 *Events of Default relating to Undated Tier 2 Notes*

*Notwithstanding any of the provisions below in this Condition 15.3, the right to institute winding-up proceedings is limited to circumstances where payment of principal or interest (as the case may be) has become due and payable. No principal, premium, interest or any other amount will be due unless the Solvency Condition is satisfied. Also, in the case of the payment of any Interest Amount, payment thereof will not be due if the Issuer has elected to defer that payment pursuant to Condition 7(a) (Optional deferral of interest on the Undated Tier 2 Notes) or the Issuer is prohibited from making that payment pursuant to Condition 7(b) (Restrictions following non payment of interest on Undated Tier 2 Notes) or 7(c) (Compulsory payment of interest).*

This Condition 15.3 applies only to Undated Tier 2 Notes.

- (a) If default shall be made in the payment of any principal or any interest (or any other amount in respect of the Undated Tier 2 Notes) due on the Undated Tier 2 Notes of the



relevant Series for a period of five days or more after any date on which the payment of principal is due and payable or 10 days or more after any date on which the payment of interest is due and payable (as the case may be) each Undated Tier 2 Noteholder of that Series may, subject as provided below, at its discretion and without further notice, institute proceedings for the winding-up of the Issuer and/or prove in any winding-up of the Issuer, but take no other action in respect of that default.

- (b) Without prejudice to paragraph (a) above, if the Issuer breaches any of its obligations under the Undated Tier 2 Notes of the relevant Series (other than any obligation in respect of the payment of principal or interest on such Notes) then each Undated Tier 2 Noteholder may, subject as provided below, at its discretion and without further notice, bring such proceedings as it may think fit to enforce the obligation in question **provided that** the Issuer shall not, as a result of the bringing of any such proceedings, be obliged to pay any sum representing or measured by reference to principal or interest on such Series of Undated Tier 2 Notes sooner than the same would otherwise have been payable by it.

16. **Prescription**

Claims for principal and interest on redemption shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

17. **Replacement of Notes**

If any Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Note Certificates must be surrendered before replacements will be issued.

18. **Agents and Registrar**

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

The initial Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar, fiscal agent or Calculation Agent and additional or successor paying agents and transfer agents; **provided, however, that:**

- (a) the Issuer shall at all times maintain a fiscal agent and a registrar; and
- (b) the Issuer shall at all times maintain a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC; and
- (c) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (d) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a paying agent and/or registrar in any particular place, the Issuer shall maintain a paying agent and/or a registrar each with a Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or the Registrar or in their Specified Offices shall promptly be given to the Noteholders.

19. **Meetings of Noteholders; Modification**

*Meetings of Noteholders:* The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by it upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; **provided, however, that** Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

*Modification:* The Notes, these Conditions, the Deed of Covenant and the FRL Deed of Covenant may be amended without the consent of the Noteholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

20. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

21. **Notices**

Notices to the Noteholders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing. In addition, notices to Noteholders will be published on the date of such mailing in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe.

22. **Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

23. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent, being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

24. **Governing Law and Jurisdiction**

*Governing law:* The Notes and any non-contractual obligations arising out of or in connection with them are governed by English law save that the provisions of Conditions 5 (*Status*), 7(a) (*Optional deferral of interest on the Undated Tier 2 Notes*), 7(d) (*Deferral of Principal and Interest on the Tier 3 Notes*), 12(a)(ii) (*Scheduled redemption*) and 12(e) (*Redemption of Subordinated Notes*) are governed by, and shall be construed in accordance with, South African law.

*English courts:* The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including any non-contractual obligation arising out of or in connection with the Notes).

*Appropriate forum:* The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

*Rights of the Noteholders to take proceedings outside England:* Condition 23(b) (*English courts*) is for the benefit of the Noteholders only. As a result, nothing in this Condition 23 prevents any Noteholder from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.

*Process agent:* The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to FirstRand Bank Limited London Branch at Two London Bridge, London, SE1 9RA, United Kingdom or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with Part XXIII of the Companies Act 2006. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of any Noteholder addressed and delivered to the Issuer or to the Specified Office of the Fiscal Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

## TERMS AND CONDITIONS OF THE TIER 1 NOTES

*The following is the text of the terms and conditions which, as supplemented, amended and/or replaced by the relevant Final Terms, will be endorsed on each Tier 1 Note in definitive form issued under the Programme. The terms and conditions applicable to any Tier 1 Note in global form will differ from those terms and conditions which would apply to the Tier 1 Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below.*

### 1. Introduction

*Programme:* FirstRand Bank Limited (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to U.S.\$1,500,000,000 in aggregate principal amount of notes (the "**Notes**").

*Final Terms:* Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of a written final terms (the "**Final Terms**") which supplements these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Tier 1 Notes are these Conditions as supplemented, amended and/or replaced by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.

*Deed of Covenant:* The Notes are constituted by a deed of covenant dated 21 October 2009 (the "**Deed of Covenant**") entered into by the Issuer.

*Agency Agreement:* The Notes are the subject of an amended and restated issue and paying agency agreement dated 21 October 2009 (the "**Agency Agreement**") between the Issuer, The Bank of New York Mellon (Luxembourg) S.A. as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), The Bank of New York Mellon as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes). References herein to the "**Agents**" are to the Registrar, the Fiscal Agent and the Paying Agents and any reference to an "**Agent**" is to any one of them.

*FRL Deed of Covenant:* For so long as FirstRand Limited is the Ultimate Owner (as defined below), the Noteholders have the benefit of a deed of covenant dated 21 October 2009 (the "**FRL Deed of Covenant**") entered into by FirstRand Limited and FirstRand Bank Limited.

*The Notes:* All subsequent references in these Conditions to "**Notes**" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for viewing at, and copies may be obtained from, the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.

*Summaries:* Certain provisions of these Conditions are summaries of the Agency Agreement, the FRL Deed of Covenant and the Deed of Covenant and are subject to their detailed provisions. The Noteholders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement, the FRL Deed of Covenant, the Deed of Covenant and any ISIS Calculation Agency Agreement (if entered into) applicable to them. Copies of the Agency Agreement, the FRL Deed of Covenant and the Deed of Covenant are available and any applicable ISIS Calculation Agency Agreement will be available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Agents, the initial Specified Offices of which are set out below.

### 2. Interpretation

*Definitions:* In these Conditions the following expressions have the following meanings:

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Additional Conditions**" means, in relation to any issue of Notes, the proceeds of which are intended by the Issuer to qualify as Primary Share Capital, such conditions, in addition to the conditions specified in the applicable Capital Regulations, as may be prescribed by the Registrar of Banks for the proceeds of the issue of such Notes to qualify as Primary Share Capital, pursuant to the approval granted by the Registrar of Banks for the issue of such Notes, as specified in the Final Terms;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Assets**" means the total amount of the non consolidated gross assets of the Issuer as shown in the latest published audited non consolidated balance sheet of the Issuer, but adjusted for contingencies and subsequent events in such manner as the directors of the Issuer, the auditors of the Issuer or a liquidator or administrator of the Issuer (if applicable) may determine;

"**Authorised Holding**" has the meaning given to it in Condition 3 (*Form, Denomination and Title*);

"**Banks Act**" means the South African Banks Act, 1990;

"**Business Day**" means:

- (i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) "**FRN Convention**", "**Floating Rate Convention**" or "**Eurodollar Convention**" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**
  - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(v) "**No Adjustment**" means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"**Calculation Agent**" means the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

"**Calculation Amount**" has the meaning given in the relevant Final Terms;

"**Capital Regulations**" means, at any time, any legislation, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in South Africa in relation to banks registered under the Banks Act and licensed to conduct the business of a bank in South Africa (including the Additional Conditions (if any)) (or if the Issuer becomes domiciled in a jurisdiction other than South Africa, any legislation, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in such other jurisdiction in relation to banks registered in, and licensed to conduct the business of a bank in, such other jurisdiction);

"**Controlling Company**" means FirstRand Limited and/or any other company which is a "*controlling company*" in relation to the Issuer as contemplated by the Banks Act;

"**Dated Secondary Capital**" means the proceeds of the issue of debt instruments contemplated in section 1(1) of the Banks Act that are term debt instruments which proceeds are intended, upon issue of such term debt instruments, to qualify as Secondary Capital in accordance with the Dated Tier 2 Capital Regulations;

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

(i) if "**Actual/Actual (ICMA)**" is so specified, means:

(A) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(B) where the Calculation Period is longer than one Regular Period, the sum of:

(x) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(y) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year;

(ii) if "**Actual/365**" or "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(iii) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;

- (iv) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) if "**30/360**" is so specified, means the number of days in the Calculation period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the first day immediately following the last day included in the Calculation Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the first day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (vi) if "**30E/360**" or "**Eurobond Basis**" is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (vii) if "**30E/360 (ISDA)**" is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period unless (i) that day is the last day of February or (ii) such number would be 31, in which case **D<sub>1</sub>** will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case **D<sub>2</sub>** will be 30;

"**Deposit**" means a "*deposit*" as defined in the Banks Act;

"**Depositor**" means any Person having a claim against the Issuer in respect of a Deposit;

"**Dispute**" has the meaning given to it in Condition 24(b) (*English Courts*);

"**Early Redemption Amount (Regulatory)**" means the Make Whole Redemption Price;

"**Early Redemption Amount (Tax)**" means, in respect of any Note, in relation to an Early Redemption Amount (Tax) paid as a result of an event as described in paragraph (a) of the definition of "**Tax Event**", its principal amount plus accrued interest (if any) to the date fixed for redemption and, as a result of any event described in paragraph (b) of the definition of "**Tax Event**", at the Make Whole Redemption Price;

"**Eligible Capital**" means Notes that are treated on issue by the Registrar of Banks for inclusion in the Primary Share Capital, Undated Secondary Capital, Dated Secondary Capital or Tertiary Capital, as the case may be, of the Issuer or the Controlling Company on a solo and/or consolidated basis, in accordance with the Capital Regulations;

"**Extraordinary Resolution**" has the meaning given in the Agency Agreement;

"**First Interest Payment Date**" means the date specified in the relevant Final Terms;

"**First Optional Redemption Date**" has the meaning given in the relevant Final Terms;

"**FirstRand Group**" means the Ultimate Parent Company, the Controlling Company, the Issuer, any wholly-owned consolidated Subsidiary of the Controlling Company or the Issuer and any wholly-owned consolidated Subsidiary of the Ultimate Parent Company which is regulated as a banking operation;

"**Fixed Coupon Amount**" has the meaning given in the relevant Final Terms;



**"Holder"** of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint-holding, the first named thereof) and **"Noteholders"** shall be construed accordingly;

**"Independent Investment Bank"** means the independent investment bank or financial institution of international repute selected and appointed by the Issuer (at the Issuer's expense) for the purposes of performing one or more of the functions expressed to be performed by it under these Conditions;

**"Interest Amount"** means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

**"Interest Commencement Date"** means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

**"Interest Determination Date"** has the meaning given in the relevant Final Terms;

**"Interest Payment Date"** means the First Interest Payment Date and any other date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the First Interest Payment Date) or the previous Interest Payment Date (in any other case);

**"Interest Period"** means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

**"ISDA Definitions"** means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

**"ISDA Rate"** has the meaning given to it in Condition 8(d) (*ISDA Determination*);

**"ISIS"** means the mechanism set out in Condition 10 (*Interest Satisfied via Issue of Shares Mechanism*);

**"ISIS Amount"** means the whole or any part of any Interest Amount the payment of which the Issuer has elected to settle using the ISIS in accordance with Condition 10 (*Interest Satisfied via Issue of Shares Mechanism*);

**"ISIS Business Day"** means a day on which commercial banks and foreign exchange markets settle payments generally in London and Johannesburg;

**"ISIS Calculation Agency Agreement"** means any agreement entered into or to be entered into between the Issuer and the ISIS Calculation Agent in respect of the appointment of the ISIS Calculation Agent to perform the functions expressed to be performed by the ISIS Calculation Agent under these Conditions;

**"ISIS Calculation Agent"** means the Independent Investment Bank appointed on the terms of an ISIS Calculation Agency Agreement, selected by the Issuer, but acting for and on behalf of the Noteholders, for the purposes of performing the functions expressed to be performed by it under these Conditions;

**"Issue Date"** has the meaning given in the relevant Final Terms;

"**JSE**" means the securities exchange operated in South Africa by JSE Limited in accordance with the South African Securities Services Act, 2004;

"**Junior Securities**" means the Ordinary Shares or any other share capital of the Issuer or any other member of the FirstRand Group or any other securities of the Issuer or any other member of the FirstRand Group the proceeds of which qualify as Primary Share Capital ranking or expressed to rank junior to the Notes either issued directly by the Issuer or, where issued by a member of the FirstRand Group, where the terms of the securities benefit from a guarantee or support agreement entered into by the Issuer or any other member of the FirstRand Group which ranks or is expressed to rank junior to the Notes;

"**Liabilities**" means the total amount of the non consolidated gross liabilities of the Issuer as shown in the latest published audited non consolidated balance sheet of the Issuer, but adjusted for contingencies and subsequent events in such manner as the directors of the Issuer, the auditors of the Issuer or a liquidator or administrator of the Issuer (if applicable) may determine;

"**Make Whole Redemption Price**" has the meaning given thereto in the relevant Final Terms;

"**Mandatory Preference Shares**" means any class of preference shares (i) the terms of which do not allow the relevant issuer's board of directors to cancel, defer, pass or eliminate any distribution or dividend payment at its discretion and (ii) which are not treated on issue by the Registrar of Banks for inclusion in the Eligible Capital of the relevant issuer;

"**Margin**" has the meaning given in the relevant Final Terms;

"**Market Disruption Event**" means the occurrence or existence of any of the following events or sets of circumstances:

- (i) the trading in the Ultimate Parent Company's ordinary shares or securities generally on any internationally recognised exchange on which the securities issued by the Issuer or any member of the FirstRand Group are traded has been suspended or the settlement of such trading generally shall have been materially disrupted;
- (ii) a general moratorium shall have been declared on commercial banking activities or securities settlement systems in South Africa, the United States or the United Kingdom; or
- (iii) there shall have occurred an outbreak or escalation of hostilities, any terrorist attacks or calamity or crisis, or any change or development involving or likely to involve a prospective change in national or international financial, political or economic conditions in any country,

which in any such case prevents, or to a material extent restricts, the ability of the Issuer to utilise the ISIS for the purpose referred to in Condition 10 (*Interest satisfied via Issue of Shares Mechanism*);

"**Maximum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**Minimum Redemption Amount**" has the meaning given in the relevant Final Terms;

"**Non-Redeemable Non-Cumulative Preference Shares**" means non-redeemable non-cumulative preference shares in the issued share capital of the Issuer;

"**Note Certificate**" has the meaning given to it in Condition 4(a) (*Register*);

"**Optional Redemption Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"**Ordinary Shares**" means ordinary shares in the issued share capital of the Issuer having on the Issue Date a par value of ZAR2 each;

**"Parity Securities"** means Non-Redeemable Non-Cumulative Preference Shares qualifying as Primary Share Capital from time to time outstanding or any other securities issued by the Issuer or any other member of the FirstRand Group ranking or expressed to rank equally as to payments with Non-Redeemable Non-Cumulative Preference Shares and the proceeds from which qualify as Primary Share Capital or any securities issued by a member of the FirstRand Group that benefit from a guarantee or support agreement from the Issuer or any other member of the FirstRand Group which ranks or is expressed to rank equally as to payments with the Notes and the proceeds from the issue of which securities qualify as Primary Share Capital;

**"Payment Business Day"** means:

- (i) if the Specified Currency is euro, any day which is:
  - (A) a day on which banks in the relevant place of surrender or endorsement are open for surrender or endorsement of note certificates and payment and for dealings in foreign currencies; and
  - (B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the Specified Currency is not euro, any day which is:
  - (A) a day on which banks in the relevant place of surrender or endorsement are open for surrender or endorsement of note certificates and payment and for dealings in foreign currencies; and
  - (B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the Specified Currency and in each (if any) Additional Financial Centre;

**"Payment Ordinary Shares"** has the meaning given in Condition 10 (*Interest Satisfied via Issue of Shares Mechanism*);

**"Person"** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

**"Primary Share Capital"** means "*primary share capital*" as defined in the Banks Act;

**"Principal Financial Centre"** means, in relation to any currency, the principal financial centre for that currency **provided, however, that:**

- (i) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;
- (ii) in relation to South African Rand, it means Johannesburg;
- (iii) in relation to Australian dollars, it means either Sydney or Melbourne;
- (iv) in relation to New Zealand dollars, it means either Wellington or Auckland; and
- (v) in any case any financial centre that is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

**"Proceedings"** has the meaning given to it in Condition 24(d) (*Rights of the Noteholders to take proceedings outside England*);

**"Qualifying Primary Share Capital Securities"** means securities whether debt, equity, interests in limited partnerships or otherwise, issued directly or indirectly by the Issuer that:

- (i) have terms not materially less favourable to a holder of the Notes (as reasonably determined by the Issuer, and **provided that** a certification to such effect of two Directors of the Issuer and an opinion to such effect of an Independent Investment Bank shall have been delivered to the Issuer prior to the issue of the relevant securities and is so stated in the certificate) **provided that** they shall (1) include a ranking at least equal to that of the Notes, (2) have the same interest, dividend or distribution rate or rate of return and Interest Payment Dates from time to time applying to the Notes, (3) preserve any existing rights under these Conditions to any accrued interest which has not been satisfied, (4) have the same redemption dates as the Notes, (5) be issued in an amount at least equal to the total number of Notes multiplied by €100,000, (6) comply with the then current requirements of the SARB in relation to Primary Share Capital and (7) if not issued by the Issuer, then have the benefit of a guarantee by the Issuer; and
- (ii) are listed on the London Stock Exchange, the Luxembourg Stock Exchange, the JSE or any other internationally recognised exchange;

**"Qualifying Secondary Capital Securities"** means securities whether debt, equity, interests in limited partnerships or otherwise, issued directly or indirectly by the Issuer that:

- (i) have terms not materially less favourable to a holder of the Notes (as reasonably determined by the Issuer, and **provided that** a certification to such effect of two Directors of the Issuer and an opinion to such effect of an Independent Investment Bank shall have been delivered to the Issuer prior to the issue of the relevant securities and is so stated in the certificate) **provided that** they shall (1) rank senior to, or *pari passu* with, the Notes, (2) have the same interest, dividend or distribution rate or rate of return and Interest Payment Dates from time to time applying to the Notes, (3) preserve any existing rights under these Conditions to any accrued interest which has not been satisfied, (4) have the same redemption dates as the Notes, (5) be issued in an amount at least equal to the total number of Notes multiplied by €100,000, (6) comply with the then current requirements of the SARB in relation to Secondary Capital and (7) if not issued by the Issuer, then have the benefit of a guarantee by the Issuer; and
- (ii) are listed on the London Stock Exchange, the Luxembourg Stock Exchange, the JSE or any other internationally recognised exchange;

**"Rate of Interest"** means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

**"Record Date"** has the meaning given to it in Condition 13(f) (*Record date*);

**"Redemption Amount"** means, as appropriate, the Early Redemption Amount (Regulatory), the Early Redemption Amount (Tax), the Optional Redemption Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms;

**"Reference Banks"** has the meaning given in the relevant Final Terms or, if none, four major banks selected (after consultation with the Issuer, if reasonably practicable) by the Calculation Agent in the market that is most closely connected with the Reference Rate;

**"Reference Price"** has the meaning given in the relevant Final Terms;

**"Reference Rate"** has the meaning given in the relevant Final Terms;

**"Register"** means the register maintained by the Registrar in respect of the Notes in accordance with the Agency Agreement;

**"Registrar of Banks"** means the South African Registrar of Banks designated under section 4 of the Banks Act;

**"Regular Period"** means:

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

**"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

**"Regulatory Change"** means a change in, or amendment to, the Capital Regulations or any change in the application of or official or generally published guidance or interpretation of the Capital Regulations, which change or amendment becomes, or would become, effective on or after the Issue Date;

**"Regulatory Event"** means an event which is deemed to have occurred if the proceeds of the issue of the Notes would, as a result of a Regulatory Change, no longer be eligible to qualify (save where such non-qualification is only as a result of any applicable limitation on the amount of such capital) for inclusion in the Primary Share Capital of the Issuer or the Controlling Company on a solo and/or consolidated basis;

**"Relevant Date"** means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the Specified Currency by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

**"Relevant Financial Centre"** has the meaning given in the relevant Final Terms;

**"Relevant Interest Payment Date"** has the meaning given to it in Condition 6(c) (*Restrictions following non payment of interest*);

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

**"Relevant Time"** has the meaning given in the relevant Final Terms;

**"Reserved Matter"** means any proposal to change any date fixed for payment of interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

**"SARB"** means the South African Reserve Bank;

**"Secondary Capital"** means "*secondary capital*" as defined in the Banks Act;

**"Senior Creditors"** means:

- (i) creditors of the Issuer who are unsubordinated creditors of the Issuer; or
- (ii) creditors of the Issuer whose claims are, or are expressed to be, subordinated to the claims of other creditors, whether subordinated or unsubordinated, of the Issuer other than those whose claims rank, or are expressed to rank, *pari passu* with, or junior to, the claims of the Noteholders;

**"Shortfall Interest Amount"** has the meaning given to it in Condition 10(a) (*Interest Satisfied via Issue of Shares Mechanism*);

**"Solvency Claims"** has the meaning given in Condition 5(d) (*Solvency Claims*);

**"Solvency Condition"** has the meaning given in Condition 5(c) (*Solvency Condition*);

**"Solvent Reconstruction"** means the event where an order is made or an effective resolution is passed for the winding-up or administration of the Issuer, other than under or in connection with a scheme of amalgamation or reconstruction not involving a bankruptcy or insolvency where the obligations of the Issuer in relation to the outstanding Notes are assumed by the successor entity to which all, or substantially all, of the property, assets and undertaking of the Issuer are transferred or where an arrangement with similar effect not involving bankruptcy or insolvency is implemented;

**"South Africa"** means the Republic of South Africa as constituted from time to time;

**"Specified Currency"** has the meaning given in the relevant Final Terms;

**"Specified Denomination(s)"** has the meaning given in the relevant Final Terms, save that the minimum denomination of any Note to be admitted to trading on a regulated market within the European Economic Area or offered to the public in circumstances which require the publication of a prospectus under EU Directive 2003/71/EC will be EUR100,000 (or its equivalent in another currency at the Issue Date of such Notes);

**"Specified Office"** has the meaning given in the Agency Agreement;

**"Specified Period"** has the meaning given in the relevant Final Terms;

**"Subordinated Debt"** means, any subordinated debt issued by the Issuer, the proceeds of which subordinated debt qualify as Secondary Capital or Tertiary Capital of the Issuer;

**"Subsidiary"** means, in relation to any Person (the **"first Person"**) at any particular time, any other Person (the **"second Person"**) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise;

**"TARGET2"** means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single share platform and which was launched on 19 November 2007;

**"TARGET Settlement Day"** means any day on which TARGET2 is open for the settlement of payments in euro;

**"Taxes"** has the meaning given to it in Condition 14(a) (*Gross up*);

**"Tax Event"** means an event where, (a) as a result of a Tax Law Change, (i) the Issuer has paid or will or would on the next Interest Payment Date be required to pay additional amounts as provided or referred to in Condition 14 (*Taxation*); or (ii) in respect of the Issuer's obligation to make any payment of interest on the next following Interest Payment Date or any subsequent Interest Payment Date, the Issuer would not be entitled to claim a deduction in respect of computing its taxation liabilities in South Africa, or such entitlement is materially reduced, or (b) other than as a result of a Tax Law Change, the Issuer's treatment of the interest payable by it on

the Notes as a tax deductible expense for South African income tax purposes as reflected on the tax returns (including provisional tax returns) filed (or to be filed) by the Issuer is not accepted by the South African Revenue Service, and in each case the Issuer cannot avoid the foregoing in connection with the Notes by taking measures reasonably available to it (such reasonable measures to exclude any requirement to instigate litigation in respect of any decision or determination of the South African Revenue Service that any such interest does not constitute a tax deductible expense);

**"Tax Law Change"** means a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of South Africa, or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), whether or not having retrospective effect, which change or amendment is announced on or after the Issue Date;

**"Tertiary Capital"** means *"tertiary capital"* as defined in the Banks Act;

**"Ultimate Owner"** means, at any given time, the ultimate holding company of the FirstRand Group at that time;

**"Ultimate Parent Company"** means FirstRand Limited; and

**"Undated Secondary Capital"** means the proceeds of the issue of hybrid-debt instruments that combine features of equity instruments and debt instruments contemplated in section 1(1) of the Banks Act which proceeds are intended, upon issue of such hybrid-debt instruments, to qualify as Secondary Capital in accordance with the Undated Tier 2 Capital Regulations.

*Interpretation: In these Conditions:*

any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 14 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;

any reference to interest shall be deemed to include payment of any Interest Amount, any additional amounts in respect of interest which may be payable under Condition 14 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;

references to Notes being **"outstanding"** shall be construed in accordance with the Agency Agreement;

if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is **"not applicable"** then such expression is not applicable to the Notes; and

any reference to the Agency Agreement, the Deed of Covenant or the FRL Deed of Covenant shall be construed as a reference to the Agency Agreement, the Deed of Covenant or the FRL Deed of Covenant, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

3. **Form, Denomination and Title**

The Notes are in registered form in the Specified Denomination(s) and may be held in holdings equal to any specified minimum amount and integral multiples equal to any specified increments (as specified in the relevant Final Terms) in excess thereof (each, an **"Authorised Holding"**). The Holder of each Note shall (except as otherwise required by law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Note Certificate) and no Person shall be liable for so treating such Holder. No person shall have any

right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

#### 4. **Register, Title and Transfers**

*Register:* The Registrar will maintain the register in accordance with the provisions of the Agency Agreement. A certificate (each, a "**Note Certificate**") will be issued to each Noteholder in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.

*Transfers:* Subject to Conditions 4(e) (*Closed periods*) and 4(f) (*Regulations concerning transfers and registration*) below, a Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar, together with such evidence as the Registrar may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; **provided, however, that** a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are Authorised Holdings. Where not all the Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor.

*Registration and delivery of Note Certificates:* Within five business days of the surrender of a Note Certificate in accordance with paragraph (b) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Notes transferred to each relevant Holder at its Specified Office or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar has its Specified Office.

*No charge:* The transfer of a Note will be effected without charge by or on behalf of the Issuer or the Registrar but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

*Closed periods:* Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes.

*Regulations concerning transfers and registration:* All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

#### 5. **Status**

*Status of the Notes:* The Notes constitute direct, unsecured and, in accordance with Condition 5(b) (*Subordination*), subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves. The Notes rank *pari passu* with all subordinated debt issued by the Issuer the proceeds of which qualify as Primary Share Capital and all Non-Redeemable Non-Cumulative Preference Shares issued by the Issuer the proceeds of which qualify as Primary Share Capital in accordance with the Capital Regulations and senior in respect of the rights and claims of the holders of Ordinary Shares.

*Subordination:* The claims of the Noteholders entitled to be paid amounts due in respect of the Notes (including amounts raised by way of the issuance of Ordinary Shares in accordance with Condition 10 (*Interest Satisfied via Issue of Shares Mechanism*)) are subordinated to the claims of Depositors, Senior Creditors and the holders of Subordinated Debt and, accordingly in the event of the dissolution of the Issuer or if the Issuer is placed into liquidation, administration or wound-up:

no Noteholder shall be entitled to prove or tender to prove a claim in respect of the Notes;



no amount due under the Notes shall be eligible for set-off, counterclaim, abatement or other similar remedy which a Noteholder might otherwise have under the laws of any jurisdiction in respect of the Notes nor shall any amount due under the Notes be payable to any Noteholder; and

subject to applicable law, a Noteholder may not exercise or claim any right of set-off in respect of any amount in respect of the principal of and/or interest on the Notes owed to it by the Issuer and each Noteholder shall, by virtue of its subscription, purchase or holding of any Notes, be deemed to have waived all such rights of set-off and, to the extent that any set-off takes place, whether by operation of law or otherwise, between: (aa) any amount in respect of the principal and/or interest on the Notes owed by the Issuer to a Noteholder; and (bb) any amount owed to the Issuer by such Noteholder, such Noteholder will immediately transfer such amount which is set-off to the Issuer or, in the event of its winding-up or administration (as the case may be), the liquidator, administrator or other relevant insolvency official of the Issuer, to hold in trust for the Depositors, the Senior Creditors and the holders of Subordinated Debt,

until the claims of Depositors, Senior Creditors and the holders of Subordinated Debt which are admissible in any such dissolution, insolvency, administration or winding-up have been paid or discharged in full.

*Solvency Condition:* Payments in respect of the principal of and interest on the Notes (including payment of additional amounts pursuant to Condition 14(a) (*Gross up*)) are, in addition to the right of the Issuer to elect not to pay interest in accordance with Condition 6 (*Interest payments on the Notes*), conditional upon the Issuer being solvent at the time of payment by the Issuer, and, no principal of or interest on the Notes (including amounts raised by way of the issuance of Ordinary Shares in accordance with Condition 10 (*Interest Satisfied via Issue of Shares Mechanism*)) shall be due and payable in respect of the Notes except to the extent that the Issuer could make such payment and still be solvent immediately thereafter. For the purposes of this Condition 5, the Issuer shall be solvent if (1) it is able to pay its debts owed to Depositors, Senior Creditors and the holders of Subordinated Debt as they fall due and (2) its Assets exceed its Liabilities to Depositors, Senior Creditors and the holders of Subordinated Debt (the "**Solvency Condition**"). A report as to the solvency of the Issuer made by two directors of the Issuer or, if the Issuer is in winding-up, its liquidator or, if in administration, its administrator shall, in the absence of manifest error, be treated and accepted by the Issuer and the Noteholders as correct and sufficient evidence of such solvency.

*Solvency Claims:* Amounts representing any payments of principal in respect of which the Solvency Condition is not satisfied on the date upon which the same would otherwise be due and payable ("**Solvency Claims**") will be payable by the Issuer (i) in a winding-up or administration of the Issuer and (ii) subject to satisfying the Solvency Condition, on any redemption pursuant to Condition 11 (*Reorganisation*), Condition 12(b) (*Redemption for tax reasons*), Condition 12(c) (*Redemption for regulatory reasons*), Condition 12(d) (*Redemption at the option of the Issuer*) **provided that** in the event that, prior to any winding-up or administration of the Issuer, the Issuer shall again be solvent and would be solvent immediately after the making of such payment of Solvency Claims, then the Issuer shall promptly notify the Noteholders in accordance with Condition 21 (*Notices*), the Registrar and the Fiscal Agent of such fact and the Solvency Claims shall, subject to satisfying the Solvency Condition, be due and payable on the 16th Business Day after the Issuer shall have given such notice. A Solvency Claim shall not bear interest unless and only so long as the Issuer shall be solvent once again, in which case interest shall accrue on any such Solvency Claim from (and including) the date on which the Issuer is so solvent again to (but excluding) the date on which such Solvency Claim is paid. Any such interest shall accrue at a rate equal to the then applicable Rate of Interest determined in accordance with Condition 7 (*Fixed Rate Note Provisions*) or Condition 8 (*Floating Rate Note Provisions*). In the event that the Issuer shall be so solvent once again, the Issuer may not declare or pay a dividend (in accordance with Condition 6(c) (*Restrictions following non payment of interest*)) from the date that the Issuer is so solvent again until the date on which the Solvency Claim and any relevant interest on the Solvency Claim is paid.

For the avoidance of doubt, if the Issuer would otherwise not be solvent for the purposes of the above, any sums which would otherwise be payable in respect of the Notes will be available to be put towards the losses of the Issuer.

*Capital Regulations and Additional Conditions:* In order for the proceeds of the issuance of the Notes to qualify as Primary Share Capital, the Notes must comply with the applicable Capital Regulations, including the Additional Conditions (if any) prescribed by the Registrar of Banks in respect of a particular Tranche of Notes. The Additional Conditions (if any) prescribed by the Registrar of Banks in respect of the Notes will be specified in the applicable Final Terms or a supplement to the Base Prospectus.

#### 6. **Interest payments on the Notes**

*Non payment of interest:* Interest payments on the Notes will not be cumulative. The Issuer shall be obliged to pay interest on each Interest Payment Date unless:

subject to Condition 6(b) (*Compulsory payment of interest*) below, it elects not to pay the relevant Interest Amount on such Interest Payment Date and it promptly notifies the Noteholders on or prior to such Interest Payment Date of such election in accordance with Condition 21 (*Notices*);

it is in breach of either of the Capital Regulations or the Solvency Condition on the Business Day prior to such Interest Payment Date or would be in breach of the Capital Regulations or the Solvency Condition if the relevant Interest Amount were paid on such Interest Payment Date; or

at any time the Registrar of Banks imposes a mandatory prohibition on the payment by the Issuer of such Interest Amount.

If the Issuer is not obliged to pay the relevant Interest Amount in respect of an Interest Period in accordance with this Condition 6(a) then any such failure to pay such Interest Amount shall not constitute a default by the Issuer or any other breach of obligations under the Notes or for any other purpose and a Noteholder will have no claim in respect of any such non-payment.

*Compulsory payment of interest:* On any Interest Payment Date on which (i) a Regulatory Event has occurred and is continuing, (ii) the Issuer is in compliance with the Capital Regulations and the Solvency Condition and (iii) the Registrar of Banks has not imposed a mandatory prohibition on the payment of interest, the Issuer shall, subject to the Issuer's right to redeem the Notes pursuant to Condition 12(c) (*Redemption for regulatory reasons*), not be permitted to exercise its right under Condition 6(a)(i) (*Non payment of interest*) to elect not to pay any Interest Amount on an Interest Payment Date and shall be obliged to pay in respect of each Note the Interest Amount payable on such Interest Payment Date.

*Restrictions following non payment of interest:* If, on any Interest Payment Date (the "**Relevant Interest Payment Date**"), the Interest Amount in respect of the Notes shall not have been paid in full pursuant to Condition 6(a) (*Non payment of interest*), then from such Relevant Interest Payment Date until the date on which the Issuer next pays in full the Interest Amount due and payable on any succeeding Interest Payment Date on all outstanding Notes, the Ultimate Parent Company has undertaken to the Tier 1 Noteholders (other than the Ultimate Parent Company or any of its subsidiaries) pursuant to the FRL Deed of Covenant, and the Issuer shall use its reasonable endeavours to ensure that any future Ultimate Owner will undertake to the Tier 1 Noteholders pursuant to a deed of covenant, that no member of the FirstRand Group shall: (a) declare or pay a distribution or dividend or pay any interest on Junior Securities or Parity Securities (other than Mandatory Preference Shares or a final dividend declared by the Ultimate Parent Company before such Relevant Interest Payment Date, or intra-group dividends between wholly-owned FirstRand Group Subsidiaries and to FirstRand Group holding companies, which can be paid at any time); or (b) redeem, purchase, reduce or otherwise acquire any Junior Securities or Parity Securities or any securities of any of its Subsidiary undertakings benefiting from a guarantee from any member of the FirstRand Group ranking, as to the right of repayment of principal, or in the case of any such guarantee, as to the payment of sums under such guarantee, *pari passu* with or junior to the Notes.

## 7. **Fixed Rate Note Provisions**

*Application:* This Condition 7 is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.

*Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Conditions 5 (*Status*), 6 (*Interest payments on the Notes*) and 13 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

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

*Calculation of interest amount:* The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

## 8. **Floating Rate Note Provisions**

*Application:* This Condition 8 is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.

*Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Conditions 5 (*Status*), 6 (*Interest payments on the Notes*) and 13 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 8 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

*Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:

if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:

request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and

determine the arithmetic mean of such quotations; and

if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

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

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

the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;

the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and

the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.

*Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

*Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the

case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

*Calculation of other amounts:* If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.

*Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents, and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

Notifications etc.: All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 8 by the Calculation Agent will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Paying Agents and the Noteholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

#### 9. **Dual Currency Note Provisions**

*Application:* This Condition 9 is applicable to the Notes only if the Dual Currency Note Provisions are specified in the relevant Final Terms as being applicable.

*Rate of Interest:* If the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.

#### 10. **Interest Satisfied via Issue of Shares Mechanism**

*Interest Satisfied via Issue of Shares Mechanism (ISIS):* The Issuer may elect (an "**ISIS Election**") to satisfy the payment of any Interest Amount in full or in part through the operation of the ISIS in accordance with this Condition 10. In the absence of, or save to the extent of, an ISIS Election, payments must, subject to Conditions 6(a)(ii) and (iii) (*Non payment of interest*) be satisfied in accordance with Condition 13 (*Payments*).

Each ISIS Amount when due to be satisfied in accordance with these Conditions, will be satisfied by the Issuer only through the issue of Ordinary Shares in accordance with this Condition 10. The Issuer shall appoint an ISIS Calculation Agent (if it has not already done so) and notify the Noteholders, the Ultimate Parent Company, the Registrar, the Fiscal Agent and the ISIS Calculation Agent not less than 30 days prior to the relevant Interest Payment Date that it shall endeavour to satisfy an Interest Amount through the ISIS.

The payment of any relevant ISIS Amount will only be made by operation of the ISIS to the extent the proceeds raised in connection with the issue of the Payment Ordinary Shares (as defined below) are received no more than six months before the relevant Interest Payment Date.

*Issue of Ordinary Shares:* If the payment of any ISIS Amount is to be satisfied through the issue of Ordinary Shares in accordance with the provisions of this Condition 10 then:

the ISIS Calculation Agent will determine the number of Ordinary Shares (the "**Payment Ordinary Shares**") that will have a market value as near as practicable to, but not less than, the relevant ISIS Amount to be satisfied in accordance with this Condition 10;

the ISIS Calculation Agent shall be required to agree in the ISIS Calculation Agency Agreement to use reasonable endeavours to procure subscribers for any Payment Ordinary Shares and the ISIS Calculation Agency Agreement shall also provide that the Ultimate Parent Company or its nominee shall have first option to subscribe for such Payment Ordinary Shares and the Issuer shall procure that the ISIS Calculation Agent does use such reasonable endeavours; and

by or before the close of business on the seventh ISIS Business Day prior to the relevant Interest Payment Date the Issuer will allot and issue to the subscribers procured by the ISIS Calculation Agent such number of Payment Ordinary Shares for which the ISIS Calculation Agent has procured subscribers for and the ISIS Calculation Agent shall receive the cash proceeds of the subscription for such Payment Ordinary Shares from the relevant subscribers. The ISIS Calculation Agent shall further be required to agree in the ISIS Calculation Agency Agreement to convert the proceeds of such sale, allotment and issue into the Specified Currency, if necessary, at prevailing market exchange rates and to pay such proceeds as it holds in respect of the relevant ISIS Amount on its due date to the Fiscal Agent for the purpose of paying such proceeds to the Noteholders.

If the Issuer is unable to raise the necessary amounts through the operation of the ISIS to satisfy the payment in full of the relevant ISIS Amount on the relevant Interest Payment Date for any reason (including, but not limited to, the occurrence of a Market Disruption Event) then the Issuer shall make payment to Noteholders on a *pro rata* basis of amount raised through operation of the ISIS on the relevant Interest Payment Date.

In respect of any Interest Amount due on the relevant Interest Payment Date which cannot be satisfied by payment of the ISIS Amount (the "**Shortfall Interest Amount**") then, **provided that** the Issuer is not required to pay such Shortfall Interest Amount in accordance with Condition 6(b) (*Compulsory payment of interest*), the Issuer may elect not to pay such Shortfall Interest Amount in accordance with Condition 6(a)(i) (*Non payment of interest*).

The Issuer shall promptly notify the Noteholders in accordance with Condition 21 (*Notices*) (which notice shall be irrevocable) that the Issuer is not obliged to pay such Shortfall Interest Amount. Any such failure to pay such Shortfall Interest Amount shall not constitute a default of the Issuer or any other breach of obligations under the Notes or for any other purpose and a Noteholder will have no claim in respect of any such non-payment.

#### 11. **Reorganisation**

If, following any take-over offer or any reorganisation, restructuring or scheme of arrangement, the Ultimate Parent Company ceases to be the Ultimate Owner or ceases to hold directly or indirectly a majority position in the share capital of the Issuer, then the Issuer shall be under no obligation, but shall use reasonable commercial endeavours to take such steps to replicate the ISIS in the context of the capital structure of the new Ultimate Owner. If such replicated ISIS cannot, in the opinion of the Issuer, be effected 30 days prior to a particular Interest Payment Date then the Issuer shall no longer be able to elect pursuant to Condition 10 (*Interest Satisfied via Issue of Shares Mechanism*) to satisfy the payment of such Interest Amount in full or in part through the operation of the ISIS.

#### 12. **Redemption and Purchase**

*No maturity date:* The Notes have no maturity date and are only redeemable or may only be redeemed, substituted, varied or purchased (subject to the provisions of Condition 5(c) (*Solvency Condition*) and without prejudice to the provisions of Condition 15 (*Events of Default*)) on a winding-up or

administration (other than pursuant to a Solvent Reconstruction) in accordance with the provisions of Condition 5(b) (*Subordination*) or the following provisions of this Condition 12.

*Redemption for tax reasons:* The Notes may, subject to the Solvency Condition and to Condition 12(e) (*Conditions to Redemption*), be redeemed at the option of the Issuer in whole, but not in part, if a Tax Event occurs and is continuing:

at any time (if the Floating Rate Note Provisions are not specified in the relevant Final Terms as being applicable or, if they are, such provisions are not applicable at the time of redemption); or

on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable and are applicable at the time of redemption),

on giving not less than 30 nor more than 60 days notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 21 (*Notices*) and to the Registrar and Fiscal Agent, at their Early Redemption Amount (Tax),

**provided, however, that** no such notice of redemption shall be given earlier than:

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

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent (A) a certificate signed by two authorised officers of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (B) an opinion of independent advisers of recognised standing to the effect that a Tax Event has occurred. Upon the expiry of any such notice as is referred to in this Condition 12(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 12(b).

*Redemption for regulatory reasons:* The Notes may, subject to the Solvency Condition and to the requirements of Condition 12(e) (*Conditions to Redemption*), be redeemed at the option of the Issuer in whole, but not in part:

at any time (if the Floating Rate Note Provisions are not specified in the relevant Final Terms as being applicable or, if they are, such provisions are not applicable at the time of redemption); or

on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable and are applicable at the time of redemption),

on giving not less than 30 nor more than 60 days notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 21 (*Notices*) and to the Registrar and the Fiscal Agent, at their Early Redemption Amount (Regulatory), together with interest accrued (if any) to the date fixed for redemption, if a Regulatory Event occurs and is continuing.

Prior to the publication of any notice of redemption pursuant to this Condition 12(c), the Issuer shall deliver to the Fiscal Agent (A) a certificate signed by two authorised officers of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (B) unless the Registrar of Banks has confirmed to the Issuer that the proceeds of the issue of the relevant Notes are not eligible to qualify as the Primary Share Capital of the Issuer on a solo and/or a consolidated basis, an opinion of independent advisers of recognised standing to the

effect that a Regulatory Event has occurred. Upon the expiry of any such notice as is referred to in this Condition 12(c), the Issuer shall be bound to redeem the Notes in accordance with this Condition 12(c).

*Redemption at the option of the Issuer.* The Notes may, subject to the Solvency Condition and the requirements of Condition 12(e) (*Conditions to Redemption*), be redeemed at the option of the Issuer in whole, but not in part, on the First Optional Redemption Date and on any Interest Payment Date thereafter at the Optional Redemption Amount plus accrued interest (if any) to such date upon the Issuer's giving not less than 30 nor more than 60 days notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes).

*Conditions to Redemption:* Notes may only be redeemed by the Issuer pursuant to Condition 12(b) (*Redemption for tax reasons*), Condition 12(c) (*Redemption for regulatory reasons*) or Condition 12(d) (*Redemption at the option of the Issuer*) **provided that:**

Notes may only be redeemed pursuant to Condition 12(d) (*Redemption at the option of the Issuer*) after a minimum initial period of issue of five years; **provided that** in any case unless the Registrar of Banks determines that the Issuer is duly capitalised the Issuer may not redeem such Notes unless such Notes are replaced by the Issuer with instruments of similar or better quality;

the Issuer has notified the Registrar of Banks of its intention to redeem the Notes at least one month (or such other period, longer or shorter, as the Registrar of Banks may then require or accept) prior to the date scheduled for redemption and written approval has been received from the Registrar of Banks;

such redemption is effected in accordance with conditions (if any) approved by the Registrar of Banks in writing; and

both at the time when the notice of redemption is given and immediately following such redemption the Issuer is or will be (as the case may be) in compliance with its capital adequacy requirements as provided in the Capital Regulations (except to the extent that the Registrar of Banks no longer so requires) as confirmed by an Independent Investment Bank to be appropriate.

*Substitution or Variation instead of Redemption:* If a Tax Event or Regulatory Event has occurred and is continuing, then the Issuer may instead of giving notice to redeem, subject to the Solvency Condition and Condition 12(g) (*Conditions to Substitution or Variation*) (but without any requirement for the consent or approval of the Noteholders) and having given not less than 60 nor more than 90 days' notice to the Fiscal Agent, the ISIS Calculation Agent (if any) and, in accordance with Condition 21 (*Notices*), the Noteholders (which notice shall be irrevocable), substitute at any time all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain, Qualifying Primary Share Capital Securities or become Qualifying Secondary Capital Securities, and subject to the following provisions of this Condition 12(f) and subject to the issue of the certificate of the two directors referred to in the definition of Qualifying Primary Share Capital Securities or (as the case may be) Qualifying Secondary Capital Securities and subject further to the receipt by the Issuer of the opinion of the Independent Investment Bank referred to therein such substitution or variation shall be effected.

Upon expiry of such notice, the Issuer shall vary the terms of or substitute, as the case may be, the Notes in accordance with this Condition 12(f).

In connection with any substitution or variation in accordance with this Condition 12(f), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

*Conditions to Substitution or Variation:* Notes may only be substituted or varied by the Issuer pursuant to Condition 12(f) (*Substitution or Variation Instead of Redemption*) **provided that:**

the Issuer has notified the Registrar of Banks of its intention to substitute or vary the Notes at least one month (or such other period, longer or shorter, as the Registrar of Banks may



then require or accept) prior to the date scheduled for substitution or variation and written approval has been received from the Registrar of Banks; and

both at the time when the notice of substitution or variation is given and immediately following such substitution or variation, as the case may be, the Issuer is or will be (as the case may be) in compliance with its capital adequacy requirements as provided in the Capital Regulations (except to the extent that the Registrar of Banks no longer so requires) as confirmed by an Independent Investment Bank to be appropriate.

*No other redemption, substitution or variation:* The Issuer shall not be entitled to redeem, substitute or vary the terms of the Notes otherwise than as provided in paragraphs (a) to (g) above.

*Purchase:* Subject to giving written notice to, and receiving prior written approval from, the Registrar of Banks, the Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price.

*Cancellation:* All Notes so redeemed or purchased by the Issuer or any of its Subsidiaries may, at its option, be cancelled and may, if cancelled, not be reissued or resold.

*It is the intention of the Issuer that the Notes will constitute permanent group funding. In case of redemption of the Notes, the Issuer intends to make available for the purposes of redemption of the Notes proceeds raised through the issuance of new Primary Share Capital within a period of six months prior to the redemption date of the Notes.*

### 13. **Payments**

*Principal:* Payments of principal shall be made by cheque drawn in the currency in which the payment is due on, or, upon application by a Holder of a Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

*Interest:* Payments of interest shall be made by cheque drawn in the currency in which the payment is due on, or, upon application by a Holder of a Note to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

*Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 14 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

*Payments on business days:* Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not a Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the Payment Business Day immediately preceding the due date for payment. A Holder of a Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a Payment

Business Day or (B) a cheque mailed in accordance with this Condition 13(d) arriving after the due date for payment or being lost in the mail.

*Partial payments:* If a Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and date of such payment is endorsed on the relevant Note Certificate.

*Record date:* Each payment in respect of a Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

#### 14. **Taxation**

*Gross up:* All payments of principal and interest in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of South Africa or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such Taxes is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note:

presented for payment by, or on behalf of, or held by, a Holder which is liable to such Taxes in respect of such Note by reason of its having some connection with South Africa other than the mere holding of such Note; or

where such withholding or deduction is imposed on a payment to an individual or residual entities and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

presented for payment by, or on behalf of, or held by a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Note Certificate or by arranging to receive the relevant payment through another Paying Agent in a Member State of the EU; or

where (in the case of a payment of principal or interest on redemption) the relevant Note Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such additional amounts if it had surrendered the relevant Note Certificate on the last day of such period of 30 days; or

presented for payment by or on behalf of, or held by, a Holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying with any statutory requirements in force at the present time or in the future by making a declaration of non-residence or other claim or filing for exemption to which it is entitled to the relevant tax authority or the Paying Agent.

*Taxing jurisdiction:* If the Issuer becomes subject at any time to any taxing jurisdiction other than South Africa, references in these Conditions to South Africa shall be construed as references to South Africa and/or such other jurisdiction.

#### 15. **Events of Default**

*Notwithstanding any of the provisions in this Condition 15, the right to institute winding up proceedings is limited to circumstances where payment has become due and payable. No principal, premium, interest or any other amount will be due unless the Solvency Condition is*

*satisfied. Also, in the case of any Interest Amount, payment thereof will not be due if the Issuer has elected not to pay interest or prohibited from paying interest pursuant to Condition 6 (Interest payments on the Notes).*

If default shall be made in the payment of any principal or any interest (or any other amount in respect of the Notes) due on the Notes of the relevant Series for a period of seven days or more after any date on which such payment became due and payable each Noteholder may, subject as provided below, at its discretion and without further notice, institute proceedings for the winding-up of the Issuer and/or prove in any winding-up of the Issuer, but may take no other action in respect of such default.

Without prejudice to Condition 15(a) above, if the Issuer breaches any of its obligations under the Notes of the relevant Series (other than any obligation in respect of the payment of principal or interest on such Notes) then each Noteholder may, subject as provided below, at its discretion and without further notice, bring such proceedings as it may think fit to enforce the obligation in question **provided that** the Issuer shall not, as a result of the bringing of any such proceedings, be obliged to pay any sum representing or measured by reference to principal or interest on such Series of Notes sooner than the same would otherwise have been payable by it.

16. **Prescription**

Claims for principal and interest on redemption shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

17. **Replacement of Notes**

If any Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Note Certificates must be surrendered before replacements will be issued.

18. **Agents and Registrar**

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

The initial Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar, fiscal agent or Calculation Agent and additional or successor paying agents and transfer agents; **provided, however, that:**

- (a) the Issuer shall at all times maintain a fiscal agent and a registrar; and
- (b) the Issuer shall at all times maintain a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC; and
- (c) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (d) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a paying agent and/or registrar in any particular place, the Issuer shall maintain a paying agent and/or a registrar each with a Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or the Registrar or in their Specified Offices shall promptly be given to the Noteholders.

19. **Meetings of Noteholders; Modification**

*Meetings of Noteholders:* The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by it upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; **provided, however, that** Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

*Modification:* The Notes, these Conditions, the Deed of Covenant and the FRL Deed of Covenant may be amended without the consent of the Noteholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

20. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

21. **Notices**

Notices to the Noteholders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing. In addition, notices to Noteholders will be published on the date of such mailing in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe.

22. **Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

23. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent, being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

24. **Governing Law and Jurisdiction**

*Governing law:* The Notes and any non-contractual obligations arising out of or in connection with them are governed by English law save that the provisions of Conditions 5 (*Status*), 6(a) (*Non payment of interest*), 12(a) (*No maturity date*) and 12(e) (*Conditions to Redemption*) are governed by, and shall be construed in accordance with, South African law.

*English courts:* The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including any non-contractual obligation arising out of or in connection with the Notes).

*Appropriate forum:* The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

*Rights of the Noteholders to take proceedings outside England:* Condition 24(b) (*English courts*) is for the benefit of the Noteholders only. As a result, nothing in this Condition 24 prevents any Noteholder from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.

*Process agent:* The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to FirstRand Bank Limited London Branch at Two London Bridge, London, SE1 9RA, United Kingdom or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with the Companies Act 2006. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of any Noteholder addressed and delivered to the Issuer or to the Specified Office of the Fiscal Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

## **SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM**

### **Clearing System Accountholders**

Each Global Note will be in registered form. Consequently, in relation to any Tranche of Notes represented by a Global Note Certificate, references in the Terms and Conditions of the Notes to "**Noteholders**" are references to the registered holder of the relevant Global Note Certificate which, for so long as the Global Note Certificate is registered in the name of a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note Certificate (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the registered holder of such Global Note Certificate and in relation to all other rights arising under the Global Note Certificate. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note Certificate will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note Certificate, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the registered holder of the Global Note Certificate.

### **Exchange of Global Note Certificates**

Whenever a Global Note Certificate is to be exchanged for Individual Note Certificates, the Issuer shall procure the prompt delivery (free of charge to the registered holder) of such Individual Note Certificates, duly authenticated, in an aggregate principal amount equal to the principal amount of the Global Note Certificate to the registered holder of the Global Note Certificate against the surrender of the Global Note Certificate to or to the order of the Registrar within 30 days of the registered holder requesting such exchange.

If:

Individual Note Certificates have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the registered holder of a Global Note Certificate has duly requested exchange of the Global Note Certificate for Individual Note Certificates; or

a Global Note Certificate (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the registered holder of the Global Note Certificate in accordance with the terms of the Global Note Certificate on the due date for payment,

then the Global Note Certificate (including the obligation to deliver Individual Note Certificates) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the registered holder of the Global Note Certificate will have no further rights thereunder (but without prejudice to the rights which the registered holder of the Global Note Certificate or others may have under the Deed of Covenant. Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note Certificate will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global Note Certificate became void, they had been the registered holders of Individual Note Certificates in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

## **Conditions applicable to Global Note Certificates**

Each Global Note Certificate will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note Certificate. The following is a summary of certain of those provisions:

*Payments:* All payments in respect of the Global Note Certificate will be made against presentation for endorsement of the Global Note Certificate to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note Certificate, the Issuer shall procure that the payment is noted in a schedule thereto.

*Exercise of put option:* In order to exercise the option contained in Condition 12(g) (*Redemption at the option of Noteholders*) of the Ordinary Conditions the registered holder of the Global Note Certificate must, within the period specified in the Conditions for the deposit of the relevant Note Certificate and put option notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

*Partial exercise of call option:* In connection with an exercise of the option contained in Condition 12(d) (*Redemption at the option of the Issuer*) of the Ordinary Conditions or Condition 12(d) (*Redemption at the option of the Issuer*) of the Tier 1 Conditions in relation to some only of the Notes, the Global Note Certificate may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg.

*Notices:* Notwithstanding Condition 21 (*Notices*) of the Ordinary Conditions or Condition 21 (*Notices*) of the Tier 1 Conditions, while all the Notes are represented by a Global Note Certificate and the Global Note Certificate is deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 21 (*Notices*) of the Ordinary Conditions or Condition 21 (*Notices*) of the Tier 1 Conditions on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

## DESCRIPTION OF FIRSTRAND BANK LIMITED

### OVERVIEW

FirstRand Bank Limited (the "**Bank**" or "**FRB**") provides a comprehensive range of retail, commercial, corporate and investment banking services in South Africa. As at 30 June 2010, the Bank was the third largest bank in South Africa measured by total assets (according to statistics published by the SARB (Source: BA900, SARB)). As at 30 June 2010, the Bank had total assets of R576.4 billion (equivalent to U.S.\$75.3 billion at a U.S.\$/R exchange rate of 7.658), compared to R564.8 billion (equivalent to U.S.\$ 73.1 billion at a U.S.\$/R exchange rate of 7.728) as at 30 June 2009. The Bank's profit attributable to ordinary shareholders amounted to R5.3 billion for the year ended 30 June 2010, up from R3.6 billion for the year ended 30 June 2009.

The Bank is 100 per cent. owned by FirstRand Limited ("**FirstRand**" together with its subsidiaries the "**Group**"). Listed on the JSE and the Namibian Stock Exchange, FirstRand is an integrated financial services group providing a comprehensive range of products and services to the South African market and niche products in certain international markets. FirstRand's market capitalisation was R101.8 billion (equivalent to U.S.\$13 billion at a U.S.\$/R exchange rate of 7.658) as at 30 June 2010.

The Bank has three major divisions which are separately branded. The major divisions of the Bank are Rand Merchant Bank ("**RMB**"), the investment bank; First National Bank ("**FNB**"), the retail, commercial and wholesale bank; and WesBank, an instalment finance provider.

The RMB, FNB and WesBank brands are also franchises through which the Group carries out certain other activities. As discussed further below in the section headed "*Corporate and Operating Structure of FirstRand and the Bank*", the activities of FNB, RMB and WesBank are carried out through three wholly owned subsidiaries of FirstRand, namely, the Bank, FirstRand EMA Holdings Limited ("**FREMA**") and FirstRand Investment Holdings (Pty) Limited ("**FRIHL**"). There is therefore a distinction between the branded divisions of the Bank and the Group-wide franchises which use the same brands. See the section headed "*Business of the Bank*" for a description of the activities of FNB, RMB and WesBank which are carried out by the Bank.

The Bank holds a full banking licence granted by the South African Registrar of Banks and is authorised as a financial services provider in South Africa by the Registrar of Financial Services Providers. The Bank is also an authorised dealer in foreign exchange in terms of the Exchange Control Regulations of the South African Reserve Bank ("**SARB**"). It is a Central Securities Depository Participant in STRATE Limited and is a member of the JSE.

### HISTORY

The Bank was incorporated and registered in South Africa on 11 January 1929 under registration number 1929/001225/06 and is a public company with limited liability duly registered under the South African Companies Act, 1973.

The Bank's headquarters and registered address are located at 4 Merchant Place, Corner of Fredman Drive and Rivonia Road, Sandton 2196, South Africa (telephone number: +27 11 282-4000; fax number: +27 11 282-1699).

Although the Bank was formally incorporated in 1929, the current structure of the Bank is the result of a merger in 1998 of the financial services interests of RMB Holdings Limited ("**RMBH**") and the Anglo American Corporation which together formed FirstRand. Anglo American Corporation had become the majority shareholder of FNB in 1986 when Barclays UK divested from South Africa and sold Barclays National Bank which was renamed FNB. FNB and RMB currently operate as divisions of the Bank and are two of the Group's major franchises.

RMB was originally incorporated in 1977 under the name of Rand Consolidated Investments, which specialised in leveraged leasing and off-balance sheet financing.

In July 2010, FirstRand reorganised the corporate structure of the Group, including the Bank. See "*Corporate and Operating Structure of FirstRand and the Bank*" below.



## **STRATEGY**

### ***The Group's utilisation of its platforms in the execution of strategy***

It is important to distinguish between the Group's operating structure and its corporate structure.

The Group's strategy is executed through its three major franchises: FNB, RMB and WesBank (operating structure).

From a legal entity perspective, FirstRand has three wholly-owned major subsidiaries, namely the Bank, FREMA and FRIHL (corporate structure).

The various activities managed by a single franchise might be spread across these three subsidiaries. For example, the Group's strategy is to grow its African franchise. When it first enters a market, it may do so by establishing a representative office, which enables it to gain an understanding of local market conditions and the operating environment. Such a representative office would form part of the Bank. Should the Group grow this operation into a fully-fledged full-service subsidiary, for example, it would house such a subsidiary in FREMA (and no longer in the Bank).

Similarly, the Group's franchises also include some non-banking activities which are housed outside of the Bank). For example, the private equity businesses which form part of RMB's portfolio form part of FRIHL's activities and are not activities of the Bank. Therefore it is important to view the Group's strategy in the context of its operating and corporate structure in order to understand the impact that it has on the Bank.

### ***FirstRand's vision***

FirstRand's vision is to be the African financial services group of choice, creating long term franchise value and delivering superior and sustainable economic returns to its shareholders within acceptable levels of volatility. This vision is driven through two clear growth strategies:

- become a predominant South African player focusing on both existing markets and those markets where it is currently under-represented, such as retail banking in the mass and wealth markets and increasing exposure to certain investment grade corporate counterparts. In the process, the Group hopes to re-balance its asset portfolio and grow its client franchises more rapidly than its trading businesses; and
- to grow further its existing African franchise, targeting those markets that are expected to produce above average domestic growth and are strongly positioned to benefit from the trade and investment flows between Africa and Asia, particularly China and India.

These strategies are executed through FNB, RMB and WesBank, the Group's "operating franchises". These franchises represent a portfolio of separately branded profit centres and each franchise strives to be a leader in its respective markets through the delivery of:

- superior and sustainable economic profits;
- positive recognition by employees, customers and other stakeholders; and
- precise execution.

The collective leadership of FirstRand, including the FirstRand CEO, COO and the franchise CEOs, determines the Group strategy and is accountable for the overall performance of the Group. Each franchise then takes ownership of their respective strategies, which are executed within the boundaries of the Group's vision and shared business philosophy.

### ***Focus on markets where the Group is currently under-represented***

FNB's strategy is aligned with the overall FirstRand strategy to grow its domestic franchise in market segments where it is currently under-represented. It enters these markets focusing on innovative products and delivery channels, especially favouring electronic platforms, such as cellphone banking, where it has rapidly grown its active base to more than 2 million customers.

FNB has built a strong franchise in transactional banking in the mass market, but it has been under-represented in lending in this segment. This is being addressed through new strategies such as the roll-out of the FNB EasyPlan strategy, which represents a low cost banking offering to mass segment customers. The EasyPlan branches are positioned in mass market activity hubs, are open longer hours than the traditional branches and are supported by low-cost channels for lending, insurance, savings and transactional products and services.

In line with the Group's strategy to rebalance its portfolio through a greater weighting in the corporate sector, the Bank has significantly enhanced client interface across corporate and investment banking through the closer alignment of corporate and investment banking ("**CIB**") activities of its RMB and FNB divisions. A key part of this new approach has been the formation of an integrated Client Coverage team, which is mandated to coordinate and enhance RMB's and FNB Corporate's combination of products and services to clients of both businesses. The CIB initiative represents greater coordination across RMB and FNB's corporate banking businesses, whilst preserving the respective strong brand equity and specialist skills within each.

RMB is increasing its exposure to wholesale credit. The Bank's corporate lending portfolio has historically performed well but is running off, so capacity now exists to write more high quality credit. To support this initiative RMB adjusted certain prudential limits in investment grade and defensive counterparts. RMB continues to augment its principal risk trading activities to ensure that it keeps pace with growth in the client business.

In line with the Group strategy to target those domestic segments where its operating franchises may be under represented, WesBank has been developing strategies to grow in fleet management and full maintenance rental opportunities as well as with larger corporate asset finance customers. Additional market share growth in the retail vehicle space is being pursued through new alliances.

## **CORPORATE AND OPERATING STRUCTURE OF FIRSTRAND AND THE BANK**

The Group's banking operations include the activities carried out by the Bank through its divisions as well as the African subsidiaries of FNB in Namibia, Botswana, Lesotho, Swaziland, Mozambique and Zambia. The FNB Africa subsidiaries are housed in FREMA, a wholly owned subsidiary of FirstRand, and their activities are therefore not carried out by the Bank. Some activities which are operated by FNB, RMB and WesBank are housed in FRIHL and thus are not aggregated in the financial results of the Bank (including, for example, RMB's private equity business).

On 25 November 2009, FirstRand announced plans to reorganise the corporate structure of the Group (the "**Reorganisation**"). As part of the Reorganisation, the Bank ceased to be a subsidiary of FirstRand Bank Holdings Limited ("**FRBH**", together with its subsidiaries, the "**FirstRand Banking Group**") and became a direct wholly owned subsidiary of FirstRand. FirstRand is therefore now a bank controlling company for the purposes of the South African Banks Act, 1990.

The Reorganisation has received relevant shareholder and regulatory approval and became effective on 1 July 2010. The principal elements of the Reorganisation in so far as they relate to the Bank are as follows:

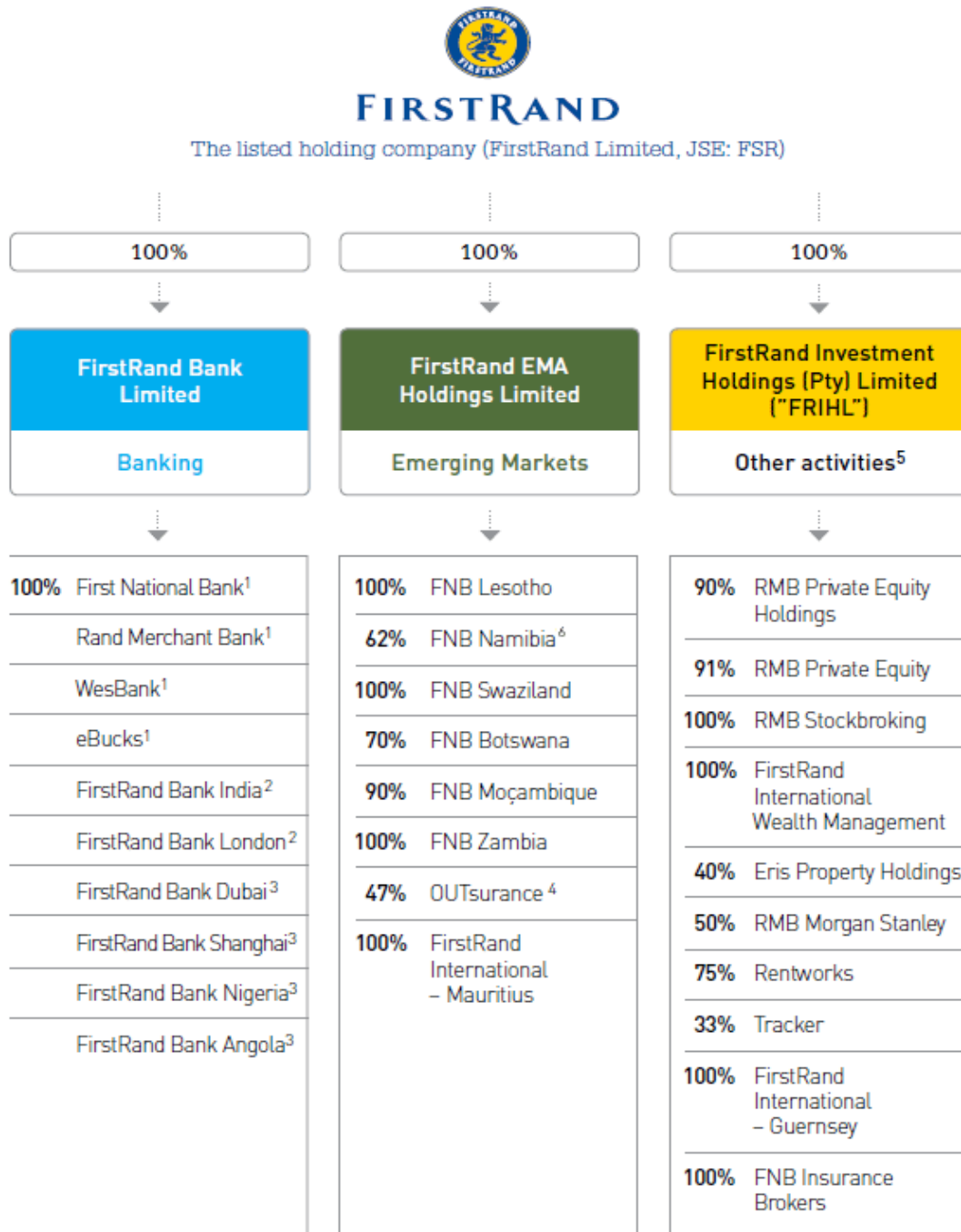
As a result of the Reorganisation, the Bank is now a direct wholly owned subsidiary of FirstRand and ceased to have any material subsidiaries or associates. Its shares in various subsidiaries were sold to FRIHL (a wholly owned subsidiary of FirstRand) and RMB Investments & Advisory (Pty) Limited (a subsidiary of FRIHL). The businesses of eBucks.com Holdings Limited and its subsidiaries were incorporated into FNB, a division of the Bank, and thereafter the shares of eBucks.com Holdings Limited held by the Bank were sold to FRIHL. The businesses of FNB Insurance Brokers Holdings (Pty) Limited and its subsidiaries have been incorporated into FNB, a division of the Bank and thereafter the shares of FNB Insurance Brokers Holdings (Pty) Limited, formerly held by FRBH were sold to FRIHL. From 1 July 2010, the financial results of the Bank will reflect the activities of the divisions of the Bank, its branches in London and India, as well as representative offices in Angola, Dubai, Nigeria and Shanghai.

FRBH now holds only the FirstRand Banking Group's business interests on the rest of the African continent, and has changed its name to FirstRand EMA Holdings Limited.

All other entities in the former FirstRand Banking Group which are not referred to above are held under FRIHL, which includes a consolidation of the shareholdings of businesses to be conducted under RMB Investments & Advisory (Pty) Limited.

Unless stated otherwise, references to the operations and financial performances of FNB, RMB and WesBank in this Base Prospectus refer to the operations and financial performance of the Bank. FirstRand's simplified corporate structure for the period from 1 December 2010 is shown in the diagram below.

*Simplified Group structure (showing major legal entities)*



Structure shows effective shareholding (consolidated)

- 1 Division
- 2 Branch
- 3 Representative office
- 4 Effective shareholding in FirstRand Short Term Insurance Holdings Limited
- 5 For segmental analysis purposes entities included in FRIHL are reported as part of Banking Group Supersegment within the respective franchise results
- 6 Includes 51% of Swabou Life

The Bank is not dependent on any of its subsidiaries, or any of the other subsidiaries of FirstRand.

The Bank's authorised share capital is 2,000,000 ordinary shares with a par value of R2 per share, 500,000,000 redeemable preference shares with a par value of R0.0001 per share, and 100,000,000 non-redeemable non-cumulative preference shares with a par value of R0.01 per share.

As at 30 June 2010, the Bank had issued share capital of 1,866,831 ordinary shares with a par value of R2 per share, and 3,000,000 non-redeemable non-cumulative preference shares with a par value of R0.01 per share, all of which were held by FRBH and following the Reorganisation, are now held by FirstRand.

There are no formal shareholder agreements in place.

## **BUSINESS OF THE BANK**

### *Overview*

The Bank provides a comprehensive range of retail, commercial, corporate and investment banking products and services in South Africa through its three major divisions: RMB, the investment bank; FNB, the retail and commercial bank; and WesBank, an instalment finance business.

The table set out at note 36 of the Bank's Annual Report for the year ended 30 June 2010, which has been incorporated by reference into this Base Prospectus, sets out the segmental performance of the principal divisions. It also includes information on selected balance sheet items.

### **FNB**

FNB offers a diverse set of financial products and services to the retail and corporate market segments ranging from the consumer, small business and rural corporate markets to large and medium-sized corporates, financial institutions, state owned entities and government entities. FNB's products include mortgage loans, credit and debit cards, personal loans and investment products. FNB's services include transactional banking and deposit-taking, card acquiring, credit facilities and FNB distribution channels (namely the branch network, ATMs, call centres, cellphone and internet channels). As at 30 June 2010, FNB had 6.8 million customers, 657 physical representation points (branches, agencies, bank on wheels, etc.) and 5,557 ATMs throughout South Africa.

FNB follows a segment strategy. It has segmented its customer base as follows: Mass, Consumer, Wealth, Commercial, Public Sector and Corporate.

#### *Mass segment*

This segment focuses on individuals earning less than ZAR100,000 per annum and is principally serviced by FNB Smart branded products and services. The business lines and products that form part of the Mass segment include:

- Smart and Mzansi accounts;
- Microloans ("SmartSpend");
- Cellphone banking and Prepaid products;
- Housing finance ("SmartBond" and "Smart Housing Plan");
- FNB Life;
- FNB Connect; and
- FNB EasyPlan.

#### *Consumer segment*

This segment focuses on providing financial services solutions to customers with incomes ranging from ZAR100,000 to ZAR1,100,000 per annum, as well as certain other sub-segment groups (youth and

teenagers, students, graduates and seniors). The business lines and products that form part of the Consumer segment include:

- Cheque & Transmission products, including overdrafts;
- Investments & equity products;
- Personal loans (including student loans);
- eBucks (FRB's customer loyalty/rewards programme);
- FNB HomeLoans (including One Account);
- Card Issuing; and
- Electronic banking (FNB Online).

#### ***Wealth segment***

This segment focuses on providing financial services solutions to customers with incomes above ZAR1,100,000 per annum, as well as certain trust, fiduciary and offshore investment services to all retail customers. The Wealth segment spans the following businesses:

- RMB Private Bank; and
- FNB Private Clients.

#### ***Commercial segment***

This segment provides financial solutions, including working capital, structured finance, investment products, transactional banking and term loans to Mid Corporate, Business and Small Business sub-segments, and includes the following product lines:

- Small Business, Business and Medium Corporate transactional and overdraft products;
- Investment products;
- SMEs;
- Commercial property finance;
- Debtor finance;
- FNB Leveraged finance, Black Economic Empowerment funding, franchises, tourism, agriculture and start-ups; and
- SpeedPoint.

#### ***Corporate segment***

This segment provides large corporate customers, financial institutions and certain state-owned enterprises, as defined in schedule 2 of the South African Public Finance Management Act of 1999, with transactional banking capabilities as well as cash flow optimisation and working capital solutions. Products and services include:

- Corporate transactional banking services and associated working capital solutions;
- Electronic cash solutions (SmartBox);
- International banking; and
- Custody services.

## ***Public sector***

This segment offers transactional banking services and products to National, Provincial and Local Government. Other clients include state owned enterprises, universities and public schools. It also provides working capital and other short and long-term finance products. This segment is reported under "*FNB Other and Support*" in the Bank's financial statements.

## **WesBank**

WesBank provides instalment credit finance to both the retail and corporate market and provides both asset-based finance and fleet-management solutions. WesBank's strategy of partnering with motor manufacturers and distributors is a significant factor in the growth of its business and the position that it holds in the financing of motor vehicles.

Key areas of WesBank's strategy include the following:

- *Partnerships:* WesBank creates and maintains consistent, mutually beneficial partnerships with critical industry players including manufacturers, dealers, suppliers and distributors.
- *Distribution channels:* WesBank sources its vehicle finance business primarily through motor dealers with whom it establishes service relationships. WesBank makes use of a joint alliance strategy amongst selected dealers to ensure critical mass.
- *Product innovation:* WesBank seeks to provide innovative value-added products to its customers, through its dealer channel.
- *Customer service:* WesBank is committed to providing a high quality of customer service, which is measured through regular customer satisfaction surveys.

WesBank's major business units are described below.

*WesBank Motor:* WesBank Motor provides vehicle finance to the retail sector. WesBank Motor sources its business primarily through motor dealers and is informally known as the "dealer bank". Through its dealer strategy, WesBank aims to dominate the point of sale. It makes use of a joint alliance strategy amongst selected dealers to ensure critical mass. WesBank Motor has also established strong relationships with motor manufacturers. These relationships have enabled WesBank to offer vehicle finance and insurance in partnership with the manufacturers trading under the brands of Nissan Finance, GMSA Financial Services, Fiat Finance, Volkswagen Financial Services, Audi Financial Services, Honda Finance and Peugeot Financial Services, amongst others.

*WesBank Corporate:* WesBank Corporate specialises in financing all moveable assets such as plant, machinery, aircraft, computers, office equipment and vehicle fleets. In addition to the full range of instalment sales, financial and operating leases, rentals, loans and discounting facilities that WesBank Corporate offers, it also specialises in setting up car allowance schemes for company employees and fleet finance packages. Lines of credit are established for corporate customers, allowing customers flexibility to draw down on these facilities as the need for additional finance arises. WesBank Corporate prides itself on its ability to structure asset finance packages for customers so as to derive optimum benefit from cash flows. It places maximum emphasis on building and maintaining relationships with its customers. WesBank Corporate is structured into three segments, namely "Large Corporate", "Mid-Corporate" and the more commercial "Business" segment, so as to effectively service the needs of these distinctly different customer segments. WesBank Corporate has also created a number of profit sharing alliances, similar to those in the Motor division, with industry suppliers, manufacturers and distributors. These include Bell Equipment, Caterpillar Tractor, National Airways Corporation, the Spar Group, Afagri Limited and Komatsu, amongst others.

*WesBank Auto:* WesBank Auto provides fleet management services and fleet information. It currently manages approximately 290,000 vehicles and provides services to more than 11,000 merchants. WesBank Auto provides maintenance to fleets, and reports on the running costs of each vehicle. Qualified vehicle mechanics offer customers expert technical service and pertinent fleet-related information. As a fleet management division, WesBank Auto pioneered a bank card fleet management system, managed maintenance and "Auto-net" (an Internet based online fleet management system).

*WesBank Personal Loans:* WesBank Personal Loans provides personal loans, largely to mid-level customers. Loan applications are made to a central call centre where applications are recorded using call voice logging. The loan products are marketed to customers through a number of direct marketing strategies.

## **RMB**

RMB is the investment banking arm of the Bank. RMB's portfolio spans investment banking; fixed income, currencies and commodities; and equity trading. RMB also manages private equity businesses, but those are activities carried out by FRIHL and not by the Bank. RMB services corporate, institutional and public sector clients across all industries.

RMB's four major divisions are described in more detail below.

### ***Investment Banking***

Investment Banking comprises the majority of RMB's debt and equity structuring businesses. It focuses on servicing leading listed and unlisted companies across all industries, as well as financial institutions and government organisations. Within Investment Banking there are a number of industry or product specialist groups:

- *Corporate Finance:* offers a range of advisory services, including mergers and acquisitions, capital raising solutions, and equity and debt restructuring.
- *Acquisition and Leveraged Finance:* finances management buy-outs, leveraged buy-outs and other forms of acquisition finance.
- *Resources Finance:* provides advice and finance in the resource sector of the economy.
- *Infrastructure Finance:* provides finance for large scale infrastructure projects in South Africa and the rest of Africa, including rail, road, ports, telecommunications, and water projects.
- *Property and Asset Finance:* RMB is a major asset financier in the South African market, providing finance for a range of assets such as commercial, industrial and retail properties, as well as moveable assets such as rolling stock, aeroplanes and port equipment.
- *Debt Capital Markets:* enables RMB's clients to access the local and international capital markets through debt raising and securitisations.

### ***Fixed Income, Currencies and Commodities ("FICC")***

FICC includes fixed income, currency, credit and commodity trading activities both in South Africa and internationally. Its activities cover market making and execution services for clients, structured solutions, proprietary trading and custodial and agency services. Within FICC there are a number of industry or product specialist groups:

- *Debt Capital Market Trading and Solutions:* provides a trading, execution and structuring service to clients for corporate and government bonds, derivatives, inflation-linked instruments, options, and interest rate solutions.
- *Fixed Interest Trading:* provides client trading services in fixed income securities and derivatives as well as proprietary trading.
- *Foreign Exchange Trading:* offers foreign exchange trading and execution and structured solutions service to corporate, retail and institutional clients and local and non-resident banks. Focus areas include spot, forwards, options and derivatives across major traded currencies, rand and other African currencies.
- *Commodities:* provides a range of commodity trading, execution and structuring solutions across the major commodity classes – soft (agricultural) commodities, energy, base- and precious metal groups.



## Equity Trading

The only Equity Trading business that falls within the scope of the Bank is proprietary trading in local equities. (Other Equity Trading businesses of RMB are carried out by FRIHL and not the Bank.)

## CORPORATE CENTRE

The Corporate Centre includes various centralised risk and finance functions, including Group Treasury, Balance Sheet Management ("BSM"), Capital Management & Performance Measurement, Finance, Enterprise Risk Management ("ERM"), Regulatory Risk Management, and Internal Audit.

- BSM plays a vital role in defining the Bank's core macroeconomic view and associated risk scenarios, which are used for planning and stress testing purposes.
- Group Treasury is responsible for managing the Bank's funding and liquidity position, and ensuring that business strategies are aligned with funding constraints.
- Capital Management retains responsibility for capital planning and advises the Board, as well as the Executive committee, on potential capital actions, dividend strategy and other capital management related topics.
- The ERM functions provide central independent oversight and risk control as part of the Bank's risk governance structure.

## LOAN PORTFOLIO

### Introduction

As at 30 June 2010, the Bank's total gross advances (before impairments) amounted to R409.3 billion compared to R393.9 billion as at 30 June 2009, representing 70 per cent. and 68 per cent. (after impairments), respectively, of the Bank's total assets as at such dates.

The Bank primarily provides advances to retail customers and 59 per cent. of total gross advances were made to individuals in the year ended 30 June 2010 (59 per cent. for the preceding financial year). Home loans constituted the largest category of advance. The Bank made R146.9 billion of advances by way of home loans, constituting 36 per cent. of total gross advances (before impairments) as at 30 June 2010 (compared to R141.7 billion comprising 36 per cent. of total gross advances (before impairments) as at 30 June 2009).

### Loan Portfolio structured by category

The following table sets out the composition of the Bank's advances by category as at 30 June 2010 and 2009:

<i>Category analysis</i>	<b>As at 30 June 2010</b>		<b>As at 30 June 2009</b>	
	<i>(R million)</i>	<i>Share per centum</i>	<i>(R million)</i>	<i>Share per centum</i>
Overdraft and managed accounts .....	22,962	5.6	33 264	8.4
Loans to other financial institutions .....	5,101	1.2	3 190	0.8
Card loans .....	10,744	2.6	11 825	3.0
Instalment sales .....	62,693	15.3	56 413	14.3
Lease payments receivable .....	17,529	4.3	21 062	5.3
Property finance .....	158,118	38.5	151 263	38.2
Home Loans .....	146,896	35.7	141 720	35.8
Commercial property finance .....	11,222	2.7	9 543	2.4
Personal loans .....	8,825	2.1	8 856	2.2
Preference share advances .....	23,600	5.7	22 091	5.6
Other .....	18,984	4.6	61 634	15.6
Assets under agreement to resell .....	38,109	9.3	25 999	6.6
Investment bank term loans .....	44,490	10.8		
<b>NOTIONAL value of advances</b> .....	<b>411,155</b>	<b>100</b>	<b>395,597</b>	<b>100</b>
<b>TOTAL Net Advances</b> .....	<b>401,279</b>		<b>384,938</b>	

### Contingent Liabilities

The Bank has commitments and contingent liabilities in respect of, *inter alia*, guarantees and letters of credit on behalf of its customers. The following table sets out details of the Bank's contingencies and commitments as at 30 June 2010 and 2009.

Category analysis	As at 30 June 2010		As at 30 June 2009	
	(R million)	Share per centum	(R million)	Share per centum
Guarantees .....	26,054	29.1	22,610	25.3
Acceptances .....	299	0.3	279	0.3
Letters of credit .....	5,362	6.0	5,436	6.0
Irrevocable commitments .....	48,692	54.5	53,167	59.4
Other .....	8,993	10.1	8,018	9.0
<b>TOTAL contingencies .....</b>	<b>89,400</b>	<b>100</b>	<b>89,510</b>	<b>100</b>
Legal proceedings .....	44		129	
Claims:				
Contingent liabilities in respect of certain outstanding claims	150		150	
Reciprocal claims against other institutions qualifying as contingent assets .....	(134)		(134)	
Commitments in respect of capital expenditure and long-term investments approved by directors:				
Contracted for .....	165		304	
Not contracted for .....	1,861		947	

### Loan Portfolio Structure by Sector

The following table sets out certain information as to the structure of the Bank's gross loan portfolio by economic sector, as at 30 June 2010 and 2009:

Category analysis	As at 30 June 2010		As at 30 June 2009	
	(R million)	Share per centum	(R million)	Share per centum
Agriculture .....	11,268	2.7	10,392	2.6
Banks and financial services .....	60,197	14.7	42,176	10.7
Building and property development .....	16,237	3.9	15,692	4.0
Government, Land Bank and public authorities .....	13,358	3.2	20,144	5.1
Individuals .....	240,602	58.5	231,729	58.6
Manufacturing and commerce .....	28,173	6.9	31,930	8.1
Mining .....	8,020	2.0	8,438	2.1
Transport and communication .....	11,834	2.9	11,058	2.8
Other services .....	21,466	5.2	24,038	6.0
<b>NOTIONAL value of advances .....</b>	<b>411,155</b>	<b>100</b>	<b>395,597</b>	<b>100</b>
<b>TOTAL Net Advances .....</b>	<b>401,279</b>		<b>384,938</b>	

### Geographical concentration of loans

The Bank has a significant geographical concentration of loans issued to borrowers in South Africa. Loans to borrowers in South Africa constituted more than 97 per cent of gross advances as at 30 June 2010 (with 97 per cent. at the end of the previous financial year).

The following table sets out a geographical analysis (based on credit risk) of the Bank's notional loan portfolio as at 30 June 2010 and 2009:

Category analysis	As at 30 June 2010		As at 30 June 2009	
	(R million)	Share per centum	(R million)	Share per centum
South Africa .....	400,766	97.5	381,677	96.5
Other Africa .....	2,145	0.5	2,243	0.5
United Kingdom .....	6,785	1.7	8,994	2.3
Other .....	1,459	0.3	2,683	0.7
<b>TOTAL .....</b>	<b>411,155</b>	<b>100</b>	<b>395,597</b>	<b>100</b>

## MANAGEMENT

The board of directors of the Bank (the "**Board**") is responsible for reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, monitoring corporate performance and overseeing major capital expenditures, acquisitions and disposals.

The Bank has a unitary Board. Its chairman is non-executive, but not independent in terms of the "King III" definition. "King III" is a report on corporate governance in South Africa, which came into effect in March 2010. It classifies a director as "independent" for these purposes if, among other things, the director has not served in an executive capacity within a company for three years prior to appointment. The Board comprises nineteen directors of whom two serve in an executive capacity. Twelve of the Board's directors are independent directors. Non-executive directors comprise individuals of high calibre with diverse backgrounds and expertise. The Bank intends to comply with "King III." The Board meets quarterly. Two further meetings are scheduled to approve the annual financial statements and to review strategic plans and the proposed budgets. Additional meetings are convened as and when necessary.

To fulfil their responsibilities, Board members have access to accurate, relevant and timely information. Any director may call on the advice and services of the company secretary, who gives guidance on legislative or procedural matters.

There is a formal transparent Board nomination process. Non-executive directors are appointed (subject to re-appointment and to the Companies Act 1973 provisions relating to removal) and retire by rotation, every three years. Re-appointment of non-executive directors is not automatic.

The Board consists of nineteen members elected by the general shareholders' meeting. The current members of the Board and their position within the Board, as well as their position within the board of directors of other members of the Group, are set out below:

<u>Name</u>	<u>Position</u>
Lauritz Lanser Dippenaar .....	Chairman of the Board, Chairman of FirstRand, Chairman of FirstRand STi Holdings Limited and Director of FREMA and RMBH
Sizwe Errol Nxasana .....	Chief Executive Officer of the Bank, Director of FirstRand and FREMA, Director of FRIHL
Vivian Wade Bartlett.....	Director of FirstRand and FREMA
Johan Petrus Burger.....	Financial Director of the Bank and Financial Director of FirstRand, Director of FREMA, Director of FRIHL
Patrick Maguire Goss .....	Director of FirstRand and RMBH
Paul Kenneth Harris .....	Director of FirstRand and RMBH
William Rodger Jardine.....	Director of FirstRand
Ethel Matenge-Sebesho .....	Director of FirstRand
Ronald Keith Store .....	Director of FirstRand
Benedict James Van der Ross.....	Director of FirstRand
Jurie Johannes Human Bester.....	Director of FirstRand
Leon Crouse .....	Director of FirstRand and RMBH
Jan Hendrik van Greuning.....	Director of FirstRand
Matthys Hendrik Visser.....	Director of FirstRand

Nolulamo Gwagwa.....	Director of FirstRand
Paul Nkuna .....	Director of FirstRand
Amanda Tandiwe Nzimande .....	Director of FirstRand
Kgotso Buni Schoeman .....	Director of FirstRand
Deepak Premnarayan.....	Director of FirstRand

The business address of the members of the Board is the Bank's registered office. The names, and certain other information about each of the current members of the Board and their activities, are set out below:

Laurie Lanser Dippenaar, MCom, CA(SA) Mr. Dippenaar graduated from Pretoria University, qualified as a Chartered Accountant with Aiken & Carter (now KPMG) and worked with the Industrial Development Corporation before becoming co-founder of RCI. RCI acquired control of RMB in 1985, and Mr. Dippenaar became an executive director of RMB. He was appointed managing director in 1988, which is a position he held until 1992, when RMBH acquired a controlling interest in Momentum Life Assurers. He was appointed as executive chairman of Momentum Life Assurers, a post he occupied until becoming chief executive officer of FirstRand in 1998. In December 2005 he moved to a non-executive position in the Group. He was elected to the position of Chairman of FirstRand and the Banking Group in November 2008.

*Directorships – FirstRand – Chairman, FREMA, FirstRand STI Holdings Limited – Chairman, RMBH, MMI Holdings Limited – chairman*

Sizwe Errol Nxasana, BCompt, CA(SA) Mr. Nxasana is a Chartered Accountant and Bachelor of Commerce (University of Fort Hare). He started his career at Unilever and Price Waterhouse and in 1989 established Sizwe & Co, the first black- owned audit practice in South Africa. In 1996 he became the founding partner of Nkonki Sizwe Ntsaluba, the first black-owned national firm of accountants in South Africa and was national managing partner until 1998 when he joined Telkom SA as Chief Executive Officer. He joined the Bank as CEO in January 2006.

*Directorships – FirstRand (CEO), FREMA, MMI Holdings Limited, FRIHL.*

Paul Kenneth Harris, MCom Mr. Harris graduated from the University of Stellenbosch and joined the Industrial Development Corporation. He was a co-founder of RCI in 1977. RCI acquired control of RMB in 1985, and he became an executive director of RMB. He spent four years in Australia where he founded Australian Gilt Securities (later to become RMB Australia) and returned to South Africa in 1991 as deputy managing director of RMB. In 1992, he took over as chief executive officer of RMB. Subsequent to the formation of FirstRand, he was appointed chief executive officer of FRBH in 1999, a position he held until December 2005, when he was appointed chief executive officer of

FirstRand.

*Directorships – FirstRand, Remgro Limited, RMB Holdings Limited, MMI Holdings Limited.*

Johan Petrus Burger, BCom(Hons), CA(SA) Mr. Burger is a Chartered Accountant and joined RMB in 1986. During his initial period at RMB, he held the position of CFO of the Treasury Division. He was appointed Financial Director of RMB in 1995 with responsibility for finance, taxation, credit, risk management and internal audit. During 1998, he served as Chairman of the Executive Committee of RMB. Since the restructuring of FirstRand banking operations in February 1999, Mr. Burger has had responsibility as Financial Director of the Bank for finance, risk management, internal audit, credit, taxation, development of performance/profit models for the banking group and the Group secretarial office.

*Directorships – FirstRand, FREMA, MMI Holdings Limited, FRIHL.*

William Rodger Jardine, BSc, MSc Mr. Jardine is CEO of the Aveng Group, a JSE-listed company. After graduating from Wayne State University in 1991, he assumed the role of co-ordinator for the ANC's desk of Science and Technology. In 1995 he joined the Department of Science and Technology as director general, a role he fulfilled for five years. Mr. Jardine joined Kagiso Media in 1999 as chief executive officer. In November 2006 he became chief operating officer of Kagiso Trust Investments.

He is a trained physicist and obtained a Bachelor of Science (BSc) and a Master of Science (MSc) degree from Haverford College, Pennsylvania (United States).

Mr. Jardine is an executive director of the Aveng Group and also served as chairman of the CSIR and the Nuclear Energy Corporation of South Africa (NECSA) for six years.

*Directorships – FirstRand*

Ronald Keith Store, CA(SA) Mr. Store joined Deloitte in 1960 and qualified as a Chartered Accountant in 1964. He was appointed a partner of Deloitte in 1973. A specialist in financial institutions and the banking industry, he founded the firm's Financial Institutions Services Team in 1986 and served as Partner in charge for fifteen years. Mr. Store has provided consultancy services to most South African banks and also to the World Bank.

Mr. Store was elected to the Board of Deloitte in 1995 and was the non-executive chairman from 2001. He was also a member of the Global Board of Deloitte Touche Tohmatsu and has served on the Global Governance Committee.

Mr. Store was a founder member of the Banking Interest Group of the South African Institute of Chartered

Accountants and served as its first chairman. He is currently a member of the Policy Board for Financial Regulation and was a member of the Standing Committee for the Revision of the South African Banks Act. He convenes and lectures on financial regulation for the University of Johannesburg, where he holds a part time professorship.

In 2002 Mr. Store was appointed as an exclusive advisor to the Banking Supervision Department of the SARB. After retiring from Deloitte, Mr. Store was appointed as non-executive director of the Bank. In March 2007, Mr. Store was appointed Chairman of the Audit Committee of the Bank.

*Directorships – FirstRand*

Vivian Wade Bartlett,  
AMP (Harvard), FIBSA

Mr. Bartlett started his career with Barclays Bank Dominion, Colonial and Overseas South Africa, which subsequently became First National Bank of Southern Africa in 1987. After some four years of overseas secondments, he returned to South Africa in 1992 where he served as general manager and managing director in various group companies until being appointed as group managing director and chief executive officer of First National Bank of Southern Africa in 1996. In 1998, he was appointed deputy chief executive officer of the Bank, a position he held until his retirement in 2004.

*Directorships – FirstRand, FREMA, FirstRand STI Holdings Limited, Makalani Holdings Limited – Chairman*

Patrick Maguire Goss, BEcon(Hons),  
BAccSc (Hons), CA(SA)

Mr. Goss, after graduating from the University of Stellenbosch, served as President of the Association of Economics and Commerce Students, representing South Africa at The Hague and Basel. He thereafter qualified as a Chartered Accountant with Ernst and Young and then joined the Industrial Development Corporation where he worked for two years. A former chairman of the Natal Parks Board, his family interests include Umngazi River.

*Directorships – FirstRand, AVI Limited, RMBH*

Benedict James Van der Ross, Dip Law  
(UCT)

Mr. Van der Ross has a diploma in Law from the University of Cape Town and was admitted to the Cape Side Bar as an attorney and conveyancer. Thereafter he practiced for his own account for 16 years. He became an executive director with the Urban Foundation for five years up to 1990 and thereafter of the Independent Development Trust where he was deputy chief executive officer from 1995 to 1998. He acted as chief executive officer of the South African Rail Commuter Corporation from 2001 to 2003 and as chief executive officer of Business South Africa from 2003 to 2004. He was appointed to the board of The Southern Life Association in 1986.

*Directorships – FirstRand, Lewis Stores Limited, Nasionale Pers Limited, Pick 'n Pay Stores Limited,, Strategic Real Estate Management – Chairman, MMI*

*Holdings Limited, Makalani Holdings Limited*

Ethel Matenge-Sebesho,  
CAIB (SA), MBA

Mrs. Matenge-Sebesho was appointed to the Board of Directors on 28 August 2006.

She has 19 years experience working in different roles within the banking sector in South Africa.

*Directorships – FirstRand*

Leon Crouse, CA(SA)

Mr Crouse studied at the Nelson Mandela Metropolitan University in Port Elizabeth and after obtaining a Certificate in the Theory of Accounting in 1976, he qualified as a Chartered Accountant (SA) in 1977. During his professional career of more than 30 years, he gained financial knowledge and experience by lecturing at the University of Stellenbosch and holding various financial management positions in the sectors of telecommunications, luxury goods, chemicals and clothing and textiles.

He joined the former Rembrandt Group in 1986 in which year he transferred to Switzerland to hold the position of Financial Controller of Compagnie Financière Richemont AG and to be part of the team that unbundled the luxury goods business from the Rembrandt Group to form Richemont and list it on the Swiss, Luxembourg and South African Stock Exchanges.

In 1993, as a Rembrandt appointee, he returned to South Africa to become a founder member of the Vodacom Group executive team. Rembrandt, at the time, held a 15 per cent. interest in Vodacom. During his nearly 15 year career at Vodacom, he served as General Manager, Finance between 1993 and 1996 and as Chief Financial Officer from 1996 until March 2008. He joined Remgro in April 2008 as designate Director, Group Finance and was appointed to the board of Remgro on 18 June 2008.

*Directorships – FirstRand, Remgro Limited, RMBH and Total South Africa (Pty) Limited.*

Jurie Johannes Human Bester, BSc Eng Elect  
(Pret) ISMP (Harvard)

Mr Bester was appointed to the Board on 17 June 2008.

Mr Bester has broad experience and expertise in all aspects of senior management, strategic planning, banking management treasury management, financial market analysis, financial market trading, investment management, credit risk management and risk management.

Mr Bester joined the Group in November 1997 as Risk Manager of RMB and was Group Risk Manager until he retired in December 2005.

Mr Bester serves on the FirstRand International Board and on various Committees within the Banking Group.

*Directorships – FirstRand*

Jan Hendrik van Greuning, CA(SA),

Dr van Greuning joined the World Bank in 1994 from the

CA(Canada), CFA, D.Compt (Accounting Science) and D.Com (Economics)

South African Reserve Bank, where he served as Registrar of Banks (1990 – 1994) and Financial Manager (1986 – 1989). Prior to that he was a partner with Deloitte, where he had spent ten years.

During his World Bank career, Dr van Greuning worked in the Financial Sector Development Department as well as the Europe and Central Asia region before moving to the World Bank Treasury, until his retirement in late 2009. He has worked extensively on financial regulatory, securities accounting and operational risk management issues.

His World Bank publication on International Financial Reporting Standards (IFRS – A Practical Guide) has appeared in five editions and he has co-authored "Analysing Banking Risk" (three editions), "Risk Analysis for Islamic Banks" (1st edition November 2007) as well as International Financial Statement Analysis (CFA Institute – November 2008). Some of the books have been translated into more than fifteen languages.

*Directorships – FirstRand*

Matthys Hendrik Visser,  
B Comm (Hons), CA(SA)

Mr Visser is a chartered accountant who qualified with Arthur Young & Company in Cape Town before joining Rembrandt Group Limited where he held a number of positions, including Financial Director in 1991 and Managing Director in 1992. He is currently Chief Executive Officer of Remgro Limited.

*Directorships – FirstRand, and Remgro Limited*

Nolulamo Gwagwa,  
BA (Fort Hare), MTRP (Natal),  
MSc (cum laude), (London),  
PhD (London)

Lulu Gwagwa worked as a town planner in the private, public and NGO sectors between 1981 and 1986, whereafter she proceeded to further her studies. In 1992 she joined the University of Natal as a senior lecturer in the Department of Town and Regional Planning. In 1995 she was appointed as a deputy director general in the national Department of Public Works, where she was responsible for the national public works programme and the transformation of the construction industry.

From 1998 to 2003 she was the chief executive officer of the Independent Development Trust. She is currently the chief executive officer of Lereko Investments

*Directorships: FirstRand, Development Bank of Southern Africa, Massmart Holdings and Sun International*

Paul Nkuna,  
AMP (Wits)

Paul Nkuna began his career as a teacher before joining the mining industry in 1977. He joined the National Union of Mineworkers in 1984 and later served as treasurer general. He was instrumental in local government negotiations as chairman of the management committee of the Brakpan Transitional Local Council. He also served in a number of executive structures within local government, including the Gauteng Association of Local Government and the South African Local Government Association. He joined the Mineworkers



Investment Company as executive chairman in 1997 and in 2003 became chief executive officer, a position he currently holds.

*Directorships: FirstRand, Metrofile Holdings Limited – chairman Primedia Limited – chairman*

Amanda Tandiwe Nzimande,  
CA(SA), Diploma in Company Law (Wits)

Tandi Nzimande is the chief financial officer at WDB Investment Holdings, the investment vehicle for the WDB Trust. Her role includes overseeing the financial area of WDB Investment Holdings as well as executing transactions and monitoring of ongoing investment relationships.

She qualified in 1996 as a chartered accountant while with KPMG. She was a senior associate in the investment banking division of Deutsche Bank where she spent five years gaining experience in mergers and acquisitions internationally and in South Africa.

*Directorships: FirstRand, Paracon Holdings, RMB Asset Management (Proprietary) Ltd, WDB Investment Holdings (Proprietary) Ltd and FirstRand STI Holdings Limited (Outsurance)*

Kgotso Buni Schoeman,  
BA Economics

Kgotso Schoeman is currently the chief executive officer of Kagiso Trust. He has been involved with the trust for over 14 years. He led the team that developed the new strategy of the trust from being a general conduit grant funding agency to a development and implementing agency in the early education and rural finance development fields. He is currently heading negotiations with the provincial education department and the private sector to secure long term partnership for possible national rollout on a programme to improve rural education. He has considerable experience in programme design and management. He has over the past ten years participated as a team member or led a number of projects including: the Alexandra Renewal Programme, the Local Economic Development Study for the Amajuba Municipality in Newcastle, the Impact Study of the SMME Micro-financing sector around the Tshwane area and the Public Participation Process that led to Robben Island gaining world heritage status.

*Directorships: FirstRand, and Kagiso Trust Investments and its subsidiaries.*

Deepak Premnarayan,  
BA Economics (Hons) India

Mr Premnarayan started his career as a management Trainee in 1968 with New India Assurance. He later moved to Citibank and then Reckitt & Coleman in India. In 1998 he founded the ICS Group to pursue emerging infrastructure development opportunities in India. He continues to serve as Chairman of the ICS Group, which has now broadened its interests to include asset management, property management and related services, and hospitality. He acts as FirstRand's mentor in India and is a member of its Advisory Board.

*Directorships – FirstRand, ICS Group, Triangle Real Estate India Fund LLC (Mauritius) and Noida Toll*

*Bridge Company .*

Additionally, the Bank has a company secretary, BW Unser, who is suitably qualified and was appointed by the Board in 1998. He is, *inter alia*, responsible for the duties stipulated in section 268G of the South African Companies Act.

**Conflicts of Interest**

All directors of the Bank serve as directors of one or more of the Bank's affiliates (including FirstRand, FREMA and other companies within the Group). The Bank engages in transactions with some of these affiliates, including transactions in the ordinary course of business. See "*Related Party Transactions*" below.

All of the directors of the Bank are also directors of the Bank's parent company, FirstRand, and they therefore also owe duties in that capacity to FirstRand as well as to the Bank. It is possible that the duties which these directors owe to FirstRand may potentially conflict with their duties to the Bank.

In respect of potential conflicts of interest that may arise in the future, the Bank has processes for the management of such conflicts such that it does not expect that any actual conflict of interest would arise.

Other than as described above, there is no potential conflict of interests between any duties which the members of the Board owe to the Bank and their private interests or other duties.

As described below in "*Risk Management*", the Board discharges its duties through several committees and sub-committees. Although the Group and the Bank each has its own board of directors, there is a single set of governance committees for the Group and each of its major subsidiaries, including the Bank.

FirstRand committees responsible for the Bank include the following:

***Audit Committee***

The current members of the Audit Committee are as follows:

<b>Name</b>	<b>Position</b>
Jan Hendrik van Greuning	Chairman
Vivian Wade Bartlett	Member
Leon Crouse	Member
Ethel Matenge-Sebesho	Member
Ronald Keith Store	Member

The Audit Committee is responsible for considering the annual financial statements for approval by the Board, and monitoring the quality of the internal controls and processes of the Bank and the implementation of corrective actions. The committee meets quarterly.

***Risk Capital Management and Compliance Committee ("RCC Committee")***

The current members of the RCC Committee are as follows:

<b>Name</b>	<b>Position</b>
Jurie Johannes Human Bester	Chairman
Ronald Keith Store	Member
Leon Crouse	Member
Jan Hendrik van Greuning	Member

The RCC Committee is responsible for approving the risk management policy, standards and processes, monitoring the Bank's risk assessments and the effectiveness of risk management and high priority corrective actions. The RCC Committee has delegated responsibility for a number of specialist topics to various subcommittees as described further in "*Risk Management*" below. The committee meets quarterly.

***Large Exposures Credit Committee***

The current members of the Large Exposures Credit Committee are:

<b>Name</b>	<b>Position</b>
Ronald Keith Store	Chairman
Vivian Wade Bartlett	Member
Johan Petrus Burger	Member
Sizwe Nxasana	Member
William Rodger Jardine	Member
Benedict James Van der Ross	Member

The Large Exposures Credit Committee is responsible for approving credit exposures in excess of 10 per cent. of the Bank's capital. The committee meets quarterly.

***Director's Affairs and Governance Committee***

The current members of the Director's Affairs and Governance Committee are:

<b>Name</b>	<b>Position</b>
Patrick Maguire Goss	Chairman
Leon Crouse	Member
Vivian Wade Bartlett	Member
Laurie Dippenaar	Member
William Rodger Jardine	Member
Ronald Keith Store	Member
Benedict James van der Ross	Member
Ethel Matenge-Sebesho	Member
Jurie Johannes Human Bester	Member
Jan Hendrik van Greuning	Member
Matthys Hendrik Visser	Member
Paul Kenneth Harris	Member
Nolulamo Gwagwa	Member
Paul Nkuna	Member
Amanda Tandiwe Nzimande	Member

Kgotso Buni Schoeman Member

Deepak Premnarayan Member

The objective of this committee is to assist the Board in discharging its responsibilities relative to corporate governance structures, matters relating to performance and remuneration of directors, the appointment of new directors, the effectiveness of the board and succession planning at executive level. The committee meets quarterly.

### ***Credit Committee***

The current members of the Credit Committee are:

<b>Name</b>	<b>Position</b>
Jurie Johannes Human Bester	Member
Johan Petrus Burger	Member

### **EMPLOYEES**

As at 30 June 2010 the Bank had approximately 31,288 employees, compared to 32,364 as at 30 June 2009. The approximate number of employees within each of the brands is set out below:

• FNB	26 215
• RMB	1 419
• WesBank	2 886
• Corporate Centre	768

To date, the Bank has not experienced industrial action or other work stoppages resulting from labour disputes.

### **COMPETITION**

In South Africa, there are currently 13 registered banks with local control, 6 registered banks with foreign control, 13 branches of foreign banks, 2 registered mutual banks, and 41 representative offices of foreign banks. As at 30 June 2010, the South African banking sector had total assets of R3 trillion according to statistics published by the SARB (Source: BA900, June 2010).

In addition to the Bank, the largest banks in South Africa (and the Bank's principal competitors) are Absa Bank Limited, Nedbank Limited and The Standard Bank of South Africa Limited. The following table sets out total assets and capital and reserves for each:

	<b>Total Assets</b>	<b>Capital and Reserves</b>
	<i>(R billion)</i>	
Absa Bank Limited.....	658.6	48.0
FirstRand Bank Limited.....	570.5	36.1
Nedbank Limited.....	531.6	33.5
The Standard Bank of South Africa Limited.....	767.3	44.0

(Source: SARB BA900, June 2010)

The Bank's competitors also include Investec Bank Limited, as well as the local operations of international banks.

### **CAPITAL ADEQUACY**

The Bank is subject to regulatory capital requirements. The capital adequacy of the Bank is measured in terms of the South African Banks Act.

With the introduction of Basel II, capital requirements expressed as a percentage of Risk Weighted Assets ("RWA") have become more risk sensitive and thus more cyclical than under the previous regime. This cyclicity is to a large extent driven by external factors that affect the Bank's risk measures across various portfolios and thus drive its capital requirements.

The targeted capital levels as well as the current ratios (as at 30 June 2010) are summarised in the table below:

	Actual	Target	Regulatory minimum
Capital adequacy ratio (%).....	13.11	11.5 - 13.0	9.50*
Tier 1 ratio (%).....	11.7	9.50	7.00

\* The regulatory minimum excludes the bank specific (Pillar 2b) add on.

The following table shows the composition of regulatory capital (financial resources) for the Bank as at 30 June 2010, while the subsequent tables provide a breakdown of risk weighted assets and the respective approaches for calculating them.

	FRB*			
	June 2010	%	June 2009	%
	<i>(R million)</i>			
Ordinary shareholders equity as per IFRS.....	33,085		29 681	
Less: non-qualifying reserves .....	(477)		(1,178)	
Cash flow reserve.....	466		337	
Available-for-sale reserve .....	(532)		(279)	
Share-based payment reserve .....	(411)		(532)	
Unappropriated profits .....	-		(704)	
Ordinary shareholders equity qualifying as capital .....	32,608		28,503	
Ordinary share capital and share premium** .....	10,969		10,821	
Reserves.....	21,639		17,682	
Non-cumulative non-redeemable preference shares* .....	3,000		3,000	
Less: total impairments.....	(2,323)		(1,782)	
Excess of expected loss over eligible provisions (50%).....	(379)		(325)	
First loss credit enhancements in respect of .....				
Securitisation structures (50%) .....	(45)		-	
Qualifying capital in branches.....	(1,732)		(1,297)	
Goodwill and other impairments.....	(167)		(160)	
Total Tier 1 capital.....	33,285	11.7	29,721	10.7
Upper Tier 2 instruments .....	1,068		1,068	
Tier 2 subordinated debt instruments .....	5,914		5,872	
Less: total impairments.....	(424)		(234)	
Excess of expected loss over eligible provisions (50%).....	(379)		(325)	
First loss credit enhancements in respect of securitisation structures (50%).....	(45)		-	
Other impairments .....	-		91	
Total Tier 2 capital.....	6,558	2.3	6,706	2.4
Total qualifying capital and reserves.....	39,843	14.0	36,427	13.1

\* Reflects solo supervision, i.e. FRB excluding branches, subsidiaries and associates

\*\* Audited

## Risk weighted assets for each risk type

	FRB*			
	June 2010		June 2009	
	RWA	Capital requirement*	RWA	Capital requirement*
		(R million)		
Credit risk .....	210 328	19 981	205 472	19 520
Operational risk .....	38 223	3 631	35 000	3 325
Market risk.....	4 669	444	7 809	742
Equity investment risk .....	16 835	1 599	17 469	1 660
Other risk .....	13 690	1 301	12 071	1 147
Total RWA .....	283 745	26 956	277 821	26 394

\* Reflects solo supervision, i.e. FRB excluding branches, subsidiaries and associates

\* Capital requirements calculated at 9.5% of RWA

The table below provides the RWA numbers per Basel II approach for each risk type as at 30 June 2010.

	R million
<b>Credit risk</b>	
Advanced Internal Ratings Based Approach ("AIRB") .....	<b>210,328</b>
Corporate, banks and sovereigns.....	86,446
SME.....	37,860
Residential mortgages.....	39,266
Qualifying revolving retail.....	9,639
Other retail.....	32,191
Securitisation exposure .....	4,926
<b>Equity investment risk</b> .....	<b>16,835</b>
Simple risk weighted method.....	16,835
<b>Operational risk</b> .....	<b>38,223</b>
Advanced measurement Approach.....	38,223
<b>Market risk*</b> .....	<b>4,669</b>
Internal Model Approach.....	4,669

\* includes banking and trading book

In addition to the regulatory capital requirements, the Bank also calculates its economic capital requirements on the basis of a number of internally developed models. It defines economic capital as the level of capital it must hold, commensurate to its risk profile under severe stress conditions to give comfort to a range of stakeholders that it will be able to satisfy all its obligations to third parties with a desired degree of certainty, and that it would continue to operate as a going concern. The Bank aims to back all economic risks with Tier 1 capital. It uses the allocation of capital based on risk capacity as a steering tool and for performance measurement purposes.

The Internal Capital Adequacy Assessment Process assists in the attribution of capital in proportion to the risks inherent in the respective business units with reference to both normal economic circumstances and times of potential stress, which may lead to the realisation of risks not previously considered. This process is also supported by the stress testing and scenario analysis framework.

The allocation methodology for economic capital is broadly based on the approaches set out as part of the AIRB component of Basel II, with the exception of credit risk, which is considered at a product level. A number of assumptions are necessarily made in the attribution and allocation methodologies. These are reviewed periodically and any changes will have a direct impact on business unit level measures, such as economic profit or net income after capital charges. The economic capital framework incorporates aspects of the portfolio's composition in its calibration and, as such, reflects the effects of risk concentrations (e.g. large exposures and industry concentrations) and diversification benefits.

## LEGAL PROCEEDINGS

The Bank and its subsidiaries have been, and continue to be, the subject of legal proceedings and adjudications from time to time.

There are a number of legal or potential claims against the Bank and its subsidiaries, the outcome of which cannot at present be foreseen. These claims are not regarded by management as material either on an individual or collective basis.

However, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Bank is aware), which may have during the 12 months prior to the date of this Base Prospectus, or have had in the recent past, a significant effect on the financial position or profitability of the Bank and its subsidiaries.

## **PROPERTY**

As at 30 June 2010, the Bank held the freehold title to land and buildings with a net book value of R3 140 million and leasehold title to properties with a net book value of R2 106 million compared to R2 038 million and R2 167 million respectively as at 30 June 2009.

## **INSURANCE**

The Bank has a comprehensive insurance programme with cover for bankers bond, computer crime, professional indemnity, directors and officers liability, assets and liabilities. An annual benchmarking review of policy wordings, covers and limits ensures that the level of risk mitigation is adequate in relation to the Bank's risk profile.

All cover is placed at Group level to maximise on economies of scale and to ensure all divisions are included.

## **IT/TECHNOLOGY**

Information technology is an integral part of the Bank's operations. The Bank is continually seeking to improve the operating features and security of its IT systems, in particular for new technologies to support and enhance its business strategies.

Information risk management within the Group not only involves securing bank information and systems, but also entails the application of risk management principles to ensure efficient, reliable and timely delivery of information.

## **FUNDING**

### **Introduction**

The Bank's primary funding objective is to secure funding at an optimal cost from diversified and sustainable funding sources. The Bank's funding policies are set out in the Liquidity Risk Framework which is approved by the Board. The implementation of the Liquidity Risk Framework is the responsibility of the Group Treasurer. The Liquidity Risk Framework aims to ensure that the Bank has sufficiently diversified funding sources to meet obligations when they fall due, as well as the ability to fund ongoing lending and trading activity under increasing levels of stress at an acceptable level of cost.

The Bank's principal funding strategy is to achieve as far as possible a strong market share in retail, commercial and corporate deposits as these deposits represent the most cost effective source of funding for the Bank. The Bank also seeks to fund asset growth through debt issuance on the capital markets and has established a range of debt issuance programmes to ensure maximum efficiency and flexibility in accessing funding opportunities.

## Deposits

The following table sets out the Bank's deposit and current accounts (in R millions) for the years ended 30 June 2010 and 2009.

	At as 30 June 2010			At as 30 June 2009		
	At amortised cost	Designated fair value	Total	At amortised cost	Designated fair value	Total
<b>From banks and financial institutions</b> .....	12 813	55 730	68 543	6 778	49 345	56 123
In the normal course of business .....	12 813	23 343	36 156	6 778	21 605	28 383
Under repurchase agreements ..	-	32 387	32 387	-	27 740	27 740
<b>From customers</b> .....	234 025	89 392	323 417	229 735	76 170	305 905
Current accounts .....	171 945	138	172 083	172 597	1 527	174 124
Savings accounts .....	1 897	-	1 897	1 992	-	1 992
Term deposits .....	60 183	89 254	149 437	55 146	74 643	129 789
<b>Other deposits</b> .....	627	61 171	61 798	1 202	64 211	65 413
Negotiable certificates of deposit .....	4	34 715	34 719	13	42 243	42 256
Buy backs .....	-	8 704	8 704	-	5 499	5 499
Other deposits .....	623	17 752	18 375	1 189	16 469	17 658
<b>Totals</b> .....	<b>247 465</b>	<b>206 293</b>	<b>453 758</b>	<b>237 715</b>	<b>189 726</b>	<b>427 441</b>
Total liabilities .....			540 761			532 589

The principal source of funding for the Bank is derived from deposits and current accounts. As at 30 June 2010, the total amount of deposits and current accounts (including from banks and financial institutions, customers and other deposits) amounted to R453.8 billion compared to R427.4 billion for the year ended 30 June 2009.

As at 30 June 2010, customer deposits and current accounts (including current accounts, savings accounts and term deposits) amounted to R323.4 billion (compared to R305.9 billion for the year ended 30 June 2009), representing 60 per cent. of the Bank's total liabilities (57 per cent. as at 30 June 2009).

Within the Bank's divisions, deposits are primarily made with FNB. Deposits made with FNB amounted to R194 billion as at 30 June 2010.

The vast majority of the deposits made with the Bank are denominated in Rand, although the Bank accepts deposits in other currencies.

The table set out at note 41 of the Bank's Annual Report for the year ended 30 June 2010, which has been incorporated by reference into this Base Prospectus, sets out the maturity analysis of the Bank's balance sheet based on the remaining period from year end to maturity.

## Debt Issuance

Another key aspect of the Bank's funding strategy is to enjoy as much flexibility as possible when seeking access to the widest range of funding markets, debt investors and products. The Bank's strategy for public issuance generally revolves around the establishment of a yield curve of liquid, actively traded benchmark bonds.



The following table sets out the long term liabilities of the Bank.

	<b>As at 30 June 2010</b>	<b>As at 30 June 2009</b>
	<i>R million</i>	
Preference Shares.....	–	58
Subordinated convertible loans.....	–	–
Share based payments (cash settled).....	516	–
Long term finance lease charges.....	2	3
Fixed rate bonds.....	5,109	5,083
Floating rate bonds.....	2,256	2,279
Other long-term liabilities.....	–	–
Less (portion repayable within 12 months transferred to current liability).....	(1,599)	(680)
<b>Total.....</b>	<b>6,284</b>	<b>6,743</b>

## Securitisation

From an accounting perspective, traditional securitisations are treated as sale transactions. At inception, the assets are sold to the special purpose vehicle at carrying value and no gains or losses are recognised. Subsequently, the securitisation entities were historically reconsolidated into FRBH for financial reporting purposes. Following the Reorganisation, the securitisation entities will be reconsolidated into FRIHL for financial reporting purposes. For synthetic securitisations, the credit derivatives used in the transaction are recognised at fair value, with any fair value adjustments reported in profit or loss of the Bank.

### Traditional and synthetic securitisations

The following tables show the traditional and synthetic securitisations currently in place as well as the rating distribution of any exposures retained by the Bank. Whilst national scale ratings have been used in this table, global scale equivalent ratings are used for internal risk management purposes. All assets in these vehicles were originated by the Bank and in each of these transactions the Bank acted as originator, investor, servicer as well as swap counterparty.

#### Securitisation transactions

Transaction	Asset Type	Year initiated	Expected Close	Rating agency	Assets securitised	Assets outstanding		Notes outstanding		Retained exposure	
						Jun 10	Jun 09	Jun 10	Jun 09	Jun 10	Jun 09
<b>Traditional securitisations</b>					16,784	<b>3,907</b>	6,206	<b>4,276</b>	7,261	<b>42</b>	59
Nitro 1	Retail: Auto loans	2006	2009	Moody's	2,000	-	181	-	245	-	3
Nitro 2	Retail: Auto loans	2006	2010	Moody's	5,000	-	847	-	1,216	-	-
Nitro 3	Retail: Auto loans	2007	2011	Moody's and Fitch	5,000	<b>736</b>	1,688	<b>1,129</b>	2,095	<b>15</b>	29
Ikhaya 1	Retail mortgages	2007	2011	Fitch	1,900	<b>1,317</b>	1,439	<b>1,321</b>	1,592	<b>27</b>	27
Ikhaya 2	Retail mortgages	2007	2012	Fitch	2,884	<b>1,854</b>	2,051	<b>1,826</b>	2,113	-	-
<b>Synthetic securitisations</b>					22,000	<b>22,000</b>	22,000	<b>22,000</b>	22,000	<b>18,948</b>	19,083
Procul	Retail: Auto loans	2002	2010	Fitch	2,000	<b>2,000</b>	2,000	<b>2,000</b>	2,000	<b>875</b>	1,009
Fresco II	Corporate receivables	2007	2013	Fitch	20,000	<b>20,000</b>	20,000	<b>20,000</b>	20,000	<b>18,073</b>	18,073
<b>Total</b>					<b>38,784</b>	<b>25,908</b>	<b>28,206</b>	<b>26,275</b>	<b>29,261</b>	<b>18,990</b>	<b>19,142</b>

### Retained securitisation exposure

	AAA (zaf)	AA (zaf)	A+ (zaf)	A (zaf)	BBB+ (zaf)	BBB (zaf)	BBB- (zaf)	BB+ (zaf)	BB (zaf)	Not Rated	Total
<i>(R million)</i>											
<b>Traditional</b>											
At 30 Jun 2010 ...	15	9	-	4	15	-	-	-	-	-	43
At 30 June 2009...	56	1	-	-	-	-	-	-	-	2	59
<b>Synthetic</b>											
As at 30 Jun 2010	17,991	180	51	-	-	-	-	-	-	726	18,948
As at 30 June 2009	18,083	189	53	4	-	-	-	29	3	724	19,083

## RISK MANAGEMENT

FirstRand's primary business objective is the generation of sustainable profits. The effective management of financial and non financial risk is seen as fundamental for the successful and sustainable realisation of the Group's strategic objectives. Risk taking is an essential part of the Group's business and FirstRand thus explicitly recognises risk assessment, monitoring and management as core competencies and important differentiators in the competitive environment in which it operates.

The Group defines risk widely – as any factor that, if not adequately assessed, monitored and managed, may prevent it from achieving its business objectives or result in adverse outcomes, including damage to its reputation.

### Risk governance

The Board retains ultimate responsibility for ensuring that risks are adequately identified, measured, monitored and managed. The Group believes that a culture focused on risk paired with an effective governance structure is a prerequisite for managing risk effectively.

In addition, effective risk management requires multiple points of control or safeguards that should be applied consistently at various levels throughout the organisation. There are three primary lines of control across the Group's operations:

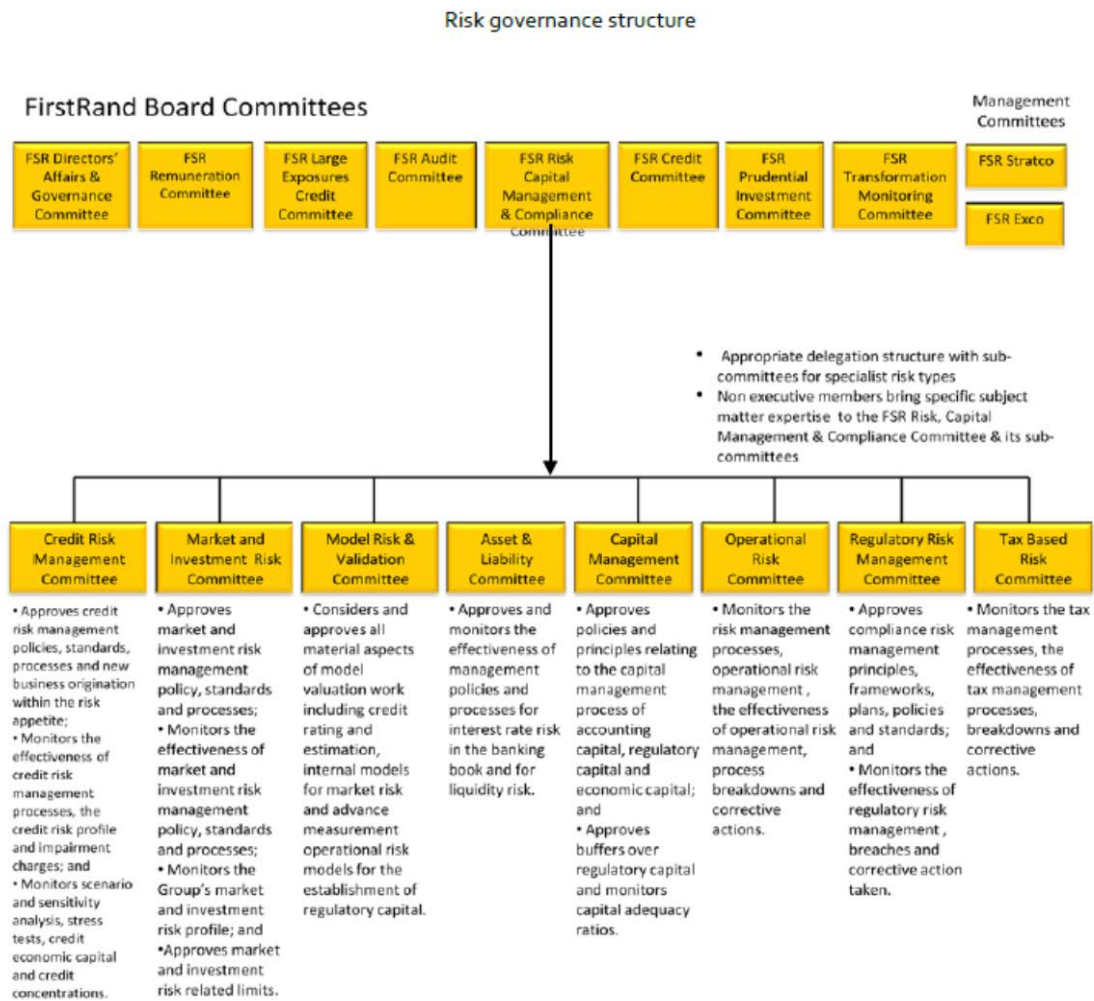
1. *Risk ownership* – Risk taking is inherent in the individual businesses' activities. Business management carries the primary responsibility for the risks in its business, in particular with respect to identifying and managing risk appropriately.
2. *Risk control* – Business heads are supported in this by deployed risk management functions that are involved in all business decisions and are represented at an executive level across all franchises. These are overseen by an independent, central risk control function, ERM.
3. *Independent assurance* – The third major control point involves functions providing independent assurance on the adequacy and effectiveness of risk management practices across the Group. These are the internal audit functions at a business and at a Group level.

The risk management structure described above is set out in the Business Performance and Risk Management Framework ("**BPRMF**"). As a policy of both the Board and the executive committee, it delineates the roles and responsibilities of key stakeholders in business, support and control functions across the various franchises and the Group. The BPRMF explicitly recognises the three lines of control listed above.

In line with the Group's corporate governance framework, the Board retains ultimate responsibility for ensuring that risks are adequately identified, measured, managed and monitored across the banking operations. The Board discharges its duty through relevant policies and frameworks as well as several board committees and subcommittees, as illustrated in the chart below. Although the Group and the Bank each has its own board of directors, there is a single set of governance committees for the Group and all three its major subsidiaries (i.e. the Bank, FREMA and FRIHL).

The primary board committee overseeing risk matters is the Risk Capital Management and Compliance ("**RCC**") committee. It has delegated responsibility for a number of specialist topics to various subcommittees, as outlined in the chart below. A number of the individual committees' members are non executives, further strengthening the Group's central, independent risk oversight and control functions.

Additional risk, audit and compliance committees exist in each franchise, the governance structures of which align closely with that of the Group. The board committees are staffed by members of the respective franchise committees so as to ensure a common understanding of the challenges businesses face and how these are addressed across the Group.



Note: Board Committee reports split by legal entity

### Divisional Committees



### Risk management framework

The governance structure described above is set out in the BPRMF. As a policy of both the Board and the executive committee of the Group it delineates the roles and responsibilities of key stakeholders in business, support and control functions across the various franchises and the Group.

The BPRMF stipulates that the head of each business unit is responsible for managing risk in line with the BPRMF and other relevant frameworks of the Group or divisional boards. As such, it emphasises the embedding of risk management as a core discipline and the requirement for giving explicit consideration to potential risks in all business decisions in line with the Group's focus on ensuring the sustainability of earnings. Business ownership of risk and responsibility for risk management constitutes the first line of control applied across the Group.

The heads of individual businesses are supported in this task by deployed risk management functions that participate in all business decisions. The heads of risk for the individual franchises have a direct reporting line to the Bank's Chief Risk Officer but also retain a second reporting line into the head of the respective franchise. As such, deployed risk functions are embedded in the business units. They are represented on the respective franchises' executive committees and are involved in strategy setting and business decision-making while remaining independent from a governance perspective with a primary focus on risk identification, measurement and control. The deployed risk management functions are overseen centrally by ERM, and together form the second line of risk controls across the Bank.

ERM is headed by the Chief Risk Officer, who is also a member of the executive committee. To ensure the independence of deployed risk management functions, the following also fall within the purview of the ERM function:

- agreeing deployed and divisional risk plans;
- reporting and escalation of risk matters;
- reviewing skill placement at divisional level and below; and
- performance assessment and remuneration of risk personnel.

The third line of control is provided by the independent audit function, both at the level of individual businesses and at a Group level. The Group Internal Audit department reports to the Board through the Group audit committee, and provides assurance on the implementation of risk frameworks and the integrity, accuracy and completeness of risk reports submitted to the individual franchise boards and the Group's RCC committee.

### ***Risk appetite***

The level of risk the Group is willing to take on – its risk appetite – is determined by the board, which also assumes responsibility for ensuring that risks are adequately managed and controlled through its RCC committee and its sub-committees.

The risk appetite framework sets out specific principles, objectives and measures that link diverse considerations such as strategy setting, risk considerations, target capitalisation levels and acceptable levels of earnings volatility. As each franchise is ultimately tasked with the generation of sustainable returns, risk appetite acts as a constraint on the assumption of ever more risk in the pursuit of profits – both in quantum and in kind. For example, a marginal increase in return in exchange for disproportionately more volatile earnings is not acceptable. Similarly, certain types of risk, such as risks to its reputation, are incompatible with the business philosophy and thus fall outside its risk appetite.

In addition to these considerations, risk appetite finds its primary quantitative expression in two measures, namely:

- the level of earnings growth and volatility the Group is willing to accept from certain risks that are core to its business; and
- the level of capitalisation it seeks to maintain and the return achieved on capital allocated.

These two measures define the risk capacity and this expression of risk appetite is calibrated against broader financial targets. As a function of the business environment and stakeholders' expectations and together with the primary risk appetite measures, these provide firm boundaries for the organisation's chosen path of growth.

In setting the risk appetite, the executive committee and the board balance the organisation's overall risk capacity with a bottom up view of the planned risk profile for each business. It is in this process that the Group ultimately seeks to achieve an optimal trade off between its ability to take on risk and the sustainability of the returns it delivers to its shareholders.

Risk appetite measures are included in all management reports across the businesses, as well as at board level. These measures are continually refined as more management information is available and stress test results are reported and discussed. Within the Group context, earnings are seen as the primary source of

loss absorptions under adverse conditions. The Group's capacity to absorb earnings volatility and fluctuations is therefore supported by the generation of sustainable profits. The earnings buffer and capital provide protection against unexpected events.

## **RISK PROFILE**

The Group is exposed to a number of risks that are inherent in its operations. Identifying, assessing, pricing and managing these risks appropriately are core competencies of the individual business areas. The major risk types to which the Bank is exposed include:

- *Credit risk* is the risk of loss due to the non performance of a counterparty in respect of any financial or performance obligation. For fair value portfolios, the definition of credit risk is expanded to include the risk of losses through fair value changes arising from changes in credit spreads. Credit risk also includes credit default risk, presettlement risk, country risk, concentration risk and securitisation risk.
- *Counterparty credit risk* is defined as the risk of a counterparty to a bilateral contract, transaction or agreement defaulting prior to the final settlement of the transaction's cash flows.
- *Market risk* is the risk of adverse revaluation of any financial instrument as a consequence of changes in market prices or interest rates.
- *Equity investment risk* - the risk of an adverse change in the fair value of an investment in a company, fund or any other financial instrument, whether listed, unlisted or bespoke.
- *Foreign exchange and translation risk* - Foreign exchange risk is the risk of losses occurring or a foreign investment's value changing from movements in foreign exchange rates. A bank has net open positions in foreign exchange, and as such is exposed to currency risk in its foreign currency positions and foreign investments. Translation risk is the risk associated with banks that deal in foreign currencies or hold foreign assets. The greater the proportion of asset, liability and equity classes denominated in a foreign currency, the greater the translation risk.
- *Funding and liquidity risk* - Liquidity risk is the risk that a bank will not be able to meet all payment obligations as liabilities fall due. It is also the risk of not being able to realise assets when required to do so to meet repayment obligations in a stress scenario.
- *Interest rate risk in the banking book* is defined as the sensitivity of the balance sheet and income statement to unexpected, adverse movements in interest rates.
- *Operational risk* is defined as the risk of loss resulting from inadequate or failed internal processes and systems or from external events and human error. It includes fraud and criminal activity (internal and external), project risk, legal risk, business continuity, information and IT risk, process and human resources risk.
- *Regulatory risk* is the risk of statutory or regulatory sanction and material financial loss or reputational damage as a result of a failure to comply with any applicable laws, regulations or supervisory requirements.
- *Strategic risk* is the risk to current or prospective earnings arising from adverse business decisions or the improper implementation of such decisions.
- *Business risk* is the risk to earnings and capital from potential changes in the business environment, client behaviour and technological progress. It is often termed volume and margin risk and relates to the Bank's ability to generate sufficient levels of revenue to offset its costs. This includes the risk of adverse changes in the macro and global economic conditions.
- *Reputational risk* is the risk of reputational damage due to compliance failures, pending litigations or bad press reports.
- *Macroeconomic risk* is the risk to the business due to changes in macroeconomic conditions, global economic conditions or credit shocks.

- *ESG risks* focus on the environmental, social and governance issues which impact the Bank's ability to successfully and sustainably implement business strategy.

A comprehensive overview of the Bank's risk profile is provided in the Risk and Capital Management report (pages 13 to 81 of the Issuer's Annual Report for the year to 30 June 2010), which is incorporated by reference into this Base Prospectus. Note that the references in the Risk and Capital Management report to "the Banking Group" and to "FirstRand Bank Holdings Limited" (which was the Bank controlling company as at 30 June 2010) are correct as at 30 June 2010. Following the Reorganisation in July 2010, references to the "Banking Group" should be read as references to the Group.

## RELATED PARTY TRANSACTIONS

The Bank enters into banking transactions in the normal course of business with related parties.

The Bank defines related parties as:

the parent company;

associate companies;

joint ventures;

key management personnel of the FirstRand Limited board of directors and the Bank executive committee;

close family members of key management personnel (individual's spouse/domestic partner and children; domestic partner's children and dependants of individual or domestic partner); and

enterprises which are controlled by these individuals through their majority shareholding or their role as chairman and/or CEO in those companies.

The following table sets out transactions with relevant related parties for the years ended 30 June 2010 and 2009.

<b>Transactions with related parties</b>	<b>2010</b>		<b>2009</b>	
	<b>Parent</b>	<b>Fellow subsidiaries</b>	<b>Parent</b>	<b>Fellow subsidiaries</b>
	<i>(R million)</i>			
<b>Loans and Advances</b>				
Balance 1 July.....	113	–	57	–
Net movement during the year.....	(113)	–	56	–
Balance 30 June.....	-	–	113	–
<b>Deposits</b>				
Balance 1 July.....				
Net movement during the year.....	11	–	9	–
Balance 30 June.....	220	–	2	–
<b>Loans to Insurance Group*</b>	231	–	11	–
Balance 1 July.....				
Net movement during the year.....				
Balance 30 June.....		1 651	–	1 841
<b>Loans from Insurance Group*</b>		(550)	–	(190)
Balance 1 July.....		1 101	–	1 651
Net movement during the year.....				
Balance 30 June.....				
<b>Amounts due to holding and fellow subsidiaries</b>	127	3 458	198	2 441
Balance 1 July.....	115	(306)	(71)	1 017
Net movement during the year.....	242	3 152	127	3 458
Balance 30 June.....				
<b>Amounts due from holding and fellow subsidiaries</b>				
Balance 1 July.....	51	16 113	869	25 633
Net movement during the year.....	215	5 489	(818)	(9 520)
Balance 30 June.....	266	21 602	51	16 113

\* Relate to Momentum, which has been merged with Metropolitan to form MMI Holdings Limited and no longer forms part of FirstRand.

Transactions with related parties entered into by the Bank for the years ended 30 June 2010 and 2009 were made in the ordinary course of business and on arm's length terms.

## THE BANKING SECTOR IN SOUTH AFRICA

The South African banking system is well developed and effectively regulated, comprising a central bank, several large, financially strong banks and investment institutions, and a number of smaller banks. Many foreign banks and investment institutions have also established operations in South Africa over the past decade. The South African Government is a subscriber to the IMF and World Bank regulations and policies. South African banks are regulated by the SARB, and the Basel II framework was implemented in South Africa through amendments to the Banks Act 94 of 1990 ("**the Banks Act**") and the promulgation of the Regulations relating to Banks, which became effective on 1 January 2008. South Africa is a member of the International Liaison Group of the Basel Committee.

The National Payment System Act, No. 78 of 1998 was introduced to bring the South African financial settlement system in line with international practice and systematic risk management procedures. The Payment Association of South Africa, under the supervision of the SARB, has facilitated the introduction of payment clearing house agreements. It has also introduced agreements pertaining to settlement, clearing and netting agreements, and rules to create certainty and reduce systemic and other risks in inter-bank settlement. These developments have brought South Africa in line with international inter-bank settlement practice. Electronic banking facilities are extensive, with a nationwide network of automatic teller machines and internet banking being available.

### *Regulation*

Financial regulation legislation in South Africa is increasingly following international best practice through the accords of international bodies such as the Bank of International Settlements (BIS); the International Organization of Securities Commissions (IOSCO); and the International Association of Insurance Supervisors (IAIS). Banks in South Africa are governed by various Acts and legislation, most significantly the Banks Act, which is primarily based on similar legislation in the United Kingdom, Australia and Canada.

As a result of the increasingly diversified business activities of South African banks and their central role in the provision of credit in the retail market, legislation aimed at protecting certain types of consumers has been enacted in South Africa. The South African Usury Act, No 73 of 1968 and the South African Credit Agreements Act, No 75 of 1980 have been replaced by the new South African National Credit Act No. 34 of 2005 ("**NCA**"), which came into full force and effect on 1 June 2007. The NCA has made significant changes to the interest, costs and fees which retail banks and other credit providers may charge consumers in South Africa. The maximum prescribed interest rates which may be levied on credit agreements are set out in the regulations to the NCA. The NCA further stipulates a closed list of costs and fees which may be recovered under a credit agreement in addition to the capital amount and interest. These are initiation fee, a monthly service fee, default administration costs and collection costs. The initiation fee for arranging the credit agreement may not exceed the maximum prescribed amount, monthly service fees for the banks administration of the agreement are capped, default administration charges must be levied in accordance with the Magistrates Court Act, 1944 and collection costs are also limited. Other charges which may be applicable are strictly regulated and may only be levied if specifically listed in the NCA and to the extent permitted in the NCA. The NCA also requires each credit provider to register with the National Credit Regulator. In addition, certain credit agreements which contain unlawful provisions in terms of the NCA could potentially be rendered void *ab initio*.

The South African Competition Commission launched an independent public enquiry into particular aspects of competition in retail banking and the national payment system in South Africa in August 2006 (the "**Enquiry**"). The broad focus of the Enquiry was on:

1. ATM fees, customer allocation and other related issues;
2. payment cards and interchange fees;
3. the National Payment System; and
4. pricing behaviour and market power.

In December 2008, the Enquiry panel released its full report. At the same time, the formation of an intergovernmental steering committee was announced. The steering committee is led by National



Treasury and will determine the official regulatory response to the Enquiry recommendations. The three main areas of focus in those deliberations are:

1. *Penalty fees*

The Enquiry has recommended that unpaid debit order penalty fees be capped at R5 per transaction. FNB charges fees on products, rather than per transaction. The Bank seeks to retain existing product returns.

2. *The Direct Charge Model on ATMs*

At present, the account holding bank charges consumers for all cash withdrawals, even when they are at another bank's ATM (an "off-us" transaction). Consumers are charged a "Saswitch" premium on top of the normal cash withdrawal fee for "off-us" cash withdrawals. The Enquiry report recommends that the Saswitch fee be replaced with a "direct charge" (or surcharge), payable by the consumer directly to the bank whose ATM is used. The inter-bank payment payable by the consumer's bank to the other bank for the use of its ATM infrastructure would also no longer be charged. The consumer's bank would retain the ability to charge a fee to the consumer for processing "off-us" cash withdrawals. The ATM bank would be forced to charge the same cash withdrawal fee to all consumers drawing cash at a given ATM, no matter where those consumers bank.

3. *Interchange Fees*

The Enquiry has recommended the formation of an independent panel, under the auspices of the SARB, to set interchange rates.

*Anti-money laundering regulations*

In 2006, the SARB commissioned two firms of auditors to verify compliance of banks with the requirements of the Financial Intelligence Centre Act, No. 38 of 2001. As a result of this audit, South African banks have made good progress in the implementation of anti-money laundering and combating the finance-of-terrorism measures.

*South African Reserve Bank ("SARB")*

The SARB is responsible for bank regulation and supervision in South Africa with the purpose of achieving a sound, efficient banking system in the interest of the depositors of banks and the economy as a whole. It performs this function through the Office of the Registrar of Banks, which issues banking licences to institutions and monitors their activities under the applicable legislation. The Registrar of Banks has extensive regulatory and supervisory powers. Every bank is obliged to furnish certain prescribed returns to the Registrar of Banks in order to enable him to monitor compliance with the formal, prudential and other requirements imposed on banks by, *inter alia*, the Banks Act. Such regulations may be, and are, amended from time to time in order to provide for amendments and additions to the prescribed returns, and the frequency of submission thereof. The Registrar of Banks acts with relative autonomy in executing his duties, but has to report annually to the Minister of Finance, who in turn has to table this report in Parliament. The extent of supervision entails the establishment of certain capital and liquidity requirements and the continuous monitoring of banks' adherence to legal requirements and other guidelines. The performance of individual banks is also monitored on an ongoing basis against developments in the banking sector as a whole. If deemed necessary, inspectors can be appointed to inspect the affairs of any bank, or any institution or person not registered as a bank, if there is reason to suspect that such an institution or person is carrying on the business of banking.

Currently the banking industry works within a three tiered framework:

1. the South African Banks Act, No. 94 of 1990 (effecting changes to the Banks Act requires Parliamentary approval);
2. the South African Regulations relating to Banks (changes to the Regulations require the approval of the South African Minister of Finance);
3. Banks Act Circulars, directives and guidance notes.
  - Circulars may be issued by the Registrar of Banks to furnish banks with guidelines regarding the application and interpretation of the provisions of the Banks Act.
  - Guidance notes may be issued by the Registrar of Banks in respect of market practices that banks may or may not consider in the conduct of their business and which are not mandatory for banks to implement but merely provide banks with further information.
  - Directives may be issued by the Registrar of Banks, after consultation with the affected parties, to prescribe certain processes or procedures to be followed by banks with regard to certain processes or procedures necessary in the administration of the Banks Act. It is obligatory for banks to comply with its prescriptions.

Certain provisions of the Banks Act have been amended, with effect from 1 January 2008, as read with the "Regulations relating to Banks" promulgated under section 90 of the Banks Act (the "**Regulations relating to Banks**") in order, among other things, to provide for the issue by a bank of:

- "hybrid-debt instruments", substantially on the terms and conditions set out in Regulation 38(13), and for the proceeds of the issue of such "hybrid-debt instruments" to qualify as Primary Share Capital;
- "hybrid-debt instruments", substantially on the terms and conditions set out in Regulation 38(14)(a) of, and for the proceeds of the issue of such "hybrid-debt instruments" to qualify as Undated Secondary Capital;
- term debt instruments, substantially on the terms and conditions set out in Regulation 38(14)(b), and for the proceeds of the issue of such term debt instruments to qualify as Dated Secondary Capital;
- debt instruments, substantially on the terms and conditions set out in Regulation 38(16), and for the proceeds of the issue of such debt instruments to qualify as Tertiary Capital.

Therefore issues of Tier 1 Notes, Undated Tier 2 Notes, Dated Tier 2 Notes and Tier 3 Notes will comply with the applicable provisions of the Regulations relating to Banks, as set out above, and the respective proceeds of such issues will qualify as, respectively, Primary Share Capital, Undated Secondary Capital, Dated Secondary Capital and Tertiary Capital.

The Banks Act and Regulations relating to Banks, circulars, directives and guidance notes issued by the Registrar of Banks set out the framework governing the formal relationship between South African banks and the Registrar's Office. Pursuant to this legislation, the Bank and representatives of the Registrar of Banks meet at regular bilateral meetings (between the Bank's Board of Directors and the Bank Supervision Department of the SARB), annual trilateral meetings (between the Bank's Board of Directors, the Bank Supervision Department of the SARB and the Bank's auditors) and prudential meetings (with the heads of each of the Bank's business divisions). The Bank also engages in frequent on-site reviews with the Registrar of Banks' supervisory team which cover a range of topics including an assessment of the Bank's performance against its peer group.

The Bank's relationship with the Registrar of Banks is managed by a dedicated regulatory risk management department (which reports to the CEO's office) to ensure open, constructive and transparent lines of communication. Informal meetings, updates, trends and strategies are reported to the Registrar of Banks on a regular basis. The Bank also employs a senior, independent compliance officer to ensure adherence to the applicable legislation.

The Bank views its relationship with the Registrar of Banks as being of the utmost importance and it is committed to fostering sound banking principles for the industry as a whole. In this regard, the Bank is a

member of the Banking Association of South Africa, whose role is to establish and maintain the best possible platform on which banking groups can conduct competitive, profitable and responsible banking.

In light of the recent various global initiatives to strengthen the resilience of the banking sector in response to the global financial crisis, the Banking Supervision Department of the SARB has commenced with a process to comprehensively amend the regulatory framework. In this regard, various amendments to both the Banks Act and the Regulations relating to Banks have been proposed with the effective date thereof scheduled for 1 January 2012.

#### *Current Environment*

As at 2 November 2010, there were 75 banks operating in South Africa – 13 registered banks with local control, 6 registered banks with foreign control, 13 branches of foreign banks, 2 mutual banks, and 41 representative offices of foreign banks. The five largest commercial banks by assets (*Source: BA900, June 2010*) are Absa Bank Limited, FirstRand Bank Limited, Investec Bank Limited, Nedbank Limited and The Standard Bank of South Africa Limited, which continue to consolidate their position in the retail market (accounting for some 91 per cent. of deposits and 91 per cent. of assets). Investment and merchant banking remains the most competitive sector in the industry. According to SARB, the banking sector in South Africa had total assets of ZAR3 trillion as at 30 June 2010 (*Source: BA900, June 2010*).

### **EXCHANGE CONTROL**

The information below is not intended as legal 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 who are non-South African residents or emigrants from the Common Monetary Area (defined below) are urged to seek further professional advice in regard to the purchase of notes.

Exchange controls restrict the export of capital from South Africa, Namibia and the Kingdoms of Swaziland and Lesotho (collectively the "**Common Monetary Area**"). These exchange controls are administered by the Financial Surveillance Department of the South African Reserve Bank ("ExCon") and regulate transactions involving South African residents. The purpose of exchange controls is to mitigate the decline of foreign capital reserves in South Africa. The Issuer expects that South African exchange controls will continue to operate for the foreseeable future. The South African government has, however, committed itself to gradually relaxing exchange controls and significant relaxation has occurred in recent years. It is the stated objective of the South African authorities to achieve equality of treatment between South African residents and non-South African residents in relation to inflows and outflows of capital. This gradual approach towards the abolition of exchange controls adopted by the South African government is designed to allow the economy to adjust more smoothly to the removal of controls that have been in place for a considerable period of time.

Since 1 March 2010 South African banks have been able to acquire direct and indirect foreign exposure up to 25 per cent. of their total liabilities (excluding equity), covering all foreign exposure but excluding FDI.

The prior written approval of ExCon is required for the issuance of each Tranche of notes issued under the Programme. The Issuer will obtain the prior written approval of ExCon for the issuance of each Tranche of the notes under the Programme. The Final Terms applicable to each Tranche of notes issued under the Programme will be required to contain a statement that the requisite ExCon approval has been obtained for that issuance.

ExCon may (and is currently expected to) impose certain conditions on the issue of each Tranche of notes under the Programme, for example, with regard to maturity, issue size and listing.

## TAXATION

*The following is a general description of certain South African tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in that country or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.*

### South African Taxation

#### *Withholding Tax*

Under current taxation law in South Africa, all payments made under the Notes to resident and non-resident Noteholders will be made free of withholding or deduction for or on account of any taxes, duties, assessments or governmental charges in South Africa. However, there will be withholding tax ("**WHT**") on interest payments to non-residents (excluding controlled foreign companies) at 10%, effective from 1 January 2013. This WHT will apply to interest as defined in section 24J(1) of the South African Income Tax Act, No. 58 of 1962 (the "**Income Tax Act**") (refer below) or deemed interest as contemplated in section 8E(2) of the Income Tax Act. There are exemptions, which include interest paid by any South African bank in respect of any debt, excluding 'back to back' arrangements between non-residents and a South African bank. A 'debt instrument' includes any loan, advance, debt, bond, debenture, bill, promissory note, banker's acceptance, negotiable certificate of deposit or similar instrument. Provided that the Notes are similar in nature to those instruments listed above to which the exemptions would apply, then interest paid by the Issuer will not attract WHT. The rate of this WHT will be reduced in terms of any relevant double taxation treaty. The legislation may be subject to change before it is implemented on 1 January 2013.

#### *Securities Transfer Tax (STT)*

No STT is payable on the issue or transfer of Notes (bonds) under the South African Securities Transfer Tax Act, No 25 of 2007, because they do not constitute securities for the purposes of that Act.

#### *Value-Added Tax (VAT)*

No VAT is payable on the issue or transfer of Notes.

Notes (bonds) constitute "*debt securities*" as defined in section 2(2)(iii) of the South African Value-Added Tax Act, No. 89 of 1991. The issue, allotment, drawing, acceptance, endorsement or transfer of ownership of a debt security is a financial service, which is exempt from VAT in terms of section 12(a) of that Act.

Commissions, fees or similar charges raised for the facilitation of these services will however be subject to VAT at the standard rate (currently 14 per cent.), except where the recipient is a non-resident as contemplated below.

Services (including exempt financial services) rendered to non-residents who are not in South Africa when the services are rendered, are subject to VAT at the zero rate in terms of section 11(2)(l) of the South African Value-Added Tax Act, No. 89 of 1991.

#### *Income Tax*

Under current taxation law effective in South Africa, a "*resident*" (as defined in section 1 of the Income Tax Act) is subject to income tax on his/her world-wide income. Accordingly, all Noteholders who are "*residents*" of South Africa will generally be liable to pay income tax, subject to available deductions, allowances and exemptions, on any interest earned pursuant to the Notes. Non-residents of South Africa are subject to income tax on all income derived from a South African source (subject to applicable double taxation treaties). Interest income is deemed to be derived from a South African source if it is derived from the utilisation or application in South Africa by any person of funds or credit obtained in terms of any form of "interest-bearing arrangement". The Notes will constitute an "interest-bearing arrangement". The place of utilisation or application of funds will, unless the contrary is proved, be deemed, in the case

of a juristic person (being anyone other than a natural person), to be that juristic person's place of effective management. The Issuer has its place of effective management in South Africa as at the date of this Base Prospectus. Accordingly, if the funds raised from the issuance of any Tranche of Notes are applied by the Issuer in South Africa, the interest earned by a Noteholder will be deemed to be from a South African source and subject to South African income tax, unless such interest income is exempt from South African income tax under section 10(1)(h) of the Income Tax Act (see below).

Under section 24J of the Income Tax Act, any discount or premium to the Nominal Amount of a Note is treated as part of the interest income on the Note. Interest income which accrues (or is deemed to accrue) to a Noteholder is deemed, in accordance with section 24J of the Income Tax Act, to accrue on a day-to-day basis until that Noteholder disposes of the Note or until maturity, unless an election has been made by the Noteholder (if the Noteholder is entitled under Section 24J of the Income Tax Act to make such election) to treat its Notes as trading stock on a mark-to-market basis. This day-to-day basis accrual is determined by calculating the yield to maturity and applying it to the capital involved for the relevant tax period. In practice the premium or discount is treated as interest for the purposes of the exemption under section 10(1)(h) of the Income Tax Act. However, due to the elective nature of the Issuer's interest payment obligations under Subordinated Notes, it is unlikely that section 24J of the Income Tax Act will apply to interest actually paid by the Issuer on the Subordinated Notes. Interest actually paid by the Issuer on Subordinated Notes will, however, still be subject to South African income tax unless such interest income is exempt from South African income tax under section 10(1)(h) of the Income Tax Act (see below).

Under section 10(1)(h) of the Income Tax Act, interest received by or accruing to a Noteholder who, or which, is not a resident of South Africa during any year of assessment, is exempt from income tax, unless that person:

is a natural person who was physically present in South Africa for a period exceeding 183 days in aggregate during that year of assessment; or

at any time during that year of assessment, carried on business through a permanent establishment in South Africa.

If a Noteholder does not qualify for the exemption under section 10(1)(h) of the Income Tax Act, exemption from, or reduction of, any South African tax liability may be available under an applicable double taxation treaty. Furthermore, certain entities may be exempt from South African income tax. Purchasers are advised to consult their own professional advisers as to whether the interest income earned on the Notes will be exempt under section 10(1)(h) of the Income Tax Act or under an applicable double taxation treaty.

#### *Capital Gains Tax*

Capital gains and losses of residents of South Africa on the disposal of Notes are subject to South African capital gains tax, unless the Notes are purchased for re-sale in the short term at a profit or as part of a scheme of profit making, in which case the proceeds will be subject to South African income tax. Any discount or premium on acquisition which has already been treated as interest for income tax purposes, under section 24J of the Income Tax Act will not be taken into account when determining any capital gain or loss. Under section 24J(4A) of the Income Tax Act a loss on disposal will, to the extent that it has previously been included in taxable income (as interest), be allowed as a deduction from the taxable income of the holder when it is incurred and accordingly will not give rise to a capital loss.

Capital gains tax under the Eighth Schedule to the Income Tax Act will not be levied in relation to Notes disposed of by a person who is not a resident of South Africa unless the Notes disposed of are attributable to a permanent establishment of that person through which a trade is carried on in South Africa during the relevant year of assessment.

Purchasers are advised to consult their own professional advisers as to whether a disposal of Notes will result in a liability to capital gains tax.

#### *Definition of interest*

The references to "*interest*" above mean "*interest*" as understood in South African tax law. The statements above do not take any account of any different definitions of "*interest*" or "*principal*" which may prevail

under any other law or which may be created by the Terms and Conditions of the Notes or any related documentation.

### **EU Savings Tax Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Tax Directive**"), each Member State is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. By Royal Decree dated 27 September 2009 and published in the Belgian Official Gazette on 1 October 2009, the Belgian State elected to abandon the transitional withholding system and provide information in accordance with the Directive as from 1 January 2010.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

On 13 November 2008 the European Commission published a proposal for amendment to the EU Savings Tax Directive, which included a number of suggested changes which, if implemented, would broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

## SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of BNP Paribas, Citigroup Global Markets Limited, FirstRand Bank Limited London Branch, ING Bank N.V., J.P. Morgan Securities Ltd., Mizuho International plc, Morgan Stanley & Co. International plc, The Royal Bank of Scotland plc and UBS Limited (the "**Dealers**"). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in an amended and restated Dealer Agreement dated 21 October 2009 (the "**Dealer Agreement**") and made between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

### **United States of America:** *Regulation S Category 2.*

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

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Fiscal Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Fiscal Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### **Public Offer Selling Restriction Under The Prospectus Directive:**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

*Qualified investors:* at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

*Fewer than 100 offerees:* at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other

than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

*Other exempt offers:* at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

**provided that** no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

#### **Selling Restrictions Addressing Additional United Kingdom Securities Laws:**

Each Dealer has represented, warranted and agreed that:

**No deposit-taking:** in relation to any Notes having a maturity of less than one year:

it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and

it has not offered or sold and will not offer or sell any Notes other than 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

who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

**Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

**General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

#### **Selling Restrictions Addressing Additional Securities Laws:**

##### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended; the "**FIEL**") and, accordingly, each Dealer has undertaken that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with the FIEL and all other applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "**Japanese Person**" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.



### ***South Africa***

In relation to South Africa, each Dealer has (or will have) represented, warranted and agreed that it will not make an "*offer to the public*" (as such expression is defined in the South African Companies Act, No. 61 of 1973 (the "**SA Companies Act**")) of Notes (whether for subscription, purchase or sale) in South Africa. No South African residents or their offshore subsidiaries may subscribe for or purchase any Note or beneficially hold or own any Note unless such subscription purchase or beneficial holding or ownership is otherwise permitted under the South African exchange control regulations or the rulings or policies of ExCon. This Base Prospectus does not, nor is it intended to, constitute a prospectus prepared and registered under the SA Companies Act.

### ***General***

Each Dealer has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "*General*" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Base Prospectus.

## FORM OF FINAL TERMS OF THE UNSUBORDINATED, TIER 2 AND TIER 3 NOTES

Final Terms dated [ ]



# FIRSTRAND Bank Limited

## FIRSTRAND BANK LIMITED

(Registration Number 1929/001225/06)  
(incorporated with limited liability in South Africa)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the U.S.\$1,500,000,000  
**Euro Medium Term Note Programme**

Issue Price: [ ] per cent.

[Name(s) of Manager(s)]

*The Final Terms in respect of each Tranche of Unsubordinated, Tier 2 and Tier 3 Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Unsubordinated, Tier 2 and Tier 3 Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.*

Final Terms dated [ ]

## FIRSTRAND BANK LIMITED

(Registration Number 1929/001225/06)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] (the "Notes")  
under the U.S.\$1,500,000,000

## Euro Medium Term Note Programme

### PART A – CONTRACTUAL TERMS

*[Option 1: The following paragraphs should only be inserted for issues to be admitted to trading on an EU regulated market and/or offered to the public in the European Economic Area]*

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Unsubordinated, Tier 2 and Tier 3 Notes (the "**Conditions**") set forth in the Base Prospectus dated 27 January 2011 [and the supplement to the Base Prospectus dated [ ] which [together] constitute[s] a base prospectus] (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms relating to the issue of Notes described herein for the purposes of Article 5.4 of the Prospectus Directive. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus [as so supplemented].

Full information on the Issuer and the Notes described herein is only available on the basis of a combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement to the Base Prospectus] [is/are] available for viewing at [[address] [and] [website]] and copies may be obtained from the registered office of FirstRand Bank Limited at 4 Merchant Place, Cnr. Fredman Drive & Rivonia Road, Sandton, 2196, South Africa.

*(The following alternative language applies if the first Tranche of an issue of Notes which is being increased was issued under a Base Prospectus with an earlier date.)*

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the [Unsubordinated, Tier 2 and Tier 3] Notes (the "**Conditions**") set forth in the Base Prospectus dated [original date] [and the supplement to the Base Prospectus dated [ ]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus dated 27 January 2011 [and the supplement to the Base Prospectus dated [ ], which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive, save in respect of the Conditions which are incorporated by reference in the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Conditions and the Base Prospectus dated 27 January 2011 [and the supplement to the Base Prospectus dated [ ]]. [The Base Prospectus [and the supplement to the Base Prospectus] [is/are] available for viewing at the offices of the Paying Agents and copies may be obtained at [[address] [and] [website]] and copies may be obtained from the registered office of FirstRand Bank Limited at 4 Merchant Place, Cnr. Fredman Drive & Rivonia Road, Sandton, 2196, South Africa.]]

*End of Option 1*

*[Option 2: The following paragraphs should only be inserted for issues of Notes which are not to be admitted to trading on an EU regulated market and not offered to the public in the European Economic Area]*

[This document constitutes the Final Terms relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Original Conditions set forth in the Base Prospectus dated 27 January 2011 [and the supplement to the Base Prospectus dated [ ]] ([together], the "**Base Prospectus**"). These Final Terms of the Notes must be read in conjunction with such Base Prospectus [as so supplemented].

*(The following alternative language applies if the first Tranche of an issue of Notes which is being increased was issued under a Base Prospectus with an earlier date.)*

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the [Unsubordinated, Tier 2 and Tier 3] Notes (the "**Conditions**") set forth in the Base Prospectus dated [original date]. These Final Terms of the Notes must be read in conjunction with the Base Prospectus dated 27 January 2011 [and the supplement to the Base Prospectus dated [ ]] ([together], the "**Base Prospectus**"), save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] and are incorporated by reference in the Base Prospectus dated 27 January 2011.]

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]*

*[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]*

1. Issuer: FirstRand Bank Limited
2. [(i) Series Number: [ ]  
[(ii) Tranche Number: [ ]  
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible). [ ]]
3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount: [ ]  
[(i) Series: [ ]  
[(ii) Tranche: [ ]]
5. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)].
6. (i) Specified Denominations: [ ]  
*Notes which are to be admitted to trading on a Regulated Market in the European Economic Area or offered in the European Economic Area in circumstances where a Prospectus is required to be published under the Prospectus Directive may not have a minimum denomination of less than EUR100,000 (or nearly equivalent in another currency)*  
(ii) Calculation Amount: [ ]  
*(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. [(i) Issue Date [ ]  
[(ii) Interest Commencement Date: [Specify/Issue Date/Not Applicable]]
8. Maturity Date [specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]  
  
[Subject to the applicable Capital Regulations, (i) Dated Tier 2 Notes must have a minimum Maturity Period of five years and one day, and (ii) Tier 3 Notes must have a minimum Maturity Period of two years and one day.]  
  
*If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum*

*redemption value of £100,000 (or its equivalent in other currencies) and be sold only to “professional investors” or (ii) another applicable exemption from section 19 of the FSMA must be available.*

9. Interest Basis: [] per cent. Fixed Rate]  
 [[*specify reference rate*] +/-] [] per cent. Floating Rate]  
 [Zero Coupon]  
 [Index-Linked Interest]  
 [Other (specify)]  
 (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]  
 [Index-Linked Redemption]  
 [Dual Currency]  
 [Partly Paid]  
 [Instalment]  
 [Other (*specify*)]
11. Change of Interest or Redemption/Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis*]
12. Put/Call Options [Investor Put]  
 [Issuer Call]  
 [(further particulars specified below)]
13. [(i)] Status of the Notes: [Unsubordinated Notes]  
 [Subordinated Notes: Undated Tier 2 Notes/ Dated Tier 2 Notes/Tier 3 Notes]
- [(ii)] Additional Conditions: [Applicable/Not Applicable] (*if applicable give details*)
- [(iii)] [Date [Board] approval for issuance of Notes obtained: [ ]]  
 (*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes*)
- [(iv)] Date of approval(s) of Registrar of Banks for issuance of Notes obtained: [*Required for each issue*]
- [(v)] Date of approval(s) of Exchange Control Department of the South African Reserve Bank for issuance of Notes obtained [*Required for each issue*]
14. Method of distribution: [*Syndicated/Non-syndicated*]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
 (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Rate[(s)] of Interest: [ ] per cent, per annum [payable [annually/ semi-annually/quarterly/monthly] in arrear].

- (ii) Interest Payment Date(s): [ ] in each year [adjusted in accordance with *[specify Business Day Convention and any applicable Additional Business Centre(s) for the definition of "Business Day"]/not adjusted*].
- (iii) Fixed Coupon Amount[(s)] [ ] per Calculation Amount.
- (iv) Broken Amount(s): [ ] per Calculation Amount payable on the Interest Payment Date falling [in/on] [ ]
- (v) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA)/other]
- [(vi) Determination Dates: [ ] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/ Actual (ICMA)*)].
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes:: [Not Applicable/*give details*]
16. **Floating Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Specified Period: [ ]  
*(Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable".)*
- (ii) Specified Interest Payment Dates: [ ]  
*(Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable".)*
- (iii) First Interest Payment Date: [ ]
- (iv) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (*give details*)]
- (v) Additional Business Centre(s): [Not Applicable/*give details*]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ ISDA Determination/ other (*give details*)]
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Fiscal Agent): *[[Name] shall be the Calculation Agent (no need to specify if the Fiscal Agent is to perform this function)].*
- (viii) Screen Rate Determination: - Reference Rate: *[For example, LIBOR or EURIBOR]*

- Interest Determination Date(s): [The second day on which the TARGET system is open prior to the start of each Interest Period/ The first day of each Interest Period/ other (give details)].
  - Relevant Screen Page: [For example, Reuters LIBOR 01/EURIBOR 01]
  - Relevant Time: [For example, 11.00 a.m. London time/Brussels time]
  - Relevant Financial Centre: [For example, London/Euro-zone (where Euro- zone means the region comprised of the countries whose lawful currency is the euro)]
- (ix) ISDA Determination: - [ ]  
Floating Rate Option:
- Designated Maturity: [ ]
  - Reset Date: [ ]
- (x) Margin(s): [+/-][ ] Per cent- Per annum
- (xi) Minimum Rate of Interest: [ ] per cent, per annum
- (xii) Maximum Rate of Interest: [ ] per cent, per annum
- (xiii) Day Count Fraction: [ ]
- (xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:
17. **Zero Coupon Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Accrual Yield: [ ] per cent, per annum
- (ii) Reference Price: [ ]
- (iii) Any other formula/basis of determining amount payable: [Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition 12(i)]
18. **Index-Linked Interest Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Index/Formula: [Give or annex details]
- (ii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Fiscal Agent): [ ]
- (iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or

impracticable:

- (iv) Specified Period    
*(Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")*
- (v) Specified Interest Payment Dates:    
*(Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable".)*
- (vi) Business Day Convention:  [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (vii) Additional Business Centre(s):
- (viii) Minimum Rate of Interest:  per cent, per annum
- (ix) Maximum Rate of Interest:  per cent, per annum
- (x) Day Count Fraction:
- (xi) Market Disruption or Settlement Disruption Events:  *[Describe any market disruption or settlement disruption events that affect the Index.]*
19. **Dual Currency Note Provisions**  [Applicable/Not Applicable]   
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate of Exchange/method of calculating Rate of Exchange:  [Give details]
- (ii) Party, if any, responsible for calculating the principal and/or interest due (if not the Fiscal Agent):
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:
- (iv) Person at whose option Specified Currency(ies) is/are payable:

## PROVISIONS RELATING TO REDEMPTION

20. **Call Option**  [Applicable/Not Applicable]   
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- Consent of Registrar of Banks will be necessary where Notes are Subordinated Notes*



- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [ ] per Calculation Amount
- (iii) If redeemable in part:
  - (a) Minimum Redemption Amount: [ ] per Calculation Amount
  - (b) Maximum Redemption Amount: [ ] per Calculation Amount
- (iv) Notice period: [ ]
- (v) Approval(s) of Registrar of Banks: [Applicable/Not Applicable]  
(N.B. Only relevant where the Notes are Subordinated Notes)

21. **Put Option** [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)  
*Only applicable to Unsubordinated Notes*

- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [ ] per Calculation Amount
- (iii) Notice period: [ ]

22. **Final Redemption Amount of each Note** [[ ] per Calculation Amount]

In cases where the Final Redemption Amount is Index-Linked or other variable-linked: [give or annex details]

- (i) Index/Formula/variable: [ ]
- (ii) Party responsible for calculating the Final Redemption Amount (if not the Fiscal Agent): [ ]
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [ ]
- (iv) Determination Date(s): [ ]
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is [ ]

impossible or impracticable or otherwise disrupted:

- (vi) Payment Date: [ ]
- (vii) Minimum Final Redemption Amount: [ ] per Calculation Amount
- (viii) Maximum Final Redemption Amount: [ ] per Calculation Amount

23. **Early Redemption Amounts**

- (i) Early Redemption Amount (Regulatory) per Calculation Amount: *[Include details of Make Whole Redemption Price]*
- (ii) Early Redemption Amount (Tax) per Calculation Amount: Principal amount plus accrued interest (if any) to the date fixed for redemption
- (iii) Early Termination Amount: *[Not Applicable (if the Early Termination Amount is the principal amount of the Notes/ specify the Early Termination Amount if different from the principal amount of the Notes)]*

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- 24. Form of Notes: **Registered Notes:**  
Global Note Certificate exchangeable for individual Note Certificates in the limited circumstances specified in the Global Note Certificate.
- 25. Additional Financial Centre(s) or other special provisions relating to Payment Dates: *[Not Applicable/give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 16(ii), 17(iv) and 19(vii) relate]*
- 26. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: *[Not Applicable/give details]*
- 27. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: *[Not Applicable/give details]*
- 28. Other terms or special conditions: *[Not Applicable/give details]*  
  
*[(For Subordinated Notes, specify the Additional Conditions (if any) prescribed by the Registrar of Banks and those of the applicable Capital Regulations (if any) which are not set out in the Terms and Conditions and/or these Final Terms)]*  
  
*(When adding any other final terms consideration should be given as to whether such terms constitute*

*“significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)*

**DISTRIBUTION**

- 29. (i) If syndicated, names of Managers: [Not Applicable/give names]
- (ii) Stabilising Manager (if any): [Not Applicable/give name]
- (iii) Date of Subscription Agreement [ ]
- 30. If non-syndicated, name and address of Dealer: [Not Applicable/give name and address]
- 31. TEFRA: Not Applicable
- 32. Total commission and concession: [ ] per cent, of the Aggregate nominal amount
- 33. Additional selling restrictions: [Not Applicable/give details]

**[PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for issue and admission to trading on the regulated market of the London Stock Exchange] of the Notes described herein pursuant to the U.S.\$1,500,000,000 Euro Medium Term Note Programme of FirstRand Bank Limited.]

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms [ [ ] has been extracted from [ ]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced inaccurate or misleading.].

Signed on behalf of FirstRand Bank Limited:

By: .....  
Duly authorised

## PART B - OTHER INFORMATION

### 34. LISTING AND ADMISSION TO TRADING

- (i) Listing: [London/other (*specify*)/None]
- (ii) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the London Stock Exchange/[other] with effect from [ ] [Not Applicable.]
- (iii) Estimate of total expenses related to admission to trading: (*Where documenting a fungible issue need to indicate that original securities are already admitted to trading.*) [ ]

### 35. RATINGS

- Ratings: The Notes to be issued have been rated:
- [S&P: [ ]]  
[Moody's: [ ]]  
[[Other]: [ ]]
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*
- [This credit rating has/These credit ratings have] been issued by [*full name of legal entity which has given the rating*] which [is/is not] established in the European Union and which [[is/is not] registered/has applied for registration] under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.]"
- OR, alternatively (if there is an endorsed rating):*
- [This credit rating has/These credit ratings have] been issued by [*full name of legal entity*] which is not established in the European Union or registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies but has/have been endorsed by (and for the purposes of that Regulation is/are deemed to be issued by) [*full name of legal entity*] which is an entity established in the European Union and registered under that Regulation.]

### 36. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

Need to include a description of any interest, including conflicting ones, that is material to the issue/ offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save as discussed in "Subscription and Sale" in the Base Prospectus, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer"

(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement

to the Base Prospectus under Article 16 of the Prospectus Directive)

37. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

(i) Reasons for the offer [ ]

*(See "Use of Proceeds" wording in Prospectus - if reasons for offer different from making profit and/ or hedging certain risks will need to include those reasons here.)*

(ii) Estimated net proceeds: [ ]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

[(iii)] Estimated total expenses [ ]. *[Include breakdown of expenses.]*

*(Only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)*

38. **[Fixed Rate Notes Only - YIELD**

Indication of yield: [ ]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

39. **[Index-Linked Or Other Variable-Linked Notes Only - PERFORMANCE OF INDEX/ FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING**

*Need to include details of where past and future performance and volatility of the index/formula/ other variable can be obtained. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information. Include other information concerning the underlying required by Paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]*

*(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)*

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].

40. **[Dual Currency Notes Only - PERFORMANCE OF RATE[S] OF EXCHANGE**

*Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained.]*

*(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)*

41. **OPERATIONAL INFORMATION**

ISIN Code: [ ]

Common Code: [ ]

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agent(s) [ ]

Names and addresses of additional Paying Agent(s) (if any): [ ]

## FORM OF FINAL TERMS OF THE TIER 1 NOTES

Final Terms dated [ ]



**FIRSTRAND**  
Bank Limited

**FIRSTRAND BANK LIMITED**

(Registration Number 1929/001225/06)  
(incorporated with limited liability in South Africa)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the U.S.\$1,500,000,000  
**Euro Medium Term Note Programme**

Issue Price: [ ] per cent.

[Name(s) of Manager(s)]

*The Final Terms in respect of each Tranche of Tier 1 Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Tier 1 Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.*

Final Terms dated [ ]

**FIRSTRAND BANK LIMITED**

(Registration Number 1929/001225/06)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] (the "Notes")  
under the U.S.\$1,500,000,000  
Euro Medium Term Note Programme

### **PART A – CONTRACTUAL TERMS**

*[Option 1: (The following paragraphs should only be inserted for issues to be admitted to trading on an EU regulated market and/or offered to the public in the European Economic Area)]*

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Tier 1 Notes set forth in the Base Prospectus dated 27 January 2011 and the supplement to the Base Prospectus dated [ ] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms relating to the issue of Notes described herein for the purposes of Article 5.4 of the Prospectus Directive. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus [as so supplemented].

Full information on the Issuer and the Notes described herein is only available on the basis of a combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement to the Base Prospectus] [is/are] available for viewing at [[address] [and] [website]] and copies may be obtained from the registered office of FirstRand Bank Limited at 4 Merchant Place, Cnr. Fredman Drive & Rivonia Road, Sandton, 2196, South Africa.

*(The following alternative language applies if the first Tranche of an issue of Notes which is being increased was issued under a Base Prospectus with an earlier date.)*

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Tier 1 Notes (the "**Conditions**") set forth in the Base Prospectus dated [original date]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive

2003/71/EC) (the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus dated 27 January 2011 [and the supplement to the Base Prospectus dated [ ]], which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive, save in respect of the Conditions which are incorporated by reference in the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Conditions and the Base Prospectuses dated 27 January 2011 [and the supplement to the Base Prospectus dated [ ]]. [The Base Prospectus [and the supplement to the Base Prospectus] [is/are] available for viewing at the offices of the Paying Agents and copies may be obtained at [[address] [and] [website]] and copies may be obtained from the registered office of FirstRand Bank Limited at 4 Merchant Place, Cnr. Fredman Drive & Rivonia Road, Sandton, 2196, South Africa.]]

*End of Option 1*

**[Option 2: The following paragraphs should only be inserted for issues of Notes which are not to be admitted to trading on an EU regulated market and not offered to the public in the European Economic Area]**

[This document constitutes the Final Terms 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 of the Tier 1 Notes set forth in the Base Prospectus dated 27 January 2011 [and the supplement to the Base Prospectus dated [ ]] ([together], the "**Base Prospectus**"). These Final Terms of the Notes must be read in conjunction with such Base Prospectus [as so supplemented].

*(The following alternative language applies if the first Tranche of an issue of Notes which is being increased was issued under a Base Prospectus with an earlier date.)*

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Tier 1 Notes (the "**Conditions**") set forth in the Base Prospectus dated [original date]. These Final Terms of the Notes must be read in conjunction with the Base Prospectus dated 27 January 2011 [and the supplement to the Base Prospectus dated [ ]] ([together], the "**Base Prospectus**"), save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] and are incorporated by reference in the Base Prospectus dated 27 January 2011.]

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]*

*[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]*

- |    |   |  |
|----|---|--|
| 1. | Issuer:   | FirstRand Bank Limited   |
| 2. | [(i) Series Number:   | [ ]]   |
|    | [(ii) Tranche Number:   | [ ]]   |
|    | (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible). |  |
| 3. | Specified Currency or Currencies:   | [ ]]   |
| 4. | Aggregate Nominal Amount:   | [ ]]   |
|    | [(i) Series:  | [ ]]   |
|    | [(ii) Tranche:  | [ ]]   |
| 5. | Issue Price:  | [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]. |



6. (i) Specified Denominations: [ ]
- Notes which are to be admitted to trading on a Regulated Market in the European Economic Area or offered in the European Economic Area in circumstances where a Prospectus is required to be published under the Prospectus Directive may not have a minimum denomination of less than EUR100,000 (or nearly equivalent in another currency)*
- (ii) Calculation Amount: [ ]
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. [(i)] Issue Date [ ]
- [(ii)] Interest Commencement Date: [*Specify/Issue Date/Not Applicable*]
8. Interest Basis: [[ ] per cent. Fixed Rate]  
[[*specify reference rate*] +/-] [ ] per cent. Floating Rate]  
[Other (*specify*)]  
(further particulars specified below)
9. Redemption/Payment Basis: [Redemption at par]  
[Dual Currency]  
[Other (*specify*)]
10. Change of Interest or Redemption/Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis*]
11. Call Options Issuer Call  
(further particulars specified below)
12. (i) Status of the Notes: Subordinated Notes: Tier 1 Notes
- [(ii)] Additional Conditions: [Applicable/Not Applicable] (*if applicable give details*)
- [(iii)] [Date [Board] approval for issuance of Notes obtained: [ ]  
(*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes*)
- [(iv)] Date of approval(s) of Registrar of Banks for issuance of Notes obtained: [*Required for each issue*]
- [(v)] Date of approval(s) of Exchange Control Department of the South African Reserve Bank for issuance of Notes obtained [*Required for each issue*]
13. Method of distribution: [Syndicated/Non-syndicated]

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear].
- (ii) Interest Payment Date(s): [ ] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Additional Business Centre(s) for the definition of "**Business Day**"/not adjusted].
- (iii) Fixed Coupon Amount[(s)]: [ ] per Calculation Amount.
- (iv) Broken Amount(s): [ ] per Calculation Amount payable on the Interest Payment Date falling [in/on] [ ].
- (v) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA) / other]
- (vi) [Determination Dates: [ ] in each year *(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
15. **Floating Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Specified Period: [ ]  
*(Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable".)*
- (ii) Specified Interest Payment Dates: [ ]  
*(Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable".)*
- (iii) First Interest Payment Date: [ ]
- (iv) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other *(give details)*]
- (v) Additional Business Centre(s): [Not Applicable/give details]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ ISDA Determination/ other *(give details)*]
- (vii) Party responsible for calculating the Rate(s) of [Name] shall be the Calculation Agent *(no need to*

- Interest and Interest Amount(s) (if not the Fiscal Agent): *specify if the Fiscal Agent is to perform this function*).
- (viii) Screen Rate Determination:
- Reference Rate: *[For example, LIBOR or EURIBOR]*
  - Interest Determination Date(s): *[The second day on which the TARGET system is open prior to the start of each Interest Period/The first day of each Interest Period/ other (give details)].*
  - Relevant Screen Page: *[For example, Reuters LIBOR 01/EURIBOR 01]*
  - Relevant Time: *[For example, 11.00 a.m. London time/Brussels time]*
  - Relevant Financial Centre: *[For example, London/Euro-zone (where Euro- zone means the region comprised of the countries whose lawful currency is the euro)]*
- (ix) ISDA Determination
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (x) Margin(s): *[+/-] [ ] per cent. per annum*
- (xi) Minimum Rate of Interest: [ ] per cent. per annum
- (xii) Maximum Rate of Interest: [ ] per cent. per annum
- (xiii) Day Count Fraction:
- (xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:
16. **Dual Currency Note Provisions** *[Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate of Exchange/method of calculating Rate of Exchange: *[Give details]*
  - (ii) Party, if any, responsible for calculating the principal and/or interest due (if not the Fiscal Agent): [ ]
  - (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [ ]
  - (iv) Person at whose option Specified Currency(ies) is/are [ ]

payable:

## PROVISIONS RELATING TO REDEMPTION

17. **Call Option** Applicable
- (i) First Optional Redemption Date: [ ]
- (ii) Optional Redemption Date(s): [ ]
- (iii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [ ] per Note of [ ] specified denomination
18. **Early Redemption Amounts**
- (i) Early Redemption Amount (Regulatory) per Calculation Amount: *[Include details of Make Whole Redemption Price]*
- (ii) Early Redemption Amount (Tax) per Calculation Amount: Principal amount plus accrued interest (if any) to the date fixed for redemption

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

19. Form of Notes: Registered Notes:
- Global Note Certificate exchangeable for individual Note Certificates in the limited circumstances specified in the Global Note Certificate.*
20. Additional Financial Centre(s) or other special provisions relating to Payment Dates: *[Not Applicable/give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 16(ii), 17(iv) and 19(vii) relate]*
21. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: *[Not Applicable/give details]*
22. Other terms or special conditions: *[Not Applicable/give details]*
- [(Specify the Additional Conditions (if any) prescribed by the Registrar of Banks and those conditions of the applicable Capital Regulations (if any) which are not set out in the Terms and Conditions and/or these Final Terms)]*
- (When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)*

## DISTRIBUTION

23. (i) If syndicated, names of Managers: [Not Applicable/*give names*]
- (ii) Stabilising Manager (if any): [Not Applicable/*give name*]
- (iii) Date of Subscription Agreement [ ]
24. If non-syndicated, name and address of Dealer: [Not Applicable/*give name and address*]
25. TEFRA: Not Applicable
26. Total commission and concession: [ ] per cent, of the Aggregate nominal amount
27. Additional selling restrictions: [Not Applicable/*give details*]

**[PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for issue and admission to trading on the regulated market of the London Stock Exchange] of the Notes described herein pursuant to the U.S.\$1,500,000,000 Euro Medium Term Note Programme of FirstRand Bank Limited.]

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms [[ ] has been extracted from [ ]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced inaccurate or misleading.].

Signed on behalf of FirstRand Bank Limited:

By: .....  
Duly Authorised

## PART B - OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [London/other (*specify*)/None]
- (ii) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the London Stock Exchange/[other] with effect from [ ] .] [Not Applicable.]
- (iii) Estimate of total expenses related to admission to trading: (*Where documenting a fungible issue need to indicate that original securities are already admitted to trading.*)  
[ ]

### 2. RATINGS

- Ratings: The Notes to be issued have been rated:
- [S&P: [ ]]  
[Moody's: [ ]]  
[[Other]: [ ]]
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*
- [This credit rating has/These credit ratings have] been issued by [*full name of legal entity which has given the rating*] which [is/is not] established in the European Union and which [[is/is not] registered/has applied for registration] under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.]"
- OR, alternatively (if there is an endorsed rating):*
- [This credit rating has/These credit ratings have] been issued by [*full name of legal entity*] which is not established in the European Union or registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies but has/have been endorsed by (and for the purposes of that Regulation is/are deemed to be issued by) [*full name of legal entity*] which is an entity established in the European Union and registered under that Regulation.]

### 3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

Need to include a description of any interest, including conflicting ones, that is material to the issue/ offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save as discussed in "Subscription and Sale" in the Base Prospectus, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."

*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)*

4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

(i) Reasons for the offer [ ]

*(See "Use of Proceeds" wording in Prospectus - if reasons for offer different from making profit and/ or hedging certain risks will need to include those reasons here.)*

(ii) Estimated net proceeds: [ ]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

(iii) Estimated total expenses [ ] . *[Include breakdown of expenses.]*

*(Only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)*

5. **[Fixed Rate Notes Only - YIELD**

Indication of yield: [ ] .

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6. **[Variable-Linked Notes Only - PERFORMANCE OF VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING**

*Need to include details of where past and future performance and volatility of the variable can be obtained. Include other information concerning the underlying required by Paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]*

*(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)*

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].

7. **[Dual Currency Notes Only - PERFORMANCE OF RATE[S] OF EXCHANGE**

*Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained.]*

*(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)*

8. **OPERATIONAL INFORMATION**

ISIN Code: [ ]

Common Code: [ ]



Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, *société anonyme* and the relevant identification number(s) [Not Applicable/*give name(s) and number(s)*]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agent(s) [ ]

Names and addresses of additional Paying Agent(s) (if any) [ ]

## GENERAL INFORMATION

### 1. Authorisations

The establishment of the Programme was authorised by written resolutions of the Board of Directors of the Issuer passed on 22 May 2007. The update of the Programme was authorised by written resolutions of the Board of Directors of the Issuer passed on 30 November 2010. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

### 2. Significant/Material Change

Since 30 June 2010 there has been no material adverse change in the prospects of the Issuer or the Issuer and its Subsidiaries (taken as a whole) nor any significant change in the financial or trading position of the Issuer or the Issuer and its Subsidiaries (taken as a whole).

### 3. Auditors

The audited non consolidated financial statements of the Issuer for the years ended 30 June 2010 and 30 June 2009 and the audited consolidated financial statements of the Issuer for the years ended 30 June 2010 and 30 June 2009 have been audited without qualification by PricewaterhouseCoopers Inc. whose address is 2 Eglin Road, Sunninghill 2157, South Africa and Deloitte & Touche whose address is The Woodlands, 20 Woodlands Drive, Woodmead 2199, South Africa.

### 4. Approvals

Notes, the proceeds of which are intended to qualify as Primary Share Capital, Dated Secondary Capital, Undated Secondary Capital or Tertiary Capital, to be issued under the Programme are "debt instruments" as contemplated by section 79(1)(b) of the Banks Act. Accordingly, the Issuer requires the consent of the Registrar of Banks in accordance with section 79(1)(b) of the Banks Act and Regulation 38 of the Regulations Relating to Banks, for permission to issue Notes the proceeds of which are intended to qualify as Primary Share Capital, Dated Secondary Capital, Undated Secondary Capital or Tertiary Capital under the Programme. No authorisation is required from the Registrar of Banks to issue Unsubordinated Notes. The Issuer will also have to obtain the approval of the ExCon of the SARB for the issue of each Tranche of Notes under the Programme.

### 5. Documents on Display

Copies of the following documents may be inspected during normal business hours at the specified offices of the Fiscal Agent and from the registered office of the Issuer for 12 months from the date of this Base Prospectus:

the Certificate of Incorporation, Memorandum of Association and Articles of Association of the Issuer;

the audited non consolidated financial statements of the Issuer for the years ended 30 June 2010 and 30 June 2009;

the audited consolidated financial statements of the Issuer for the years ended 30 June 2010 and 30 June 2009;

the Agency Agreement;

the Deed of Covenant;

the FRL Deed of Covenant; and

the programme manual (which contains the forms of the Note Certificates in global and individual form) dated 21 October 2009 and signed for the purposes of identification by the Issuer and the Fiscal Agent.

6. **Clearing of the Notes**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

7. **Use of Proceeds**

The net proceeds of the issue of each Tranche of Notes will be applied by the Issuer for its general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

8. **Post Issuance Information**

The Issuer does not intend to provide any post-issuance information in relation to any Note issues.

**REGISTERED OFFICE OF FIRSTRAND BANK LIMITED**

4 Merchant Place  
Corner of Fredman Drive and Rivonia Road  
Sandton  
2196  
South Africa

**ARRANGER AND STRUCTURING ADVISOR**

**The Royal Bank of Scotland plc**

135 Bishopsgate  
London EC2M 3UR  
United Kingdom

**CO-ARRANGER**

**Rand Merchant Bank, division of FirstRand Bank Limited**

4 Merchant Place  
Corner of Fredman Drive and Rivonia Road  
Sandton  
2196  
South Africa

**DEALERS**

**BNP PARIBAS**

10 Harewood Avenue  
London NW1 6AA  
United Kingdom

**Citigroup Global Markets Limited**

Citigroup Centre  
Canary Wharf  
London E14 5LB  
United Kingdom

**FirstRand Bank Limited London Branch**

20 Gracechurch Street  
London EC3V 0BG  
United Kingdom

**ING Bank N.V.**

Foppingadreef 7  
1102 BD Amsterdam  
The Netherlands

**J.P. Morgan Securities Ltd.**

125 London Wall  
London EC2Y 5AJ  
United Kingdom

**Mizuho International plc**

Bracken House  
One Friday Street  
London EC4M 9JA  
United Kingdom

**Morgan Stanley & Co. International plc**

25 Cabot Square  
Canary Wharf  
London E14 4QA  
United Kingdom

**The Royal Bank of Scotland plc**

135 Bishopsgate  
London  
EC2M 3UR  
United Kingdom

**UBS Limited**

1 Finsbury Avenue  
London EC2M 2PP  
United Kingdom

**FISCAL AGENT**

**The Bank of New York Mellon**

One Canada Square  
London E14 5AL  
United Kingdom

**REGISTRAR AND LUXEMBOURG PAYING AGENT**

**The Bank of New York Mellon (Luxembourg) S.A.**

Aerogolf Center  
1A Hoehenhof  
L-1736 Senningerberg  
Luxembourg

**LEGAL ADVISERS**

*To the Issuer as to English law:*

**SNR Denton UK LLP**

One Fleet Place  
London EC4M 7WS  
United Kingdom

*To the Issuer as to South African law:*

**Bowman Gilfillan Attorneys**

165 West Street  
Sandton  
2196  
South Africa

*To the Dealers as to English law:*

**Clifford Chance LLP**

10 Upper Bank Street  
Canary Wharf  
London E14 5JJ  
United Kingdom

*To the Dealers as to South African law:*

**Edward Nathan Sonnenbergs Inc.**

150 West Street  
Sandown, Sandton  
Johannesburg 2196  
South Africa

**AUDITORS TO THE ISSUER**

**PricewaterhouseCoopers Inc.**

2 Eglin Road  
Sunninghill  
2157  
South Africa

**Deloitte & Touche**

The Woodlands  
20 Woodlands Drive  
Woodmead  
2199  
South Africa