



FIRSTRAND Bank Limited

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

ZAR50,000,000,000

Domestic Medium Term Note Programme

On 24 February 2004, FirstRand Bank Limited (the “**Issuer**” or “**FirstRand**”) established a Domestic Medium Term Note Programme (the “**Programme**”) which was amended and restated on 31 July 2007 and 22 April 2008 (the “**Previous Programme Memoranda**”). This Programme Memorandum supersedes and replaces the Previous Programme Memoranda, in their respective entirety, and any supplement(s) thereto. Any notes (“**Notes**”) issued under the Programme on or after 29 November 2011 (the “**Programme Date**”) are issued subject to the provisions described herein and further subject to all applicable laws and, in the case of Notes listed on the Interest Rate Market of the JSE or such other Financial Exchange(s) as may be determined by the Issuer in accordance with the debt listings requirements of the JSE or the listings requirements of such other or additional Financial Exchange(s) if any. This Programme Memorandum will not apply to any Notes issued under the Programme before the Programme Date, and the Previous Programme Memoranda will continue to apply to such Notes.

Capitalised terms used in this Programme Memorandum are, unless separately defined, defined in the section of this Programme Memorandum headed “*Terms and Conditions of the Notes*” (the “**Terms and Conditions**”).

As at the Programme Date, the Programme Amount is ZAR50,000,000,000. This Programme Memorandum will apply to the Notes issued under the Programme in an aggregate outstanding Principal Amount which will not exceed ZAR50,000,000,000 (including Notes issued under the Programme pursuant to the Previous Programme Memoranda) unless such amount is increased by the Issuer pursuant to the section of this Programme Memorandum headed “*Key Features of the Programme*”.

Notes to be issued under the Programme may comprise (i) senior notes (the “**Senior Notes**”), and/or (ii) Notes which are subordinated to the Senior Notes, and/or (iii) Notes which are subordinated Notes and with terms capable of qualifying the proceeds of such Notes as Regulatory Capital. A Tranche of Notes may comprise, without limitation, Fixed Rate Notes, Floating Rate Notes, Mixed Rate Notes, Zero Coupon Notes and/or such combination of the foregoing Notes and/or such other type of Notes as may be determined by the Issuer and the relevant Dealer(s) and specified in the Applicable Pricing Supplement. Notes will be issued in individual Tranches which, together with other Tranches, may form a Series of Notes. A Tranche of Notes will be issued on, and subject to, the Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions of that Tranche of Notes set out in the Applicable Pricing Supplement.

The Programme has been approved by the JSE. A Tranche of Notes may be listed on the Interest Rate Market of the JSE or on such other or additional Financial Exchange(s) as may be determined by the Issuer and the relevant authority and subject to the applicable ruling laws. Unlisted Notes may also be issued under this Programme. Claims against the BESA Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE in accordance with the rules of the BESA Guarantee Fund Trust. The holders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the BESA Guarantee Fund Trust. Notes which were not originally issued under this Programme may (provided they are amended to be documented in terms of the Programme) be listed under the Programme. Details of the Notes, including the aggregate Principal Amount of Notes, interest (if any) payable in respect of the Notes and the issue price of the Notes will be set forth in the Applicable Pricing Supplement. A copy of the Applicable Pricing Supplement relating to a Tranche of the Notes which is to be listed on the Interest Rate Market of the JSE will be delivered to the JSE and the CSD, before the Issue Date (as defined herein) of such Tranche, and the Notes in that Tranche may be traded by or through members of the JSE from the date specified in the Applicable Pricing Supplement, in accordance with the Applicable Procedures (as defined herein). The Issuer may determine that particular Notes will not be listed on the JSE or such other or additional Financial Exchange(s) and in that case, no Applicable Pricing Supplement will be delivered to the JSE or such other or additional Financial Exchange, as applicable.

This Programme has, as at the date of this Programme Memorandum, not been rated by any rating agency, however, the Issuer may at any time obtain a rating from a rating agency for the Programme or any issue of Notes issued pursuant to the terms of this Programme. The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which case a supplementary Programme Memorandum, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Arranger, Dealer and JSE Debt Sponsor
**FirstRand Bank Limited,
Rand Merchant Bank, division of**

29 November 2011

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IMPORTANT NOTICES

Capitalised terms used in this section headed "Important Notices" shall bear the same meanings as used in the Terms and Conditions except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

Investing in Notes 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 described in the section of this Programme Memorandum headed "Risk Factors".

FirstRand Bank Limited (the "Issuer") accepts full responsibility for the accuracy of the information contained in this Programme Memorandum and all documents incorporated by reference (see the section of this Programme Memorandum headed "*Information Incorporated by Reference*") and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Programme Memorandum is, to the best of its knowledge, in accordance with the facts and does not omit anything which would make any statement false or misleading and all reasonable enquiries to ascertain such facts have been made. This Programme Memorandum contains all information required by law and the debt listings requirements of the JSE.

The JSE takes no responsibility for the contents of this Programme Memorandum, any Applicable Pricing Supplements, or the annual reports of the Issuer (as amended or restated from time to time), makes no representation as to the accuracy or completeness of any of the foregoing documents and expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of this Programme Memorandum, any Applicable Pricing Supplements, or the annual reports of the Issuer (as amended or restated from time to time).

Certain information identified as such in this Programme Memorandum has been extracted from independent sources identified in this Programme Memorandum. 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.

This Programme Memorandum is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see the section of this Programme Memorandum headed "*Information Incorporated by Reference*") and, in relation to any Tranche of Notes, should be read and construed together with the Applicable Pricing Supplement. This Programme Memorandum shall be read and construed on the basis that such documents are incorporated into and form part of this Programme Memorandum.

The Arranger, the Dealer(s), the JSE Debt Sponsor and the other professional advisers named herein have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Arranger, the Dealer(s), the JSE Debt Sponsor and the other professional advisers as to the accuracy or completeness of the information contained in this Programme Memorandum or any other information provided by the Issuer. The Arranger, the Dealer(s), the JSE Debt Sponsor and the other professional advisers do not accept any liability in relation to the information contained in this Programme Memorandum or any other information provided by the Issuer in connection with the Programme.

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

Neither this Programme Memorandum nor any other information supplied in connection with the Programme is intended to provide a basis for any credit or other evaluation, or should be considered as a recommendation by the Issuer, the Arranger, the Dealer(s), the JSE Debt Sponsor or any other professional advisers that any recipient of this Programme Memorandum, or any other information supplied in connection with the Programme, should subscribe for, or purchase, any Notes.

Each person contemplating the subscription for, or purchase of, any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and its subscription for, or purchase of, Notes should be based upon any such investigation as it deems necessary. Neither this Programme Memorandum nor any Applicable Pricing Supplement nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of the Issuer, the Arranger, the Dealer(s), the JSE Debt Sponsor or the other professional advisers to any person to subscribe for, or purchase, any Notes.

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

Neither this Programme Memorandum nor any Applicable Pricing Supplement constitutes an offer to sell or the solicitation of an offer to buy or an invitation to subscribe for or purchase of any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction (see the section of this Programme Memorandum headed “*Subscription and Sale*”).

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

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

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

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

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

In connection with the issue and distribution of any Tranche of Notes under the Programme, the Issuer or any Dealer, if any, that is specified in the Applicable Pricing Supplement as the Stabilising Manager (or any person acting for the Stabilising Manager) may, if specified in that Applicable Pricing Supplement and only if such stabilising is permitted by the debt listings requirements of the JSE and approved by the JSE, over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Manager (or any agent of the Stabilising Manager) to do this. Such stabilising, if commenced, may be discontinued at any time. Such stabilising shall be carried out in accordance with all applicable laws, regulations and rules.

RISK FACTORS

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

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 Programme Memorandum to reach their own views prior to making any investment decision.

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.

The Issuer, in common with other issuers 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, operational risk and foreign exchange 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. Foreign exchange risk is the risk of losses occurring or a foreign investment's value changing from movement in foreign exchange rates.

In addition, the Issuer is also exposed to counterparty credit risk, equity investment risk, strategic risk, business risk, volume and margin risk, reputational risk, macroeconomic risk and environmental, social and governance risk. Counterparty credit risk is the risk of a counterparty to a bilateral contract, transaction or agreement defaulting prior to the final settlement of the transaction's cash flows. Equity investment risk is 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. 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. Volume and margin risk is the risk that the capital base is negatively impacted by a downturn in revenue due to market factors (for example, margin compression), combined with the risk that the cost base is inflexible. Reputational risk is the risk of reputational damage due to compliance failures, pending litigation or bad press reports. Macroeconomic risk is the risk to the business due to changes in macroeconomic conditions, global economic conditions or credit shocks. Environmental, social and governance risks focus on the environmental, social and governance issues which may impact the Issuer's ability to successfully and sustainably implement business strategy.

Any failure to control these risks adequately or unexpected developments in the future economic environment 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

Structural characteristics impacting the funding profile of South African banks

The banking sector in South Africa is characterised by certain structural features such as a low discretionary savings rate and a higher degree of contractual savings that are captured by institutions such as pension funds, provident funds and providers of asset management services. A portion of these contractual savings translate into institutional funding (comprising wholesale funding from financial institutions across a range of deposits, loans and financial instruments) for banks, which has higher liquidity risk than retail deposits.

Given these structural issues, and as a result of the significant growth in risk weighted assets between 2005 and 2007, South African banks' overall proportion of institutional funding increased. This is reflected in the table below which sets out the Bank's analysis of the composition of the funding base for the South African banking sector. In preparing this table, the Bank has grouped together certain data sourced from SARB BA900 consolidated banking sector returns as at 30 June 2011 into the broad categories identified in the table. SARB BA900 returns are filed by all banks and branches in South Africa which are subject to regulation by SARB.)

	30 June 2011 (% of funding liabilities to the public)			
Funding source	Total	Short-term (<1 month)	Medium-term (1 to 6 months)	Long-term (>6 months)
Foreign*	5	5	3	8
Other	1	1	2	2
Public sector	8	11	9	2
Retail	21	27	20	6
Corporate	21	29	11	9
Institutional	44	27	55	73

Source: South African banking sector aggregate SARB BA900 returns (30 June 2011), FirstRand research.

* This category includes all funds and deposits which are not denominated in South African Rand regardless of source.

As retail funding represents only 21 per cent of the banking sector's funding base this means that short-term, expensive institutional deposits are utilised to fund longer-dated assets such as mortgages. Liquidity risk in the South African banking system is therefore structurally higher than in most other markets.

However, this risk is to some extent mitigated by the following factors:

- the “closed Rand” system, whereby all Rand transactions (whether physical or derivative) have to be cleared and settled in South Africa through registered bank and clearing institutions domiciled in South Africa. The Issuer is one of the major clearing/settlement banks;
- the institutional funding base is fairly stable as it is, in effect, recycled contractual retail savings;
- the country has a prudential exchange control framework in place; and
- South African banks have a low dependence on foreign currency funding (i.e. low roll-over risk).

These factors contributed to South Africa's resilience during the recent global financial crisis.

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.

Changing regulatory environment

The Issuer is subject to the laws, regulations, administrative actions and policies of South Africa and each other jurisdiction in which it operates, and the Issuer's activities may be constrained by such regulations. Changes in supervision and regulation, particularly in South Africa, could materially affect the Issuer's business, the products or services offered, the value of its assets and its financial condition. Although the Issuer works closely with its regulators and continually monitors the situation, future changes in regulation, fiscal or other policies cannot be predicted and are beyond the control of the Issuer.

The global banking sector is experiencing increased political and regulatory pressures, and some of these pressures will materialise in South Africa. In December 2010, the Basel Committee on Banking Supervision (“BCBS”) published two documents proposing fundamental reforms to the regulatory capital and liquidity framework (referred to as “**Basel III**”). The Basel III guidelines propose two new liquidity metrics: the Liquidity Coverage Ratio (“**LCR**”), effective 1 January 2015, which measures short-term liquidity stress and the Net Stable Funding Ratio (“**NSFR**”), effective 1 January 2018, which measures the stability of long-term structural funding. Considering South Africa's G20 membership and its status as a Basel Committee member country, it is expected to adopt these requirements.

The BCBS has put processes in place to ensure the rigorous and consistent global implementation of the Basel III framework. The standards will be phased in gradually so that the banking sector can move to the higher liquidity standards while supporting lending to the economy. Both the LCR and the NSFR will be subject to an observation period and will include a review clause to address any unintended consequences.

Given the structural features identified above and a relative shortage of assets in South Africa that would qualify as Level I liquid assets under the Basel III framework, the South African banking sector (including the Issuer) would not comply with the Basel III NSFR and LCR requirements based on their current funding profiles. These issues have been recognised by the South African Regulators, banking industry and the National Treasury of South Africa. In response, and under the guidance of the National Treasury of South Africa, a structural funding and liquidity task team has been established and mandated to assess the impact and subsequently make recommendations to the South African Finance Ministry on how the banking industry effectively deals with the proposed regulations.

The SARB is engaging the banking industry with regards to the national discretion items that are allowed in the Basel III framework. The consultation process is on-going and will continue during the monitoring period. Although the SARB is expected to implement the Basel III framework, it is not currently clear what final

regulations relating to Basel III will be implemented in South Africa, when they will be adopted, or when the deadline for implementation will be. The Issuer is therefore not currently able to predict whether the implementation in South Africa of the liquidity requirements of the Basel III framework will have a material impact on the Issuer's financial condition, business or results of operations.

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 requirements applicable to the issue by a bank of notes that qualify as “primary capital”, “secondary share capital” or “tertiary capital” (each as defined in the Banks Act). The Banking Supervision Department of the South African Reserve Bank has recently circulated draft amendments to the Regulations Relating to Banks. The proposed amendments are aimed at aligning the Regulations Relating to Banks with principles contained in the enhancements to Basel II finalised by BCBS in July 2009 to incorporate new capital requirements to include the effects of stressed markets, an incremental risk charge for default and rating migration risk of trading book positions and higher risk weightings for resecuritised exposures (“**Basel 2.5**”). These amendments in draft form only and may be subject to change before implementation.

National Credit Act

The National Credit Act, 2005 (the “**NCA**”), which came into full force and effect on 1 June 2007, 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 an 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 certain qualifying credit providers to register with the National Credit Regulator, and credit agreements entered into by entities which are not registered credit providers, as is required in terms of the NCA, will be void ab initio. In addition, certain credit agreements which contain unlawful provisions in terms of the NCA could potentially be rendered *void ab initio*.

Companies Act

The Companies Act, 2008 (the “**Companies Act**”) came into force on 1 May 2011. The Companies Act may have an impact on institutional reform, company categorisation, company formation, accountability and transparency, corporate finance, shareholder provisions, director's duties and board governance, fundamental transactions, takeovers and share purchases, the introduction of the concept of business rescue remedies and enforcement, and could have an impact on the rights and duties of the Issuer and Noteholders.

Consumer Protection Act

The Consumer Protection, 2008 (the “CPA”) came into effect on 1 April 2011. The CPA will give consumers the right to demand quality service and to full disclosure of the price of goods and services, and protection against false, misleading or deceptive representations.

The CPA will fundamentally change the way business is done in South Africa. It requires businesses to transform the way in which they interact with consumers and to ensure that all dealings with consumers are fair, reasonable and honest. Credit agreements governed by the National Credit Act do not fall within the ambit of the CPA, however, the goods or services that are the subject of the credit agreement are not excluded from the ambit of the CPA. The CPA provides that certain industries may be exempted from particular provisions of the CPA where there are existing consumer protection regimes in place in respect of those industries. Banks are exempted from section 14 of the CPA which deals with fixed-term contracts as there is concern in the banking industry that the said provision will adversely impact fixed term deposits and bank customer’s ability to withdraw such deposit early.

Investors will have to familiarise themselves with the risks associated with this new legislation as it remains untested in a court of law to date.

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 Programme Memorandum 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. 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 Applicable Pricing Supplement specifies 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 Terms and Conditions.

In addition, if in the case of any particular Tranche of Notes the Applicable Pricing Supplement specifies 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.

Because uncertificated Notes and Notes represented by a Global Certificate are held by or on behalf of the CSD, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

Notes issued under the Programme which are listed on the Interest Rate Market of the JSE or such other or additional Financial Exchange(s) and/or immobilised in the CSD may, subject to applicable laws and the Applicable Procedures, be issued in uncertificated form or in the form of a Global Certificate. Unlisted Notes may also be lodged and immobilised in the CSD in uncertificated form or in the form of a Global Certificate. Notes held in the CSD will be issued, cleared and settled in accordance with the Applicable Procedures through the electronic settlement system of the CSD. Except in the limited circumstances described in the Terms and Conditions, investors will not be entitled to receive Individual Certificates. The CSD will maintain records of the Beneficial Interests in Notes represented by a Global Certificate and/or issued in uncertificated form, which are held in the CSD (whether such Notes are listed or unlisted). Investors will be able to trade their Beneficial Interests only through the CSD and in accordance with the Applicable Procedures.

Payments of principal and/or interest in respect of uncertificated Notes or Notes represented by a Global Certificate will be made to the CSD and/or the Participants and the Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the CSD and/or the Participants for distribution to their account holders. A holder of a Beneficial Interest in uncertificated Notes or Notes represented by a Global Certificate, as the case may be, whether listed or unlisted, must rely on the procedures of the CSD to receive payments under the relevant Notes. Each investor shown in the records of the CSD and/or the Participants, as the case may be, shall look solely to the CSD or the Participant, as the case may be, for his share of each payment so made by the Issuer to the registered holder of such uncertificated Notes or to the registered holder of Notes represented by a Global Certificate. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, such Beneficial Interests.

Holders of Beneficial Interests in uncertificated Notes and/or Notes represented by a Global Certificate 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 the CSD to appoint appropriate proxies.

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.

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 Terms and 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 are governed by, and will be construed in accordance with, South African law in effect as at the Programme Date. No assurance can be given as to the impact of any possible judicial decision or change to South African law or administrative practice in South Africa after the Programme Date.

INFORMATION INCORPORATED BY REFERENCE

Capitalised terms used in this section headed "Information Incorporated by Reference" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or it is clearly inappropriate from the context.

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

- (1) all amendments, restatements and/or supplements to the Programme Memorandum prepared by the Issuer from time to time;
- (2) in respect of any issue of Notes under the Programme, the audited annual financial statements (including the auditors' report thereon and notes thereto) of the Issuer in respect of its three financial years prior to the date of such issue and in respect of all financial years thereafter, as and when such audited financial statements become available; and
- (3) each Applicable Pricing Supplement relating to any Tranche of Notes issued under the Programme; and
- (4) all information pertaining to the Issuer which is relevant to the Programme and/or this Programme Memorandum which is electronically submitted by the Securities Exchange News Service ("SENS") established by the JSE, to SENS subscribers, if required,

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

Copies of this Programme Memorandum and the documents specified above as containing information incorporated by reference in this Programme Memorandum, as well as upon motivated request the most recently obtained beneficial disclosure report made available by the Participant to the CSD, may be inspected and/or obtained, free of charge, at the registered office of the Issuer. Requests for such documents should be directed to the Issuer at its registered office as set at the end of this Programme Memorandum. This Programme Memorandum, as amended and/or restated and/or supplemented from time to time, all Applicable Pricing Supplements and the audited annual financial statements of the Issuer are also available on the Issuer's website, www.firststrand.co.za. In addition, this Programme Memorandum, as amended and/or restated and/or supplemented from time to time, and all Applicable Pricing Supplements will be filed with the JSE which will publish such document on its website at www.jse.co.za. This Programme Memorandum does not constitute an offer or invitation by or on behalf of the Issuer, the Arranger and the Dealer, the Debt Sponsor, other professional advisors of the Issuer or the JSE to any person in any jurisdiction to subscribe for or purchase any Notes.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Programme Memorandum shall not form part of this Programme Memorandum.

SUPPLEMENT TO THIS PROGRAMME MEMORANDUM

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

The Issuer will, for so long as any Note remains outstanding and listed on the Interest Rate Market of the JSE, publish a new Programme Memorandum or a supplement to the Programme Memorandum, as the case may be, if:

- (1) a change in the condition (financial or otherwise) of the Issuer has occurred which is material in the context of the Notes and the Issuer’s payment obligations thereunder; or
- (2) an event has occurred which affects any matter contained in this Programme Memorandum, the disclosure of which would reasonably be required by Noteholders and/or potential investors in the Notes; or
- (3) any of the information contained in this Programme Memorandum becomes outdated in a material respect; or
- (4) this Programme Memorandum no longer contains all the material correct information required by the Applicable Procedures,

provided that, in the circumstances set out in paragraphs (3) and (4) above, no new Programme Memorandum or supplement to this Programme Memorandum, as the case may be, is required in respect of the Issuer’s audited annual financial statements if such audited annual financial statements are incorporated by reference into this Programme Memorandum and such audited annual financial statements are published, as required by the Companies Act, and submitted to the JSE within 6 (six) months after the financial year end of the Issuer.

KEY FEATURES OF THE PROGRAMME

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

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 Programme Memorandum.

PARTIES

Issuer	FirstRand Bank Limited.
Risk Factors	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 the section of this Programme Memorandum headed “ <i>Risk Factors</i> ” above.
Arranger	The Issuer.
Dealer	The Issuer and/or any other additional Dealer appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue or on an ongoing basis, subject to the Issuer’s right to terminate the appointment of any Dealer.
JSE Debt Sponsor	The Issuer, or such other entity appointed by the Issuer from time to time.
Calculation Agent, Paying Agent and Transfer Agent	The Issuer, unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Notes, another entity as Calculation Agent, Paying Agent or Transfer Agent, as the case may be, in the place of the Issuer, in which event the other entity shall act in such capacity in respect of that Tranche or Series of Notes as specified in the Applicable Pricing Supplement.
CSD	Strate Limited (Registration Number 1998/022242/06), registered as a central securities depository in terms of the Securities Services Act or such additional, alternative or successor central securities depository as may be agreed between the Issuer and the relevant Dealer(s).
JSE	The JSE Limited (Registration Number 2005/022939/06), a licensed financial exchange in terms of the Securities Services Act or any exchange which operates as a successor exchange to the JSE.

GENERAL

Denomination of Notes	Notes will be issued in such denominations as may be indicated in the Applicable Pricing Supplement.
Description of Programme	FirstRand Bank Limited ZAR50,000,000,000 Domestic Medium Term Note Programme.
Distribution	Notes may be offered by way of private placement, auction, bookbuild or by any other means permitted by applicable law as determined by the Issuer and reflected in the Applicable Pricing Supplement.

Emigrant Blocked Rand	Emigrant Blocked Rand may be used for the purchase of Notes, subject to South African Exchange Control Regulations.
Form of Notes	Notes may be issued in the form of Registered Notes, Order Notes or Bearer Notes as described in the section entitled “ <i>Form of the Notes</i> ”. In the case of Registered Notes, each Tranche of Notes which is listed on the Interest Rate Market of JSE and each Tranche of unlisted Notes will be issue in certificated form or electronically in uncertificated form as described in the section of this Programme Memorandum headed “ <i>Form of the Notes</i> ”.
Governing Law	The Terms and Conditions and the Notes will be governed by, and construed in accordance with the laws of South Africa.
Interest Period(s) or Interest Payment Date(s)	Such period(s) or date(s) as may be indicated in the Applicable Pricing Supplement.
Issue Price	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at their principal amount or at a discount to, or premium over, their principal amount as indicated in the Applicable Pricing Supplement.
Issue and Transfer Taxes	As at the Programme Date, no securities transfer tax or any similar tax is payable in respect of the issue, transfer or redemption of the Notes (see the section of this Programme Memorandum headed “ <i>South African Taxation</i> ”). Any future transfer duties and/or taxes that may be introduced in respect of (or may be applicable to) the transfer of Notes will be for the account of Noteholders.
Listing	The Programme has been approved by the JSE. Notes issued under the Programme may be listed on the Interest Rate Market of the JSE (or on such other or additional Financial Exchange(s) as may be selected by the Issuer in relation to such issue). Unlisted Notes may also be issued under the Programme. Unlisted Notes are not regulated by the JSE. Notes which were not originally issued under this Programme may (provided they are amended to be documented in terms of the Programme) be listed under the Programme. The Applicable Pricing Supplement in respect of a Tranche will specify whether or not such Notes will be listed and, if so, on which Financial Exchange.
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 that are specified in the Applicable Pricing Supplement and, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Negative Pledge	Senior Notes will have the benefit of a negative pledge as described in Condition 7 (<i>Negative Pledge</i>) of the Terms and Conditions or as otherwise set out in the Applicable Pricing Supplement.
Noteholder(s)	The holders of Notes who are recorded as the holders of the Registered Notes (as recorded in the Register) and/or Bearers of Bearer Notes and/or the Payees of the Order Notes.

Notes

Fixed Rate Notes: Fixed Rate Notes will bear interest at a fixed interest rate, as indicated in the Applicable Pricing Supplement, and more fully described in Condition 8(a) (*Interest on Fixed Rates Notes*) of the Terms and Conditions;

Floating Rate Notes: Floating Rate Notes will bear interest as indicated in the Applicable Pricing Supplement and more fully described in Condition 8(b) (*Interest on Floating Rate and Indexed Interest Note*) of the Terms and Conditions;

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

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

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

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

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

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

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

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

Rating

As at the Programme Date, this Programme has not been rated by any rating agency. The Issuer may, however, at any time obtain a rating by a rating agency of this Programme or any issue of Notes issued pursuant to this Programme.

A Rating is not a recommendation to subscribe for, buy, sell or hold Notes and may be subject to revision, suspension or withdrawal at any time by the Rating Agency.

Redemption

Scheduled Redemption: A Tranche of Notes will, subject to the Terms and Conditions, be redeemed on the Maturity Date, as set out in Condition 10(a) (*Scheduled Redemption*).

Early Redemption at the option of the Issuer (Call Option): If the Call Option is specified as applicable in the Applicable Pricing Supplement, the Issuer may (having given not less than 30 (thirty) and not more than 60 (sixty) days' notice to the Noteholders in accordance with Condition 19 (*Notices*)) redeem the Notes in whole, or if so specified in the Applicable Pricing Supplement, in part on the Optional Redemption Dates, in accordance with Condition 10(c) (*Early Redemption at the option of the Issuer (Call Option)*).

Early Redemption at the option of Noteholders of Senior Notes (Put Option): If the Put Option is specified as applicable in the Applicable Pricing Supplement, the Noteholders of any such Tranche of Senior Notes may, by delivering, amongst other things, a duly completed Put Notice in accordance with Condition 10(e) (*Early Redemption at the option of the Noteholders of Senior Notes (Put Option)*), require the Issuer to redeem such Tranche of Senior Notes on the Optional Redemption Dates specified in the relevant Put Notice in the manner set out in, and in accordance with, Condition 10(e) (*Early Redemption at the option of the Noteholders of Senior Notes (Put Option)*).

Early Redemption following the occurrence of a Tax Event and/or Change in Law: If so specified in the Applicable Pricing Supplement, the Issuer may redeem any Tranche of Notes at any time prior to the Maturity Date following the occurrence of a Tax Event and/or a Change in Law as set out in Condition 10(b) (*Redemption following the occurrence of a Tax Event and/or Change in Law*).

Early Redemption following an Event of Default: Upon the occurrence of an Event of Default and receipt by the Issuer of a written notice declaring Notes held by the relevant Noteholder to be forthwith due and payable in accordance with Condition 14 (*Events of Default*), such Notes shall become forthwith due and payable at the Early Redemption Amount in the manner set out in Condition 10(g) (*Early Redemption Amounts*), together with interest (if any) to the date of payment, in accordance with Condition 14 (*Events of Default*).

Redemption of Subordinated Notes: Subject to the applicable Capital Regulations, Subordinated Notes that are also Capital Notes may have a minimum Maturity Period determined in accordance with the Capital Regulations relating to such Capital Notes as set out in the Applicable Pricing Supplement. Notwithstanding the foregoing, for so long as the applicable Capital Regulations so require, Subordinated Notes that are also Capital Notes may be redeemed, or purchased and cancelled by the Issuer prior to the Maturity Date, only at the option of the Issuer and with the prior written approval of the Registrar of Banks and in accordance with the Additional Conditions (if any) approved by the Registrar of Banks, even where an Event of Default has occurred.

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

Register

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

Selling Restrictions

The distribution of this Programme Memorandum and/or any Applicable Pricing Supplement and any offering or sale of or subscription for a Tranche of Notes may be restricted by law in certain jurisdictions, and is restricted by law in the United States of America, the European Economic Area, the United Kingdom and South Africa (see the section of this Programme Memorandum headed “*Subscription and Sale*”). Any other or additional restrictions which are applicable to the placing of a Tranche of Notes will be set out in the Applicable Pricing Supplement. Persons who come into possession of this Programme Memorandum and/or any Applicable Pricing Supplement must inform themselves about and observe all applicable selling restrictions.

Settlement

Listed Notes will be cleared and settled in accordance with the debt listings requirements of the JSE or such other or additional Financial Exchange(s) and the rules of the CSD. Listed Notes have been accepted for clearance through the CSD, which forms part of the JSE clearing system that is managed by the CSD and may be accepted for clearing through any additional clearing system as may be agreed. As of the Programme Date, the Participants who are also the approved Settlement Agents are Absa Bank Limited, FirstRand Bank Limited, Nedbank Limited, the Standard Bank of South Africa Limited and the South African Reserve Bank. If applicable, Euroclear Bank S.A./N.V. as operator of the Euroclear System (“**Euroclear**”) and Clearstream Banking, société anonyme (Clearstream Luxembourg) (“**Clearstream**”) may hold Notes through their participant).

Size of the Programme

Up to ZAR50,000,000,000 outstanding at any time. The Issuer may from time to time increase the Programme Amount. Subject to the Applicable Procedures, all applicable laws and the Programme Agreement (as defined in the section of this Programme Memorandum headed “*Subscription and Sale*”), the Issuer may, without the consent of Noteholders, increase the Programme Amount by delivering a notice thereof to the Noteholders in accordance with Condition 19 (*Notices*) of the Terms and Conditions, and to the Arranger, the Dealer(s), the JSE and the CSD. Upon such notice being given to the Noteholders and the conditions set out in the Programme Agreement to the exercise of this right having been met, all references in this Programme Memorandum (and each agreement, deed or document relating to the Programme and/or this Programme Memorandum) to the Programme Amount will be, and will be deemed to be, references to the increased Programme Amount set out in such notice.

Specified Currency

South African Rand or, subject to all applicable laws and, in the case of Notes listed on the Interest Rate Market of the JSE, the debt listings requirements of the JSE, in such other currency as specified in the Applicable Pricing Supplement.

Subordinated Notes

Subordinated Notes will constitute direct, unsecured and subordinated obligations of the Issuer, all as described in Condition 6(b) (*Status of the Subordinated Notes*) and the Applicable Pricing Supplement.

In order for the proceeds of the issue of a Tranche of Subordinated Notes to qualify as Regulatory Capital, Subordinated 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 that Tranche of Subordinated Notes. The Issuer will specify

in the Applicable Pricing Supplement whether any issue of Subordinated Notes is an issue of Notes the proceeds of which are intended to qualify as Regulatory Capital. The Additional Conditions (if any) prescribed by the Registrar of Banks in respect of Subordinated Notes, the proceeds of which are intended to qualify as Regulatory Capital, will be specified in the Applicable Pricing Supplement or a supplement to the Programme Memorandum.

Status of Notes

Notes may be issued on a subordinated or unsubordinated basis, as specified in the Applicable Pricing Supplement.

Status of Senior Notes

Unless otherwise specified in the Applicable Pricing Supplement, Senior Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain debts required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer from time to time outstanding.

Taxation

A summary of the applicable tax legislation in respect of the Notes as at the Programme Date is set out in the section of this Programme Memorandum headed “*South African Taxation*”. The summary does not constitute tax advice. Potential investors in the Notes should, before making an investment in the Notes, consult their own professional advisors as to the potential tax consequences of, and their tax positions in respect of, an investment in the Notes.

Use of Proceeds

The Issuer will use the issue proceeds of the Notes for its general corporate purposes, or as may otherwise be described in the Applicable Pricing Supplement.

Withholding Taxes

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

FORMS OF THE NOTES

Capitalised terms used in this section entitled “Form of the Notes” shall bear the same meanings as used in the Terms and Conditions and this Supplement, as the case maybe, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

Notes may be issued in registered, unlisted registered, bearer or order form, as specified in the Applicable Pricing Supplement.

Listed Registered Notes

Notes issued in certificated form

A Tranche of Notes which is listed on the Interest Rate Market of the JSE and/or lodged and immobilised in the CSD may, subject to applicable laws and the Applicable Procedures, be issued in certificated form. If applicable, each such Tranche of Notes will be represented by a single Global Certificate in registered form, and the CSD’s Nominee will be named in the Register as the registered Noteholder of such Tranche of Notes (see “*Beneficial Interests in Notes held in the CSD*” below). Unlisted notes may be lodged and immobilised in the CSD, in the form of a Global Certificate.

Each Global Certificate will be physically deposited with and lodged in the CSD.

All certificated Notes which are not represented by a Global Certificate, will be represented by a single Individual Certificate in registered form. Notes represented by Individual Certificates will be registered in the Register in the name of the individual Noteholders of such Notes.

Title to Notes represented by Certificates will pass upon registration of transfer in accordance with Condition 16 (*Transfer of Notes*) of the Terms and Conditions.

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

Payments of all amounts due and payable in respect of Notes represented by Certificates will be made in accordance with Condition 11 (*Payments*) of the Terms and Conditions to the person reflected as the registered Noteholder of such Notes in the Register at 17h00 (South African time) on the Last Day to Register, and the payment obligations of the Issuer will be discharged by proper payment to or to the order of such registered holder in respect of each amount so paid.

Notes issued in uncertificated form

A Tranche of Notes which is listed on the Interest Rate Market of the JSE may, subject to applicable laws and Applicable Procedures, be issued in uncertificated form in terms of section 37 of the Securities Services Act.

Notes issued in uncertificated form will not be represented by any certificate or written instrument. A Tranche of Notes issued in uncertificated form will be held by the CSD, and the CSD’s Nominee will be named in the Register as the registered Noteholder of that Tranche of Notes.

Beneficial Interests in Notes held in the CSD

A Tranche of Notes which is listed on the Interest Rate Market of the JSE will either be issued in certificated form and lodged in the CSD under a Global Certificate or be issued in uncertificated form and held in the CSD. A Tranche of unlisted Notes may also be lodged in the CSD. While a Tranche of Notes is in the CSD, the CSD’s Nominee will be named in the Register as the sole Noteholder of the Notes in that Tranche.

The CSD will hold each Tranche of Notes subject to the Securities Services Act and the Applicable Procedures. All amounts to be paid and all rights to be exercised in respect of Notes held in the CSD will be paid to and may be exercised only by the CSD’s Nominee for the holders of Beneficial Interests in such Notes.

The CSD maintains central securities accounts only for Participants. As at the Programme Date, the Participants are Absa Bank Limited, FirstRand Bank Limited, Nedbank Limited, The Standard Bank of South Africa Limited and the South African Reserve Bank. Beneficial Interests which are held by Participants will be held directly through the CSD, and the CSD will hold such Beneficial Interests, on behalf of such Participants, through the central securities accounts maintained by the CSD for such Participants.

The Participants are in turn required to maintain securities accounts for their clients. Beneficial Interests which are held by clients of Participants will be held indirectly through such Participants, and such Participants will hold such Beneficial Interests, on behalf of such clients, through the securities accounts maintained by such Participants for such clients. The clients of Participants may include the holders of Beneficial Interests in the Notes or their custodians. The clients of Participants, as the holders of Beneficial Interests or as custodians for such holders, may exercise their rights in respect of the Notes held by them in the CSD only through their Participants. Euroclear Bank S.A./N.V. as operator of the Euroclear System (“**Euroclear**”) and Clearstream Banking, société anonyme, (Clearstream Luxembourg) (“**Clearstream**”) may hold Notes through their Participant.

In relation to each person shown in the records of the CSD or the relevant Participant, as the case may be, as the holder of a Beneficial Interest in a particular outstanding Principal Amount of Notes, a certificate or other document issued by the CSD or the relevant Participant, as the case may be, as to the outstanding Principal Amount of such Notes standing to the account of any person shall be *prima facie* proof of such Beneficial Interest. The CSD’s Nominee (as the registered Noteholder of such Notes named in the Register) will be treated by the Issuer, the Paying Agent, the Transfer Agent and the relevant Participant as the holder of that outstanding Principal Amount of such Notes for all purposes.

Title to Beneficial Interests held by Participants directly through the CSD will pass on transfer thereof by electronic book entry in the central securities accounts maintained by the CSD for such Participants. Title to Beneficial Interests held by clients of Participants indirectly through such Participants will pass on transfer thereof by electronic book entry in the security accounts maintained by such Participants for such clients. Beneficial Interests may be transferred only in accordance with the Applicable Procedures. Holders of Beneficial Interests vote in accordance with the Applicable Procedures.

The holder of a Beneficial Interest will only be entitled to exchange such Beneficial Interest for Notes represented by an Individual Certificate in accordance with Condition 15(a) (*Exchange of Beneficial Interests*) of the Terms and Conditions.

Bearer and Order Notes

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

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

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes to be issued by the Issuer pursuant to this Programme Memorandum

Any reference in the following Terms and Conditions to legislation or a statute shall be to such legislation or statute as amended, varied or re-enacted from time to time.

1. Introduction

- (a) *Programme:* FirstRand Bank Limited (the “**Issuer**”) has established a Domestic Medium Term Note Programme (the “**Programme**”) for the issuance of up to ZAR50,000,000,000 in aggregate Nominal Amount of notes (the “**Notes**”).
- (b) *Applicable Pricing Supplement:* 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. Before the Issuer issues any Tranche of Notes, the Issuer shall complete and sign the Applicable Pricing Supplement, based on the *pro forma* Applicable Pricing Supplement included in this Programme Memorandum, setting out details of such Notes. The Applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Tranche of Notes. The Applicable Pricing Supplement for each Tranche of Notes is (to the extent relevant) incorporated herein for the purposes of those Notes and supplements these Terms and Conditions. If there is any conflict or inconsistency between the provisions set out in the Applicable Pricing Supplement and the provisions set out in the following Terms and Conditions, then the provisions in the Applicable Pricing Supplement will prevail.
- (c) *The Notes:* All subsequent references in these Terms and Conditions to “**Notes**” are to the Notes which are the subject of the Applicable Pricing Supplement. Copies of the Applicable Pricing Supplement are available for inspection at the registered office of the Issuer.

2. Interpretation

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

“**Additional Business Centre(s)**” means the city or cities specified as such in the Applicable Pricing Supplement;

“**Additional Conditions**” means, in relation to any issue of Notes, the proceeds of which are intended by the Issuer to qualify as Regulatory 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 Regulatory Capital, as specified in the Applicable Pricing Supplement;

“**Applicable Laws**” in relation to a Party, means all and any –

- (i) statutes and subordinate legislation and common law;
- (ii) regulations;
- (iii) ordinances and by-laws;
- (iv) directives, codes of practice, circulars, guidance notices, judgments and decisions of any competent authority, or any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation; and

(v) other similar provisions,

from time to time, compliance with which is mandatory for that Party;

“**Applicable Pricing Supplement**” means, in relation to a Tranche of Notes, the pricing supplement completed and signed by the Issuer in relation to that Tranche of Notes, setting out the additional and/or other terms and conditions as are applicable to that Tranche of Notes, based upon the *pro forma* pricing supplement which is set out in the section of the Programme Memorandum headed “*Pro Forma Applicable Pricing Supplement*”;

“**Applicable Procedures**” means the rules and operating procedures from time to time of the CSD, the Participants and the debt listings requirement JSE and/or the listings requirements of such other or additional Financial Exchange, as the case may be;

“**Banks Act**” means the Banks Act, 1990;

“**Bearer**” means the bearer of a Certificate evidencing a Bearer Note or of a Receipt or Coupon attached to such Certificate on issue;

“**Bearer Note**” means a Note payable to the Bearer thereof, transferable by way of delivery in accordance with Condition 16(b) (*Transfer of Bearer Notes*) and the term “**Bearer Note**” shall include the rights to payment of any interest or principal represented by a Coupon or Receipt (if any) attached on issue to the Certificate evidencing such Bearer Note;

“**Beneficial Interest**” means in relation to a Tranche of Notes which is held in the CSD, the beneficial interest as a co-owner of an undivided share of all of the Notes in that Tranche, as contemplated in section 41(1) of the Securities Services Act, the nominal value of which beneficial interest, in relation to any number of Notes in that Tranche, is determined by reference to the portion that the aggregate Nominal Amount of such number of Notes Outstanding bears to the aggregate Nominal Amount of all of the Notes in that Tranche Outstanding, as provided in section 41(3) of the Securities Services Act;

“**BESA Guarantee Fund Trust**” means the guarantee fund trust established and operated by the Bond Exchange of South Africa Limited, prior to its merger with the JSE on 22 June 2009 and, as at the Programme Date, operated by the JSE as a separate guarantee fund, in terms of sections 9(1)(e) and 18(2)(x) of the Securities Services Act or any successor fund;

“**Business Day**” means a day (other than a Saturday or Sunday or public holiday within the meaning of the Public Holidays Act, 1994) which is a day on which commercial banks settle ZAR payments in Johannesburg or any Additional Business Centre specified in the Applicable Pricing Supplement save that if the Specified Currency is not ZAR, “*Business Day*” shall mean a day (other than a Saturday or Sunday) which is a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the Specified Currency and in each (if any) Additional Business Centre, save further that if the Applicable Pricing Supplement so provides, “**Business Day**” shall include a Saturday;

“**Calculation Agent**” means the Issuer, unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Notes, another entity as Calculation Agent, in which event that other entity shall act as a calculation agent in respect of that Tranche or Series of Notes;

“**Calculation Amount**” has the meaning ascribed thereto in the Applicable Pricing Supplement;

“**Call Option**” means, if specified as applicable in the Applicable Pricing Supplement, the option of the Issuer to early redeem the Notes in that Tranche of Notes in whole or, if so specified in the Applicable Pricing Supplement, in part at the Optional Redemption Amount(s) on the Optional Redemption Date(s) in accordance with Condition 10(c) (*Early Redemption at the option of the Issuer (Call Option)*);

“**Capital Notes**” means Subordinated Notes the proceeds of which are intended to qualify as Regulatory Capital in accordance with the relevant Capital Regulations;

“**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);

“**CSD**” means Strate Limited (Registration number 1998/022242/06), or its nominee, a public company registered as a central securities depository in terms of the Securities Services Act (or any successor legislation thereto), or any additional or alternate depository approved by the Issuer;

“**Certificate**” means a Global Certificate or Individual Certificate, as the case may be;

“**Change in Law**” means on, or after the Issue Date of the first Tranche of Notes in any Series of Notes, (a) due to the adoption of or any change in any Applicable Law or regulation (including, without limitation, any tax law), or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any Applicable Law or regulation (including any action taken by a taxing authority), the Issuer determines in good faith that it will incur a materially increased cost in performing its obligations under such Notes (including, without limitation, due to any tax liability, decrease in tax benefit or other adverse effect on its tax position);

“**Class of Noteholders**” means the holders of a Series of Notes or, where appropriate, the holders of different Series of Notes;

“**Companies Act**” means the Companies Act, 2008;

“**Coupon**” means an interest coupon evidencing title to an interest payment in respect of an interest bearing Note which is a Bearer Note or an Order Note, attached on issue to the Certificate evidencing such interest bearing Note and any reference to a Coupon shall, unless the context otherwise requires, be deemed to include a reference to a Talon;

“**CSD’s Nominee**” means a Wholly Owned Subsidiary of the CSD approved by the Registrar of Securities Services in terms of the Securities Services Act, and any reference to “*CSD’s Nominee*” shall, whenever the context permits, be deemed to include any successor nominee operating in terms of the Securities Services Act;

“**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 Terms and Conditions or the Applicable Pricing Supplement:

- (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 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) “**Actual/360**” is so specified, means the 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 (the number of days to be calculated on the basis of a year of 360 days with 12 30 day months (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that included the last day shall not be considered to be shortened to a 30 day month, or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month)); and
- (vi) if “**30E/360**” or “**Eurobond Basis**” is so specified means, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30 day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the date of final maturity is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month);

“**Dealer(s)**” means the Issuer and/or any other additional Dealer appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue or on an ongoing basis, subject to the Issuer’s right to terminate the appointment of any Dealer, as indicated in the Applicable Pricing Supplement;

“**Early Redemption Amount**” means the amount at which the Notes will be redeemed by the Issuer pursuant to the provisions of Conditions 10(b) (*Redemption following the occurrence of a Tax Event and/or Change in Law*), 10(c) (*Redemption at the option of the Issuer (Call Option)*) and 10(e) (*Redemption at the option of Noteholders of Senior Notes (Put Option)*) and/or Condition 14 (*Events of Default*), determined in accordance with Condition 10(g) (*Early Redemption Amounts*) or as set out in the Applicable Pricing Supplement;

“**Endorsement**” means an “*indorsement*”, *mutatis mutandis*, within the meaning of the Bills of Exchange Act, 1964;

“**Endorsement in Blank**” means an Endorsement which specifies no named Payee;

“**Event of Default**” means an event of default by the Issuer as set out in Condition 14 (*Events of Default*);

“**Exchange Control Regulations**” means the Exchange Control Regulations, 1961, promulgated pursuant to the Currency and Exchanges Act, 1933;

“**Exchangeable Notes**” means Notes which may be redeemed by the Issuer in the manner specified in the Applicable Pricing Supplement by the delivery to the Noteholders of cash or of so many of the Exchange Securities as are determined in accordance with the Applicable Pricing Supplement;

“**Exchange Period**” means in respect of Exchangeable Notes to which the Noteholders’ Exchange Right applies (as specified in the Applicable Pricing Supplement), the period specified in the Applicable Pricing Supplement during which such right may be exercised;

“**Exchange Price**” means the value specified in the Applicable Pricing Supplement according to which the number of Exchange Securities which may be delivered in redemption of an Exchangeable Note will be determined;

“**Exchange Securities**” means the securities specified in the Applicable Pricing Supplement which may be delivered by the Issuer in redemption of Exchangeable Notes to the value of the Exchange Price;

“**Extraordinary Resolution**” means a resolution passed at a meeting (duly convened) of the Noteholders by a majority consisting of not less than 66.67 per cent. of the persons voting thereat upon a show of hands or if a poll be duly demanded, then by a majority consisting of not less than 66.67 per cent. of the votes given on such poll;

“**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) amount 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 the Applicable Law and generally accepted accounting principles, be treated as finance and 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 (ninety) 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;

“**Final Redemption Amount**” means the amount of principal payable in respect of each Note upon final redemption thereof, as specified in the Applicable Pricing Supplement;

“**Financial Exchange**” means the JSE and/or such other or further financial exchange(s) as may be selected by the Issuer and the relevant Dealer, subject to Applicable Laws;

“**Fixed Coupon Amount**” has the meaning ascribed thereto in the Applicable Pricing Supplement;

“**Fixed Interest Rate**” means the rate or rates of interest applicable to Fixed Rate Notes, as specified in the Applicable Pricing Supplement;

“**Fixed Rate Notes**” means Notes which will bear interest at the Fixed Interest Rate, as specified in the Applicable Pricing Supplement and more fully described in Condition 8(a) (*Interest on Fixed Rate Notes*);

“**Floating Rate Notes**” means Notes which will bear interest as specified in the Applicable Pricing Supplement and more fully described in Condition 8(b) (*Interest on Floating Rate Notes and Indexed Notes*);

“**Global Certificate**” means in relation to a Tranche of Notes which is issued in certificated form and immobilised in the CSD, a certificate in definitive registered form deposited with and lodged in the CSD and registered in the names of the CSD’s Nominee, representing all of the Notes in that Tranche (other than those Notes in that Tranche (if any) represented by Individual Certificates);

“**Group**” means the Issuer and any of 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 for 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;

“**Income Tax Act**” means the Income Tax Act, 1962;

“**Indebtedness**” means any obligation (whether incurred as principal or surety) for the payment or repayment of money, whether present or future, actual or contingent;

“**Implied Yield**” means the yield accruing on the Issue Price of Zero Coupon Notes, as specified in the Applicable Pricing Supplement;

“**Indexed Interest Notes**” means Notes in respect of which the Interest Amount is calculated by reference to such index and/or formula as specified in the Applicable Pricing Supplement;

“**Indexed Notes**” means an Indexed Interest Note and/or an Indexed Redemption Amount Note, as applicable;

“**Indexed Redemption Amount Notes**” means Notes in respect of which the Final Redemption Amount is calculated by reference to an index and/or a formula as specified in the Applicable Pricing Supplement;

“**Individual Certificate**” means

- (i) in respect of Registered Notes: a Note in the definitive registered form of a single Certificate and, in respect of Registered Notes, being a Certificate exchanged for a Beneficial Interest in the Notes represented by the Global Certificate in accordance with Condition 15(a) (*Exchange of Beneficial Interests*) and any further Certificate issued in consequence of a transfer thereof;
- (ii) in respect of Bearer Notes: a Note in the definitive bearer form of a single Certificate together with Coupons and/or Receipts, if applicable;
- (iii) in respect of Order Notes: a Note in the definitive order form of a single Certificate together with Coupons and/or Receipts, if applicable;

“**Instalment Amount**” means the amount expressed as a percentage of the Nominal Amount of an Instalment Note, being an instalment of principal (other than the final instalment) on an Instalment Note;

“**Instalment Notes**” means Notes redeemable in Instalment Amounts by the Issuer on an amortised basis on different Instalment Dates, as specified in the Applicable Pricing Supplement;

“**Interest Amount**” means in relation to a Tranche of Notes and an Interest Period, the amount of interest payable in respect of that Tranche of Notes for that Interest Period;

“Interest Commencement Date” means the first date from which interest on the Notes, other than Zero Coupon Notes, will accrue, as specified in the Applicable Pricing Supplement;

“Interest Determination Date” has the meaning ascribed thereto in the Applicable Pricing Supplement;

“Interest Payment Date” means if applicable in relation to a Tranche of Notes, the date(s) specified in the Applicable Pricing Supplement or if no such date(s) is/are specified in the Applicable Pricing Supplement, the last day of each Interest Period as may be adjusted in accordance with the relevant Business Day Convention (as specified in the Applicable Pricing Supplement);

“Interest Period” 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;

“Interest Rate” means the rate or rates of interest applicable to Notes other than Zero Coupon Notes, as indicated in the Applicable Pricing Supplement;

“Interest Rate Market of the JSE” means the separate platform or sub-market of the JSE designated as the **“Interest Rate Market”**, or such other platform or submarket designated by the JSE from time to time, and on which notes (and other debt securities) may be listed;

“ISDA” means International Swaps and Derivatives Association, Inc.;

“ISDA Definitions” means the ISDA Definitions as published by ISDA (as amended, supplemented, revised or republished from time to time) as specified in the Applicable Pricing Supplement;

“Issue Date” has the meaning ascribed thereto in the Applicable Pricing Supplement;

“Issuer” means FirstRand Bank Limited (registration number 1929/001225/06), a public company with limited liability and a registered bank duly incorporated in accordance with the company and banking laws of South Africa;

“JSE” means JSE Limited (registration number 2005/022939/06), a licensed financial exchange in terms of the Securities Services Act or any exchange which operates as a successor exchange to the JSE;

“Last Day to Register” means with respect to a particular Series of Notes (as specified in the Applicable Pricing Supplement), the last date or dates preceding a Payment Day on which the Transfer Agent will accept Transfer Forms and record the transfer of Notes in the Register for that particular Series of Notes and whereafter, the Register is closed for further transfers or entries until the Payment Day and in the case of Notes listed on the Interest Rate Market of the JSE, shall mean “Last Day to Trade” as set out in the debt listing requirements of the JSE;

“Mandatory Exchange” means if specified in the Applicable Pricing Supplement, the obligation of the Issuer to redeem Exchangeable Notes on the Maturity Date by delivery of Exchange Securities to the relevant Noteholders of Exchangeable Notes;

“Margin” has the meaning ascribed thereto in the Applicable Pricing Supplement;

“Maturity Date” has the meaning ascribed thereto in the Applicable Pricing Supplement;

“Maturity Period” shall be the period referred to in the Applicable Pricing Supplement;

“Maximum Redemption Amount” has the meaning ascribed thereto in the Applicable Pricing Supplement;

“Minimum Redemption Amount” has the meaning ascribed thereto in the Applicable Pricing Supplement;

“**Mixed Rate Notes**” means Notes which will bear interest over respective periods at differing interest rates applicable to any combination of Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or Indexed Notes, each as specified in the Applicable Pricing Supplement and as more fully described in Condition 8(c) (*Interest on Mixed Rate Notes*);

“**Nominal Amount**” means in relation to any Note, the total amount, excluding interest owing by the Issuer under the Note, as specified in the Applicable Pricing Supplement;

“**Noteholders**” means the holders of the Registered Notes (as recorded in the Register) and/or the Bearers of the Bearer Notes and/or the Payees of the Order Notes;

“**Noteholders’ Exchange Right**” means if specified in the Applicable Pricing Supplement, the right of Noteholders of Exchangeable Notes to elect to receive delivery of the Exchange Securities in lieu of cash from the Issuer upon redemption of such Notes;

“**Notes**” means the notes issued or to be issued by the Issuer under the Programme and represented by a Certificate (if any), together with Receipts and/or Coupons (if any) or Uncertificated Notes;

“**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;

“**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;

“**Optional Redemption Amount (Call)**” means in respect of any Note, its Nominal Amount or such other amount as may be specified in, or determined in accordance with, the Applicable Pricing Supplement;

“**Optional Redemption Amount (Put)**” means in respect of any Note, its Nominal Amount or such other amount as may be specified in, or determined in accordance with, the Applicable Pricing Supplement;

“**Optional Redemption Date(s) (Call)**” means the date(s) specified as such in the Applicable Pricing Supplement in relation to a Tranche of Notes pursuant to which the Issuer is specified as having an option to redeem in accordance with Condition 10(c) (*Early Redemption at the option of the Issuer (Call Option)*). If no such date(s) is/are specified in the Applicable Pricing Supplement, the Optional Redemption Date(s) (Call) shall be the Interest Payment Date(s) (in the case of interest-bearing Notes) or, such other date(s) (in the case of non interest-bearing Notes) stipulated as the date(s) for redemption

of such Tranche of Notes or the relevant portion of such Tranche of Notes, as the case may be, in the notice delivered by the Issuer pursuant to Condition 10(c) (*Early Redemption at the option of the Issuer (Call Option)*);

“**Optional Redemption Date(s) (Put)**” means the date(s) specified as such in the Applicable Pricing Supplement in relation to a Tranche of Senior Notes pursuant to which the Senior Noteholders are specified as having an option to redeem in accordance with Condition 10(f) (*Early Redemption at the option of the Noteholders of Senior Notes (Put Option)*). If no such date(s) is/are specified in the Applicable Pricing Supplement, the Optional Redemption Date(s) (Put Option) shall be the Interest Payment Date(s) (in the case of interest-bearing Notes) or such other date(s) (in the case of non interest-bearing Notes) stipulated as the date(s) for redemption of such Tranche of Senior Notes or the relevant portion of such Tranche of Senior Notes, as the case may be, in the Put Notice pursuant to Condition 10(f) (*Early Redemption at the option of the Noteholders of Senior Notes (Put Option)*);

“**Order Note**” means a Note payable to the Payee thereof, transferable by way of Endorsement and delivery in accordance with Condition 16(c) (*Transfer of Order Notes*) and the term “**Order Note**” shall include the rights to interest or principal represented by a Coupon or Receipt (if any) attached on issue to the Certificate evidencing such Order Note;

“**Outstanding**” means in relation to the Notes, all the Notes issued other than:

- (i) those which have been redeemed in full;
- (i) those in respect of which the date for redemption in accordance with the Terms and Conditions has occurred and the redemption moneys wherefor (including all interest (if any) accrued thereon to the date for such redemption and any interest (if any) payable under the Terms and Conditions after such date) remain available for payment against presentation of Certificates;
- (ii) those which have been purchased and cancelled as provided in Condition 10(l) (*Cancellation*);
- (iii) those which have become void under Condition 13 (*Prescription*);
- (iv) Notes represented by those worn out, mutilated or defaced Certificates which have been surrendered in exchange for replacement Certificates pursuant to Condition 15(b) (*Replacement*);
- (v) (for the purpose only of determining how many Notes are Outstanding and without prejudice to their status for any other purpose), those Notes represented by Certificates alleged to have been lost, stolen or destroyed and in respect of which replacement Certificates have been issued pursuant to Condition 15(b) (*Replacement*),

provided that for each of the following purposes, namely:

- (A) the right to attend and vote at any meeting of the Noteholders; and
- (B) the determination of how many and which Notes are for the time being Outstanding for the purposes of Conditions 20 (*Meetings of Noteholders*) and 21 (*Modification*), all:
 - (x) Notes (if any) which are for the time being held by the Issuer (subject to any Applicable Law) or by any person for the benefit of the Issuer and not cancelled (unless and until ceasing to be so held); and
 - (y) Receipts and Coupons,

shall be deemed not to be Outstanding;

“**Participants**” means depository institutions accepted by the CSD as participants in terms of the Securities Services Act;

“**Partly Paid Notes**” means Notes which are issued with the Issue Price partly paid and which Issue Price is paid up fully by the Noteholder in instalments (as specified in the Applicable Pricing Supplement);

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

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

“**Payment Day**” means any day which is a Business Day and upon which a payment is due by the Issuer in respect of the Notes;

“**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;

“**Previous Programme Memoranda**” means the programme memorandum dated 22 April 2008 issued by the Issuer in relation to the Programme;

“**Principal Subsidiary**” means a Subsidiary of the Group whose (a) total profits, before tax and extraordinary items represent in excess of 10 per cent. of the consolidated total profits, before tax and extraordinary items 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 as representing an accurate reflection of the revised consolidated profits before interest and tax or turnover of the Issuer and its Subsidiaries). If requested, the Auditors can provide a report addressed to the directors of the Issuer as to proper extraction of the figures used by the directors of the Issuer in determining the Principal Subsidiaries of the Issuer and mathematical accuracy of the calculations;

“**Programme**” means FirstRand Bank Limited ZAR50,000,000,000 Domestic Medium Term Note Programme;

“**Programme Amount**” means the maximum aggregate Nominal Amount of all Notes Outstanding that may be issued under the Programme at any one point in time being as at the Programme Date, ZAR50,000,000,000 (or its equivalent in other currencies) or such increased amount as is determined by the Issuer from time to time, subject to the Applicable Procedures and Applicable Law as set out in the section of this Programme Memorandum headed “*Key Features of the Programme*”).

“**Programme Date**” means 29 November 2011;

“**Programme Memorandum**” means this programme memorandum dated 29 November 2011 which will apply to all Notes issued under the Programme on or after the Programme Date and which in respect of such Notes, supersedes and replaces the Previous Programme Memoranda in their entirety;

“**Put Option**” means if specified as applicable in the Applicable Pricing Supplement, the option of a Noteholder of Senior Notes to require the Issuer to redeem the Senior Notes in that Tranche of Notes held by the Noteholder, in whole or in part at the Optional Redemption Amount on the Optional Redemption Date in terms of Condition 10(e) (*Early Redemption at the Option of Noteholders of Senior Notes (Put Option)*);

“**Put Notice**” means a notice which must be delivered to the Paying Agent by any Noteholder wanting to exercise the Put Option;

“**Receipt**” means a receipt evidencing title to payment of an Instalment Amount payable on an Instalment Note which is a Bearer Note or an Order Note, attached upon issue to the Certificate evidencing such Instalment Note;

“**Redemption Amount**” means the Final Redemption Amount, the Optional Redemption Amount, the Early Redemption Amount or such other amount in the nature of a redemption amount, as appropriate, as may be specified in, or determined in accordance with the provisions of, the relevant Applicable Pricing Supplement;

“**Reference Price**” has the meaning ascribed thereto in the Applicable Pricing Supplement;

“**Reference Banks**” has the meaning ascribed thereto in the Applicable Pricing Supplement;

“**Reference Rate**” has the meaning ascribed thereto in the Applicable Pricing Supplement;

“**Registrar of Banks**” means the Registrar of Banks designated under section 4 of the Banks Act;

“**Register**” means the register maintained by the Transfer Agent in terms of Condition 17 (*Register*) including any Uncertificated Securities Register, if applicable;

“**Registered Note**” means a Note issued in registered form and transferable in accordance with Condition 16(a) (*Transfer of Registered Notes*) and which may include Uncertificated Notes;

“**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, 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 to but excluding the next Regular Date, where “**Regular Date**” means the day and the month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

“**Regulations Relating to Banks**” means the Regulations Relating to Banks published under Government Notice R3 in Government Gazette 30629 of 1 January 2008, issued under section 90 of the Banks Act;

“**Regulatory Capital**” means “*primary share capital*”, “*secondary share capital*” or “*tertiary share capital*” each as defined in the Banks Act;

“**Relevant Date**” means in respect of any payment relating to the Notes, the date on which such payment first becomes due, except that, in relation to monies payable to the CSD in accordance with these Terms and Conditions, it means the first date on which:

- (i) the full amount of such monies have been received by the CSD;
- (ii) such monies are available for payment to the holders of Beneficial Interests; and

(iii) notice to that effect has been duly given to such holders in accordance with the Applicable Procedures;

“**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 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 Applicable Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

“**Relevant Time**” has the meaning ascribed thereto in the Applicable Pricing Supplement;

“**Representative**” means a person duly authorised to act on behalf of a Noteholder, who may be regarded by the Issuer, the Transfer Agent and the Paying Agent (all acting in good faith) as being duly authorised based upon the tacit or express representation thereof by such Representative, in the absence of express notice to the contrary from such Noteholder;

“**SARB**” means the South African Reserve Bank;

“**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;

“**Securities Services Act**” means the Securities Services Act, 2004;

“**Senior Notes**” means Notes issued with the status and characteristics set out in Condition 6(a) (*Status of Senior Notes*) as specified in the Applicable Pricing Supplement;

“**Series**” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are: (i) expressed to be consolidated and form a single series; and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices;

“**Settlement Agent**” means a Participant, approved by the JSE or any other Financial Exchange to perform electronic net settlement of both funds and scrip on behalf of market participants;

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

“**South Africa**” means the Republic of South Africa

“**Specified Currency**” has the meaning ascribed thereto in the Applicable Pricing Supplement;

“**Specified Denomination**” has the meaning ascribed thereto in the Applicable Pricing Supplement;

“**Specified Office**” means the registered address of the Issuer, the Transfer Agent, the Calculation Agent or the Paying Agent, as the case may be, as specified in the Applicable Pricing Supplement or such other address as the Issuer may specify by notice to the Noteholders which change of address shall in each case be notified to the Noteholders in accordance with Condition 19 (*Notices*);

“**Subordinated Indebtedness**” means any Indebtedness of the Issuer, including any guarantee by the Issuer, which the right of payment of the Person(s) entitled thereto is, or is expressed to be, or is required by any present or future agreement of the Issuer to be, subordinated to the rights of all unsubordinated creditors of the Issuer in the event of the dissolution, winding up, liquidation or the commencement of business rescue proceedings in respect of the Issuer;

“**Subordinated Notes**” means any Notes issued with the status and characteristics set out in Condition 6(b) (*Status of Subordinated Notes*) as specified in the Applicable Pricing Supplement;

“**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; where “*control*” means the power to (a) cast, or control the casting of, more than one-half of the maximum number of votes that might be cast at a general meeting of the second person; (b) appoint or remove all, or the majority, of the directors or equivalent officers of the second Person; or (c) give directions with respect to the operating and financial policies of the second Person which the directors or other equivalent officers of the second Person are obliged to comply with;

“**Talon**” means a talon entitling the holder to receive further Coupons in relation to an interest bearing Bearer Note or Order Note, if specified in the Applicable Pricing Supplement, attached to the Certificate evidencing such interest bearing Note;

“**Tax Event**” means an event where, as a result of a Tax Law Change, (a) the Issuer has paid or will or would on the next Interest Payment Date be required to pay additional amounts as provided or referred to in Condition 12 (*Taxation*); or (b) in respect of the Issuer’s obligation to make any payment of interest on the next following Interest Payment Date or any subsequent Interest Payment Date, the Issuer would not be entitled to claim a deduction in respect of computing its taxation liabilities in South Africa, or such entitlement is materially reduced, and in each case the Issuer cannot avoid the foregoing in connection with the Notes by taking measures reasonably available to it (such reasonable measures to exclude any requirement to instigate litigation in respect of any decision or determination of the South African Revenue Service that any such interest does not constitute a tax deductible expense);

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

“**Tranche**” means in relation to any particular Series, all Notes which are identical in all respects (including as to listing);

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

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

“**Uncertificated Note**” means a Note that is an uncertificated security as contemplated in the Securities Services Act;

“**Uncertificated Securities Register**” means an uncertificated securities register as contemplated in section 1 of the Companies Act;

“**Wholly Owned Subsidiary**” means a wholly owned subsidiary as contemplated in section 3(1)(b) of the Companies Act;

“**ZAR**” means the lawful currency of South Africa, being South African Rand, or any successor currency;

“**ZAR-JIBAR-SAFEX**” means the mid-market rate for deposits in ZAR for a period of the Designated Maturity which appears on the Reuters Screen SAFEX Page as at 12h00, Johannesburg time on the relevant date, or any successor rate; and

“**Zero Coupon Notes**” means Notes which will be offered and sold at a discount to their Nominal Amount or at par and will not bear interest other than in the case of late payment.

3. **ISSUE**

Subject to the prior consent of the Registrar of Banks (to the extent required), Notes may be issued by the Issuer in Tranches pursuant to the Programme. A Tranche of Notes may, together with a further Tranche or Tranches, form a Series of Notes issued under the Programme, provided that the aggregate Nominal Amount of all Notes Outstanding under the Programme at any one point in time does not exceed the Programme Amount.

The Applicable Pricing Supplement for each Tranche of Notes is (to the extent relevant) incorporated herein for the purposes of those Notes and supplements these Terms and Conditions. The Applicable Pricing Supplement may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of those Notes.

Copies of the Applicable Pricing Supplement are available for inspection at the Specified Office of the Issuer.

4. **FORM**

(a) **General**

- (i) A Tranche of Notes may be issued in the form of listed or unlisted Registered Notes, Bearer Notes or Order Notes as specified in the Applicable Pricing Supplement.
- (ii) A Tranche of Notes may be listed on the Interest Rate Market of the JSE or on such other or further Financial Exchange(s) as may be determined by the Issuer, subject to any Applicable Laws. Unlisted Notes may also be issued under the Programme. Unlisted Notes are not regulated by the JSE. The Applicable Pricing Supplement will specify whether or not a Tranche of Notes will be listed and on which Financial Exchange(s) they are to be listed (if applicable).

(b) **Registered Notes**

A Tranche of Registered Notes will be issued in certificated form, as contemplated in Condition (i) (*Notes issued in certificated form*), or in uncertificated form, as contemplated in Condition (ii) (Notes issued in uncertificated form), as specified in the Applicable Pricing Supplement. Each Tranche of Notes which is listed on the Interest Rate Market of the JSE whether issued in certificated form or in uncertificated form, will be held in the CSD, as contemplated in Condition (iii) (Beneficial Interests of Notes held in the CSD). A Tranche of unlisted Notes may also be held in the CSD, as contemplated in Condition (iii) (Beneficial Interests of Notes held in the CSD).

- (i) *Notes issued in certificated form*

Each Tranche of Registered Notes which is listed on the Interest Rate Market of the JSE and lodged and immobilised in the CSD may, subject to Applicable Laws and the Applicable Procedures, be issued in certificated form.

If applicable, each Tranche of Registered Notes will be represented by a Global Certificate, and the CSD's Nominee will be named in the Register as the registered Noteholder of that Tranche of Notes. Each Global Certificate will be physically deposited with and lodged in the CSD.

All Registered Notes issued in certificated form which are not represented by a Global Certificate will be represented by Individual Certificates.

(ii) *Notes issued in uncertificated form*

A Tranche of Registered Notes may, subject to Applicable Laws and Applicable Procedures, be issued in uncertificated form in terms of section 37 of the Securities Services Act. Registered Notes issued in uncertificated form will be held in the CSD. Registered Notes issued in uncertificated form will not be represented by any certificate or written instrument. A Registered Note which is represented by an Individual Certificate may be replaced by uncertificated securities in terms of section 37 of the Securities Services Act.

(iii) *Beneficial Interests in Notes held in the CSD*

The CSD will hold Registered Notes issued in certificated form and represented by a Global Certificate or issued in uncertificated form, subject to the Securities Services Act and the Applicable Procedures.

All amounts to be paid and all rights to be exercised in respect of Registered Notes held in the CSD will be paid to and may be exercised only by the CSD's Nominee for the holders of Beneficial Interests in such Registered Notes.

A holder of a Beneficial Interest shall only be entitled to exchange such Beneficial Interest for Registered Notes represented by an Individual Certificate in accordance with Condition 15(a) (*Exchange of Beneficial Interests*).

(iv) *Bearer Notes and Order Notes*

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

(v) *Denomination*

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

(vi) *Recourse to the BESA Guarantee Fund Trust*

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

5. **TITLE**

(a) **Registered Notes**

- (i) *Registered Notes issued in certificated form (including Notes represented by Individual Certificates)*
- (A) The CSD's Nominee will be named in the Register as the registered holder of each Tranche of Registered Notes which is represented by a Global Certificate.
 - (B) Each holder of Registered Notes represented by an Individual Certificate will be named in the Register as the registered holder of such Registered Notes.
 - (C) Title to Registered Notes will pass upon registration of transfer in the Register in accordance with Condition 16(a) (*Transfer of Registered Notes*).
 - (D) The Issuer, the Transfer Agent and the Paying Agent shall recognise a holder of Registered Notes represented by an Individual Certificate as the sole and absolute owner of the Registered Notes registered in that Noteholder's name in the Register (notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) and shall not be bound to enter any trust in the Register or to take notice of or to accede to the execution of any trust, express, implied or constructive, to which any Registered Note may be subject. In relation to Registered Notes represented by a Global Certificate, the CSD's Nominee (as the registered holder of such Registered Notes named in the Register) will be treated by the Issuer, the Paying Agent, the Transfer Agent and the relevant Participant as the holder of that aggregate Nominal Amount of such Registered Notes for all purposes.
- (ii) *Registered Notes issued in uncertificated form*
- (A) The CSD's Nominee will be named in the Register as the registered holder of each Tranche of Registered Notes which is issued in uncertificated form.
 - (B) Title to Registered Notes issued in uncertificated form will pass upon registration of transfer in the Register in accordance with Condition 16(a) (*Transfer of Registered Notes*).
 - (C) The CSD's Nominee (as the registered holder of such Registered Uncertificated Notes named in the Register) will be treated by the Issuer, the Paying Agent, the Transfer Agent and the relevant Participant as the holder of that aggregate Nominal Amount of such Registered Uncertificated Notes for all purposes.
- (iii) *Beneficial Interests in Registered Notes held in the CSD*
- (A) Beneficial Interests which are held by clients of Participants will be held indirectly through such Participants, and such Participants will hold such Beneficial Interests, on behalf of such clients, through the securities accounts maintained by such Participants for such clients. The clients of Participants may include the holders of Beneficial Interests or their custodians. The clients of Participants, as the holders of Beneficial Interests or as custodians for such holders, may exercise their rights in respect of the Notes held by them in the CSD only through their Participants.
 - (B) In relation to each Person shown in the records of the CSD or the relevant Participant, as the case may be, as the holder of a Beneficial Interest in a particular Nominal Amount of Registered Notes, a certificate or other document issued by the CSD or the relevant Participant, as the case may be, as to the aggregate Nominal Amount of such Registered Notes standing to the account of such Person shall be *prima facie* proof of such Beneficial Interest. Transfer of Beneficial Interests in

Registered Notes will not be recorded in the Register and the CSD's Nominee will continue to be reflected in the Register as the registered holder of such Registered Notes, notwithstanding such transfers.

- (C) Any reference in the Terms and Conditions to the relevant Participant shall, in respect of a Beneficial Interest, be a reference to the Participant appointed to act as such by the holder of such Beneficial Interest.

(b) **Bearer Notes**

- (i) Title to Bearer Notes (including rights to Instalment Amounts and/or interest thereon, as applicable) will pass by delivery of the Certificate evidencing such Note or of the Receipt and/or Coupon relating thereto, as the case may be, in accordance with Condition 16(b) (*Transfer of Bearer Notes*). The Issuer, the Transfer Agent and the Paying Agent may deem and treat the Bearer of any such Certificate, Receipt or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes.
- (ii) The disposal or acquisition of or dealing in Bearer Notes is subject to the prior written approval of the Minister of Finance (or a person authorised by the Minister of Finance) in accordance with Regulation 15 of the Exchange Control Regulations.

(c) **Order Notes**

Title to Order Notes (including rights to Instalment Amounts and/or interest thereof, as applicable) will initially pass by Endorsement and delivery of the Certificate evidencing such Note or of the Receipt and/or Coupon relating thereto, as the case may be, in accordance with Condition 16(c) (*Transfer of Order Notes*). Any Certificate evidencing an Order Note or such Receipt or Coupon upon which the last Endorsement is an Endorsement in Blank shall be treated as a Bearer Note, for so long as not subject to further Endorsement. The Issuer, the Transfer Agent and the Paying Agent may deem and treat the Person who from the face of the Certificate, Receipt or Coupon relating to an Order Note appears to be the Payee thereto as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or notice of any previous loss or theft thereof) for all purposes and payment to such Person or their Representative shall discharge the Issuer from all liability to the Payee in relation to such Certificate, Receipt or Coupon, as the case may be, even if such Endorsement has been forged or made without authority. Provided the Issuer pays any amount due upon presentation and surrender of a Certificate evidencing an Order Note, or any Receipt or Coupon attached thereto on issue, in good faith, it shall not be incumbent upon the Issuer or the Transfer Agent to determine or prove that the Endorsement of the Payee making such Endorsement was made by or under the authority of the Person whose Endorsement it purports to be.

6. **STATUS OF NOTES**

(a) **Status of Senior Notes**

Unless otherwise specified in the Applicable Pricing Supplement, the Senior Notes constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 7 (*Negative Pledge*)) unsecured obligations of the Issuer which will at all times rank *pari passu* without preference or priority among themselves and, subject to Condition 7 (*Negative Pledge*) and save for certain debts required to be preferred by law, rank equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time owing, save for such obligations as may be preferred by provisions of law that are both mandatory from time to time outstanding and of general application.

(b) **Status of Subordinated Notes**

Subordinated Notes constitute direct, unsecured and subordinated obligations of the Issuer and subject to Condition 8(a)(ii) and 8(b)(ii), as applicable, and subject to the Capital Regulations applicable to the

relevant Capital Notes, at least pari passu with all other Subordinated Indebtedness. The payment obligations of the Issuer in respect of Subordinated Notes the proceeds of which are intended to qualify as Regulatory Capital shall rank in accordance with the provisions of the Regulations Relating to Banks as set out in the Applicable Pricing Supplement relating to such Notes.

(c) **Capital Regulations and Additional Conditions**

In order for the proceeds of the issuance of Subordinated Notes to qualify as Regulatory Capital, Subordinated Notes must comply with the applicable Capital Regulations and 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 Applicable Pricing Supplement whether any issue of Subordinated Notes is an issue of Capital Notes the proceeds of which are intended to qualify as Regulatory Capital. The Additional Conditions (if any) prescribed by the Registrar of Banks in respect of Capital Notes will be specified in the Applicable Pricing Supplement or a supplement to the Programme Memorandum.

7. **NEGATIVE PLEDGE**

So long as any Senior Note remains Outstanding, the Issuer shall not, and the Issuer shall procure that none of its Principal Subsidiaries shall, create or permit the creation of 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 all Senior Notes equally and rateably therewith or (b) providing such other security for the Senior Notes, as may be approved by Extraordinary Resolution of the Senior Noteholders.

8. **INTEREST**

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

(a) **Interest on Fixed Rate Notes**

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

(i) *Accrual of Interest*

The Notes bear interest from the Interest Commencement Date at the Interest Rate payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*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 11 (*Payments*) (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 or (ii) the day which is 7 (seven) days after the Paying 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).

(ii) *Deferral of Principal and Interest in respect of Capital Notes*

In accordance with the Capital Regulations applicable to Capital Notes, the Issuer may have the right to defer the due date for payment of capital and/or interest in relation to Subordinated Notes the proceeds of which are intended to qualify as Regulatory Capital and the Issuer may have the right to elect not to pay interest in relation to Subordinated Notes the proceeds of

which are intended to qualify as Regulatory Capital, as further set out in the Applicable Pricing Supplement.

(iii) *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.

(iv) *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 Interest Rate 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, provided that:

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

(b) **Interest on Floating Rate Notes and Indexed Notes**

(i) *Accrual of Interest*

The Notes bear interest from the Interest Commencement Date at the Interest Rate payable in arrear on each Interest Payment Day, subject as provided in Condition 11 (*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(b) (*Interest on Floating Notes and Indexed Notes*) (as well as after as before judgement) until whichever is the earlier of (i) the day on which all sums due in respect of such Notes to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is 7 (seven) days after the Paying 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 there is subsequent default in payment).

(ii) *Deferral of Principal and Interest in respect of Capital Notes*

In accordance with the Capital Regulations applicable to Capital Notes, the Issuer may have the right to defer the due date for payment of capital and/or interest in relation to Subordinated Notes the proceeds of which are intended to qualify as Regulatory Capital and the Issuer may have the right to elect not to pay interest in relation to Subordinated Notes the proceeds of which are intended to qualify as Regulatory Capital, as further set out in the Applicable Pricing Supplement.

(iii) *Floating Interest Rate*

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

(iv) *ISDA Determination including fallback provisions*

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

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

“**Floating Rate**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” have the meanings given to those expressions in the ISDA Definitions and “**JIBAR**” means the average mid-market yield rate per annum for a period of the Designated Maturity which appears on the Reuters Screen SAFEY page at or about 11h00 (Johannesburg time) on the relevant date (or any successor rate).

(v) *Screen Rate Determination including fallback provisions*

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

- (A) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date); or
- (B) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (C) 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:
 - (x) request the principal Johannesburg office of each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 12h00 (Johannesburg time) on the Interest Determination Date in question; and
 - (y) determine the arithmetic mean of such quotations; and
- (D) if fewer than 3 (three) such offered quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Johannesburg inter-bank market, selected by the Calculation Agent, at approximately 12h00 (Johannesburg time) on the first day of the relevant Interest Period for loans in the Specified Currency to leading banks in the Johannesburg

inter-bank market for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time;

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

(vi) *Indexed Interest*

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

(vii) *Maximum and/or Minimum Interest Rate*

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

(viii) *Determination of Floating Interest Rate and Calculation of Interest Amount*

The Calculation Agent, in the case of Floating Rate Notes will, at or as soon as practicable after each time at which the Interest Rate 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 Interest Rate for such Interest Period to the Calculation Amount and 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.

(ix) *Calculation of Other Amounts*

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

(x) *Publication*

(A) The Calculation Agent will cause each Interest Rate 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 Issuer, the Paying Agent, the Transfer Agent, the Noteholders in respect of any Floating Rate Notes which are Bearer Notes or Order Notes, any Financial Exchange on which the relevant Floating Rate Notes are for the time being listed and any central securities depository in which Certificates in respect of the Notes are immobilised, as soon as possible after their determination but (in the case of each Interest Rate, Interest Amount and Interest Payment Date) in any event not later than 3 (three) Business Days after the Interest Determination Date (in the case of the determination of Floating Interest Rate applicable to a Tranche of Floating Rate Notes) and no later than 3 (three) Business Days before the Interest Payment

Date (in the case of the determination of the Interest Amount). Notice thereof shall also promptly be given to the Noteholders in accordance with Condition 19 (*Notices*).

- (B) The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. Any such amendment will be promptly notified to the Issuer and to the Noteholders in accordance with Condition 19 (*Notices*) and, if the relevant Tranche of Notes is listed on the Interest Rate Market of the JSE, the JSE and the CSD. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and Interest Amount in respect of a Note having the minimum Specified Denomination.

- (xi) *Notifications etc. to be final*

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

(c) **Interest on Mixed Rate Notes**

The interest rate payable from time to time on Mixed Rate Notes shall be the interest rate payable on any combination of Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or Indexed Notes for respective periods, each as specified in the Applicable Pricing Supplement. During each such applicable period, the interest rate on the Mixed Rate Notes shall be determined and fall due for payment on the basis that and to the extent that such Mixed Rate Notes are Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or Indexed Notes, as the case may be.

(d) **Interest on Partly Paid Notes**

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

(e) **Interest on Instalment Notes**

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

(f) **Accrual of Interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date of its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will accrue at the SAFEX Overnight Deposit Rate (to be found on the Reuters Screen SAFEX page as at 12h00 (Johannesburg time) on the presentation date, or any successor rate) until the earlier of:

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

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

(g) **Business Day Convention**

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

- (i) the “**Floating Rate Business Day Convention**”, such Interest Payment Date (or other date) shall in any case where Interest Periods are specified in accordance with Condition 8(b) (*Interest on Floating Rate Notes and Indexed Notes*), be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event: (i) such Interest Payment Date (or other date) shall be brought forward to the first preceding Business Day; and (ii) each subsequent Interest Payment Date (or other date) shall be the last Business Day in the month which falls the number of months or other period specified as the Interest Period in the Applicable Pricing Supplement after the preceding applicable Interest Payment Date (or other date) has occurred; or
- (ii) the “**Following Business Day Convention**”, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or
- (iii) the “**Modified Following Business Day Convention**”, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date (or other such date) shall be brought forward to the first preceding Business Day; or
- (iv) the “**Preceding Business Day Convention**”, such Interest Payment Date (or other date) shall be brought forward to the first preceding Business Day.

9. **EXCHANGE OF TALONS**

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

10. **REDEMPTION AND PURCHASE**

A Tranche of Notes will, subject to Condition 10(d) (*Redemption of Subordinated Notes*) or as otherwise specified in the Terms and Conditions, be redeemed on the Maturity Date in accordance with Condition (a) (*Scheduled Redemption*). If the “*Early Redemption at the option of the Issuer (Call Option)*” and/or “*Early Redemption at the option of the Noteholders of Senior Notes (Put Option)*” and/or “*Early Redemption following the occurrence of a Tax Event and/or Change in Law*” is specified as applicable in the Applicable Pricing Supplement, a Tranche of Notes may, or upon the occurrence of an Event of Default as set out in Condition 14 (*Events of Default*), will be redeemed prior to its Maturity Date in accordance with this Condition 10 (*Redemption and Purchase*).

(a) **Scheduled Redemption**

Subject to Condition 10(d) (*Redemption of Subordinated Notes*) below and, in relation to Capital Notes, the Capital Regulations, unless previously redeemed or purchased and cancelled as specified below, the Notes will be redeemed at the Final Redemption Amount on the Maturity Date (if any), to the provisions contained in Condition 11 (*Payments*).

(b) **Redemption following the occurrence of a Tax Event and/or Change in Law**

(i) If so specified in the Applicable Pricing Supplement and subject to Condition 10(d) (*Redemption of Subordinated Notes*), the Issuer may redeem the Notes of any Tranche of Notes in whole, but not in part:

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

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

on giving not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Noteholders and to the Registrar and the Paying Agent (which notice shall be irrevocable in accordance with Condition 19 (Notices), at their Early Redemption Amount, following the occurrence of a Tax Event and/or Change in Law, provided, however, that no such notice of redemption shall be given earlier than:

(x) where the Notes may be redeemed at any time, 90 (ninety) days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts or would be entitled (as such entitlement is materially reduced) to claim a deduction in respect of computing its taxation liabilities; or

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

(ii) Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Paying Agent (A) a certificate signed by two authorised officers of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (B) an opinion of independent legal advisers of recognised standing to the effect that a Tax Event and/or Change in Law has occurred. Upon the expiry of any such notice as is referred to in this Condition 10(b) (*Redemption following the occurrence of a Tax Event and/or Change in Law*), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(b) (*Redemption following the occurrence of a Tax Event and/or Change in Law*).

(c) **Early Redemption at the option of the Issuer (Call Option)**

(i) If the Issuer is specified in the Applicable Pricing Supplement as having an option to redeem, the Notes may, subject to Condition 10(d) (*Redemption of Subordinated Notes*), be redeemed at the option of the Issuer in whole or, if so specified in the Applicable Pricing Supplement, in part upon the Issuer having given:

(A) not less than 30 (thirty) and not more than 60 (sixty) days' notice to the Noteholders in accordance with Condition 19 (*Notices*); and

- (B) not less than 7 (seven) days before giving the notice referred to in (a) above, notice to the Transfer Agent,

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

- (ii) Any such redemption amount must be of a nominal amount equal to or greater than the Minimum Redemption Amount or equal to or less than the Maximum Redemption Amount, both as specified in the Applicable Pricing Supplement, if applicable. In the case of a partial redemption of Notes, the Notes to be redeemed (“**Redeemable Notes**”) will be selected:

- (A) in the case of Redeemable Notes represented by Individual Certificates, individually by lot; and

- (B) in the case of Redeemable Notes represented by a Global Certificate or issued in uncertificated form, in accordance with the Applicable Procedures,

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

- (iii) A list of the serial numbers of the Individual Certificates (and in the case of Redeemable Notes which are Bearer Notes or Order Notes, the relevant Receipts and/or Coupons) will be published in accordance with Condition 19 (*Notices*) not less than 15 (fifteen) days prior to the date fixed for redemption. The aggregate Nominal Amount of Redeemed Notes represented by Individual Certificates shall bear the same proportion to the aggregate Nominal Amount of all Redeemed Notes as the aggregate Nominal Amount of Individual Certificates outstanding bears to the aggregate Nominal Amount of the Notes Outstanding, in each case on the Selection Date, provided that such first mentioned Nominal Amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination and the aggregate Nominal Amount of Redeemed Notes represented by a Global Certificate or issued in uncertificated form shall be equal to the balance of the Redeemed Notes. No exchange of Beneficial Interests in Uncertificated Notes or Notes represented by the relevant Global Certificate for Individual Certificates will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this Condition 10(c) (*Early Redemption at the option of the Issuer (Call Option)*) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 19 (*Notices*) at least 5 (five) days prior to the Selection Date.

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

(d) **Redemption of Subordinated Notes**

Subject to the applicable Capital Regulations, Subordinated Notes that are also Capital Notes may have a minimum Maturity Period determined in accordance with the Capital Regulations relating to such Capital Notes as set out in the Applicable Pricing Supplement. Notwithstanding the foregoing provisions of this Condition for so long as the applicable Capital Regulations so require, Subordinated Notes that are also Capital Notes may be redeemed, or purchased and cancelled by the Issuer, prior to the Maturity Date, only at the option of the Issuer and with the prior written approval of the Registrar of Banks and in accordance with the Additional Conditions (if any) approved by the Registrar of Banks, even where an Event of Default has occurred.

(e) **Early Redemption at the option of Noteholders of Senior Notes (Put Option)**

- (i) If the Noteholders of Senior Notes are specified in the Applicable Pricing Supplement as having an option to put any Senior Notes, the Issuer shall, subject to Condition 10(d) (*Redemption of Subordinated Notes*), at the option of the Noteholders of such Tranche of Senior Notes, redeem the Senior Notes on the Optional Redemption Date(s) (Put) specified in the relevant Put Notice or in the Applicable Pricing Supplement, as the case may be, at the relevant Optional Redemption Amount together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10(e) (*Early Redemption at the option of Noteholders of Senior Notes (Put Option)*), the Noteholders of such Senior Notes must, not less than 30 (thirty) nor more than 60 (sixty) days before the relevant Optional Redemption Date(s) (Put), surrender the Individual Certificates (if any) relating to such Senior Notes with the Paying Agent in accordance with Condition 19 (*Notices*), together with a duly completed Put Notice. The redemption amount specified in such Put Notice in respect of any such Note must be of a nominal amount equal to or greater than the Minimum Redemption Amount or equal to or less than the Maximum Redemption Amount, each as specified in the Applicable Pricing Supplement, if applicable.
- (ii) The redemption of Senior Notes represented by a Global Certificate or issued in uncertificated form shall take place in accordance with the Applicable Procedures.
- (iii) Where a Noteholder puts Senior Notes represented by an Individual Certificate, such Noteholder shall deliver the Individual Certificate, together with Receipts and/or Coupons (if any), to the Transfer Agent for cancellation by attaching it to a Put Notice. A holder of an Individual Certificate shall specify its payment details in the Put Notice for the purposes of payment of the Optional Redemption Amount.
- (iv) The delivery of Put Notices shall be required to take place during normal office hours of the Transfer Agent. Pro forma Put Notices shall be available from the Specified Office of the Issuer.
- (v) Any Put Notice given by a holder of any Senior Note pursuant to this Condition 10(e) (*Early Redemption at the option of Noteholders of Senior Notes (Put Option)*) shall be irrevocable except where after giving the notice, but prior to the due date of redemption, an Event of Default shall have occurred and be continuing in which event such Noteholder, at its option, may elect by notice to the Issuer and the Transfer Agent to withdraw the notice given pursuant to this paragraph and instead to declare such Senior Note forthwith due and payable pursuant to Condition 14 (*Events of Default*).

(f) **Early Redemption upon the occurrence of an Event of Default**

Upon the occurrence of an Event of Default and receipt by the Issuer of a written notice declaring Notes held by the relevant Noteholder to be forthwith due and payable in accordance with Condition 14 (*Events of Default*), such Notes shall, subject to Condition 10(d) (*Redemption of Subordinated Notes*) become forthwith due and payable at the Early Redemption Amount in the manner set out in Condition 10(g) (*Early Redemption Amounts*), together with interest (if any) to the date of payment, in accordance with Condition 14 (*Events of Default*).

(g) **Early Redemption Amounts**

- (i) For the purpose of Condition 10(b) (*Redemption following the occurrence of a Tax Event and/or Change in Law*) and Condition 14 (*Events of Default*) (and otherwise as stated herein), the Notes will be redeemed at the Early Redemption Amount calculated as follows:
 - (A) in the case of Notes with a Final Redemption Amount equal to the Nominal Amount, at the Final Redemption Amount thereof; or

- (B) in the case of Notes (other than Zero Coupon Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price (to be determined in the manner specified in the Applicable Pricing Supplement), at that Final Redemption Amount or, if no such amount or manner is so specified in the Applicable Pricing Supplement, at their Nominal Amount; or
 - (C) in the case of Zero Coupon Notes, at an amount (the “**Amortised Face Amount**”) equal to the sum of:
 - (x) the Reference Price; and
 - (y) the product of the Implied Yield (compounded semi-annually) being applied to the Reference Price from (and including) the Issue Date up to (but excluding) the date fixed for redemption or, as the case may be, the date upon which such Note becomes due and payable, or such other amount as is specified in the Applicable Pricing Supplement.
 - (ii) Where such calculation is to be made for a period which is not a whole number of years, it shall be calculated on the basis of actual days elapsed divided by 365, or such other calculation basis as may be specified in the Applicable Pricing Supplement.
- (h) **Instalment Notes**
- Instalment Notes will be redeemed at the Instalment Amounts and on the Instalment Dates. In the case of early redemption in accordance with Conditions 10(b) (*Redemption following the occurrence of a Tax Event and/or Change in Law*) or 10(f) (*Early Redemption upon the occurrence of an Event of Default*), the Early Redemption Amount will be determined pursuant to Condition 10(g) (*Early Redemption Amounts*).
- (i) **Partly Paid Notes**
- If the Notes are Partly Paid Notes, they will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 10 (*Redemption and Purchase*) and the Applicable Pricing Supplement.
- (j) **Exchangeable Notes**
- If the Notes are Exchangeable Notes, they will be redeemed, whether at maturity, early redemption or otherwise in the manner specified in the Applicable Pricing Supplement. Exchangeable Notes, in respect of which Mandatory Exchange is specified in the Applicable Pricing Supplement as applying, or upon the exercise by the Noteholder of the Noteholder’s Exchange Right (if applicable), will be redeemed by the Issuer delivering to each Noteholder so many of the Exchange Securities as are required in accordance with the Exchange Price. The delivery by the Issuer of the Exchange Securities in the manner specified in the Applicable Pricing Supplement shall constitute the in specie redemption in full of such Notes.
- (k) **Purchases**
- Subject to Condition 10(d) (*Redemption of Subordinated Notes*), the Issuer or any of its Subsidiaries may at any time purchase Notes (including all unmatured Coupons and Receipts) at any price in the open market or otherwise.
- (l) **Cancellation**
- All Notes which are redeemed or purchased by the Issuer or any of its Subsidiaries may, at its option be cancelled and may, if cancelled, not be reissued or resold. Where only a portion of Notes represented by a Certificate are cancelled, the Transfer Agent shall deliver a Certificate to such Noteholder in respect of the balance of the Notes.

(m) **Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note, pursuant to Condition 10 (*Redemption and Purchase*) or upon its becoming due and repayable as provided in Condition 14 (*Events of Default*), is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition (g)(c) (*Early Redemption Amounts*), as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of: (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and (ii) where relevant, 5 (five) days after the date on which the full amount of the moneys payable has been received by the CSD, and notice to that effect has been given to the Noteholders in accordance with Condition 19 (*Notices*).

11. **PAYMENTS**

(a) **General**

- (i) Only Noteholders named in the Register at 17h00 (Johannesburg time) on the relevant Last Day to Register shall be entitled to payment of amounts due and payable in respect of Registered Notes.
- (ii) All payments of all amounts (whether in respect of principal, interest or otherwise) due and payable in respect of any Notes shall be made by the Issuer (where the Issuer itself acts as Paying Agent) or the Paying Agent on behalf of the Issuer (where the Issuer has appointed a third party to act as Paying Agent), as the case may be, on the terms and conditions of an agency agreement (if any) and this Condition 11 (*Payments*).
- (iii) All references in this Condition 11 (*Payments*) to “*Paying Agent*” shall be construed as references to the Issuer (where the Issuer itself acts as Paying Agent) or the Paying Agent on behalf of the Issuer (where the Issuer has appointed a third party entity to act as Paying Agent), as the case may be.
- (iv) Payments will be subject in all cases to any fiscal or other laws, directives and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*).

(b) **Payments – Registered Notes/Certificated and Uncertificated**

(i) *Method of payment*

The Paying Agent shall pay all amounts due and payable in respect of any Registered Notes:

- (A) In the case of Notes which are held in the CSD, in immediately available and freely transferable funds, in the Specified Currency, by electronic funds transfer to the bank account of the CSD’s Nominee, as the registered Noteholder of such Notes, which in turn will transfer such funds, via the Participants, to the holders of Beneficial Interests in such Notes.
- (B) In the case of Note(s) which are represented by an Individual Certificate, in immediately available and freely transferable funds, in the Specified Currency, by electronic funds transfer, to the bank account of the person named as the registered Noteholder of such Notes in the Register or, in the case of joint registered Noteholders, the bank account of the first one of them named in the Register in respect of such Notes; provided that if several persons are entered into the Register as joint registered Noteholders of such Notes then, without affecting the previous provisions of this Condition 11 (*Payments*), payment to any one of them shall be an effective and complete discharge by the Issuer of the amount so paid, notwithstanding any notice (express or otherwise) which the Paying Agent and/or the

Issuer may have of the right, title, interest or claim of any other person to or in any such Notes.

Neither the Issuer nor the Paying Agent shall be responsible for the loss in transmission of any such funds, and payment of any amount into the bank accounts referred to above, in accordance with this Condition 11(b)(i) (*Method of Payment*), shall be satisfaction *pro tanto*, to the extent of such amount, of the Issuer's obligations to the Noteholders under the relevant Registered Notes and the applicable Terms and Conditions.

(ii) *Beneficial Interest*

- (A) Following payment to the CSD's Nominee of amounts due and payable in respect of Notes which are held in the CSD, the relevant funds will be transferred by the CSD's Nominee, via the Participants, to the holders of Beneficial Interest in such Notes.
- (B) Each of the persons reflected in the records of the CSD or the relevant Participant, as the case may be, as the holders of Beneficial Interests in Notes, will look solely to the CSD or the relevant Participants, as the case may be, for such person's share of each payment so made by the Paying Agent, on behalf of the Issuer, to or for the order of the CSD's Nominee, as the registered Noteholder of such Notes.
- (C) Neither the Paying Agent nor the Issuer will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, Beneficial Interests or for maintaining, supervising or reviewing any records relating to Beneficial Interests.
- (D) Payments of amounts due and payable in respect of Beneficial Interests in Notes will be recorded by the CSD's Nominee, as the registered holder of such Notes, distinguishing between interest and principal, and such record of payments by the CSD's Nominee, as the registered Noteholder of such Notes, will be *prima facie* proof of such payments.

(iii) *Surrender of Individual Certificates*

- (A) Payments of principal in respect of any Registered Note(s) which is/are represented by Individual Certificate(s) shall be made to the Noteholder(s) of such Registered Note(s) only if, prior to the date on which the relevant Tranche of Notes are redeemed, such Individual Certificate(s) shall have been surrendered to the Transfer Agent at its Specified Office.
- (B) If the relevant Individual Certificate is not surrendered to the Transfer Agent at its Specified Office in accordance with this Condition 11(b)(iii) (*Surrender of Individual Certificates*), the amount of principal payable to the Noteholder of the Registered Note(s) represented by that Individual Certificate shall be retained by the Paying Agent for such Noteholder, at the latter's risk, until that Individual Certificate shall have been surrendered to the Transfer Agent at its Specified Office, and such Noteholder will not be entitled to any interest and/or other payments in respect of any delay in payment occasioned as a result of such failure to surrender such Individual Certificate.

(c) **Payments – Bearer Notes**

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

- (ii) Payments of Instalment Amounts in respect of Bearer Notes will be made to the Bearer only following presentation and surrender by the Bearer or its Representative of the relevant Receipt to the Paying Agent at its Specified Office. Payments of the final instalment of principal in respect of Bearer Notes which are Instalment Notes, or of the principal of all other Bearer Notes, will be made to the Bearer only following presentation and surrender by the Bearer or its Representative of the Certificate evidencing such Bearer Notes to the Paying Agent at its Specified Office.
- (iii) Upon presentation and/or surrender as aforesaid, the Bearer or its Representative shall be required to nominate in writing to the Paying Agent a bank account within South Africa (or any other banking jurisdiction specified in the Applicable Pricing Supplement) into which the relevant payment must be made and provide details of its address (being an address within South Africa or any other banking jurisdiction specified in the Applicable Pricing Supplement).

(d) **Payments – Order Notes**

- (i) Payments of interest in respect of Order Notes will be made to the Payee only following presentation and surrender by the Payee or its Representative of the relevant Coupon or (in respect of interest bearing Order Notes issued without Coupons) only against presentation by the Payee or its Representative of the relevant Certificate to the Paying Agent at its Specified Office.
- (ii) Payments of Instalment Amounts in respect of Order Notes will be made to the Noteholder only following presentation and surrender by the Payee or its Representative of the relevant Receipt to the Paying Agent at its Specified Office. Payments of the final instalment of principal in respect of Order Notes which are Instalment Notes, or of the principal of all other Order Notes, will be made to the Payee only following presentation and surrender by the Payee or its Representative of the Certificate evidencing such Order Notes.
- (iii) Upon presentation and/or surrender as aforesaid, the Payee or its Representative shall be required to nominate in writing to the Paying Agent a bank account within South Africa (or any other banking jurisdiction specified in the Applicable Pricing Supplement) into which the relevant payment must be made and provide details of its address (being an address within South Africa or any other banking jurisdiction specified in the Applicable Pricing Supplement).

(e) **Method of Payment**

- (i) Payments of interest and principal will be made in the Specified Currency by electronic funds transfer.
- (ii) If the Issuer is prevented or restricted directly or indirectly from making any payment by electronic funds transfer in accordance with the preceding paragraph (whether by reason of strike, lockout, fire, explosion, floods, riot, war, accident, act of God, embargo, legislation, shortage of or breakdown in facilities, civil commotion, unrest or disturbances, cessation of labour, Government interference or control or any other cause or contingency beyond the control of the Issuer), the Issuer shall make such payment by cheque (or by such number of cheques as may be required in accordance with applicable banking law and practice) of any such amounts. Such payments by cheque shall be sent by post to:
 - (A) the address of the Noteholder of Registered Notes as set forth in the Register or, in the case of joint Noteholders of Registered Notes, the address set forth in the Register of that one of them who is first named in the Register in respect of that Note; or
 - (B) the address nominated by the Bearer or the Payee in respect of Bearer Notes or Order Notes, as the case may be, upon presentation and surrender in accordance with

Condition 11(c) (*Payments – Bearer Notes*) or Condition 11(d) (*Payments – Order Notes*), as the case may be.

- (iii) Each such cheque shall be made payable to the relevant Noteholder or, in the case of joint Noteholders of Registered Notes, the first one of them named in the Register. Cheques may be posted by ordinary post, provided that neither the Issuer nor the Paying Agent shall be responsible for any loss in transmission and the postal authorities shall be deemed to be the agent of the Noteholders for the purposes of all cheques posted in terms of this Condition 11(e) (*Method of Payment*).
- (iv) In the case of joint Noteholders of Registered Notes payment by electronic funds transfer will be made to the account of the Noteholder first named in the Register. Payment by electronic transfer to the Noteholder first named in the Register shall discharge the Issuer of its relevant payment obligations under the Notes.
- (v) Payments will be subject in all cases to any taxation or other laws, directives and regulations applicable thereto in the place of payment, but subject to the provisions of Condition 12 (*Taxation*).

(f) Surrender of Certificates, Receipts and Coupons

- (i) No payment in respect of the final redemption of a Registered Note shall be made until 10 (ten) days after the date on which the Certificate in respect of the Note to be redeemed has been surrendered to the Paying Agent.
- (ii) Payments of interest in respect of Bearer Notes or Order Notes shall be made in accordance with Condition 11(e) (*Method of Payment*) only following presentation and surrender of the relevant Coupon (if any) to the Paying Agent.
- (iii) Payments of Instalment Amounts in respect of Instalment Notes which are Bearer Notes or Order Notes shall be made by the Issuer in accordance with Condition 11(e) (*Method of Payment*) only following presentation and surrender of the relevant Receipt to the Paying Agent.
- (iv) No payment in respect of the final redemption of a Bearer Note or Order Note shall be made until the later of:
 - (A) the Relevant Date; and
 - (B) the date on which the Certificate in respect of the Note to be redeemed has been presented and surrendered to the Paying Agent.
- (v) Upon final redemption as aforesaid, all unmatured Coupons relating to Bearer Notes or Order Notes, as the case may be, (whether or not surrendered with the relevant Certificate) shall become void and no payment shall be made thereafter in respect of them.
- (vi) Documents required to be presented and/or surrendered to the Paying Agent in accordance with these Terms and Conditions shall be so presented and/or surrendered at the office of the Paying Agent specified in the Applicable Pricing Supplement.
- (vii) Holders of Uncertificated Notes are not required to present and/or surrender any documents of title.

(g) Payment Day

If the date for payment of any amount in respect of any Note is not a Business Day and is not subject to adjustment in accordance with a Business Day Convention, the holder thereof shall not be entitled to

payment until the next following Payment Day in the relevant place for payment and shall not be entitled to further interest or other payment in respect of any such delay.

(h) **Interpretation of principal and interest**

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

- (i) any additional amounts which may be payable with respect to principal under Condition 11(e)(*Method of Payment*);
- (ii) the Final Redemption Amount of the Notes or the Early Redemption Amount of the Notes, as the case may be;
- (iii) the Optional Redemption Amount(s) (if any) of the Notes;
- (iv) in relation to Instalment Notes, the Instalment Amounts;
- (v) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined under Condition 10(g) (*Early Redemption Amounts*)); and
- (vi) any premium and any other amounts which may be payable under or in respect of the Notes, but excluding for the avoidance of doubt, interest.

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

12. **TAXATION**

- (i) A Noteholder whose Notes are redeemed shall pay all Taxes payable in connection with the payment of the Interest Amount, or the redemption of such Notes and/or the payment of the Final Redemption Amount and/or the Optional Redemption Amount and/or the Early Redemption Amount as a result of such redemption. The Issuer is not liable for or otherwise obliged to pay any Taxes that may arise as a result of the ownership, transfer, redemption or enforcement of any Note.
- (ii) All payments of principal and interest in respect of the Notes by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of South Africa or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law.
- (iii) In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, as the case may be, in the absence of such withholding or deduction except that no such additional amounts shall be payable with respect to any Note:
 - (A) held by or on behalf of a Noteholder, who is liable for such taxes or duties in respect of such Note by reason of his having some connection with South Africa other than the mere holding of such Note or the receipt of principal or interest in respect thereof; or
 - (B) held by or on behalf of a Noteholder who would not be liable or subject to the withholding or deduction by making a declaration of non-residency or other similar claim for exemption to the relevant tax authority (the effect of which is not to require the disclosure of the identity of the relevant Noteholder); or

- (C) where such withholding or deduction is in respect of withholding tax levied on interest payments in terms of the Income Tax Act;
 - (D) where such withholding or deduction is in respect of taxes levied or imposed on interest or principal payments only by virtue of the inclusion of such payments in the taxable income (as defined in section 1 of the Income Tax Act) or taxable capital gain (as defined in paragraph 1 of Schedule 8 to the Income Tax Act) of any Noteholder; or
 - (E) where (in the case of payment of principal and/or interest which is conditional on surrender and/or presentation of the relevant Individual Certificate in accordance with the Terms and Conditions) the relevant Individual Certificate is surrendered and presented more than 30 (thirty) days after the Relevant Date except to the extent that the Noteholder thereof would have been entitled to an additional amount on presenting the same for payment on such 30th thirtieth day;
 - (F) if such withholding or deduction arises through the exercise by revenue authorities of special powers in respect of disputers or alleged tax defaulters; or
 - (G) where the Noteholder is entitled to claim a tax reduction, credit or similar benefit in respect of such withholding or deduction in terms of the Noteholder's domestic tax laws or applicable double tax treaty, and such tax reduction, credit or similar benefit is actually granted to the Noteholder.
- (iv) Any reference in these Terms and Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under these Terms and Conditions or under any undertakings given in addition to, or in substitution for, these Terms and Conditions.

13. **PRESCRIPTION**

The Notes, Receipts and Coupons will become void unless presented for payment of principal and interest within a period of 3 years after the Relevant Date therefor save that any Certificate, Receipt or Coupon constituting a "*bill of exchange or other negotiable instrument*" in accordance with section 11 of the Prescription Act, 1969 will become void unless presented for payment of principal and interest within a period of 6 years from the Relevant Date thereof.

14. **EVENTS OF DEFAULT**

(a) **Senior Notes**

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

This Condition 14(a) (*Senior Notes*) only applies to Senior Notes.

If any of the following events occurs and is continuing:

- (i) *Non-payment*: the Issuer fails to pay any amount due and payable of principal in respect of the Senior Notes within 5 days of the due date for payment thereof or fails to pay any amount of interest in respect of the Senior Notes within 10 days of the due date for payment thereof; or
- (ii) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Senior Notes or any of the other Notes 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 Transfer Agent (addressed to the Issuer) requiring that breach to be remedied (For these purposes, a failure to perform or

observe an obligation shall be deemed to be remediable notwithstanding that the failure results from not doing an act or thing by a particular time.); or

- (iii) *Cross-default of Issuer or Principal Subsidiary:*
- (A) 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;
 - (B) 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
 - (C) 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 ZAR200,000,000 (or its equivalent in any other currency or currencies); or
- (iv) *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 ZAR200,000,000 (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
- (v) *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 ZAR200,000,000 (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
- (vi) *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, liquidator or business rescue practitioner 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
- (vii) *Winding-up etc.:* an order is made or an effective resolution is passed for the winding-up, liquidation, administration, dissolution or commencement of business rescue proceedings 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 the granting of an order of any competent court or authority for the liquidation, winding-up, dissolution or business rescue of the Issuer, whether provisionally

(and not dismissed or withdrawn within 30 days thereof) or finally, or the placing of the Issuer under voluntary liquidation or curatorship, provided that no liquidation, curatorship, winding-up, dissolution or business rescue shall constitute an event of default if (i) the liquidation, winding-up, dissolution or business rescue is for purposes of effecting an amalgamation, merger, demerger, consolidation, reorganisation or other similar arrangement within the Group; or (ii) the liquidation, winding-up, dissolution or business rescue is for purposes of effecting an amalgamation, merger, demerger, consolidation, reorganisation or other similar arrangement, the terms of which were approved by Extraordinary Resolution of Noteholders before the date of the liquidation, winding-up or dissolution.

- (viii) *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 sub-paragraphs (iv) to (vii) above; or
- (ix) *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, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Note Certificates admissible in evidence in the courts of South Africa is not taken, fulfilled or done; or
- (x) *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,

then any Senior Note may, by written notice from the Noteholder thereof to the Issuer and delivered to the Issuer at its registered office, effective upon the date of receipt thereof by the Issuer, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Redemption Amount together with accrued interest (if any) to the date of payment, or as specified in the Applicable Pricing Supplement, without further action or formality, provided that no such action may be taken by a Noteholder of Senior Notes if the Issuer withholds or refuses to make any such payment in order to comply with any law or regulation of South Africa or to comply with any order of a court of competent jurisdiction.

15. EXCHANGE OF BENEFICIAL INTERESTS AND REPLACEMENT OF CERTIFICATES

(a) Exchange of Beneficial Interests

- (i) The holder of a Beneficial Interest in Notes may, in terms of the Applicable Procedures and subject to section 44 of the Securities Services Act, by written notice to the holder's nominated Participant (or, if such holder is a Participant, the CSD), request that such Beneficial Interest be exchanged for Notes in definitive form represented by an Individual Certificate (the "**Exchange Notice**"). The Exchange Notice shall specify (a) the name, address and bank account details of the holder of the Beneficial Interest and (b) the day on which such Beneficial Interest is to be exchanged for an Individual Certificate; provided that such day shall be a Business Day and shall fall not less than 30 (thirty) days after the day on which such Exchange Notice is given.
- (ii) The holder's nominated Participant will, following receipt of the Exchange Notice, through the CSD, notify the Transfer Agent that it is required to exchange such Beneficial Interest for Notes represented by an Individual Certificate. The Transfer Agent will, as soon as is practicable but within 14 (fourteen) days after receiving such notice, in accordance with the Applicable Procedures, procure that an Individual Certificate is prepared, authenticated and made available for delivery, on a Business Day falling within the aforementioned 14 (fourteen) day period, to the Participant acting on behalf of the holder of the Beneficial Interest in respect of the conversion at the Specified Office of the Transfer Agent; provided that joint holders of a Beneficial Interest shall be entitled to receive only one Individual Certificate in respect of that joint holding, and the delivery to one of those joint holders shall be delivery to all of them.

- (iii) In the case of the exchange of a Beneficial Interest in a Tranche of Notes which is lodged in the CSD under a Global Certificate:
 - (A) the CSD's Nominee shall, prior to the Exchange Date, surrender the relevant Global Certificate to the Transfer Agent at its Specified Office;
 - (B) the Transfer Agent will, in accordance with the Applicable Procedures, procure the splitting of the relevant Global Certificate and the preparation of a new Global Certificate representing the balance of the Notes (if any) in the relevant Tranche still held by the CSD;
 - (C) the Issuer will, through its nominated Participant, procure that the new Global Certificate (if applicable) is deposited with and lodged in the CSD and registered in the Register in the name of the CSD's Nominee;
 - (D) the original Global Certificate will be cancelled and retained by the Transfer Agent.
- (iv) In the case of the exchange of a Beneficial Interest in Notes issued in uncertificated form:
 - (A) the CSD's Nominee shall, prior to the Exchange Date, surrender (through the CSD system) such uncertificated Notes to the Transfer Agent at its Specified Office;
 - (B) the Transfer Agent will obtain the release of such uncertificated Notes from the CSD in accordance with the Applicable Procedures.
- (v) An Individual Certificate shall, in relation to a Beneficial Interest:
 - (A) in a Tranche of Notes which is held in the CSD under a Global Certificate, represent that number of Notes as have, in the aggregate, the same aggregate Nominal Amount of Notes standing to the account of the holder of such Beneficial Interest; or
 - (B) in any number of Notes issued in uncertificated form of a particular aggregate Nominal Amount standing to the account of the holder thereof, represent that number of Notes of that aggregate Nominal Amount,

as the case may be, and shall otherwise be in such form as may be agreed between the Issuer and the Transfer Agent; provided that if such aggregate Nominal Amount is equivalent to a fraction of the Specified Denomination or a fraction of any multiple thereof, such Individual Certificate shall be issued in accordance with, and be governed by, the Applicable Procedures.

(b) Replacement

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

(c) Death and sequestration or liquidation of Noteholder

Any Person becoming entitled to Registered Notes in consequence of the death, sequestration or liquidation of the holder of such Notes may, upon producing evidence to the satisfaction of the Issuer that he holds the position in respect of which he proposes to act under this Condition 15(c) (*Death and Sequestration or liquidation of Noteholder*) or of his title as the Issuer and the Transfer Agent shall require, be registered himself as the holder of such Notes or, subject to the Applicable Procedures, this Condition 15(c) (*Death and Sequestration or liquidation of Noteholder*) and Condition 16(a) (*Transfer of Registered Notes*), may transfer such Notes. The Issuer and (if applicable) the CSD and the relevant

Participant shall be entitled to retain any amount payable upon the Notes to which any Person is so entitled until such Person shall be registered as aforesaid or shall duly transfer the Notes.

(d) **Costs**

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

16. **TRANSFER OF NOTES**

(a) **Transfer of Registered Notes**

(i) *Transfer of Beneficial Interests in Registered Notes (including Uncertificated Notes) held in the CSD*

- (A) Beneficial Interests may be transferred only in accordance with the Applicable Procedures through the CSD.
- (B) Transfers of Beneficial Interests to and from clients of Participants occur by way of electronic book entry in the securities accounts maintained by the Participants for their clients, in accordance with the Applicable Procedures.
- (C) Transfers of Beneficial Interests among Participants occur through electronic book entry in the central securities accounts maintained by the CSD for the Participants, in accordance with the Applicable Procedures.
- (D) Transfers of Beneficial Interests in Registered Notes will not be recorded in the Register and the CSD's Nominee will continue to be reflected in the Register as the Noteholder of such Notes notwithstanding such transfers.

(ii) *Transfer of Registered Notes represented by Individual Certificates*

- (A) In order for any transfer of Registered Notes represented by an Individual Certificate to be recorded in the Register, and for such transfer to be recognised by the Issuer:
 - (x) the transfer of such Registered Notes must be embodied in a Transfer Form;
 - (y) the Transfer Form must be signed by the registered Noteholder of such Registered Notes and the transferee, or any authorised representatives of that registered Noteholder or transferee; and
 - (z) the Transfer Form must be delivered to the Transfer Agent at its specified office together with the Individual Certificate representing such Registered Notes for cancellation.
- (B) Registered Notes represented by an Individual Certificate may only be transferred, in whole or in part, in amounts of not less than the Specified Denomination (or any multiple thereof).
- (C) Subject to this Condition 16(a)(ii) (*Transfer of Registered Notes represented by Individual Certificates*), the Transfer Agent will, within 10 (ten) Business Days of

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

- (D) Where a Noteholder has transferred a portion only of Registered Notes represented by an Individual Certificate, the Transfer Agent will authenticate and deliver to such Noteholder at the Transfer Agent's Specified Office or, at the risk of such Noteholder, send by mail to such address as such Noteholder may request, a new Individual Certificate representing the balance of the Registered Notes held by such Noteholder.
- (E) The transferor of any Registered Notes represented by an Individual Certificate will be deemed to remain the owner thereof until the transferee is registered in the Register as the holder thereof.
- (F) Before any transfer of Registered Notes represented by an Individual Certificate is registered in the Register, all relevant transfer Taxes (if any) must have been paid by the transferor and/or the transferee and such evidence must be furnished as the Issuer and the Transfer Agent may reasonably require as to the identity and title of the transferor and the transferee.
- (G) No transfer of any Registered Notes represented by an Individual Certificate will be registered whilst the Register is closed as contemplated in Condition 17 (*Register*).
- (H) If a transfer of any Registered Notes represented by an Individual Certificate is registered in the Register, the Transfer Form and cancelled Individual Certificate will be retained by the Transfer Agent.
- (I) In the event of a partial redemption of Notes under Condition 10(c) (*Early Redemption at the option of the Issuer (Call Option)*), the Transfer Agent shall not be required in terms of Condition 10(c) (*Early Redemption at the option of the Issuer (Call Option)*), to register the transfer of any Notes during the period beginning on the 10th (tenth) day before the date of the partial redemption and ending on the date of the partial redemption (both inclusive).

(b) Transfer of Bearer Notes

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

(c) Transfer of Order Notes

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

(d) Prohibition on Stripping

Where so specified in the Applicable Pricing Supplement, Bearer Notes or Order Notes which are

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

17. **REGISTER**

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

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

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

18. **TRANSFER AGENT, CALCULATION AGENT AND PAYING AGENT**

- (a) Any third party appointed by the Issuer as Calculation Agent, Paying Agent and/or Transfer Agent shall act solely as the agent of the Issuer and does not assume any obligation towards or relationship of agency or trust for or with any Noteholders.
- (b) If the Issuer elects to appoint another entity (not being the Issuer) as Calculation Agent, Paying Agent and/or Transfer Agent, that other entity, on execution of an appropriate agency agreement or an appropriate accession letter to an agency agreement, as the case may be, shall serve in that capacity in respect of the Notes. The Issuer shall notify the Noteholders in the manner set out in Condition 19 (*Notices*) of any such appointment and, if any Notes are listed on the Interest Rate Market of the JSE, the Issuer shall notify the JSE of any such appointment.
- (c) The Issuer is entitled to vary or terminate the appointment of the Transfer Agent, the Calculation Agent and the Paying Agent and/or appoint additional or other agents and/or approve any change in the Specified Office through which any such agent acts, provided that there will at all times be a Transfer Agent, Calculation Agent and a Paying Agent with an office in such place as may be required by the Applicable Procedures. The Transfer Agent, Paying Agent and Calculation Agent act solely as the agents of the Issuer and do not assume any obligation towards or relationship of agency or trust for or with any Noteholders.
- (d) To the extent that the Issuer acts as the Transfer Agent, Calculation Agent or Paying Agent, all references in these Terms and Conditions to:
 - (i) any action, conduct or functions in such role shall be understood to mean that the Issuer shall perform such action, conduct or function itself; and

- (ii) requirements for consultation, indemnification by or of, payment by or to, delivery by or to, notice by or to, consent by or to or agreement between the Issuer and such Transfer Agent, Calculation Agent or Paying Agent (as the case may be) shall be disregarded to the extent that the Issuer performs such role.

19. NOTICES

(a) Notice by the Issuer

- (i) All notices to Noteholders in respect of Registered Notes shall be sent by registered mail or delivered by hand to their addresses appearing in the Register. Any such notice shall be deemed to have been given on the 7th (seventh) day after the day on which it is mailed and on the day of delivery if delivered.
- (ii) In the event of there being any Individual Certificates (whether evidencing Registered Notes, Bearer Notes or Order Notes) in issue, notices to such Noteholders shall be published:
 - (A) in an English language daily newspaper of general circulation in South Africa; and
 - (B) for so long as the Notes are listed on the Interest Rate Market of the JSE or such other Financial Exchange, a daily newspaper of general circulation in the city in which the Interest Rate Market of the JSE or such other Financial Exchange is situated or any electronic news service of general distribution,and any such notices shall be deemed to have been given on the date of first publication
- (iii) For as long as any of the Notes are represented by a Global Certificate, all notices in respect of such Notes shall be by way of delivery by the Issuer via the relevant Settlement Agent of the relevant notice to the CSD and the JSE or such other Financial Exchange on which the Notes are listed for communication by them to holders of Beneficial Interests in Notes represented by the Global Certificate.

(b) Notice by the Noteholders

A notice to be given by any Noteholder to the Issuer shall be in writing and given by lodging (either by hand delivery or posting by registered mail) that notice, together with a certified copy of the relevant Certificate, Coupon or Receipt at the office of the Transfer Agent specified in the Applicable Pricing Supplement. For so long as any of the Notes are represented by a Global Certificate, notice may be given by any holder of a Beneficial Interest in Notes represented by a Global Certificate to the Issuer via the relevant Settlement Agent in accordance with the Applicable Procedures, in such manner as the Issuer and the relevant Settlement Agent may approve for this purpose. Such notices shall be deemed to have been received by the Issuer, if delivered by hand, on the second Business Day after being hand delivered, or, if sent by registered mail, 7 (seven) days after posting.

(c) Notice in relation to Notes listed on the Interest Rate Market of the JSE

For so long as any Notes are listed on the Interest Rate Market of the JSE, notwithstanding Conditions 19(a) (*Notice by the Issuer*) and 19(b) (*Notice by the Noteholders*), all notices in respect of such JSE-listed Notes, shall be made by way of an announcement on the Securities Exchange News Service.

20. MEETINGS OF NOTEHOLDERS

(a) Convening of meetings

The Issuer may at any time convene a meeting of all Noteholders or holders of any Class of Notes, and shall be obliged to do so upon the request in writing of Noteholders holding not less than 10 per cent. of the aggregate Nominal Amount of all Notes or Notes in that Class, as the case may be, for the time being Outstanding. Should the Issuer fail to requisition a meeting within 7 (seven) days of such a

request being delivered to the Specified Office of the Issuer, the Noteholders requesting such a meeting may convene such meeting by written notice to the Issuer and the relevant Noteholders to which such meeting applies in accordance with Condition 19 (*Notices*). A meeting so convened will be convened as nearly as possible in the same manner as that in which meetings may be convened by the Issuer.

(b) **Notice**

- (i) At least 21 (twenty one) days' prior written notice (exclusive of the day on which the notice is given and of the day on which the relevant meeting is to be held) specifying the date, time and place of the meeting shall be given to the Noteholders and the Transfer Agent (with a copy to the Issuer). Every such meeting shall be held at such time and place as the Transfer Agent may approve. The notice shall set out the nature of the business for which the meeting is to be held, the full text of any resolutions to be proposed and shall state that a Noteholder may appoint a proxy (as defined below) by delivering a form of proxy (as defined below) to the Specified Officers of the Transfer Agent by no later than 24 hours before the time fixed for the meeting.
- (ii) A requisition notice by Noteholders requesting a meeting of Noteholders pursuant to Condition 20(a) (*Convening of meetings*) above may consist of several documents in like form, each signed by one or more requisitioning Noteholders. Such a requisition notice will be delivered to the Specified Offices of the Issuer.

(c) **Proxy**

- (i) A Noteholder may by an instrument in writing (a "**form of proxy**") signed by the holder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation, appoint any person (a "**proxy**") to act on his or its behalf in connection with any meeting or proposed meeting of the Noteholders.
- (ii) Any Noteholder which is a corporation may by resolution of its directors or other governing body authorise any person to act as its Representative in connection with any meeting or proposed meeting of the Noteholders.
- (iii) Any proxy or Representative appointed shall, so long as the appointment remains in force, be deemed for all purposes in connection with any meeting or proposed meeting of the Noteholder specified in the appointment, to be the holder of the Notes to which the appointment relates and the holder of the Notes shall be deemed for such purposes not to be the holder.

(d) **Chairperson**

The chairperson (who may, but need not, be a Noteholder) of the meeting shall be appointed by the Issuer. The procedures to be followed at the meeting shall be as determined by the chairperson subject to the remaining provisions of this Condition 20 (*Meetings of Noteholders*). Should the Noteholder requisition a meeting, and the Issuer fails to call such a meeting within 7 (seven) days of the requisition, then the chairperson of the meeting held at the instance of the Noteholders shall be selected by a majority of Noteholders present in person, by Representative or by proxy. The chairman of an adjourned meeting need not be the same person as was chairman of the original meeting.

(e) **Quorum**

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

following matters (“**Reserved Matters**”), shall only be capable of being effected after having been approved by Extraordinary Resolution namely -

- (i) modification of the Maturity Date of any Notes or reduction or cancellation of the Nominal Amount payable upon; or
- (ii) reduction or cancellation of the amount payable or modification of the payment date in respect of any interest in respect of the Notes or variation of the method of calculating the Interest Rate in respect of the Notes; or
- (iii) reduction or increase of any Minimum Interest Rate and/or Maximum Interest Rate specified in the Applicable Pricing Supplement of any Note; or
- (iv) modification of the currency in which payments under the Notes are to be made; or
- (v) modification of the majority required to pass an Extraordinary Resolution; or
- (vi) the sanctioning of any such scheme or proposal as is described in Condition 20(m) (*Powers*) below; or
- (vii) alteration of this proviso or the proviso to Condition 20(g) (*Notice following adjournment*) below.

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

(f) **Adjournment of meetings**

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

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

- (i) in the case of a meeting requested by Noteholders, it shall be dissolved; or
- (ii) in the case of any other meeting, it shall be adjourned for such period (which shall be not less than 14 (fourteen) days and not more than 21 (twenty-one) days) and to such time and place as the Chairperson determines and approved by the Transfer Agent; provided, however, that:
 - (A) the meeting shall be dissolved if the Issuer so decides; and
 - (B) no meeting may be adjourned more than once for want of a quorum subject to as provided in Condition 20(g) below.

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

(g) **Notice following adjournment**

Condition 20(b) (*Notice*) above shall apply to any meeting which is to be resumed after adjournment for want of a quorum save that:

- (i) 14 (fourteen) days notice (exclusive of the day on which the notice is given and of the day on which the relevant meeting is to be held) shall be sufficient; and
- (ii) the notice shall state that (except in the circumstances where sub-paragraph 20(g)(iii) below applies) that one or more Noteholders present in person, by Representative or by proxy whatever the Nominal Amount of the Notes held or represented by them will form a quorum;
- (iii) in relation to any adjourned meeting the business of which includes any of Reserved Matter, the quorum shall be one or more Noteholders present in person, by Representative or by proxy holding or representing not less than one third in aggregate Nominal Amount of the Notes for the time being Outstanding.

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

(h) **Participation**

The following may attend and speak at a meeting:

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

(i) **Show of hands**

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

(j) **Poll**

A demand for a poll shall be valid if it is made by the Chairperson, the Issuer or one or more Noteholders present, by Representative or by proxy (whatever the Nominal Amount of Notes held or represented by them). The poll may be taken immediately or after such adjournment as the

Chairperson directs, but any poll demanded on the election of the Chairperson or on any question of adjournment shall be taken at the meeting without adjournment. A valid demand for a poll shall not prevent the continuation of the relevant meeting for any other business as the Chairperson directs.

(k) Votes

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

Notwithstanding any other provision contained in this Condition 20 (*Meetings of Noteholders*), the CSD's Nominee shall vote on behalf of holders of Beneficial Interests of Uncertificated Notes and Notes represented by a Global Certificate in accordance with the Applicable Procedures.

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

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

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

(l) Validity of votes by proxies

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

(m) Powers

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

- (i) power to sanction any compromise or arrangement proposed to be made between the Issuer and the Class of Noteholders or any of them;
- (ii) power to approve the substitution of any entity for the Issuer which shall be proposed by the Issuer;
- (iii) power to sanction any abrogation, modification, compromise or arrangement in respect of the rights of the Class of Noteholders against the Issuer or against any of its property whether such rights shall arise under the Notes or otherwise;
- (iv) power to assent to any modification of the provisions contained in the Terms and Conditions which shall be proposed by the Issuer;
- (v) power to give any authority or sanction which under the Terms and Conditions is required to be given by Extraordinary Resolution;
- (vi) power to appoint any persons (whether Noteholders or not) as a committee or committees to represent the interests of the Noteholders of that Class and to confer upon such committee or committees any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution;

- (vii) power to sanction any scheme or proposal for the exchange or sale of the Notes for, or the conversion of the Notes into or the cancellation of the Notes in consideration of, shares, stocks, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any entity (corporate or otherwise) formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration for cash.

(n) **Binding effect of resolutions**

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

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

(o) **Notice of the result of voting on any resolution**

Notice of the result of the voting on any resolution (including any Extraordinary Resolution) duly considered by the Noteholders shall be given to the Noteholders within 14 (fourteen) days of the conclusion of the meeting in accordance with Condition 19 (*Notices*). Non-publication shall not invalidate any such resolution.

(p) **Minutes**

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

21. **MODIFICATION**

- (a) The Issuer may effect, without the consent of the relevant Class of Noteholders, any modification of the Terms and Conditions which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated and the governing law in accordance with which Notes are issued, provided that the JSE shall be notified where such Notes are listed. Any modification of these Terms and Conditions which may have a direct effect in the Issuer's compliance with the debt listing requirements of the JSE will require the approval of the JSE. Any such modification shall be binding on the relevant Class of Noteholders and any such modification shall be notified to the relevant Class of Noteholders and to the relevant Financial Exchange in accordance with Condition 19 (*Notices*) as soon as practicable thereafter.
- (b) Save as provided in Condition 21(a) (*Modification*), no modification of these Terms and Conditions may be effected unless:
 - (i) in writing and signed by or on behalf of the Issuer and by or on behalf of the members of the relevant Class of Noteholders holding not less than 66.67 per cent. in Nominal Amount, of the Notes in that Class for the time being Outstanding; or
 - (ii) sanctioned by an Extraordinary Resolution of the relevant Class of Noteholders.

22. **FURTHER ISSUES**

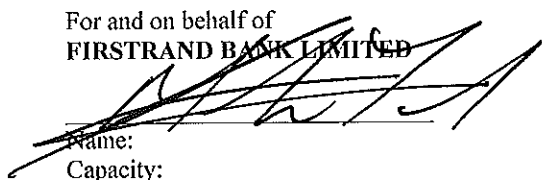
The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further Notes (the "Additional Notes") having terms and conditions which are identical as any of the other Notes already issued under the Programme (the "Existing Notes") or the same in all respects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

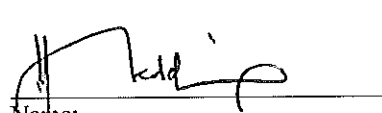
23. **GOVERNING LAW**

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

SIGNED at Sandton on this 29 day of November 2011

For and on behalf of
FIRSTRAND BANK LIMITED


Name:
Capacity:
Who warrants his/her authority hereto


Name:
Capacity:
Who warrants his/her authority hereto

SUMMARY OF PROVISIONS RELATING TO THE SETTLEMENT, CLEARING AND TRANSFER OF NOTES

Capitalised terms used in this section headed “Summary of Provisions Relating to the Settlement, Clearing and Transfer of Notes” shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

Notes listed on the Interest Rate Market of the JSE and/or held in the CSD

Each Tranche of Notes which is listed on the Interest Rate Market of the JSE in certificated form or in uncertificated form will be held in the CSD. A Tranche of unlisted Notes may also be held in the CSD.

Clearing systems

Each Tranche of Notes listed on the Interest Rate Market of the JSE and held in the CSD or a Tranche of unlisted Notes held in the CSD, as the case may be, will be issued, cleared and settled in accordance with the rules and operating procedures for the time being of the JSE and the CSD through the electronic settlement system of the CSD. Such Notes will be cleared by Participants who will follow the electronic settlement procedures prescribed by the JSE and the CSD.

The CSD has, as the operator of an electronic clearing system, been appointed by the JSE to match, clear and facilitate the settlement of transactions concluded on the JSE. Subject as aforesaid each Tranche of Notes which is listed on the Interest Rate Market of the JSE will be issued, cleared and transferred in accordance with the Applicable Procedures and the Terms and Conditions, and will be settled through Participants who will comply with the electronic settlement procedures prescribed by the JSE and the CSD. The Notes may be accepted for clearance through any additional clearing system as may be agreed between the JSE, the Issuer and the Dealer(s).

Participants

The CSD maintains accounts only for the Participants. The Participants are also approved settlement agents of the JSE. As at the Programme Date, the Participants which are approved by the JSE, in terms of the debt listings requirements of the JSE, as Settlement Agents to perform electronic settlement of funds and scrip are ABSA Bank Limited, FirstRand Bank Limited, Nedbank Limited, The Standard Bank of South Africa Limited and the South African Reserve Bank. The Participants are in turn required to maintain securities accounts for their clients. The clients of Participants may include the holders of Beneficial Interests in the Notes issued in uncertificated form or (represented by a Global Certificate) or their custodians. The clients of Participants, as the holders of the Beneficial Interests in the Notes or as custodians for such holders, may exercise their rights in respect of the Notes held by them in the CSD only through the Participants. Euroclear Bank S.A./N.V. as operator of the Euroclear System (“**Euroclear**”) and Clearstream Banking, société anonyme, (Clearstream Luxembourg) (“**Clearstream**”) may hold Notes through their Participants (Settlement Agents, which is currently the Standard Bank of South Africa Limited).

Settlement and clearing

Participants will be responsible for the settlement of scrip and payment transfers through the CSD, the JSE and the South African Reserve Bank.

While a Tranche of Notes is held in the CSD, the CSD’s Nominee, a wholly owned subsidiary of the CSD approved by the Registrar of Securities Services in terms of the Securities Services Act, and any reference to “*CSD’s Nominee*” shall, whenever the context permits, be deemed to include any successor nominee operating in terms of the Securities Services Act, will be named in the Register as the sole Noteholder of the Notes in that Tranche. All amounts to be paid and all rights to be exercised in respect of Notes held in the CSD will be paid to and may be exercised only by the CSD’s Nominee for the holders of Beneficial Interests in such Notes.

In relation to each person shown in the records of the CSD or the relevant Participant, as the case may be, as the holder of a Beneficial Interest in a particular Principal Amount of Notes, a certificate or other document issued

by the CSD or the relevant Participant, as the case may be, as to the Principal Amount of such Notes standing to the account of such person shall be *prima facie* proof of such Beneficial Interest. The CSD's Nominee (as the registered Noteholder of such Notes named in the Register) will be treated by the Issuer, the Paying Agent, the Transfer Agent and the relevant Participant as the holder of that aggregate Principal Amount of such Notes for all purposes.

Payments of all amounts in respect of a Tranche of Notes which is listed on the Interest Rate Market of the JSE in uncertificated form and/or held in the CSD under a Global Certificate will be made to the CSD's Nominee, as the registered Noteholder of such Notes, which in turn will transfer such funds, via the Participants, to the holders of Beneficial Interests. Each of the persons reflected in the records of the CSD or the relevant Participant, as the case may be, as the holders of Beneficial Interests in Notes shall look solely to the CSD or the relevant Participant, as the case may be, for such person's share of each payment so made by (or on behalf of) the Issuer to, or for the order of, the CSD's Nominee, as the registered Noteholder of such Notes.

Payments of all amounts in respect of a Tranche of Notes which is listed on the Interest Rate Market of the JSE and/or held in the CSD under a Global Certificate will be recorded by the CSD's Nominee, as the registered Noteholder of such Notes, distinguishing between interest and principal, and such record of payments by the CSD's Nominee, as the registered Noteholder of such Notes, shall be *prima facie* proof of such payments.

Transfers and exchanges

Title to Beneficial Interest held by clients of Participants indirectly through such Participants will pass on transfer thereof by electronic book entry in the securities accounts maintained by such Participants for such clients. Title to Beneficial Interests held by Participants directly through the CSD will pass on transfer thereof by electronic book entry in the central securities accounts maintained by the CSD for such Participants. Beneficial Interests may be transferred only in accordance with the Applicable Procedures.

Beneficial Interests may be exchanged for Notes represented by Individual Certificates in accordance with Condition 16 (*Transfer of Notes*) of the Terms and Conditions.

Records of payments, trust and voting

Neither the Issuer nor the Paying Agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, Beneficial Interests, or for maintaining, supervising or reviewing any records relating to Beneficial Interests. Neither the Issuer nor the Paying Agent nor the Transfer Agent will be bound to record any trust in the Register or to take notice of or to accede to the execution of any trust (express, implied or constructive) to which any Note may be subject. Holders of Beneficial Interests vote in accordance with the Applicable Procedures.

BESA Guarantee Fund Trust

The holders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the BESA Guarantee Fund Trust. Claims against the BESA Guarantee Fund Trust may only be made in respect of the trading of the Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the BESA Guarantee Fund Trust.

Notes listed on any Financial Exchange other than (or in addition to) the Interest Rate Market of the JSE

Each Tranche of Notes which is listed on any Financial Exchange other than (or in addition to) the Interest Rate Market of the JSE will be issued, cleared and settled in accordance with the rules and settlement procedures for the time being of that Financial Exchange. The settlement and redemption procedures for a Tranche of Notes which is listed on any Financial Exchange (other than or in addition to the JSE) will be specified in the Applicable Pricing Supplement.

Individual Certificates

All Notes not represented by a Global Certificate or in uncertificated form, including Bearer Notes and Order Notes shall be issued in definitive form, in the form of Individual Certificates. Notes issued in the form of

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

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

DESCRIPTION OF FIRSTRAND BANK LIMITED

OVERVIEW

FirstRand Bank Limited (the “**Bank**” or “**FRB**”) 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 company and banking laws of South Africa. The Bank provides a comprehensive range of retail, commercial, corporate and investment banking services in South Africa and niche products through its branches in India and London. As at 30 June 2011, 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 2011, the Bank had total assets of R616.7 billion, compared to R576.4 billion as at 30 June 2010. The Bank's profit attributable to ordinary shareholders amounted to R7.8 billion for the year ended 30 June 2011, up from R5.3 billion for the year ended 30 June 2010.

The Bank is 100 per cent owned by FirstRand Limited (“**FirstRand**” together with its subsidiaries the “**Group**”). Listed on the JSE Limited (“**JSE**”) and the Namibian Stock Exchange. FirstRand is one of the largest financial institutions in South Africa and provides banking and insurance products and services to retail, commercial, corporate and public sector customers in South Africa and several African countries. FirstRand's market capitalisation was R111.9 billion as at 30 June 2011.

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 company laws of South Africa. 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

The Group's operating structure consists of its three major “operating franchises” (FNB, RMB and WesBank), through which it carries out its activities and executes its strategy. However, its corporate structure (from a legal entity perspective) consists principally of FirstRand and its three wholly-owned major subsidiaries, namely the Bank, FREMA and FRIHL. Depending on the nature of a particular product or service or the jurisdiction in which it is carried out, the various activities managed by a single franchise may be attributable to one or more of 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 objective

FirstRand's objective 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, underpinned by alignment of shareholder value creation and management remuneration. This objective 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 Chief Executive Officer (“CEO”), Chief Operating Officer 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

FNB's strategy, aligned with the overall FirstRand strategy, is to grow its domestic franchise in market segments where it is currently under-represented and target selected African countries for investment. It enters these markets focusing on innovative products and delivery channels, especially favouring electronic platforms.

FNB has identified certain growth opportunities within the mass, wealth and corporate segments and executed on a number of these and other operational initiatives.

Over the past five years FNB has been very successful in growing its franchise in the mass market through its strategy of delivering innovative and low-cost transactional banking services. FNB now has over four million customers in this segment. However, despite recent growth, it remains relatively under-represented in lending activities to customers in the mass market segment. To address this, FNB will continue with the rollout of its EasyPlan strategy, which represents a low-cost banking offering to mass segment customers. The EasyPlan branches are well positioned in mass market activity hubs, are open longer than the traditional branches and are supported by low cost channels for lending, insurance, savings and transactional products and services. EasyPlan is not only a lending strategy, it is supported by a strong transactional banking platform with many innovative electronic channels such as cellphone banking and the automatic deposit terminals (“ADTs”) (automatic teller machines (“ATMs”) where customers can deposit cash or pay bills and which is processed immediately). These channels are ideally constructed for customers who want cheaper and convenient ways to transfer money and pay their bills. The FNB EasyPlan offering is competitively priced which should support further growth in this segment.

Effective January 2011, FNB acquired 100 per cent. of Barnard Jacobs Mellet’s (“BJM”) highly regarded private client and stockbroking business which has now been integrated with the existing Wealth segment. This has enabled FNB to offer customers in the Wealth segment a more comprehensive range of products and services which may ultimately be marketed under the award-winning Ashburton brand.

In terms of its growth strategy in Africa, FNB continues to expand its operating platforms in Zambia and Mozambique. Regulatory approval has been obtained in Tanzania for the establishment of a full-service retail and commercial bank which has commenced operations. Alongside other FirstRand franchises, FNB continues to assess opportunities in identified priority countries such as Nigeria and Ghana.

RMB

RMB’s risk appetite framework remains central to ensuring that its portfolio continues to reflect the appropriate mix of client, trading and investing activities in order to preserve and enhance the quality of earnings. Ongoing strategic imperatives remain anchored around strengthening the client franchise both locally and regionally with trading and investing activities being scaled appropriately.

Previously the Group serviced its large corporate customers through two separate franchises, FNB and RMB. FNB Corporate offered transactional banking products and services, whereas RMB provided pure investment banking. However, as customers increasingly required a more integrated interface, the Group considered that it was not providing an optimal offering to those customers.

As a first step to resolving this issue, in the 2010 financial year the Group merged the relationship management teams of FNB and RMB to create an integrated client coverage capability (the “Coverage Team”) and placed them under common leadership at RMB. This has already yielded benefits across the corporate and investment banking (“CIB”) activities of both RMB and FNB. In the 2011 financial year, the Group completed a strategic review of its corporate transactional banking activities and this resulted in FNB’s Global Transactional Services (“GTS”) also transferring to RMB. The objective of this move is to ensure that all CIB activities are integrated at a client and product level. Alan Pullinger, CEO of RMB, is now also head of CIB with FNB GTS reporting to him. The aim of these changes is to support growth in the corporate banking segment where the Group is currently under-represented relative to its size.

Good progress has been made on initiatives aimed at growing the African franchise. The focus has been on building investment banking and trading activities in jurisdictions where FNB currently operates as well as capturing trade and investment flows into Africa from key Asian markets such as India and China. During 2011 financial year, RMB deployed investment banking and trading resources into FNB's Namibia, Botswana, Zambia and Mozambique operations as well as expanding the Coverage Team to include resources focused exclusively on Africa. A number of transactions in key sectors such as resources, commodities, energy and property were concluded in Africa. Representative offices in Angola and Kenya have been commissioned and the Nigerian representative office continues to function as a valuable hub for activities in West African markets.

Wesbank

WesBank continues to focus on its core strategy of partnering with key industry players through representation at the point of sale. These alliances, across both the retail and corporate business divisions, are an important source of new business flows.

In line with FirstRand's strategy to target those domestic segments where its operating franchises may be under-represented, WesBank has been executing on specific strategies to grow in fleet management and full maintenance rentals with larger corporate asset finance customers and in the public sector. Full maintenance rentals are rental agreements with a maintenance element where the client only rents the asset, whilst WesBank manages the use and maintenance of the asset, retains residual value risk and generally takes the asset back on termination. Initiatives in the larger corporate sector are gaining good traction. Although the opportunities in full maintenance leasing and in the public sector remain meaningful, the lead times to significant revenue inflows are proving longer than anticipated and are only likely to realise over the medium term.

In addition, WesBank is leveraging off the FNB platform and presence in certain African jurisdictions, both established and developing, where asset finance opportunities have been identified. In this regard, WesBank deployed resources to focus on building the asset finance operations in Africa, agreed an operating model with FNB and is in the process of identifying priority market segments and specific strategies in various African countries.

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 banking of operations of FNB in Namibia, Botswana, Lesotho, Swaziland, Mozambique, Zambia and Tanzania (the “**FNB Africa Subsidiaries**”). 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. In addition, certain activities of 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, in order to simplify the Group's structure, 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 Banks Act.

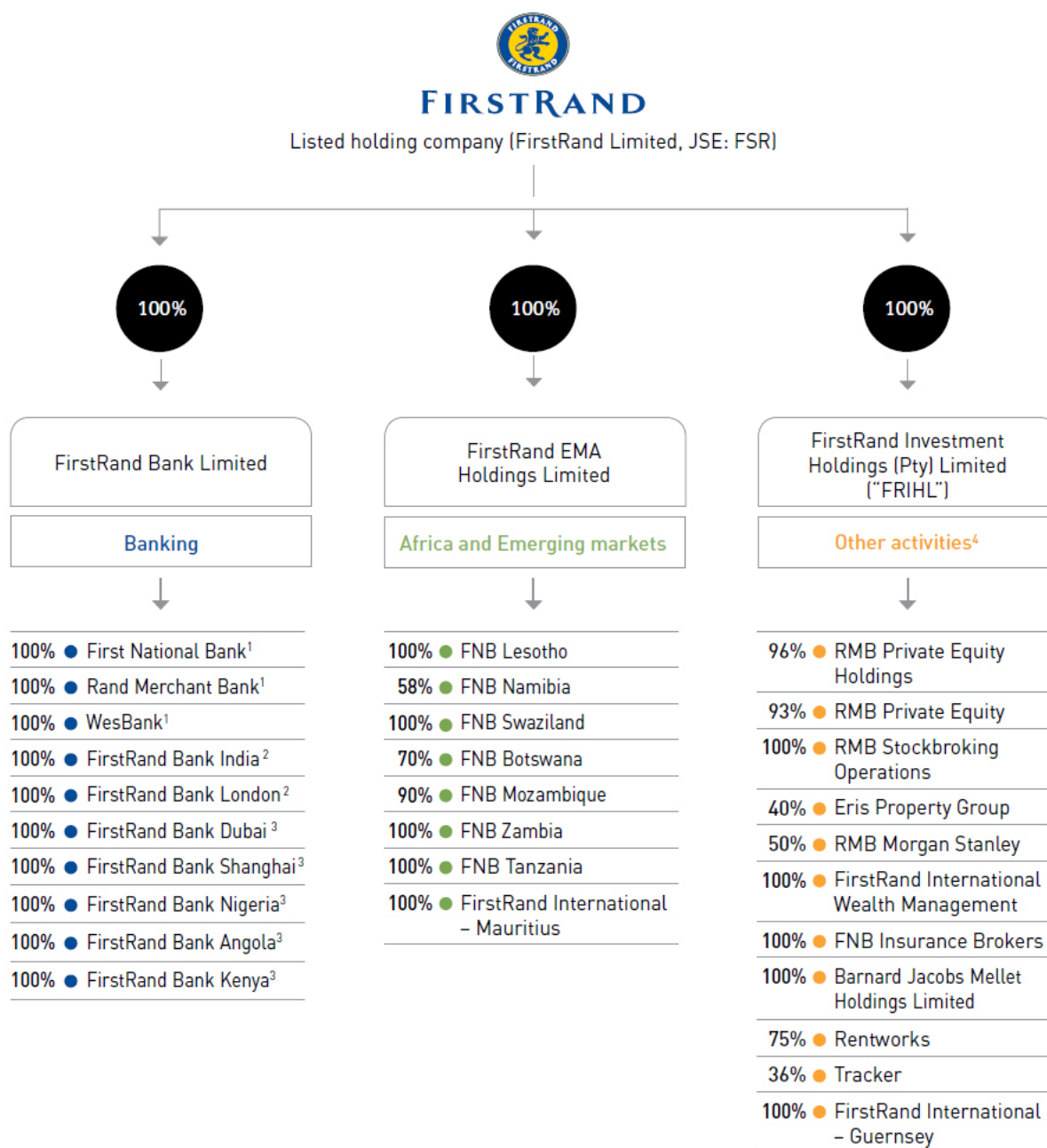
The Reorganisation received relevant shareholder and regulatory approval and became effective on 1 July 2010. The principal elements of the Reorganisation in so far as they relate to the Bank are as follows:

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 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.

Simplified Group structure (showing major legal entities)



Structure shows effective shareholding [consolidated]

- 1 Division
- 2 Branch
- 3 Representative office
- 4 For segmental analysis purposes entities included in FRIHL are reported as part of the results of managing franchise

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, 5 billion redeemable preference shares with a par value of R0.0001 per share, 50,000 Class "R" 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 2011, the Bank had issued share capital of 1,866,833 ordinary shares with a par value of R2 per share, 2,385 redeemable preference shares with a par value of R0.0001 per share, 2,406 Class "R" redeemable preference shares with a par value of R0.0001 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 still held by FREMA (formerly FRBH).

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 2011, which has been incorporated by reference into this Programme Memorandum, 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 markets to medium-sized corporates, 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 2011, the Bank had issued share capital of 1,866,833 ordinary shares with a par value of R2 per share, 2,385 redeemable preference shares with a par value of R0.0001 per share, 2,406 Class "R" redeemable preference shares with a par value of R0.0001 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 still held by FREMA (formerly FRBH).

FNB follows a segment strategy. It has segmented its customer base as follows: mass, consumer, wealth, commercial and public sector.

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 Connect; and
- FNB EasyPlan.

Consumer segment

This segment focuses on providing financial services solutions to customers with incomes ranging from ZAR100,000 to ZAR1.1 million 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);
- FNB Insurance Brokers;
- eBucks (FRB's customer loyalty/rewards programme);
- FNB HomeLoans (including One Account);
- Card Issuing;
- Retail Foreign Exchange services; and
- Consumer Electronic banking (FNB Online).

Wealth segment

This segment focuses on providing financial services solutions to customers with incomes above ZAR1.1 million per annum, as well as offering products from group related entities which offer certain trust, fiduciary and offshore investment services to customers. The Wealth segment spans the following separately branded 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;
- Commercial property finance;
- Debtor finance;
- FNB Leveraged finance, Black Economic Empowerment funding, franchises, tourism, agriculture and start-ups; and
- Merchant Service (SpeedPoint).

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.

Global Transactional Services

This segment provides large corporate customers, financial institutions and certain state-owned enterprises, as defined in schedule 2 of the Public Finance Management Act, 1999, with global transactional banking capabilities as well as cash flow optimisation and working capital solutions.

- Global transactional banking solution and associated working capital solutions
- Electronic Cash Solutions (SmartBox);
- International banking; and
- Custody services.

In the 2010 financial year FNB Corporate's relationship management team was integrated with RMB to establish a single Coverage Team. Subsequently, the majority of the business units that remained in FNB Corporate were reorganised to form GTS. Following a strategic review of the Group's corporate transactional banking activities it was agreed that FNB, GTS and RMB should be under common leadership. As a result, FNB's GTS business remains FNB "branded" but now reports to the CEO of RMB and Head of Corporate and Investment Banking effective 1 July 2011.

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. WesBank offers a full range of financing products including instalment sales, financial and operating leases, rentals, loans, full maintenance leases and discounting facilities. 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 also collaborates with RMB on mutual wholesale customers and with FNB on mutual commercial customers to provide clients with a consolidated offering. 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, National Airways Corporation, the Spar Group, Afgri Limited and Komatsu, amongst others.

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's private equity and principal investing businesses are 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 advisory 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.
- *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 agency services. Within FICC the specialist groups are:

- *Sales and Structuring:* provides trading, execution, agency (such as prime broking) and structured solutions to corporate, retail and institutional clients and local and non-resident banks.
- *Fixed Interest Trading:* provides trading services in fixed income securities and derivatives as well as proprietary trading.

- *Foreign Exchange Trading*: provides foreign exchange trading services in currency spot, forwards, options and derivatives across major traded currencies, Rand and other African currencies as well as proprietary trading.
- *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 as well as proprietary trading.

Equities

The equities business that fall within the scope of the Bank include equity structuring, some agency services (such as futures clearing and securities lending) and proprietary trading in local equities. Other equities business (such as stockbroking) is 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, Group Finance, Information & Technology, Enterprise Risk Management (“**ERM**”), Regulatory Risk Management (“**RRM**”), and Group 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.
- The RRM function ensures that business practices, policies, frameworks and approaches across the organisation are consistent with applicable laws.
- Group Internal Audit provides independent assurance of the adequacy and effectiveness of risk management practices.

LOAN PORTFOLIO

Introduction

As at 30 June 2011, the Bank's total gross advances (before impairments but after interest in suspense) amounted to R436.6 billion compared to R409.3 billion as at 30 June 2010, representing 70 per cent. and 70 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 2011 (59 per cent. for the preceding financial year). Home loans constituted the largest category of advances. The Bank advanced R152.7 billion by way of home loans, constituting 35 per cent. of total gross advances (before impairments) as at 30 June 2011 (compared to R146.9 billion comprising 36 per cent. of total gross advances (before impairments) as at 30 June 2010).

Loan Portfolio structured by category

The following table sets out the composition of the Bank's advances by category as at 30 June 2011 and 2010 (including interest in suspense):

<i>Category analysis</i>	As at 30 June 2011		As at 30 June 2010	
	<i>(R million)</i>	<i>Share per cent.</i>	<i>(R million)</i>	<i>Share per cent.</i>
Overdraft and managed accounts.....	24,243	5.5	22,962	5.6
Loans to other financial institutions.....	9,303	2.1	5,101	1.2
Card loans.....	10,766	2.5	10,744	2.6
Instalment sales.....	70,621	16.1	62,693	15.3
Lease payments receivable.....	15,238	3.5	17,529	4.3
Property finance.....	164,718	37.6	158,118	38.5
Home Loans.....	152,703	34.8	146,896	35.7
Commercial property finance.....	12,015	2.7	11,222	2.7
Personal loans.....	12,160	2.8	8,825	2.1
Preference share advances.....	25,652	5.8	23,600	5.7
Other.....	25,460	5.8	18,984	4.6
Assets under agreement to resell.....	30,257	6.9	38,109	9.3
Investment bank term loans.....	50,181	11.4	44,490	10.8
NOTIONAL value of gross advances.....	438,599	100	411,155	100
TOTAL Net Advances.....	429,134		401,279	

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 2011 and 2010.

<i>Category analysis</i>	As at 30 June 2011		As at 30 June 2010	
	<i>(R million)</i>	<i>Share per cent.</i>	<i>(R million)</i>	<i>Share per cent.</i>
Guarantees.....	24,901	23.5	26,054	29.1
Acceptances.....	300	0.3	299	0.3
Letters of credit.....	6,063	5.7	5,362	6.0
Irrevocable commitments.....	58,438	55.2	48,692	54.5
Other.....	16,217	15.3	8,993	10.1
TOTAL contingencies.....	105,919	100	89,400	100
Legal proceedings.....	63		44	
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.....	356		165	
Not contracted for.....	3,006		1,861	

Loan Portfolio Structure by Sector

The following table sets out certain information as to the structure of the Bank's loan portfolio by economic sector, as at 30 June 2011 and 2010 (including interest in suspense):

<i>Category analysis</i>	As at 30 June 2011		As at 30 June 2010	
	<i>(R million)</i>	<i>Share per cent.</i>	<i>(R million)</i>	<i>Share per cent.</i>
Agriculture.....	12,760	2.9	11,268	2.7
Banks and financial services.....	55,426	12.6	60,197	14.7
Building and property development	21,688	4.9	16,237	3.9
Government, Land Bank and public authorities	14,646	3.3	13,358	3.2
Individuals	257,671	58.8	240,602	58.5
Manufacturing and commerce	30,689	7.0	28,173	6.9
Mining	9,998	2.3	8,020	2
Transport and communication	11,745	2.7	11,834	2.9
Other services	23,976	5.5	21,466	5.2
NOTIONAL value of gross advances.....	438,599	100	411,155	100
TOTAL Net Advances	429,134		401,279	

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 97 per cent of gross advances as at 30 June 2011 (with more than 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 2011 and 2010 (including interest in suspense):

<i>Category analysis</i>	As at 30 June 2011		As at 30 June 2010	
	<i>(R million)</i>	<i>Share per cent.</i>	<i>(R million)</i>	<i>Share per cent.</i>
South Africa.....	423,205	96.5	400,766	97.5
Other Africa.....	2,937	0.7	2,145	0.5
United Kingdom	8,783	2.0	6,785	1.7
Other.....	3,674	0.8	1,459	0.3
TOTAL	438,599	100	411,155	100

Risk Analysis – Residential Mortgages

The tables below provide the balance-to-valuation distribution for the Bank's residential mortgage portfolios over time as well as the aging of the residential mortgage portfolios for the periods indicated and are unaudited.

Residential mortgages balance-to-value distribution (based on original value)

Residential mortgages balance to original value (%):	Year ended 30 June 2011 (as % of total book)	Year ended 30 June 2010 (as % of total book)
≤ 70	45	37
71-80	13	13
81-90	15	16

Residential mortgages balance to original value (%):	Year ended 30 June 2011 (as % of total book)	Year ended 30 June 2010 (as % of total book)
91-100	21	25
> 100	6	9

Source: FirstRand Limited's Risk Report for the year ended 30 June 2011

The recent focus on loan-to-value ratios for new business resulted in a slight improvement in the balance to original value ratio.

Residential mortgages balance-to-value distribution (based on market value)

Residential mortgages balance to market value (%):	Year ended 30 June 2011 (as % of total book)	Year ended 30 June 2010 (as % of total book)
≤ 70	44	58
71-80	15	15
81-90	17	17
91-100	16	7
> 100	8	3

Source: FirstRand Limited's Risk Report for the year ended 30 June 2011

The balance-to-market value ratio shows a significant proportion of the book in the lower risk categories.

Residential mortgages age distribution

	Year ended 30 June 2011 (as % of total book)	Year ended 30 June 2010 (as % of total book)
1 – 12 months	15	13
12 – 24 months	12	11
Older than 24 months	73	76

Source: FirstRand Limited's Risk Report for the year ended 30 June 2011

For the year ended 30 June 2011, FNB HomeLoans arrears continued on a downward trend and similar trends were also observed in the WesBank (vehicle and asset finance) and Credit Card portfolios for the same period.

Analysis Of NPLs

The following table sets out certain information relating to the bank's non-performing loans ("NPLs") for the years ended 30 June 2011 and 30 June 2010.

<i>R million/%</i>	NPLs			NPLs as a % of advances	
	<i>2011</i>	<i>2010</i>	<i>% change</i>	<i>2011</i>	<i>2010</i>
Retail	14,373	16,637	(14)	5.97	7.33
Residential mortgages.....	10,293	12,196	(16)	6.72	8.26
Credit card.....	446	672	(34)	4.15	6.28
Vehicle and asset finance.....	2,895	3,000	(4)	4.58	5.12
Other retail.....	739	769	(4)	5.47	7.70
Corporate/Wholesale	4,753	4,075	17	2.51	2.26
FNB Commercial.....	1,866	1,916	(3)	6.06	6.80
WesBank Business and Commercial.....	1,121	1,578	(29)	3.76	5.62
FNB Corporate.....	18	1	>100	0.71	0.04
RMB.....	1,748	580	>100	1.38	0.47
Corporate centre and other	(36)	(56)	(36)	n/a	n/a
Total NPLs	19,090	20,656	(8)	4.37	5.05
Of which:					
Accrual book.....	17,354	20,101	(14)	5.46	6.77
Fair value book.....	1,736	555	>100	1.46	0.49

Despite debt counselling and market factors prolonging the work out processes and causing NPLs to remain at high levels, the Bank's credit strategy to reduce NPLs continues to yield favourable results in most retail portfolios. New inflows of NPLs are reducing and accounts in default are being resolved. In the corporate/wholesale portfolios the rise in NPLs is due to challenges in the commercial property finance sector. The overall result is a ratio of NPLs to gross advances of 4.37 per cent. at June 2011, improving from the 5.05 per cent. reported at June 2010.

Analysis of income statement credit impairments

The following table sets out an analysis of the Bank's impairment charges for the years ended 30 June 2011 and 30 June 2010.

<i>R million/%</i>	Total impairment charge			As a % of average advances	
	<i>2011</i>	<i>2010</i>	<i>% change</i>	<i>2011</i>	<i>2010</i>
Retail	2,717	4,105	(34)	1.16	1.85
Residential mortgages.....	1,203	1,378	(13)	0.80	0.95
Credit card.....	149	776	(81)	1.39	6.92
Vehicle and asset finance.....	646	943	(31)	1.06	1.71
Other retail.....	719	1,008	(29)	6.12	10.01
Corporate/Wholesale	751	1,201	(37)	0.41	0.68
FNB Commercial.....	333	441	(24)	1.13	1.59

<i>R million/%</i>	Total impairment charge			As a % of average advances	
	<i>2011</i>	<i>2010</i>	<i>% change</i>	<i>2011</i>	<i>2010</i>
WesBank Business and Commercial	444	711	(38)	1.53	2.40
FNB Corporate	9	34	(74)	0.43	0.68
RMB	(35)	15	(>100)	(0.03)	0.01
Corporate centre and other	(169)	(191)	(>100)	n/a	n/a
Total NPLs	3,637	5,115	(29)	0.86	1.27
Of which:					
Accrual book	(146)	(299)	(51)	(0.03)	(0.08)
Fair value book	3,783	5,414	(30)	0.89	1.35

The Bank's impairment charges are continuing to decline steadily. The impairment charge of 1.27 per cent. as at 30 June 2010 reduced to 0.86 per cent. as at 30 June 2011 due to improved credit quality, the interest rate environment and increased post write-off recoveries.

Further information relating to the Bank's NPLs, impairments and coverage ratios are set out in Notes 3 and 4 of the supplementary information appended to the Bank's annual report for the year ended 30 June 2011 and incorporated into the Base Prospectus by reference.

Conduit programmes

The Group's conduit programmes are debt capital market vehicles which provide investment grade South African corporate counterparties with a source of funding alternative to direct access to the capital markets via their own note programmes and traditional bank funding. They also provide institutional investors with highly-rated short-term alternative investments. All the assets originated for the conduit programmes are rigorously evaluated as part of the ordinary credit approval process applicable to any other corporate exposure held by the Group.

The Bank has a contingent exposure of R12,671 million in the form of liquidity facilities it has granted to these conduits. It has a further R753 million in contingent exposure in the form of a guarantee it has extended to one of the conduit vehicles for credit enhancement purposes. All liquidity facilities granted to the conduit vehicles rank as senior, unsecured and unsubordinated obligations of the Bank in terms of payment priority in the event of drawdown and attract economic capital as if the underlying assets held in the vehicles were held by the Bank.

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 complies 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 applicable provisions of the Companies Act 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:

Name	Position
Lauritz Lanser Dippenaar	Chairman of the Board, Chairman of FirstRand and Director of RMBH
Sizwe Errol Nxasana	Chief Executive Officer of the Bank, Director of FirstRand and FREMA, Director of FRIHL
Vivian Wade Bartlett	Director of FirstRand
Johan Petrus Burger	Financial Director of the Bank and Financial Director of FirstRand, Group Operating Officer, Director of FREMA and 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
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:

Lauritz 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), MMI Holdings Limited (Chairman), RMB Holdings Limited, RMI Holdings Limited

Sizwe Errol Nxasana, BCompt, CA(SA)

Mr. Nxasana is a Chartered Accountant and holds a 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, RMI 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 Chief Financial Officer (“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 Dominium, 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, 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, RMB Holdings Limited, RMI Holdings Limited*
- 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 CFO 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), CA(Canada), CFA, D.Compt (Accounting Science) and D.Com (Economics)

Dr van Greuning joined the World Bank in 1994 from the 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 CEO of Remgro Limited.

Directorships – FirstRand, Remgro Limited, RMB Holdings Limited, RMI Holdings 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

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 88 of the South African Companies Act. Mr Unser is available at the Specified Office of the Issuer during working hours.

Conflicts of Interest

All directors of the Bank serve as directors of one or more of the Bank's affiliates (including FirstRand 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 FirstRand 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:

FirstRand Audit Committee

The current members of the Audit Committee are as follows:

Name	Position
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.

FirstRand Risk Capital Management and Compliance Committee ("RCC Committee")

The current members of the RCC Committee are as follows:

Name	Position
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.

FirstRand Large Exposures Credit Committee

The current members of the Large Exposures Credit Committee are:

Name	Position
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.

FirstRand Director's Affairs and Governance Committee

The current members of the Director's Affairs and Governance Committee are:

Name	Position
William Rodger Jardine	Chairman
Leon Crouse	Member
Vivian Wade Bartlett	Member
Laurie Dippenaar	Member
Patrick Maguire Goss	Member
Ronald Keith Store	Member
Benedict Jamesvan 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
Amanda Tandiwe Nzimande	Member
Kgotso Buni Schoeman	Member
Deepak Premnarayen	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.

FirstRand Credit Committee

The current members of the Credit Committee are:

Name	Position
Jurie Johannes Human Bester	Member
Johan Petrus Burger	Member

The Credit Committee is responsible for credit approvals of group or individual credit facilities in excess of subcommittee mandates and limits and approves all wholesale credit policies. The committee meets weekly.

EMPLOYEES

As at 30 June 2011 the Bank had approximately 30,221 employees, compared to 31,288 as at 30 June 2010. The approximate number of employees within each of the Bank's major divisions and its Corporate Centre is set out below:

• FNB	25,436
• RMB	1,425
• WesBank	2,545
• Corporate Centre	815

To date, the Bank has not experienced industrial action or other work stoppages resulting from labour disputes.

COMPETITION

In South Africa, there are currently 12 registered banks with local control, 6 registered banks with foreign control, 12 branches of foreign banks, 2 registered mutual banks, and 41 representative offices of foreign banks (Source: SARB website). As at 30 June 2011, the South African banking sector had total assets of R3.1 trillion according to statistics published by the SARB (Source: BA900, June 2011).

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:

	Total Assets	Capital and Reserves
	<i>(R billion)</i>	
Absa Bank Limited	669.0	51.9
FirstRand Bank Limited	610.6	41.0
Nedbank Limited	550.4	36.9
The Standard Bank of South Africa Limited	804.2	50.3

Source: SARB BA900, June 2011

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.

The Bank's capital planning process ensures that its total capital adequacy and Tier 1 ratios remain within approved ranges or above target levels across economic and business cycles. The Bank is appropriately capitalised under a range of normal and severe scenarios as well as a range of stress events.

The Bank currently finds itself in an environment of significant regulatory uncertainty. Although many of the Basel III changes have been finalised, these proposals are yet to be outlined in South African regulations. The Bank has increased its targeted ranges in anticipation of the implementation of Basel III even though the levels in South Africa are not yet finalised. The current approach to capital levels is conservative and the Bank would prefer to maintain strong capital ratios at the upper end of its targeted band.

The Board-approved capital plan is reviewed as part of the Group's International Capital Adequacy Process ("ICAAP"), with the stress testing framework being an extension to the process. These processes are under continuous review and refinement and continue to inform the targeted buffer.

For the year ended 30 June 2011, the Bank excluding subsidiaries and branches operated above its targeted capitalisation range with a total capital adequacy of 14.2 per cent. and a solid Tier 1 ratio of 12.4 per cent.

Enhancements to the Basel II framework - Basel 2.5

The BCBS introduced enhancements to the market risk and securitisations framework, effective 1 January 2012. These revisions incorporate new capital requirements to include the effects of stressed markets (stressed Value-at-Risk, "VaR"), an incremental risk charge for default and rating migration risk of trading book positions and higher risk weightings for resecuritized exposures. The SARB has issued a set of draft regulations which cover the revised market risk and securitisation proposals of Basel 2.5, as well as introducing a scalar for credit risk. These regulations will be implemented at the beginning of 2012. The draft regulations currently do not make provision for the proposed Basel III framework discussed below.

Basel III

The final Basel III framework "A global regulatory framework for resilient banks and banking systems" was issued in December 2010. The new regulations will be phased in from 1 January 2013 onwards with full compliance of capital levels (including buffers) by 1 January 2019.

Quantitative impact studies are currently being completed by regulators to assess the impact of the new Basel III rules. This exercise will be performed every six months. The Group has been involved in this exercise and current calculations result in lower Tier 1 and total capital adequacy ratios for the Group. However, the Bank will remain above the current regulatory minimum and internal minimum requirements. The targeted capital levels may be further revisited once the Basel III proposals are incorporated into the SARB regulations. The Group expects further guidance from the SARB during the first quarter of 2012.

The targeted capital levels as well as the current ratios (as at 30 June 2011) for FRB (excluding branches, subsidiaries and associates) are summarised in the table below:

	Actual	Target	Regulatory minimum
Capital adequacy ratio (%)	14.2	11.5 -13.0	9.50*
Tier 1 ratio (%)	12.4	10.50	7.00
Core Tier 1 ratio (%)	11.4	9.0 - 10.5	5.25

* 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 2011, while the subsequent tables provide a breakdown of risk weighted assets and the respective approaches for calculating them.

FRB*					
30	June	%	30	June	%
2011			2010		

	FRB*					
	30 2011	June	%	30 2010	June	%
	(R million)					
Ordinary shareholders equity as per IFRS**	37,965			33,085		
Less: non-qualifying reserves**	(333)			(477)		
Cash flow reserve**	452			466		
Available-for-sale reserve**	(443)			(532)		
Share-based payment reserve**	(342)			(411)		
Ordinary shareholders equity qualifying as capital	37,632			32,608		
Ordinary share capital and share premium**	11,459			10,969		
Reserves	26,173			21,639		
Non-cumulative non-redeemable preference shares*	3,000			3,000		
Less: total impairments	(3,295)			(2,323)		
Excess of expected loss over eligible provisions (50%)	(907)			(379)		
First loss credit enhancements in respect of securitisation structures (50%)	(71)			(45)		
Qualifying capital in branches	(1,732)			(1,732)		
Other impairments	(585)			(167)		
Total Tier 1 capital	37,337	12.4		33,285	11.7	
Upper Tier 2 instruments	1,042			1,068		
Tier 2 subordinated debt instruments	5,349			5,914		
Less: total impairments	(978)			(424)		
Excess of expected loss over eligible provisions (50%)	(907)			(379)		
First loss credit enhancements in respect of securitisation structures (50%)	(71)			(45)		
Total Tier 2 capital	5,413	1.8		6,558	2.3	
Total qualifying capital and reserves	42,750	14.2		39,843	14.0	

* Reflects solo supervision, i.e. FRB excluding branches, subsidiaries and associates

** Audited

Risk weighted assets for each risk type

	FRB [#]			
	30 June 2011		30 June 2010	
	RWA	Capital requirement*	RWA	Capital requirement*
	(R million)			
Credit risk	226,678	21,534	210,328	19,981
Operational risk	42,659	4,053	38,223	3,631
Market risk	7,016	667	4,669	444
Equity investment risk	10,460	994	16,835	1,599
Other risk	14,027	1,333	13,690	1,301
Total RWA	300,840	28,581	283,745	26,956

[#] Reflects solo supervision, i.e. FRB excluding branches, subsidiaries and associates

* Capital requirements calculated at 9.5 per cent of RWA

The table below provides the RWA numbers per Basel II approach for each risk type as at 30 June 2011.

	R million
Credit risk	
Advanced Internal Ratings Based Approach ("AIRB")	226,678
Corporate, banks and sovereigns	92,642
SME	37,584
Residential mortgages	42,388

Qualifying revolving retail	9,003
Other retail	40,481
Securitisation exposure	4,580
Equity investment risk	10,460
Simple risk weighted method	10,460
Operational risk	42,659
Advanced measurement Approach	42,659
Market risk*	7,016
Internal Model Approach	7,016

* 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.

LEGAL PROCEEDINGS

The Bank has been, and continues 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, 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), in the 12 months prior to the date of this Programme Memorandum, which may have 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 2011, the Bank held the freehold title to land and buildings with a net book value of R3,301 million and leasehold title to properties with a net book value of R2,097 million compared to R3,140 million and R2,106 million respectively as at 30 June 2010.

INSURANCE

The Bank has a comprehensive insurance programme with cover for bankers bond, computer crime, professional indemnity, directors and officers liability, assets and liabilities. Regular benchmarking reviews of policy provisions, covers and limits ensure 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 entities 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

See the “*Risk Factors – Liquidity Risk – Structural characteristics impacting the funding profile of South African banks*” section above for a discussion of certain structural characteristics of the South Africa banking sector which are relevant to the Bank’s funding sources and strategy. In this section, “institutional funding” refers to wholesale funding from financial institutions across a range of deposits, loans and financial instruments.

Funding strategy

FirstRand’s objective is to fund its activities in a sustainable, diversified, efficient and flexible manner, underpinned by strong counterparty relationships within prudential limits and requirements. The objective is to maintain natural market share, but also to outperform at the margin, which will provide the Group with a natural liquidity buffer. The four building blocks of our funding strategy are discussed in more detail below.

Diversification

The Group views funding diversification from a number of different perspectives:

- Segments – the Group has a strong and stable deposit franchise, which spans the retail, commercial and corporate segments. Institutional funding represents approximately 40 per cent of the Group’s total funding and this reliance represents a risk concentration that is actively managed through the holding of appropriate liquidity buffers and continued focus on lengthening the term profile.
- Country and currency of issue – the Bank has access to a variety of funding and capital markets offshore and locally, including South Africa, Europe, Asia, Australia and Botswana in ZAR, USD, GBP, EUR, AUD and BWP.
- Instrument types and maturity profile – the Group funds itself with a variety of different funding instruments, including negotiable certificates of deposits (“NCDs”), fixed and floating rate notes, syndicated loans, development finance facilities, vanilla and structured capital market issuances, and various retail and corporate products.

The Bank seeks to broaden its investor base as far as possible, while actively pursuing an investor relations strategy.

An analysis of the Bank’s funding base is provided in the tables in the following pages.

The table below provides an historic analysis of the Bank’s funding sources and reflects the stability of and reliance on institutional funding as at the dates indicated.

	30 June 2008	31 December 2008	30 June 2009	31 December 2009	30 June 2010	31 December 2010	30 June 2011
Institutional	39%	39%	40%	41%	42%	41%	40%
Corporate	25%	24%	23%	23%	22%	22%	21%
Retail	15%	16%	16%	16%	16%	16%	16%
SME	6%	6%	6%	5%	5%	5%	5%
Public	8%	8%	8%	7%	8%	8%	9%
Foreign	6%	5%	5%	5%	5%	6%	5%
Other	2%	1%	1%	2%	2%	2%	3%
TOTAL	R450bn	R455bn	R449bn	R456bn	R481bn	R512bn	R516bn

A historical analysis of the average maturity of the Bank's institutional funding base as at the dates indicated is provided in the table below, and it shows that the Bank has reduced its reliance on short-term funding over time.

Term profile of institutional funding base (unaudited)

	30 June 2008	31 December 2008	30 June 2009	31 December 2009	30 June 2010	31 December 2010	30 June 2011
Short Term (0 to 1 month)	48%	46%	43%	40%	42%	40%	42%
Medium Term (1 to 6 months)	13%	21%	18%	29%	17%	24%	18%
Long Term (>6 months)	38%	32%	40%	31%	41%	36%	40%
TOTAL	R174bn	R176bn	R179bn	R187bn	R202bn	R209bn	R209bn

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 table below sets out the maturity profile as at 30 June 2011 of all outstanding capital markets instruments issued by the Bank. The Bank does not have concentration risk in any one year.

FirstRand Bank capital markets instruments (unaudited)

<i>Maturity</i>	Senior (R million)	Senior - Inflation Linked (R million)	Subordinated Debt (R million)	EMTN Issuance (R million)	Credit Linked Notes (R million)	Total (R million)
2011	707	1,681	-	-	501	2,890
2012	206	-	1,307	4,877	122	6,511
2013	2,871	3,879	-	-	104	6,854
2014	5,524	308	1,793	-	331	7,957
2015	3,756	8	-	-	702	4,465
2016	1,944	-	100	2,387	-	4,431
2017	21	-	100	-	-	121
2018	1,442	-	2,975	68	-	4,486
2020	107	-	-	-	-	107
2022	-	331	-	-	-	331
2023	-	3,565	-	-	-	3,565
2024	706	-	216	-	-	922
2028	-	540	-	-	-	540
2031	131	-	-	-	-	131
2033	-	425	-	-	-	425
2045	198	-	-	-	-	198

Efficiency

The Group's aim is to fund the balance sheet in the most efficient manner, taking into account the liquidity risk management framework, as well as regulatory and rating agency requirements.

To ensure maximum efficiency and flexibility in accessing funding opportunities, the Group has established a range of debt programmes. The Group's strategy for public issuance is to create actively-traded benchmarks, which facilitate secondary market liquidity in both domestic and offshore markets. The value of this strategy is that it assists the Group to identify cost-effective funding opportunities.

The market benchmark cost for money market funding is measured by the spread above the 3-month Johannesburg Interbank Acceptance Rate (“**JIBAR**”) paid on a 1-year floating rate note. This 1-year spread has reduced significantly during the 2011 financial year.

While money market spreads have reduced (as described above), longer dated funding spreads remain relatively high. This coincides with banks lengthening their funding profile over the year and therefore there has been greater supply of issuance in the long end.

Although the average ZAR funding cost has been quite stable year-on-year, the Group has increased the term of funding raised, thereby reducing the liquidity mismatch. This was achieved through a focus on longer term issuance (two, three and four year) as well as a preference for three to nine-month terms over 12 months due to favourable pricing in that area of the curve.

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Flexibility

Another key aspect of the Group's strategy is to achieve maximum flexibility as far as access to the widest range of funding markets, debt investors and products is concerned. As market preferences and investor demands change, the Group is required to operate in a number of jurisdictions, legal entities and operating platforms. The dynamic environment requires an appropriate and up-to-date funding platform infrastructure to leverage the Group's globally integrated approach to debt pricing and risk management in a responsive and effective manner.

The Group has a track record of differentiating itself through new and innovative funding mechanisms. It constantly reviews new proposals relating to funding strategies based on forecast balance sheet structures, in order to anticipate and plan for future funding and structural liquidity requirements.

Strong Counterparty Relationships

The Group places great value on its established strong relationships with investors and is committed to keeping investors fully informed. Therefore an active marketing approach is embedded in the funding strategy. Through forums such as conference calls, domestic and international roadshows and investor presentations, the Group aims to extend its investor base, and keep stakeholders up to date on its financial performance and counterparty status.

Deposits

The following table sets out the Bank's deposit and current accounts (in R millions) for the years ended 30 June 2011 and 2010. (Note that "Deposits and current accounts" include both amounts deposited by customers, as well as institutional funding via debt capital market issuances but excluding subordinated debt).

	At as 30 June 2011			At as 30 June 2010		
	At amortised cost	Designated fair value	Total	At amortised cost	Designated fair value	Total
From banks and financial institutions	22,060	61,630	83,690	12,813	55,730	68,543
In the normal course of business..	22,060	29,656	51,716	12,813	23,343	36,156
Under repurchase agreements	–	31,974	31,974	-	32,387	32,387
From customers	291,076	21,151	312,227	234,025	89,392	323,417
Current accounts	188,030	2,678	190,708	171,945	138	172,083
Savings accounts	2,377	–	2,377	1,897	–	1,897
Term deposits	100,669	18,473	119,142	60,183	89,254	149,437
Other deposits	45,809	51,680	97,489	627	61,171	61,798
Negotiable certificates of deposit.	45,215	23,928	69,145	4	34,715	34,719
Buy backs	–	9,172	9,172	–	8,704	8,704
Other deposits	594	18,580	19,174	623	17,752	18,375
Totals	358,945	134,461	493,406	247,465	206,293	453,758
Total liabilities			576,053			540,761

The vast majority of the Bank's funding is denominated in Rand, although the Bank accepts deposits and funding in other currencies.

The table set out at note 42 of the Bank's annual report for the year ended 30 June 2011, which has been incorporated by reference into this Programme Memorandum, sets out the maturity analysis of the Bank's balance sheet based on the remaining period from year end to maturity.

Securitisation

From an accounting perspective, traditional securitisations are treated as sales transactions. At inception, the assets are sold to a special purpose vehicle at carrying value and no gains or losses are recognised. The securitisation entities are subsequently consolidated into the Group 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.

Traditional and synthetic securitisations

The following tables show synthetic securitisations currently in place as well as the rating distribution of any exposures retained by the Group. 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 FRB and in each of these transactions FRB acted as originator, servicer and swap counterparty.

Securitisation transactions (unaudited)

FirstRand Limited
Securitisation Transactions

R million	Asset type	Year initiated	Expected close	Rating agency	Assets securitised	Assets outstanding		Notes outstanding		Retained exposure		
						June 2011	June 2010	June 2011	June 2010	June 2011	June 2010	
Traditional securitisations						14 784	5 476	3 907	5 474	4 276	1 261	254
Nitro 3	Retail: Auto loans	2007	2011	Moody's and Fitch	5 000	-	736	-	1 129	-	-	39
Ikhaya 1	Retail: Mortgages	2007	2011	Fitch	1 900	1 164	1 317	1 131	1 321	84	87	
Ikhaya 2	Retail: Mortgages	2007	2012	Fitch	2 884	1 625	1 854	1 580	1 826	148	128	
Turbo Finance	Retail: Auto loans	2011	2013	Moody's and Fitch	3 620	2 687	-	2 763	-	1 028	-	
Synthetic securitisations						22 000	20 000	22 000	20 000	22 000	18 262	19 138
Procul	Retail: Auto loans	2002	2010	Fitch	2 000	-	2 000	-	2 000	-	875	
Fresco II	Corporate receivables	2007	2013	Fitch	20 000	20 000	20 000	20 000	20 000	18 262	18 263	
Total						36 784	25 476	25 907	25 474	26 276	19 523	19 392

Rating distribution of retained securitisation exposure (unaudited)

FirstRand Limited											
Rating distribution of retained securitisation exposures											
R million	AAA(zaf)	AA+(zaf)	AA(zaf)	A+(zaf)	A(zaf)	BBB+(zaf)	BBB(zaf)	BB(zaf)	B+(zaf)	Not Rated	Total
Traditional											
At 30 June 2011	596	-	5	-	4	-	374	-	-	282	1 261
At 30 June 2010	15	-	10	-	4	15	-	-	-	210	254
Synthetic											
At 30 June 2011	17 840	-	-	-	-	-	-	180	53	190	18 262
At 30 June 2010	17 991	-	180	53	-	-	-	-	-	914	19 138

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.

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 head of the relevant franchise. In addition, to ensure the independence of deployed risk management functions, the franchise heads of risk also have a reporting line to the Bank's Chief Risk Officer (“CRO”).

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.

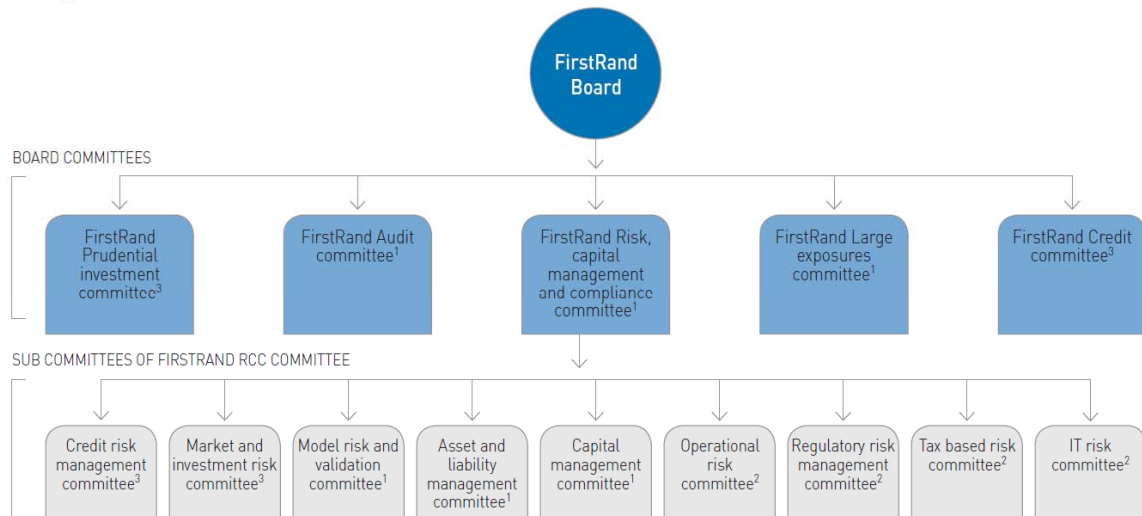
In line with the Group's corporate governance framework, the Board retains ultimate responsibility for ensuring that risks are adequately identified, measured, managed and monitored across the banking operations. The Board discharges its duty through relevant policies and frameworks as well as several 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.

The table below sets out the risk governance structure for the Group and each franchise.

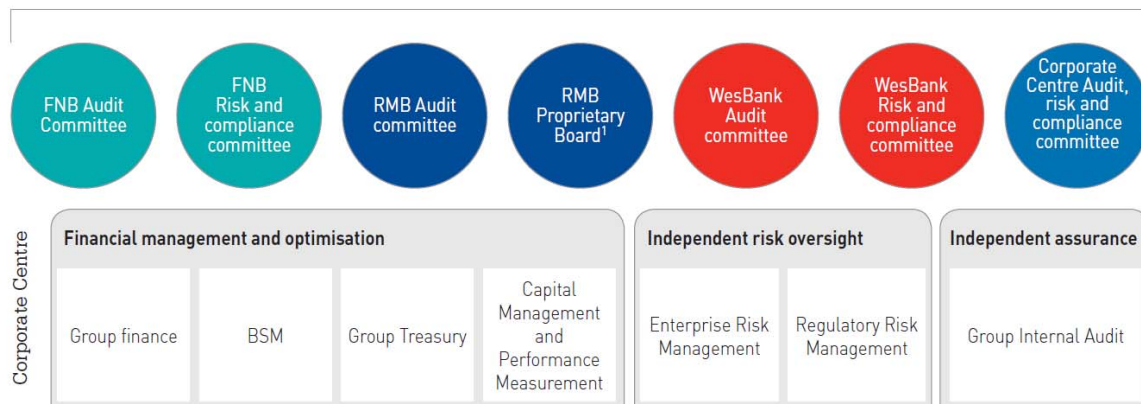
Risk governance structure



1. Chairperson is an independent non executive board member.
2. Chairperson is an external member.
3. Chairperson is member of senior executive management. The FirstRand Credit and Credit risk management committees have non-executive board representation.

Franchise risk governance structure

Franchise committees support FirstRand in the third line of control access across the Group



1. The RMB Proprietary Board is the Risk and regulatory committee for RMB.

The table below sets out the risk governance structure for the Group and each franchise.

Responsibilities of the committees in the risk governance structure

	Committee	Responsibility
Board committees	FirstRand Prudential investment committee	<ul style="list-style-type: none"> ensures investment exposures comply with FirstRand's prudential investment guidelines.
	FirstRand Audit committee	<ul style="list-style-type: none"> considers the annual financial statements for approval by the Board; and monitors the quality of the internal financial controls and processes of FirstRand and the implementation of corrective actions.
	FirstRand Risk, capital management and compliance committee	<ul style="list-style-type: none"> approves risk management policies, standards and processes; monitors Group risk assessments; monitors the effectiveness of risk management and high priority corrective actions; monitors the Group's risk profile; and approves risk and capital targets, limits and thresholds.
	FirstRand Large exposures committee	<ul style="list-style-type: none"> approves credit exposures in excess of 10% of the Group's capital.
	FirstRand Credit committee	<ul style="list-style-type: none"> credit approvals of group or individual credit facilities in excess of sub-committee mandates and limits; and approves all wholesale credit policies.
Sub-committees of the FirstRand RCC committee	Credit risk management committee	<ul style="list-style-type: none"> approves credit risk management policies, standards, processes and new business origination within risk appetite; monitors effectiveness of credit risk management processes, credit risk profile and impairment charges; monitors scenario and sensitivity analysis, stress tests, credit economic capital and credit concentrations; and approves all retail and commercial credit policies.
	Market and investment risk committee	<ul style="list-style-type: none"> approves market and investment risk management policy, standards and processes; monitors the effectiveness of market and investment risk management processes; monitors the market and investment risk profile; and approves market and investment risk-related limits.
	FSR Model risk and validation committee	<ul style="list-style-type: none"> considers and approves all material aspects of model validation work including credit rating and estimation, internal models for market risk and advanced measurement operational risk models for the calculation of regulatory capital requirements.
	Asset and liability committee	<ul style="list-style-type: none"> approves and monitors effectiveness of management policies and processes for interest rate risk in the banking book and liquidity risk.
	Capital management committee	<ul style="list-style-type: none"> approves policies and principles relating to the management process of accounting, regulatory and economic capital; and approves buffers over regulatory capital and monitors capital adequacy ratios.
	Operational risk committee	<ul style="list-style-type: none"> monitors risk management processes, operational risk management, and effectiveness of risk management, process breakdowns and corrective actions.
	Regulatory risk management committee	<ul style="list-style-type: none"> approves regulatory risk management principles, frameworks, plans, policies and standards; and monitors the effectiveness of regulatory risk management, breaches and corrective action taken across the Group.
	Tax-based risk committee	<ul style="list-style-type: none"> monitors tax management processes, effectiveness of tax management process and corrective actions.
	IT risk committee	<ul style="list-style-type: none"> approves group-wide information and technology risk policies and standards to ensure the protection of information assets.

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 to maintain regulatory capital requirements and a capital buffer for unforeseen events and business expansion 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, pre-settlement 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* in the trading book 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 in the banking book* - 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.
- *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.
- *Volume and margin risk* is the risk that the capital base is negatively impacted by a downturn in revenue due to market factors (e.g. margin compression), combined with the risk that the cost base is inflexible.
- *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 3 to 70 of the Bank's annual report for the year ended 30 June 2011), which is incorporated by reference into this Programme Memorandum.

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 (the “**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 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; and the International Association of Insurance Supervisors. 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.

South African Government Policy Priorities

The Government recently issued a policy paper, “*A Safer Financial Sector to Serve South Africa Better*”, which enunciates its strategic regulatory objectives. The document identifies four policy priorities to reform the financial sector, namely: financial stability; consumer protection and market conduct; expanding access of financial services through inclusion; and combating financial crime. Achieving these objectives will evidently necessitate a change in the South African regulatory landscape from both a structural and a policy perspective including the introduction of a “twin-peaks” approach to financial sector regulation in terms of which macro prudential regulation will be mandated separately from market conduct and consumer protection regulation.

The Government seeks to ensure financial stability through macro prudential regulation in line with international standards and measures including: improving the quality of capital; reducing procyclicality; setting leverage and liquidity ratios; and issuing compensation guidelines. It further requires swift regulatory action to prevent contagion and proposes a more intense, intrusive and effective form of regulation. The perimeters of regulation will be expanded to cover all sources of systemic risk, the regulation of all private pools of capital, for example, hedge funds and over-the-counter derivatives, and unregulated financial activities such as the functioning of credit rating agencies.

The Government also seeks to further eliminate lending malpractices, protect customers and reduce systemic risk through increased market conduct regulation. A new retail banking market conduct and consumer protection regulator will be appointed. The regulator will have a purview over the full range of retail banking including regulation of banking charges. The legislative framework that underpins market conduct and consumer protection includes the following legislation: Financial Advisory and Intermediary Act 37 of 2002, the Consumer Protection Act 68 of 2008, the National Credit Act 34 of 2005 as well a comprehensive set of principles relating to Treating Customers Fairly as released by the Financial Services Board under its Discussion Paper (April 2010) and Treating Customers Fairly – The Roadmap (March 2011).

Anti-money laundering regulations

The Government has identified the combating of financial crime as policy priority. South Africa has a well established anti-money laundering (“**AML**”) and counter terror financing (“**CTF**”) legislative framework

(which includes but is not limited to the Financial Intelligence Centre Act 38 of 2001). The mutual evaluation report issued by the Financial Action Task Force, (an inter-governmental body whose purpose is the development and promotion of national and international anti-money laundering and counter terror financing policies) confirmed that South Africa has demonstrated a strong commitment to implementing AML/CTF systems facilitated by close cooperation and coordination among a variety of government departments and agencies. The authorities have sought to construct a system which uses, as its reference, the relevant United Nations Conventions and the international standards as set out by the Financial Action Task Force. The Government also recognises the importance of being able to effectively respond to international instruments such as sanctions resolutions.

The Issuer has implemented an AML framework which includes CTF policies and takes measures to effect continuous improvement in its processes to address the global AML and CTF risks.

South African Reserve Bank

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. The SARB holds various international memberships including the G-20, the International Monetary Fund (“IMF”), the BIS and the Committee of Central Bank Governors in the Southern African Development Community. The SARB serves on various BIS committees including the Basel Committee on Banking Supervision and the Committee on Payments and Settlement Systems. The SARB performs its function of bank regulation and supervision through its Bank Supervision Department, 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.

In terms of the Banks Act, the Bank Supervision Department of the SARB, among other things, supervises banking groups on a consolidated basis from the bank controlling company downwards. In this regard, controlling companies of banks are required to submit, on a quarterly basis, a consolidated supervision return which includes information on all of the entities within that banking group that potentially constitute a material or significant risk to that banking group. The return covers issues such as group capital adequacy, group concentration risk, intra-group exposures and group currency risk. Moreover, a bank controlling company is also required to furnish the regulator, on a quarterly basis, with bank consolidated and group consolidated information which includes a detailed balance sheet, an off-balance sheet activities return and an income statement.

A banking group is required to satisfy the regulator's requirements in respect of the adequacy and effectiveness of its management systems for monitoring and controlling risks, including those in its offshore operations, and the integrity of its accounting records and systems. Banking groups are required to comply with the provisions of the Banks Act as well as with all financial and prudential requirements, including minimum capital and liquidity requirements, which are actively monitored by the banking regulator. In addition, banking groups have to satisfy the banking regulator's requirements pertaining to issues such as overall financial soundness worldwide, including the quality of its loan assets and the adequacy of its provisioning policy. As part of its supervisory process, the banking regulator undertakes on-site and off-site examinations.

The Issuer, as a banking group, is supportive of the SARB's objectives and endorses improvements in risk management and governance practices as an active participant in the new regulatory landscape. The same approach is also applied in respect of the Issuer's cooperation with other regulatory authorities and much effort and resources are dedicated in a cost efficient manner in order to reap maximum benefits emanating from the implementation of best practice and the resultant enablement of its global business activities.

Currently the banking industry works within a three tiered framework:

1. the Banks Act (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.

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 Bank Supervision Department. 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.

In response to fundamental weaknesses in international financial markets, revealed by the recent global financial crisis, the Bank Supervision Department has commenced the process of amending the banking legislative framework to incorporate measures issued by the various international standard-setting bodies such as the Basel Committee and the G-20. These new or amended requirements and standards aim to, among other things, enhance the Basel II framework, enforce a build up of high-quality capital in banks and mitigate procyclicality, improve over-the-counter derivative markets, reform compensation practices to support financial stability and support the transparent assessment of countries' national regulatory systems.

The South African banking regulator is currently finalising proposed amendments to the banking legislative framework in its ongoing effort to incorporate measures issued by the various international standard-setting bodies. The current proposed changes, which will become effective from 1 January 2012, are best described as enhancements to the Basel II framework. It covers enhancements of all three pillars of the Basel II framework, including revisions to the Basel II Market Risk Framework, higher capital requirements for trading, derivative, securitisation and resecuritisation activities, supplemental guidance in order to address the flaws in risk management practices which were revealed by the global financial crisis, the raising of standards for governance and risk management in banks and banking groups and the strengthening of disclosure requirements in order to further reduce market uncertainties regarding issues such as the strength of banks' balance sheets related to capital market activities. The enhancements to the Basel II framework requires proposed amendments to both the Banks Act and the Regulations relating to Banks.

The prudential regulation and supervision of banks furthermore assists the SARB in its pursuit of financial system stability. Similar to other central banks, the SARB is placing increased emphasis on macro prudential aspects of financial stability.

The Bank's relationship with the Office of 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. 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 30 June 2011, there were 12 registered banks, 2 mutual banks, 12 local branches of foreign banks and 41 foreign banks with approved representative offices in South Africa. The five largest commercial banks by assets (Source: BA900, June 2011) 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 92 per cent. of total assets). Investment and merchant banking remains the most competitive sector in the industry. According to the SARB, the banking sector in South Africa had total assets of ZAR3.1 trillion as at 30 June 2011 (Source: BA900, June 2011).

OVERVIEW OF REGULATORY CAPITAL REQUIREMENTS

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

The following is a summary of the regulatory capital requirements which may be applicable to Capital Notes. The summary is of a general nature and is included herein solely for information purposes only. The summary set out below is a summary of the regulatory capital requirements as at the date of Programme Memorandum and may be subject to change or any Additional Conditions (which the Registrar of Banks may prescribe. Prospective investors in the Notes should therefore (i) read the summary below in conjunction with the Banks Act and the applicable regulations promulgated thereunder including, but not limited to, regulation 38 of the regulations promulgated under the Banks Act, and (ii) consult their own legal and professional advisers as to the effects thereof.

Capital Notes

The issue of Capital Notes requires the prior written approval of the Registrar of Banks in terms of section 79(1)(b) of the Banks Act.

Conditions for the issue of Capital Notes (such as hybrid-debt instruments that combine features of equity and debt) the proceeds of which rank as “primary share capital”

The Capital Notes the proceeds of which rank as “primary share capital” (as defined in the Banks Act):

- (a) shall not be payable to bearer;
- (b) shall be paid in full by the Noteholders on the date of issue and the proceeds shall be available to the Issuer without any limitation;
- (c) shall be free from any mandatory fixed charges;
- (d) shall be non-cumulative, that is, any interest or other servicing cost shall be non-cumulative;
- (e) may provide the Issuer with an option to settle any relevant interest or other servicing cost through the issue of ordinary shares in lieu of cash settlement;
- (f) shall enable the Issuer to absorb losses on a going concern basis;
- (g) shall be issued without a maturity date;
- (h) may make provision for a call option in terms of which the Issuer may redeem such Notes after a minimum initial period of five years, provided that such Notes shall be replaced with instruments of a similar or better quality unless the Registrar of Banks determines that the Issuer is duly capitalised;
- (i) may be redeemed only at the option of the Issuer and with the prior written approval of the Registrar of Banks;
- (j) may in addition to any call option make provision for one step-up in the initial rate payable in terms of such Notes but only after a minimum initial period of ten years provided that such Notes shall not contain any other feature or clause that creates an incentive to redeem them. Normally the call option and step-up feature may be regarded as synthetic redemption features embedded in such Notes. The said step-up in the initial rate shall be restricted to an increase over the initial rate of not more than:
 - (i) 100 basis points less the swap spread referred to below; or
 - (ii) 50 per cent. of the initial credit spread, less the swap spread referred to below.

The swap spread shall be determined at the pricing date of such Notes and shall relate to the differential in pricing at that date between the initial reference instrument or rate and the stepped-up reference instrument or rate;

- (k) shall be subordinated to claims of depositors, general creditors, senior creditors and any subordinated debt issued by the Issuer, the proceeds of which subordinated debt qualify as “*secondary capital*” or “*tertiary capital*” (each as defined in the Banks Act) of the Issuer, that is, any claim by a Noteholder in respect of the principal amount or any relevant interest or other servicing costs shall be subordinated to any claim from a depositor, general creditor, senior creditor or the holder of any subordinated debt of which the proceeds qualify as secondary capital or tertiary capital of the Issuer, provided that such Notes:
 - (i) may rank *pari passu* with the rights of a holder of any non-redeemable non-cumulative preference share of which the proceeds qualify as primary share capital;
 - (ii) may rank senior only in respect of the rights of an ordinary shareholder; and
- (l) issued by the Issuer to Noteholders shall contain the wording “*the proceeds obtained through the issue of this Note qualify as capital for the Issuer in terms of the provisions of the Banks Act. Any direct or indirect acquisition of this Note 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 Note*”.

Conditions for the issue of Capital Notes the proceeds of which rank as secondary capital

The Capital Notes, such as hybrid-debt instruments that combine features of equity and debt, the proceeds of which rank as “*secondary capital*” (as defined in the Banks Act):

- (a) shall not be payable to bearer;
- (b) shall be paid in full by the Noteholders on the date of issue and the proceeds of such Notes shall be available to the Issuer without any limitation;
- (c) may be cumulative;
- (d) shall enable the Issuer to absorb losses on a going concern basis;
- (e) shall be issued without a maturity date;
- (f) may make provision for a call option in terms of which the Issuer may redeem such Notes after a minimum initial period of five years, provided that such Notes shall be replaced with instruments of a similar or better quality, unless the Registrar of Banks determines that the Issuer is duly capitalised;
- (g) may be redeemed only at the option of the Issuer and with the prior written approval of the Registrar of Banks;
- (h) may in addition to any call option make provision for one step-up in the initial rate payable in terms of such Note after a minimum initial period of ten years. Normally the call option and step-up feature may be regarded as synthetic redemption features embedded in such Note. The said step-up in the initial rate shall be restricted to an increase over the initial rate of not more than:
 - (i) 100 basis points, less the swap spread referred to below; or
 - (ii) 50 per cent. of the initial credit spread, less the swap spread referred to below.

The swap spread shall be determined at the pricing date of such Note and shall relate to the differential in pricing at that date between the initial reference instrument or rate and the stepped-up reference instrument or rate;

- (i) shall be subordinated to claims from depositors, general creditors, senior creditors and any subordinated term debt issued by the Issuer the proceeds of which subordinated term debt qualify as secondary capital or tertiary capital of the Issuer, that is, any claim by a holder of such Note in respect of the principal amount or any relevant interest or other servicing costs shall be subordinated to any claim from a depositor, general creditor, senior creditor or the holder of any subordinated term debt of which the proceeds qualify as secondary capital or tertiary capital of the Issuer;
- (j) issued by the Issuer to Noteholders shall contain the wording “*the proceeds obtained through the issue of this Note qualify as capital for the issuing bank in terms of the provisions of the Banks Act. Any direct or indirect acquisition of this Note by a bank or a 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 Note*”.

In the case of the Capital Notes, such as any term debt instruments which are not hybrid-debt instruments, the proceeds of which rank as “*secondary capital*” (as defined in the Banks Act):

- (a) the Issuer shall obtain the prior written approval of the Registrar of Banks before the Notes is issued;
- (b) the Notes shall not be payable to bearer;
- (c) no asset of the Issuer shall be pledged or otherwise encumbered as security for any liability by virtue of such Note;
- (d) the Notes shall be issued for a minimum original term to maturity of more than five years;
- (e) the Notes may be redeemed before maturity only at the option of the Issuer and with the prior written approval of the Registrar of Banks;
- (f) in the event of the winding-up of the Issuer, the capital amount and any related interest cost of the Notes shall not be repaid until the claims of other creditors have been fully satisfied;
- (g) in the event that the Notes makes provision for an interest rate step-up, such an interest rate step-up shall take effect only after a minimum period of more than five years from the issue date of the Notes; and
- (h) the amount obtained by way of the issue of the Notes and which may in terms of the Banks Act rank as secondary capital, shall during the fifth year preceding the maturity of such Notes be reduced by an amount equal to 20 per cent. of the amount so obtained and, annually thereafter, by an amount that in each successive year is increased by 20 per cent. of the amount so obtained.

Conditions for the issue of Capital Notes the proceeds of which rank as tertiary capital

In the case of Capital Notes the proceeds of which rank as “*tertiary capital*” (as defined in the Banks Act):

- (a) the Issuer shall obtain the prior written approval of the Registrar of Banks before the Notes are issued;
- (b) the Notes shall be issued for a minimum original term to maturity of more than two years;
- (c) the Notes shall not be payable to bearer;
- (d) the Notes may be repaid before maturity only at the option of the Issuer and with the prior written approval of the Registrar of Banks;
- (e) no asset of the Issuer may be pledged or otherwise encumbered as security for any liability by virtue of the Notes;
- (f) in the event of the winding-up of the Issuer, the capital amount and any related interest cost of the Notes shall not be repaid until the claims of depositors and other creditors have been fully satisfied; and

- (g) in the event of the Issuer's qualifying capital falling below or being likely to fall below the prescribed minimum amount, the Registrar of Banks may require that interest and capital payments in respect of the Notes be deferred for such a period of time and subject to such conditions, if any, as the Registrar of Banks may determine.

SOUTH AFRICAN EXCHANGE CONTROL

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

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

*For the purposes of the discussion below, the “**Common Monetary Area**” means South Africa, Lesotho, Namibia and Swaziland.*

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

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

Emigrant Blocked Rand

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

Emigrants from the Common Monetary Area

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

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

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

Non-residents of the Common Monetary Area

Any Individual Certificates issued to Noteholders who are not resident in the Common Monetary Area will be endorsed “*non-resident*”. In the event that a Beneficial Interest in Notes is held by a non-resident of the Common Monetary Area through the CSD, the securities account maintained for such Noteholder by the relevant Participant will be designated as a “*non-resident*” account.

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

As at the Programme Date, no exchange control approval is required in respect of the Programme and/or the Notes.

SOUTH AFRICAN TAXATION

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

The following 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 Programme Date and is subject to any change in law that may take effect after such date.

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. As the Issuer is a bank, the interest paid by it will not attract WHT. 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 in which case such commissions, fees or similar charges may be subject to VAT at a zero rate.

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 Programme Date. 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.

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:

- (a) 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
- (b) 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.

SUBSCRIPTION AND SALE

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

The Notes will be distributed by the Issuer and/or any person appointed as Dealer by the Issuer in terms of a programme agreement (if any) relating to the Programme.

Selling Restrictions

South Africa

Prior to the issue of any Tranche of Notes under the Programme, the Dealer who has (or will have) agreed to place that Tranche of Notes will be required to represent and agree, that it will not solicit any offers for subscription for or sale of the Notes in that Tranche, and will itself not sell the Notes in that Tranche of Notes, in South Africa, in contravention of the Companies Act, the Banks Act, the Exchange Control Regulations and/or any other applicable laws and regulations of South Africa in force from time to time.

United States of America

The Notes have not been and will not be registered under the United States Securities Act of 1933, (as amended) (the “**Securities Act**”) or under the regulations of the U.S. Office of the Comptroller of the Currency or under any other U.S. securities laws and may not be offered or sold within the United States of America 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 under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions 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 U.S. Internal Revenue Code of 1986 and the Regulations thereunder.

Prior to the issue of any Tranche of Notes under the Programme, each Dealer who has (or will have) agreed to place that Tranche of Notes will be required to represent and agree that:

- (a) the Notes in that Tranche 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 of or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act;
- (b) it has not offered, sold or delivered any Notes in that Tranche and will not offer, sell or deliver any Notes in that Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of such Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons;
- (c) it will send to each Dealer to which it sells any of such Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of such Notes within the United States or to, or for the account or benefit of, U.S. persons; and
- (d) it, its affiliates and any persons acting on its or any of its affiliates behalf have not engaged and will not engage in any directed selling efforts in the United States (as defined in Regulation S under the Securities Act) with respect to the Notes in that Tranche and it, its affiliates and any persons acting on its or any of its affiliates’ behalf have complied and will comply with the offering restrictions requirements of Regulation S.

Within 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

United Kingdom

Prior to the issue of any Tranche of Notes under the Programme, each Dealer who has (or will have) agreed to place that Tranche of Notes will be required to represent, warrant and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (of one year or more) (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as 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 Financial Services and Markets Act, 2000 (the “FSMA”) by the Issuer);
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FMSA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) 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.

European Economic Area

Prior to the issue of any Tranche of Notes under the Programme, each Dealer who has (or will have) agreed to place that Tranche of Notes will be required to represent and agree that, in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), 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 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 Notes to the public in that Relevant Member State:

- (a) in the period beginning on the date of publication of a prospectus in relation to those Notes which have been approved by the competent authority in that Relevant Member State in accordance with the Prospectus Directive and/or, where appropriate, published in another Relevant Member State and notified to the competent authority in that Relevant Member State in accordance with Article 18 of the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so are authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000; and (iii) an annual net turnover of more than €50,000,000 as shown in its last annual or consolidated accounts; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 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 for the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus

Directive in that Member State and the expression “*Prospectus Directive*” means Directive 2003/71/EC as amended, superseded or re-instated and includes any relevant implementing measure in each Relevant Member State.

General

Prior to the issue of any Tranche of Notes under the Programme, each Dealer who has (or will have) agreed to place that Tranche of Notes will be required to agree that:

- (a) it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it subscribes or procures the subscription of Notes, offers or sells Notes or possesses or distributes this Programme Memorandum and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales;
- (b) it will comply with such other or additional restrictions as the Issuer and such Dealer agree and as are set out in the Applicable Pricing Supplement.

NEITHER THE ISSUER NOR THE DEALER(S) REPRESENT THAT NOTES MAY AT ANY TIME LAWFULLY BE SOLD IN COMPLIANCE WITH ANY APPLICABLE REGISTRATION OR OTHER REQUIREMENTS IN ANY JURISDICTION, OR PURSUANT TO ANY EXEMPTION AVAILABLE THEREUNDER OR ASSUMES ANY RESPONSIBILITY FOR FACILITATING SUCH SALE.

PRO FORMA APPLICABLE PRICING SUPPLEMENT

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



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 its ZAR50,000,000,000 Domestic Medium Term Note Programme

This document constitutes the Applicable Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the “**Terms and Conditions**”) set forth in the Programme Memorandum dated [29] November 2011 (the “**Programme Memorandum**”), as updated and amended from time to time. This Applicable Pricing Supplement must be read in conjunction with such Programme Memorandum. To the extent that there is any conflict or inconsistency between the contents of this Applicable Pricing Supplement and the Programme Memorandum, the provisions of this Applicable Pricing Supplement shall prevail.

PARTIES

1.	ISSUER	FirstRand Bank Limited
	SPECIFIED OFFICE	[...]
2.	IF NON-SYNDICATED, DEALER(S)	[...]
3.	IF SYNDICATED, MANAGERS	[...]
4.	DEBT SPONSOR	[...]
5.	PAYING AGENT	[...]
	SPECIFIED OFFICE	[...]
6.	CALCULATION AGENT	[...]
	SPECIFIED OFFICE	[...]
7.	TRANSFER AGENT	[...]
	SPECIFIED OFFICE	[...]
8.	STABILISING MANAGER (IF ANY)	[...]
	SPECIFIED OFFICE	[...]

PROVISIONS RELATING TO THE NOTES

9.	STATUS OF NOTES	[Senior/Subordinated] [Secured/Unsecured]
----	------------------------	--

	(A) SERIES NUMBER	[...]
	(B) TRANCHE NUMBER	[...]
10.	ADDITIONAL CONDITIONS	[Applicable/Not Applicable] (if applicable give details)
11.	PROVISIONS APPLICABLE TO CAPITAL NOTES	(For Subordinated Notes that are also Capital 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 this Applicable Pricing Supplement.)
12.	AGGREGATE PRINCIPAL AMOUNT OF TRANCHE	[...]
13.	INTEREST/PAYMENT BASIS	[Fixed Rate/Floating Rate/Zero Coupon/Indexed/Partly Paid/Instalment/other] Notes
14.	FORM OF NOTES	[Registered Notes: [The Notes in this Tranche are issued in uncertificated form and held by the CSD]/[The Notes in this Tranche are issued in certificated form and lodged in the CSD under a single Global Certificate]/Bearer/Order]
15.	AUTOMATIC/OPTIONAL CONVERSION FROM ONE INTEREST/ PAYMENT BASIS TO ANOTHER	[insert details including date for conversion]
16.	ISSUE DATE	[...]
17.	BUSINESS CENTRE	[...]
18.	ADDITIONAL BUSINESS CENTRE	[...]
19.	PRINCIPAL AMOUNT PER NOTE	[...]
20.	SPECIFIED DENOMINATION	[...]
21.	ISSUE PRICE	[...]
22.	INTEREST COMMENCEMENT DATE	[...]
23.	MATURITY DATE	[...]
24.	MATURITY PERIOD	[Subject to the applicable Capital Regulations, Subordinated Notes that are also Capital Notes may have a minimum Maturity Period (if any) as determined in accordance with the applicable Capital Regulations.]
25.	SPECIFIED CURRENCY	[...]
26.	APPLICABLE BUSINESS DAY CONVENTION	[Floating Rate Business Day/Following Business Day/Modified Following Business Day/Modified Following Business Day Adjusted/Preceding Business Day/other convention – insert details]
27.	FINAL REDEMPTION AMOUNT	[...]
28.	BOOKS CLOSED PERIOD(S)	The Register will be closed from [...] to

	[...] and from [...] to [...] (all dates inclusive) in each year until the Early Redemption Date
29. LAST DAY TO REGISTER	[...], [...], [...] and, [...] which shall mean that the Register will be closed from the date following each Last Day to Register to the next applicable Interest Payment Day or 10 days prior to the actual redemption date.
30. DEFAULT RATE	[...]
31. CALL OPTION	[Yes/No]
32. CALL OPTION DATE	[...]

FIXED RATE NOTES

[Subject, in the case of Subordinated Notes, to the applicable Capital Regulations]

33. PAYMENT OF INTEREST AMOUNT	
(A) INTEREST RATE(S)	[...] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (specify)] in arrear]
(B) INTEREST PAYMENT DATE(S)	[...] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/[not adjusted]
(c) Interest Rate Periods	[...]
(d) Fixed Coupon Amount[(s)]	[●] per Calculation Amount
(f) Initial Broken Amount	[...]
(g) Final Broken Amount	[...] per cent. per annum
(h) Interest Step-Up Date	[...]
(i) Any other terms relating to the particular method of calculating interest	[...]

FLOATING RATE NOTES

[Subject, in the case of Subordinated Notes, to the applicable Capital Regulations]

34. PAYMENT OF INTEREST AMOUNT	[...]
(a) interest rate(s)	[...]
(b) interest payment date(s)	[...] with the first Interest Payment Date being [●]
(c) Interest Rate Periods	[...]
(d) Initial Broken Amount	[...]
(e) Final Broken Amount	[...]
(f) Any other terms relating to the particular method of calculating interest	[...]

- (g) Interest step-up date [...]
 - (h) Definition of Business Day (if different from that set out in Condition 2 (*Interpretation*)) [...]
 - (i) Minimum Interest Rate [...]
 - (j) Maximum Interest Rate [...]
 - (k) Other terms relating to the method of calculating interest (e.g.: day count fraction, rounding up provision, if different from Condition 8(b) (*Interest on Floating Rate Notes and Indexed Notes*)) [...]
35. **MANNER IN WHICH THE INTEREST RATE IS TO BE DETERMINED** [ISDA Determination/Screen Rate determined Determination/other (insert details)]
36. **MARGIN** [...]
37. **INITIAL CREDIT SPREAD** [...]
38. **IF ISDA DETERMINATION**
- (a) Floating Rate [...]
 - (b) Floating Rate Option [...]
 - (c) Designated Maturity [...]
 - (d) Reset Date(s) [...]
 - (e) ISDA Definitions to apply [...]
39. **IF SCREEN RATE DETERMINATION**
- (a) Reference Rate (including relevant period by reference to which the Interest Rate is to be calculated) [...]
 - (b) Interest Rate Determination Date(s) [...]
 - (c) Relevant Screen page and Reference Code [...]
 - (d) Relevant Time [...]
40. **IF INTEREST RATE TO BE CALCULATED OTHERWISE THAN BY ISDA DETERMINATION OR SCREEN DETERMINATION, INSERT BASIS FOR DETERMINING INTEREST RATE/MARGIN/FALLBACK PROVISIONS** [...]
41. **IF INTEREST RATE TO BE CALCULATED OTHERWISE THAN BY REFERENCE TO 36 OR 38 ABOVE**

(A) MARGIN	[...]
(B) MINIMUM INTEREST RATE	[...]
(C) MAXIMUM INTEREST RATE	[...]
(D) BUSINESS DAY CONVENTION	[...]
(E) DAY COUNT FRACTION	[...]
(F) DEFAULT RATE	[...]
(G) FALL BACK PROVISIONS, ROUNDING PROVISIONS AND ANY OTHER TERMS RELATING TO THE METHOD OF CALCULATING INTEREST FOR FLOATING RATE NOTES	[...]
42. IF DIFFERENT FROM CALCULATION AGENT, AGENT RESPONSIBLE FOR CALCULATING AMOUNT OF PRINCIPAL AND INTEREST	[[Name] shall be the Calculation Agent (no need to specify if the Calculation Agent is to perform this function)]
ZERO COUPON NOTES	<i>[Subject, in the case of Subordinated Notes, to the applicable Capital Regulations]</i>
(a) Implied Yield	[...]
(b) Reference Price	[...]
(c) Any other formula or basis for determining amount(s) payable	[...]
PARTLY PAID NOTES	<i>[Subject, in the case of Subordinated Notes, to the applicable Capital Regulations]</i>
(a) Amount of each payment comprising the issue price	[...]
(b) Date upon which each payment is to be made by Noteholder	[...]
(c) Consequences (if any) of failure to make any such payment by Noteholder	[...]
(d) Interest Rate to accrue on the first and subsequent instalments after the due date for payment of such instalments	[...] per cent.
INSTALMENT NOTES	<i>[Subject, in the case of Subordinated Notes, to the applicable Capital Regulations]</i>
43. INSTALMENT DATES	[...]
44. INSTALMENT AMOUNTS (EXPRESSED AS A PERCENTAGE OF THE AGGREGATE PRINCIPAL AMOUNT OF THE NOTES)	[...]
MIXED RATE NOTES	<i>[Subject, in the case of Subordinated Notes, to the applicable Capital Regulations]</i>
45. PERIOD(S) DURING WHICH THE INTEREST RATE FOR THE MIXED RATE NOTES WILL BE (AS APPLICABLE) THAT FOR:	
(a) Fixed Rate Notes	[...]

- (b) Floating Rate Notes [...]
- (c) Indexed Notes [...]
- (d) Other Notes [...]

46. THE INTEREST RATE AND OTHER PERTINENT DETAILS ARE SET OUT UNDER THE HEADINGS RELATING TO THE APPLICABLE FORMS OF NOTES

INDEXED NOTES

[Subject, in the case of Subordinated Notes, to the applicable Capital Regulations]

- (a) Type of indexed notes [Indexed Interest/Indexed Redemption Amount] Notes
- (b) Index/Formula by reference to which Interest Rate/ Interest Amount (delete as applicable) is to be determined [...]
- (c) Manner in which the Interest Rate/Interest Amount (delete as applicable) is to be determined [...]
- (d) Interest Period(s) [...]
- (e) Interest Payment Date(s) [...]
- (f) If different from the Calculation Agent, agent responsible for calculating amount of principal and interest *[[Name] shall be the Calculation Agent (no need to specify if the Calculation Agent is to perform this function)]*
- (g) Provisions where calculation by reference to Index and/or Formula is impossible or impracticable [...]
- (h) Minimum Interest Rate [...]
- (i) Maximum Interest Rate [...]
- (j) Other terms relating to the calculation of the Interest Rate [...]

EXCHANGEABLE NOTES

[Subject, in the case of Subordinated Notes, to the applicable Capital Regulations]

- (a) Mandatory Exchange applicable? [Yes/No]
- (b) Noteholders' Exchange Right applicable? [Yes/No]
- (c) Exchange Securities [...]
- (d) Manner of determining Exchange Price [...]
- (e) Exchange Period [...]
- (f) Other [...]

OTHER NOTES

- 47. **RELEVANT DESCRIPTION AND ANY ADDITIONAL TERMS AND CONDITIONS RELATING TO SUCH NOTES** [...]

PROVISIONS REGARDING REDEMPTION/MATURITY

- 48. **PRIOR CONSENT OF REGISTRAR OF BANKS REQUIRED FOR ANY REDEMPTION OF THE** [Yes/No]

NOTES

49. **REDEMPTION AT THE OPTION OF THE ISSUER: IF YES:** [Yes/No]
- (a) Optional Redemption Date(s) (Call) [...]
 - (b) Optional Redemption Amount(s) (Call) and method, if any, of calculation of such amount [...]
 - (c) Minimum period of notice (if different from Condition 10(c) (*Early Redemption at the option of the Issuer*) (*Call Option*)) [...]
 - (d) If redeemable in part: [...]
 - Minimum Redemption Amount(s) [...]
 - Maximum Redemption Amount(s) [...]
 - (e) Other terms applicable on Redemption
50. **REDEMPTION AT THE OPTION OF NOTEHOLDERS OF SENIOR NOTES: (PUT OPTION)** [Yes/No]
- (a) Optional Redemption Date(s) (Put) [...]
 - (b) Optional Redemption Amount(s) (Put) and method of calculation? [...]
 - (c) Minimum period of notice (if different from Condition 10(e) (*Early Redemption at the option of Noteholders of Senior Notes*) (*Put Option*)) [...]
 - (d) If redeemable in part: [...]
 - Minimum Redemption Amount(s) [...]
 - Maximum Redemption Amount(s) [...]
 - (e) Other terms applicable on Redemption [...]
 - (f) Attach *pro forma* Put Notice(s)
51. **EARLY REDEMPTION AMOUNT(S) PAYABLE ON REDEMPTION FOR TAXATION REASONS OR ON EVENT OF DEFAULT (IF REQUIRED), IF YES:** [Include details of Make Whole Amount]
[Yes/No]
- (a) Amount payable; or [...]
 - (b) Method of calculation of amount payable (if required or if different from that set out in Condition 10(g) (*Early Redemption Amounts*)) [...]
52. **REDEMPTION AMOUNT(S) PAYABLE ON REDEMPTION FOR REGULATORY REASONS** [Include details of Make Whole Amount]
- (a) Amount payable; or [...]
 - (b) Method of calculation of amount payable [...]
- ## GENERAL
53. **FINANCIAL EXCHANGE** [...]
54. **ISIN NO.** [...]
55. **STOCK CODE** [...]
56. **ADDITIONAL SELLING RESTRICTIONS** [...]

- (a) Financial Exchange [...]
- (b) Relevant sub-market of the Financial Exchange [...]
57. PROVISIONS RELATING TO STABILISATION [...]
58. RECEIPTS ATTACHED? IF YES, NUMBER OF RECEIPTS ATTACHED [...]
59. COUPONS ATTACHED? IF YES, NUMBER OF COUPONS ATTACHED [...]
60. TALONS ATTACHED? IF YES, NUMBER OF TALONS ATTACHED [...]
61. METHOD OF DISTRIBUTION [Private Placement/Auction/Bookbuild]
62. CREDIT RATING ASSIGNED TO [ISSUER]/[PROGRAMME]/[NOTES] AS AT THE ISSUE DATE (IF ANY) [...] dated [●] [*Specify date of publication or renewal and name of rating agency*]
63. STRIPPING OF RECEIPTS AND/OR COUPONS PROHIBITED AS PROVIDED IN CONDITION 16(D) (*PROHIBITION ON STRIPPING*) [Yes]/[No]
64. GOVERNING LAW (IF THE LAWS OF SOUTH AFRICA ARE NOT APPLICABLE) [...]
65. OTHER BANKING JURISDICTION [...]
66. USE OF PROCEEDS [...]
67. SURRENDERING OF NOTES [...] days after the date on which the Certificate in respect of the Note to be redeemed has been surrendered to the Issuer.
68. OTHER PROVISIONS [*Other Events of Default in addition to the Events of Default referred to in Condition 14 (Events of Default)*] [*Other provisions*]/[Covenants]

Responsibility:

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

Application [**is hereby**]/[**will not be**] made to list this issue of Notes [**on ● ●●●●**].

SIGNED at _____ on this _____ day of _____ 20●●

For and on behalf of
FIRSTRAND BANK LIMITED

Name:
Capacity:
Who warrants his/her authority hereto

Name:
Capacity:
Who warrants his/her authority hereto

GENERAL INFORMATION

1. Authorisations

The establishment of the Programme was authorised by written resolutions of the Board of Directors of the Issuer passed on 17 February 2004. The update of the Programme was authorised by written resolutions of the Board of Directors of the Issuer passed on 29 September 2011. 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. Material Change

Save as disclosed in this Programme Memorandum and after due and careful enquiry, the Issuer hereby confirms that as at the Programme Date, there has been no material change in the financial or trading condition of the Issuer since the date of the Issuer's latest audited financial statements. This statement has not been confirmed nor verified by the auditors of the Issuer.

3. Litigation

Save as disclosed herein, neither the Issuer nor any of its respective consolidated Subsidiaries is or has been involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had a significant effect on the financial position of the Issuer or its consolidated subsidiaries.

4. Auditors

PricewaterhouseCoopers Inc. and Deloitte & Touche have acted as the auditors of the financial statements of the Issuer for the financial years ended 30 June 2009, 2010 and 2011 and, in respect of those years, have issued unqualified audit reports.

5. Documents on Display

So long as Notes are capable of being issued under the Programme, copies of the documents incorporated under the section headed "*Information Incorporated by Reference*" will, when published, be available at the registered office of the Issuer as set out at the end of this Programme Memorandum. The audited annual financial statements of the Issuer are available on the Issuer's website, www.firststrand.co.za. This Programme Memorandum, as amended and/or restated and/or supplemented from time to time, and all Applicable Pricing Supplements are also available on the Issuer's website. In addition, this Programme Memorandum, as amended and/or restated and/or supplemented from time to time, and all Applicable Pricing Supplements will be filed with the JSE which will publish such document on its website, www.jse.co.za.

6. 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 Pricing Supplement.

ISSUER

FirstRand Bank Limited

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Corner of Fredman Drive and Rivonia Road
Sandton, 2196
South Africa
Contact: Ms GE Raine

ARRANGER, DEALER AND JSE DEBT SPONSOR

**FirstRand Bank Limited,
acting through its Rand Merchant Bank division**

Registered Office:
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1 Merchant Place
Corner of Fredman Drive and Rivonia Road
Sandton, 2196
South Africa
Contact: Ms GE Raine

TRANSFER AGENT, CALCULATION AGENT AND PAYING AGENT

**FirstRand Bank Limited,
acting through its Rand Merchant Bank division**

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Fax: (011) 282 8867/4408

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