

**APPLICABLE PRODUCT SUPPLEMENT  
TO THE PROGRAMME MEMORANDUM DATED 11 FEBRUARY  
2008, AS AMENDED BY A FIRST SUPPLEMENT DATED ON OR  
ABOUT 30 NOVEMBER 2018 AND FURTHER AMENDED BY A  
SECOND SUPPLEMENT DATED ON OR ABOUT 4 AUGUST 2020**

issued pursuant to the

**ZAR15,000,000,000 STRUCTURED NOTE AND PREFERENCE SHARE  
PROGRAMME**

in respect of

**UNSECURED EQUITY LINKED EXCHANGE TRADED NOTES  
("Equity Linked ETNs" or the "ETNs")**

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**FirstRand Bank**

**FIRSTRAND BANK LIMITED**

*(Registration Number 1929/001225/06)*

*(incorporated with limited liability on 11 January 1929 in South Africa)*

**(the "Issuer")**

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This Applicable Product Supplement relates to 1 (one) or more Series and/or Tranches of Equity Linked ETNs that the Issuer may issue under its ZAR15 000 000 000 Structured Note and Preference Share Programme (the "2008 Programme Memorandum").

If the terms described herein are different or inconsistent with those described in the 2008 Programme Memorandum, the First Supplement and/or the Second Supplement, the terms described herein will prevail. If the terms described in the Applicable Pricing Supplement are different or inconsistent with those described herein or in the 2008 Programme Memorandum, as amended by the First Supplement and the Second Supplement, the terms described in the Applicable Pricing Supplement will prevail.

**Reference Item**

The amounts payable on the Equity Linked ETNs will be based on movements in the price of one or more equities, details of which are set out herein and will be more fully described in the Applicable Pricing Supplement. The Equity Linked ETNs are designed to enable investors through individual Equity Linked ETNs to gain exposure to a return from investing in certain equities. The manner in which this is achieved is explained elsewhere in this Applicable Product Supplement as read with the Applicable Pricing Supplement in relation to any Tranche of Equity Linked ETNs.

**Ranking**

Unless otherwise indicated in an Applicable Pricing Supplement, the Equity Linked ETNs constitute direct, unconditional, unsecured, unsubordinated and uncollateralised obligations of the Issuer ranking *pari passu*,

without any preference among themselves, with all the Issuer's other outstanding unsecured and unsubordinated obligations, present and future, except those obligations as are preferred by operation of law.

**Listing on the JSE Limited ("JSE")**

Unless otherwise specified in the Applicable Pricing Supplement, the Equity Linked ETNs will be listed on the Main Board of the JSE.

**See "Additional risk factors and investment considerations" beginning on page 6 of this Applicable Product Supplement together with the section headed "Risk factors" in the Programme Memorandum for risks and investment considerations relating to an investment in the Equity Linked ETNs.**

Persons into whose possession this Applicable Product Supplement comes must inform themselves about and observe any restrictions imposed by law in respect of the distribution of this Applicable Product Supplement. This Applicable Product Supplement does not constitute an offer of or invitation to subscribe for and/or purchase any of the Equity Linked ETNs in any jurisdiction in which such offer or subscription would be unlawful. No one has taken any action that would permit a public offering of Equity Linked ETNs to occur outside South Africa.

The directors of the Issuer, all of whose names are given on the *Corporate Information* page of this Applicable Product Supplement accept, collectively and individually, full responsibility for the accuracy of the information given herein and certify that, to the best of their knowledge and belief, no facts have been omitted which would make any statement false or misleading and that they have made all reasonable enquiries to ascertain such facts and that this Applicable Product Supplement contains all information required by law and the Listings Requirements of the JSE.

**Prepared and issued in terms of the JSE Listings Requirements.**

Applicable Product Supplement issued on: 4 August 2020

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**1. CORPORATE INFORMATION**


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**ISSUER****FirstRand Bank Limited**

(Registration Number 1929/001225/06)

Registered Office:

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Sandton, 2196

South Africa

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**PAYING AGENT AND CALCULATION AGENT****Rand Merchant Bank, a division of FirstRand  
Bank Limited**

(Registration Number 1929/001225/06)

Registered Office:

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Sandton, 2196

South Africa

Contact: Head: Global Markets

Tel: (011) 282 8000

**TRANSFER SECRETARY****Computershare Investor Services Proprietary  
Limited**

(Registration Number 2004/003647/07)

Registered Office:

Rosebank Towers

15 Biermann Avenue

Rosebank, 2196

South Africa

Contact: Head: Client Services

Tel: (011) 370 5000

**SETTLEMENT AGENT****Rand Merchant Bank,  
a division of FirstRand Bank Limited**

(Registration Number 1929/001225/06)

Registered Office:

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Sandton, 2196

South Africa

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Tel: (011) 282 8000

**ARRANGER, DEALER AND MARKET MAKER****Rand Merchant Bank,  
a division of FirstRand Bank Limited**

(Registration Number 1929/001225/06)

Registered Office:

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Cnr Rivonia Road and Fredman Drive

Sandton, 2196

Contact: Global Markets

Tel: (011) 282 8000

**JSE DEBT SPONSOR**

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**a division of FirstRand Bank Limited**  
 (Registration Number 1929/001225/06)  
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 Limited  
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**DIRECTORS FOR THE ISSUER**

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 Mary Vilakazi  
 Johan Petrus Burger  
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 Grant Glenn Gelink  
 Francois (Faffa) Knoetze  
 Russell Mark Loubser  
 Thandie Sylvia Mashego  
 Amanda Tandiwe (Tandi) Nzimande  
 Louis Leon von Zeuner  
 Thomas Winterboer  
 Zelda Roscherr

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## 2. ADDITIONAL RISK FACTORS AND INVESTMENT CONSIDERATIONS

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*Investors should understand the risks of investing in the Equity Linked ETNs and should reach an investment decision only after careful consideration with their advisors of the suitability of the Equity Linked ETNs in light of their particular financial circumstances. The following risk factors and investment considerations and the other information included or incorporated by reference in the Applicable Pricing Supplement, this Applicable Product Supplement and the 2008 Programme Memorandum. Please note that the Issuer has no control over a number of matters, including economic, financial, regulatory, geographic, judicial and political events, that are important in determining the existence, magnitude and longevity of these risks and their influence on the value of, or the payments made on, the Equity Linked ETNs. Investors should not purchase the Equity Linked ETNs unless they understand and can bear these investment risks.*

### Risks relating to Equity Linked ETNs

#### 1. Amounts payable in respect of Equity Linked ETNs

The Issuer may issue Equity Linked ETNs where the amount payable under such ETNs is dependent upon the price of or changes in the price of a Share. Accordingly, an investment in Equity Linked ETNs may bear similar market risks to a direct equity investment and investors should seek professional advice accordingly. An investment in Equity Linked ETNs will entail significant risks not associated with a conventional debt security.

#### 2. Underlying Companies

Equity Linked ETNs are associated with particular risks beyond the Issuer's control, such as the risk that a relevant Underlying Company will become insolvent, be nationalised or be the subject of a Merger Event or Tender Offer and the risk that the Share price will fluctuate. The performance of the Shares depends to a significant extent on developments in the capital markets and the markets in which the relevant Underlying Company operates, which in turn depend on the general global economic and political conditions.

#### 3. No dividends

ETN Holders, unlike investors which directly invest in the Shares, do not receive dividends or other distributions payable to the holders of the Shares. Dividends received on the Shares will (after adjustment to take into account any Taxes incurred, including withholding taxes, local or foreign corporate taxes and indirect taxes that might apply) be reinvested by the Issuer at close of business on the Business Day following the day on which payment of such dividend is actually received by the Issuer. The value of the declared dividend (after adjustment to take into account any Taxes incurred, including withholding taxes, local or foreign corporate taxes and indirect taxes that might apply) will be added to the NAV of the ETNs between ex-date (the date on which shares are no longer entitled to receive the most recently declared dividend) and the date on which the declared dividend is paid.

#### 4. Adjustments to Equity Linked ETNs

If the Calculation Agent determines that an event giving rise to a Disrupted Day has occurred at any relevant time, any such determination may have an effect on the timing of valuation and consequently the value of the ETNs and/or may delay settlement in respect of the ETNs. Prospective purchasers should review the ETN Terms and Conditions and the Applicable Pricing Supplement to ascertain whether and how such provisions apply to the ETNs.

Following the declaration by the Underlying Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (a) make the corresponding

adjustment, if any, to any of the terms of the ETN Terms and Conditions and/or the Applicable Pricing Supplement as the Calculation Agent determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends or liquidity relative to the relevant Share) and (b) determine the effective date of that adjustment. Such adjustment may have an adverse effect on the value and liquidity of the affected Equity Linked ETNs.

If a Merger Event, Tender Offer, Delisting, Nationalisation or Insolvency occurs in relation to any Share, the Issuer in its sole and absolute discretion may take the action described in paragraph (i) or (ii) below:

- (i) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any of the ETN Terms and Conditions and/or the Applicable Pricing Supplement to account for the Merger Event, Tender Offer, Delisting, Nationalisation or Insolvency and determine the effective date of that adjustment. Such adjustment may have an adverse effect on the value and liquidity of the affected Equity Linked ETNs; or
- (ii) redeem or cancel part or all of the Equity Linked ETNs.

#### 5. ***Miscellaneous risks associated with Equity Linked ETNs***

The market price of Equity Linked ETNs may be volatile and may be affected by the time remaining to the redemption, the volatility of the Share or Shares, the dividend rate (if any) and the financial results and prospects of the relevant Underlying Company as well as economic, financial and political events in one or more jurisdictions, including factors affecting the stock exchange(s) or quotation system(s) on which any such Shares may be traded.

No Underlying Company will have participated in the preparation of the Applicable Pricing Supplement or in establishing the terms of the Equity Linked ETNs and neither the Issuer nor the Dealer will make any investigation or enquiry in connection with such offering with respect to any information concerning any such Underlying Company contained in such Applicable Pricing Supplement or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant Issue Date (including events that would affect the accuracy or completeness of the publicly available information described in this paragraph or in any relevant Applicable Pricing Supplement) that would affect the trading price of the Share will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such Underlying Company could affect the trading price of the Share and therefore the trading price of the ETNs.

ETN Holders will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant Shares to which such ETNs relate.

#### 6. ***Redemption Profile of Equity Linked ETNs***

Each Equity Linked ETN will be issued for a minimum term of 5 years with an option to extend by the Issuer at its election, as further set out in the 2008 Programme Memorandum read with the Applicable Pricing Supplement. The extension of the maturity date of an Equity Linked ETN will not constitute a new issuance of that Equity Linked ETN.

Each Series of Equity Linked ETNs will be redeemable in total by the Issuer, at the Issuer's discretion, in the event of any of the following factors, events or circumstances occurring:

- (i) The continued listing of the relevant Series of Equity Linked ETNs is no longer economically, operationally, practically or otherwise feasible for the Issuer; or

- (ii) The Share underlying the relevant Series of Equity Linked ETNs is no longer viable, for example where, as a result of corporate actions in relation to the Share, it is not practicable, economically feasible or desirable for the Issuer or may not be operationally feasible for the Financial Exchange or the CSD to replicate and execute in the relevant Series of Equity Linked ETNs or the Share no longer forms part of the benchmark index of a World Federation of Exchanges and/or the index is no longer a JSE-approved index. Should the Issuer become aware that the Share no longer forms part of the benchmark index of a World Federation of Exchanges, it will notify the JSE who, in consultation with the Issuer, will determine if the Equity Linked ETN can remain listed or not.

In the case of such circumstances, the Issuer shall be required to demonstrate genuine reasons as to why the continued listing of any Series of Equity Linked ETNs will be detrimental to it.

Every holder of an Equity Linked ETN will have the right to early redeem the Equity Linked ETNs held by them above the threshold quantity and at the Optional Redemption Amount as set out in the Relevant Product Terms and Conditions and Applicable Pricing Supplement.

#### 7. **Tracking Margin (“TM”)**

- (i) The tracking margin represents the cost to the investor. The Equity Linked ETNs track the price of a Share, adjusted for corporate actions and expressed in ZAR at the defined currency exchange rate.
- (ii) The Issuer will be liable to the investor for an amount equal to the amount in (i) less an annual tracking margin, expressed as a percentage per annum and calculated daily
- (iii) The effect of the tracking margin is to at all times maintain the Issuer’s liability to the investor below the amount referenced in (i).
- (iv) The investor will therefore only be able to claim repayment from the Issuer of approximately (1-TM%) of the amount referenced in (i).
- (v) The mismatch represents a decrease in realisable value to the investor in favour of the Issuer
- (vi) The economic effect of this mismatch to an investor mirrors the economic effect of a management fee, storage fee, TER or other such value reductions commonly found in investment products.

#### 8. **ETNs and Exchange Traded Funds (ETFs)**

ETNs and ETFs are similar in that both instruments track an underlying asset. ETNs, however, differ from ETFs as follows:

<b>ETNs</b>	<b>ETFs</b>
Unsecured debt instrument	Tracking instrument
Investors take full credit risk on the Issuer as well as the performance and creditworthiness of the reference asset(s)	Investors take full credit risk on the creditworthiness and performance of the reference asset(s) only
Not asset backed - no ownership of reference asset(s)	Asset backed - the fund holds the reference asset(s) it tracks



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## RELEVANT PRODUCT TERMS AND CONDITIONS OF THE EQUITY LINKED ETNS

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The following are the terms and conditions (“**Relevant Product Terms and Conditions**”) of the Equity Linked ETNs to be issued by the Issuer in terms of this Applicable Product Supplement and which will be incorporated by reference into each Equity Linked ETN so issued. These Relevant Product Terms and Conditions are to be read with the ETN General Terms and Conditions set out in the Second Supplement and the specific terms and conditions set out in the Applicable Pricing Supplement (which together comprise the “Applicable Terms and Conditions” of each Tranche of ETNs). If there is any conflict or inconsistency between these Relevant Product Terms and Conditions and the ETN General Terms and Conditions set out in the Second Supplement, these Relevant Product Terms and Conditions will prevail. The Applicable Pricing Supplement in relation to any Tranche of ETNs will specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Relevant Product Terms and Conditions, replace or modify the following Relevant Product Terms and Conditions for the purpose of such Tranche of ETNs.

Capitalised expressions used in these Relevant Product Terms and Conditions and not defined herein shall bear the meaning assigned to them in the 2008 Programme Memorandum under the ETN Terms and Conditions.

Reference to a “General Condition” is to a condition set out in the ETN General Terms and Conditions, while reference to a “Condition” is to a condition set out in these Relevant Product Terms and Conditions.

### 1. Interpretation

In these Relevant Product Terms and Conditions, unless inconsistent with the context, the following capitalised expressions shall have the following meanings:

“**Additional Disruption Event**” means any of:

- (a) Change in Law;
- (b) Hedging Disruption;
- (c) Increased Cost in Hedging; and/or
- (d) Insolvency Filing,

in each case if specified in the Applicable Pricing Supplement.

“**Announcement Date**” means:

- a) in respect of a Merger Event or Nationalisation or Delisting, the date of the first public announcement of a firm intention, in the case of a Merger Event, engage in a transaction (whether or not subsequently amended) that leads to the Merger Event, or in the case of a Tender Offer, to purchase or otherwise obtain the requisite number of voting shares (whether or not subsequently amended) that lead to the Tender Offer and, in the case of a Nationalisation, to nationalise (whether or not subsequently amended) that leads to the Nationalisation and, in the case of a Delisting, the date of the first public announcement by the Exchange that the relevant shares will cease to

be listed, traded or publicly quoted; and

- (b) in respect of an Insolvency, the date of the first public announcement of the institution of a proceeding, presentation of a petition or passing of a resolution (or other analogous procedure in any jurisdiction) that leads to the Insolvency,

in each case as determined by the Calculation Agent.

**“Clearance System Business Day”** means, in respect of a Clearance System, any day on which such Clearance System is open for the acceptance and execution of settlement instructions.

**“Delisting”** means, in respect of any Shares, that the Exchange announces that pursuant to the rules of such Exchange, the Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union).

**“Disrupted Day”** means any Scheduled Trading Day on which a relevant Exchange or Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred. The Calculation Agent shall, as soon as reasonably practicable under the circumstances, notify the ETN Holders of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been a Valuation Date. Without limiting the obligation of the Calculation Agent to notify the ETN Holders as set forth in the preceding sentence, failure by the Calculation Agent to notify the ETN Holders of the occurrence of a Disrupted Day shall not affect the validity of the occurrence and effect of such Disrupted Day.

**“Early Redemption Amount”** means, in relation to an Equity-Linked Note, the NAV thereof on the Early Redemption Date.

**“Early Redemption Date”** means, in relation to a particular Tranche of Equity Linked ETNs, subject to General Condition 11 (*Adjustments*), the date on which the Issuer is obliged to redeem Equity Linked ETNs pursuant to General Condition 9.4 (*Early Redemption following the occurrence of Tax Event, Change in Law, Hedging Disruption and/or Increased Cost of Hedging*) or this Applicable Product Supplement, as the case may be, being the dates specified in the Applicable Pricing Supplement and in the absence of any such specification, shall be the date specified by the Issuer in the Redemption Notice.

**“Early Closure”** means the closure on any Exchange Business Day of the

relevant Exchange or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or any Related Exchange(s) at least one hour prior to the earlier of:

- (a) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day; and
- (b) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

**“Equity Linked ETN”** means an ETN, payments in respect of which will be calculated by reference to price of the Share as specified in the Applicable Pricing Supplement.

**“Exchange”** means, in respect of a Share relating to Equity Linked ETNs, each exchange or quotation system specified as such for the Share in the Applicable Pricing Supplement, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Share has temporarily relocated; provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange.

**“Exchange Business Day”** means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**“Exchange Disruption”** means any event (other than Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for:

- (a) the Shares on the Exchange; or
- (b) futures or options contracts relating to, the Share on any relevant Related Exchange.

**“Extraordinary Dividend”** means an amount per Share specified or otherwise determined as provided in the Applicable Pricing Supplement. If no Extraordinary Dividend is specified in or otherwise determined as provided in the Applicable Pricing Supplement, the characterisation of a dividend or portion thereof as an Extraordinary Dividend shall be determined by the Calculation Agent.

**"Finalisation Date"** means, in relation to a particular Tranche or Series of Equity Linked ETNs, the date on which the Issuer advises ETN

Holders of the Final Redemption Amount (or Optional Redemption Amount or Early Redemption Amount) (less any Taxes or Redemption Expenses that the Issuer is authorised to deduct) in accordance with the provisions of General Condition 8 (*Payments*) to be paid to ETN Holders on the relevant Redemption Date (Maturity Date, or Optional Redemption Payment Date or Early Redemption Payment Date), which date shall be determined in accordance with the JSE Listings Requirements.

**“Insolvency Filing”**

means that an Underlying Company institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Underlying Company shall not be deemed an Insolvency Filing.

**“Insolvency”**

means that, by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution, winding-up, the commencement of business rescue proceedings of or any analogous proceeding affecting an Underlying Company:

- (a) all the Shares of that Underlying Company are required to be transferred to a trustee, liquidator or other similar official; or
- (b) holders of the Shares of that Underlying Company become legally prohibited from transferring them.

**“Market Disruption Event”**

means, in respect of a Share, the occurrence or existence of (in each case, if specified as applicable in the Applicable Pricing Supplement):

- (a) a Trading Disruption;
- (b) an Exchange Disruption,

which in either case of paragraphs (a) and (b) above, the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time; or

- (c) an Early Closure.

**“Merger Date”**

means the closing date of a Merger Event or, where a

closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

**“Merger Event”**

means, in respect of any relevant Shares, any:

- (a) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person;
- (b) consolidation, amalgamation, merger or binding share exchange of the Underlying Company with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange in which such Underlying Company is the continuing entity and which results in a reclassification or change all of such Shares outstanding);
- c) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Shares of the Underlying Company that results in a transfer of or an irrevocable commitment to transfer all of such Shares (other than such Shares owned or controlled by such other entity or person); or
- (d) consolidation, amalgamation, merger or binding share exchange of the Underlying Company or its subsidiaries with or into another entity in which the Underlying Company is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event,

if, in each case, the Merger Date is on or before, the Valuation Date in respect of the relevant Equity Linked ETN.

**“Merger Event Settlement Amount”**

means an amount which the Calculation Agent in its sole and absolute discretion, determines is the fair value to the ETN Holder of an Equity Linked ETN with terms that would preserve for the ETN Holder the economic equivalent of any payment (assuming satisfaction of each applicable condition precedent) to which the ETN Holder would have been entitled under the relevant Equity Linked ETN after that date adjusted to take into account any costs, losses, taxes and expenses which are incurred (or expected to be incurred) by (or on behalf of) the Issuer in connection with

the realisation of the relevant Shares.

**“Nationalisation”**

means that all the Shares or all or substantially all the assets of the Underlying Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

**“NAV”**

means, in relation to an Equity Linked ETN, the net asset value thereof, determined in the manner set out in the Applicable Pricing Supplement and as published daily on the Issuer’s website at <https://www.rmb.co.za/page/inward-listed-etns>.

**“Notification Date”**

means, in relation to a particular Tranche or Series of Equity Linked ETNs, the date on which the Issuer gives the Redemption Notice to the ETN Holders, which date shall, in the event of redemption of ETNs pursuant to General Condition 1.2 (*Early Redemption at the Option of ETN Holders*) be at least two Business Days after receipt by the Issuer of the written notice from the ETN Holders requesting redemption in accordance with General Condition 9.2 (*Early Redemption at the Option of ETN Holders*) as read with Condition 1.3 and in all other redemption cases shall be a date at least fourteen Business Days prior to the relevant Record Date.

**“Optional Redemption Amount”**

means, in relation to an Equity Linked ETN, the NAV thereof on the Optional Redemption Date.

**“Optional Redemption Date”**

means, in relation to a Tranche of Equity Linked ETNs, the date(s) specified as such in the Applicable Pricing Supplement and in the absence of any such specification, shall be the date specified by the Issuer in the Redemption Notice, provided that the Optional Redemption Date (or the last such date specified in the Applicable Pricing Supplement) must fall no later than fourteen Business Days prior to the Maturity Date.

**“Potential Adjustment Event”**

means any of the following:

- (a) a subdivision, consolidation or reclassification of the relevant Shares (unless resulting in a Merger Event) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- (b) a distribution or dividend to existing holders of the relevant Shares of (i) such Shares, or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Underlying Company equally or proportionately with such payments to holders of such Shares, or (iii) share capital or other securities of another issuer

acquired or owned (directly or indirectly) by the Underlying Company as a result of a spin-off or other similar transaction, or (iv) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;

- (c) an Extraordinary Dividend;
- (d) a call by the Underlying Company or any of its subsidiaries in respect of the relevant Shares that are not fully paid;
- (e) a repurchase by the Underlying Company of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (f) in respect of the Underlying Company, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Underlying Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (g) any other similar event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares including those set out in Condition 2.

**"Redemption Notice"**

means the written notice given by the Issuer to the ETN Holders on the Notification Date that it will redeem ETNs pursuant to General Conditions 9.1 (*Redemption at Maturity*), 1.2 (*Early Redemption at the Option of ETN Holders*), 9.3 (*Early Redemption at the Option of ETN Holders*) or 9.4 (*Early Redemption following the occurrence of a Tax Event, Change in Law, Hedging Disruption and/or Increased Cost of Hedging*) or pursuant to Conditions 2.2.1.3 (*Consequences of Merger Events*) or 2.5.2 (*Tender Offers*) and which notice shall specify the relevant Redemption Date (Maturity Date, or Optional Redemption Payment Date or Early Redemption Payment Date) and the Scheduled Record Date, if this will differ from the Record Date.

**"Related Exchange"**

means, subject to the proviso below, in respect of a Share

relating to Equity Linked ETNs, each exchange or quotation system specified as such for such Share in the Applicable Pricing Supplement, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Share on such temporary substitute exchange or quotation system as on the original Related Exchange), provided, however that where “All Financial Exchanges” is specified as the Related Exchange in the Applicable Pricing Supplement, “Related Exchange” shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Share.

<b>“Required Notice Period”</b>	means, if the particular Tranche of Equity Linked ETNs are: <ul style="list-style-type: none"> <li>(a) listed, the minimum number of days as may be required in terms of the JSE Listings Requirements; or</li> <li>(a) not listed, two Scheduled Trading Days.</li> </ul>
<b>“Scheduled Closing Time”</b>	means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after-hours or other trading outside regular trading session hours.
<b>“Scheduled Record Date”</b>	means the record date as specified by the Issuer in the Redemption Notice;
<b>“Scheduled Trading Day”</b>	means any day on which each Exchange and each Related Exchange are scheduled to open for trading for their respective regular trading sessions;
<b>“Scheduled Valuation Date”</b>	means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.
<b>“Settlement Currency”</b>	means the currency specified as such in the Applicable Pricing Supplement.
<b>“Share”</b>	means an equity security as specified in the Applicable Pricing Supplement.
<b>“Tender Offer”</b>	means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per



cent. of the outstanding voting shares of the Underlying Company as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

<b>“Tender Offer Date”</b>	means, in respect of a Tender Offer, the date on which voting shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained (as determined by the Calculation Agent).
<b>“Trading Disruption”</b>	means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (a) relating to the Share on the Exchange, or (b) in futures or options contracts relating to Shares on any relevant Related Exchange.
<b>“Underlying Company”</b>	means the company which is the issuer of the Shares specified in the Applicable Pricing Supplement.
<b>“Valuation Date”</b>	means, in relation to a particular Tranche or Series of Equity Linked ETNs, the Business Day following the Notification Date
<b>“Valuation Time”</b>	means the time on the relevant Valuation Date, specified as such in the Applicable Pricing Supplement, or if no such time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date in relation to the Share to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.
<b>“Valid Date”</b>	means a Scheduled Trading Day that is not a Disrupted Day.

## **1. REDEMPTION AND PURCHASE**

- 1.1 In respect of Equity Linked ETNs, the provisions of General Condition 9 (*Redemption and Purchase*) and General Condition 10 (*Redemption Procedures*) shall apply save as amended or amplified in these Relevant Product Terms and Conditions.
- 1.2 In the event that the ETN Holder exercises its option to early redeem the Equity Linked ETNs held by it in terms of General Condition 9.2 (*Early Redemption at the Option of ETN Holders*), it may only do so in the event that the aggregate NAV of Equity Linked ETNs which it intends to redeem is greater than or equal to the Minimum Redemption Amount (if any) specified in the Applicable Pricing Supplement, as determined by reference to the NAV published on the Issuer’s website at close of business on the previous Business Day. The amount payable to the ETN Holders exercising such option shall be entitled the Optional Redemption Amount per Note less 50 basis points.

- 1.3 In the event that the ETN Holder exercises its option to early redeem the Equity Linked ETNs held by it in terms of General Condition 9.2 (*Early Redemption at the Option of ETN Holders*), it shall give notice thereof to the Issuer in the form attached hereto (*Pro forma notice of Early Redemption at the Option of the ETN Holders*) and in substance acceptable to the Issuer.
- 1.4 The Issuer shall on the Notification Date issue the Redemption Notice to the ETN Holders, giving the ETN Holders notice that it will redeem Equity Linked ETNs pursuant to General Conditions 9.1 (*Redemption at Maturity*), 9.2 (*Early Redemption at the Option of the ETN Holders*) following receipt of the written notice from the ETN Holders requesting early redemption of Equity Linked ETNs in form and substance to the satisfaction to the Issuer, 9.3 (*Early Redemption at the Option of the Issuer*) or 9.4 (*Early Redemption following the occurrence of a Tax Event, Change in Law, Hedging Disruption and/or Increased Cost of Hedging*) or pursuant to Conditions 2.2.1.3 (*Consequences of Merger Events*) or 2.5.2 (*Tender Offers*), in respect of any Tranche of Equity Linked ETNs, as the case may be and advising ETN Holders of the relevant Redemption Date (Maturity Date, or Optional Redemption Payment Date or Early Redemption Payment Date) and the Scheduled Record Date, if this will differ from the Record Date.
- 1.5 The Issuer shall on the Finalisation Date advise ETN Holders of the Final Redemption Amount or Optional Redemption Amount or Early Redemption Amount (less any Taxes or Redemption Expenses that the Issuer is authorised to deduct) in accordance with the provisions of General Condition 8 (*Payments*) to be paid to ETN Holders on the relevant Redemption Date, (Maturity Date, or Optional Redemption Payment Date or Early Redemption Payment Date).
- 1.6 If a Scheduled Record Date is specified in the Redemption Notice, then references to *Record Date* in the General Conditions shall be a reference to Scheduled Record Date for purposes of determining the Register and effecting payments to ETN Holders on the relevant Redemption Date, (Maturity Date, or Optional Redemption Payment Date or Early Redemption Payment Date).

## 2. ADJUSTMENTS

### 2.1 Potential Adjustment Events

The Issuer may at any time determine and declare that a Potential Adjustment Event has occurred. Following such declaration by the Issuer of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Shares and, if so, will (a) make the corresponding adjustment(s), relevant to the settlement, payment or other terms of the Equity Linked ETNs as the Calculation Agent determines appropriate to account for that diluting or concentrative effect and (b) determine the effective date(s) of the adjustment(s). The Calculation Agent may (but need not) determine the appropriate adjustment(s) by reference to the adjustment(s) in respect of such Potential Adjustment Event made by an options exchange to options on the relevant Shares traded on such options exchange.

### 2.2 Consequences of Merger Events

2.2.1 Following the occurrence of any Merger Event (as determined by the Calculation Agent in its sole discretion), the Calculation Agent shall either on or after the relevant Merger Date, as notified to the ETN Holders in accordance with the provisions of General Condition 20 (*Notices*):

2.2.1.1 make such adjustment to the NAV as it, in its sole discretion, considers appropriate, to account for the economic effect on the Equity Linked ETNs of such Merger Event (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or to

the Equity Linked ETNs) which may, but need not, be determined by reference to the adjustment(s) made in respect of such Merger Event by an options exchange to options on the relevant Shares traded on such options exchange and determine the effective date of that adjustment, including by making an adjustment to the formula for the Final Redemption Amount and/or the Optional Redemption Amount and/or the Early Redemption Amount set out in the Applicable Pricing Supplement, the number of Shares to which each Equity Linked ETN relates, and, in any case, any other variable relevant to the redemption, settlement or payment terms of the relevant Equity Linked ETNs and/or any other adjustment, which change or adjustment shall be effective as soon as practicable after the Merger Date; or

2.2.1.2 if the Calculation Agent determines that no adjustment that it could make under this Condition 2.2.1 will produce a commercially reasonable result, determine that the relevant Equity Linked ETNs should be redeemed early.

2.2.1.3 If the Calculation Agent determines that the relevant Equity Linked ETNs should be redeemed early, then the relevant Equity Linked ETNs shall be so redeemed in accordance with General Condition 9.3 (*Early Redemption at the Option of the Issuer*) and the relevant Issuer's obligations under the Equity Linked ETNs shall be satisfied in full upon payment of the Merger Event Settlement Amount on the Early Redemption Payment Date.

## 2.3 **Nationalisation, Insolvency and Delisting**

2.3.1 The Issuer shall, upon becoming aware of the occurrence of a Nationalisation, Insolvency or Delisting, notify the ETN Holders of such an event.

2.3.2 As a consequence of a Nationalisation, Insolvency or Delisting, the Equity Linked ETNs will be redeemed in accordance with General Condition 9.3 (*Early Redemption at the Option of the Issuer*) and the Issuer will pay to the ETN Holder the amount determined in accordance with Condition 2.4 (*Payment to the ETN Holder upon a Nationalisation, Insolvency or Delisting*) or such other amount as may be specified in the Applicable Pricing Supplement.

## 2.4 **Payment to the ETN Holder upon a Nationalisation, Insolvency or Delisting**

2.4.1 If Condition 2.3 (*Nationalisation, Insolvency and Delisting*) applies, then the Issuer will (unless otherwise specified in the Applicable Pricing Supplement) pay to the ETN Holder an amount determined by the Calculation Agent, in its sole discretion, taking into account such factors as the Calculation Agent, in its sole discretion, may deem appropriate, such payment to be made not later than three Business Days following the determination by the Calculation Agent of such amount.

## 2.5 **Tender Offers**

2.5.1 If there occurs a Tender Offer (as determined by the Calculation Agent in its absolute discretion), then on or after the relevant Tender Offer Date, the Underlying Company and the Shares will not change, but the Calculation Agent shall either:

2.5.1.1 make such adjustment to the NAV, settlement, payment or other terms of the relevant Equity Linked ETNs as the Calculation Agent considers appropriate to account for the economic effect on the relevant Equity Linked ETNs of such Tender Offer (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or to the Equity Linked ETNs) which may, but need not, be determined by reference to the

adjustment(s) made in respect of such Tender Offer by an options exchange to options on the relevant Shares traded on such options exchange, and determine the effective date of that adjustment; or

2.5.1.2 if the Calculation Agent determines that no adjustment that it could make under Condition 2.5.1.1 above will produce a commercially reasonable result, determine that the relevant Equity Linked ETNs should be redeemed early.

2.5.2 If the Calculation Agent determines that the relevant Equity Linked ETNs should be redeemed early, then the relevant Equity Linked ETNs shall be so redeemed and the Issuer's obligations under the Equity Linked ETNs shall be satisfied in full upon payment of the Merger Event Settlement Amount on the Early Redemption Payment Date.

## 2.6 **Dividends, Unbundling, Share Splits and Reverse Share Splits**

2.6.1 If dividends are received on Shares, then such dividends will (after adjustment to take into account any Taxes incurred including withholding taxes, local or foreign corporate taxes and indirect taxes that might apply) be reinvested by the Issuer at close of business of the Business Day following the day on which payment of such dividend is actually received by the Issuer. The value of the declared dividend (after adjustment to take into account any Taxes incurred, including withholding taxes, local or foreign corporate taxes and indirect taxes that might apply) will be added to the NAV of the Equity Linked ETNs between ex-date (the date on which shares are no longer entitled to receive the most recently declared dividend) (**ex-date**) and the date on which the declared dividend is paid. The Issuer will make an announcement on SENS whenever a dividend has been received on the underlying stock.

2.6.2 If there occurs an unbundling then any shares received by the Issuer as a result of such unbundling will be sold within seven Business Days after the shares are actually received by Issuer, at the then prevailing market price. There will be no obligation on the Issuer to seek and obtain the best or optimal price. The amounts received by the Issuer from the sale of the shares will (after adjustment to take into account any Taxes and other charges incurred) be reinvested by the Issuer at close of business of the Business Day following the day on which payment of such amount is actually received by the Issuer (**reinvestment date**). The value of the sold shares (after adjustment to take into account any Taxes and other charges incurred) will be added to the NAV of the Equity Linked ETNs between ex-date and reinvestment date as an adjustment factor. The value of such adjustment factor will be determined by the Calculation Agent as soon as practicable after ex-date taking into account such factors as the Calculation Agent, in its sole discretion, may deem appropriate.

2.6.3 If share splits or reverse share splits occur in respect of the Shares, an adjustment factor may be added to the NAV of the Equity Linked ETNs if the Calculation Agent, in its sole discretion, considers it appropriate, to account for the economic effect on the Equity Linked ETNs of such share splits or reverse share splits, which adjustment shall become effective on the effective date of the relevant split. The adjustment factor will:

2.6.3.1 in respect of share splits take into account the effective increase in the number of underlying shares being tracked; and

2.6.3.2 in respect of reverse share splits: take into account the effective decrease in the number of underlying shares being tracked.

## 2.7 **Corporate Action**

- 2.7.1 If there occurs any other corporate action in respect of the Shares not specifically referred to in these Relevant Product Terms and Conditions (as determined by the Calculation Agent in its sole discretion), the Issuer shall upon becoming aware of such event notify the ETN Holders of such an event and the Calculation Agent shall, in its sole discretion, determine whether any adjustment to the settlement, NAV, payment or other terms of the relevant Equity Linked ETNs needs to be made to account for the economic effect on the relevant Equity Linked ETNs of such corporate action and determine the effective date of that adjustment.
- 2.7.2 Corporate actions affecting the Equity Linked ETNs will be conducted in accordance with the JSE Listings Requirements read together with the corporate actions timetable, in accordance with paragraph 19.24 of the JSE Listings Requirements.

### 3. ADDITIONAL DISRUPTION EVENTS

- 3.1 If an Additional Disruption Event occurs, the following consequences may apply:
- 3.1.1 if “Change in Law” or “Insolvency Filing” is specified as applicable in the Applicable Pricing Supplement, then upon the occurrence of such an event, the Issuer may elect to redeem the Equity Linked ETNs upon notice to the ETN Holders in accordance with General Condition 20 (*Notices*) of not less than the Required Notice Period, specifying the date of such redemption (or such lesser notice as may be required to comply with the Change in Law), in which event the Equity Linked ETNs shall be redeemed in accordance with General Condition 9 (*Redemption and Purchase*) and these Conditions, as applicable, and the Calculation Agent will determine the Early Redemption Amount payable;
- 3.1.2 if “Hedging Disruption” is specified as applicable in the Applicable Pricing Supplement, then upon the occurrence of such an event, the Issuer may elect, while the Hedging Disruption is continuing, to redeem the Equity Linked ETNs, upon notice to the ETN Holders in accordance with General Condition 20 (*Notices*) of not less than the Required Notice Period, specifying the date of such redemption, in which event the Calculation Agent will determine the Early Redemption Amount payable;
- 3.1.3 if “Increased Cost of Hedging” is specified as applicable in the Applicable Pricing Supplement, then the Issuer in its sole and absolute discretion may:
- 3.1.3.1 require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any of the ETN General Terms and Conditions and/or the Applicable Pricing Supplement to account for the Increased Cost of Hedging and determine the effective date of that adjustment; or
- 3.1.3.2 redeem the Equity Linked ETNs of any Tranche at any time prior to the Maturity Date following the occurrence of an Increased Cost of Hedging in accordance with General Condition 9 (*Redemption and Purchase*);
- 3.2 Any Early Redemption Amount payable by the Issuer shall be paid not later than three Business Days following the date that notice of the determination by the Calculation Agent of such amount (denominated in the currency for settlement of the Equity Linked ETNs as specified in the Applicable Pricing Supplement) is effective, which notice shall be provided promptly following such determination.
- 3.3 Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the ETN Holders in accordance with General Condition 20 (*Notices*), stating the occurrence of the Additional Disruption Event giving details thereof and the action proposed to be

taken in relation thereto, provided that, any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event.

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**CALCULATION OF NET ASSET VALUE**


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The Equity Linked ETNs will be offered with one of two payoff types:

- Quanto – there is no currency exposure
- Compo – there is currency exposure

The NAV calculation for each payoff type is as follows:

$$NAV(t) = \left[ \frac{1}{n} \right] * [P(t) * \left( 1.0 + \sum_i \frac{D_i}{R_i} \right) * \sum_j C_j + K] \dots \text{Quanto NAV}$$

$$NAV(t) = \left\{ \left[ \frac{1}{n} \right] * ZARUSD * [P(t) * \left( 1.0 + \sum_i \frac{D_i}{R_i} \right) * \sum_j C_j + K] \right\} * F * t/365 \dots \text{Compo NAV}$$

Where:

$NAV(t)$	Net Asset Value per Equity Linked ETN
$n$	Fractional quantity
$P(t)$	Price of the Reference Asset
$D(i)$	Dividend (per quantity of shares referenced by the Equity Linked ETN), net of taxes, including withholding taxes, local or foreign corporate taxes and indirect taxes that might apply, fees, charges and/or reductions
$R(i)$	Reinvested price of dividend
$K$	Price adjustment factor, between dividend/distribution ex-date and reinvestment/payment date
$C(j)$	Price adjustment factor to account for any corporate actions involving ratio adjustments (splits, reverse splits etc)
$F$	Tracking margin which is equal to the cost ratio (as set out in the Applicable Pricing Supplement)
$t$	Calendar days since issue date

Broken down further:

$$NAV(t) = \left[ \frac{1}{n} \right] * [P(t) * \left( 1.0 + \sum_i \frac{D_i}{R_i} \right)] * \sum C(i) + K$$

The diagram breaks down the NAV(t) formula into six components, each with a descriptive text box below it:

- Fractional quantity.** This number will be an unchanging constant that will scale down the price of the ETN to make it affordable.
- Price of underlying asset at time t**
- No. of shares referenced at launch of ETN**
- No. of additional shares referenced from reinvestment of dividends received between launch and time t**
- Price adjustment to offset share splits and reverse splits in the reference asset. Should there be no adjustments this variable will be set to 1.**
- Price adjustment factor to reflect dividends to be reinvested between ex date and payment date. This will be a constant number between ex date and payment date. After payment date this amount will be set to zero as the dividend will have been reinvested, resulting in an increase in the number of shares referenced.**

A bracket under the last two components indicates they together represent the **Total number of shares by the ETN at time t**.

### Corporate Actions in Tracking Instruments

Considering the above in the context of corporate actions, corporate actions can be divided into two broad classes:

1. Corporate actions that do not translate into price effects e.g. voting on various resolutions; and
2. Corporate actions that have defined and definite price effects.

Since it is a tracking instrument, the Equity Linked ETNs are concerned with corporate actions that have price effects. The following four broad corporate action types have been identified (**catalogued corporate actions**):

1. Dividends
2. Unbundlings
3. Share splits
4. Reverse splits

Any corporate actions not detailed above shall fall into the category of “**uncatalogued corporate actions**” and dealt with accordingly set out below.

It is not possible to fully replicate the above corporate actions physically through the Equity Linked ETNs for the following reasons:

- Timing mismatches between the corporate actions’ timeline on the foreign exchange and the JSE. This could lead to arbitrage, significant value mismatches or the inability of the Issuer to hedge and
- Physical impossibility e.g. unbundling, where the unbundled share may not meet either the Issuer’s or the JSE’s criteria for underpinning an Equity Linked ETN.

While it will not be possible to physically replicate the corporate actions above, the resultant price effects and value impact can be fairly accurately captured through adjustments to the instruments NAV.

### Simple illustration of corporate actions adjustments

Assume  $n=1$  and, for simplicity of illustration, assume that price of share remains the same between ex-date and reinvestment date:



Time  $t=1$ :

- Price (ex. dividend) is 100, dividend of 10 is added to the NAV (factor K) on ex-date and is reinvested on payment date at 100 ( $D(1)=10$ ,  $R(1)=100$ )
- NAV on ex-date =  $100 + 10 = 110$
- NAV on payment date =  $100 * (1.0 + 10/100) = 110$
- In respect of ETN Holders that bought before ex-date: The ETN Holders' value is maintained and they do not lose out the benefit of the dividend if they bought the Equity Linked ETN before ex-date and sold before payment date.
- In respect of ETN Holders that bought after ex-date: The ETN Holder will not receive the benefit of the 10 dividend.
- The above mirrors the economics of an investor in the underlying share. There is no leverage or inversion.

Time  $t=2$  [ $t=2>t=1$ ]:

- Stock/Shares undergoes a 2:1 split
- Stock/Share price of 100 is halved to 50
- To adjust the price for a 2:1 split we multiply by 2 [ the term  $C(t)$  will be  $C(2) = 2.0$ ]
- Accordingly NAV is  $= 50 * (1.0 + 10/100) * 2.0 = 110$
- Therefore, ETN Holders of the Equity Linked ETN retain the full economic value of the underlying through the price adjustment and are not prejudiced by the stock split.

Time  $t=3$  [ $t=3>t=2$ ]:

- Price has risen from 50 to 66
- Price (ex. dividend) is 60, dividend of 6 per share is paid, which equates to 6.6 per Equity Linked ETN (as note references 1.1 shares above)
- Dividend is not yet re-invested but shares has gone ex-dividend, hence the factor K is utilised
- NAV =  $60 * (1.0 + 10/100) * 2.0 + 6.6 * 2 = 145.2$

Time  $t=4$  [ $t=4>t=3$ ]

- This is reinvested at 60 ( $D(3)=6.6$ ,  $P(3)=60$ )
- NAV =  $60 * (1.0 + 10/100 + 6.6/60) * 2.0 = 145.2$
- This makes sense as the NAV at time 2 was 110 and the stock tracked up from 50 to 66 (32% gain) before the dividend was paid and  $110 * 1.32 = 145.2$
- Therefore, there is no leverage or inversion arising out of the adjustments.

Time  $t=5$  [ $t=5>t=4$ ]

- Stock/Shares undergo a 1:4 reverse split
- Price now 240,  $C(4) = 0.25$
- Cumulative  $C(j)$  adjustment now  $0.25 * 2.0 = 0.5$
- NAV =  $240 * (1.0 + 10/100 + 6.6/60) * 0.5 = 145.2$
- Therefore, there is no leverage or inversion arising out of the adjustments.

## APPLICABLE PRICING SUPPLEMENT

Set out below is the form of Applicable Pricing Supplement which will be completed for the Equity Linked ETNs described under this Programme and under this Applicable Product Supplement:



# FirstRand Bank

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

**Issue of [Aggregate Issued Amount of Tranche] [Title of ETNs]  
Under its ZAR ZAR15 000 000 000 Structured Note and Preference Share Programme**

This document constitutes the Applicable Pricing Supplement relating to the issue of the ETNs described herein. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the ETNs (the “**ETN Terms and Conditions**”) set forth in the Programme Memorandum dated 11 February 2008, as amended by a first supplement dated on or about 30 November 2018 and further amended by a second supplement dated on or about 4 August 2020 (the “**Programme Memorandum**”). This Applicable Pricing Supplement must be read in conjunction with the Programme Memorandum. The ETNs described herein are issued on and subject to the ETN Terms and Conditions as amended and/or supplemented by the terms and conditions contained in this Applicable Pricing Supplement. To the extent that there is any conflict or inconsistency between the contents of this Applicable Pricing Supplement and the Programme Memorandum, the First Supplement, the Second Supplement or the ETN Terms and Conditions, the provisions of this Applicable Pricing Supplement shall prevail. Any capitalised terms not defined in this Applicable Pricing Supplement shall have the meaning ascribed to them in the ETN Terms and Conditions. To the extent that certain provisions of the *pro forma* Pricing Supplement do not apply to the ETNs described herein, they may be deleted in this Applicable Pricing Supplement or indicated to be not applicable.

ETNs involve a high degree of risk, including the risk of losing some or a significant part of their initial investment. Potential investors should be prepared to sustain a total loss of their investment in such ETNs. The ETNs represent general, unsecured, unsubordinated, contractual obligations of the Issuer and rank *pari passu* in all respects with each other. Purchasers are reminded that the ETNs constitute obligations of the Issuer only and of no other person. Therefore, potential purchasers should understand that they are relying on the credit worthiness of the Issuer.

ETNs and ETFs are similar in that both instruments track an underlying asset. ETNs, however, differ from ETFs as follows:

ETNs	ETFs
Unsecured debt instrument	Tracking instrument
Investors take full credit risk on the Issuer as well as the performance and creditworthiness of the reference asset(s)	Investors take full credit risk on the creditworthiness and performance of the reference asset(s) only

Not asset backed - no ownership of reference asset(s)	Asset backed - the fund holds the reference asset(s) it tracks
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*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Applicable Pricing Supplement.]*

### **Description of the ETNs**

- |   |  |
|---|--|
| 5. Issuer:  | FirstRand Bank Limited                         |
| 6. Status of ETNs:                                    | Unsecured, unsubordinated and uncollateralised |
| 7. Form of ETNs:                                      | [Listed] [Unlisted] Registered ETNs            |
| 8. Series Number:                                     | [ ]  |
| 9. Tranche Number:                                    | [ ]  |
| 10. Specified Currency of the ETNs:                   | [ ]  |
| 11. Exchange Rate:                                    | [ ] [N/A]                                      |
| 12. Aggregate Issued Amount:                          |  |
| (a) Series:   | [ ]  |
| (b) Tranche:  | [ ]  |
| 13. Issued Amount per ETN:                            | [ ]  |
| 14. Specified Denomination and number of ETNs:        | [ ]  |
| 15. Issue Date of the ETNs:                           | [ ]  |
| 16. Effective Date:                                   | [ ]  |
| 17. Issue Price of the ETNs:                          | [[ ] per cent. of par]                         |
| 18. Financial Exchange:                               | JSE  |
| 19. Integral multiples of ETNs required for transfer: | [ ] [N/A]                                      |
| 20. Types of ETNs                                     | [Equity Linked ETNs]                           |
| 21. Capital guarantee                                 | No   |
| 22. Redemption/Payment Basis:                         | [Quanto]<br>[Compo]                            |

23. Automatic/Optional Conversion from one Redemption/Payment Basis to another: [insert details including date for conversion] [N/A]
24. Cost ratio applicable to ETNs [ ] per annum
25. Listing/Trading: Application will be made to admit the ETNs to listing on the Main Board of the JSE
26. Last Day to Trade: 17h00 on the day that is 3 JSE Schedule Trading Days before the Record Date

**Provisions relating to redemption**

27. Maturity Date: [ ] [subject as otherwise provided in the relevant Applicable Product Supplement] [or such later date as the Issuer may elect at its option and of which it has notified the ETN Holder in writing at least one month prior to the initial stated maturity date]
28. Early Redemption following the occurrence of:
- (a) Tax Event: [Applicable] [N/A]
  - (b) Change in Law: [Applicable] [N/A]
  - (c) Hedging Disruption: [Applicable] [N/A]
  - (d) Increased Cost of Hedging: [Applicable] [N/A]
29. Early Redemption Date [ ]
30. Early Redemption Payment Date [ ]
31. Early Redemption at the Option of the Issuer: [Applicable] [N/A] *(if not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Optional Redemption Date[s]: [ ]
  - (b) Optional Redemption Amount[s] and method, if any, of calculation of such amount[s]: [ ]
  - (c) Optional Redemption Payment Date: [Optional Redemption Date] [Other (specify)]
  - (d) Notice period: [As stated in [General] Condition 9.3 (Early Redemption at the Option of the Issuer)] [Other (specify)]
  - (e) If redeemable in part: [Applicable] [N/A]
    - Minimum Redemption Amount(s): [ ]
    - Higher Redemption Amount(s): [ ]
32. Early Redemption at the Option of the ETN [Applicable] [N/A] *(if not applicable, delete the*

- Holders: *remaining sub-paragraphs of this paragraph*
- (a) Optional Redemption Date[s]: [ ]
- (b) Optional Redemption Amount[s] and method, if any, of calculation of such amount[s]: [ ]
- (c) Optional Redemption Payment Date: [Optional Redemption Date] [Other (*specify*)]
- (d) Notice period: [As stated in [General] Condition 9.2 (*Early Redemption at the Option of the ETN Holders*)] [Other (*specify*)]
- (e) Daily Maximum Amount: [ ] [N/A]
- (f) If redeemable in part: [Applicable] [N/A]
- Minimum Redemption Amount(s): [ ]
- Higher Redemption Amount(s) [ ]
33. Valuation Date: [ ] [N/A]
34. Valuation Time: [ ] [N/A]
35. Market Disruption Event: [Applicable] [N/A] (*if not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (a) Trading Disruption: [Applicable] [N/A]
- (b) Exchange Disruption: [Applicable] [N/A]
- (c) Early Closure: [Applicable] [N/A]
36. Final Redemption Amount: [NAV as adjusted and/or calculated by Calculation Agent at the Valuation Date]
37. Early Redemption Amount: [In relation to an Early Redemption in accordance with [General] Condition 9.5 (*Early Redemption Amounts*), an amount in [ ] as determined by the Calculation Agent in its sole discretion using its reasonable judgement] [Other (*specify*)]
38. Settlement Currency: [ ]
39. Basis for selecting ETNs where Daily Maximum Amount is exceeded if other than on a *pro rata* basis: [ ] [N/A]
40. Payoff basis [Quanto] [Compo]
- Quanto** means [●]
- Compo** means [●]

41. Additional provisions relating to the redemption of the ETNs: [ ] [N/A]
42. **Equity Linked ETNs:** [Applicable] [N/A] *(if not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Details of Share(s) *(If the ETNs are listed on an Exchange, give or annex details of the Shares(ies) and underlying company(ies))*
- (b) Number of Shares [ ]
- (c) Exchange[s]: [ ]
- (d) Related Exchange[s]: [ ]
- (e) Exchange Rate: [Insert Details] [N/A]
- (f) Settlement type: Cash Settlement
- (g) Clearance System: [ ]
- (h) Valuation Date
- (i) Additional Disruption Event [Change in Law]  
[Hedging Disruption]  
[Increased Cost in Hedging]  
[Insolvency Filing]  
  
[Tax Event]
- (j) Other terms or special conditions: [ ]
- (k) Fees relating to each Equity Linked ETN There are no explicit fees applicable to the ETNs. There is a cost to investors incurred as a result of the tracking margin as reflected under line item 24 as read with the NAV formula.

#### General Provisions

43. Business Day Convention: Following Business Day Convention
44. Additional Business Centre[s]: [●]
45. Relevant Clearing System: The ETNs will be cleared through the CSD (Strate)
46. (a) Reuters page(s) (or other reference source) from which the exchange [ ] [N/A]

rate for currency conversion will be taken when calculating the Redemption Amount and/or the Early Redemption Amount, or

- (b) the Reference Bank or Central Bank [ ] [N/A] quoting the exchange rate for conversion pursuant to [General] Condition 10.6.1 (*Exchange Date*)
47. Last Day to Trade: [●]
48. Record Date: [●]
49. Calculation Agent: [ ]
50. Specified Office of the Calculation Agent: [ ]
51. Specified Office of the Issuer: [ ]
52. Paying Agent: [ ]
53. Specified Office of the Paying Agent: [ ]
54. Transfer Secretary: [ ]
55. Specified Office of the Transfer Secretary: [ ]
56. Settlement Agent: [ ]
57. Specified Office of the Settlement Agent: [ ]
58. Provisions relating to stabilisation: [ ]
59. ISIN No.: [ ]
60. Stock Code: [ ]
61. Method of distribution: [Syndicated] [Non-syndicated]
62. If syndicated, names of Managers: [ ] [N/A]
63. If non-syndicated, name of Market Maker: [ ] [N/A]
64. Governing law (if the laws of South Africa are not applicable): [ ]
65. Other Banking Jurisdiction: [ ]
66. Surrendering of ETNs in the case of ETNs represented by an Individual Certificate: [ ] days after the date on which the Individual Certificate in respect of the Note to be redeemed has been surrendered to the Issuer
67. Use of proceeds: [ ]

68. Ratings: [The short-term unsecured obligations of the Issuer are rated [ ] by S & P Global Ratings and [ ] by Moody's Investors Service and the long-term obligations of the Issuer are rated [ ] by S & P Global Ratings and [ ] by Moody's Investors Service.
- [For the avoidance of doubt, the ETNs have not been individually rated.] [N/A]
- [The ETNs to be issued have been rated:
- [S & P: [ ]]
- [Moody's: [ ]]
- [[Other]: [ ]]]
69. Any Conditions additional to, or modified from, those set forth in the ETN Terms and Conditions: [ ] [N/A]
70. Material Changes As at the date of this Applicable Pricing Supplement, the board of directors of the Issuer, after due and careful enquiry, confirm that has been no material change in the financial or trading position of the Issuer since the since the end of the last financial period for which annual financial statements have been published As at the date of this Applicable Pricing Supplement, there has been no involvement by [●], the auditors of the Issuer, in making the aforementioned statement.
71. South African Exchange Control Approval [N/A]/[South African Exchange Control approval has been granted to the Issuer for the listing of the ETNs.]
72. Authorised Amount for ETNs R[●].The authorised amount of the Programme has not been exceeded
73. Total ETNs and Instruments in issue (including current issue) [●]. The Issuer confirms that the aggregate Issued Amount of all ETNs Outstanding and aggregate Nominal Amount of all Instruments Outstanding under this Programme is within the Programme Amount,
74. Additional Events of Default Not Applicable
75. Tax implications All amounts in respect of Shares relating to the Equity Linked Notes will be adjusted to take into account any Taxes incurred, including withholding taxes, local or foreign corporate taxes and indirect taxes that might apply
- See the section of the Programme Memorandum headed "South African Taxation of the of the Programme



## Memorandum

76. Corporate actions or restructuring by the issuer See paragraph entitled "Risks relating to the Issuer" under section entitled "Risk Factors Relating to the ETNs", page 57 of the Programme Memorandum
77. Amendments to the ETN Terms and Conditions Any change in the terms of the securities must be approved by Extraordinary Resolution, excluding the votes of the Issuer and its associates.
- See Condition 22 entitled "Amendments to the ETN Terms and Conditions", page 49 of the Programme Memorandum
- See definition of "Extraordinary Resolution", page 23 of the Programme Memorandum
78. Other provisions [●]

**Responsibility:**

The each director certifies that to the best of his/her knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made, as well as that the Programme Memorandum, the Applicable Product Supplement together with this Applicable Pricing Supplement contains all information required by law and the JSE Listings Requirements. The directors accept full responsibility for the accuracy of the information contained in the Programme Memorandum as read together with the First Supplement, the Second Supplement, annual financial statements, the Applicable Product Supplement and the Applicable Pricing Supplement and the annual reports and any amendments or any supplements to the aforementioned documents, except as otherwise stated therein.

The JSE takes no responsibility for the contents of the Programme Memorandum, the First Supplement, the Second Supplement, the annual financial statements of the Issuer, the Applicable Product Supplement, this Applicable Pricing Supplement and any amendments or any supplements to the aforementioned documents. The JSE makes no representation as to the accuracy or completeness of any of the Programme Memorandum, the First Supplement, the Second Supplement the annual financial statements of the Issuer, the Applicable Product Supplement, this Applicable Pricing Supplement and any amendments or any supplements to the aforementioned documents and expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of the aforementioned documents. The JSE's approval of the registration of the Programme Memorandum, the First Supplement, the Second Supplement and listing of the ETNs is not to be taken in any way as an indication of the merits of the Issuer or of any of the ETNs and that, to the extent permitted by law, the JSE will not be liable for any claim whatsoever.

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

SIGNED at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 20●●

For and on behalf of  
**FIRSTRAND BANK LIMITED**

\_\_\_\_\_  
Name:  
Capacity:  
Who warrants his authority hereto

\_\_\_\_\_  
Name:  
Capacity:  
Who warrants his authority hereto

---

**PRO FORMA NOTICE OF EARLY REDEMPTION AT THE OPTION OF THE ETN HOLDER**

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*Set out below is the form of notice which is to be completed by ETN Holders of the Equity Linked ETNs described under this Programme and under this Applicable Product Supplement:*

**To: FirstRand Bank Limited (the Issuer)  
4 Merchant Place  
Cnr Rivonia Road and Fredman Drive  
Sandton  
2196**

**[\*And to:Strate Proprietary Limited**

**Tower 1  
The MARC  
129 Rivonia Rd  
Sandown  
Sandton  
2146**

*(\*drafting note: to be included if ETNs are held in CSD)]*

[DATE]

Dear Sirs,

**NOTICE OF EARLY REDEMPTION AT THE OPTION OF THE ETN HOLDER OF  
[\*\*AGGREGATE ISSUED AMOUNT OF TRANCHE] EQUITY LINKED ETNS UNDER THE  
FIRSTRAND BANK LIMITED  
ZAR15,000,000,000 STRUCTURED NOTE AND PREFERENCE SHARE PROGRAMME  
(the Programme Memorandum)**

**1. INTRODUCTION**

Terms defined in the Programme Memorandum have the same meaning in this notice unless given a different meaning in this notice.

**2. NOTICE**

2.1 \*\*\*I/We refer to General Condition 9.2 of the ETN General Terms and Conditions of the Programme Memorandum.

*(\*\*\*drafting note: delete as applicable)*

2.2 I/We hereby give notice to the Issuer that I/we require the Issuer to redeem the **[\*insert details of the ETNs to be redeemed]** (ETNs) on the Optional Redemption Date.

*(\*\*drafting note: ETN Holder to note that the number and Series of ETNs to be redeemed, subject to the minimum and maximum redemption requirements and integral multiples requirements*

*specified in General Condition 12.1 (Minimum and maximum number of ETNs redeemable) need to be specified)*

### 3. PAYMENT

- 3.1 Payment of the Optional Redemption Amount, will be made by electronic transfer of transferable funds on the Optional Redemption Date in accordance with and subject to the provisions of General Condition 8 (*Payments*) to the following bank account:

[\*\*\*Broker/CSDP Account number  
CSDP:

Holding bank Account Number: ZAxxxxxxx

Bank CSD Account Number: 2000xxxxx

Broker BIC code:

Broker/CSDP Contact:

Broker/CSDP Contact No:

*or*

Account holder name:

Name of bank:

Branch

Account Number]

*(\*\*\*drafting note: delete as applicable)*

- 3.2 We acknowledge and agree that the Issuer shall not 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 General Condition 8 (*Payments*), shall be satisfaction *pro tanto*, to the extent of such amount, of the Issuer's obligations to me/us under the ETNs and the applicable ETN Terms and Conditions.

### 4. ETN HOLDER WARRANTIES

I/We represent and warrant to the Issuer that:

- 4.1 I am/we are the [registered] holder[s] of the ETNs;
- 4.2 I/we have not transferred any of the ETNs and there are no agreements in place with third parties for the transfer of the ETNs;
- 4.3 I am/we are duly authorised to give this notice to the Issuer; [and]
- 4.4 \*\*\*\*\*[I/we have delivered the Individual Certificate to the Transfer Secretary for cancellation.]

*(\*\*\*\*\* only applicable in respect of ETNs represented by an Individual Certificate)*

### 5. ETN HOLDER UNDERTAKINGS

I/We undertake to the Issuer:

- 5.1 that I/we shall not transfer any of the ETNs between the date of the notice and the Optional Redemption Date;
- 5.2 that if, notwithstanding the above, I/we do so transfer or attempt so to transfer such ETNs in breach of the above undertaking, I/we will be liable to the Issuer for any loss, costs and expenses suffered or incurred by the Issuer or any of its Affiliates through which it has hedged its position, including those suffered or incurred as a consequence of the Issuer or any of its Affiliates through which it has hedged its position having terminated or commenced any related hedging arrangements in reliance on this notice and subsequently (a) entering into replacement hedging arrangements in respect for the ETNs or (b) paying any amount on the subsequent redemption of the ETNs without having entered into any replacement hedging arrangements;
- 5.3 to pay any applicable Redemption Expenses in accordance with General Condition 10.5 (*Settlement by the Issuer*) and that this notice constitutes an authority to debit my/our specified account at the Relevant Clearing System in respect thereof; and
- 5.4 to pay any applicable Taxes in accordance with General Conditions 10.5 (*Settlement by the Issuer*) and 13 (*Taxation*).

6. **EXPENSES**

I am/We are responsible for my/its own expenses as they relate to this notice.

7. **GENERAL**

- 7.1 This notice and any non-contractual obligations arising out of or in connection with it are governed by South African Law.
- 7.2 This notice is irrevocable.
- 7.3 This notice has been issued on the date stated at the beginning of this notice.

Yours faithfully

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For and on behalf of:

[•]

who warrants he/she is duly authorised hereto.

[\*Contents of this letter duly noted.

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For and on behalf of:

**STRATE PROPRIETARY LIMITED**

who warrants he/she is duly authorised hereto.

*(\*drafting note: to be included if ETNs are held in CSD)*

**SIGNED** at Sandton on this 4th day of August 2020.

For and on behalf of  
**FIRSTRAND BANK LIMITED**



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Name: Alan Patrick Pullinger  
Capacity: Chief Executive Officer  
Date:  
Who warrants his authority hereto

For and on behalf of  
**FIRSTRAND BANK LIMITED**



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Name: Hetash Surendrakumar Kellan  
Capacity: Financial Director  
Date:  
Who warrants his authority hereto