Investec Bank Limited ("the Issuer") Issuer Disclosure for its exchange approved debt programmes, preference share programme and warrant and note programme

28 March 2024

*This Issuer Disclosure for the Issuer's debt programmes, preference share programmes and warrant and note programme ("**Issuer Disclosure**") contains all information pertaining to:*

- *the risk factors inherent in investing in the Securities, including the risk factors specific to the Issuer and the sensitivity of the issue of Securities to such risk factors;*
- *South African Exchange Control;*
- *an Overview of Regulatory Capital Requirements;*
- *South African Taxation;*
- *the description of the Issuer, including, but not limited to, its business, management, directors and corporate governance disclosure; and*
- *additional information in respect of the Issuer's directors and debt officer;*

relating to the following:

- *the Investec Bank Limited ZAR60,000,000,000 Domestic Medium Term Note Programme and Preference Share Programme (the "**DMTN Programme**") applicable to all Notes and Programme Preference Shares issued under the DMTN Programme pursuant to the Programme Memorandum dated 17 March 2021, as amended, updated and replaced from time to time (the "**DMTN Programme Memorandum**");*
- *the Investec Bank Limited ZAR 15,000,000,000 Credit Linked Note Programme (the "**Credit Linked Note Programme**") applicable to all Notes issued under the Programme pursuant to the Programme Memorandum dated 17 March 2021, as amended, updated and replaced from time to time (the "**Credit Linked Note Programme Memorandum**");*
- *the Investec Bank Limited Warrant and Note Programme (the "**Warrant and Note Programme**") applicable to all Warrants and Notes issued under the Warrant and Note Programme pursuant to the 2013 Placing Document, as amended, updated and replaced from time to time (the "**Warrant and Note Placing Document**";*
- *the Investec Bank Limited ZAR10,000,000,000 CTSE listed DMTN Programme pursuant to the Programme Memorandum dated 18 October 2023 ("**the CTSE Programme**"); and*
- *any other programme(s) of Investec Bank Limited that may be approved by any other exchange in South Africa.*

*References in this Issuer Disclosure to "**Programmes**" are references to the any one or more of the above programmes collectively and references to "**Programme**" are references to any one of them as appropriate from the context. Capitalised terms used in this Issuer Disclosure are defined in the section of the DMTN Programme Memorandum headed "Note Terms and Conditions" or "Programme Preference Share Terms and Conditions", as the case may be, or in the section of the Credit Linked Note Programme Memorandum headed "Terms and Conditions", or in the section of the Warrant and Note Programme headed "Terms and Conditions" (each the "**Applicable Terms and Conditions**"), or in the section of the CTSE Programme headed (Note Terms and Conditions) or in the corresponding section of any other programme of Investec Bank Limited, as the case may be, unless separately defined or clearly inappropriate from the context.*

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RISK FACTORS

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

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

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

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

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

In recent years, economic conditions in the countries in which the Issuer operates have been negatively impacted by a number of global macroeconomic events, including international geopolitical tension, trade wars and the Russian invasion of Ukraine, a weakening of the Chinese economy, the extent of load shedding in South Africa and a decline in global commodity prices such as crude oil. The effects of these events have been felt in the global economy, and by financial institutions in particular, and have placed strains on funding markets at times when many financial institutions had material funding needs. Any further adverse developments in the global economy, and in particular the South African economy, could have an adverse impact on its business, results of operations, financial condition and prospects.

Revenues from the Specialist Banking[1] business are also sensitive to market volatility. Deterioration in the financial markets and general economic activity has in the past affected, and is expected to continue to affect, private client activity levels. The Issuer's investment banking and corporate banking income is directly related to the number and size of the transactions in which the Issuer participates and general corporate and institutional activity. Accordingly, any reduction in the number and/or size of such transactions and a slowdown in corporate activity, whether occasioned by market volatility or otherwise, will adversely affect its results of operations. Moreover, some of the Specialist Banking income is derived from direct or principal investments

[1] Investec Specialist Bank or Specialist Banking, a division of Investec Bank Limited

or from the management of private equity portfolios. This income is dependent upon the performance of the underlying investments and the ability to realise value upon exit from the investments and, as such, revenues, returns and profitability may fluctuate, impacting the Issuer's results of operations. As a result of the foregoing factors, market volatility may have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects.

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

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

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

Since November 2021, South Africa has experienced a significant increase in interest rates on the back of sustained inflationary pressures. In an increasing interest rate environment, the Issuer may be more exposed to re-pricing of its liabilities than competitors with higher levels of term deposits. In the event of sudden large or frequent increases in interest rates, the Issuer also may not be able to re-price its floating rate assets and liabilities at the same time, giving rise to re-pricing gaps in the short term, which, in turn, could negatively affect its net interest margin and income.

Decreases in interest rates could also affect the Issuer. Low interest rates may result in relatively low spreads being realised by the Issuer between the rate it pays on customer deposits and the rate received on loans, reducing the Issuer's net interest income and net interest margin. In addition, low interest rates may also reduce incentives for consumers to save and, therefore, could reduce the Issuer's customer deposits, its principal source of funding. The Issuer's business and financial performance and net interest income and margin may be adversely affected should the low interest rate environment continue.

Changes in interest rates could impact the Issuer's impairment loss levels and customer affordability. A rise in interest rates, without sufficient improvement in customer earnings or employment levels, could, for example, lead to an increase in default rates among customers with variable rate loans who can no longer afford their repayments, in turn leading to increased impairment charges and lower profitability for the Issuer. A high

interest rate environment also reduces demand for loan products generally, as individuals are less likely or less able to borrow when interest rates are high. In addition, there is a risk that a sudden rise in interest rates, or an expectation thereof, could encourage significant demand for fixed rate products. High levels of movement between products in a concentrated time period could put considerable strain on the Issuer's business and operational capability, and it may not be willing or able to price its fixed rate products as competitively as others in the market. This could lead to high levels of customer attrition and, consequently, a negative impact on the Issuer's profitability.

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

<u>Operational risks may disrupt the Issuer's business or result in regulatory action</u>

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

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

<u>The Issuer is subject to risks concerning customer and counterparty credit quality</u>

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

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

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

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

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

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

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

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

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

The Issuer is subject to concentration risk, which arises when large exposures exist to a single client or counterparty, group of connected counterparties or to a particular geography, asset class or industry. Concentration risk can also exist where a portfolio of loan maturities is clustered within a single period of time. While the Issuer's loan book remains well diversified, geographical concentration in its loan book may pose risks. In the event of a disruption to the credit markets in the geographies in which the Issuer operates (particularly in South Africa) or the emergence of adverse economic conditions in any of those geographies, including in relation to interest rates and unemployment levels, this concentration of credit risk could cause the Issuer to experience greater losses than its competitors. While the Issuer regularly monitors its loan book to assess potential concentration risk, efforts to divest, diversify or manage its loan book against concentration

risks may not be successful and could result in an adverse effect on the Issuer's business, results of operations, financial condition and prospects.

The Issuer is subject to liquidity risk, which may impair its ability to fund its operations

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

- Funding liquidity, which relates to the risk that the Issuer will be unable to meet current and/or future cash flow or collateral requirements in the normal course of its business, without adversely affecting its financial position or reputation; and
- Market liquidity, which relates to the risk that the Issuer may be unable to trade in specific markets or that it may only be able to do so with difficulty due to market disruptions or lack of market liquidity.

Sources of liquidity risk include:

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

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

While the Issuer does not currently rely heavily on borrowing from other banks, it may need to access interbank markets where there is a residual funding requirement over and above funds held from customer deposits. If the interbank funding markets were to be fully or partially closed, it is likely that interbank funding would prove more difficult to obtain on commercial terms. Significant curtailments of central bank liquidity to the financial

markets in connection with other market stresses might also have a material adverse effect on the Issuer's financial position depending on the Issuer's liquidity position at that time.

The Issuer is exposed to depositor concentration risk

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

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

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

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

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

than the Issuer and may be able to undertake more extensive promotional activities. If the Issuer is unable to compete successfully, its future revenue and profit growth could be materially adversely affected.

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

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

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

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

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

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

The secure transmission of confidential information is a critical element of the Issuer's operations. The Issuer's networks and systems may be vulnerable to unauthorised access and other security problems. In particular, as a financial institution, the Issuer is subject to a heightened risk that it will be the target of criminal activity,

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

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

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

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

<u>The Issuer may be adversely affected if its reputation is harmed</u>

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

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

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

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

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

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

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

Capital management and allocation

Current regulatory framework

The Issuer is regulated by the Prudential Authority at three distinct reporting levels; Investec Limited (which is equivalent to the scope of the controlling company), IBL Consolidated (which is equivalent to the scope of the consolidated banking group) and IBL Solo (which is equivalent to the standalone bank company). The Issuer calculates capital resources and requirements in accordance with the amended Regulations relating to Banks (the Regulations), equivalent to the Basel III framework. The Regulations, which set out, among other things, the prescribed minimum required capital ratios and various components of the capital requirements, were implemented with effect from 1 January 2013. The Banks' Act Directive 5 of 2021, further informed matters related to the prescribed minimum required capital ratios as well as the application of various components of the said capital requirements such as the systemic risk capital requirement (Pillar 2A), the bank-specific individual capital requirement ("**ICR**"), also known as the Pillar 2B requirement, the domestic systemically important bank ("**D-SIB**") capital requirement, the countercyclical buffer ("**CCyB**") range and the capital conservation buffer ("**CCB**") range . In accordance with the stated Banks' Act directive, the Issuer has fully phased in all minimum ratios and requirements.

The Issuer is identified as a South African D-SIB by the Prudential Authority, and it complies with such prescribed higher loss-absorbency ("**HLA**") requirements in line with the Regulations. In addition, IBL Consolidated is designated as a systemically important financial institution ("**SIFI**") in accordance with section 29 of the Financial Sector Regulation Act 9 of 2017 ("**FSR Act**"). The designation as a SIFI will have certain implications for the Issuer, most notably, The Issuer will be subject to an open bank resolution framework as promulgated in the draft Financial Sector Laws Amendment Act gazetted in March 2023.

The Prudential Authority published a supplementary document, "Ending too big to fail - South Africa's intended approach to bank resolution", of which the discussion paper sets out the Prudential Authority's intended approach to planning for and conducting an open-bank resolution. The FSLAB introduced a new tranche of loss-absorbing instruments, referred to as 'flac' instruments, which will be subordinated to other unsecured liabilities and be clearly intended for bail-in within an open-bank resolution.

The calibration, appetite and characteristics of 'flac' is currently subject to rigorous industry debate and is expected to develop in line with the finalisation of the FSLAB during the 2023 calendar year. This is a new area of responsibility for both the Prudential Authority and banks, and as more insights are gained, the contents of the paper and the impact on Investec will be refined during 2023. The Financial Sector Laws Amendment Act's implementation schedule, gazetted on the 24th of March 2023, states that guidelines on 'flac' are expected to be published in the fourth quarter of 2023.

The gazetted implementation schedule officially established the Corporation for Deposit Insurance ("**CoDI**"). CoDI is an entity setup to administer a deposit insurance fund to be used to protect the public's deposits held in South African banks. All banks operating in South Africa are automatic members of CoDI. As per schedule, the deposit insurance scheme will go live effective 1 April 2024 once the relevant guidelines are adopted. All retail and corporate depositors are covered by the scheme to a limit of R100 000 per depositor per bank. Additionally, the implementation schedule states the recovery resolution regime is effective as at 1 June 2023.

The Prudential Authority continuously assesses the Issuer's bank specific ICR, as part of its Supervisory Review and Evaluation Process ("**SREP**"), of which ICR may be based on factors such as the outcome of a common stress test on the Issuer's buffers and/or levels of economic capital to cover risks not regarded as Pillar 1 risks, as observed in the Internal Capital Adequacy Assessment Process ("**ICAAP**"). The Issuer maintains an additional discretionary capital buffer, above the specified minimum requirements, to ensure the execution of internal business objectives and to prevent the group from falling below the relevant capital minimas with the occurrence of unforeseen external stresses. In accordance with the Banks' Act Directive 5 of 2021, banks are required to refrain from disclosing to the public their ICR (Pillar 2B) requirement that is based on a combination of various qualitative and quantitative factors that are not directly comparable across banks.

South Africa has not announced any CCyB requirements for 2023. As at 31 March 2023, the Issuer does not have any CCyB add-on as calculated in accordance with Banks Act.

For the year ended 31 March 2023, Investec calculated its minimum capital requirements in respect of:

- Credit risk for the retail portfolios using the Advanced Internal Ratings Based Approach ("**AIRB**"), and wholesale portfolios using a combination of the AIRB and the Foundation Internal Ratings Based Approach ("**FIRB**");
- Credit risk for Investec Bank Mauritius and non-bank subsidiaries using the Standardised Approach;
- Counterparty credit risk exposure using the Standardised Approach for Counterparty Credit Risk ("**SA-CCR"**);
- Operational risk capital requirement on the Standardised Approach;
- Equity risk for equity instruments in the banking book by applying the simple risk weight method; and
- Market risk using a combination of the Internal Models Approach (IMA) and the Standardised Approach (SA).

Management of each separately regulated entity within the Issuer, with the support of the group's capital management functions, ensures that capital remains prudently above minimum requirements at all times.

Regulatory considerations

Following the global financial crisis that commenced in 2007, various international standard-setting bodies agreed to put in place, among other things, comprehensive measures, policies, regulations and reforms to promote the safety and soundness of the international financial system. In this regard, the Basel Committee on Banking Supervision (BCBS) has issued various new or revised frameworks or requirements during recent years for implementation by member jurisdictions. On 7 December 2017, the BCBS issued the revised standardised approach (STA) and internal ratings-based (IRB) approach for credit risk. The PA subsequently issued Guidance 4 of 2022 setting out the implementation dates of the outstanding regulatory reforms in South Africa. In accordance with this guidance note, the majority of the outstanding regulatory reforms are expected to be effective in January 2024. This implementation date which is not in sync with the timelines adopted internationally is the subject of significant debate between the banking industry and the Prudential Authority.

In September 2022, the PA also issued proposed amendments to the Regulations relating to Banks to incorporate the respective requirements specified in the revised STA and IRB approach for credit risk issued by the BCBS into the Regulations. Amended regulations pertaining to large exposures and interest rate risk in the banking book have been promulgated and effective for the 2022/2023 period.

The Issuer continues to assess and monitor the impact of new regulations and regulatory reforms through participation in Quantitative Impact Studies submissions to the Prudential Authority, contributing to industry consultations and discussion groups at the Banking Association of South Africa ("**BASA**") and quantifying and presenting the impact of these reforms on the Issuer to the Capital Committees and to the board.

Banks' Act directive 1 of 2023, which is intended to inform the calibration of the net stable funding ratio ("**NSFR**") informed banks that in order to be fully compliant with the NSFR framework, the PA has decided to phase out the national discretion applied by them from 1 June 2023.

South African Regulatory developments

Regulatory developments in the South African financial sector are ongoing. The two new authorities, namely the Financial Sector Conduct Authority ("**FSCA**") and the Prudential Authority became effective from April 2018. The FSCA has proceeded with its mandate as the conduct regulator responsible for the regulation and supervision of financial institutions, that provide financial products and financial services i.e. financial institutions that are licensed in terms of the financial sector law. The Prudential Authority continues with its mandate to prudentially regulate financial institutions by supervising the financial safety and soundness of financial institutions. The regulatory reform will continue into the foreseeable future. It is important to note that the South African Reserve Bank has the mandate to manage systemic risk for financial institutions within the South African financial markets.

Conduct Risk and Consumer Protection

The South African regulators continue to work towards ensuring a financial system that is fair, efficient and resilient. Furthermore, the Financial Sector Conduct Authority ("**FSCA**") continues to focus on ensuring that financial customers have access to financial products and services that are innovative, appropriate and that they are empowered to make informed financial decisions.

The FSCA's strategic objectives for 2021-2025 will focus on five key objectives, namely; improving industry practices to achieve fair outcomes for financial customers; acting against misconduct to support confidence and integrity in the financial sector; promoting the development of an innovative, inclusive and sustainable financial system; empowering households and small businesses to be financially resilient; and accelerating the transformation of the FSCA into a socially responsible efficient and responsive organisation.

As part of the FSCA's conduct legislation roll out, particularly for the banking sector, the FSCA finalised and enacted the Conduct Standard for Banks. The main objective of the Conduct Standard is to introduce requirements ensuring the fair treatment of customers of banks in relation to the provision of financial products and financial services. The Conduct Standard for Banks is based on the principles of treating customers fairly

(TCF) and it requires banks to conduct their business in a manner that prioritises the fair treatment of financial customers.

The Issuer remains focused on managing conduct risk across the organisation. The implementation of appropriate standards of conduct enables the Issuer to operate responsibly, appropriately and with integrity in the wholesale and retail markets with the fair treatment of customers being the highest priority. The Issuer ensures that its products and services are scrutinised and regularly reviewed to ensure that they continue to deliver value and perform as expected. This is achieved by ensuring that the Issuer has in place, appropriate conduct risk management framework and governance arrangements.

Other significant, relevant regulatory developments impacting the Issuer include updates regarding the Code of Banking Practice, Retail Banking Diagnostic; Joint Standard Corporate governance and culture; Declaration of crypto assets as a financial product under the Financial and Intermediary Services Act; the Designation of Financial Benchmarks and the Financial Markets Act Review.

Data protection and access to information remains a priority for the Issuer. The Information Regulator has issued a Code of Conduct for the Processing of Personal Information by the Banking Industry. The Code became effective in November 2022. The purpose of the Code is to establish procedures and guidance in interpretation of the Protection of Personal Information Act ("**POPIA**") and other applicable laws or practices that govern the processing of personal information. In addition, the Code is intended to outline and expand on the specific obligations in terms of POPIA and will not replace the provisions of POPIA. As of 30 June 2021 the Information Regulator has also taken over the regulatory mandate functions relating to the Promotion of Access to Information Act ("**PAIA**") 2000. PAIA encourages openness and exists to establish mechanisms or procedures which give effect to the right of access to information in a speedy, inexpensive, and easy manner. In relation to PAIA manuals, the scope of information that the manual must cover has been widened to include matters relating to the processing of personal information in terms of POPIA. The Issuer's PAIA Manual is published on its website and copies are available on request.

'Greylisting' of South Africa by the Financial Action Task Force

The Financial Action Task Force (FATF) is an intergovernmental organisation that sets standards and promotes the effective implementation of legal, regulatory, and operational measures to combat money laundering, terrorist financing, and other related threats to the integrity of the international financial system. It has 37 member countries, including South Africa, that account for over 90% of global GDP.

During 2019, South Africa underwent a mutual evaluation by the FATF, the results of which were published in October 2021. The Plenary of the FATF concluded that South Africa has a solid legal framework for combating money laundering and terrorist financing, but significant shortcomings remain. The country was given a year to address 67 Recommended Actions, with failure to do so possibly resulting in South Africa being added to the list of jurisdictions subjected to increased monitoring, also known as "greylisting".

In February 2023, following a second review, the Plenary announced that South Africa will be placed on its greylist. The FATF acknowledged that many of the recommended actions were addressed, however further progress was still required. Being placed on the greylist means the country has committed to swiftly resolve the identified strategic deficiencies within agreed timeframes and is subject to increased monitoring.

The following action plan has been agreed with the FATF:

- Improving the legal framework and its effectiveness for targeted financial sanctions. Amendments passed to South Africa's laws in December 2022 must still be fully implemented;
- Updating the country's collective understanding of terror financing risks and threats;
- Sustain the increase already observed in the investigation of complex money laundering cases, especially professional money laundering networks/ enablers;
- Strengthening asset recoveries where the proceeds of crime have not been confiscated
- Better capacitating the relevant authorities, in particular, the South African Police Service and National Prosecuting Authority;
- Improving the supervision of the non-financial sectors that can be used to facilitate financial crime; and
- Ensuring that authorities such as the police have access to the ownership information of legal entities and arrangements such as companies and trusts.

It is important to note that the FATF mutual evaluation covers a country's AML/CFT system as a whole and not just the financial sector and its regulators.

The effects of greylisting are difficult to isolate from other economic challenges faced by a greylisted country. Countries worst affected by a greylisting, are the ones that had a prolonged stay on the list.

Some general consequences of greylisting include:

- South Africa's reputation may be negatively affected by the greylisting, which could discourage foreign investment and the establishment of new business relationships;
- International financial institutions may be required to perform increased due diligence involving transactions from South Africa, resulting in higher costs, which may be passed on to customers by some financial institutions;
- Inward capital flows may decrease in the immediate term after the greylisting, as international investors and funders come to grips with the issues that have been raised by the FATF;
- Increased compliance costs for the financial institutions within the country subject to enhanced diligence;

- Domestic interest rates could be higher due to increased required returns by foreign institutional investors following the greylisting. Consequently, the cost of funding government debt is anticipated to increase; and

- Accessing green finance for the energy transition may become more complicated if South Africa has a prolonged stay on the grey list.

The Issuer, through its operations in South Africa, is exposed to the aforementioned consequences. The Issuer remains committed to high levels of effectiveness in its anti-money laundering and combatting the financing of terrorism and proliferation systems and practices.

Over and above local regulatory requirements, the Issuer has always implemented policies and practices aligned to FATF and other international standards. As such, the Issuer's international operations are well placed to demonstrate the application of enhanced due diligence without necessarily impacting clients.

The Issuer continuously monitors the activity of its clients through credible software tools and investigate any outliers. Where it finds suspicion, the Issuer reports the matter to the Financial Intelligence Centre (FIC) and works with law enforcement during their investigations.

The Issuer is engaging and collaborating with relevant stakeholders including industry bodies, correspondent banks, development financial institutions and relevant public sector organisations to collectively address the weaknesses identified by the FATF.

If South Africa fails to meet the deadlines agreed with the FATF, the risks and potential consequences increase, including the possibility of the FATF issuing further public statements (highlighting missed deadlines) that put more pressure on South Africa to complete its action plan. This could increase the Issuer's compliance costs related to enhanced due diligence as well as transaction costs the Issuer has to devote to compliance and, in turn, could have a negative effect on the Issuer's financial condition and results of operations.

Financial crime

Financial crime remains a key regulatory focus for Investec Ltd. The economic and social impact of financial crime within South Africa, especially corruption, has led Investec to continuously monitor local and global developments and assimilate these into our Anti-Money Laundering ("**AML**"), Combatting the Financing of Terrorism ("**CFT**"), Sanctions and Anti-Bribery and Corruption practices.

Investec Ltd has always implemented international standards (such as the FATF Recommendations) and other international best-practice when combatting financial crime, over and above the local requirements. Investec continues to evolve its risk-based practices to respond to industry developments, whilst ensuring that we meet our regulatory obligations set out in the Financial Intelligence Centre Act (FICA).

Investec Ltd continues to use its role on the steering committee of the South African Anti-Money Laundering Integrated Taskforce (SAMLIT), a public-private partnership whose membership includes certain banks, the

Financial Intelligence Centre, regulators, and law-enforcement agencies, to improve the collective understanding of financial crimes in South Africa. Investec's leadership are experts in the working group which researches the financial flows associated with wildlife crimes, which has earned SAMLIT many accolades locally and internationally.

Tax reporting (FATCA/CRS)

South Africa has an inter-governmental agreement in place with the USA and has enacted local law/ regulation to implement FATCA. This allows South Africa to be treated as participating country and obliges South Africa's financial institutions to report information annually on reportable US clients (or non-compliant clients) to the South African Revenue Services ("**SARS**"). SARS submits this information to the USA which reciprocates with similar information (on South African tax residents who hold financial accounts in the US). South Africa is in the process of preparing its annual FATCA report.

The CRS became effective in South Africa on 1 March 2016. South Africa opted for the 'wider-wider approach' which means that all South African reporting financial institutions, are required to collect tax- related information on all clients, rather than only in respect of the 102 countries which have currently opted into CRS. Consistent with the FATCA reporting regime, CRS reportable information is submitted to SARS annually. SARS then exchanges this information with relevant countries in return for reciprocal information on South Africans with financial accounts in those countries. South Africa is in the process of preparing its annual CRS report.

The OECD published Mandatory Disclosure Rules (MDR) that aim to provide tax administrations with information on CRS avoidance arrangements and opaque offshore structures, including the users of those arrangements and structures and those involved with facilitation. South Africa has incorporated the MDR into revised CRS Regulations and which reporting provisions are due to come into effect on 1 March 2024.

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

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

The Issuer's operations are concentrated in South Africa and Mauritius, with the majority of its revenues deriving from operations in South Africa. Operations in these markets are subject to various risks which need to be assessed in comparison to jurisdictions elsewhere. These include political, social and economic risks particularly relating to South Africa, such as general economic volatility, recession, inflationary pressure, exchange rate risks, exchange controls, crime and diseases (including e.g. HIV/AIDS), which could affect an

investment in the Securities. The existence of such factors may have a negative impact on South African and international economic conditions generally, and more specifically on the business and results of the Issuer in ways that cannot be predicted.

Regulatory risks

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

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

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

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

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

It is widely expected that as a result of recent interventions by governments in response to global economic conditions, there will be a substantial increase in government regulation and supervision of the financial

services industry, including the imposition of higher capital requirements, heightened disclosure standards and restrictions on certain types of transaction structures. If enacted, such new regulations could significantly impact the profitability and results of firms operating within the financial services industry, or could require those affected to enter into business transactions that are not otherwise part of their preferred strategies, prevent the continuation of current lines of operations, restrict the type or volume of transactions which may be entered into or set limits on, or require the modification of, rates or fees that may be charged on certain loan or other products. Such new regulations may also result in increased compliance costs and limitations on the ability of the Issuer or others within the financial services industry to pursue business opportunities.

Further changes to the regulatory requirements applicable to the Issuer, whether resulting from recent events in the credit markets or otherwise, could materially affect its business, the products and services it offers and the value of its assets.

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

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

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

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

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

A reduction in the Issuer's long- or short-term credit ratings could increase its borrowing costs, limit its access to the capital markets and trigger additional collateral requirements in derivative contracts and other secured funding arrangements. Any further changes in the credit ratings of the Issuer could negatively impact the

volume and pricing of the Issuer's funding, which could in turn have a materially adverse effect on its business, results of operations, financial condition and prospects.

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

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

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

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

The Issuer faces significant legal risks

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

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

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

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

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

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

The Securities may not be a suitable investment for all investors

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Securities it wishes to subscribe for, the merits and risks of investing in such Securities and the information contained or incorporated by reference in the DMTN Programme Memorandum, Credit Linked Note Programme Memorandum, the Warrant and Note Placing Document, the CTSE Programme or in the corresponding section of any other programme of Investec Bank Limited, as the case may be, and/or any Applicable Pricing Supplement;

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

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

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

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

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

Risks related to the structure of a particular issue of Securities

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

Securities subject to optional redemption by the Issuer

If specified as applicable in the relevant Applicable Pricing Supplement in respect of a Tranche of Securities, the Issuer may, at its option, redeem that Tranche of Securities (in whole or in part) in the circumstances set out in and in accordance with the terms of the relevant Programme Memorandum or Placing Document.

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

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

Index Linked Securities and Dual Currency Notes

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

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

- the market price of such Securities may be volatile;
- they may receive no interest;
- payment of principal or interest may occur at a different time or in a different currency than expected;
- they may lose all or a substantial portion of their principal;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Securities in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest or redemption amount or divided, as applicable, payable likely will be magnified; and

- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

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

Variable rate Securities with a multiplier or other leverage factor

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

Fixed/Floating Rate Securities

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

Inverse Floating Rate Notes

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

Partly-paid Notes

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

Notes issued at a substantial discount or premium

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

Risks related to Securities generally

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

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

Securities issued under the Programme may be issued in uncertificated form and will in such cases be held in the CSD. Except in the circumstances described in the relevant Programme, investors will not be entitled to receive Individual Certificates. The CSD will maintain records of the Beneficial Interests in the Uncertificated Notes. Investors will be able to trade their Beneficial Interests in such uncertificated Securities only through the CSD.

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

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

Modification and waivers and substitution

The DMTN Programme Memorandum, the Credit Linked Note Programme Memorandum, the Warrant and Note Placing Document, the CTSE Programme and the corresponding section of any other programme of Investec Bank Limited contain provisions for calling meetings or passing resolutions of holders of Securities respectively, to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, Programme Preference Shareholders or Holders of Products, as the case may be, including holders who did not attend and vote at the relevant meeting and holders of Securities who voted in a manner contrary to the majority.

Change of law

The DMTN Programme Memorandum, the Credit Linked Note Programme Memorandum, the Warrant and Note Placing Document, the CTSE Programme, the corresponding section of any other programme of Investec

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

Withholding Tax

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

Risks related to the market generally

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

The secondary market generally

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

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Securities in the Specified Currency. This presents certain risks relating to currency conversions if an Investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified

Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Securities and (iii) the Investor's Currency-equivalent market value of the Securities. Similarly, the Issuer may be exposed to potential losses if the Specified Currency was to depreciate against key currencies in which the Issuer's revenues are based, which may have an adverse effect on its financial Condition and results of operations.

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

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

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

Interest rate and/or dividend rate risks

Investment in Fixed Securities involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Securities.

Credit ratings may not reflect all risks

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

Legal investment considerations may restrict certain investments

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

Reform in relation to JIBAR

The SARB published a "Consultation paper on selected interest rate benchmarks in South Africa" on 30 August 2018 (the "**Consultation Paper**") containing proposals on the reform of key interest rate benchmarks used in South Africa as well as proposals on a suite of new benchmarks that could potentially be used as alternative reference interest rates. The SARB also set up an independent body referred to as the Market Practitioners Group ("**MPG**") comprising members of the SARB, FSCA, and senior professionals from a variety of institutions, reflecting different market interest groups active in the domestic money market, to provide input into the design and operationalisation of the benchmark proposals.

The reform of interest rate benchmarks in South Africa is informed by various considerations, including concerns with design aspects of the existing key reference rates, monetary and financial stability policy considerations and aligning with best practice standards.

Following a public commentary process on the Consultation Paper, the SARB published a "Report on stakeholder feedback on the reform of interest rate benchmarks in South Africa" in May 2019 (the "**Benchmark Reform Feedback Report**") setting out key issues arising from the comments received on the Consultation Paper and the SARB's position regarding those key issues. The Benchmark Reform Feedback Report is also intended to serve as a basis for engagement at the meetings of the MPG and its work-streams. In this report, the SARB notes that the reform of interest rate benchmarks in South Africa is a multi-year project, the implementation of which will be phased in over the next few years, Specifically with reference to ZAR-JIBAR-SAFEX, the SARB urges the MPG and its work-streams to prioritise the reform of the reference rate and to provide an interim solution, which will become effective from a date announced by the SARB.

The reform of interest rate benchmarks may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such "benchmark".

It is not possible to predict with certainty whether, and to what extent, ZAR-JIBAR-SAFEX or any other benchmark will continue to be supported going forward. This may cause ZAR-JIBAR-SAFEX or any other such benchmark to perform differently than they have done in the past, and may have other consequences which cannot be predicted. The potential elimination of ZAR-JIBAR-SAFEX or any other benchmark, or changes in

the manner of administration of any benchmark, could require an adjustment to the Terms and Conditions of the Notes, or result in other consequences, in respect of any Notes referencing such benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any benchmark reforms in making any investment decision with respect to any Notes linked to or referencing a benchmark. A full copy of the Consultation Paper and the Benchmark Reform Feedback Report are available at https://www.resbank.co.za/Markets/Pages/default.aspx.

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

The Issuer's obligations under Subordinated Notes are subordinated

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

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

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

The ranking of the Programme Preference Shares

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

Capital Regulations

In order for the proceeds of the issuance of any Class of Programme Preference Shares to qualify as Regulatory Capital, the Class of Programme Preference Shares must comply with the applicable Regulatory Capital Requirements, where "**Regulatory Capital Requirements**" means, at any time, any legislation, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in South Africa in relation to banks registered under the Banks Act and licensed to conduct the business of a bank in South Africa or the controlling companies of such banks.

Compliance with section 46 of the Companies Act

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

Factors which are material for the purpose of assessing the risks associated with the Relevant Equity Linked Securities issued under the Programmes

Amounts payable in respect of Relevant Equity Linked Securities

The Issuer may issue Relevant Equity Linked Securities where the amount payable under such Securities and/or interest or return payable are dependent upon the price of or changes in the price of a Share or a Basket of Securities or index or where, depending on the price or change in the price of a Share or a Basket of Securities or index, the Issuer has an obligation to deliver specified assets or pay a specified return to the investor. Accordingly, an investment in Relevant Equity Linked Securities may bear similar market risks to a direct equity investment and investors should seek professional advice accordingly. An investment in Relevant Equity Linked Securities will entail significant risks not associated with a conventional debt security.

Underlying Companies

Relevant Equity Linked Securities 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 the subject of a Merger Event or Tender Offer and the risk that the Share closing 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 depends on the general global economic situation and more specific economic and political conditions.

No dividends

Noteholders, unlike investors which directly invest in the Shares, do not receive dividends or other distributions payable to the holders of the Shares.

Adjustments to Equity Linked Notes or Equity Basket Notes

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 Securities and/or may delay settlement in respect of the Securities. Prospective purchasers should review the Terms and Conditions and the Applicable Pricing Supplement to ascertain whether and how such provisions apply to the Securities.

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 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, stock loan rate 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 Relevant Equity Linked Securities.

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 (a) or (b) below:

(a) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any of the 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 Relevant Equity Linked Securities; and

(b) redeem or cancel part (in the case of Equity Basket Securities) or all (in any other case) of the Securities. Following such redemption or cancellation, an investor generally would not be able to reinvest the redemption or cancellation proceeds at an effective interest rate as high as the interest rate on the relevant Securities being redeemed or cancelled and may only be able to do so at a significantly lower rate. Prospective investors in the Securities should consider reinvestment risk in light of other investments available at that time.

Miscellaneous risks associated with Relevant Equity Linked Securities

The market price of Relevant Equity Linked Securities may be volatile and may be affected by the time remaining to the redemption or exercise date, 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 Relevant Equity Linked Securities and none of 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 Securities.

Investors in the Securities should be aware that holders of such Securities 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 Securities relate.

Factors which are material for the purpose of assessing the risks associated with the Reference Funds referenced by the Fund Linked Securities issued under the Programmes

Tax and Currency Risk

The tax status of Reference Funds in those jurisdictions in which they conduct their business and/or any change in taxation rules or treatment in such jurisdictions could affect the value of the assets of such Reference Funds or the ability of Reference Funds to achieve their investment objectives. Consequently, this could adversely affect the value of the Securities linked to such Reference Funds. In addition, remittance of income and capital gains generated by underlying investments of Reference Funds in certain countries may be dependent on there being liquidity in the relevant local currency and the absence of foreign exchange controls which inhibit or prevent the repatriation of such gains. In any such circumstances, the value of the notional shares of Reference Funds may be adversely affected and as a result the relevant Reference Funds and the value of the Securities may be adversely affected.

Class of Investments

Prospective investors should note that Reference Funds may have legal or other discretions in relation to their investments and no assurance can be given that the exercise of such discretions will achieve the investment objectives of such Reference Funds. Therefore, there is a risk that return on an investment in Reference Funds may not be achieved. This would have an adverse effect on the value of the Securities and any amounts payable thereunder.

Investment Risk

There can be no assurance that any fund will achieve its investment objectives. The investment income of each fund is based on the income earned on the securities it holds, less expenses incurred. Therefore, the fund's investment income may be expected to fluctuate in response to changes in such expenses or income and this may have an adverse effect on the value of the Securities and any amounts payable thereunder.

High yield

Some Reference Funds may invest in high yield securities. High yield securities are typically medium or lower rated securities and are sometimes referred to as "junk bonds". Such securities are more likely to react to developments affecting market and credit risk than are more highly rated securities, which primarily react to

movements in the general level of interest rates. The risk of loss due to default by issuers of high yield securities is significantly greater because lower rated and unrated securities of comparable quality generally are unsecured and frequently are subordinated to the prior payment of senior indebtedness. In addition, Reference Funds which invest in such securities may find it more difficult to sell high yield securities or may be able to sell the securities only at prices lower than if such securities were widely traded. Furthermore, such Reference Funds may experience difficulty in valuing certain securities at certain times. Prices realised upon the sale of such lower rated (or unrated) securities, under these circumstances, may be less than the prices used in calculating the value of such Reference Funds. All such risks could adversely affect the value of Securities linked to Reference Funds which invest in high yield securities.

Reference Funds with One or More Currency Hedged Share Classes

Certain share classes in a fund may hedge their currency exposure using forward foreign exchange contracts and spot foreign exchange contracts. All gains, losses and expenses arising from hedging transactions for a particular share class are attributed only to that share class and should generally be borne only by the investors in that share class. However, in respect of certain Reference Funds there is no legal segregation of share class such that there is a risk that, if the assets notionally allocated to a currency hedged share class are insufficient to meet the losses arising from its hedging transactions (in addition to other fees and expenses attributable to such share class), the losses arising from such the hedging transactions could affect the net asset value per share of one or more other share classes of the same fund.

Investment strategies may be inherently risky

A fund's strategies may include leverage, short-selling and short-term investments. In addition, the Reference Funds may often invest in unlisted instruments, low-grade debt, foreign currency and other exotic instruments. All of these expose investors to additional risk. However, not all fund managers employ any or all of these strategies and it is recommended that investors consult their advisers in order to determine which strategies are being employed by the relevant manager and which consequent risks arise.

Leverage usually means higher volatility

The fund manager may use leverage. In this event, the fund manager borrows additional Reference Funds, or trades on margin, in order to amplify his investment decisions. This means that the volatility of the Reference Funds can be many times that of the underlying investments. The investors in the Securities should evaluate the degree of leverage that may be employed by the hedge fund manager as they would if they were investing directly in such fund

Short-selling can lead to significant losses

The fund manager may borrow securities in order to sell them short, in the hope that the price of the underlying instrument will fall. Where the price of the underlying instrument rises, the Investor can be exposed to

significant losses, given that the fund manager is forced to buy securities (to deliver to the purchaser under the short sale) at high prices.

Unlisted instruments might be valued incorrectly

The fund manager may invest in unlisted instruments where a market value is not determined by willing buyers and sellers. The fund manager may have to estimate the value of such instruments, and these estimates may be inaccurate, leading to an incorrect impression of the fund's value. Investors should ensure that objective valuations are performed for all instruments in a portfolio and that the fund manager utilises the services of a competent administrator.

Exchange rates could turn against the fund

The fund manager might invest in currencies other than the base currency. For example, a South African fund manager might invest in UK or US shares. The Reference Funds, and therefore the Securities are therefore exposed to the risk of the rand strengthening or the foreign currency weakening.

Other complex investments might be misunderstood

In addition to the above, the fund manager might invest in complex instruments such as but not limited to futures, forwards, swaps, options and contracts for difference. Many of these will be derivatives, which could increase volatility. Many will be "over-the-counter", which could increase counterparty risk. Many exotic instruments may a/so be challenging for the fund manager to administer and account for properly. Investors should enquire into how these instruments are objectively and independently valued.

The Investor may be caught in a liquidity squeeze

The fund manager need to be able to disinvest from or close certain positions quickly and efficiently. But market liquidity is not always stable, and if liquidity were to decrease suddenly, the fund manager might be unable to disinvest from or close such positions rapidly or at a good price, which may lead to losses.

The prime broker or custodian may default

The fund manager may often have special relationships with so-called "prime brokers". These are stockbrokers that provide the required leveraging and shorting facilities. Prime brokers usually require collateral for these facilities, which collateral is typically provided using assets of the relevant client, and consequently such

collateral might be at risk if the prime broker were to default in some way. A similar situation could occur with the custodian of the client's Reference Funds.

Regulations could change

Legal, tax and regulatory changes could occur during the term of the Investor’s investment in Securities that may adversely affect it. The effect of any future legal, tax and regulatory change or any future court decision on a Security could be substantial and adverse.

Past performance may be theoretical

The Reference Funds are on occasion marketed using theoretical or paper track records. Past performance is seldom a reliable indicator of future performance. Theoretical past performance is often an even less reliable indicator, and investors should place a lower significance on these.

The manager may be conflicted

The fund manager might be managing other financial products, securities, portfolio of securities or hedge fund portfolios or other traditional investment Reference Funds. The Investor should ensure that sufficient controls are in place to manage any conflicts of interest between the different Reference Funds.

Hedge fund structures are often complex

Hedge Reference Funds are not fully regulated and they are often housed in legal structures not originally meant for pooled Reference Funds, for example partnerships and companies. Given the many risks listed above, Investors need to ensure that any structure is robust enough to contain any unlimited losses.

Manager accountability may be vague

The Reference Funds are often managed by specific individuals and investors should ensure that sufficient controls are in place for the times when the fund manager is being covered for by colleagues. In addition, a hedge fund structure (for example, a fund of Reference Funds) and its managers or advisors may rely on the trading and/or investing expertise and experience of third-party managers or advisors, the identity of which may not be disclosed to clients. This constitutes an additional risk for investors, which they must take into account.

Fees might be high

The hedge fund fees may be significantly higher than the fees charged on traditional investment Reference Funds. Investments should be made only where the potential returns justify the higher fees.

Fees might be performance based

Manager's fees are usually performance-based in regard to hedge funds. This means that the fund managers typically get a higher fee when their portfolios outperform specified performance targets, which might lead to

riskier positions being taken. Investors need to ensure that performance fees allow for a fair sharing of both the good and the bad.

Transaction costs might be high

Given the often short-term nature of investment positions, hedge fund portfolios are often traded more aggressively. This implies more stock-broking commission and charges being paid from the portfolio, which is ultimately for the Investor's account. Again, investments should be made only where the potential returns make up for the costs.

Transparency might be low

Manager's performance is often the result of unique proprietary strategies or contrarian investment positions. For obvious reasons, hedge fund managers will want to keep these confidential. Managers are therefore less likely to disclose trades to their clients, and holdings might be disclosed only in part or with a significant delay.

Dealing and reporting might be infrequent

Manager's performance can often be disturbed by irregular cash flows into or out of the hedge fund structure. For this reason, fund managers often limit the frequency of investments and withdrawals. Similarly, the fund manager may choose to report infrequently on performance and other statistics. Investors should ascertain, prior to investing, the nature and frequency of reporting.

Withdrawals might not be easy

The frequency of withdrawals might be limited to monthly or quarterly dates. In addition, the fund manager may impose notice periods or lock-ins in order to ensure that he has the necessary time for his investment positions to deliver their desired results.

Factors which are material for the purpose of assessing the market risks associated with the Reference Portfolios referenced by the Relevant Portfolio Linked Securities issued under the Programmes

Nature of the Reference Portfolio

Amounts payable on redemption of the Securities are generally determined by reference to the performance of the Reference Portfolio over a specific time (although the Securities may be subject to a minimum redemption amount as specified in the Applicable Pricing Supplement). Accordingly, investors will be reliant on the Reference Portfolio performing positively between issuance and redemption of the Securities.

The Reference Portfolio Advisor has created and maintains the Reference Portfolio as a notional portfolio by selecting the initial Constituents and their weightings and thereafter actively managing and maintaining the

Reference Portfolio by rebalancing the Reference Portfolio, i.e. changing the weightings of the Constituents, removing existing Constituents and selecting new Eligible Constituents, in its reasonable discretion.

For the avoidance of doubt, the Reference Portfolio is a notional portfolio that mirrors a theoretical investment according to the list of Constituents and their respective weightings, as adjusted from time to time. Therefore, as the Reference Portfolio is only notional and comprised only by theoretically included Constituents, there is no obligation of the Reference Portfolio Advisor or of the Issuer to make any real investment, or execute any transaction, in any Constituent. Furthermore there is no obligation of the Issuer to hedge itself in relation to the Reference Portfolio or any Constituent.

None of the Issuer, the Calculation Agent, the Issuer Agent, the Reference Portfolio Adviser or any other person makes any representation or warranty with respect to the performance of the Reference Portfolio or the economic success or lack of success of an investment in the Securities.

The value of the Reference Portfolio and so, generally speaking, the amount of any redemption proceeds a holder of the Securities receives in respect of the Securities will depend heavily on the skills of the Reference Portfolio Advisor in analysing, selecting and acting in respect of the Constituents of the Reference Portfolio. Consequently, holders of the Securities should ensure they have made full investigation into the experience, skills and ability of the Reference Portfolio Advisor to act in this regard. Holders of the Securities should be aware that none of the Issuer, the Calculation Agent or the Issuer Agent shall be required to, and shall not, monitor the performance of the Reference Portfolio Advisor or of the Reference Portfolio and no such party makes any representation as to the skills or ability of the Reference Portfolio Advisor and has performed no diligence on it.

Uncertainty about performance

The value of the Reference Portfolio and/or the Reference Portfolio Constituents may vary over time and may increase or decrease by reference to a variety of factors e.g. corporate actions, macroeconomic factors and speculation. Potential investors should note that an investment in the Securities may be subject to similar risks to a direct investment in the Reference Portfolio Constituents. It is not possible to reliably predict the future performance of the Reference Portfolio Constituents or the Reference Portfolio. Likewise, the historical performance (if any) of the Reference Portfolio Constituents and/or the Reference Portfolio itself does not allow for any conclusions to be drawn about the future performance of any Reference Portfolio Constituent or the Reference Portfolio or the Securities. The Reference Portfolio and/or Reference Portfolio Constituents may have only a short operating history or may have been in existence only for a short period of time and may deliver results over the longer term that may be lower than originally expected.

No rights in the Reference Portfolio or any Reference Portfolio Constituents

None of the Issuer, the Calculation Agent, the Issuer Agent, the Reference Portfolio Adviser or any other person is under any obligation whatsoever to acquire or hold any Reference Portfolio Constituent. Accordingly, potential investors should be aware that neither the Reference Portfolio nor the Reference Portfolio

Constituents will be held by the Issuer for the benefit of the holders of the Securities, and that holders of the Securities will not obtain any rights of ownership (including, without limitation, any voting rights, any rights to receive dividends or other distributions or any other rights) with respect to the Reference Portfolio or any Reference Portfolio Constituent. As a general matter, holders of Securities shall not have any beneficial, proprietary or other interest in the Reference Portfolio or any Constituent whatsoever and no charge, mortgage, pledge, lien or other security or quasi-security interest is granted in connection with the Securities.

Specific risks related to the performance of Reference Portfolio Constituents comprising shares

The performance of a share used as a Reference Portfolio Constituent depends on the performance of the company issuing the shares. But even regardless of the financial position, cash flows, liquidity and results of operations of the company issuing the shares, the price of a share can be subject to fluctuations or adverse changes in value. In particular, the development of the share price can be influenced by the general economic situation and market sentiment. Negative performance of a share used as a Reference Portfolio Constituent can therefore have an adverse impact on the performance of the Reference Portfolio and amounts payable under the Securities.

Similar risks to a direct investment in shares

The performance of a share used as a Reference Portfolio Constituent may be subject to factors such as the dividend or distribution policy, financial prospects, market position, corporate actions, shareholder structure and risk situation of the issuer of the share, short selling activities and low market liquidity as well as to political influences. Accordingly, an investment in the Securities may bear similar risks to a direct investment in the shares comprising the Reference Portfolio.

The performance of the shares comprising the Reference Portfolio may be subject to factors outside the Issuer's sphere of influence, such as the risk of the relevant companies becoming insolvent, insolvency proceedings being opened over the companies' assets or similar proceedings under the laws applicable to the companies being commenced or similar events taking place with regard to the companies, which may result in a total loss for the holder of the Securities, or the risk that the prices of the Reference Portfolio Constituents are highly volatile. Dividend or distribution policy, financial prospects, market position, any capitalisation measures, shareholder structure and risk situation may also affect share prices.

In addition, the performance of Reference Portfolio Constituents depends particularly on the development of the capital markets, which in turn are dependent on the global situation and the specific economic and political environment. Shares in companies with low or average market capitalisation may be subject to even higher risks (e.g. with regard to volatility or insolvency) than shares in larger companies. Furthermore, shares in companies with a low market capitalisation may be extremely illiquid due to smaller trading volumes. Shares in companies having their seat or exerting their relevant operations in countries with a high legal uncertainty

are subject to additional risks, such as the risk of governmental measures being taken or nationalisation taking place. This may result in the partial or total loss of value.

Conflicts of interest in relation to the Reference Portfolio Advisor

The Reference Portfolio Advisor may not only act as Reference Portfolio Advisor with regard to the Reference Portfolio, but may at the same time act as asset manager or financial consultant with regard to investors in the Securities, and in various other roles, which may induce potential conflicts between investors' interests and Reference Portfolio Advisor's interests. Furthermore, certain persons authorised to act on behalf of the Reference Portfolio Advisor may be involved in placement and distribution of the Securities, and such involvement may also give risk to conflicts of interest between the Reference Portfolio Advisor and investors.

Factors which are material for the purpose of assessing the market risks associated with Credit Linked Notes and Credit Linked Structured Products issued under the Programmes

<u>Credit Exposure to Reference Entities</u>

The amount payable under Credit Linked Notes and Credit Linked Structured Products will be dependent in part upon whether or not a Credit Event has occurred. A Credit Event may occur in respect of one or more entities or governmental or other authorities (each a "**Reference Entity**") specified in the Applicable Pricing Supplement. If a Credit Event occurs in relation to any Credit Linked Notes or Credit Linked Structured Products, the Issuer will, subject to certain conditions, redeem those Notes by payment of money (in an amount equal to the Cash Settlement Amount) or, if so provided, by the Delivery of Deliverable Obligations comprising the Entitlement or, if so provided, partly in money and partly in Deliverable Obligations. The Cash Settlement Amount or the value of the Deliverable Obligations comprising the Entitlement may be less than the Nominal Amount of the Notes or zero. Accordingly, the Noteholders may be exposed to the credit of the Reference Entities up to the full extent of their investment in the Notes.

Prospective investors in the Credit Linked Notes should be aware that, depending on the terms of the Credit Linked Notes, if a Credit Event occurs, the Notes will cease to bear interest (if any) from (and including) the Interest Period in which the Credit Event Determination Date falls and, as stated above, the amount received or the value of the assets delivered on redemption of the Notes may be materially less than the original investment and in certain circumstances may be zero. This timing for payment of any such amounts or delivery of any such assets, as applicable, may occur at a different time than expected.

The market price of the Credit Linked Notes or Credit Linked Structured Products may be volatile and will be affected by various factors including, but not limited to, the time remaining to the maturity date of the Note, prevailing credit spreads in the market and the creditworthiness of the Reference Entity, which in turn may be affected by the economic, financial, political and other events in one or more jurisdictions.

Prospective investors in the Credit Linked Notes or Credit linked Structured Products should conduct their own investigation and analysis, including, where applicable, obtaining independent expert advice, with respect to the credit risk of the Reference Entity and the factors that may assist in determining the likelihood of the

occurrence of a Credit Event with respect to the Reference Entity, including, but not limited to, general economic conditions, the condition of relevant financial markets, relevant political events and developments or trends in any relevant industries. All such analysis should be conducted in both a South African and foreign context.

Non-Transferability of Deliverable Obligations

The Issuer may in certain circumstances be precluded from transferring Deliverable Obligations to a Noteholder of Credit Linked Notes or Credit Linked Structured Products as a result inter alia of the Exchange Control Regulations, 1961 made pursuant to the Currency and Exchanges Act, 1933 (the "**Exchange Control Regulations**").

A Credit Event may occur prior to the Trade Date

Noteholders may suffer a loss of some or all of their principal if a Credit Event occurs prior to the Trade Date or the Issue Date. Neither the Calculation Agent nor the Issuer nor any of their Affiliates has any responsibility to inform any Noteholder, or avoid or mitigate the effects of a Credit Event that has taken place prior to the Trade Date or the Issue Date.

Role of the Credit Derivatives Determinations Committee

Credit Derivative Determinations Committees were established pursuant to the 2009 ISDA Credit Derivatives Determinations Committees and Auction Settlement Supplement to the 2003 ISDA Credit Derivatives Definitions (published on 12 March 2009) to make determinations that are relevant to the majority of the credit derivatives market and to promote transparency and consistency. In respect of a Credit Event relating to a Credit Linked Note, prospective investors should note that the Credit Derivatives Determinations Committee has the power to make binding decisions on critical issues such as whether a Credit Event has occurred, which obligations are to be valued and whether an auction should take place in accordance with, and as more fully described in the Credit Derivatives Determinations Committees Rules, as published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof. Consequently, the payments on the Notes and the timing of any such payments may be affected by any such relevant decisions if Auction Settlement is specified as the applicable Settlement Method for a series of Notes in the Applicable Pricing Supplement.

Auction Settlement- Auction Final Price

If Auction Settlement is the applicable Settlement Method, the Cash Settlement Amount payable in respect of the Credit Linked Notes or Credit Linked Structured Products will be calculated by reference to the Auction Final Price. The Auction Final Price will be determined according to the auction procedure set out in the applicable Transaction Auction Settlement Terms. The Issuer, the Calculation Agent or one of their Affiliates may act as a participating bidder in any such auction, and shall be under no obligation to consider the interests of the Noteholders when deciding whether or not to take action. Such participation may have an adverse effect on the Auction Final Price, and the Auction Final Price determined pursuant to an auction (whether or not the

Issuer, the Calculation Agent or one of their Affiliates chooses to participate) may be less than the market value that would otherwise have been determined in respect of the relevant Reference Obligation.

Physical Settlement – Undeliverable Obligations

If, on the scheduled date for physical delivery of the Entitlement, the Calculation Agent determines that any Deliverable Obligations comprising the Entitlement are Undeliverable Obligations, settlement in respect of the Credit Linked Notes may be delayed until such time as the Issuer can procure the Delivery of the Undeliverable Obligations and, in certain circumstances, the Issuer's obligations to Deliver the Undeliverable Obligations may be replaced by an obligation to pay a cash amount. In each case, the value of the Credit Linked Notes or Credit Linked Structured Products may be affected.

Increased credit risk in Nth-to-Default Notes

Where the Notes are Nth-to-Default Notes, the Notes will be subject to redemption in full upon the occurrence of a Credit Event in relation to the Nth Reference Entity.

Concentration of credit risk

Where the Notes are Basket Notes, the credit risk to investors in the Notes may be increased, amongst other things, as a result of the concentration of Reference Entities in a particular industry sector or geographic area, or the exposure of the Reference Entities to similar financial or other risks as other Reference Entities.

Conflict of interest

The Issuer is acting in a number of capacities. The Issuer will act as Paying Agent, Calculation Agent and Transfer Agent (unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Notes, another entity as Paying Agent and/or Calculation Agent and/or Transfer Agent, and will be responsible for determining whether a Credit Event has occurred, calculating the payments to be made in respect of the Notes, and determining the dates of such payments in accordance with the Terms and Conditions. The Issuer may also deal in the Notes.

The Issuer will exercise its rights under the terms of the Notes, including in particular the right to designate a Credit Event and the right to select obligations of the affected Reference Entity for valuation or delivery, in its own interests and those of its Affiliates, and not in the interests of investors in the Notes. The exercise of such rights in such manner, for example, by the selection of the eligible obligations of the Reference Entity having the lowest possible market value for valuation or delivery, as applicable, may result in increased credit loss for Noteholders.

The determination by the Calculation Agent of any amount or of any state of affairs, circumstances, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent shall (in the absence of manifest error) be final and binding on the Noteholders. In performing its duties pursuant to the Notes and making any determination

expressed to be made by it, for example, as to substitute Reference Obligations or Successors, the Calculation Agent shall act in its sole and absolute discretion and is under no obligation to act in the interests of the Noteholders, nor will it be liable to account for any profit or other benefit which may accrue to it as a result of such determinations.

The Issuer may have business or other relationships with Reference Entities and may hold debt obligations (whether or not constituting Reference Obligations) of, or otherwise have credit exposure to, the Reference Entities. Nothing contained in this Issuer Disclosure shall be deemed to restrict or impose any liability, duty or restriction on the Issuer, its Affiliates or any of its officers or directors, in respect of dealing with, or otherwise extending credit to or advising any Reference Entity or any of its Affiliates.

Actions of Reference Entities

Actions of Reference Entities (for example, merger or demerger or the repayment or transfer of indebtedness) may adversely affect the value of the Notes. Noteholders should be aware that the Reference Entity(ies) to which the value of the Notes is exposed, and the terms of such exposure, may change over the term of the Notes.

Deferral of payments

In certain circumstances, for example where (a) a Credit Event has occurred and the related credit loss has not been determined as at the relevant date of payment, or (b) where a potential Credit Event exists as at the Scheduled Maturity Date of the Notes, payment of the redemption amount of the Notes and/or interest (if any) on the Notes may be deferred for a material period in whole or in part without compensation to the Noteholders.

Valuation

Any quotations used in the calculation of the Cash Settlement Amount may be affected by factors other than the occurrence of a Credit Event. Such prices may vary widely from dealer to dealer and substantially between Valuation Dates. Quotations obtained will be "bid-side" – that is, they will be reduced to take account of a bid-offer spread charged by the relevant dealers. The obligations selected, even absent a Credit Event, may be illiquid and such illiquidity may be expected to be more pronounced following the occurrence of a Credit Event, thereby adversely affecting the value of such obligation which in turn will impact on the amount by which the Cash Settlement Amount of the Notes may be reduced. Quotations may not be available or the level of such quotations may be substantially reduced as a result of such illiquidity. Accordingly, any quotations so obtained may be significantly lower than the value of the relevant obligation which would be determined by reference to, for example, the present value of the related cashflows. Quotations will be deemed to be zero in the event that no such quotations are available. The Calculation Agent is entitled to select the obligation which has the lowest value in the market at the relevant time – providing such obligation satisfies certain specifications and limits for qualification as a Reference Obligation – for the purposes of calculating the amount by which the Cash Settlement Amount is reduced following a Credit Event.

Where credit losses are determined on the basis of a market protocol, such losses may be greater than the losses which would have been determined in the absence of such protocol. If the Calculation Agent or any Affiliate thereof participates in any auction for the purposes of such protocol, then it will do so without regard to the interests of Noteholders. Such participation may have a material effect on the outcome of the relevant auction.

“Cheapest-to-Deliver” risk

Since the Issuer, as buyer of protection, has discretion to choose the portfolio of obligations to be valued or delivered following a Credit Event in respect of a Reference Entity where Cash or Physical Settlement apply, it is likely that the portfolio of obligations selected will be obligations of the Reference Entity with the lowest market value that are permitted to be selected pursuant to the Notes. This could result in a lower recovery value and hence greater losses for investors in the Notes.

No information

The Issuer and the Calculation Agent are not obliged to disclose to Noteholders any information which they may have at the Issue Date or receive thereafter in relation to any Reference Entity.

Compounding of risks

Various risks relating to the Notes may be correlated or compounded and such correlation and/or compounding may result in increased volatility in the value of the Notes and/or increased losses for Noteholders.

No need for loss

The Issuer’s obligations in respect of the Notes are irrespective of the existence or amount of the Issuer’s and/or any Affiliate’s credit exposure to a Reference Entity. The Issuer and/or any Affiliate of the Issuer need not suffer any loss nor provide evidence of any loss as a result of the occurrence of a Credit Event. Credit losses will be calculated for the purpose of the Notes irrespective of whether the Issuer or any Affiliate of the Issuer has suffered an actual loss in relation to the Reference Entity or any obligations thereof. The Issuer is not obliged to account for any recovery which it may subsequently make in relation to such Reference Entity or its obligations, unless otherwise specified in the Applicable Pricing Supplement.

No interest in obligations of Reference Entities

Holders of the Notes will have a contractual relationship only with the Issuer and not with any obligor in respect of any Reference Obligation or any Reference Entity. Consequently, the Notes do not constitute a purchase or other acquisition by the Noteholders, or assignment by the Issuer, of any interest in any Reference Obligation or any obligation of a Reference Entity. The Issuer does not grant any security interest over any such obligation, unless otherwise specified in the Applicable Pricing Supplement. Noteholders will have rights solely against the Issuer and will have no recourse against the obligor in respect of any Reference Obligation or any Reference Entity. The Noteholders will not have any rights to acquire from the Issuer (or to require the

Issuer) to transfer, cede, assign or otherwise dispose of any interest in any Reference Obligation or any Reference Entity.

Absence of benchmarks for valuation

In determining the value of the Notes, Reference Dealers may take into account the level of a related credit index in addition to or as an alternative to other sources of pricing data. If any relevant index ceases to be liquid, or ceases to be published in its entirety, then the value of the Notes may be adversely affected.

Historical performance may not predict future performance

Individual Reference Entities may not perform as indicated by the historical performance of similar entities and no assurance can be given with respect to the future performance of any Reference Entities. Historical default statistics may not capture events that would constitute Credit Events for the purposes of the Notes.

Limited provision of information about Reference Entities

Investors should conduct their own investigation and analysis with respect to the creditworthiness of Reference Entities and the likelihood of the occurrence of a Succession Event or Credit Event.

Reference Entities may not be subject to regular reporting requirements under South African securities laws. The Reference Entities may report information in accordance with different disclosure and accounting standards. Consequently, the information available for such Reference Entities may be different from, and in some cases less than, the information available for entities that are subject to the reporting requirements under South African securities laws. None of the Issuer, the Dealer(s) or the Calculation Agent or any of their respective Affiliates make any representation as to the Reference Entity(ies) or as to the accuracy or completeness of any information available with respect to the Reference Entity(ies). Any of such persons may have acquired, or during the term of the Notes may acquire, non-public information with respect to a Reference Entity that is or may be material in the context of the Notes. The issue of the Notes will not create any obligation on the part of any such persons to disclose to Noteholders or any other party such information (whether or not confidential).

None of the Issuer, the Dealer(s) or the Calculation Agent or any of their respective Affiliates will have any obligation to keep investors informed as to any matters with respect to the Reference Entities or any of their obligations, including whether or not circumstances exist that give rise to the possibility of the occurrence of a Credit Event or a Succession Event with respect to the Reference Entities.

Limited liquidity

Some Reference Obligations may have no, or only a limited, trading market. The liquidity of Reference Obligations will generally fluctuate with, among other things, the underlying liquidity of the loan and bond markets, general economic conditions, domestic and international political events, developments or trends in a particular industry and the financial condition of the relevant Reference Entity(ies). The financial markets

have experienced periods of volatility and reduced liquidity which may re-occur and reduce the market value of the relevant Reference Obligation(s).

Some or all of the Reference Obligations may also be subject to restrictions on transfer and may be considered illiquid. If a Credit Event occurs in respect of a Reference Entity, any resulting diminution in market value of the related Reference Obligation could be further magnified by reason of such limited liquidity for Reference Obligations generally or that Reference Obligation in particular.

Modification of the Terms and Conditions

The Calculation Agent may, following its determination that there has been a change in the prevailing market standard terms or market trading conventions that affects any Hedging Transaction, modify the terms of the Notes to the extent necessary to preserve any consistency between the Notes and the Hedging Transaction. If the Calculation Agent modifies the terms of the Notes, it will do so without regard to the interests of the Noteholders and any such modification may be prejudicial to the interests of the Noteholders.

Hedging Arrangements and Trading Activities

The Issuer and/or any of its Affiliates may be involved in trading transactions with respect to the obligations of a Reference Entity in its normal course of business. In addition, the Issuer and/or any of its Affiliates may hedge itself for protection against the risks which arise in connection with the issue of the Notes by entering into hedging transactions in relation to the obligations of a Reference Entity. In particular, it cannot be excluded that the entering into, or the termination, of such hedging transactions may have a negative effect on the price of the Notes or on the amount of principal and/or interest payable with respect to the Notes.

Risk Factors Relating to Products Linked to Reference Item(s) in the Programmes

General

The performance of certain Products (including Structured Products, Flexible Investment Notes and Equity Structured Notes and Exchange Traded Notes) may be linked to the performance of Underlying Asset(s), an underlying equity security, index, debt security, credit, currency exchange rate, commodity, commodity index, commodity fund or other item (each a **Reference Item**). Such Products may involve a degree of risk, which may include interest rate, corporate, market, foreign exchange, time value and/or political risks, as well as other risks arising from fluctuations in the values of the relevant securities (or basket of securities), index (or basket of indices), commodity (or commodity index) or other Reference Item(s), as well as general risks applicable to the stock and capital markets and other exchanges.

In order to realise a return upon an investment in such Products, an investor must have correctly anticipated the timing and magnitude of an anticipated increase or the absence of a decrease of the value of the relevant Reference Item (s) relative to the Issue Price and must also be correct about when any change will occur. If the value and/or performance of the Reference Item(s) does not increase, or decreases, as the case may be, before such Products are redeemed, part of the investor's investment in such Products may be lost on

redemption in the absence of any applicable capital guarantee component of the Product. Other than in respect of Products (if any) which are redeemable prior to the expiry or maturity date at the option of the Holder, the only means by which a Holder could realise value from such Products prior to their expiry or maturity date would be to sell such Products at their then market price, in the secondary market (if available) In the case of Products which are equity structured products the issuer will act as market maker and will make a market for the equity structured products in normal market circumstances. Fluctuations in the value and/or performance of the Reference Item(s) may affect the value of such Products.

The occurrence of certain events or circumstances, in each case as specified in the applicable Conditions, will affect the value of certain Products.

Prospective investors in such Products should understand the risks of transactions involved in such Products and should reach an investment decision only after careful consideration of the suitability of such Products in the light of the investor's particular financial circumstances, its risk appetite, together with any other available information regarding such Products and the Reference Item(s) to which such Products are linked.

Certain Factors Affecting the Value and Trading Price of Products

The interim value of such Products varies with the price and/or level and/or performance of the Reference Item(s) and may be affected by a number of other factors, including but not limited to:

- the value and volatility of the Reference Item(s);
- where the Reference Item(s) is/are equity securities, the dividend rate on the Reference Item(s) and the financial results and prospects (financial and other) of the issuer of each Reference Item;
- market interest rates;
- fluctuations in currency exchange rates;
- fluctuations in commodities prices;
- the liquidity of such Products or any Reference Item(s) in the secondary market;
- the time remaining to any redemption date or the Maturity Date; and
- economic, financial, sovereign and political events in one or more jurisdictions, including factors affecting capital markets generally and stock exchange(s) on which any Reference Item or Products may be traded.

There can be no assurance that a Holder will be able to sell any Products prior to maturity at a price equal to or greater than the market value of the Products on the Issue Date, and such Holder may only be able to sell the Products at a discount, which may be substantial to the Issue Price. The past performance of any Reference Item should not be taken as an indication of the future performance of that Reference Item during the term of any Instrument.

Some Products are not principal protected and Holders may lose some or a significant part of their principal. Holders may lose the value of their entire investment or part of it, as the case may be.

Legal, tax and regulatory risks

Legal, tax, policy and regulatory changes in the South African investment environment or otherwise, may occur during the term of the Placing Document that may have an adverse effect on the Reference Item(s) and, therefore, on the performance of the Products which relate to such Reference Item(s). No prediction can be made as to the effect of such changes (if any) will be on the Issuer and/or such Products.

Hedging

The Issuer and/or any of its affiliates may enter into one or more hedging transactions with respect to the Reference Item(s) or related derivatives. In connection with such hedging activities or with respect to proprietary or other trading activities by the Issuer and/or any of its affiliates, the Issuer and/or any of its affiliates may enter into transactions in the Reference Item(s) or related derivatives which may, but are not intended to, affect the market price, liquidity or value of the relevant Products and which may be considered to be adverse to the interest of the Holders of such Products.

Potential Conflicts of Interest

The Issuer and/or its affiliates may also engage in trading activities (including hedging activities) related to the Reference Item(s), and other Products or derivative products based on or related to the Reference Item(s) for their proprietary accounts or for other accounts under their management. The Issuer and/or its affiliates may also issue other derivative instruments in respect of the Reference Item(s). The issuance, trading or hedging of other securities indexed to the Reference Item(s) (that is, the introduction of competing products into the marketplace) could adversely affect the value of the Products.

The Issuer and/or its affiliates may have interests which may be adverse to those of the Holders of particular Products. The Issuer and/or its affiliates may also act as underwriter in connection with future offerings of Reference Item(s) related to the relevant Products, or may act as financial adviser to any Company and/or other issuer of Reference Item(s) or in a banking capacity for any Company and/or other issuer of Reference Item(s). Such activities could present certain conflicts of interest, influence the prices of such Reference Item(s), and could adversely affect the value of the relevant Products.

Risk Factors Relating to Warrants

Maximum Exercise of Warrants

The Issuer shall have the ability to limit the number of Warrants exercisable on any date (other than the Expiration Date) to the Maximum Number and, in conjunction with such limitation to limit the number of Warrants exercisable by any person or group of persons (whether or not acting in concert) on such date. In the event that the total number of Warrants being exercised on any date (other than the Expiration Date) exceeds such Maximum Number and the Issuer has elected to limit the number of Warrants exercisable on such date, Holders may not be able to exercise on such date all Warrants that they desire to exercise. In any such case, the number of Warrants to be exercised on such date shall be reduced until the total number of Warrants exercised on such date no longer exceeds such maximum, such Warrants being selected by the

Issuer on the basis of the time at which notices to exercise the Warrants are received by the Issuer with the earlier of such notices taking priority over those which are received later in time.

Any Warrants tendered for exercise but not exercised on such date shall be automatically exercised on the next date on which Warrants may be exercised, subject to the same daily maximum limitation and delayed exercise provisions.

Minimum Exercise of Warrants

Except on the Expiration Date, Holders must tender at least a specified Minimum Number of Warrants at any one time, in order to exercise their Warrants.

Thus, Holders with fewer than the Minimum Number of Warrants will either have to sell their Warrants or purchase additional Warrants, incurring transaction costs in each case, in order to realise a return on their investment, and may incur the risk that the trading price of the Warrant is different from the property to be delivered upon exercise.

In addition, on any date including the Expiration Date, Warrants must be exercised in multiples of the Specified Number.

Thus, Holders with fewer than the Specified Number of Warrants will either have to sell their Warrants or purchase additional Warrants, incurring transaction costs in each case, in order to realise a return on their investment, and may incur the risk that the trading price of the Warrant is different from the value of the property to be delivered upon exercise.

Upon exercise, Warrants will only entitle Holders (subject to the provisions concerning the Cash Settlement Amount) to an integral multiple of a whole integer of the number of Securities. Fractions of a Security will not be delivered. However, the Calculation Agent may make an adjustment and may pay an amount in Rands in order to compensate the relevant Holder as specified in the Terms and Conditions.

Barrier Events

The Barrier Warrants of a particular Series will lapse automatically if, on any Business Day up to and including the Expiration Date, the closing price of the Underlying Parcel as quoted on the JSE Limited is equal to or less than the Barrier Level in the case of a Call Warrant or equal to or more than the Barrier Level in the case of a Put Warrant. Holders will not be able to trade those Warrants after they have lapsed. In the event that a Warrant lapses on or after the last day to trade in respect of any dividend declared by a Company, the Holders will not be entitled to receive any dividends in respect of such lapsed Warrants, nothing to the contrary herein excepted.

Settlement Risk

The Holder shall bear the risk of any failure in any settlement system through which the Underlying Parcel or Cash Settlement Amount are to be settled or paid.

Upon the occurrence of certain events as specified herein, the Issuer may vary the settlement in respect of the Warrants and it may make payment of the Cash Settlement Amount on the Cash Settlement Date to the relevant Holders in substitution for Delivery of the Underlying Parcel.

The occurrence or existence of a Market Disruption Event in respect of the Securities shall be determined by the Calculation Agent. Such a determination may have an adverse effect on the value of the relevant Warrants.

The Calculation Agent may determine that a Settlement Disruption Event has occurred or exists where, in the opinion of the Calculation Agent, as a result of the occurrence of an event beyond the reasonable control of the Issuer, the Issuer is precluded from making Delivery of the Underlying Parcel. Such a determination may have an adverse effect on the value of the relevant Warrants.

There shall be a time difference between the time a Holder gives instructions to exercise and the time the Underlying Parcel or Cash Settlement Amount is determined (with the Valuation Date being one Business Day prior to the Actual Exercise Date). Any such difference between the time of exercise and the determination of the Underlying Parcel or the Cash Settlement Amount could be significant due, inter alia to any daily maximum exercise limitation or the occurrence of a Settlement Disruption Event or a Market Disruption Event. The applicable Underlying Parcel or Cash Settlement Amount could change during any such period and such movement or movements could decrease the value of the entitlement or the Cash Settlement Amount of the Warrants being exercised.

In case of Call Warrants with physical delivery and upon exercise of Call Warrants and in the case where Issuer elects to deliver the Underlying Securities, the Holder must pay the total amount of the aggregate Exercise Price relating to the Call Warrants exercised as well as all applicable Exercise Expenses before being delivered the Underlying Securities.

If an Exercise Notice is received by the Issuer on any Business Day after 12h00 Johannesburg time, it shall not be deemed to be received by the Issuer until the following Business Day. Any resultant delay may, as above, decrease the quantity of the property to be Delivered or the Cash Settlement Amount. If no such Exercise Notice is received from a Member (in respect of Controlled Holders) or a CSDP (in respect of Non-Controlled Holder) who shall also confirm that the Holder has funds sufficient to enable Member or CSDP to pay the Exercise Price in full on behalf of such Holder, before 12h00, Johannesburg time on the Expiration Date, the Warrants may be automatically exercised by the Issuer in accordance with the Conditions.

<u>Illegality of Issue</u>

If the Issuer, upon advice from its independent external legal adviser, determines that the performance of its obligations under the Warrants has become unlawful in whole or in part for any reason, the Issuer may terminate the Warrants by giving notice of this to the Holders and paying to each Holder an amount determined by the Calculation Agent to be its fair market value.

Risk Factors Relating to Exchange Traded Notes

General

Investing in Exchange Traded Notes may involve a significant degree of risk, particularly where the Exchange Traded Notes provide geared exposure to financial instruments, assets or indices. In this event, the risks of investing in Exchange Traded Notes are greater than the risks of investing a similar amount directly in such financial instruments, assets or indices.

Market Risk

Movements of market interest rates and spot prices may impact the traded price of Exchange Traded Notes resulting in Exchange Traded Notes trading above or below their Issue Price.

Other Risks

The risks (if any) of investing in particular types of Exchange Traded Notes which are not set out in, or covered by, this Annex will be set out in the relevant Supplement.

Risk Factors Relating to Listed Equity Structured Products

General

Investing in Listed Equity Structured Products may involve a significant degree of risk, particularly where the Listed Equity Structured Products provide geared exposure to financial instruments, assets or indices. In this event, the risks of investing in Listed Equity Structured Products are greater than the risks of investing a similar amount directly in such financial instruments, assets or indices.

Market Risk

Movements of market interest rates and spot prices may impact the traded price of Listed Equity Structured Products resulting in Listed Equity Structured Products trading above or below their Issue Price.

Other Risks

The risks (if any) of investing in particular types of Listed Equity Structured Products which are not set out in, or covered by, this Issuer Disclosure will be set out in the relevant Supplement. See, in addition, "Risk Factors Relating to Warrants" above, which apply similarly to Listed Equity Structured Products.

Risk Factors Relating to Structured Products

General

Investing in Structured Products may involve a significant degree of risk, particularly where the Structured Products provide geared exposure to financial instruments, assets or indices. In this event, the risks of

investing in Structured Products are greater than the risks of investing a similar amount directly in such financial instruments, assets or indices.

Market Risk

Movements of market interest rates and spot prices may impact the traded price of Structured Products resulting in Structured Products trading above or below their Issue Price.

Other Risks

The risks (if any) of investing in particular types of Structured Products which are not set out in, or covered by, this Issuer Disclosure will be set out in the relevant Supplement. See, in addition, "Risk Factors Relating to Warrants" above, which apply similarly to Structured Products

Risk Factors Relating to Flexible Investment Notes

General

Investing in Flexible Investment Notes may involve a significant degree of risk, particularly where the Flexible Investment Notes provide geared exposure to financial instruments, assets or indices. In this event, the risks of investing in Flexible Investment Notes are greater than the risks of investing a similar amount directly in such financial instruments, assets or indices.

Market Risk

Movements of market interest rates and spot prices may impact the traded price of the Flexible Investment Notes resulting in Flexible Investment notes trading above or below their Issue Price.

Other Risks

The risks (if any) of investing in particular types of Flexible Investment Notes which are not set out in, or covered by, this Issuer Disclosure will be set out in the relevant Supplement. See, in addition, "Risk Factors Relating to Warrants" above, which apply similarly to Flexible Investment Notes

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SOUTH AFRICAN EXCHANGE CONTROL

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

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

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

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

Emigrant Blocked Rand

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

Emigrants from the Common Monetary Area

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

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

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

Non-residents of the Common Monetary Area

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

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

As at the date of this Issuer Disclosure, no exchange approval is required in connection with the issuance of Securities under the Programmes.

OVERVIEW OF REGULATORY CAPITAL REQUIREMENTS

The information contained below is intended to be a summary of the regulatory capital requirements which may be applicable to Tier 2 Notes and Additional Tier 1 Notes issued under the DMTN Programme as at the date of this Issuer Disclosure, and is subject to change or any Additional Conditions as may be prescribed by the Relevant Authority in respect of a particular Tranche of Subordinated Capital Notes. The summary is of a general nature, is included herein solely for information purposes and does not constitute advice. The Issuer makes no representation and gives no warranty or undertaking, express or implied, and accepts no responsibility for the accuracy or completeness of the information contained in this section.

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

Tier 2 Notes

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

Conditions for the issue of Tier 2 Notes

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

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

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

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

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

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

Provided that:

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

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

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

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

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

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

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

1.4. the instrument or share:

1.4.1. shall be issued and fully paid;

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

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

Table 1

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

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

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

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

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

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

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

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

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

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

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

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

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

Additional Tier 1 Notes

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

Conditions for the issue of Additional Tier 1 Notes

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

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

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

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

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

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

Provided that:

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

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

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

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

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

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

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

1.4. the instrument or share:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SOUTH AFRICAN TAXATION

The information contained below is intended to be a general guide to the relevant tax laws of South Africa as at the date of this Issuer Disclosure and does not purport to describe all of the considerations that may be relevant to a prospective purchaser of Securities issued under the Programmes and the Products issued under the Warrant and Note Programme (collectively the "Securities"). Securities. South African tax legislation is subject to frequent change and accordingly the comments as set out below may be subject to change, possibly with retrospective effect. Prospective purchasers of Securities should consult their own professional advisers in regard to the purchase of Securities and the tax implications thereof. Accordingly, the Issuer makes no representation and gives no warranty or undertaking, express or implied, and accepts no responsibility for the accuracy or completeness of the information contained in this section. The content of this section constitutes a summary of certain aspects of the relevant South African tax laws as at the date of this Issuer Disclosure and does not constitute tax advice, and persons should consult their own professional advisors.

Securities Transfer Tax

Notes

The issue, transfer and redemption of the Notes will not attract securities transfer tax ("**STT**") under the Securities Transfer Tax Act, 2007 (as amended from time to time) (the "**STT Act**") because the Notes do not constitute "securities" as defined in the STT Act. Any future transfer duties and/or taxes that may be introduced in respect of (or applicable to) the transfer of Notes will be for the account of holders of the Notes.

Programme Preference Shares

No STT is payable on the issue of the Programme Preference Shares under the STT Act, since such issue will not constitute a "transfer" as defined in the STT Act.

The STT Act imposes STT on the transfer and on the redemption of the Programme Preference Shares at a rate equal to, as at the Programme Date, 0.25% (zero point two five percent) of the "taxable amount" of such Programme Preference Shares as determined in terms of the STT Act. In the case of a transfer of unlisted Programme Preference Shares, STT will be calculated on the higher of the amount or market value of the consideration payable for the Programme Preference Shares and their market value. In the case of listed Programme Preference Shares, the STT will be calculated on the amount of the consideration for those Programme Preference Shares declared by the person who acquires same. If the transfer was effected by a "participant", as defined in the STT Act, and no amount of consideration was declared by the person acquiring the Programme Preference Shares or the amount so declared was less than the lowest price of such Programme Preference Shares, the STT will be calculated on the closing price of the Programme Preference

Shares. Such STT in respect of (or applicable to) the transfer of Programme Preference Shares will be for the account of the transferee.

In the case of a redemption of unlisted Programme Preference Shares, STT will be payable on the market value of the Programme Preference Shares immediately prior to such redemption, provided that the market value must be determined as if such Programme Preference Shares were never redeemed. Such STT (and any future duties and/or taxes that may be introduced) in respect of (or applicable to) the redemption of Programme Preference Shares will be for the account of the Issuer, unless otherwise specified in the Applicable Pricing Supplement (Preference Shares).

<u>The STT Act contains certain exemptions from STT.</u>

Prospective subscribers for or purchasers of Programme Preference Shares are advised to consult their own professional advisors as to whether any STT implications will arise in respect of the acquisition, holding and/or disposal of Programme Preference Shares.

Value-Added Tax

No value-added tax ("**VAT**") is payable on the issue or transfer of the Notes or the Programme Preference Shares. The issue, sale or transfer of the Notes or the Programme Preference Shares constitute "financial services" as contemplated in section 2 of the Value-Added Tax Act, 1991 (as amended from time to time) (the "**VAT Act**"). In terms of section 2 of the VAT Act, the issue, allotment, drawing, acceptance, endorsement or transfer of ownership of a debt security as well as the issue, allotment or transfer of ownership of an equity security or a participatory security, and the buying and selling of derivatives constitute financial services, which are exempt from VAT in terms of section 12(a) of the VAT Act.

Where financial services as contemplated in section 2 are however rendered to non-residents who are not in South Africa at the time the services are rendered, such services will be subject to VAT at the zero rate in terms of section 11(2)(l) of the VAT Act. Commissions, fees or similar charges raised for the facilitation of the issue, allotment, drawing, acceptance, endorsement or transfer of ownership of Notes that constitute "debt securities" as defined in section 2(2)(iii) of the VAT Act will be subject to VAT at the standard rate (currently 15% (fifteen percent), 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 as contemplated above. Similarly, commissions, fees or similar charges raised for the facilitation of the issue, allotment or transfer of ownership of the Programme Preference Shares that constitute "equity securities" or "participatory securities" as defined in sections 2(2)(iv) and 2(2)(vi) of the VAT Act will be subject to VAT at the standard rate, 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 as contemplated above.

Investors are advised to consult their own professional advisors as to whether commissions, fees or similar charges raised for the facilitation of the issue, allotment, drawing, acceptance, endorsement or transfer of ownership of the Notes or commissions, fees or similar charges raised for the facilitation of the issue, allotment

or transfer of ownership of the Programme Preference Shares will result in a liability for VAT, as well as which VAT rate (15%) is applicable to these charges in light of the VAT rate increase announced by the Minister of Finance on 21 February 2018 which took effect on 1 April 2018.

Income Tax

Notes

Under current taxation law effective in South Africa, a "resident" (as defined in section 1 of the South African Income Tax Act, 1962 (as amended from time to time) (the "**Income Tax Act**")) is subject to income tax on his/her world-wide income. Accordingly, all holders of Notes who are residents of South Africa will generally be liable to pay income tax, subject to available deductions, allowances and exemptions, on any income (including income in the form of interest) earned in respect of the Notes.

Non-residents of South Africa are subject to income tax on all income derived from a South African source (subject to domestic exemptions or relief in terms of an applicable double taxation treaty).

Interest income is from a South African source if that amount constitutes "interest" as defined in section 24J of the Income Tax Act where that interest:

- is attributable to an amount incurred by a person that is a South African tax resident, unless the interest is attributable to a permanent establishment which is situated outside South Africa; or
- is received or accrues in respect of the utilisation or application in South Africa by any person of funds or credit obtained in terms of any form of interest-bearing arrangement.

Accordingly, if the interest payments in respect of the Notes are from a South African source as set out above, the interest earned by a non-resident Noteholder will be subject to South African income tax unless such interest income is exempt from South African income tax under section 10(1)(h) of the Income Tax Act (see below).

Under section 24J of the Income Tax Act, broadly speaking, any discount or premium to the Nominal Amount of a Tranche of Notes is treated as part of the interest income on the Notes. Interest income which is received by or accrues to the 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 Notes or until maturity. The 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. The interest may qualify for 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 is a natural person who was physically present in South Africa for a period exceeding 183 (one hundred and eighty-three) days in aggregate during the 12 (twelve)-month period preceding the date on which the interest is received or accrues by or to that Person; or

- the debt from which that interest arises is effectively connected to a permanent establishment of that Person in South Africa.

If a holder does not qualify for the exemption under Section 10(1)(h) of the Income Tax Act, an exemption from, or reduction of any income tax liability may be available under an applicable double taxation treaty.

Section 24JB of the Income Tax Act contains, specific provisions dealing with the taxation of “financial assets” and “financial liabilities” of “covered persons”, as defined in section 24JB of the Income Tax Act. If section 24JB applies to the Notes, the tax treatment of the acquisition, holding and/or disposal of the Notes will differ from what is set out in this section. Noteholders should seek advice from their own professional advisors as to whether these provisions may apply to them.

Certain entities may be exempt from income tax. Prospective subscribers for or purchasers of Notes are advised to consult their own professional advisors as to whether the interest income earned on the Notes will be exempt under section 10(1)(h) of the Income Tax Act or whether they constitute entities that are exempt from income tax.

Section 8F of the Income Tax Act applies to “hybrid debt instruments”, and section 8FA of the Income Tax Act applies to “hybrid interest”, as these terms are defined in the Income Tax Act. Sections 8F and 8FA provide that interest incurred or accrued on a hybrid debt instrument and hybrid interest are, for purposes of the Income Tax Act, deemed to be a dividend in specie. If either of these provisions applies, the tax treatment of the interest paid under the Notes will differ from what is set out in this section and such payments may be subject to dividends tax as a result of the deemed classification as dividends in specie. The provisions of sections 8F and 8FA will not apply where the instrument, or the instrument in respect of which any interest is owed, constitutes a tier 1 or tier 2 capital instrument referred to in the regulations issued in terms of section 90 of the Banks Act and which is issued by a bank as defined in section 1 of the Banks Act, or by a controlling company in relation to that bank.

Prospective subscribers for or purchasers of Notes are advised to consult their own professional advisors to ascertain whether the abovementioned provisions may apply to them.

The disposal of the Notes may give rise to income tax implications for any Noteholder that is a resident of South Africa. In respect of non-resident Noteholders, income tax implications may arise should the Notes so disposed of be attributable to a South African permanent establishment of such Noteholder. Prospective subscribers for or purchasers of Notes are advised to consult their own professional advisors to ascertain whether a disposal of the Notes will result in a liability to income tax.

Programme Preference Shares

All holders of Programme Preference Shares who are residents of South Africa will generally be liable to pay income tax, subject to available deductions, allowances and exemptions, on any income (including income in the form of dividends) earned in respect of the Programme Preference Shares.

Non-residents of South Africa are subject to income tax on all income derived from a South African source (subject to domestic exemptions or relief in terms of an applicable double taxation treaty).

Dividend income is from a South African source if that amount constitutes a “dividend” (as such term is defined in the Income Tax Act) received by or accrued to a person.

Accordingly, if any payment in respect of the Programme Preference Shares constitutes a “dividend” as defined in the Income Tax Act, such dividend will be from a South African source as set out above. Such dividends earned by a holder of Programme Preference Shares will be subject to South African income tax unless such dividend income is exempt from South African income tax under section 10(1)(k) of the Income Tax Act.

Under section 10(1)(k) of the Income Tax Act, dividends (other than dividends paid or declared by a “headquarter company”) received by or accruing to a holder of Programme Preference Shares are exempt from income tax, unless, inter alia, such dividends are received by companies:

- in respect of shares not owned by them;
- in respect of borrowed shares; or
- in respect of a share to the extent that any deductible expenditure is incurred by that company or any amount is taken into account that has the effect of reducing income in the application of section 24JB(2) of the Income Tax Act and the amount of that expenditure or reduction is determined directly or indirectly with reference to the dividend in respect of an “identical share” (as such term is defined in the Income Tax Act) to that share.

Any dividend received by or accruing to a holder of Programme Preference Shares will not be exempt from income tax in terms of section 10(1)(k) of the Income Tax Act if such dividend is re-characterised as income under section 8E or section 8EA of the Income Tax Act (section 8E and section 8EA are described further below).

In terms of section 8E, if a share or an “equity instrument” (as such term is defined in the Income Tax Act) qualifies as a “hybrid equity instrument”, dividends received or which accrue in respect of that share or equity instrument are regarded as income in the hands of the recipient and are taxable as such.

Section 8E defines a “hybrid equity instrument” to include, inter alia, any share, other than an “equity share” (as such term is defined in section 1 of the Income Tax Act), if (i) the issuer of that share is obliged to redeem it in whole or in part within three years of its date of issue, or (ii) its holder has the option to have the share redeemed in whole or in part within three years of its date of issue.

Shares which constitute an “equity share” will constitute a “hybrid equity instrument” if:

- they do not rank *pari passu* with other ordinary shares or with at least one class of other ordinary shares of the company, as regards the participation in dividends; or (ii) any dividends payable on such

shares are calculated directly or indirectly with reference to any specified rate of interest or the time value of money; and

- the issuer of that share is obliged to redeem the share in whole or in part within 3 (three) years of its date of issue, or (ii) its holder has the option to have the share redeemed in whole or in part within three years of its date of issue or (iii) the existence of the issuer is likely to be terminated within three years from the date of issue.

Furthermore, a "preference share" (as such term is defined in section 8EA) will, for the purposes of section 8E, constitute a hybrid equity instrument if it is secured by a "financial instrument" (as such term is defined in section 8E) or if it is subject to an arrangement in terms of which a financial instrument may not be disposed of. However, the legislation provides for an exclusion of such a preference share from the definition of a hybrid equity instrument if the proceeds of the issue of the preference share are used for any of the purposes described more fully below (a "qualifying purpose" as defined in section 8EA).

In terms of section 8EA, if a share or "equity instrument" (as such term is defined in the Income Tax Act) qualifies as a "third-party backed share", dividends received or which accrue in respect of that share or equity instrument are regarded as income in the hands of the recipient and are taxable as such. A third-party backed share is defined as any preference share or equity instrument in respect of which an "enforcement right" is exercisable by the holder of that preference share or equity instrument or an "enforcement obligation" is enforceable (as such terms are defined in section 8EA) as a result of any amount of, inter alia, any specified dividend or return of capital attributable to that share not being received by or accruing to any person entitled thereto.

Section 8EA should not apply to a preference share if the issuer of that preference share applied the proceeds derived from the issue of such a preference share for a "qualifying purpose" (as defined in section 8EA) such as, inter alia, to purchase equity shares in an "operating company" (as defined in section 8EA) or to refinance loans previously incurred or preference shares previously issued to acquire equity shares in an "operating company", and certain other requirements are met. An "operating company" is defined to mean, inter alia, a company which carries on a business continuously in the course of which it supplies goods or services for consideration, a company which is a controlling group company in relation to that company (i.e. holds at least 70% (seventy percent) of the equity shares in that company), or is a listed company.

Dividends which are re-characterised under section 8E and section 8EA do not qualify for the dividend exemption contained in section 10(1)(k). However, the payment of such dividends may give rise to Dividends Tax implications (refer below).

The disposal of the Programme Preference Shares may give rise to income tax implications for any holder thereof that is a resident of South Africa. In respect of non-resident holders of Programme Preference Shares, income tax implications may arise should the Programme Preference Shares so disposed of, inter alia, be attributable to a South African permanent establishment of such a holder of the Programme Preference Shares.

Prospective subscribers for or purchasers of Programme Preference Shares are advised to consult their own professional advisors to ascertain whether a disposal of the Programme Preference Shares will result in a liability to income tax.

Capital Gains Tax

The provisions relating to capital gains tax apply in respect of the disposal of any asset by certain taxpayers. The word "dispose" is defined in the Eighth Schedule to the Income Tax Act to include, inter alia, any action by virtue of which an asset is created, transferred, varied or extinguished. If an asset was acquired, is held and will be disposed of on a speculative basis or as part of a scheme of profit making, the gain should generally be subject to normal tax. Capital gains tax is imposed at lower effective rates in comparison to income tax.

Residents are subject to capital gains tax on all capital gains realised on the disposal of any assets held on a worldwide basis. A non-resident is subject to capital gains tax only in respect of capital gains which are realised from the disposal of (i) "immovable property" (as such term is defined in the Income Tax Act) situated in South Africa or any interest or right of whatever nature of such non-resident to or in immovable property situated in South Africa (as such term is defined in paragraph 2(2) of the Eighth Schedule to the Income Tax Act, being, in essence, equity shares in certain companies, the principal assets of which are "immovable property" located in South Africa), or (ii) assets effectively connected with a permanent establishment of that non-resident in South Africa. A "permanent establishment" is defined (in section 1 of the Income Tax Act) as a permanent establishment as from time to time defined in article 5 of the Model Tax Convention on Income and Capital of the Organisation for Economic Co-operation and Development, with some additions.

Notes

The disposal of Notes by residents of South Africa may give rise to capital gains tax implications.

The capital gains tax provisions will not apply to the extent that the holder of the Notes constitutes a "covered person", as defined in section 24JB of the Income Tax Act, and section 24JB of the Income Tax Act (see above) applies to the Notes.

Any discount or premium on acquisition of the Notes which has already been treated as interest for income tax purposes under section 24J of the Income Tax Act (see above) 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 or redemption of the Notes will, to the extent that it has previously been included in taxable income (as interest), be allowed as a deduction from the 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 effectively connected with a permanent establishment of that Person in South Africa.

Prospective subscribers for or purchasers of Notes are advised to consult their own professional advisors as to whether a disposal or redemption of Notes will result in a liability to capital gains tax.

The Programme Preference Shares

The redemption of the Programme Preference Shares may give rise to capital gains tax implications.

The capital gains tax consequences arising in respect of the redemption of the Programme Preference Shares could be summarised as follows:

- a distribution which the issuer of the Programme Preference Shares makes upon redemption of the Programme Preference Shares which reduces its “contributed tax capital” (as such term is defined in the Income Tax Act, generally determined as the initial capital contributed by the original shareholder to take up the shares issued by the company) is treated as a return of capital. Such a distribution will be taken into account by the holder of the Programme Preference Shares in calculating any capital gain or capital loss arising upon the redemption of the Programme Preference Shares. If the amount distributed to the holder of the Programme Preference Shares, which is stated as reducing the “contributed tax capital” of the Programme Preference Shares, is less than the original subscription price or acquisition price paid by the holder in respect of the Programme Preference Shares, such holder of Programme Preference Shares should realise a capital loss.
- a distribution which the issuer of the Programme Preference Shares makes upon redemption of the Programme Preference Shares which does not reduce its “contributed tax capital” will generally constitute a dividend and will be treated as such (see treatment of dividends as set out above). In determining the capital gains tax implications arising in this regard, the amount of “proceeds” (as defined in the Eighth Schedule to the Income Tax Act) taken into account for capital gains tax purposes would generally be reduced by the amount of such dividend, subject to the application of, inter alia, the provisions contained in paragraph 43A of the Eighth Schedule to the Income Tax Act.

If any holder of Programme Preference Shares sold such shares, such holder would (i) realise a capital gain if the “proceeds” obtained by it on disposal exceeded the “base cost” (defined in the Eighth Schedule to the Income Tax Act) of the shares, or (ii) incur a capital loss if the “base cost” of the shares exceeded its “proceeds”. Resident holders of Programme Preference Shares would be subject to capital gains tax on such capital gains but non-resident holders of Programme Preference Shares would only be subject to capital gains tax on such capital gains if, inter alia, the Programme Preference Share was effectively connected with a permanent establishment of that non-resident in South Africa.

The capital gains tax provisions will not apply to the extent that the holder of the Programme Preference Shares constitutes a “covered person”, as defined in section 24JB of the Income Tax Act, and section 24JB of the Income Tax Act (see above) applies to the Programme Preference Shares.

Prospective subscribers for or purchasers of the Programme Preference Shares are advised to consult their own professional advisors as to whether a disposal or redemption of the Programme Preference Shares will result in a liability for capital gains tax.

Prospective purchasers of Notes and Products under the Warrant and Note Programme are advised to consult their own professional advisors as to whether a disposal or exercise in respect thereof will result in a liability for capital gains tax.

Withholding Tax

Notes

The withholding tax ("**WHT**") on interest payments from a South African source (see above) to non-residents at the rate of 15% (fifteen percent) came into effect on 1 March 2015. The WHT on interest applies to interest that is paid or that becomes due and payable on or after this date.

To the extent that any interest is paid to Noteholders who are South African tax residents, the WHT on interest will not apply.

The WHT on interest does not, however, apply to payments made to non-resident Noteholders in respect of any interest paid by a "bank" (defined as, inter alia, any bank as defined in section 1 of the Banks Act), provided there is not a "back-to-back" arrangement between any non-resident Noteholder and the bank. The WHT on interest does not apply to payments of interest made in respect of any "listed debt", which is defined as debt that is listed on a recognised exchange. The JSE Limited constitutes a recognised exchange in accordance with paragraph 1 of the Eighth Schedule to the Income Tax Act. Other exemptions may apply to interest payments made to non-resident Noteholders.

If interest paid to a Noteholder does not qualify for an exemption under the WHT on interest provisions, an exemption from, or reduction of, any WHT on interest liability may be available under an applicable double taxation treaty.

Documentary requirements exist in order to rely on certain of the exemptions from, or reductions in the rate of, the WHT on interest.

Prospective subscribers for or purchasers of Notes are advised to consult their own professional advisors as to whether the payment of any interest in respect of the Notes will result in a liability for the WHT on interest.

Programme Preference Shares

Under in the Income Tax Act, a WHT on dividends ("**Dividends Tax**") is imposed at the rate of 20% (twenty percent) on, inter alia, the amount of any dividend paid by a company which is a resident, subject to domestic exemptions or relief in terms of an applicable double taxation treaty.

With regard to cash dividends, section 64F of the Income Tax Act exempts various beneficial owners of dividends from the Dividends Tax. Amongst others, resident companies and “pension funds” (as defined in the Income Tax Act) are exempt from the Dividends Tax. Generally, natural persons and non-resident beneficial owners do not qualify for any of the domestic exemptions from the Dividends Tax. However, in respect of non-resident beneficial owners, an exemption from, or reduction of, any Dividends Tax liability may be available under an applicable double taxation agreement. Documentary requirements exist in order to rely on the exemptions from, or reductions in the rate of, the Dividends Tax.

The Dividends Tax legislation contained in the Income Tax Act contains provisions which deem certain payments made in terms of certain borrowed shares to constitute dividends paid by the borrower of the shares to the lender. Dividends Tax implications may also arise in respect of certain dividend cession transactions and in respect of certain resale agreements entered into in respect of certain shares.

Prospective subscribers for or purchasers of the Programme Preference Shares are advised to consult their own professional advisers as to whether the holding of any Programme Preference Shares will give rise to any Dividends Tax implications.

Definitions

The references to “interest” and “dividend” above mean “interest” and “dividend” respectively as understood in South African tax law. The statements above do not take account of any different definitions of “interest”, “dividends” or “principal” which may prevail under any other law or which may be created by the Applicable Terms and Conditions of the Securities or any related documentation.

References to “person” above shall mean “person” within the meaning given in section 1 of the Income Tax Act.

DESCRIPTION OF INVESTEC BANK LIMITED

1. OVERVIEW AND HISTORY

The Investec Group (Investec Ltd and its subsidiaries and Investec plc and its subsidiaries) partners with private, institutional and corporate clients, offering international banking, investments and wealth management services in two principal markets: South Africa and the UK, as well as certain other countries (for more information, see pages 5 of the 31 March 2023 Investec Bank Limited Annual Report).

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

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

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

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

On 14 September 2018, following a strategic review, the board of directors of the Investec Group announced the proposed demerger and separate listing of the Investec Asset Management business (thereafter to be known as Ninety One) (the "**Transaction**"). In March 2020, the Investec Group successfully completed the demerger of Ninety One, which became separately listed on 16 March 2020. The Investec Specialist Bank and Investec Wealth & Investment businesses remain part of the Investec Group's DLC structure. Full details of the Transaction are contained in the Investec Shareholder Circular (published on Friday 29 November 2019) as well as other Transaction documents and announcements, which can be found on Investec’s website at www.investec.com.

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

Investec Bank Limited ("**Bank**") is a wholly owned subsidiary of Investec Limited and was incorporated on 31 March 1969 with indefinite duration. The relevant legislation under which the Issuer operates as at the date of this Issuer Disclosure is listed in its Regulatory Universe documentation, however the principal legislation, is: (i) the Banks Act, 1990; (ii) the Companies Act, 2008; (iii) the Financial Intelligence Centre Amendment Act, 2017 together with other Anti-Money Laundering, Anti-Terrorist Financing, Sanctions and Anti-Bribery and Corruption laws; (iv) the National Credit Act, 2005 as amended in 2019; (v) the Financial Advisory and Intermediary Services Act, 2002; (vi) Financial Markets Act, 2012; (vii) the dual listing conditions pursuant to the Exchange Control Regulations, 1961 promulgated pursuant to the Currency and Exchanges Act, 1933, of South Africa; (viii) the Competition Act, 1998; (ix) National Environmental Management: Integrated Coastal Management Act, 2008 and National Environmental Management: Waste Act, 2008; (x) Conduct regulations and (xi) the JSE's rules and regulations. The Issuer is also subject to the Protection of Personal Information, 2013. The telephone number of the Issuer is: +27 (0)11 286 7000. The Company Secretary, Niki van Wyk, registered address is 100 Grayston Drive, Sandown, Sandton, 2196 and contact number is (011) 286 7957. The structure under which the Issuer operates as of the date of this Issuer Disclosure is as follows:

Investec Limited corporate structure

As at 31 March 2023, the major shareholders of Investec Limited, which owns 100% (one hundred per cent.) of the ordinary share capital of the Bank, were as follows:

Investec Limited

Shareholder analysis by manager group		Number of shares	% holding
1.	Public Investment Corporation (ZA)	46 718 319	15.6%
2.	Allan Gray (ZA)	24 863 033	8.3%
3.	IGL Share Scheme (UK & ZA)	15 165 799	5.1%
4.	Sanlam Group (ZA)	13 195 310	4.4%
5.	Old Mutual Investment Group (ZA)	10 902 583	3.6%
6.	The Vanguard Group Inc (US)	10 789 527	3.6%
7.	Truffle Asset Management (ZA)	9 714 656	3.2%
8.	Investec Staff Share Scheme (UK & ZA)	9 487 235	3.2%
9.	M&G Investments (UK & ZA)	7 614 816	2.5%
10.	BrightSphere Investment Group (UK & USA)	7 184 751	2.4%
	Cumulative total	**155 636 029**	**51.9%**

3. THE INVESTEC GROUP'S STRATEGY

Investec is a distinctive bank and wealth manager, driven by commitment to our core philosophies and values. We deliver exceptional service to our clients in the areas of banking and wealth management, striving to create long-term value for all our stakeholders and contributing meaningfully to our people, communities, and planet.

Our strategic direction

The One Investec strategy is, first and foremost, a commitment to drawing on the full breadth and depth of relevant capabilities to meet the needs of each and every client, regardless of specialisation or geography.

One Investec is also about improving internal operating efficiencies; ensuring that investments in infrastructure and technology support our differentiated service offering across the entire group, not just within specific operating units or geographies.

And in our allocation of capital, the One Investec strategy demands a disciplined approach to optimising returns, not merely for one region or business area but for the Group as a whole.

4 KEY STRENGTHS

Our distinction

The Investec distinction is embodied in our entrepreneurial culture, supported by a strong risk management discipline, client-centric approach, and an ability to be nimble, flexible, and innovative. We do not seek to be all things to all people. Our aim is to build well-defined, value-adding businesses

focused on serving the needs of select market niches where we can compete effectively and build scale and relevance.

Our unique positioning is reflected in our iconic brand, our high-tech and high-touch approach and our positive contribution to society, macro-economic stability, and the environment. Ours is a culture that values innovative thinking and stimulates extraordinary performance. We take pride in the strength of our leadership team, and we employ passionate, talented people who are empowered and committed to our mission and values.

Our values

Investec exists to create enduring worth for all our stakeholders: our clients, our people and the communities in which we operate.

This purpose is expressed in five key values that shape the way that we work and live within society:

1	2	3	4	5
Cast-iron integrity	**Distinctive performance**	**Client focus**	**Entrepreneurial spirit**	**Dedicated partnership**
We believe in long-term relationships built on mutual trust, open and honest dialogue and cast-iron integrity.	We thrive on energy, ambition and outstanding talent. We are open to fresh thinking. We believe in diversity and respect for others.	We are committed to genuine collaboration and unwavering dedication to our clients' needs and goals.	We are pioneers at heart. Shaped by our non-traditional origin and evolution, we share with our clients a willingness to challenge the status quo in pursuit of a better, more sustainable tomorrow.	We collaborate unselfishly in pursuit of group performance, through open and honest dialogue – using process to test decisions, seek challenge and accept responsibility.

4. **ACTIVITIES OF INVESTEC BANK LIMITED**

a. Specialist Banking

Our specialist teams are well positioned to provide solutions to meet private, business, corporate and institutional clients' needs. Each business provides specialised products and services to defined target markets as follows:

Focus on helping our clients create and preserve wealth	A highly valued partner and adviser to our clients
High-income and high net worth private clients	Corporates/government/institutional clients

Private client banking activities

Private Banking
- Transactional banking
- Lending
- Property finance
- Savings

Corporate, investment banking and other activities

Corporate and Institutional Banking
- Specialised lending
- Treasury and trading solutions
- Institutional research, sales and trading
- Life assurance products^

Investec for Business
- Import and trade finance lending
- Cash flow lending
- Asset finance

Investment Banking and Principal Investments
- Principal investments
- Advisory
- Debt and Equity Capital Markets

Natural linkages between the private client and corporate business

^ Investec Life, which houses these products, is operationally part of Corporate and Institutional Banking although legally it is a subsidiary of Investec Limited.

b. Group Investments

We have separated these assets from our core banking activities to make a more meaningful assessment of the underlying performance and value of the franchise businesses, while providing transparency over the standalone values of the assets classified as Group Investments.

5. DIRECTORATE AND CONFLICTS OF INTEREST

A list of the Bank's directors, including their respective biographies, is set out in the Issuer's current annual report, for 31 March 2023 (at pages 94 to 97) which is available on the website of the Issuer: the link to which is set out in the Warrant and Note Programme Memorandum and in the other Programmes under the section headed *Documents Incorporated by Reference*.

In accordance with paragraph 4.8(a) of the debt listings requirements of the JSE the directors and of the Issuer confirm that they have appropriate expertise and experience for the governance and management of the issuer and the Issuer's Group's business. Details of the director's biographies including details of their experience and expertise are set out in the latest Issuer's annual report which is available on the website of the Issuer by accessing the link included in the Warrant and Note Programme Memorandum and in the other Programmes under the section headed *Documents Incorporated by Reference.*

In accordance with paragraphs 4.10(b)(ii) to 4.10(b)(xii) and section 19 of the debt listings requirements of the JSE, the directors of Investec Bank Limited hereby confirm that they meet the fitness and proprietary requirements and do not have any pending litigious matters that would

disqualify them from serving on the board of the Company. More specifically, each of the Bank's directors confirms that there are no disclosures to be made in respect of:

- any bankruptcies, insolvencies, sequestrations or individual voluntary compromise arrangements;
- any business rescue plans and/or proceedings to commence business rescue proceedings, any applications to begin business rescue proceedings, any notices delivered in terms of Section 129(7) of the Companies Act, 2008, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary compromise arrangements, any scheme of arrangement any other executor appointed or any compromise or arrangement with creditors generally or any class of creditors of any company; where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding, any such event(s);
- any compulsory liquidations, administrations or partnership voluntary compromise arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event(s);
- any receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event;
- any public criticisms by a statutory or regulatory authority including recognised professional bodies
- any disqualification by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
- any offence involving dishonesty committed by such person;
- any convictions of any offence resulting in dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement;
- any barring from entry into any profession or occupation;
- any convictions in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act;
- any removal from an office of trust, on the grounds of misconduct and involving dishonesty; and
- any court order declaring such person delinquent or placing him under probation in terms of Section 162 of the Companies Act, 2008 and/or Section 47 of the Close Corporations Act, 1984 or disqualifying him/her to act as a director in terms of Section 219 of the Companies Act, 1973; and
- having ever being found guilty in disciplinary or other proceedings or a judgement made against the director, by an employer, regulatory body or court of law.

concerning each director of the Bank.

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

The business address for each of the directors is as follows;

Investec Bank Limited

100 Grayston Drive

Sandown, Sandton

2196

Telephone number: +27 (0)11 286 7000

Name of director Function within Bank	**Other outside directorships (*Role*)**
Richard John Wainwright	*Director:*
Chief Executive Officer	Investec Limited, Investec Plc, Bud Group Proprietary Limited, IEP Group Proprietary Limited, Wilcardo Investments Proprietary Limited, Seeds of Africa NPC, The Banking Association South Africa NPC, Southern Africa PGA Tour NPC, Peaconwood Syndicate No. 302 CC
	Alternate Director:
	Budvest Proprietary Limited, K2022679730 (South Africa) Proprietary Limited
Khumo Lesego Shuenyane	*Director:*
Non-Executive Director/Chairman	Bonkae Capital Proprietary Limited, Risible Trading Proprietary Limited, Sceptre Investments Proprietary Limited
	Non-Executive Director:
	Investec Life Limited, Investec Limited, Investec plc, ED Trust INL Investments 1 Proprietary Limited, Vodacom Group Limited, Investec Property Fund Limited, Ninety One Ltd, Ninety One plc, Africa Leadership Initiative South Africa, Flame Studios, Mandini Group Proprietary Limited
Zarina Bibi Mahomed Bassa	*Director:*
Non-Executive Director	Mediclinic International, Investec Limited, Investec Bank Plc, Investec plc, Investec Bank Mauritius Limited, investec Wealth & investment International Proprietary Limited, Investec Investment Management Proprietary Limited, investec Investment Platform Proprietary Limited, Investec Life Limited, Johannesburg Stock Exchange Limited, YES (RF) NPC – Youth Employment Services, Songhai Tourism and Events

Name of director Function within Bank	**Other outside directorships (*Role*)**
	Proprietary Limited, Zarina Bassa Investments (Pty) Ltd, Unit 5 Hermanus Beach Club Proprietary Limited, *Executive Chairman:* Songhai Capital Proprietary Limited
Philip Alan Hourquebie Non-Executive Director	*Director:* Aveng Limited, Investec Property Fund Limited, Somme Street Investments Proprietary Limited *Non-Executive Director:* Investec Limited, Investec plc
Morris Mthombeni Non-Executive Director	*Director:* Gordon Institute of Business Science, *Non-Executive Director:* Standard General Insurance Company Limited, Inno-Phemba Proprietary Limited,
Fani Titi Chief Executive Director	*Alternate Director:* IEP Group (Pty) Limited *Director:* Investec Limited, Investec Bank plc, Investec plc, Newshelf 1280 (RF) Proprietary Limited, ED Trust Global Capital Proprietary Limited, George Avenue Investments 101 Proprietary Limited, Gagasi 99.5 Proprietary Limited, MRC Media Proprietary Limited, Radio Heart 104.9 Proprietary Limited, Tsiya Consulting Services Proprietary Limited, Tsiya radio Proprietary Limited
Vanessa Olver Non-Executive Director	*Director*

Name of director Function within Bank	Other outside directorships (*Role*)
	The Olver and Rosewall Proprietary limited, The Duck and Elephant Proprietary Limited, The Duck and Elephant Holding Proprietary Limited, Quantum Change Proprietary Limited
	Non-Executive Director
	Investec Limited, Investec plc
Rupesh Govan	No external directorships
Financial Director	
Mvuleni Geoffrey Qhena	*Non-Executive Director*
Non-Executive Director	Telkom SA SOC Limited

6. **CORPORATE GOVERNANCE**

The board of directors of the Issuer endorses the code of corporate practices and conduct as set out in the King IV report and confirms that the Issuer is compliant with the provisions thereof. Please refer to the Issuer's annual report, available on the website of the Issuer for a detailed analysis of the Issuer's compliance with King IV, which may be found on the link provided in the Warrant and Note Programme Memorandum and the other Programmes in the section headed *Documents Incorporated by Reference.*

7. **The board hereby confirms that the Issuer is, and continues to act, in compliance with the provisions of the Companies Act of 2008 and in conformity with its Memorandum of Incorporation.**

8. **DEBT OFFICER/DEBT ISSUER AGENT**

Name of Debt Officer for JSE approved Programmes and Debt Issuer Agent for CTSE approved Programmes:

Function within Bank	**CV**
Laurence Adams Deputy Treasurer	Qualifications: PLD (Harvard) B.SC (Chem Eng) UCT, MBA (Wits), Derivatives Prof Cert (NYIF); CFA II candidate Relevant skills and experience Started career in 2002 as a chemical engineer obtaining a Nuclear reactor operator licence certification and then practicing at SAB Ltd. In 2007, Laurence moved into the financial services industry as a commodity trader at RMB which included structuring hedging solutions for commodity producers and consumers. He then joined Andisa (ex. Standard Risk and Treasury Management Services) in starting and heading up their office in Cape Town. Currently, Laurence is the Deputy Treasurer for Investec Bank limited with previous responsibilities including being the head of the Institutional Sales and Structuring business of which a big part of his responsibilities - for more than 8 years - has been the issuance of all listed and unlisted debt instruments on behalf of IBL and INL via the JSE (bonds, CLNs, Subdebt etc.). Laurence is a voting member of LPPF (a sub-committee of ALCO, of which he is also a voting member). He has represented Investec Bank and remains connected to the Institute of International Finance (IIF).

In accordance with paragraphs 4.10(b)(ii) to 4.10(b)(xii) of the debt listings requirements of the JSE, the debt officer hereby confirms that he meets the fitness and proprietary requirements and does not have any pending litigious matters that would disqualify him from serving on the board of a company. More specifically, the debt officer confirms that there are no disclosures to be made in respect of:

- any bankruptcies, insolvencies or individual voluntary compromise arrangements;

- any business rescue plans and/or proceedings to commence business rescue proceedings, any applications to begin business rescue proceedings, any notices delivered in terms of Section 129(7) of the Companies Act, 2008, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary compromise arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company; where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding, any such event(s);
- any compulsory liquidations, administrations or partnership voluntary compromise arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event(s);
- any receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event;
- any public criticisms of the Debt officer by statutory or regulatory authorities including recognised professional bodies;
- any disqualification by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
- any offence involving dishonesty committed by such person;
- any convictions of any offence resulting in dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement;
- any barring from entry into any profession or occupation;
- any convictions in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act;
- any removal from an office of trust, on the grounds of misconduct and involving dishonesty; and
- any court order declaring such person delinquent or placing him under probation in terms of Section 162 of the Companies Act, 2008 and/or Section 47 of the Close Corporations Act, 1984 or disqualifying him/her to act as a director in terms of Section 219 of the Companies Act, 1973,

concerning the debt officer.

POLICIES AND REGISTERS PURSUANT TO THE DEBT LISTINGS REQUIREMENTS OF THE JSE

The Issuer has prepared (i) a document titled "*Policy Document pursuant to the JSE Debt Listings Requirements*", which contains details of policies relating to board evaluation, nomination and appointment of directors; and (ii) a document titled "*Policy on Directors' Conflicts*". Both of these policy documents may be accessed via the link included in the Warrant and Note Programme Memorandum and in the other Programmes under the section headed *Documents Incorporated by Reference*.

CORPORATE INFORMATION

ISSUER

Investec Bank Limited

(Registration Number 1969/004763/06)

100 Grayston Drive

Sandton

South Africa

Contact: The Head, Financial Products

Telephone: 011 286 7000

COMPANY SECRETARY

Niki van Wyk

100 Grayston Drive,

Sandton

2196

Telephone: 011 286 7957

ARRANGER, DEALER AND DEBT SPONSOR/DEBT ISSUER AGENT

Investec Bank Limited

(Registration Number 1969/004763/06)

100 Grayston Drive

Sandton

South Africa

Contact: The Head, Financial Products

Telephone: 011 286 7000

AUDITORS TO THE ISSUER

PricewaterhouseCoopers Incorporated

4 Lisbon Lane

Waterfall City, 2090

South Africa

Tel. No. (011) 797-4000

Contact: Audit Partner- Investec Bank Limited

Ernst & Young Incorporated

102 Rivonia Road

Sandton, 2196

South Africa

Tel. No (011) 772-3000

Contact: Audit Partner- Investec Bank Limited