

**Programme Memorandum
dated 21 October 2014**



ABSA BANK LIMITED

(Incorporated with limited liability under registration number 1986/004794/06 in the Republic of South Africa)

**ZAR60,000,000,000
Domestic Medium Term Note Programme**

On 25 March 2004, Absa Bank Limited (the "**Issuer**") established a ZAR2,000,000,000 Domestic Medium Term Note Programme (the "**Programme**"). The Programme was supplemented in July 2005 and thereafter replaced and superseded by the Programme Memorandum dated 11 August 2008.

The Issuer wishes to amend the Programme further to reflect *inter alia* Regulation 38 of the "Capital Adequacy and Leverage" regulations published on 12 December 2012, promulgated under the Banks Act 1990. Accordingly, this Programme Memorandum supersedes and replaces the Programme Memorandum dated 11 August 2008. Any Notes (as defined below) issued under the Programme on or after the date of this Programme Memorandum are subject to the provisions described herein. This Programme Memorandum does not affect any Notes issued before the date of this Programme Memorandum.

Under this ZAR60,000,000,000 Domestic Medium Term Note Programme, Absa Bank Limited (the "**Issuer**") may from time to time issue notes (the "**Notes**") denominated in the Specified Currency and subject to the terms and conditions ("**Terms and Conditions**") contained in the sections of this Programme Memorandum headed "*Terms and Conditions of the Unsubordinated Notes, Tier 2 Notes and Additional Tier 1 Notes*". Notes may be issued in bearer, order or registered form (respectively, "**Bearer Notes**", "**Order Notes**" and "**Registered Notes**"). The maximum aggregate Principal Amount of all Notes from time to time outstanding will not exceed ZAR60,000,000,000 or its equivalent in the Specified Currency. The Notes will be subject to a minimum maturity of one month, or such other period as may be required from time to time by the applicable Capital Regulations. Save as set out in this Programme Memorandum, the Notes will not be subject to any maximum maturity.

Notes will be issued in individual Tranches which, together with other Tranches, may form a Series of Notes. Before the Issuer issues any Tranche of Notes, the Issuer shall complete and sign an Applicable Pricing Supplement based on the *pro forma* Applicable Pricing Supplement included in this Programme Memorandum, setting out details of such Notes. The Applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions (which may replace, modify or supplement the Terms and Conditions) in which event such other terms and conditions shall, to the extent so specified or to the extent inconsistent with the Terms and Conditions, replace, modify or supplement the Terms and Conditions for the purpose of such Tranche of Notes.

Notes to be issued under the Programme may comprise (i) unsubordinated Notes (the "**Unsubordinated Notes**"), (ii) Notes which are subordinated as described in this Programme Memorandum with a maturity date and with terms capable of qualifying the proceeds of such Notes as Tier 2 Capital (as defined in "*Terms and Conditions of the Unsubordinated Notes, Tier 2 Notes and Additional Tier 1 Notes*") (the "**Tier 2 Notes**"), (iii) Notes which are subordinated as described in this Programme Memorandum with no maturity date, ranking junior to the Tier 2 Notes and with terms capable of qualifying the proceeds of such Notes as Additional Tier 1 Capital (as defined in "*Unsubordinated Notes, Tier 2 Notes and Additional Tier 1 Notes*") (the "**Additional Tier 1 Notes**" and, together with the Tier 2 Notes, the "**Subordinated Notes**").

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see the section of this Programme Memorandum headed "**Risk Factors**".

The Programme has been registered with the JSE. Each Tranche of Notes may be listed on the Interest Rate Market of the JSE or on such other or further exchange(s) as may be determined by the Issuer and the Dealer(s) and subject to any Applicable Laws. With respect to a Tranche of Notes listed on the Interest Rate Market of the JSE, the Applicable Pricing Supplement(s) relating to that Tranche will be delivered to the JSE and the Central Securities Depository before the Issue Date, and the Notes in that Tranche may be traded by or through members of the JSE from the date specified in the Applicable Pricing Supplement. The trading of Notes listed on the Interest Rate Market of the JSE will take place in accordance with the rules and operating procedures for the time being of the JSE. The settlement of trades on the JSE will take place in accordance with the electronic settlement procedures of the JSE and the Central Securities Depository. The settlement and redemption procedures for a Tranche of Notes listed on another exchange, irrespective of whether that Tranche is listed on the Interest Rate Market of the JSE as well, will be specified in the Applicable Pricing Supplement.

Unlisted Notes may also be issued under this Programme. With respect to Notes not listed on the Interest Rate Market of the JSE, the placement of such unlisted Notes may be reported through the JSE reporting system in order for the settlement of trades to take place with the electronic settlement procedures of the JSE and the Central Securities Depository. In such event, the Applicable Pricing Supplement will be delivered to the JSE and the Central Securities Depository. With respect to Notes not to be listed on the Interest Rate Market of the JSE, and not to be settled through the electronic settlement procedures of the JSE and the Central Securities Depository, no Applicable Pricing Supplement will be delivered to the JSE.

The holders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the BESA Guarantee Fund Trust. Claims against the BESA Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the BESA Guarantee Fund Trust. Unlisted notes are not regulated by the JSE. Notes may be issued on a continuing basis and be placed by one or more Dealers appointed by the Issuer from time to time, which appointment may be for a specific issue or on an ongoing basis.

WEBBER WENTZEL

in alliance with > **Linklaters**

**Attorneys to the Issuer and the
Arranger**



Issuer
Absa Bank Limited



**Arranger, Dealer and Debt
Sponsor**
**Absa CIB, a division of Absa
Bank Limited**

Capitalised terms used in this Programme Memorandum are defined in the sections of this Programme Memorandum headed "*Terms and Conditions of the Unsubordinated Notes, Tier 2 Notes and Additional Tier 1 Notes*", unless separately defined in this Programme Memorandum and/or the Applicable Pricing Supplements. Expressions defined in this Programme Memorandum will bear the same meanings in supplements to this Programme Memorandum which do not themselves contain their own definitions

The Issuer certifies that to the best of its knowledge and belief there are no facts that have been omitted from this Programme Memorandum which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this Programme Memorandum contains all information required by Applicable Law and, in relation to any Tranche of Notes listed on the Interest Rate Market of the JSE, the JSE Listings Requirements. The Issuer accepts full responsibility for the information contained in this Programme Memorandum, the Applicable Pricing Supplements and the annual financial report and any amendments to the annual financial report or any supplement from time to time, except as otherwise stated therein.

The JSE assumes no responsibility or liability of whatsoever nature for the correctness of any of the statements made or opinions expressed or information contained in or incorporated by reference into this Programme Memorandum. The admission of any Tranche of Notes to the list of debt securities maintained by the JSE and the listing of such Notes on the Interest Rate Market of the JSE is not to be taken as an indication of the merits of the Issuer or the Notes. The JSE assumes no responsibility or liability of whatsoever nature for the contents of this Programme Memorandum or any Applicable Pricing Supplement or the annual financial report or any other information incorporated by reference into this Programme Memorandum (as amended or restated from time to time), and the JSE makes no representation as to the accuracy or completeness of this Programme Memorandum or any Applicable Pricing Supplement, the annual financial report or any other information incorporated by reference into this Programme Memorandum (as amended or restated from time to time). The JSE expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of this Programme Memorandum or any Applicable Pricing Supplement or the annual financial report or any other information incorporated by reference into this Programme Memorandum (as amended or restated from time to time).

This Programme Memorandum is to be read in conjunction with all documents which are deemed to be incorporated in this Programme Memorandum by reference. This Programme Memorandum shall be read and construed on the basis that such documents are incorporated into and form part of this Programme Memorandum. Any reference in this section to the Programme Memorandum, shall be read and construed as including such documents incorporated by reference.

The Arranger, the Dealers, their respective affiliates, other professional advisers and the JSE have not separately verified the information contained in this Programme Memorandum. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Arranger, the Dealers, their respective affiliates, other professional advisers or the JSE as to the accuracy or completeness of the information contained in this Programme Memorandum or any other information provided by the Issuer. The Arranger, the Dealers, their respective affiliates, other professional advisers and the JSE do not accept any liability in relation to the information contained in this Programme Memorandum or any other information provided by the Issuer in connection with the Programme.

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

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

Each investor contemplating the purchase of any Notes should make its own independent investigation and analysis of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the terms of the offering and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it in connection with such investment. The JSE, the Debt Sponsor, the Arranger and the Dealers do not undertake to review the financial condition or affairs of the Issuer nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Arranger or the Dealers.

Neither this Programme Memorandum nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any Notes.

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

The Notes will be obligations of the Issuer. The Notes will not be obligations of, or the responsibility of, or guaranteed by the Debt Sponsor, the Arranger or the Dealers. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes shall be accepted by, the Debt Sponsor, the Arranger or the Dealers.

None of the Issuer, the JSE, the Debt Sponsor, the Arranger or the Dealers makes any representation or warranties as to the settlement procedures of the Central Securities Depository or the JSE or any other relevant stock exchange.

This Programme Memorandum does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction.

The distribution of this Programme Memorandum and the offer or sale of Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Programme Memorandum or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Programme Memorandum and the offer or sale of Notes in the United States of America, the United Kingdom, the European Economic Area and South Africa. None of the Issuer, the Dealers, other professional advisers or the JSE represents that this Programme Memorandum may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Dealers, other professional advisers or the JSE which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Programme Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Dealers have represented that all offers and sales by them will be made on the same terms.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to any U.S. persons. In addition, there are restrictions on the distribution of this Programme Memorandum in South Africa and the United Kingdom. For a more complete description of certain restrictions on the offering, sale and delivery of Notes and distribution of this Programme Memorandum see the section of this Programme Memorandum headed "Subscription and Sale" below.

All references in this document to "**Rand**", "**ZAR**", "**South African Rand**", "**R**" and "**cent**" refer to the currency of South Africa.

In connection with the issue and distribution of any Tranche of Notes, the Issuer or a Dealer disclosed as the approved stabilisation manager (if any) in the Applicable Pricing Supplement or any person acting for it ("Stabilisation Manager") may, subject to the terms and conditions for stabilisation contained in the Applicable Pricing Supplement, over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the Issue Date. However, there may be no obligation on the Stabilisation Manager or any of its agents to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising is to be carried out in accordance with all Applicable Laws and the price/yield and size of the Tranche of Notes to be issued will be determined by the Issuer, each relevant Dealer(s) and/or the Arranger at the time of issue in accordance with the prevailing market conditions.

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DOCUMENTS INCORPORATED BY REFERENCE

The documents listed below are deemed to be incorporated into, and to form part of, this Programme Memorandum and are available for inspection by Noteholders, during normal office hours after the date of this Programme Memorandum, at the registered office of the Issuer:

- (i) the audited consolidated annual financial statements of the Issuer, for the financial years ended 31 December 2011, 31 December 2012 and 31 December 2013, and for each financial year ended thereafter, together with such statements, reports and notes attached to or intended to be read with such financial statements, and the reviewed unaudited interim consolidated financial results of the Issuer for each financial half-year commencing with the financial half-year ended 30 June 2014;
- (ii) each Applicable Pricing Supplement;
- (iii) any other supplement to this Programme Memorandum circulated by the Issuer from time to time;
- (iv) all information pertaining to the Issuer which is relevant to the Notes which is electronically disseminated on SENS to SENS subscribers; and
- (v) the constitutional documents of the Issuer, as amended from time to time.

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

The Programme Memorandum and any amendments or supplements thereto (including the Applicable Pricing Supplements) will be made available on the website of the JSE (www.jse.co.za). The Programme Memorandum and any amendments or supplements thereto (including the Applicable Pricing Supplements) and the financial statements of the Issuer referred to above will also be available on the website of the Issuer (www.absa.co.za). The most recently obtained monthly beneficial disclosure report made available by the relevant Participants to the Central Securities Depository will be made available for inspection by investors at the Specified Office of the Issuer.

The Issuer will, for so long as any Notes in a Tranche remain outstanding and listed on the Interest Rate Market of the JSE, publish a new Programme Memorandum or a supplement to this Programme Memorandum, as the case may be, if any of the information contained in this Programme Memorandum becomes outdated in a material respect; provided that no new Programme Memorandum or supplement to this Programme Memorandum, as the case may be, is required in respect of the Issuer's annual financial statements. The Issuer's annual consolidated financial statements may include risk factors which may be updated from time to time.

Any such new Programme Memorandum or Programme Memorandum as supplemented, as the case may be, will be deemed to have substituted the previous Programme Memorandum from the date of issue of the new Programme Memorandum or Programme Memorandum as supplemented, as the case may be.

In relation to any Tranche of Notes listed on the Interest Rate Market of the JSE, copies of any notices to Noteholders, including of meetings and any amendments to the Terms and Conditions or amendments to the rating of a Tranche of Notes and/or to the Programme Memorandum, shall be published on SENS. Any modification to the Terms and Conditions which may have a direct effect on the Issuer's compliance with the debt listings requirements of the JSE or such other Financial Exchange, as the case may be, will require the approval of the JSE or such other Financial Exchange.

In the event that the Issuer issues any Additional Tier 1 Notes under this Programme, the Applicable Pricing Supplement will address any additional requirements of the JSE in regard to hybrid financial instruments as set out in section 20 of the JSE Listings Requirements.

GENERAL DESCRIPTION OF THE PROGRAMME

A general description of the Programme and the Terms and Conditions is set out below. The general description does not purport to be complete and is taken from, and is qualified by, the remainder of this Programme Memorandum and, in relation to any particular Tranche of Notes, the Applicable Pricing Supplements.

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

This Programme Memorandum will only apply to Notes issued and outstanding under the Programme in an aggregate Principal Amount which does not exceed ZAR60,000,000,000 or its equivalent in such other currencies as Notes are issued, unless such amount is increased as set out below. For the purpose of calculating the aggregate Principal Amount of Notes issued under the Programme from time to time:

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

Each Tranche of Notes may be listed on the Interest Rate Market of the JSE or on such other or further exchange(s) as may be determined by the Issuer and the Dealer(s) and subject to any Applicable Laws. Unlisted Notes may also be issued. Claims against the BESA Guarantee Fund Trust may only be made in respect of trading of Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the BESA Guarantee Fund Trust.

In the event that the Issuer issues unlisted Notes, or any Notes are listed on any exchange other than the Interest Rate Market of the JSE, the Issuer shall, no later than the last day of the month of such issue, inform the JSE in writing of the Principal Amount and scheduled maturity date in respect of such Notes.

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

SUMMARY OF THE PROGRAMME

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

Issuer	Absa Bank Limited (registration number 1986/004794/06).
Risk Factors	There are certain factors that may affect the Issuer's ability to fulfill its obligations under Notes issued under the Programme. These are set out in the section of this Programme Memorandum headed " <i>Risk Factors</i> ". In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are also set out in the section of this Programme Memorandum headed " <i>Risk Factors</i> " and include the fact that the Notes may not be a suitable investment for all investors, certain risks relating to the structure of particular series of Notes and certain market risks.
Description of the Programme	Absa Bank Limited, ZAR60,000,000,000 Domestic Medium Term Note Programme.
Size of the Programme	Up to ZAR60,000,000,000 (or its equivalent in the Specified Currency) outstanding at any time. The Issuer may, without the consent of Noteholders, increase the maximum aggregate Principal Amount of Notes that may be outstanding in terms of the Programme in accordance with Applicable Laws and subject to any required regulatory approvals. The total authorised amount of the Programme at the time of the issue of any Tranche of Notes will be set out in the Applicable Pricing Supplement.
Arranger	Absa CIB, a division of Absa Bank Limited.
Dealers	Absa CIB, a division of Absa Bank Limited and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis, subject to the Issuer's right to terminate the appointment of any Dealer.
Calculation Agent	Absa CIB, a division of Absa Bank Limited, unless the Dealer or, in the case of a syndicated issue, the lead manager requests the Issuer to appoint, or the Issuer elects to appoint, in relation to a particular Tranche or Series of Notes, another entity as Calculation Agent, in which event that other entity, on execution of the Agency Agreement, shall act in such capacity in respect of that Tranche or Series of Notes.
Paying Agent	The Issuer, unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Notes, another entity as Paying Agent, in which event that other entity shall act in such capacity in respect of that Tranche or Series of Notes.
Transfer Agent	Absa CIB, a division of Absa Bank Limited or such other entity appointed as Transfer Agent by the Issuer from time to time.
Central Securities Depository	Strate Limited (registration number 1998/022242/06) or any additional or alternate depository approved by the Issuer, the Dealer(s) and the JSE.
Noteholder(s)	The holders of the Registered Notes (as recorded in the Register) and/or Bearers of the Bearer Notes and/or the Payees of the Order Notes.
Terms and Conditions	The terms and conditions of the Notes are set out below in this Programme Memorandum under the section " <i>Terms and Conditions of the Unsubordinated Notes, Tier 2 Notes and Additional Tier 1 Notes</i> " (the " <i>Terms and Conditions</i> ").
Form of Notes	Notes may be issued in the form of Registered Notes, Bearer Notes or

Order Notes as described in this Programme Memorandum under the section "*Form of the Notes*". Registered Notes will not be exchangeable for Bearer Notes and vice versa. Subordinated Notes may not be issued in bearer form and will only be issued in registered form.

Currencies	South African Rand or, subject to all Applicable Laws and, in the case of Notes listed on the Interest Rate Market of the JSE, the rules of the JSE, in such other currency as specified in the Applicable Pricing Supplement.
Issue Price	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at their Principal Amount or at a discount to, or premium over, their Principal Amount as specified in the Applicable Pricing Supplement.
Interest Period(s) or Interest Payment Date(s)	Such period(s) or date(s) as specified in the Applicable Pricing Supplement.
Denomination of Notes	Notes will be issued in such denominations as specified in the Applicable Pricing Supplement.
Status of the Notes	Notes may be issued on a subordinated or unsubordinated basis, as specified in the Applicable Pricing Supplement.
Status of the Unsubordinated Notes	The Unsubordinated Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 23 (<i>Negative Pledge</i>)) unsecured obligations of the Issuer, all as described in Condition 5.1 (<i>Status — Status of the Unsubordinated Notes</i>) of the Terms and Conditions and the Applicable Pricing Supplement.
Status of the Tier 2 Notes	The Tier 2 Notes constitute direct, unsecured and, in accordance with Condition 5.2.3 (<i>Subordination— Status of the Tier 2 Notes</i>) of the Terms and Conditions, subordinated obligations of the Issuer and rank <i>pari passu</i> without any preference among themselves and (save for those that have been accorded by law preferential rights) at least <i>pari passu</i> with all other claims of creditors of the Issuer which rank or are expressed to rank (and which are entitled to rank) <i>pari passu</i> with the Tier 2 Notes.
Status of the Additional Tier 1 Notes	Additional Tier 1 Notes constitute direct, unsecured and, in accordance with Condition 5.3.3 (<i>Subordination Status of the Additional Tier 1 Notes</i>) of the Terms and Conditions, subordinated obligations of the Issuer and rank <i>pari passu</i> without any preference among themselves and (save for those that have been accorded by law preferential rights) at least <i>pari passu</i> with all other claims of creditors of the Issuer which rank or are expressed to rank (and which are entitled to rank) <i>pari passu</i> with the Additional Tier 1 Notes. Additional Tier 1 Notes thus rank <i>pari passu</i> with all subordinated securities issued by the Issuer, the proceeds of which qualify as Additional Tier 1 Capital and all Non-Redeemable Non-Cumulative Preference Shares issued by the Issuer, the proceeds of which qualify as Additional Tier 1 Capital and are senior in respect of the rights and claims of the holders of Ordinary Shares and other Junior Securities.
Subordinated Notes and Capital Regulations	In order for the proceeds of the issue of a Tranche of Subordinated Notes to qualify as Additional Tier 1 Capital or Tier 2 Capital, as the case may be, Subordinated Notes must comply with the applicable Capital Regulations (including such Additional Conditions (if any) as are prescribed by the Registrar of Banks in respect of that Tranche of Subordinated Notes). The Issuer will specify in the Applicable Pricing Supplement whether any issue of Notes is an issue of Additional Tier 1 Notes, the proceeds of which are intended to qualify as Additional Tier 1 Capital, or Tier 2 Notes, the proceeds of which are intended to qualify as Tier 2 Capital. The Additional Conditions (if any) prescribed by the Registrar of Banks in respect of Subordinated Notes will be specified in the Applicable Pricing Supplement or a supplement to this Programme

Memorandum.

Maturities

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

Subject to the applicable Capital Regulations: (i) Additional Tier 1 Notes will be issued without a maturity date; and (ii) Tier 2 Notes will have a minimum maturity of 5 years and one day.

The Issuer shall comply with section 20 of the JSE Listing Requirements (Hybrid Financial Instruments) and the applicable provisions of the JSE Debt Listing Requirements, should the Issuer intend to issue Additional Tier 1 Notes.

The Issuer may redeem the Tier 2 Notes (and give notice thereof to the Noteholders) only if it has obtained the United Kingdom Prudential Regulation Authority's ("PRA") prior consent if such consent is required by the UK Capital Regulations for the redemption of the relevant Tier 2 Notes. This is more fully described in Condition 11.5.

Redemption

Subject to the description in "*Maturities*" above, Notes may be redeemable at par or at such other Redemption Amount (detailed in a formula, index or otherwise) as may be specified in the Applicable Pricing Supplement. Notes may also be redeemable in 2 or more instalments on such dates and in such manner as may be specified in the Applicable Pricing Supplement.

For so long as the Capital Regulations so require, Tier 2 Notes may be redeemed prior to the Maturity Date (after a minimum period of five years and one day after the Issue Date) only at the option of the Issuer and subject to the prior written approval of the Registrar of Banks and in accordance with the conditions (if any) approved by the Registrar of Banks in writing.

There is no fixed redemption date for Additional Tier 1 Notes. For so long as the Capital Regulations so require, Additional Tier 1 Notes may be redeemed only at the option of the Issuer, after a minimum period of five years and one day after the Issue Date, subject to the prior written approval of the Registrar of Banks and in accordance with the conditions (if any) approved by the Registrar of Banks in writing.

Unless the Registrar of Banks determines that the Issuer will be duly capitalised above the minimum capital requirements after a call option in respect of Subordinated Notes is exercised, the Issuer may not redeem such Subordinated Notes unless such Subordinated Notes are replaced by the Issuer with instruments of similar or better quality and the replacement is on conditions that are sustainable for the income capacity of the Issuer.

Optional Redemption

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

Tax Redemption

Except as described in "*Optional Redemption*" above, and subject to the description in "*Redemption*" above, early redemption will only be permitted for tax reasons as described in Condition 11.2 (*Redemption for tax reasons*) of the Terms and Conditions.

Redemption for Regulatory Reasons	Except as described in " <i>Optional Redemption</i> " and " <i>Tax Redemption</i> " above, early redemption of the Subordinated Notes in whole (but not in part) is permitted at the option of the Issuer if a Regulatory Event occurs and is continuing on the relevant interest payment date as described in Condition 11.3 (<i>Redemption for regulatory reasons</i>) of the Terms and Conditions.
Conversion or Write-Off	If a Non-Viability Trigger Event occurs, then the Issuer shall, in accordance with regulation 38(14)(a)(i) of the Tier 2 Capital Regulations or regulation 38(13)(b) of the Additional Tier 1 Capital Regulations, as the case may be, either write-off or convert to the most subordinated for of Common Equity Tier 1 Capital securities of the Issuer or the Controlling Company, the relevant Series of Subordinated Notes, in accordance with the provisions set out in the Applicable Pricing Supplement.
Interest	<p>Notes may be interest-bearing or non-interest bearing. Additional Tier 1 Notes and Tier 2 Notes must be interest-bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or, except in the case of the Subordinated Notes, be index-linked and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series of Notes.</p> <p>The Issuer may elect not to pay, and in certain circumstances is obliged not to pay, interest on Additional Tier 1 Notes as more fully set out in Condition 6.1 (<i>Non payment of interest</i>) of the Terms and Conditions.</p>
Stamp Duty	In terms of current South African legislation as at the date of this Programme Memorandum, no securities transfer tax is payable by the Issuer on the original issue of or on registration of transfer of, Notes, on the basis that the Notes will not comprise a "security" as defined in section 1 of the Securities Transfer Tax Act, 2007. Any future securities transfer tax that may be introduced will be for the account of the Noteholders.
Withholding tax	Under current taxation law in South Africa, all payments made under the Notes to resident and non-resident Noteholders will be made free of withholding or deduction for or on account of any taxes, duties, assessments or governmental charges. From 1 January 2015, withholding tax on interest in respect of certain debt instruments (which could include any Notes issued) may be applicable to certain persons, who are regarded as non-resident for tax purposes in South Africa. The withholding tax will be levied at a rate of 15%, but could be reduced by the relevant double taxation treaties. There are exemptions, which include interest paid in respect of any debt instrument listed on a recognised exchange. The JSE Limited would qualify as such an exchange, and therefore, subject to any legislative changes, the interest paid on the Notes will not be subject to interest withholding tax. In the event that such withholding or deduction is required by law, the Issuer will be obliged to pay additional amounts in relation thereto, subject to customary exceptions, as described in Condition 12.
Tax status	A summary of applicable current South African Tax legislation appears in the section of this Programme Memorandum headed " <i>South African Taxation</i> ". The section does not constitute tax advice and investors should consult their own professional advisers.
Governing Law	The Notes will be governed by, and construed in accordance with the laws of South Africa.
Listing	The Programme has been registered with the JSE. Notes issued under the Programme may be listed on the Interest Rate Market of the JSE or such other or further exchange(s) as may be determined by the Issuer and the Dealer(s) in relation to such issue and subject to any Applicable Laws. Unlisted Notes may also be issued under the Programme. Unlisted Notes are not regulated by the JSE. The Applicable Pricing Supplement in respect of a Tranche will specify whether or not such Notes will be listed

and, if so, on which exchange.

Register	The Register maintained by the Transfer Agent in terms of the Terms and Conditions.
Selling Restrictions	The distribution of this Programme Memorandum and any offering or sale of a particular Tranche of Notes may be restricted by law in certain jurisdictions, and are restricted by law in the United States of America, the United Kingdom and South Africa. Any relevant selling restrictions and other restrictions as may be required to be met in relation to an offering or sale of a particular Tranche of Notes shall be included in the Applicable Pricing Supplement. Persons who come into possession of this Programme Memorandum or the Applicable Pricing Supplement must inform themselves about and observe such restrictions.
Blocked Rand	Blocked Rand may be used for the purchase of Notes, subject to South African Exchange Control Regulations, 1961, promulgated under the Currency and Exchanges Act, 1933.
Distribution	Notes may be offered by way of private placement or any other means permitted by law and in each case on a syndicated or non-syndicated basis as determined by the Issuer and reflected in the Applicable Pricing Supplement.
Method of Transfer	The method of transfer is by registration for transfer of Notes to occur through the Register and by electronic book entry in the securities accounts of Participants or the Central Securities Depository, as the case may be, for transfers of Beneficial Interests in the Notes, in all cases subject to the restrictions described in this Programme Memorandum. The Notes will be fully paid up on the Issue Date and freely transferable.
Electronic Settlement	The Notes will be issued, cleared and settled in accordance with the rules of the JSE and the Central Securities Depository through the Strate electronic settlement system. Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") and Clearstream Banking Société anonyme ("Clearstream, Luxembourg") access the JSE through their Settlement Agent. The Notes will be cleared by the JSE recognised Settlement Agents which will follow the electronic settlement procedures, prescribed by the JSE and the Central Securities Depository. Interest and principal payments will be made via electronic funds transfer and cheques shall only be issued to holders of Definitive Certificates, if so requested by such Noteholders in writing.
Participants	Depository institutions accepted by the Central Securities Depository as participants in terms of the Financial Markets Act.
Settlement Agents	As at the date of this Programme Memorandum, the JSE recognised settlement agents, who are also Participants, are Absa Bank Limited, Citibank N.A., South Africa branch, FirstRand Bank Limited (RMB Custody and Trustee Services), Nedbank Limited, The Standard Bank of South Africa Limited, Standard Chartered Bank, Johannesburg branch, Société Générale, Johannesburg branch and the South African Reserve Bank. Euroclear and Clearstream, Luxembourg will settle offshore transfers through their Settlement Agent.
Negative Pledge	Unsubordinated Notes will have the benefit of a negative pledge as described in Condition 23 (<i>Negative Pledge</i>) of the Terms and Conditions.
Cross Default	Unsubordinated Notes will have the benefit of a cross default as described in Condition 13 (<i>Events of Default</i>) of the Terms and Conditions.

FORM OF THE NOTES

Notes may be issued as Registered Notes, Bearer Notes or Order Notes.

Each Tranche of Notes may be listed on the Interest Rate Market of the JSE or on such other or further exchange(s) as may be determined by the Issuer and the Dealer(s) and subject to any Applicable Laws. Unlisted Notes may also be issued under the Programme.

Each Tranche of Notes will be issued in accordance with the Terms and Conditions and represented by (i) Definitive Certificates in the form of Registered Notes (whether listed or unlisted), Bearer Notes (if unlisted) or Order Notes (if unlisted) or, (ii) no Certificate, if issued as a Registered Note in uncertificated form in terms of section 33 of the Financial Markets Act.

UNCERTIFICATED NOTES

Listed or unlisted Registered Notes

Notes issued in uncertificated form

If the Notes are to be listed on the Interest Rate Market of the JSE, the Issuer will, subject to Applicable Laws, issue such Notes in uncertificated form. Unlisted Notes may also be issued in uncertificated form.

Notes issued in uncertificated form will not be represented by any certificate or written instrument.

All transactions in uncertificated securities as contemplated in the Financial Markets Act will be cleared and settled in accordance with the Applicable Procedures. All the provisions relating to Beneficial Interests in the Notes held in the Central Securities Depository will apply to Notes issued in uncertificated form.

Beneficial Interests

The Central Securities Depository will hold each Tranche of Notes in uncertificated form, subject to the Financial Markets Act and the Applicable Procedures. Each Tranche of Notes issued in uncertificated form will be registered in the name of the Central Securities Depository's Nominee, and the Central Securities Depository's Nominee will be named in the Register as the sole Noteholder of such Tranche of Notes.

Accordingly, and except where the contrary is provided in the Terms and Conditions, all amounts to be paid and all rights to be exercised in respect of the Notes held in uncertificated form, will be paid to and may be exercised only by the Central Securities Depository's Nominee for the holders of Beneficial Interests in such Notes.

The Central Securities Depository maintains central securities accounts only for Participants. As at the date of this Programme Memorandum, the Participants are Absa Bank Limited, Citibank N.A., South Africa branch, FirstRand Bank Limited (RMB Custody and Trustee Services), Nedbank Limited, The Standard Bank of South Africa Limited, Standard Chartered Bank, Johannesburg branch, Société Générale, Johannesburg branch and the South African Reserve Bank.

The Participants are in turn required to maintain securities accounts for their clients. The clients of Participants may include the holders of Beneficial Interests in the Notes or their custodians. The clients of Participants, as the holders of Beneficial Interests or as custodians for such holders, may exercise their rights in respect of the Notes held by them in the Central Securities Depository only through their Participants.

In relation to each person shown in the records of the Central Securities Depository or the relevant Participant, as the case may be, as the holder of a Beneficial Interest in a particular Principal Amount of Notes, a certificate or other document issued by the Central Depository or such a Participant, as the case may be, as to the Principal Amount of such Beneficial Interest in the Notes standing to the account of any person shall be *prima facie* proof of such Beneficial Interest.

Transfers of Beneficial Interests in the Central Securities Depository to and from clients of the Participants occur by electronic book entry in the central securities accounts of the clients of the Participants. Transfers among Participants of Notes held in the Central Securities Depository system occur through electronic book entry in the Participants' central security accounts with the Central Securities Depository. Beneficial Interests may be transferred only in accordance with the Terms and Conditions and the rules and operating procedures for the time being of the Central Securities Depository, Participants and the JSE.

Beneficial Interests may be exchanged, without charge by the Issuer, for Definitive Certificates in accordance with the provisions of Condition 14 of the Terms and Conditions, in terms of section 35 of the Financial Markets Act.

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

DEFINITIVE CERTIFICATES

Listed or unlisted Registered Notes

The Notes represented by Definitive Certificates will be registered in the name of the individual Noteholders in the Register of Noteholders.

Notes represented by Definitive Certificates may be transferred only in accordance with the Terms and Conditions.

Payments of interest and principal in respect of Notes represented by Definitive Certificates will be made in accordance with Condition 8 of the Terms and Conditions, to the person reflected as the registered holder of such Definitive Certificates in the Register at 17h00 (South African time) on the Last Day to Register, and the Issuer will be discharged by proper payment to or to the order of the registered holder of the Certificate in respect of each amount so paid.

Unlisted Bearer or Order Notes

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

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

Title to Bearer Notes is subject to the Bearer obtaining the exemption from the National Treasury in respect of the prohibition on dealing in bearer securities as set out in regulation 15 of the Exchange Control Regulations.

LEGEND TO APPEAR ON ADDITIONAL TIER 1 NOTES CERTIFICATES

The Certificates representing Additional Tier 1 Notes will bear a legend to the following effect:

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

*The Notes represented by this Certificate constitute direct, unsecured and, in accordance with Condition 5.3.3 (Subordination) of the "Terms and Conditions of the Unsubordinated, Tier 2 and Additional Tier 1 Notes", subordinated obligations of the Issuer and rank **pari passu** without any preference amongst themselves. The Notes represented by this Certificate rank **pari passu** with all subordinated debt issued by the Issuer the proceeds of which subordinated debt qualify as "Additional Tier 1 Capital" (as defined in the Banks Act) and all Non-Redeemable Non-Cumulative Preference Shares issued by the Issuer the proceeds of which qualify as "Additional Tier 1 Capital" as defined in the Banks Act. The Notes represented by this Certificate rank senior only to the ordinary shares in the issued share capital of the Issuer and other common equity tier 1 capital issued by the Issuer.*

Subject to applicable law, if the Issuer is wound-up or put into liquidation or placed under business rescue or curatorship, voluntarily or involuntarily, the claims of the Holders of the Notes represented by this Certificate shall be subordinated to the claims of Depositors, Senior Creditors and holders of Subordinated Debt (each as defined, in relation to Additional Tier 1 Notes, in Condition 1 (Interpretation) of the "Terms and Conditions of the Unsubordinated, Tier 2 and Additional Tier 1

Notes"). In any such event, no amount shall be payable to any Holder of the Notes represented by this Certificate entitled to be paid amounts due under the Notes represented by this Certificate until the claims of Depositors, Senior Creditors and holders of Subordinated Debt which are admissible in any such winding-up, liquidation or administration have been paid or discharged in full, as set out more fully in Condition 5.3.2 (Status of the Additional Tier 1 Notes) of the "Terms and Conditions of the Unsubordinated, Tier 2 and Additional Tier 1 Notes".

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

The Registrar of Banks has approved the issue of the Notes represented by this Certificate in terms of the Banks Act (as read with Regulation 38(13)(b) of the "Regulations Relating to Banks" promulgated under the Banks Act) and for the proceeds thereof to rank as "Additional Tier 1 Capital" as defined in the Banks Act.

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

LEGEND TO APPEAR ON TIER 2 NOTES CERTIFICATES

The Certificates representing Tier 2 Notes will bear a legend to the following effect:

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

The Notes represented by this Certificate constitute direct, unsecured and, in accordance with Condition 5.2.3 (Subordination) of the "Terms and Conditions of the Unsubordinated Notes, Tier 2 and Additional Tier 1 Notes", subordinated obligations of the Issuer and rank **pari passu** without any preference amongst themselves and (save for those that have been accorded by law preferential rights) at least **pari passu** with all other claims of creditors of the Issuer which rank or are expressed to rank (and which are entitled to rank) **pari passu** with the Tier 2 Notes.

Subject to applicable law, if the Issuer is wound-up or put into liquidation or placed under business rescue or curatorship, voluntarily or involuntarily, the claims of the Holders of the Notes represented by this Certificate shall be subordinated to the claims of Depositors and Senior Creditors (each as defined, in relation to Tier 2 Notes, in Condition 1 (Interpretation) of the "Terms and Conditions of the Unsubordinated Notes, Tier 2 and Additional Tier 1 Notes "). In any such event, no amount shall be payable to any Holder of the Notes represented by this Certificate entitled to be paid amounts due under the Notes represented by this Certificate until the claims of Depositors and Senior Creditors which are admissible in any such winding-up, liquidation or administration have been paid or discharged in full, as set out more fully in Condition 5.2.2 (Status of the Tier 2 Notes) of the "Terms and Conditions of the Unsubordinated Notes, Tier 2 and Additional Tier 1 Notes ".

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

The Registrar of Banks has approved the issue of the Notes represented by this Certificate in terms of the Banks Act (as read with Regulation 38(14) of the "Regulations Relating to Banks" promulgated under the Banks Act) and for the proceeds thereof to rank as "Tier 2 Capital" as defined in the Banks Act.

The Notes represented by this Certificate are issued for a minimum period of 5 years and one day."

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfill its obligations under Notes issued under the Programme. 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 Notes issued under the Programme are also described below.

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

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

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

The Issuer's financial performance is subject to inherent risks concerning borrower credit

The Issuer's businesses are subject to inherent risks regarding borrower credit quality and the recoverability of loans and amounts due from counterparties. Changes in the credit quality of the Issuer's borrowers and counterparties or arising from systemic risk in the financial systems could reduce the value of the Issuer's assets, and require increased provisions for bad and doubtful debts. In addition, changes in economic conditions may result in deterioration in the value of security held against lending exposures and increase the risk of loss in the event of borrower default. The Issuer has established credit quality management policies and actively monitors credit exposure on an on-going basis to mitigate such risks.

The Issuer's businesses are inherently subject to the risk of market fluctuations

The Issuer's businesses are inherently subject to the risk of market fluctuations. In particular, the Issuer's activities are subject to interest rate risks and may in some cases also be subject to foreign exchange, bond and equity price risks. Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised between lending and borrowing costs. The performance of financial markets may cause changes in the value of the Issuer's investment and trading portfolios. The Issuer has implemented risk management methods to mitigate and control these and other market risks to which the Issuer is exposed. However, it is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on the Issuer's financial performance.

The Issuer's business may be exposed to the adverse effects of operational risks

The Issuer's businesses are subject to operational risk, and losses can result from inadequate or failed internal processes, documentation, people, systems, fraud, equipment failures, natural disasters or the failure of external systems, including those of the Issuer's suppliers and counterparties. The Issuer's systems, processes and internal controls are designed to ensure that the operational risks associated with its activities are appropriately monitored and controlled. In addition, business resumption and disaster recovery processes have been implemented to mitigate operational risks inherent in the Issuer's business.

Liquidity risk may impair the Issuer's ability to adequately fund its operations

Ready access to funds is essential to any banking business, including those operated by the Issuer. An inability on the part of the Issuer to access funds or to access the markets from which it raises funds may lead to the Issuer being unable to finance its operations adequately, which in turn could adversely affect its results of operations and financial condition. In particular, the Issuer takes deposits with maturities which are shorter than the loans it makes. This exposes the Issuer to the risk that depositors could withdraw their funds at a

rate faster than the rate at which borrowers repay their loans, thus causing liquidity strains. Additionally, the Issuer's ability to raise or access funds may be impaired by factors that are not specific to it, such as general market conditions, severe disruption of the financial markets or negative views about the prospects for the industries or regions in which the Issuer operates. In addition, the Issuer's borrowing costs and access to funds may be adversely affected by any reduction in its credit rating, and no assurance can be given that any rating agency will not at some time in the future reduce such credit ratings. The Issuer has developed and implemented risk management policies, procedures and processes designed to reduce this risk through active monitoring and reporting of its liquidity position.

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

The Issuer's risk management policies and procedures may not have identified or anticipated all potential risk exposures

The Issuer has devoted significant resources to developing its risk management policies and procedures, particularly in connection with credit, market, liquidity, interest rate and operational 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, including risks that are unidentified or unanticipated. 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 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 arising out of the Issuer's risk management techniques may have an adverse effect on its results of operations and financial condition.

The financial services industry in which the Issuer operates is 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 thus impacting market share. Many of the banks operating in the Issuer's markets compete for substantially the same customers as the Issuer. An increase in competition in some or all of the Issuer's principal markets may have an adverse effect on its financial condition and results of operations.

Concentration Risk

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

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

The Issuer's performance is dependent on the talents and efforts of key personnel, some of whom may have been employed by the Issuer for a substantial period of time and have developed with the business. The Issuer's continued ability to compete effectively and further develop its businesses also depends on its ability to attract new employees. 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. The Issuer has implemented programmes, for example its Graduate Programme, to attract new employees and equip them with appropriate skills.

Terrorist acts and other acts of war could have a negative impact on the business

Terrorist acts, and other acts of war or hostility and responses to those acts, may create economic and political uncertainties, which could have a negative impact on South Africa, and international economic conditions generally, and more specifically on the business and results of operations of the Issuer in ways that cannot be predicted.

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

The Issuer is subject to capital adequacy guidelines adopted by the SARB, which provide for a minimum target ratio of capital to risk-adjusted assets. Any failure by the Issuer to maintain its ratios may result in sanctions against the Issuer which may in turn impact on its ability to fulfill its obligations under the Notes (See "Description of the Issuer" for more detail in this regard).

Political, social and economic risks in South Africa or regionally may have an adverse effect on the Issuer's operations

The Issuer's operations are concentrated in South Africa with the majority of its revenues deriving from operations in South Africa. Operations in this market are subject to various risks which need to be assessed in comparison to jurisdictions elsewhere. These include political, social and economic risks specific to South Africa, such as general economic volatility, recession, inflationary pressure, exchange rate risks and exchange controls, which could affect an investment in the Notes. The existence of such factors may have an impact on South Africa and the results of the Issuer in ways that cannot be predicted.

The impact of any future change in law or regulation on the Issuer's business is uncertain

The nature and impact of future changes in laws, regulations and regulatory policies are not predictable and are beyond the Issuer's control, and changes in such laws, regulations and regulatory policies may have an adverse effect on the Issuer's financial condition and results of operations.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

The Notes may not be a suitable investment for all investors

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

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

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

Risks related to the structure of a particular issue of Notes

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

The Notes may be redeemed prior to maturity

Unless in the case of any particular Tranche of Notes the final terms in the Applicable Pricing Supplement specify otherwise, the Issuer may redeem all outstanding Notes on the occurrence of certain tax events or regulatory events in accordance with the Terms and Conditions.

In addition, if in the case of any particular Tranche of Notes the final terms in the Applicable Pricing Supplement specify that the Notes are redeemable at the Issuer's option in certain other circumstances, the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes. Any redemption of Tier 2 Notes prior to their Maturity Date and any redemption of Additional Tier 1 Notes requires the prior written approval of the Registrar of Banks and is subject to a number of other restrictions as more particularly described in Condition 11.5 of the Terms and Conditions of the Unsubordinated, Tier 2 and Additional Tier 1 Notes respectively.

Notes subject to optional redemption by the Issuer

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

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to 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 Notes

The Issuer may issue Notes with principal or interest 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"). Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) 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 Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of its particular circumstances.

Partly-paid Notes

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

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates 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.

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.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest 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 Notes 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 Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. 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 Notes.

Notes issued at a substantial discount or premium

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

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

The payment obligations of the Issuer under Subordinated Notes will rank behind Unsubordinated Notes and in particular the payment obligations of the Issuer under (a) Additional Tier 1 Notes will rank behind Unsubordinated Notes and Tier 2 Notes, , and (b) Tier 2 Notes will rank behind Unsubordinated Notes See Condition 5 in respect of the Terms and Conditions of the Unsubordinated , Tier 2 and Additional Notes for a full description of subordination and the payment obligations of the Issuer under Additional Tier 1 Notes and Tier 2 Notes respectively.

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 is wound-up, the Issuer will be required to pay or discharge the claims of Depositors, Senior Creditors and (other than in the case of Tier 2 Notes) the holders of Subordinated Debt (each as defined in Condition 1 of the Terms and Conditions of the Unsubordinated, Tier 2 and Additional Tier 1 Notes) 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 the relevant Subordinated Notes. There is no limitation on the ability of the Issuer to issue debt securities in the future that would rank in a winding-up, liquidation or administration equal or senior to the Subordinated Notes.

Deferral of, or election not to pay, interest payments

The Issuer may elect not to pay, or to defer the payment of, any interest amounts due to holders of Additional Tier 1 Notes in accordance with Condition 6.1.1 of the Terms and Conditions. The Issuer may also not be obliged to pay interest in relation to Additional Tier 1 Notes in the circumstances described in Condition 6.1.2 and 6.1.3 of the Terms and Conditions.

Any election not to pay or to defer interest payments in respect of Additional Tier 1 Notes may have an adverse effect on the market price of such Additional Tier 1 Notes. In addition, as a result of an election not to pay or to defer provision of such Additional Tier 1, the market price of such Tier 1 Notes may be more volatile than the market prices of other debt securities of the Issuer on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in the Issuer's financial condition.

If an election is made not to pay any Interest Amount on an Interest Payment Date in respect of Additional Tier 1 Notes, the Issuer and the Controlling Company will, from such Interest Payment Date, until the Issuer next pays in full the Interest Amounts due and payable on any succeeding Interest Payment Date on all outstanding Additional Tier 1 Notes, be restricted from declaring or paying distributions or dividends or paying any interest on, or from redeeming or purchasing, any Junior Securities or Parity Securities, except in limited circumstances, all as more fully described in Condition 6.2 of the Terms and Conditions of the Additional Tier 1 Notes.

In relation to Additional Tier 1 Notes, if the Issuer elects not to pay, or to defer payment of, interest amounts, such failure to pay interest amounts shall not constitute a default by the Issuer or any other breach of obligations under the Notes or for any other purpose and a Noteholder will have no claim in respect of any such non-payment.. The Additional Tier 1 Notes will have no maturity date and will only be redeemable in certain circumstances, as further set out in Condition 11.5 of the Terms and Conditions.

Risks related to Notes generally

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

Modification, waivers and substitution

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

Change of law

Certain Conditions of the Notes are governed by English law, while a number of conditions are governed by South African law, in effect as at the date of this Programme Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to English law or South African law or administrative practice after the date of this Programme Memorandum.

Trading in the clearing systems

In relation to Notes which have a minimum denomination and are tradeable in the clearing systems in amounts above such minimum denomination which are smaller than it, should definitive Notes be required to be issued, a holder who does not have an integral multiple of the minimum denomination in his account with the relevant clearing system at the relevant time may not receive all of his entitlement in the form of definitive Notes unless and until such time as his holding becomes an integral multiple of the minimum denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination which is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

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

Notes 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 Notes 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 Notes that are especially sensitive to interest 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 Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

In addition, Noteholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Programme Memorandum), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. Such lack of liquidity may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the assets of the Issuer. The Issuer cannot predict whether these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes 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 (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

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.

Interest rate risks

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

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. 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 Notes. 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. Any adverse change in the applicable credit rating could adversely affect the trading price for the Notes issued under the Programme.

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 (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Risks relating to South Africa

Risk relating to Emerging Markets

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

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

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

- internal security issues.

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

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

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

Regulatory Environment

The Issuer is subject to government regulation in South Africa. Regulatory agencies have broad jurisdiction over many aspects of the Issuer's business, which may include capital adequacy, premium rates, marketing and selling practices, advertising, licensing agents, policy forms, terms of business and permitted investments.

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

Exchange Controls

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

PRO FORMA PRICING SUPPLEMENT OF THE UNSUBORDINATED NOTES, TIER 2 NOTES AND ADDITIONAL TIER 1 NOTES

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Unsubordinated Notes, Tier 2 Notes and Additional Tier 1 Notes issued under the Programme:

Absa Bank Limited

(Incorporated with limited liability in South Africa under registration number 1986/004794/06)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] with Stock Code []

Under its ZAR60,000,000,000 Domestic Medium Term Note Programme

This document constitutes the Applicable Pricing Supplement relating to the issue of the Tranche of Notes described in this Pricing Supplement.

This Pricing Supplement must be read in conjunction with the Programme Memorandum issued by Absa Bank Limited dated [●] 2013, as amended. To the extent that there is any conflict or inconsistency between the contents of this Pricing Supplement and the Programme Memorandum, the provisions of this Pricing Supplement shall prevail.

Any capitalised terms not defined in this Pricing Supplement shall have the meanings ascribed to them in the Terms and Conditions of the Unsubordinated Notes, Tier 2 Notes and Additional Tier 1 Notes. References in this Pricing Supplement to the Terms and Conditions are to the section of the Programme Memorandum "Terms and Conditions of the Unsubordinated Notes, Tier 2 Notes and Additional Tier 1 Notes". References to any Condition in this Pricing Supplement are to that Condition of the Terms and Conditions.

The Issuer certifies that to the best of its knowledge and belief there are no facts that have been omitted from the Programme Memorandum which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the Programme Memorandum contains all information required by Applicable Law and, in relation to any Tranche of Notes listed on the Interest Rate Market of the JSE, the JSE Debt Listings Requirements. The Issuer accepts full responsibility for the information contained in the Programme Memorandum, the Pricing Supplements and the annual financial report and any amendments to the annual financial report or any supplements from time to time, except as otherwise stated therein.

DESCRIPTION OF THE NOTES

1. Issuer	Absa Bank Limited
2. Status of Notes	[Unsubordinated Notes] [Subordinated Notes : Tier 2 Notes / Additional Tier 1 Notes]
3. (a) Tranche Number	[]
(b) Series Number	[]
4. Aggregate Principal Amount	[]
5. Interest/Payment Basis	[Fixed Rate/Floating Rate/Zero Coupon/Indexed Interest /Indexed Redemption Amount/Partly Paid/Instalment/Exchangeable/other]
6. Form of Notes	[Registered Notes/Bearer Notes/Order] Notes]
7. Security	Unsecured
8. Automatic/Optional Conversion from one Interest/Payment Basis to another	[insert details including date for conversion]
9. Issue Date and First Settlement Date	[]
10. Business Centre	[]

- | | |
|---|--|
| 11. Additional Business Centre | [] |
| 12. Specified Denomination | [] |
| 13. Issue Price | [] |
| 14. Interest Commencement Date | [] |
| 15. Maturity Date | [] |
| 16. Specified Currency | [] |
| 17. Applicable Business Day Convention | [Floating Rate Business Day/Following Business Day/Modified Following Business Day/Preceding Business Day/other convention – insert details] |
| 18. Calculation Agent | [] |
| 19. Specified Office of the Calculation Agent | [] |
| 20. Paying Agent | [] |
| 21. Specified Office of the Paying Agent | [] |
| 22. Transfer Agent | [] |
| 23. Specified Office of the Transfer Agent | [] |
| 24. Final Redemption Amount | [] |

PARTLY PAID NOTES

- | | |
|--|-----------------|
| 25. Amount of each payment comprising the Issue Price | [] |
| 26. Date upon which each payment is to be made by Noteholder | [] |
| 27. Consequences (if any) of failure to make any such payment by Noteholder | [] |
| 28. Interest Rate to accrue on the first and subsequent instalments after the due date for payment of such instalments | [] percent |

INSTALMENT NOTES

- | | |
|---|---------|
| 29. Instalment Dates | [] |
| 30. Instalment Amounts (expressed as a percentage of the aggregate Principal Amount of the Notes) | [] |

FIXED RATE NOTES

- | | |
|---|----------------------------|
| 31. (a) Fixed Interest Rate | [] percent, per annum |
| (b) Interest Payment Date(s) | [Dates/Periods] |
| (c) Initial Broken Amount | [] |
| (d) Final Broken Amount | [] |
| (e) Any other terms relating to the particular method of calculating interest | [] |

FLOATING RATE NOTES

- | | |
|---|-----------------|
| 32. (a) Interest Payment Date(s) | [Dates/Periods] |
| (b) Interest Period(s) | [] |
| (c) Definitions of Business Day (if different from that set out in Condition 1 of the Terms and Conditions) | [] |
| (d) Minimum Interest Rate | [] percent |
| (e) Maximum Interest Rate | [] percent |
| (f) Other terms relating to the method of calculating interest (e.g., Day Count Fraction, rounding up provision, if different from Condition 6 of the Terms and Conditions) | [] |

33. Manner in which the Interest Rate is to be determined [ISDA Determination/Screen Rate
Determination/other (insert details)]
34. Margin [(+/-) • percent to be added to/subtracted
from the relevant (ISDA Rate/Reference
Rate)]
35. If ISDA Determination
- (a) Floating Rate []
 - (b) Floating Rate Option []
 - (c) Designated Maturity []
 - (d) Reset Date(s) []
36. If Screen Determination
- (a) Reference Rate (including relevant period by
reference to which the Interest Rate is to be
calculated) [e.g. ZAR-JIBAR-SAFEX]
 - (b) Interest Determination Date(s) []
 - (c) Relevant Screen Page and Reference Code []
37. If Interest Rate to be calculated otherwise than by
reference to the previous 2 sub-paragraphs, insert basis
for determining Interest Rate/Margin/Fall back provisions []
38. If different from the Calculation Agent, agent responsible
for calculating amount of principal and interest []

MIXED RATE NOTES

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

ZERO COUPON NOTES

40. (a) Implied Yield []
- (b) Reference Price []
 - (c) Any other formula or basis for determining
amount(s) payable []

INDEXED NOTES

41. (a) Type of Indexed Notes [Indexed Interest Notes/Indexed
Redemption Amount Notes]
- (b) Index/Formula by reference to which Interest
Amount/Final Redemption Amount is to be
determined []
 - (c) Manner in which the Interest Amount/Final
Redemption Amount is to be determined []
 - (d) Interest Period []
 - (d) Interest Payment Date(s) []
 - (f) If different from the Calculation Agent, agent
responsible for calculating amount of principal and
interest []
 - (g) Provisions where calculation by reference to Index
and/or Formula is impossible or impracticable []

EXCHANGEABLE NOTES

42. Mandatory Exchange applicable? [Yes/No]
43. Noteholders' Exchange Right applicable? [Yes/No]
44. Exchange Securities []
45. Manner of determining Exchange Price []
46. Exchange Period []
47. Other []

OTHER NOTES

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

PROVISIONS REGARDING REDEMPTION

49. Prior consent of Registrar of Banks required for any redemption prior to the Maturity Date [Yes/No] [Consent of the Registrar of Banks will be necessary where the Notes are Subordinated Notes]
50. Redemption at the option of the Issuer: If yes: [Yes/No]
- (a) First Optional Redemption Date []
- (b) Optional Redemption Date(s) []
- (c) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s) []
- (d) Minimum period of notice (if different to Condition 11.4 of the Terms and Conditions) []
- (e) If redeemable in part:
- Minimum Redemption Amount(s) []
- Higher Redemption Amount(s) []
- (f) Approval(s) of Registrar of Banks [Applicable/Not Applicable] [Note: only applicable where Notes are Subordinated Notes]
- (g) Other terms applicable on Redemption []
51. Redemption at the option of the Noteholders: If yes: [Yes/No] [Only applicable to Unsubordinated Notes]
- (a) Optional Redemption Date(s) []
- (b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s) []
- (c) Minimum period of notice (if different to Condition 11.5 of the Terms and Conditions) []
- (d) If redeemable in part:
- Minimum Redemption Amount(s) []
- Higher Redemption Amount(s) []
- (e) Other terms applicable on Redemption []
- (f) Attach *pro forma* put notice(s)
52. Early Redemption Amount(s) []
- (a) Early Redemption Amount (Regulatory) [Principal Amount plus accrued interest (if any) to the date fixed for redemption]
- (b) Early Redemption Amount (Tax) [Principal Amount plus accrued interest (if any) to the date fixed for redemption]

(c) Early Termination Amount

[]

NON-VIABILITY TRIGGER EVENT

[Note: only applicable where Notes are Subordinated Notes]

53. Conversion upon the occurrence of a Non-Viability Trigger Event specified by the Registrar of Banks in terms of Regulation 13(b)(i) or 14(a)(i) of the Additional Tier 1 Capital Regulations or the Tier 2 Capital Regulations, as the case may be

[Yes/No] [Note: Insert mechanics]

54. Write-off upon the occurrence of a Non-Viability Trigger Event specified by the Registrar of Banks in terms of Regulation 13(b)(i) or 14(a)(i) of the Additional Tier 1 Capital Regulations or the Tier 2 Capital Regulations, as the case may be

[Yes/No] [Note: Insert mechanics]

GENERAL

55. Additional selling restrictions

[]

56. (a) International Securities Numbering (ISIN)

[]

- (b) Stock Code

[]

57. Financial Exchange

[]

58. Method of distribution

[]

59. If syndicated, names of managers

60. Receipts attached? If yes, number of Receipts attached

[Yes/No]

[]

61. Coupons attached? If yes, number of Coupons attached

[Yes/No]

[]

62. Talons attached? If yes, number of Talons attached

[Yes/No]

[]

63. Credit Rating assigned to Notes (if any), date of such rating and date for review of such rating

[]

64. Rating Agency (if any)

[]

65. Stripping of Receipts and/or Coupons prohibited as provided in Condition 15.4 of the Terms and Conditions?

[Yes/No]

66. Governing law (if the laws of South Africa are not applicable)

[]

67. Other Banking Jurisdiction

[]

68. Last Day to Register

[], which shall mean that the "Books Closed Period" (during which the Register will be closed) will be from each Last Day to Register to the applicable Payment Day until the date of redemption

69. Books Closed Period

[]

70. Calculation Agent

[]

71. Specified Office of the Calculation Agent

[]

72. Transfer Agent

[]

73. Specified Office of the Transfer Agent

[]

74. Paying Agent

[]

75. Specified Office of the Paying Agent

[]

76. Debt Sponsor

[]

77. Stabilisation Manager (if any)

[]

78. Pricing Methodology

[]

79. Authorised amount of the Programme

[]

80. Aggregate Outstanding Principal Amount of all Notes in issue on the Issue Date of this Tranche

[]

81. Set out the relevant description of any additional/other []
Terms and Conditions relating to the Notes (including
covenants, if any)

82. Negative Pledge Condition 23 [Applicable/Not
Applicable][Note: does not apply to
Subordinated Notes]

Application [is hereby] / [will not be] made to list this issue of Notes on [insert date] pursuant to the Absa Bank Limited Domestic Medium Term Note Programme. The Programme was registered with the JSE on [....].

ABSA BANK LIMITED

Issuer

By: _____
Director, duly authorised

By: _____
Director, duly authorised

Date: _____

Date: _____

TERMS AND CONDITIONS OF THE UNSUBORDINATED NOTES, TIER 2 NOTES AND ADDITIONAL TIER 1 NOTES

The following are the Terms and Conditions of the Unsubordinated Notes, Tier 2 Notes and Additional Tier 1 Notes to be issued by the Issuer. Notes will be issued in individual Tranches which, together with other Tranches, may form a Series of Notes. Before the Issuer issues any Tranche of Notes, the Issuer shall complete, sign and deliver to the JSE and the Central Securities Depository an Applicable Pricing Supplement, based on the pro forma Pricing Supplement included in the Programme Memorandum, setting out details of such Notes. The Applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Tranche of Notes. The Terms and Conditions set out below and the Applicable Pricing Supplement will be deemed to be incorporated by reference into each Certificate evidencing any Notes.

1. INTERPRETATION

- | | | |
|-------|--|---|
| 1.1 | "Absa CIB" | Absa Corporate and Investment Bank (a division of Absa Bank Limited), a company incorporated in accordance with the laws of South Africa, registration number 1986/004794/06; |
| 1.2 | "Additional Tier 1 Capital" | "Additional Tier 1 Capital" as defined in section 1(1) of the Banks Act; |
| 1.3 | "Additional Tier 1 Capital Regulations" | Regulation 38(13)(b) of the "Regulations Relating to Banks" promulgated under the Banks Act and such other provisions of the Capital Regulations with which Additional Tier 1 Notes must comply in order for the proceeds of the issue of such Notes to qualify as Additional Tier 1 Capital; |
| 1.4 | "Additional Tier 1 Noteholder" | a Holder of an Additional Tier 1 Note; |
| 1.5 | "Additional Tier 1 Notes" | Notes specified as such in the Applicable Pricing Supplement and complying with the Additional Tier 1 Capital Regulations; |
| 1.6 | "Additional Conditions" | in relation to any issue of Notes, the proceeds of which are intended by the Issuer to qualify as Tier 2 Capital or Additional Tier 1 Capital, as the case may be, such conditions, in addition to the conditions specified in the applicable Capital Regulations, as may be prescribed by the Registrar of Banks for the proceeds of the issue of such Notes to qualify as Tier 2 Capital or Additional Tier 1 Capital, as the case may be, pursuant to the approval granted by the Registrar of Banks for the issue of such Notes, as specified in the Applicable Pricing Supplement; |
| 1.7 | "Agency Agreement" | the agreement concluded between the Issuer, the Paying Agent, the Calculation Agent and the Transfer Agent, or a separate agreement between the Issuer and each of the Paying Agent, the Calculation Agent and the Transfer Agent, unless the Issuer itself acts in any of the abovementioned capacities; |
| 1.8 | "Applicable Laws" | In relation to a person, all and any: |
| 1.8.1 | | statutes and subordinate legislation; |
| 1.8.2 | | regulations, ordinances and directives; |
| 1.8.3 | | by-laws; |
| 1.8.4 | | codes of practice, circulars, guidance notices, judgments and decisions of any competent authority; and |

1.8.5		other similar provisions, from time to time;
1.9	"Applicable Pricing Supplement"	in relation to a Tranche of Notes, the pricing supplement completed and signed by the Issuer in relation to the issue of that Tranche of Notes, setting out such additional and/or other terms and conditions as are applicable to that Tranche of Notes, based upon the <i>pro forma</i> pricing supplement which is set out in the section of the Programme Memorandum headed " <i>Pro Forma Pricing Supplement</i> ";
1.10	"Applicable Procedures"	the rules and operating procedures for the time being of the Central Securities Depository, Settlement Agents, the JSE and/or any Financial Exchange, as the case may be;
1.11	"Arranger"	Absa CIB;
1.12	"Assets"	the total amount of the non consolidated gross assets of the Issuer as shown in the latest published audited non consolidated balance sheet of the Issuer, but adjusted for contingencies and subsequent events in such manner as the directors of the Issuer, the auditors of the Issuer or a liquidator, judicial manager, administrator or curator of the Issuer (if applicable) may determine;
1.13	"Banks Act"	the Banks Act, 1990;
1.14	"Barclays Africa Group"	the Controlling Company, the Issuer and any of the respective wholly-owned consolidated subsidiaries of the Controlling Company or the Issuer;
1.15	"Barclays Africa Group Subsidiary"	a subsidiary of the Barclays Africa Group;
1.16	"Bearer"	the bearer of a Certificate evidencing a Bearer Note or of a Receipt or Coupon attached to such Certificate on issue;
1.17	"Bearer Note"	a Note payable to the Bearer thereof, transferable by way of delivery in accordance with Condition 15.2 and the term " <i>Bearer Note</i> " shall include the rights to payment of any interest or principal represented by a Coupon or Receipt (if any) attached on issue to the Certificate evidencing such Bearer Note;
1.18	"Beneficial Interest"	in relation to a Note, an interest as co-owner of an undivided share in an Uncertificated Note, in accordance with the Financial Markets Act;
1.19	"BESA"	the Bond Exchange of South Africa Limited (registration number 2007/034441/06), which was a licensed financial exchange in terms of the Financial Markets Act, prior to its merger, on 22 June 2009, with the JSE;
1.20	"BESA Guarantee Fund Trust"	the Guarantee Fund Trust established and operated by the JSE as a separate Guarantee Fund Trust, in terms of the rules of the JSE, as required by sections 8(1)(h) and 15(2) of the Financial Markets Act or any successor fund;
1.21	"Books Closed Period"	the period during which the Transfer Agent will not record any transfer of Notes in the Register, as specified in the Applicable Pricing Supplement;
1.22	"Business Day"	a day (other than a Saturday or Sunday or public holiday within the meaning of the Public Holidays Act, 1994) which is a day on which commercial banks settle ZAR payments in Johannesburg or any Additional Business Centre specified in the Applicable Pricing Supplement save that if the Specified Currency is not ZAR, " <i>Business Day</i> " shall mean a day (other than a Saturday or Sunday) which is a day on which commercial banks and foreign

		exchange markets settle payments in the principal financial centre of the Specified Currency and in each (if any) Additional Business Centre, save further that if the Applicable Pricing Supplement so provides, " <i>Business Day</i> " shall include a Saturday;
1.23	"Calculation Agent"	Absa CIB unless the Dealer, or in the case of a syndicated issue, the lead manager, requests the Issuer to appoint or the Issuer elects to appoint, in relation to a particular Tranche or Series of Notes, another entity as Calculation Agent, in which event that other entity shall act, on execution of the Agency Agreement, as a Calculation Agent in respect of that Tranche or Series of Notes;
1.24	"Call Option"	has the meaning given in the Applicable Pricing Supplement;
1.25	"Capital Regulations"	at any time, any legislation, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in South Africa in relation to banks registered under the Banks Act and licensed to conduct the business of a bank in South Africa (including the Additional Conditions (if any)) (or if the Issuer becomes domiciled in a jurisdiction other than South Africa, any legislation, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in such other jurisdiction in relation to banks registered in, and licensed to conduct the business of a bank in, such other jurisdiction);
1.26	"Central Securities Depository"	Strate Limited (registration number 1998/022242/06), or its nominee, operating in terms of the Financial Markets Act a central securities depository, or any additional or alternate depository approved by the Issuer, the Dealer(s) and the JSE;
1.27	"Central Securities Depository's Nominee"	any wholly owned subsidiary (as defined in the Companies Act) of the Central Securities Depository approved by the Transfer Agent (as defined in the Securities Services Act) for purposes of, and as contemplated in, section 36 of the Financial Markets Act and any reference to "Central Securities Depository's Nominee" shall, whenever the context permits, be deemed to include a reference to its successor operating in terms of the Financial Markets Act;
1.28	"Certificate"	a Definitive Certificate;
1.29	"Common Equity Tier 1 Capital"	Common Equity Tier 1 Capital" as defined in section 1(1) of the Banks Act;
1.30	"Companies Act"	the Companies Act, 2008;
1.31	"Controlling Company"	Barclays Africa Group Limited (registration number 1986/003934/06) and/or any other company which is a " <i>controlling company</i> " in relation to the Issuer as contemplated by the Banks Act;
1.32	"Coupon"	an interest coupon evidencing title to an interest payment in respect of an interest bearing Note which is a Bearer Note or an Order Note, attached on issue to the Certificate evidencing such interest bearing Note and any reference to a Coupon shall, unless the context otherwise requires, be deemed to include a reference to a Talon;
1.33	"Dealer"	Absa CIB and/or any other additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis, subject to the Issuer's right to terminate the appointment of any Dealer;
1.34	"Definitive Certificate"	means:

1.34.1		in respect of Registered Notes: a Note in the definitive registered form of a single certificate and, a certificate exchanged for a Beneficial Interest in the Notes in accordance with Condition 15 and any further certificate issued in consequence of a transfer thereof;
1.34.2		in respect of Bearer Notes: a Note in the definitive bearer form of a single Certificate together with Coupons and/or Receipts, if applicable;
1.34.3		in respect of Order Notes: a Note in the definitive order form of a single Certificate together with Coupons and/or Receipts, if applicable;
1.35	"Deposit"	a <i>"deposit"</i> as defined in section 1(1) of the Banks Act;
1.36	"Depositor"	any Person having a claim against the Issuer in respect of a Deposit;
1.37	"Early Redemption Amount (Regulatory)"	in respect of each Note in a Tranche of Subordinated Notes, its Principal Amount (or the relevant part thereof) plus accrued interest (if any) to the date fixed for redemption or such other amount as may be specified in, or determined in accordance with, the Applicable Pricing Supplement, as the case may be;
1.38	"Early Redemption Amount (Tax)"	in respect of each Note in a Tranche of Notes (other than a Tranche of Zero Coupon Notes), its Principal Amount (or the relevant part thereof) or such other amount as may be specified in, or determined in accordance with, the Applicable Pricing Supplement, as the case may be, and, in respect of a Zero Coupon Note, the amount calculated in accordance with Condition 11.8 (<i>Early redemption of Zero Coupon Notes</i>) or such other amount as may be specified in, or determined in accordance with, the Applicable Pricing Supplement, as the case may be;
1.39	"Early Termination Amount"	in respect of each Note in a Tranche of Notes (other than a Tranche of Zero Coupon Notes), its Principal Amount (or the relevant part thereof) or such other amount as may be specified in, or determined in accordance with, the Applicable Pricing Supplement, as the case may be, and, in respect of a Zero Coupon Note, the amount calculated in accordance with Condition 11.8 (<i>Early redemption of Zero Coupon Notes</i>) or such other amount as may be specified in, or determined in accordance with, the Applicable Pricing Supplement, as the case may be;
1.40	"Eligible Capital"	Notes that are treated by the Registrar of Banks for inclusion in the Additional Tier 1 Capital or Tier 2 Capital, as the case may be, of the Issuer or the Controlling Company on a solo and/or consolidated basis, in accordance with the Capital Regulations;
1.41	"Endorsement"	an <i>"indorsement"</i> , <i>mutatis mutandis</i> , within the meaning of the Bills of Exchange Act, 1964;
1.42	"Endorsement in Blank"	an Endorsement which specifies no named Payee;
1.43	"Event of Default"	any of the events described in Condition 13 (<i>Events of Default</i>);
1.44	"Exchangeable Notes"	Notes which may be redeemed by the Issuer in the manner indicated in the Applicable Pricing Supplement by the delivery to the Noteholders of cash or of so many of the Exchange Securities as is determined in accordance with the Applicable Pricing Supplement;

1.45	"Exchange Period"	in respect of Exchangeable Notes to which the Noteholders' Exchange Right applies (as indicated in the Applicable Pricing Supplement), the period indicated in the Applicable Pricing Supplement during which such right may be exercised;
1.46	"Exchange Price"	the value indicated in the Applicable Pricing Supplement according to which the number of Exchange Securities which may be delivered in redemption of an Exchangeable Note will be determined;
1.47	"Exchange Securities"	the securities indicated in the Applicable Pricing Supplement which may be delivered by the Issuer in redemption of Exchangeable Notes to the value of the Exchange Price;
1.48	"Extraordinary Resolution"	a resolution passed at a properly constituted meeting of Noteholders or Noteholders of the relevant Series of Notes, as the case may be, by a majority consisting of not less than 66.67% of the votes cast at a poll by Noteholders or Noteholders of the relevant Series, as the case may be, present in person or by proxy;
1.49	"Final Redemption Amount"	in respect of any Note, its Principal Amount or such other amount as may be specified in, or determined in accordance with, the Applicable Pricing Supplement;
1.50	"Financial Exchange"	the JSE or any other financial exchange(s) on which any Notes may be listed;
1.51	"Financial Markets Act"	the Financial Markets Act, 2012;
1.52	"First Optional Redemption Date"	has the meaning given in the Applicable Pricing Supplement;
1.53	"Fixed Interest Rate"	the rate or rates of interest applicable to Fixed Rate Notes, as specified in the Applicable Pricing Supplement;
1.54	"Fixed Rate Notes"	Notes which will bear interest at the Fixed Interest Rate, as specified in the Applicable Pricing Supplement;
1.55	"Floating Rate Notes"	Notes which will bear interest at a floating Interest Rate, as specified in the Applicable Pricing Supplement;
1.56	"Group"	the Issuer and its consolidated subsidiaries taken as a whole;
1.57	"Income Tax Act"	the Income Tax Act, 1962;
1.58	"Implied Yield"	the yield accruing on the Issue Price of Zero Coupon Notes, as specified in the Applicable Pricing Supplement;
1.59	"Independent Investment Bank"	the independent investment bank or financial institution of international repute selected and appointed by the Issuer (at the Issuer's expense) for the purposes of performing one or more of the functions expressed to be performed by such independent investment bank or financial institution under these Terms and Conditions;
1.60	"Indexed Interest Notes"	Notes in respect of which the Interest Amount is calculated by reference to such index and/or formula, as specified in the Applicable Pricing Supplement;
1.61	"Indexed Note"	an Indexed Interest Note and/or an Indexed Redemption Amount Note, as applicable;
1.62	"Indexed Redemption Amount Notes"	Notes in respect of which the Final Redemption Amount is calculated by reference to an index and/or a formula, as

		specified in the Applicable Pricing Supplement;
1.63	"Instalment Amount"	the amount expressed as a percentage of the Principal Amount of an Instalment Note, being an instalment of principal (other than the final instalment) on an Instalment Note;
1.64	"Instalment Notes"	Notes redeemable in Instalment Amounts by the Issuer on an amortised basis on different Instalment Dates, as indicated in the Applicable Pricing Supplement;
1.65	"Interest Amount"	the amount of interest payable in respect of each Principal Amount of Fixed Rate Notes, Floating Rate Notes and Indexed Notes, as determined in accordance with Condition 7.1, 7.2F and 7.4 respectively;
1.66	"Interest Commencement Date"	the first date from which interest on the Notes, other than Zero Coupon Notes, will accrue, as specified in the Applicable Pricing Supplement;
1.67	"Interest Payment Date"	the date(s) specified as such in the Applicable Pricing Supplement, or if no express such date(s) is/are specified in the Applicable Pricing Supplement, each date which occurs after a certain period following the preceding date upon which Interest Amounts are due and payable (such period as specified in the Applicable Pricing Supplement) or, in the case of the first Interest Payment Date, after the Interest Commencement Date;
1.68	"Interest Period"	the period(s) specified as such in the Applicable Pricing Supplement in respect of which interest accrues on Notes other than Zero Coupon Notes, commencing on and including the day of any Interest Payment Date and ending on but excluding the following Interest Payment Date provided that the first Interest Period shall be from and including the issue date of such Notes to but excluding the first Interest Payment Date thereafter;
1.69	"Interest Rate"	the rate or rates of interest applicable to Notes other than Zero Coupon Notes and Fixed Rate Notes;
1.70	"Interest Rate Market of the JSE"	the separate platform or sub-market of the JSE designated as the <i>"Interest Rate Market"</i> and on which (i) securities which were listed on BESA, prior to its merger with the JSE on 22 June 2009, may continue to be listed and (ii) debt securities (as defined in the JSE Debt Listings Requirements) may be listed, subject to all Applicable Laws;
1.71	"ISDA"	International Swaps and Derivatives Association, Inc.;
1.72	"ISDA Definitions"	the 2000 ISDA Definitions as published by ISDA (as amended, supplemented, revised or republished from time to time);
1.73	"Issuer"	Absa Bank Limited (registration number 1986/004794/06);
1.74	"JSE"	means the JSE Limited (Registration Number 2005/022939/06), licensed as an exchange in terms of the Financial Markets Act, or any exchange which operates as a successor exchange to the JSE in terms of the Financial Markets Act;
1.75	"JSE Debt Listing Requirements"	means all listings requirements promulgated by the JSE from time to time for the Interest Rate Market of the JSE;
1.76	"Junior Securities"	the Ordinary Shares, other share capital or any other securities of the Issuer or any other member of the Barclays Africa Group, the proceeds of which qualify as Common Equity Tier 1 Capital of the Issuer or any other member of the Barclays Africa Group (as the case may be), ranking or expressed to rank junior to the Additional Tier 1 Notes either issued directly by the Issuer or,

where issued by a member of the Barclays Africa Group, where the terms of the securities benefit from a guarantee or support agreement entered into by the Issuer or any other member of the Barclays Africa Group which ranks or is expressed to rank junior to the Additional Tier 1 Notes;

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| 1.77 | "Last Day to Register" | with respect to a particular Series of Notes (as reflected in the Applicable Pricing Supplement), the last date or dates preceding a Payment Day on which the Transfer Agent will accept Transfer Forms and record the transfer of Notes in the Register for that particular Series of Notes and whereafter the Register is closed for further transfers or entries until the Payment Day; |
| 1.78 | "Liabilities" | the total amount of the non consolidated gross liabilities of the Issuer as shown in the latest published audited non consolidated balance sheet of the Issuer, but adjusted for contingencies and subsequent events in such manner as the directors of the Issuer, the auditors of the Issuer or a liquidator or administrator of the Issuer (if applicable) may determine; |
| 1.79 | "Mandatory Exchange" | if indicated in the Applicable Pricing Supplement, the obligation of the Issuer to redeem Exchangeable Notes on the Maturity Date by delivery of Exchange Securities to the relevant Noteholders of Exchangeable Notes; |
| 1.80 | "Material Subsidiary" | any subsidiary of the Issuer: |
| 1.80.1 | | whose gross revenues (consolidated in the case of a subsidiary which itself has Subsidiaries) represent no less than 10 percent. of the consolidated gross revenues of the Group, all as calculated by reference to the last audited (consolidated or, as the case may be, unconsolidated) accounts of the subsidiary and the latest audited consolidated accounts of the Issuer; or |
| 1.80.2 | | whose total assets (consolidated in the case of a subsidiary which itself has Subsidiaries) represent no less than 10 percent. of the consolidated total assets of the Group, all as calculated by reference to the latest audited (consolidated or, as the case may be, unconsolidated) accounts of the subsidiary and the latest audited consolidated accounts of the Issuer; or |
| 1.80.3 | | to which is transferred the whole or substantially the whole of the undertaking and assets of a subsidiary of the issuer which immediately before the transfer is a Material Subsidiary of the Issuer (whereupon such transferor subsidiary shall cease to be a Material Subsidiary until the next publication of audited consolidated accounts of the Issuer following such transfer); |
| | | <i>provided that</i> |
| 1.80.4 | | in the case of a subsidiary acquired or an entity which becomes a subsidiary after the end of the financial period to which the latest audited consolidated accounts of the Issuer relate, the reference to the latest audited consolidated accounts for the purposes of the calculation above shall, until audited consolidated accounts of the issuer are published for the financial period in which the acquisition is made or, as the case may be, in which such entity becomes a subsidiary, be deemed to be a reference to the latest consolidated accounts of the Issuer adjusted in such manner as the Issuer shall consider appropriate to consolidate the latest audited accounts of such subsidiary in such accounts; and |

1.80.5			a certificate signed by two directors of the issuer that in their opinion a subsidiary of the issuer is or is not or was or was not at any time or throughout any specified period a Material Subsidiary shall, in the absence of manifest or proven error, be conclusive and binding;
1.81	"Mixed Rate Notes"		Notes which will bear interest over respective periods at differing interest rates applicable to any combination of Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or Indexed Notes, each as indicated in the Applicable Pricing Supplement and as more fully described in Condition 7.3;
1.82	"Non-Redeemable Preference Shares"	Non-Cumulative	non-redeemable non-cumulative preference shares in the issued share capital of the Issuer;
1.83	"Non-Viability Trigger Event"		in terms of the Capital Regulations, the occurrence of a trigger event specified in a notice in writing from the Registrar of Banks to the Issuer, upon which a Series of Subordinated Notes is required to either be written off or converted to the most subordinated form of Common Equity Tier 1 Capital of the Issuer or the Controlling Company, as specified in the Applicable Pricing Supplement, which trigger event shall be in the discretion of the Registrar of Banks and shall at minimum be (i) a decision that without such conversion or write-off, the Issuer or the Controlling Company would become non-viable, or (ii) a decision that a public sector injection of capital, or equivalent support be made, without which the Issuer or the Controlling Company would have become non-viable, or such other trigger event specified in the Applicable Pricing Supplement;
1.84	"Noteholders"		the holders of the Registered Notes (as recorded in the Register) and/or the Bearers of the Bearer Notes and/or the Payees of the Order Notes;
1.85	"Noteholders' Exchange Right"		if indicated in the Applicable Pricing Supplement, the right of Noteholders of Exchangeable Notes to elect to receive delivery of the Exchange Securities in lieu of cash from the Issuer upon redemption of such Notes;
1.86	"Notes"		the notes issued or to be issued by the Issuer under the Programme;
1.87	"Optional Redemption Amount (Call)"		in respect of any Note, its Principal Amount or such other amount as may be specified in, or determined in accordance with, the Applicable Pricing Supplement;
1.88	"Optional Redemption Amount (Put)"		in respect of any Unsubordinated Note, its Principal Amount or such other amount as may be specified in, or determined in accordance with, the Applicable Pricing Supplement;
1.89	"Optional Redemption Date (Call)"		has the meaning given in the Applicable Pricing Supplement;
1.90	"Optional Redemption Date (Put)"		has the meaning given in the Applicable Pricing Supplement;
1.91	"Order Note"		a Note payable to the Payee thereof, transferable by way of Endorsement and delivery in accordance with Condition 15.3 and the term "Order Note" shall include the rights to interest or principal represented by a Coupon or Receipt (if any) attached on issue to the Certificate evidencing such Order Note;
1.92	"Ordinary Resolution"		a resolution passed at a properly constituted meeting of Noteholders or Noteholders of the relevant Series of Notes, as the case may be, by a majority of the votes cast at a poll by Noteholders or Noteholders of the relevant Series of Notes, as the case may be, present in person or by proxy;

1.93 **"Ordinary Shares"**

ordinary shares in the issued share capital of the Issuer;

1.94 **"Outstanding"**

in relation to the Notes, all the Notes issued other than:

1.94.1

those which have been redeemed in full;

1.94.2

those in respect of which the date for redemption in accordance with the Terms and Conditions has occurred and the redemption monies (including all interest (if any) accrued thereon to the date for such redemption and any interest (if any) payable under the Terms and Conditions after such date) remain available for payment against presentation of Certificates;

1.94.3

those which have been purchased and cancelled as provided in Condition 11.10;

1.94.4

those which have become prescribed under Condition 10;

1.94.5

Notes represented by those mutilated or defaced Certificates which have been surrendered in exchange for replacement Certificates pursuant to Condition 14;

1.94.6

(for the purpose only of determining how many Notes are Outstanding and without prejudice to their status for any other purpose) those Notes represented by Certificates alleged to have been lost, stolen or destroyed and in respect of which replacement Certificates have been issued pursuant to Condition 14,

provided that for each of the following purposes, namely:

- (a) the right to attend and vote at any meeting of the Noteholders; and
- (b) the determination of how many and which Notes are for the time being Outstanding for the purposes of Conditions 19 and 20,

all:

- (c) Notes (if any) which are for the time being held by the Issuer (subject to any applicable law) or by any person for the benefit of the Issuer and not cancelled (unless and until ceasing to be so held); and
- (d) Receipts and Coupons,

shall be deemed not to be Outstanding;

1.95 **"Parity Securities"**

in relation to Additional Tier 1 Notes, Non-Redeemable Non-Cumulative Preference Shares qualifying as Additional Tier 1 Capital from time to time outstanding or any other securities issued by the Issuer or any other member of the Absa Barclays Africa Group ranking or expressed to rank equally as to payments with Non-Redeemable Non-Cumulative Preference Shares and the proceeds of which qualify as Additional Tier 1 Capital or any securities issued by a member of the Barclays Africa Group that benefit from a guarantee or support agreement from the Issuer or any other member of the Barclays Africa Group which ranks or is expressed to rank equally as to payments with the Notes and the proceeds from the issue of which securities qualify as Additional Tier 1 Capital;

1.96	"Participants"	a person that holds in custody and administers securities or an interest in securities and that has been accepted by the Central Securities Depository as a participant in terms of the Financial Markets Act;
1.97	"Partly Paid Notes"	Notes which are issued with the Issue Price partly paid and which Issue Price is paid up fully by the Noteholder in instalments (as indicated in the Applicable Pricing Supplement);
1.98	"Payee"	a person reflected (either as the subscriber or by way of Endorsement) as the payee on a Certificate evidencing an Order Note or a Receipt or Coupon attached thereto on issue and to whom such Certificate, Receipt or Coupon (as the case may be) has been delivered;
1.99	"Paying Agent"	the Issuer, unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Notes, another entity as Paying Agent, in which event that other entity shall act as a Paying Agent in respect of that Tranche or Series of Notes;
1.100	"Payment Day"	any day which is a Business Day and upon which a payment is due by the Issuer in respect of any Notes;
1.101	"Principal Amount"	the nominal amount of each Note specified on the Certificate evidencing such Note;
1.102	"Programme"	the ZAR60,000,000,000 Domestic Medium Term Note Programme under which the Issuer may from time to time issue Notes;
1.103	"Programme Memorandum"	this document dated 21 October 2014, as amended and/or supplemented from time to time;
1.104	"Put Option Notice"	a notice which must be delivered to the Paying Agent by any Noteholder wanting to exercise a right to redeem an Unsubordinated Note at the option of the Noteholder;
1.105	"Qualifying Additional Tier 1 Capital Securities"	securities whether debt, equity or otherwise, issued by the Issuer that:
1.105.1		have terms not materially less favourable to a holder of the Additional Tier 1 Notes than the terms of the current Additional Tier 1 Notes (as reasonably determined by the Issuer, and provided that a certification to such effect of 2 Directors of the Issuer and an opinion to such effect of an Independent Investment Bank shall have been delivered to the Issuer prior to the issue of the relevant securities and is so stated in the certificate) provided that they shall (1) include a ranking at least equal to that of the Additional Tier 1 Notes, (2) have the same interest, dividend or distribution rate or rate of return and Interest Payment Dates from time to time applying to the Additional Tier 1 Notes, (3) be issued in an amount at least equal to the total number of Notes multiplied by the Specified Denomination, and (4) comply with the then current requirements of the SARB in relation to Additional Tier 1 Capital;
1.105.2		are listed on the JSE, or any other internationally recognised exchange;
1.106	"Qualifying Tier 2 Capital Securities"	securities whether debt, equity or otherwise, issued by the Issuer that:
1.106.1		have terms not materially less favourable to a holder of the Additional Tier 1 Notes than the terms of the current

Additional Tier 1 Notes (as reasonably determined by the Issuer, and provided that a certification to such effect of 2 Directors of the Issuer and an opinion to such effect of an Independent Investment Bank shall have been delivered to the Issuer prior to the issue of the relevant securities and is so stated in the certificate) provided that they shall (1) include a ranking at least equal to that of the Additional Tier 1 Notes, (2) have the same interest, dividend or distribution rate or rate of return and Interest Payment Dates from time to time applying to the Additional Tier 1 Notes, (3) be issued in an amount at least equal to the total number of Notes multiplied by the Specified Denomination, and (4) comply with the then current requirements of the SARB in relation to Tier 2 Capital;

1.106.2		are listed on the JSE, or any other internationally recognised exchange, if the current Additional Tier 1 Notes are listed;
1.107	"Receipt"	a receipt evidencing title to payment of an Instalment Amount payable on an Instalment Note which is a Bearer Note or Order Note, attached upon issue to the Certificate evidencing such Instalment Note;
1.108	"Redemption Amount"	as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Early Redemption Amount (Regulatory), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination amount as may be specified in, or determined in accordance with the provisions of, the Applicable Pricing Supplement;
1.109	"Redemption Date"	each date on which any Notes are to be redeemed, partially or finally, as the case may be, in terms of the Terms and Conditions;
1.110	"Registrar of Banks"	the Registrar of Banks in accordance with the Banks Act;
1.111	"Register"	the register maintained by the Transfer Agent in terms of Condition 16;
1.112	"Registered Note"	a Note issued in registered form and transferable in accordance with Condition 15.1;
1.113	"Regulatory Change"	a change in, or amendment to, the Capital Regulations or any change in the application of or official or generally published guidance or interpretation of the Capital Regulations, which change or amendment becomes, or would become, effective on or after the Issue Date;
1.114	"Regulatory Event"	an event which is deemed to have occurred if, with respect to the Notes of any Series which comprise a certain class of Eligible Capital, the Notes are or would be likely, as a result of a Regulatory Change, to be fully excluded from the relevant class of Eligible Capital on a solo and/or consolidated basis (save where such exclusion is only as a result of any applicable limitation on the amount of such capital and any amortisation of recognition as the relevant class of Eligible Capital under the Capital Regulations in the final five years to maturity);
1.115	"Relevant Date"	in respect of any payment relating to the Notes, the date on which such payment first becomes due, except that, in relation to monies payable to the Central Securities Depository in accordance with these Terms and Conditions, it means the first date on which: (i) the full amount of such monies have been received by the Central Securities Depository, (ii) such monies are available for payment to the holders of Beneficial Interests,

		and (iii) notice to that effect has been duly given to such holders in accordance with the Applicable Procedures;
1.116	"Representative"	a person duly authorised to act on behalf of a Noteholder, who may be regarded by the Issuer, the Transfer Agent and the Paying Agent (acting in good faith) as being duly authorised based upon the tacit or express representation thereof by such person, in the absence of express notice to the contrary from such Noteholder;
1.117	"SARB"	the South African Reserve Bank;
1.118	"SENS"	the Stock Exchange News Service;
1.119	"Senior Creditors"	means:
1.119.1		creditors of the Issuer who are unsubordinated creditors of the Issuer; and
1.119.2		creditors of the Issuer whose claims are, or are expressed to be, subordinated to the claims of other creditors, whether subordinated or unsubordinated, of the Issuer other than those whose claims rank, or are expressed to rank, <i>pari passu</i> with, or junior to, (1) the claims of the Tier 2 Noteholders (in the case of Tier 2 Notes) or (2) the claims of the Additional Tier 1 Noteholders (in the case of Additional Tier 1 Notes), as the case may be
1.120	"Series"	a Tranche of Notes together with any further Tranche or Tranches of Notes which are: (i) expressed to be consolidated and form a single series; and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices;
1.121	"Settlement Agents"	means those Participants which are approved by the JSE or any other relevant financial exchange from time to time, in terms of the Applicable Procedures of the JSE, as settlement agents to perform electronic settlement of funds and scrip on behalf of market participants;
1.122	"Solvency Claims"	has the meaning given to it in Condition 5.3.5 (<i>Solvency Claims</i>);
1.123	"Solvency Condition"	has the meaning given to it in Condition 5.3.4 (<i>Solvency Condition</i>);
1.124	"Solvent Reconstruction"	the event where an order is made or an effective resolution is passed for the winding-up of the Issuer, other than under or in connection with a scheme of amalgamation or reconstruction not involving a bankruptcy or insolvency where the obligations of the Issuer in relation to the outstanding Notes are assumed by the successor entity to which all, or substantially all, of the property, assets and undertaking of the Issuer are transferred or where an arrangement with similar effect not involving bankruptcy or insolvency is implemented;
1.125	"South Africa"	the Republic of South Africa;
1.126	"Specified Currency"	has the meaning given in the Applicable Pricing Supplement;
1.127	"Specified Denomination"	has the meaning given in the Applicable Pricing Supplement;
1.128	"Specified Office"	in relation to each of the Issuer, the Calculation Agent, Paying Agent and the Transfer Agent, the address of the office specified in respect of such entity at the end of the Programme Memorandum, or such other address as is notified by such entity (or, where applicable, a successor to such entity) to the

		Noteholders in accordance with the Terms and Conditions, as the case may be;
1.129	"Subordinated Debt"	in relation to Additional Tier 1 Notes, any subordinated debt issued by the Issuer, the proceeds of which subordinated debt qualify as Tier 2 Capital of the Issuer;
1.130	"Subordinated Notes"	any Tier 2 Notes or Additional Tier 1 Notes;
1.131	"Talon"	a talon entitling the holder to receive further Coupons in relation to an interest bearing Bearer Note or Order Note, if indicated in the Applicable Pricing Supplement, attached to the Certificate evidencing such interest bearing Note;
1.132	"Tax Event"	an event where, (a) as a result of a Tax Law Change, (i) the Issuer has paid or will or would on the next Interest Payment Date be required to pay additional amounts as provided or referred to in Condition 13 (<i>Taxation</i>); or (ii) in respect of the Issuer's obligation to make any payment of interest on the next following Interest Payment Date or any subsequent Interest Payment Date, the Issuer would not be entitled to claim a deduction in respect of computing its taxation liabilities in South Africa, or such entitlement is materially reduced, or (b) other than as a result of a Tax Law Change, the Issuer's treatment of the interest payable by it on the Notes as a tax deductible expense for South African income tax purposes as reflected on the tax returns (including provisional tax returns) filed (or to be filed) by the Issuer is not accepted by the South African Revenue Service, and in each case the Issuer cannot avoid the foregoing in connection with the Notes by taking measures reasonably available to it (such reasonable measures to exclude any requirement to instigate litigation in respect of any decision or determination of the South African Revenue Service that any such interest does not constitute a tax deductible expense);
1.133	"Tax Jurisdiction"	South Africa or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction in which payments by the Issuer become subject to tax;
1.134	"Tax Law Change"	a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of South Africa, or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), whether or not having retrospective effect, which change or amendment is announced on or after the Issue Date;
1.135	"Terms and Conditions"	the terms and conditions incorporated in this section headed <i>"Terms and Conditions of the Unsubordinated, Tier 2 and Additional Tier 1 Notes"</i> and in accordance with which the Notes will be issued;
1.136	"Tier 2 Capital"	<i>"Tier 2 Capital"</i> as defined in section 1(1) of the Banks Act;
1.137	"Tier 2 Capital Regulations"	Regulation 38(14) of the <i>"Regulations Relating to Banks"</i> promulgated under the Banks Act and such other provisions of the Capital Regulations with which Tier 2 Notes must comply in order for the proceeds of the issue of such Notes to qualify as Tier 2 Capital;
1.138	"Tier 2 Noteholder"	a Holder of a Tier 2 Note;
1.139	"Tier 2 Notes"	Notes specified as such in the Applicable Pricing Supplement and complying with the Tier 2 Capital Regulations;

1.140	"Tranche"	in relation to any particular Series, all Notes which are identical in all respects (including as to listing);
1.141	"Transfer Agent"	Absa CIB, unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Notes, another entity as Transfer Agent, in which event that other entity shall act as Transfer Agent in respect of that Tranche or Series of Notes;
1.142	"Transfer Form"	the written form for the transfer of a Registered Note, in the form approved by the Transfer Agent, and signed by the transferor and transferee;
1.143	"Uncertificated Notes"	a Note which is uncertificated as contemplated in Section 33 of the Financial Markets Act;
1.144	"Unsubordinated Notes"	Notes issued with the status and characteristics set out in Condition 5.1 (<i>Status of the Unsubordinated Notes</i>) as specified in the Applicable Pricing Supplement;
1.145	"ZAR"	the lawful currency of South Africa, being South African Rand, or any successor currency;
1.146	"ZAR-JIBAR-SAFEX"	the mid-market rate for deposits in ZAR for a period of the Designated Maturity which appears on the Reuters Screen SAFEY Page as at 12h00, South African time, on the relevant date, or any successor rate; and
1.147	"Zero Coupon Notes"	Notes which will be offered and sold at a discount to their Principal Amount or at par and will not bear interest other than in the case of late payment.
1.148	In the Terms and Conditions, unless inconsistent with the context, any reference to:	
1.148.1	one gender include a reference to the others;	
1.148.2	the singular includes the plural and <i>vice versa</i> ;	
1.148.3	natural persons include juristic persons and vice versa;	
1.148.4	a subsidiary or holding company shall be interpreted in accordance with section 1 of the Companies Act;	
1.148.5	any agreement or instrument is a reference to that agreement or instrument as amended, supplemented, varied, novated, restated or replaced from time to time, and amended or amendment will be construed accordingly;	
1.148.6	a provision of law is a reference to that provision as amended or re-enacted, and includes any subordinate legislation;	
1.148.7	a regulation includes any regulation, rule, official directive, request or guideline (whether or not having the force of law but, if not having the force of law, being of a type with which any person to which it applies is accustomed to comply) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;	
1.148.8	assets includes present and future properties, revenues and rights of every description;	
1.148.9	disposal means a sale, transfer, grant, lease or other disposal (whether voluntary or involuntary);	
1.148.10	Indebtedness includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;	
1.148.11	an authorisation includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration or notarisation;	

- 1.148.12 a Default being **continuing** means that it has not been remedied or waived;
- 1.148.13 a Party or any other person includes that person's permitted successor, transferee, cessionary and/or delegate; and
- 1.148.14 a time of day is a reference to South African time.
- 1.149 If any provision in a definition is a substantive provision conferring rights or imposing obligations on any party, effect must be given to it as if it were a substantive provision in the body of the agreement, notwithstanding that it is contained in the interpretation clause.
- 1.150 Headings are inserted for the sake of convenience only and do not in any way affect the interpretation of the Terms and Conditions.
- 1.151 The use of the word **including** followed by specific examples will not be construed as limiting the meaning of the general wording preceding it, and the *eiusdem generis* rule must not be applied in the interpretation of such general wording or such specific examples.
- 1.152 The rule of construction that an agreement is to be interpreted against the party responsible for the drafting or preparation thereof must not be used in the interpretation of the Terms and Conditions.

2. ISSUE

- 2.1 Subject to the prior consent of the Registrar of Banks (to the extent required by Applicable Laws), Notes may be issued by the Issuer in Tranches pursuant to the Programme. A Tranche of Notes may, together with a further Tranche or Tranches, form a Series of Notes issued under the Programme.
- 2.2 The Applicable Pricing Supplement for each Tranche of Notes is incorporated in these Terms and Conditions for the purposes of those Notes and supplements these Terms and Conditions. The Applicable Pricing Supplement may specify other terms and conditions (which may replace, modify or supplement these Terms and Conditions), in which event such other terms and conditions shall, to the extent so specified in the Applicable Pricing Supplement or to the extent inconsistent with these Terms and Conditions, replace, modify or supplement these Terms and Conditions for the purpose of such Tranche of Notes.
- 2.3 The Noteholders are deemed to have notice of, and are entitled to the benefit of, and are subject to, all the provisions of the Applicable Pricing Supplement.

3. FORM AND DENOMINATION

3.1 General

- 3.1.1 Notes will be issued as Registered Notes, Bearer Notes or Order Notes.
- 3.1.2 All payments in relation to the Notes will be made in the Specified Currency.
- 3.1.3 Each Note shall be an Unsubordinated Note or a Subordinated Note, as indicated in the Applicable Pricing Supplement. Any Note may be a Partly Paid Note, Instalment Note or an Exchangeable Note.
- 3.1.4 Each Note, whether an Unsubordinated Note or a Subordinated Note, may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Indexed Interest Note, an Indexed Redemption Amount Note, a Mixed Rate Note or a combination of any of the foregoing or such other types of Note as may be determined by the Issuer, as indicated in the Applicable Pricing Supplement.
- 3.1.5 Notes will be issued in such denominations as may be determined by the Issuer and as specified in the Applicable Pricing Supplement, provided that the Notes shall not be issued in denominations of less than ZAR1,000,000.
- 3.1.6 Listed and/or unlisted Notes may be issued under the Programme.

3.2 Registered Notes

- 3.2.1 The Notes in a Tranche of Registered Notes will be issued in the form of (i) Definitive Certificates registered in the name, and for the account of, the relevant Noteholder, or (ii) no Certificate, and held in uncertificated form in the Central Securities Depository in terms of section 33 of the Financial Markets Act, and registered in the name, and for the account of, the Central Securities Depository's Nominee. The Central Securities Depository will hold the Notes subject to the Financial Markets Act and the Applicable Procedures.

- 3.2.2 An owner of a Beneficial Interest in the Notes shall be entitled to exchange such Beneficial Interest for a Definitive Certificate in accordance with Condition 14.

3.3 **Bearer Notes and Order Notes**

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

4. **TITLE**

4.1 **Registered Notes**

- 4.1.1 Subject as set out below, title to Registered Notes will pass upon registration of transfer in the Register in accordance with Condition 15.1.
- 4.1.2 The Issuer, the Transfer Agent and the Paying Agent shall recognise a Noteholder as the sole and absolute owner of the Notes registered in that Noteholder's name in the Register (notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) and shall not be bound to enter any trust in the Register or to take notice of or to accede to the execution of any trust, express, implied or constructive, to which any Note may be subject.
- 4.1.3 Beneficial Interests which are held by Participants will be held directly through the Central Securities Depository, and the Central Securities Depository will hold such Beneficial Interests, on behalf of such Participants, through the central securities accounts maintained by the Central Securities Depository for such Participants.
- 4.1.4 Beneficial Interests which are held by clients of Participants will be held indirectly through such Participants, and such Participants will hold such Beneficial Interests, on behalf of such clients, through the securities accounts maintained by such Participants for such clients. The clients of Participants may include the holders of Beneficial Interests or their custodians. The clients of Participants, as the holders of Beneficial Interests or as custodians for such holders, may exercise their rights in respect of the Notes held by them in the Central Securities Depository only through their Participants.
- 4.1.5 A certificate or other document issued by the Central Securities Depository or the relevant Participant, as the case may be, as to the Principal Amount of such Notes standing to the account of such person shall be prima facie proof of such Beneficial Interest.
- 4.1.6 Beneficial Interests may be transferred only in accordance with the Applicable Procedures. Such transfers will not be recorded in the Register and the Central Securities Depository's Nominee will continue to be reflected in the Register as the registered holder of the relevant Notes, notwithstanding such transfers.
- 4.1.7 Any reference in these Terms and Conditions to the relevant Participant shall, in respect of Beneficial Interests, be a reference to the Participant appointed to act as such by a holder of such Beneficial Interest.

4.2 **Bearer Notes**

- 4.2.1 Title to Bearer Notes (including rights to Instalment Amounts and/or interest thereon, as applicable) will pass by delivery of the Certificate evidencing such Note or of the Receipt and/or Coupon relating thereto, as the case may be, in accordance with Condition 15.2. The Issuer, the Transfer Agent and the Paying Agent may deem and treat the Bearer of any such Certificate, Receipt or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes.

- 4.2.2 Title to Bearer Notes is subject to the Bearer obtaining the exemption from the National Treasury in respect of the prohibition on dealing in bearer securities as set out in regulation 15 of the Exchange Control Regulations.

4.3 Order Notes

- 4.3.1 Title to Order Notes (including rights to Instalment Amounts and/or interest thereon, as applicable) will initially pass by Endorsement and delivery of the Certificate evidencing such Note or of the Receipt and/or Coupon relating thereto, as the case may be, in accordance with Condition 15.3 Any Certificate evidencing an Order Note or such Receipt or Coupon upon which the last Endorsement is an Endorsement in Blank shall be treated as a Bearer Note, for so long as it is not subject to further Endorsement.
- 4.3.2 The Issuer, the Transfer Agent and the Paying Agent may deem and treat the person who from the face of the Certificate, Receipt or Coupon relating to an Order Note appears to be the Payee thereof as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or notice of any previous loss or theft thereof) for all purposes and payment to such person or their Representative shall discharge the Issuer from all liability to the Payee in relation to such Certificate, Receipt or Coupon, as the case may be, even if such Endorsement has been forged or made without authority.
- 4.3.3 Provided the Issuer pays any amount due upon presentation and surrender of a Certificate evidencing an Order Note, or any Receipt or Coupon attached thereto on issue, in good faith, it shall not be incumbent upon the Issuer or the Transfer Agent to determine or prove that the Endorsement of the Payee making such Endorsement was made by or under the authority of the person whose Endorsement it purports to be.

5. STATUS

5.1 Status of the Unsubordinated Notes

- 5.1.1 *Application:* This Condition 5.1 applies only to Unsubordinated Notes.
- 5.1.2 *Status of the Unsubordinated Notes:* The Unsubordinated Notes constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 23 (*Negative Pledge*)) unsecured obligations of the Issuer which will at all times rank *pari passu* without preference or priority among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

5.2 Status of the Tier 2 Notes

- 5.2.1 *Application:* This Condition 5.2 applies only to Tier 2 Notes.
- 5.2.2 *Status of the Tier 2 Notes:* The Tier 2 Notes constitute direct, unsecured and, in accordance with Condition 5.2.3 (*Subordination*) below, subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and (save for those that have been accorded by law preferential rights) at least *pari passu* with all other claims of creditors of the Issuer which rank or are expressed to rank (and which are entitled to rank) *pari passu* with the Tier 2 Notes.
- 5.2.3 *Subordination:* The claims of Tier 2 Noteholders entitled to be paid amounts due in respect of the Tier 2 Notes (including any damages or other amounts (if payable)) are subordinated to the claims of Depositors and Senior Creditors and, accordingly, in the event of the dissolution of the Issuer or if the Issuer is placed into liquidation or is wound-up or placed under business rescue or curatorship (in each case other than pursuant to a Solvent Reconstruction):
- (a) no Tier 2 Noteholder shall be entitled to prove or tender to prove a claim in respect of the Tier 2 Notes, in the event of the dissolution of the Issuer or if the Issuer is placed into liquidation or is wound-up or placed under business rescue or curatorship;
 - (b) no amount due under the Tier 2 Notes shall be eligible for set-off, counterclaim, abatement or other similar remedy which a Tier 2 Noteholder might otherwise have

under the laws of any jurisdiction in respect of the Tier 2 Notes nor shall any amount due under the Tier 2 Notes be payable to any Tier 2 Noteholder;

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

until the claims of Depositors and Senior Creditors which are admissible in any such dissolution, liquidation, winding-up, business rescue or curatorship have been paid or discharged in full.

5.3 Status of the Additional Tier 1 Notes

5.3.1 *Application:* This Condition 5.3 applies only to Additional Tier 1 Notes.

5.3.2 *Status of the Additional Tier 1 Notes:* The Additional Tier 1 Notes constitute direct, unsecured and, in accordance with Condition 5.3.3 (*Subordination*) below, subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and (save for those that have been accorded by law preferential rights) at least *pari passu* with all other claims of creditors of the Issuer which rank or are expressed to rank (and which are entitled to rank) *pari passu* with the Additional Tier 1 Notes.

5.3.3 *Subordination:* The claims of Additional Tier 1 Noteholders entitled to be paid amounts due in respect of the Additional Tier 1 Notes (including any damages or other amounts (if payable)) are subordinated to the claims of Depositors, Senior Creditors and the holders of Subordinated Debt and, accordingly:

- (a) no Additional Tier 1 Noteholder shall be entitled to prove or tender to prove a claim in respect of the Additional Tier 1 Notes, in the event of the dissolution of the Issuer or if the Issuer is placed into liquidation, or is wound-up or placed under business rescue or curatorship;
- (b) no amount due under the Additional Tier 1 Notes shall be eligible for set-off, counterclaim, abatement or other similar remedy which an Additional Tier 1 Noteholder might otherwise have under the laws of any jurisdiction in respect of the Additional Tier 1 Notes nor shall any amount due under the Additional Tier 1 Notes be payable to any Additional Tier 1 Noteholder;
- (c) subject to Applicable Law, an Additional Tier 1 Noteholder may not exercise or claim any right of set-off in respect of any amount in respect of the principal of and/or interest on the Additional Tier 1 Notes owed to it by the Issuer and each Additional Tier 1 Noteholder shall, by virtue of its subscription, purchase or holding of any Additional Tier 1 Notes, be deemed to have waived all such rights of set-off and, to the extent that any set-off takes place, whether by operation of law or otherwise, between: (aa) any amount in respect of the principal and/or interest on the Additional Tier 1 Notes owed by the Issuer to an Additional Tier 1 Noteholder; and (bb) any amount owed to the Issuer by such Additional Tier 1 Noteholder, such Additional Tier 1 Noteholder will immediately transfer such amount which is set-off to the Issuer or, in the event of its dissolution, winding-up, liquidation, business rescue or curatorship (as the case may be), the liquidator, administrator or other relevant insolvency official of the Issuer, to be held on trust for the Depositors, Senior Creditors and holders of Subordinated Debt,

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

5.3.4 **Solvency Condition:** Payments in respect of the principal of and interest on the Additional Tier 1 Notes (including payment of additional amounts pursuant to Condition 13.3 (*Gross up*)) are, in addition to the right of the Issuer to elect not to pay interest in accordance with Condition 6 (*Interest payments on the Notes*), conditional upon the Issuer being solvent at the time of payment by the Issuer, and, no principal of or interest on the Notes shall be due and payable in respect of the Notes except to the extent that the Issuer could make such payment and still be solvent immediately thereafter. For the purposes of this Condition 5, the Issuer shall be solvent if (1) it is able to pay its debts owed to Depositors, Senior Creditors and the holders of Subordinated Debt as they fall due and (2) its Assets exceed its Liabilities to Depositors, Senior Creditors and the holders of Subordinated Debt (the "**Solvency Condition**"). A report as to the solvency of the Issuer made by 2 directors of the Issuer or, if the Issuer is in liquidation, its liquidator or, if in business rescue, its business rescue practitioner or if under curatorship, its curator shall, in the absence of manifest error, be treated and accepted by the Issuer and the Noteholders as correct and sufficient evidence of such solvency.

5.3.5 **Solvency Claims:** Amounts representing any payments of principal or interest in respect of which the Solvency Condition is not satisfied on the date upon which the same would otherwise be due and payable ("**Solvency Claims**") will be payable by the Issuer (1) subject to Condition 5.3.3 (*Subordination*), in a winding-up, liquidation, business rescue or curatorship of the Issuer and (2) subject to satisfying the Solvency Condition, on any redemption pursuant to Condition 11.2 (*Redemption for tax reasons*), Condition 11.3 (*Redemption for regulatory reasons*) or Condition 11.4 (*Redemption at the option of the Issuer*), provided that in the event that, prior to any winding-up, liquidation, business rescue or curatorship of the Issuer, the Issuer shall again be solvent and would be solvent immediately after the making of such payment of Solvency Claims, then the Issuer shall promptly notify the Noteholders in accordance with Condition 18 (*Notices*), the Transfer Agent and the Paying Agent of such fact and the Solvency Claims shall, subject to satisfying the Solvency Condition, be due and payable on the 16th Business Day after the Issuer shall have given such notice. A Solvency Claim shall not bear interest unless and only so long as the Issuer shall be solvent once again, in which case interest shall accrue on any such Solvency Claim from (and including) the date on which the Issuer is so solvent again to (but excluding) the date on which such Solvency Claim is paid. Any such interest shall accrue at a rate equal to the then applicable rate of interest determined in accordance with Condition 7 (*Interest*). In the event that the Issuer shall be so solvent once again, the Issuer may not declare or pay a dividend (in accordance with Condition 6.2 (*Restrictions following non payment of interest on Additional Tier 1 Notes*)) from the date that the Issuer is so solvent again until the date on which the Solvency Claim and any relevant interest on the Solvency Claim is paid.

For the avoidance of doubt, if the Issuer would otherwise not be solvent for the purposes of the above, any sums which would otherwise be payable in respect of the Additional Tier 1 Notes will be available to be put towards the losses of the Issuer.

5.4 **Capital Regulations and Additional Conditions**

In order for the proceeds of the issuance of the Notes to qualify as Tier 2 Capital or Additional Tier 1 Capital, as the case may be, Subordinated Notes must comply with the applicable Capital Regulations (including the Additional Conditions (if any) prescribed by the Registrar of Banks in respect of a particular Tranche of Subordinated Notes). The Issuer will specify in the Applicable Pricing Supplement whether any issue of Notes is an issue of Tier 2 Notes the proceeds of which are intended to qualify as Tier 2 Capital or Additional Tier 1 Notes the proceeds of which are intended to qualify as Additional Tier 1 Capital. The Additional Conditions (if any) prescribed by the Registrar of Banks in respect of Subordinated Notes will be specified in the Applicable Pricing Supplement or a supplement to the Programme Memorandum.

6. **INTEREST PAYMENTS ON THE ADDITIONAL TIER 1 NOTES**

6.1 **Non payment of interest**

The Issuer shall be obliged to pay interest on each Interest Payment Date unless:

- 6.1.1 it elects not to pay the relevant Interest Amount on such Interest Payment Date;
- 6.1.2 it is in breach of either of the Capital Regulations or the Solvency Condition on the Business Day prior to such Interest Payment Date or would be in breach of the Capital

Regulations or the Solvency Condition if the relevant Interest Amount were paid on such Interest Payment Date; or

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

If the Issuer is not obliged to pay the relevant Interest Amount in respect of an Interest Period in accordance with this Condition 6.1, then any such failure to pay such Interest Amount shall not constitute a default by the Issuer or any other breach of obligations under the Additional Tier 1 Notes or for any other purpose and a Noteholder will have no claim in respect of any such non-payment.

If the Issuer elects pursuant to Condition 6.1.1 not to pay interest on an Interest Payment Date, it shall give notice of such election to the Noteholders in accordance with Condition 20 and to the Transfer Agent and the Paying Agent not less than 30 days prior to the relevant Interest Payment Date (or such shorter notice period as may be required by the Capital Regulations or the Registrar of Banks). If the Issuer is not obliged pursuant to the provisions of Condition 6.1.2 or 6.1.3 to pay any interest on any Interest Payment Date, it shall give notice of such fact to the Noteholders (in accordance with Condition 20) and the Paying Agent and, in respect of Condition 6.1.2, to the Registrar of Banks.

6.2 Restrictions following non payment of interest

If, on any Interest Payment Date (the "**Relevant Interest Payment Date**"), the Interest Amount in respect of the Additional Tier 1 Notes shall not have been paid in full pursuant to Condition 6.1 (*Non payment of interest*), then from such Relevant Interest Payment Date until the date on which the Issuer next pays in full the Interest Amount due and payable on any succeeding Interest Payment Date on all outstanding Additional Tier 1 Notes, neither the Issuer nor the Controlling Company shall (and the Controlling Company shall procure that no member of the Barclays Africa Group shall): (a) declare or pay a distribution or dividend or pay any interest on Junior Securities or Parity Securities (other than an instrument under the terms of which the Issuer or other member of the Barclays Africa Group must declare or pay a distribution or dividend or pay interest or a final dividend declared by the Controlling Company before such Relevant Interest Payment Date, or intra-group dividends between wholly-owned Barclays Africa Group Subsidiaries and to Barclays Africa Group holding companies, which can be paid at any time); or (b) redeem, purchase, reduce or otherwise acquire any Junior Securities or Parity Securities or any securities of any of its subsidiary undertakings benefiting from a guarantee from any member of the Barclays Africa Group ranking, as to the right of repayment of principal, or in the case of any such guarantee, as to the payment of sums under such guarantee, *pari passu* with or junior to the Additional Tier 1 Notes.

6.3 Payment of Deferred Interest Amounts

The Issuer may elect to satisfy any Interest Amount which is deferred in accordance with Condition 6.1.1 (a "Deferred Interest Amount") at any time out of distributable reserves, such as retained earnings, only.

7. INTEREST

7.1 Interest on Fixed Rate Notes

- 7.1.1 Unless otherwise specified in the Applicable Pricing Supplement, interest on Fixed Rate Notes will be paid on a 6-monthly basis, on the Interest Payment Dates.

- 7.1.2 Each Fixed Rate Note bears interest on its Principal Amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date to (but excluding) the Maturity Date at the rate(s) per annum equal to the Fixed Interest Rate. Such interest shall fall due for payment in arrear on the Interest Payment Date(s) in each year and on the Maturity Date if such date does not fall on an Interest Payment Date. The first payment of interest will be made on the Interest Payment Date following the Interest Commencement Date.

- 7.1.3 The Calculation Agent will calculate the Interest Amount payable in respect of each Tranche of Fixed Rate Notes for each Interest Period. Unless stated otherwise in the

Applicable Pricing Supplement, the Interest Amount for half yearly interest payments shall be calculated by multiplying the Interest Rate by the Principal Amount (or, if it is a Partly Paid Note, the amount paid up) of the Fixed Rate Note and then dividing such product by 2 (the resultant sum will be rounded to the nearest smallest denomination of the Specified Currency, half of any such denomination being rounded upwards), provided that:

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

Save as provided in the preceding paragraphs, if interest is required to be calculated for a period of other than one year (in the case of annual interest payments) or other than 6 months (in the case of semi-annual interest payments), as the case may be, such interest shall be calculated on the basis of the actual number of days (including the first day and excluding the last day) in such period divided by 365.

7.2 Interest on Floating Rate Notes

A. Interest Rate

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

- (a) on the basis of ISDA Determination; or
- (b) on the basis of Screen Rate Determination; or
- (c) on such other basis as may be determined by the Issuer,

all as specified in the Applicable Pricing Supplement.

B. ISDA Determination

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

For the purposes of this Condition 7.2B:

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

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

"Floating Rate", "Floating Rate Option", "Designated Maturity" and "Reset Date" have the meanings given to those expressions in the ISDA Definitions.

When this Condition 7.2B applies, in respect of each Interest Period such agent as is specified in the Applicable Pricing Supplement will be deemed to have discharged its obligations under Condition 7.2F in respect of the determination of the Interest Rate if it has determined the Interest Rate in respect of such Interest Period in the manner provided in this Condition 7.2B.

C.Screen Rate Determination

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

- (a) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- (b) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations (if there is more than one quotation on the Relevant Screen Page) and subject to adjustment in terms of the JSE's approved methodology,

for the Reference Rate(s) which appears or appear as the case may be, on the Relevant Screen Page as at 12h00 (South African time) on the Interest Determination Date in question, plus or minus (as indicated in the Applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent. If 5 or more such offered quotations are available on the Relevant Screen Page the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by such agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of (i) above, no such offered quotation appears or, in the case of (ii) above, fewer than 3 such offered quotations appear, in each case at the time specified in the preceding paragraph, the Calculation Agent shall request the principal Johannesburg office of each of the Reference Banks (as defined below) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 12h00 (South African time) on the Interest Determination Date in question. If 2 or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Interest Rate for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If the Interest Rate cannot be determined by applying the provisions of the preceding paragraphs of this Condition 7.2C, the Interest Rate for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any 2 or more of them, at which such banks offered, at approximately 12h00 (South African time) on the relevant Interest Determination Date, in respect of deposits in an amount approximately equal to the Principal Amount of the Notes of the relevant Series, for a period equal to that which would have been used for the Reference Rate, to Reference Banks in the Johannesburg inter-bank market plus or minus (as appropriate) the Margin (if any). If fewer than 2 of the Reference Banks provide the Calculation Agent with such offered rates, the Interest Rate for the relevant Interest Period will be determined by the Calculation Agent as the arithmetic mean (rounded as provided above) of the rates for deposits in an amount approximately equal to the Principal Amount of the Notes of the relevant Series, for a period equal to that which would have been used for the Reference Rate, quoted at approximately 12h00 (South African time) on the relevant Interest Determination Date, by 4 leading banks in Johannesburg (selected by the Calculation Agent and approved by the Issuer) plus or minus (as appropriate) the Margin (if any). If the Interest Rate cannot be determined in accordance with the foregoing provisions of this paragraph, the Interest Rate shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

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

"Reference Banks" means for the purposes of this Condition 7.2C the 4 leading banks in the South African inter-bank market selected by the Calculation Agent and approved by the Issuer.

D. Minimum and/or Maximum Interest Rate

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

E. Interest Payment Dates

Each Floating Rate Note bears interest on its Principal Amount (or, if it is a Partly Paid Note, on the amount paid up) from (and including) the Interest Commencement Date up to (but excluding) the Maturity Date at the rate equal to the Interest Rate. Such interest shall fall due for payment in arrears on the Interest Payment Date(s).

F. Determination of Interest Rate and calculation of Interest Amount

The Calculation Agent will, in the case of Floating Rate Notes, at or as soon as practicable after each time at which the Interest Rate is to be determined, determine the Interest Rate and calculate the Interest Amount for the relevant Interest Period. Unless stated otherwise in the Applicable Pricing Supplement, each Interest Amount shall be calculated by multiplying the Interest Rate by the Principal Amount (or, if it is a Partly Paid Note, on the amount paid up), then multiplying the product by the applicable Day Count Fraction and rounding the resultant product to the nearest smallest denomination of the Specified Currency, half of any such denomination being rounded upwards.

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

- (a) if **"Actual/365"** is specified in the Applicable Pricing Supplement, the actual number of elapsed days (including the first day and excluding the last day of such Interest Period) in the Interest Period divided by 365; or
- (b) such other calculation method as is specified in the Applicable Pricing Supplement.

G. Notification of Interest Rate and Interest Amount

The Calculation Agent (or such other agent as is specified in the Applicable Pricing Supplement) will cause the Interest Rate and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Paying Agent, the Transfer Agent, the Noteholders in respect of any Floating Rate Notes which are Bearer Notes or Order Notes, any Financial Exchange on which the relevant Floating Rate Notes are for the time being listed or settled and any central securities depository in which Certificates in respect of the notes are immobilised, as soon as possible after their determination but not later than the 4th Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to the Issuer, the Paying Agent, the Transfer Agent, the Noteholders in respect of any Floating Rate Notes which are Bearer Notes or Order Notes, each Financial Exchange on which the relevant Floating Rate Notes are for the time being listed or settled and any central securities depository in which Certificates in respect of the Notes are immobilised.

H. Certificates to be Final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7.2 by the Calculation Agent shall, in the absence of wilful deceit, bad faith, manifest error or dispute as set out hereunder, be binding on the Issuer, the Calculation Agent, and all Noteholders, and no liability to the Issuer or the Noteholders shall attach to the Transfer Agent, the Calculation Agent or the Paying Agent (as the case may be) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions. Where the Issuer acts as the Calculation Agent and in the event that Noteholders holding not less than 25% in aggregate Principal Amount of the Notes for the time being Outstanding, deliver to the Issuer a written notice of objection to any determination made by the Issuer within 5 Business Days of notification of the Interest Rate and Interest Amount in accordance with Condition 7.2G, such determination shall not be regarded as final and upon such notification, the Issuer shall request the chief executive officer for the time being of the JSE to appoint an independent third party to make such determination.

Such independent third party shall make such determination promptly as an expert and not as an arbitrator and their determination, in the absence of wilful deceit, bad faith or manifest error, shall be binding on the Issuer and all Noteholders, and no liability to the Issuer or the Noteholders shall attach to such third party in connection with the exercise or non-exercise by them of their powers, duties and discretions pursuant to such provisions. The costs of procuring and effecting such determination shall be borne by the Issuer in the event that the determination of such third party differs from that of the Issuer as Calculation Agent and shall be borne by the Noteholders disputing such determination by the Issuer in the event that the determination of such third party confirms that of the Issuer as Calculation Agent.

7.3 **Mixed Rate Notes**

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

7.4 **Indexed Notes**

In the case of Indexed Notes, if the Interest Rate or Final Redemption Amount falls to be determined by reference to an index and/or a formula, such rate or amount payable in respect of each Interest Period shall be determined in the manner specified in the Applicable Pricing Supplement. Any interest payable shall fall due for payment on the Interest Payment Date(s).

7.5 **Partly Paid Notes**

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

7.6 **Accrual of Interest**

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

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) the date on which the full amount of the monies payable has been received by the Paying Agent and notice to that effect has been given to Noteholders in accordance with Condition 18.

In the event that the SAFEX Overnight Deposit Rate is not ascertainable from the relevant screen page at the time contemplated above, the Calculation Agent shall follow the procedure contemplated in Condition 7.2C to ascertain a rate.

7.7 **Business Day Convention**

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

- (a) the "Floating Rate Business Day Convention", such Interest Payment Date (or other date) shall in any case where Interest Periods are specified in accordance with Condition 7.2E, be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event: (i) such Interest Payment Date (or other date) shall be brought forward to the first preceding Business Day; and (ii) each subsequent Interest Payment Date (or other date) shall be the last Business Day in the month which falls the number of months or other period specified as the Interest Period in the Applicable Pricing

Supplement after the preceding applicable Interest Payment Date (or other date) has occurred; or

- (b) the "**Following Business Day Convention**", such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or
- (c) the "**Modified Following Business Day Convention**", such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date (or other such date) shall be brought forward to the first preceding Business Day; or
- (d) the "**Preceding Business Day Convention**", such Interest Payment Date (or other date) shall be brought forward to the first preceding Business Day.

8. PAYMENTS

8.1 Registered Notes

- 8.1.1 Payments of interest and principal in respect of Uncertificated Notes will be made to the Central Securities Depository's Nominee, as the registered holder of such Notes, which in turn will transfer such funds, via the Participants, to the holders of Beneficial Interests. Each of the persons reflected in the records of the Central Securities Depository or the relevant Participants, as the case may be, as the holders of Beneficial Interests shall look solely to the Central Securities Depository or the relevant Participant, as the case may be, for such persons share of each payment so made by the Issuer to, or for the order of, the registered holder of the relevant Notes. The Issuer will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, Beneficial Interests, or for maintaining, supervising or reviewing any records relating to such Beneficial Interests. Payments of interest and principal in respect of Uncertificated Notes shall be recorded by the Central Securities Depository's Nominee, as the registered holder of such Notes, distinguishing between interest and principal, and such record of payments by the registered holder of such Notes shall be *prima facie* proof of such payments.
- 8.1.2 Payments of interest and principal in respect of Notes represented by Definitive Certificates shall be made to the person reflected as the registered holder of the Definitive Certificate in the Register on the Last Day to Register.

8.2 Bearer Notes

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

8.3 Order Notes

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

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

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

8.4 **Method of Payment**

8.4.1 Payments of interest and principal will be made in the Specified Currency by electronic funds transfer.

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

- (a) the address of the Noteholder of Registered Notes as set forth in the Register or, in the case of joint Noteholders of Registered Notes, the address set forth in the Register of that one of them who is first named in the Register in respect of that Note; or
- (b) the address nominated by the Bearer or the Payee in respect of Bearer Notes or Order Notes, as the case may be, upon surrender in accordance with Condition 8.2 or Condition 8.3, as the case may be.

8.4.3 Each such cheque shall be made payable to the relevant Noteholder or, in the case of joint Noteholders of Registered Notes, the first one of them named in the Register. Cheques may be posted by ordinary post, provided that neither the Issuer nor the Paying Agent shall be responsible for any loss in transmission and the postal authorities shall be deemed to be the agent of the Noteholders for the purposes of all cheques posted in terms of this Condition 8.4.

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

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

8.5 **Surrender of Certificates and Coupons**

8.5.1 On or before the Last Day to Register prior to any Redemption Date of a Registered Note (including a Redemption Date relating to redemption in part), the holder of a Certificate, in respect of a Note to be redeemed (in part or in whole, as the case may be) shall deliver to the Transfer Agent the Certificates to be redeemed. This will enable the Transfer Agent to endorse the partial redemption thereon or, in the case of final redemption, to cancel the relevant Certificates.

8.5.2 In the case of the Uncertificated Notes, redemptions in part will be handled in accordance with the Applicable Procedures.

- 8.5.3 Should the holder of a Certificate refuse or fail to surrender the Certificate for endorsement or cancellation on or before a Redemption Date, the amount payable to him in respect of such redemption, including any accrued interest, shall be retained by the Paying Agent for such Noteholder, at the latter's risk, until the Noteholder surrenders the necessary Certificate, and interest shall cease to accrue to such Noteholder from the Redemption Date in respect of the amount redeemed.
- 8.5.4 Payments of interest in respect of Bearer Notes or Order Notes shall be made in accordance with Condition 8.4 only following surrender of the relevant Coupon (if any) to the Paying Agent.
- 8.5.5 Payments of Instalment Amounts in respect of Instalment Notes which are Bearer Notes or Order Notes shall be made by the Issuer in accordance with Condition 8.4 only following surrender of the relevant Receipt to the Paying Agent.
- 8.5.6 No payment in respect of the final redemption of a Bearer Note or Order Note shall be made until the later of:
- (a) the Relevant Date; and
 - (b) the date on which the Certificate in respect of the Note to be redeemed has been surrendered to the Paying Agent.
- 8.5.7 Upon final redemption as aforesaid, all unmatured Coupons relating to Bearer Notes or Order Notes, as the case may be, (whether or not surrendered with the relevant Certificate) shall become void and no payment shall be made thereafter in respect of them.
- 8.5.8 Documents required to be presented and/or surrendered to the Paying Agent in accordance with these Terms and Conditions shall be so presented and/or surrendered at the Specified Office of the Paying Agent specified in the Applicable Pricing Supplement.
- 8.6 Payment Day**
- If the date for payment of any amount in respect of any Note is not a Business Day and is not subject to adjustment in accordance with a Business Day Convention, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place for payment and shall not be entitled to further interest or other payment in respect of such delay.
- 8.7 Interpretation of principal and interest**
- Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:
- 8.7.1 any additional amounts which may be payable with respect to principal under Condition 12;
 - 8.7.2 the Final Redemption Amount of the Notes or the Early Redemption Amount (Tax) of the Notes or the Early Redemption Amount (Regulatory) of the Notes or the Early Termination Amount of the Notes, as the case may be;
 - 8.7.3 the Optional Redemption Amount(s) (if any) of the Notes;
 - 8.7.4 in relation to Instalment Notes, the Instalment Amounts;
 - 8.7.5 in relation to Zero Coupon Notes, the Amortised Face Amount (as defined under Condition 11.8); and
 - 8.7.6 any premium and any other amounts which may be payable under or in respect of the Notes, but excluding for the avoidance of doubt, interest.

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

9. EXCHANGE OF TALONS

On or after the Interest Payment Date on which the final Coupon (comprising the Coupon attached to the relevant Certificate relating to the latest Interest Payment Date in respect of that series of Coupons) matures, but not later than the date for prescription (in accordance with Condition 10) of the Talon which may be exchanged for the respective Coupons, the Talon (if any) attached to the relevant Certificate upon issue, may be surrendered at the Specified Office of the Transfer Agent in exchange for further Coupons, including (if such further Coupons do not include Coupons to, and including, the final date for the payment of interest due in respect of the Notes to which they pertain) a further Talon, subject to the provisions of Condition 10. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon issued relative to such Talon matures.

10. PRESCRIPTION

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

11. REDEMPTION AND PURCHASE

11.1 Scheduled redemption

11.1.1 Subject to Condition 11.5 (*Conditions to redemption, substitution or variation of Subordinated Notes*), unless previously redeemed, or purchased and cancelled, the Tier 2 Notes and the Unsubordinated Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 8 (*Payments*). Subject to the applicable Capital Regulations, Tier 2 Notes shall have a minimum maturity of 5 years and one day, and, accordingly, the Maturity Date specified pursuant to this Condition 11.1 (Scheduled redemption) shall comply with this requirement.

11.1.2 Additional Tier 1 Notes have no maturity date and are only redeemable or may only be redeemed, substituted, varied or purchased subject to Condition 11.5 (*Conditions to redemption, substitution or variation of Subordinated Notes*) and subject to compliance with the Solvency Condition and Condition 5.3.3 (*Subordination*) and without prejudice to Condition 5.3.5 (*Solvency Claims*) or Condition 13.3 (*Events of Default relating to the Additional Tier 1 Notes*) in accordance with the provisions of this Condition 11.

11.2 Redemption for tax reasons

The Notes in a Series of Notes may (subject to Condition 11.5 (*Conditions to redemption, substitution or variation of Subordinated Notes*)) and, in the case of Additional Tier 1 Notes, subject to the Issuer satisfying the Solvency Condition, be redeemed at the option of the Issuer in whole, but not in part, on or after the First Optional Redemption Date:

11.2.1 at any time (if neither the provisions applicable to Floating Rate Notes nor the provisions applicable to Index-Linked Interest Notes are specified in the Applicable Pricing Supplement as being applicable or, if they are, such provisions are not applicable at the time of redemption); or

11.2.2 on any Interest Payment Date (if the provisions applicable to Floating Rate Notes or Index-Linked Interest Notes are specified in the Applicable Pricing Supplement as being applicable and are applicable at the time of redemption),

on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 18 (*Notices*) and to the Transfer Agent and the Paying Agent, at their Early Redemption Amount (Tax) together with interest accrued (if any) to (but excluding) the date of redemption, if a Tax Event occurs and is continuing

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

- (a) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts or would not be

entitled (or such entitlement is materially reduced) to claim a deduction in respect of computing its taxation liabilities; or

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

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Noteholders in accordance with Condition 18 (*Notices*) (A) a certificate signed by 2 authorised officers of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (B) an opinion of independent legal advisers of recognised standing to the effect that a Tax Event has occurred. Upon the expiry of any such notice as is referred to in this Condition 11.2, the Issuer shall be bound to redeem the Notes in accordance with this Condition 11.2.

11.3 Redemption for regulatory reasons

The Subordinated Notes in a Series of Notes may (subject to Condition 11.5 (*Conditions to redemption, substitution or variation of Subordinated Notes*)) and, in the case of Additional Tier 1 Notes, subject to the Issuer satisfying the Solvency Condition) be redeemed at the option of the Issuer in whole, but not in part:

- 11.3.1 at any time (if neither the provisions applicable to Floating Rate Notes nor the provisions applicable to Index-Linked Interest Notes are specified in the Applicable Pricing Supplement as being applicable or, if they are, such provisions are not applicable at the time of redemption); or
- 11.3.2 on any Interest Payment Date (if the provisions applicable to Floating Rate Notes or the provisions applicable to Index Linked Interest Notes are specified in the Applicable Pricing Supplement as being applicable and are applicable at the time of redemption),

on giving not less than 30 nor more than 60 days notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 18 (*Notices*) and to the Transfer Agent and the Paying Agent, at their Early Redemption Amount (Regulatory), together with interest accrued (if any) to (but excluding) the date fixed for redemption, if a Regulatory Event occurs and is continuing.

Prior to the publication of any notice of redemption pursuant to this Condition 11.3, the Issuer shall deliver to the Noteholders in accordance with Condition 18 (*Notices*) (A) a certificate signed by 2 authorised officers of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (B) unless the Registrar of Banks has confirmed to the Issuer that the relevant Notes are excluded from the relevant class of Eligible Capital of the Issuer on a solo and/or a consolidated basis, an opinion of independent advisers of recognised standing to the effect that a Regulatory Event has occurred. Upon the expiry of any such notice as is referred to in this Condition 11.3, the Issuer shall be bound to redeem the Notes in accordance with this Condition 11.3.

11.4 Redemption at the option of the Issuer (Issuer Call)

If the Call Option is specified in the Applicable Pricing Supplement as being applicable, the Notes in a Series of Notes may (subject to Condition 11.5 (*Conditions to redemption, substitution or variation of Subordinated Notes*)) in the case of Subordinated Notes and, in the case of Additional Tier 1 Notes, subject to the Issuer satisfying the Solvency Condition) be redeemed at the option of the Issuer in whole or, if so specified in the Applicable Pricing Supplement, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) together with accrued interest (if any) to such date upon the Issuer's giving not less than 15 nor more than 30 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the relevant Notes on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date). Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the applicable final terms in the Applicable Pricing Supplement. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by Definitive Certificates, and in accordance with the rules

of the Central Securities Depository (to be reflected in the records of the Central Securities Depository as either a pool factor or a reduction in nominal amount, at their discretion), in the case of Redeemed Notes held in uncertificated form, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "Selection Date"). In the case of Redeemed Notes represented by Definitive Certificates, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 18 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Uncertificated Notes will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (d) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 18 at least five days prior to the Selection Date.

11.5 Conditions to redemption, substitution or variation of Subordinated Notes

11.5.1 Subject to the applicable Capital Regulations, Subordinated Notes may be redeemed, substituted or varied by the Issuer pursuant to Condition 11.2 (*Redemption for tax reasons*), Condition 11.3 (*Redemption for regulatory reasons*), Condition 11.4 (*Redemption at the option of the Issuer*), Condition 11.7 (*Substitution or Variation Instead of Redemption*) or Condition 11.10 (*Purchase*) provided that, for so long as is required by the Capital Regulations:

11.5.1.1 Tier 2 Notes and Additional Tier 1 Notes may only be redeemed at the option of the Issuer pursuant to Condition 11.2 (*Redemption for tax reasons*), Condition 11.3 (*Redemption for regulatory reasons*), Condition 11.4 (*Redemption at the option of the Issuer*) after a minimum initial period of issue of 5 years from the Issue Date of such Notes, provided that unless the Registrar of Banks determines that the Issuer is duly capitalised above the minimum capital requirements after the call option is exercised, the Issuer may not redeem such Subordinated Notes unless such Subordinated Notes are replaced by the Issuer with instruments of similar or better quality and the replacement is on conditions that are sustainable for the income capacity of the Issuer;

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

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

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

11.5.2 Subject to the applicable Capital Regulations, Tier 2 Notes may be redeemed at maturity, provided that, for so long as is required by the Capital Regulations, Tier 2 Notes shall have a minimum maturity of 5 years and one day, and, accordingly, the Maturity Date specified pursuant to Condition 11.1 (*Scheduled redemption*) shall comply with this requirement.

11.5.3 Notwithstanding any other provision in this Condition 11 (*Redemption and Purchase*), the Issuer may redeem or issue or any of its subsidiaries may purchase the Tier 2 Notes (and give notice thereof to the Noteholders) only in accordance with the UK Capital Regulations and further, only if it has obtained the PRA's prior consent if such consent is required by the UK Capital Regulations for the redemption or purchase of the relevant Tier 2 Notes (as the case may be).

The rules under CRD IV provide that the competent authority (the PRA in this case), shall grant permission to a redemption or repurchase of the Tier 2 Notes provided that either of the following conditions is met, as applicable to the relevant Tier 2 Notes (i) on or before the redemption or repurchase of the Tier 2 Notes, the Issuer replaces the Tier 2 Notes with instruments qualifying as own funds instruments of an equal or higher quality at terms that are sustainable for its income capacity; or (ii) the Issuer has demonstrated to the satisfaction of the PRA that its own funds would, following such redemption or repurchase,

exceed the capital ratios required under CRD IV by a margin that the PRA may consider necessary on the basis set out in CRD IV for it to determine the appropriate level of capital of an institution.

The rules under CRD IV may be modified from time to time after the date of this Programme Memorandum.

For the purposes of this Condition 11.5, the following terms bear the following meanings:

"PRA" means the United Kingdom Prudential Regulation Authority or such other governmental authority in the United Kingdom having primary responsibility for the prudential supervision of Barclays Bank PLC;

"CRD IV" means the legislative package consisting of Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms and Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms of the European Parliament and of the Council, of 26 June 2013; and

"UK Capital Regulations" means, at any time, the laws, regulations, requirements, standards, guidelines and policies relating to capital adequacy for credit institutions of either (i) the PRA and/or (ii) any other national or European authority, in each case then in effect in the United Kingdom (or such other jurisdiction in which the Issuer may be organised or domiciled) and applicable to Barclays Bank PLC and its consolidated subsidiaries.

11.6 Redemption at the option of Noteholders (Investor Put)

This Condition 11.6 applies only to Unsubordinated Notes.

If the Put Option is specified in the Applicable Pricing Supplement as being applicable, the Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 11.6, the holder of such Note must, give the Issuer not less than 15 nor more than 30 days before the relevant Optional Redemption Date (Put), of the exercise of the Put Option. Registered Notes may be redeemed under this Condition 11.6 in any multiple of their lowest Specified Denomination. It may be that before a Put Option can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the Applicable Pricing Supplement.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside the Central Securities Depository, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Transfer Agent (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Transfer Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Transfer Agent (a "Put Notice") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 15. If this Note is in definitive bearer form, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is held through the Central Securities Depository to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Paying Agent of such exercise in accordance with the standard procedures of the Central Securities Depository (which may include notice being given on his instruction by the Central Securities Depository or any depositary for them to the Paying Agent by electronic means) in a form acceptable to the Central Securities Depository from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of the Central Securities Depository given by a holder of any Note pursuant to this Condition 11.6 shall be

irrevocable except where, prior to the due date of redemption, an Event of Default has occurred, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 11.6.

11.7 **Substitution or variation instead of redemption**

11.7.1 This Condition 11.7 applies only to Additional Tier 1 Notes.

11.7.2 If a Tax Event or Regulatory Event has occurred and is continuing, then the Issuer may instead of giving notice to redeem, subject to the Solvency Condition and Condition 11.5 (*Conditions to redemption, substitution or variation of Subordinated Notes*) (but without any requirement for the consent or approval of the Noteholders) and having given not less than 60 nor more than 90 days' notice to the Paying Agent, the Calculation Agent (if any) and, in accordance with Condition 18 (*Notices*), to the Additional Tier 1 Noteholders (which notice shall be irrevocable), substitute at any time all (but not some only) of the relevant Series of Additional Tier 1 Notes for, or vary the terms of the relevant Series of Additional Tier 1 Notes so that they remain, Qualifying Additional Tier 1 Capital Securities or become Qualifying Tier 2 Securities, and subject to the following provisions of this Condition 11.7 and subject to the issue of the certificate of the 2 directors referred to in the definition of Qualifying Additional Tier 1 Capital Securities or (as the case may be) Qualifying Tier 2 Securities and subject further to the receipt by the Issuer of the opinion of the Independent Investment Bank referred to therein, such substitution or variation shall be effected.

11.7.3 Upon expiry of such notice, the Issuer shall vary the terms of or substitute, as the case may be, the Notes in accordance with this Condition 11.7.

11.7.4 In connection with any substitution or variation in accordance with this Condition 11.7, the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

11.8 **No other redemption, substitution or variation**

The Issuer shall not be entitled to redeem, substitute or vary the terms of the Notes otherwise than as provided in paragraphs 11.1 to 11.7 above.

11.9 **Early redemption of Zero Coupon Notes**

Unless otherwise specified in the Applicable Pricing Supplement, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount (the "**Amortised Face Amount**") equal to the sum of:

11.9.1 the Reference Price; and

11.9.2 the product of the Implied Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Applicable Pricing Supplement for the purposes of this Condition 11.8 or, if none is so specified, a Day Count Fraction of Actual/365.

11.10 **Purchase**

Subject to the applicable Capital Regulations and Condition 11.5 (*Conditions to redemption, substitution or variation of Subordinated Notes*) in the case of Subordinated Notes and, in the case of Additional Tier 1 Notes, compliance with the Solvency Condition, the Issuer or any of its subsidiaries may at any time purchase Notes in the open market or otherwise and at any price.

11.11 **Cancellation**

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

11.12 Write Off or Conversion of Subordinated Notes

11.12.1 This Condition 11.12 applies only to Subordinated Notes.

11.12.2 If a Non-Viability Trigger Event occurs, then the Issuer shall, in accordance with regulation 38(14)(a)(i) of the Tier 2 Capital Regulations or regulation 38(13)(b) of the Additional Tier 1 Capital Regulations, as the case may be, either write-off or convert to Common Equity Tier 1 Capital securities of the Issuer or the Controlling Company, the relevant Series of Subordinated Notes, in accordance with the provisions set out in the Applicable Pricing Supplement.

12. TAXATION

12.1 All payments of principal or interest in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction, unless such withholding or deduction is required by Applicable Law.

12.2 In such event, the Issuer will, subject to the Issuer's right to redeem such Notes in terms of Condition 11.12, pay such additional amounts as shall be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note:

12.2.1 presented for payment (to the extent presentation is required) in South Africa; or

12.2.2 presented for payment or (in the case of Registered Notes) held by or on behalf of a Noteholder, who is liable for such taxes in respect of such Note by reason of it having some connection with a Tax Jurisdiction other than the mere holding of such Note or the receipt of principal or interest in respect thereof; or

12.2.3 presented for payment or (in the case of Registered Notes) held by or on behalf of a Noteholder which would not be liable or subject to the withholding or deduction by complying with any statutory requirement or by making a declaration of non-residency or other similar claim for exemption to the relevant tax authority (the effect of which is not to require the disclosure of the identity of the relevant Noteholder); or

12.2.4 where (in the case of any payment of principal or interest which is conditional on surrender of the relevant Certificate in accordance with these Terms and Conditions) the relevant Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Noteholder would have been entitled to an additional amount on presenting the Certificate for payment on such thirtieth day assuming that day to have been a Payment Date; or

12.2.5 if such withholding or deduction arises through the exercise by revenue authorities of special powers in respect of tax defaulters.

13. EVENTS OF DEFAULT

13.1 *Events of Default relating to Unsubordinated Notes*

This Condition 13.1 only applies to Unsubordinated Notes. If any one or more of the following events (each an Event of Default) shall occur and be continuing with respect to any Note of the Series:

13.1.1 if default is made in the payment of any principal or interest due in respect of the Notes of the Series or any of them and the default continues for a period of 7 days in the case of principal and 14 days in the case of interest; or

13.1.2 if the Issuer fails to perform or observe any of its other obligations under the Terms and Conditions of the Notes of the Series and (except in any case where the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 45 days next following the service by a Noteholder on the Issuer of written notice requiring the same to be remedied; or

- 13.1.3 if any indebtedness for borrowed money of the Issuer exceeding in aggregate the Threshold Amount (as defined below) (A) becomes immediately due and payable, and is declared to be so due and payable, prior to its stated maturity, by reason of an event of default (howsoever described) on the part of such party, or (B) is not discharged on its due date (other than any payment default that results solely from (i) wire transfer difficulties, or (ii) an error or omission of an administrative or operational nature provided that the payment is made within 3 business days from the date of such failure to pay, or (iii) any governmental or regulatory restrictions that in the sole opinion of the Issuer prohibits repayment, or (iv) a liability which such party shall be contesting in good faith, or (v) subject to any grace period applicable to the relevant payment). For the purposes of this clause, the expression "**Threshold Amount**" means an amount equal to 2% of the shareholder's funds of the Issuer (being its gross assets less its gross liabilities) as determined by reference to its most recent published annual audited financial statements; or
- 13.1.4 if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer or any Material Subsidiary (other than solvent reorganisation of any Material Subsidiary), and any resulting winding up or dissolution process remains undismissed for 45 days save for the purposes of reorganisation, reconstruction, amalgamation, merger or consolidation on terms previously approved by an Extraordinary Resolution of the Noteholders; or
- 13.1.5 if the Issuer or any Material Subsidiary ceases or threatens to cease to carry on the whole or a substantial part of its business (other than solvent reorganisation of any Material Subsidiary), save for the purposes of reorganisation, reconstruction, amalgamation, merger or consolidation on terms previously approved by an Extraordinary Resolution of the Noteholders, or the Issuer or any Material Subsidiary stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts within the meaning of section 131(4) of the South African Companies Act, 2008 (the "SA Companies Act") or is adjudicated or found bankrupt or insolvent in terms of the South African Insolvency Act, 1936 (the "SA Insolvency Act"); or
- 13.1.6 If proceedings are initiated against the Issuer or any Material Subsidiary under any applicable liquidation, insolvency, business rescue, composition, reorganisation or other similar laws or an administrator, business rescue practitioner, manager, administrative receiver or other receiver is appointed in relation to the Issuer or any Material Subsidiary including, without limitation, the following:
- i. the Issuer becomes subject to a scheme of arrangement or compromise as envisaged in section 155 of the SA Companies Act, (other than a scheme of arrangement or compromise the terms of which have been previously approved by an Extraordinary Resolution of the Noteholders);
 - ii. the Issuer is wound-up, liquidated, deregistered or placed under curatorship or business rescue, in any such event whether provisionally or finally and whether voluntarily or compulsorily, or passes a resolution providing for any such event;
 - iii. the Issuer compromises or attempts to compromise with or defers or attempts to defer payment of debts owing by it to its creditors generally or any significant class of its creditors;
 - iv. any procedural step is taken by the Issuer (including an application, a proposal or a convening of a meeting) with a view to a compromise or arrangement with any of its creditors generally or any significant class of its creditors;
 - v. the Issuer commits any act which is or, if it were a natural person, would be an act of insolvency as defined in the SA Insolvency Act;
 - vi. the Issuer is deemed to be unable to pay its debts in terms section 131(4) of the SA Companies Act; or
 - vii. the members or creditors of the Issuer (other than the Noteholders) meet in order to pass a resolution providing for the Issuer to be wound-up, liquidated, deregistered or placed under business rescue or curatorship, or any resolution is passed to this effect; or

- 13.1.7 an administrative or other receiver, manager, administrator or other similar official is appointed in relation to the Issuer or any Material Subsidiary or, as the case may be, in relation to the whole or a major part of the undertaking or assets of any of the Issuer or any Material Subsidiary, or an encumbrancer takes possession of the whole or a major part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced or sued out on or against the whole or a major part of the undertaking or assets of any of them and in any case (other than the appointment of an administrator) is not discharged or stayed within 45 days,

then any holder of a Note of the Series may, by written notice to the Issuer, effective upon the date of receipt thereof by the Issuer, declare any Notes held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Termination Amount, together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

13.2 ***Events of Default relating to Tier 2 Notes***

- 13.2.1 Notwithstanding any of the provisions below in this Condition 13.2, the right to institute winding-up proceedings is limited to circumstances where payment of principal or interest (as the case may be) has become due and payable. If default shall be made in the payment of any principal or interest due on the Tier 2 Notes of the relevant Series for a period of seven days or more after any date on which the payment of principal is due or 14 days or more after any date on which the payment of interest is due (as the case may be), any Tier 2 Noteholder of that Series may, subject to Condition 13.2 (Subordination), and subject as provided below, at its discretion and without further notice, institute proceedings for the winding-up of the Issuer and/or prove in any winding-up of the Issuer, but take no other action in respect of that default; provided that no action may be taken by a Tier 2 Noteholder if the Issuer withholds or refuses to make any such payment in order to comply with any law or regulation of any relevant jurisdiction or to comply with any order of a court of competent jurisdiction. Where there is doubt as to the validity or applicability of any such law, regulation or order, the Issuer will not be in default if it acts on the advice given to it during such seven day period or fourteen day period (as the case may be) by independent legal advisers approved by the relevant Tier 2 Noteholders(s).
- 13.2.2 If an order is made or an effective resolution is passed for the winding-up of the Issuer (other than pursuant to a Solvent Reconstruction), each Tier 2 Note may, by written notice to the Issuer and delivered to the Issuer, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) (subject to Condition 5.2.3) without further action or formality.
- 13.2.3 Without prejudice to Conditions 13.2.1 or 13.2.2 above, if the Issuer breaches any of its obligations under the Tier 2 Notes of the relevant Series (other than any obligation in respect of the payment of principal or interest on such Notes) then each Tier 2 Noteholder may at its discretion and without further notice, bring such proceedings as it may think fit to enforce the obligation in question provided that the Issuer shall not, as a result of the bringing of any such proceedings, be obliged to pay any sum representing or measured by reference to principal or interest on or satisfy any other payment obligation in relation to such Series of Tier 2 Notes sooner than the same would otherwise have been payable by it.

13.3 ***Events of Default relating to Additional Tier 1 Notes***

Notwithstanding any of the provisions below in this Condition 13.3, the right to institute winding-up proceedings is limited to circumstances where payment of principal or interest (as the case may be) has become due and payable. No principal, premium, interest or any other amount will be due unless the Solvency Condition is satisfied. Also, in the case of the payment of any Interest Amount, payment thereof will not be due if the Issuer has elected not to pay interest pursuant to Condition 6.1.1 or the Issuer is prohibited from making that payment pursuant to Condition 6.1.2 or 6.1.3.

This Condition 13.3 applies only to Additional Tier 1 Notes.

- 13.3.1 If default shall be made in the payment of any principal or any interest (or any other amount falling due under the terms of the Additional Tier 1 Notes) due on the Additional Tier 1 Notes of the relevant Series for a period of seven days or more after any date on which the payment of principal is due and payable or 14 days or more after any date on which the payment of interest is due and payable (as the case may be) each Additional

Tier 1 Noteholder of that Series may, subject to Condition 5.3.3 (Subordination) and subject as provided below, at its discretion and without further notice, institute proceedings for the winding-up of the Issuer and/or prove in any winding-up of the Issuer, but take no other action in respect of that default; provided that no such action may be taken by an Additional Tier 1 Noteholder if the Issuer withholds or refuses to make any such payment in order to comply with any law or regulation of any relevant jurisdiction or to comply with any order of a court of competent jurisdiction. Where there is doubt as to the validity or applicability of any such law regulation or order, the Issuer will not be in default if it acts on the advice given to it during such seven day period or fourteen day period (as the case may be) by independent legal advisers approved by the relevant Additional Tier 1 Noteholders(s).

- 13.3.2 Without prejudice to paragraph 13.3.1 above, if the Issuer breaches any of its obligations under the Additional Tier 1 Notes of the relevant Series (other than any obligation in respect of the payment of principal or interest on such Notes) then each Additional Tier 1 Noteholder may, subject as provided below, at its discretion and without further notice, bring such proceedings as it may think fit to enforce the obligation in question provided that the Issuer shall not, as a result of the bringing of any such proceedings, be obliged to pay any sum representing or measured by reference to principal or interest on or satisfy any other payment obligation in relation to such Series of Additional Tier 1 Notes sooner than the same would otherwise have been payable by it.

13.4 Notice of an Event of Default

If an Event of Default occurs, the Issuer will forthwith upon becoming aware of such Event of Default, give notice thereof in writing to the Transfer Agent, the Calculation Agent, the Debt Sponsor and the Noteholders of that Series and, if any Notes are listed on the Interest Rate Market of the JSE, to the JSE, to the Noteholders through SENS and to the Central Securities Depository.

14. DELIVERY, EXCHANGE AND REPLACEMENT OF CERTIFICATES, RECEIPTS AND COUPONS

- 14.1 Upon the issue of Bearer Notes, Order Notes, unlisted Registered Notes or upon notice from a Participant pursuant to Condition 14.3 requesting the exchange or partial exchange of a Beneficial Interest in Notes for a Definitive Certificate(s), the Transfer Agent shall deliver the relevant Definitive Certificate(s) in accordance with the Agency Agreement.
- 14.2 The holder of a Beneficial Interest in Notes may, in terms of the Applicable Procedures and subject to section 35 of the Financial Markets Act, by written notice to the holder's nominated Participant (or, if such holder is a Participant, the Central Securities Depository), request that such Beneficial Interest be exchanged for Notes in definitive form represented by an Certificate (the "Exchange Notice"). The Exchange Notice shall specify (i) the name, address and bank account details of the holder of the Beneficial Interest
- 14.3 The holder's nominated Participant will, following receipt of the Exchange Notice, through the Central Securities Depository, notify the Transfer Agent that it is required to exchange such Beneficial Interest for Notes represented by an Certificate. The Transfer Agent will, as soon as is practicable but within 14 days after receiving such notice, in accordance with the Applicable Procedures, procure that an Certificate is prepared, authenticated and made available for delivery, on a Business Day falling within the aforementioned 14 day period, to the holder of the Beneficial Interest at the Specified Office of the Transfer Agent; provided that joint holders of a Beneficial Interest shall be entitled to receive only one Certificate in respect of that joint holding, and delivery to one of those joint holders shall be delivery to all of them.
- 14.4 In the case of the exchange of a Beneficial Interest in Notes issued in uncertificated form:
- 14.4.1 the Central Securities Depository's Nominee shall, prior to the Exchange Date, surrender (through the Central Securities Depository system) such uncertificated Notes to the Transfer Agent at its Specified Office; and
- 14.4.2 the Transfer Agent will obtain the release of such uncertificated Notes from the Central Securities Depository in accordance with the Applicable Procedures.
- 14.5 A Certificate shall, in relation to a Beneficial Interest in any number of Notes issued in uncertificated form of a particular aggregate Principal Amount standing to the account of the holder thereof, represent that number of Notes of that aggregate Principal Amount, and shall otherwise be in such form as may be agreed between the Issuer and the Transfer Agent; provided that if such aggregate

Principal Amount is equivalent to a fraction of R1 000 000 (or the equivalent thereof in the Specified Currency if the Specified Currency is not Rand) or a fraction of any multiple thereof, such Certificate shall be issued in accordance with, and be governed by, the Applicable Procedures.

- 14.6 Certificates, and any Receipts and/or Coupons in relation to Bearer Notes or Order Notes, shall be provided (whether by way of issue, delivery or exchange) by the Issuer without charge, save as otherwise provided in these Terms and Conditions. Separate costs and expenses relating to the provision of Certificates and/or the transfer of Notes may be levied by other persons, such as a Settlement Agent, under the Applicable Procedures and such costs and expenses shall not be borne by the Issuer. The costs and expenses of delivery of Certificates, Receipts and/or Coupons otherwise than by ordinary post (if any) and, if the Issuer shall so require, taxes or governmental charges or insurance charges that may be imposed in relation to such mode of delivery shall be borne by the Noteholder.
- 14.7 Any person becoming entitled to Registered Notes in consequence of the death, sequestration or liquidation of the holder of such Notes may upon producing such evidence that he holds the position in respect of which he proposes to act under this Condition 14 or of his title as the Issuer and the Transfer Agent shall require, be registered himself as the holder of such Notes or, subject to the requirements of the Applicable Procedures and of this Condition 14, may transfer such Notes. The Issuer and the Paying Agent shall be entitled to retain any amount payable upon the Notes to which any person is so entitled until such person shall be registered as aforesaid or shall duly transfer the Notes.
- 14.8 If any Certificate, Receipt or Coupon is mutilated, defaced, stolen, destroyed or lost it may be replaced at the Specified Office of the Issuer or the Specified Office of the Transfer Agent, on payment by the claimant of such costs and expenses as may be incurred in connection therewith and the provision of such indemnity as the Issuer may reasonably require. Mutilated or defaced Certificates, Receipts or Coupons must be surrendered before replacements will be issued.

15. TRANSFER OF NOTES

15.1 Transfer of Registered Notes

- 15.1.1 Beneficial Interests in the Notes may be transferred in terms of the Applicable Procedures through the Central Securities Depository.
- 15.1.2 The Central Securities Depository maintains accounts only for its Participants. Beneficial Interests which are held by Participants (which are also Settlement Agents) may be held directly through the Central Securities Depository. Participants are in turn required to maintain securities accounts for their clients. Beneficial Interests which are not held by Participants may be held by clients of Participants indirectly through such Participants.
- 15.1.3 Transfers of Beneficial Interests to and from clients of Participants occur, in terms of existing law and practice, by way of electronic book entry in the securities accounts maintained by the Participants for their clients. Transfers of Beneficial Interests among Participants occur through electronic book entry in the central securities accounts maintained by the Central Securities Depository for the Participants. Such transfers of Beneficial Interests will not be recorded in the Register and the Central Securities Depository's Nominee will continue to be reflected in the Register as the Noteholder in respect of the Notes, notwithstanding such transfers. Beneficial Interests may be transferred only in accordance with these Terms and Conditions, and the Applicable Procedures.
- 15.1.4 In order for any transfer of Registered Notes to be recorded in the Register and for the transfer to be recognised by the Issuer, each transfer of a Registered Note:
- (a) must be embodied in a Transfer Form;
 - (b) must be signed by the relevant Noteholder and the transferee, or any authorised representatives of that registered Noteholder and/transferee;
 - (c) shall only be in the Specified Denomination or a multiple thereof and consequently the Issuer will not recognise any fraction of the Specified Denomination; and
 - (d) must be made by way of the delivery of the Transfer Form to the Transfer Agent together with the Certificate in question for cancellation or, if only part of the Notes

represented by a Certificate is transferred, a new Certificate for the balance will be delivered to the transferor and the cancelled Certificate will be retained by the Transfer Agent.

- 15.1.5 The transferor of any Registered Notes represented by a Certificate shall be deemed to remain the owner thereof until the transferee is registered in the Register as the holder thereof.
- 15.1.6 Before any transfer is registered all relevant transfer taxes (if any) must have been paid and such evidence must be furnished as the Transfer Agent may reasonably require as to the identity and title of the transferor and the transferee.
- 15.1.7 The Transfer Agent will, within 3 Business Days of receipt by it of a valid Transfer Form (or such longer period as may be required to comply with any applicable taxation or other laws, regulations or Applicable Procedures), authenticate and deliver to the transferee (at the risk of the transferee) a new Certificate in respect of the Notes transferred.
- 15.1.8 No transfer will be registered while the Register is closed.
- 15.1.9 In the event of a partial redemption of Notes, the Issuer and the Transfer Agent shall not be required:
 - (a) to register the transfer of any Notes during the period beginning on the tenth day before the date of the partial redemption and ending on date of the partial redemption (both inclusive); or
 - (b) to register the transfer of any Note, or part of a Note, called for partial redemption.

15.2 **Transfer of Bearer Notes**

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

15.3 **Transfer of Order Notes**

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

15.4 **Prohibition on stripping**

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

16. **REGISTER**

- 16.1 The Register shall be kept at the Specified Office of the Transfer Agent. The Register shall reflect the number of Notes issued and Outstanding and whether they are Registered Notes, Bearer Notes or Order Notes. The Register shall contain the name, address, and bank account details of the Noteholders of Registered Notes. The Register shall set out the Principal Amount of the Notes issued to such Noteholders and shall show the date of such issue. The Register shall show the serial number of Certificates issued in respect of Notes. The Register shall be open for inspection during the normal business hours of the Transfer Agent to any Noteholder or any person authorised in writing by any Noteholder. The Register shall be closed during the Books Closed Period. The Transfer Agent will only recognize, as registered holder of a Note, the Noteholder in the Register at 17h00 (South African time) on the relevant Last Day to Register. The Issuer and the Transfer

Agent shall not be bound to enter any trust into the Register or to take notice of any or to accede to any trust executed, whether express or implied, to which any Note may be subject.

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

17. TRANSFER AGENT, CALCULATION AGENT AND PAYING AGENT

- 17.1 The Issuer is entitled to vary or terminate the appointment of the Transfer Agent, the Calculation Agent and the Paying Agent and/or appoint additional or other agents and/or approve any change in the Specified Office through which any agent acts, provided that there will at all times be a Transfer Agent, Calculation Agent and a Paying Agent with an Specified Office in such place as may be required by the Applicable Procedures. Any third party appointed by the Issuer as Transfer Agent, Paying Agent and Calculation Agent shall act solely as the agents of the Issuer and do not assume any obligation towards or relationship of agency or trust for or with any Noteholders.
- 17.2 To the extent that the Issuer acts as the Transfer Agent, Calculation Agent or Paying Agent, all references in these Terms and Conditions to:
- 17.2.1 any action, conduct or functions in such role shall be understood to mean that the Issuer shall perform such action, conduct or function itself; and
- 17.2.2 requirements for consultation, indemnification by or of, payment by or to, delivery by or to, notice by or to, consent by or to or agreement between the Issuer and such Transfer Agent, Calculation Agent or Paying Agent (as the case may be) shall be disregarded to the extent that the Issuer performs such role.

18. NOTICES

- 18.1 All notices to be given to Noteholders shall:
- 18.1.1 be sent by registered mail or delivered by hand to their addresses appearing in the Register (in the case of Registered Notes) or shall be published in an English language daily newspaper of general circulation in South Africa (in the case of Registered Notes, Bearer Notes or Order Notes); and
- 18.1.2 for so long as any of the Notes are listed on the Interest Rate Market of the JSE, shall be published on SENS.

Any such notice shall be deemed to have been given on the 7th day after the day on which it is mailed or on the day of delivery if delivered or on the date of first publication, as the case may be.

- 18.2 For as long as any of the Notes are held in uncertificated form, all notices in respect of such Notes shall be by way of the delivery of the relevant notice to the Central Securities Depository, the JSE and the Settlement Agents or such other exchange on which the Notes are listed for communication by them to holders of Beneficial Interests in Notes. For so long as the Notes are held in their entirety by the Central Securities Depository, there may be substituted for publication as contemplated in Condition 18.1 the delivery of the relevant notice to the Central Securities Depository's Nominee, the Participants and the JSE for communication by them to the holders of Beneficial Interests in the Notes, in accordance with the Applicable Procedures.
- 18.3 A notice to be given by any Noteholder to the Issuer shall be in writing and given by lodging (either by hand delivery or posting by registered mail) that notice, together with a certified copy of the relevant Certificate, Coupon or Receipt at the Specified Office of the Transfer Agent. The Issuer may change its Specified Office upon prior written notice to the Noteholders specifying such new address. For so long as any of the Notes are held in uncertificated form, notice may be given by any holder of a Beneficial Interest in Notes to the Issuer via the relevant Settlement Agent in accordance with the Applicable Procedures, in such manner as the Issuer and the relevant Settlement Agent may approve for this purpose. Such notices shall be deemed to have been received by the Issuer, if delivered by hand, on the second Business Day after being hand delivered, or, if sent by registered mail, 7 days after posting.

19. MEETINGS OF NOTEHOLDERS

- 19.1 **Directions of Noteholders**

- 19.1.1 The provisions with regard to meetings of Noteholders are set out in this Condition 19.
- 19.1.2 Every director, the secretary of and the attorney to the Issuer and every other person authorised in writing by the Issuer, may attend and speak at a meeting of Noteholders, but will not be entitled to vote, other than as a Noteholder or proxy or duly authorised representative of a Noteholder.
- 19.1.3 A meeting of Noteholders will have power, in addition to all powers specifically conferred elsewhere in the Terms and Conditions:
- 19.1.3.1 by Ordinary Resolution of the Noteholders to give instructions to the Issuer in respect of any matter not covered by the Terms and Conditions (but without derogating from the powers or discretions expressly conferred upon the Issuer by the Terms and Conditions or imposing obligations on the Issuer not imposed or contemplated by the Terms and Conditions or otherwise conflicting with or inconsistent with the provisions of the Terms and Conditions);
- 19.1.3.2 by Extraordinary Resolution:
- 19.1.3.2.1 of the Noteholders to bind all of the Noteholders to any compromise or arrangement;
- 19.1.3.2.2 of a particular Series of Noteholders to agree to any variation or modification of any rights of that Series of Noteholders.
- 19.1.4 Unless otherwise specified, resolutions of Noteholders will require an Ordinary Resolution to be passed.
- 19.2 Convening of meetings**
- 19.2.1 The Issuer may at any time convene a meeting of all Noteholders or separate meetings of holders of any Series of Notes (a "meeting" or the "meeting").
- 19.2.2 The Issuer will convene (i) a meeting of Noteholders upon the requisition in writing of Noteholders holding not less than 10% of the aggregate Principal Amount of all of the Notes Outstanding or (ii) a separate meeting of holders of any Series of Notes upon the requisition in writing of the Noteholders in that Series holding not less than 10% of the aggregate Principal Amount of the Notes Outstanding held by the holders of that Series, as the case may be (a "requisition notice").
- 19.2.3 Whenever the Issuer wishes to convene a meeting, it will forthwith give notice in writing to the Noteholders in the manner prescribed in Condition 18 of the place, day and hour of the meeting, the nature of the business to be transacted at the meeting and the resolutions to be proposed and considered at the meeting.
- 19.2.4 All meetings of Noteholders will be held in South Africa.
- 19.3 Requisition**
- 19.3.1 A requisition notice will state the nature of the business for which the meeting is to be held and the resolutions to be proposed and considered at the meeting and will be deposited at the Specified Office of the Issuer.
- 19.3.2 A requisition notice may consist of several documents in like form, each signed by one or more requisitionists.
- 19.4 Convening of meetings by requisitionists**
- If the Issuer does not convene a meeting to be held within 30 days of the deposit of a requisition notice, the requisitionists may themselves convene the meeting, but the meeting so convened will be held within 90 days from the date of such deposit and will be convened as nearly as possible in the same manner as that in which meetings may be convened by the Issuer. Whenever the requisitionists are about to so convene any such meeting, requisitionists shall forthwith give notice of the meeting to the Issuer.

19.5 Notice of meeting

- 19.5.1** Unless the holders of at least 90% of the aggregate Principal Amount of the Notes Outstanding or Series of Notes Outstanding, as the case may be, agree in writing to a shorter period, at least 21 days' written notice, specifying the place, day and time of the meeting, the nature of the business for which the meeting is to be held and the resolutions to be proposed and considered at the meeting, will be given to each Noteholder and to the Issuer if applicable.
- 19.5.2** The accidental omission to give such notice to any Noteholder or the Issuer, as the case may be, or the non-receipt of any such notice, will not invalidate the proceedings at a meeting.

19.6 Quorum

- 19.6.1** A quorum at a meeting shall:
- 19.6.1.1** for the purposes of considering an Ordinary Resolution, consist of Noteholders present in person or by proxy and holding in the aggregate not less than one-third of the aggregate Principal Amount of the Notes Outstanding or Series of Notes Outstanding, as the case may be;
- 19.6.1.2** for the purposes of considering a Extraordinary Resolution, consist of Noteholders present in person or by proxy and holding in the aggregate not less than a clear majority of the aggregate Principal Amount of the Notes Outstanding or Series of Notes Outstanding, as the case may be.
- 19.6.2** No business will be transacted at a meeting of the Noteholders unless a quorum is present at the time when the meeting proceeds to business.
- 19.6.3** If, within 15 minutes from the time appointed for the meeting, a quorum is not present, the meeting will, if it was convened on the requisition of Noteholders, be dissolved. In every other case the meeting will stand adjourned to the same day in the third week thereafter, at the same time and place, or if that day is not a Business Day, the next succeeding Business Day. If at such adjourned meeting a quorum is not present the Noteholders present in person or by proxy will constitute a quorum for the purpose of considering any resolution, including a Extraordinary Resolution.

19.7 Chairperson

The chairperson of the meeting shall be appointed by the Issuer. If the Issuer or the person appointed by the Issuer to preside as chairperson of the meeting is not present within 10 minutes of the time appointed for the holding of the meeting, the Noteholders then present will choose one of their own number to preside as chairman.

19.8 Adjournment

- 19.8.1** Subject to the provisions of this Condition 19, the chairperson may, with the consent of, and will on the direction of, the meeting adjourn the meeting from time to time and from place to place.
- 19.8.2** No business will be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- 19.8.3** At least 14 days' written notice of the place, day and time of an adjourned meeting will be given by the Issuer to each Noteholder. In the case of a meeting adjourned in terms of Condition 19.6.3, the notice will state that the Noteholders present in person or by proxy at the adjourned meeting will constitute a quorum.

19.9 How questions are decided

- 19.9.1** At a meeting, a resolution put to the vote will be decided on a poll.
- 19.9.2** In the case of an equality of votes, the chairperson will not be entitled to a casting vote in addition to the vote, if any, to which he is entitled.

19.10 **Votes**

Voting shall only take place on a poll and not on a show of hands. On a poll every Noteholder, present in person or by proxy, will be entitled to that proportion of the total votes which the aggregate Principal Amount of the Notes Outstanding held by such Noteholder bears to the aggregate Principal Amount of all of the Notes Outstanding or Series of Notes, as the case may be, held by Noteholders present in person or by proxy at the meeting. In relation to joint Noteholders, the vote may be exercised only by that Noteholder whose name appears first on the Register in the event that more than one of such Noteholders is present, in person or by proxy, at the meeting. The Noteholder in respect of Uncertificated Notes shall vote at any such meeting on behalf of the holders of Beneficial Interests in such Notes in accordance with the instructions to the Central Securities Depository's Nominee from the holders of Beneficial Interests conveyed through the Participants in accordance with the Applicable Procedures.

19.11 **Proxies and representatives**

- 19.11.1 Noteholders present either in person or by proxy may vote on a poll. A Noteholder may by an instrument in writing (a "proxy form") signed by the Noteholder (or his duly authorised agent) or, in the case of a juristic person, signed on its behalf by a duly authorised officer of the juristic person, appoint any person (a "proxy" or "proxies") to act on his or its behalf in connection with any meeting or proposed meeting.
- 19.11.2 A person appointed to act as proxy need not be a Noteholder.
- 19.11.3 The proxy form will be deposited at the Specified Office of the Issuer or at the Specified Office of the Transfer Agent, as the case may be, not less than 24 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such proxy proposes to vote.
- 19.11.4 No proxy form will be valid after the expiration of 6 months from the date named in it as the date of its execution.
- 19.11.5 Notwithstanding Condition 19.11.4, a proxy form will be valid for any adjourned meeting, unless the contrary is stated thereon. A vote given in accordance with the terms of a proxy form will be valid notwithstanding the previous death or incapacity of the principal or revocation or amendment of the proxy form or of any of the Noteholder's instructions pursuant to which the proxy form was executed or of the authority under which the proxy form was executed or the transfer of Notes in respect of which the proxy was given, provided that no intimation in writing of such death, incapacity, revocation or amendment shall have been received by the Issuer at its Specified Office or the Transfer Agent at its Specified Office, as the case may be, more than, and that the transfer has been given effect to less than, 12 hours before the commencement of the meeting or adjourned meeting at which the proxy is to be used.
- 19.11.6 Any Noteholder which is a juristic person may authorise any person to act as its representative in connection with any meeting or proposed meeting of Noteholders by resolution of the directors or other governing body of the juristic person. Any reference in the Terms and Conditions to a Noteholder present in person includes the duly authorised representative of a Noteholder which is a juristic person.

19.12 **Minutes**

- 19.12.1 The Issuer will cause minutes of all resolutions and proceedings of meetings to be duly entered in the minute books of the Issuer.
- 19.12.2 Any such minutes as aforesaid, if purporting to be signed by the chairperson of the meeting at which such resolutions were passed or proceedings held or by the chairperson of the next succeeding meeting, will be receivable in evidence without any further proof, and until the contrary is proved, a meeting of Noteholders or Series of Noteholders, as the case may be, in respect of the proceedings of which minutes have been so made will be deemed to have been duly held and convened and all resolutions passed thereat, or proceedings held, to have been duly passed and held.

19.13 **Written Resolutions**

A resolution in writing submitted to Noteholders or Noteholders of a Series, as the case may be, entitled to exercise voting rights in relation to the resolution, and signed by the requisite majority of Noteholders or Noteholders of a Series, as the case may be, shall be as valid and effective as if it had been passed at a meeting duly convened and constituted and shall be deemed (unless a statement to the contrary is made in that resolution) to have been passed on the last day on which that resolution is signed by any one or more of the Noteholders or Noteholders of a Series, as the case may be. That resolution may consist of two or more documents in the same form each of which is signed by one or more of the Noteholders or Noteholders of a Series, as the case may be.

20. AMENDMENT OF THESE CONDITIONS

- 20.1 The Issuer may effect, without the consent of any Noteholder, any amendment to the Terms and Conditions which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of South Africa. Any such amendment will be binding on Noteholders and such amendment will be notified to Noteholders in accordance with Condition 19 as soon as practicable thereafter.
- 20.2 In respect of an amendment that is not of a formal, minor or technical nature, such amendment may be made only (i) with the prior authorisation of an Extraordinary Resolution of all of the Noteholders or (ii) the Noteholders of a particular Series of Notes, as the case may be. The Issuer will call a meeting of all of the Noteholders or a meeting of Noteholders of that Series of Notes, as the case may be. Such meeting or meetings will be regulated by the provisions set out in Condition 19. No proposed amendment will be made to the Terms and Conditions until such amendment has been approved by Extraordinary Resolution at such meeting or meetings.

21. FURTHER ISSUES

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

22. GOVERNING LAW

Unless otherwise specified in the Applicable Pricing Supplement, the provisions of the Programme Memorandum and the Notes are governed by, and shall be construed in accordance with, the laws of South Africa in force from time to time.

23. NEGATIVE PLEDGE

This Condition 23 shall apply only to Unsubordinated Notes. For as long as any Unsubordinated Notes remain Outstanding, the Issuer will ensure that no Relevant Indebtedness of the Issuer will be secured by any Security Interest upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Issuer unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (a) all amounts payable by it under the Unsubordinated Notes are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or
- (b) such other Security Interest or guarantee or other arrangement (whether or not it includes the giving of a Security Interest) is provided as is approved by an Extraordinary Resolution of the Noteholders.

The Issuer shall be entitled but not obliged, to form, or procure the formation of, a trust or trusts or appoint, or procure the appointment of, an agent or agents to hold any such rights of security for the benefit or on behalf of such Noteholders.

For the purposes of this Condition 23:

"Relevant Indebtedness" means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which are for the time being quoted, listed or ordinarily dealt in on any stock exchange, over the counter or other securities market and having a maturity in excess of one year.

Notwithstanding the above, Relevant Indebtedness does not include any transactions entered into between the Issuer and SARB pursuant to which the Issuer provides any Security Interest to SARB.

"Security Interest" any mortgage, charge, lien, pledge or other security interest, but excluding any such security interest arising by operation of law or under the standard or usual business condition of any person or entity with which the Issuer maintains a business relationship in the ordinary course of business.

USE OF PROCEEDS

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

DESCRIPTION OF THE ISSUER

1. INTRODUCTION

Absa Bank Limited ("**Absa Bank**" or the "**Issuer**"), with preference shares listed on the JSE Limited, is a wholly-owned subsidiary of Barclays Africa Group Limited (the "**Group**"). Absa Bank offers a range of retail, business, corporate and investment banking, and wealth management products and services primarily in South Africa. Absa Bank (registration number 1986/004794/06) is a public company duly established and registered in South Africa as a bank in accordance with the laws of South Africa (the Companies Act and the Banks Act). Absa Bank's registered office is at 7th Floor, Barclays Towers West, 15 Troye Street, Johannesburg, 2001, and it can be contacted at +27 11 350 4000.

The Group is 62.3% owned by Barclays Bank PLC, is listed on the JSE Limited and is one of Africa's major financial services providers offering personal and business banking, credit cards, corporate and investment banking, wealth and investment management as well as bancassurance.

The Group was expanded through combining Absa Group Limited and Barclays Bank PLC's African operations on 31 July 2013. Reflecting the enlarged group's pan-African focus, the Group's name changed from Absa Group Limited, to Barclays Africa Group Limited on 2 August 2013.

The Group's registered head office is in South Africa and the Group has majority stakes in banks in Botswana, Ghana, Kenya, Mauritius, Mozambique, Seychelles, South Africa, Tanzania (Barclays Bank Tanzania and National Bank of Commerce), Uganda and Zambia. The Group also has representative offices in Namibia and Nigeria, as well as bancassurance operations in Botswana, Mozambique, South Africa and Zambia.

Barclays Bank Kenya and Barclays Bank Botswana continue to be listed on their respective stock exchanges. Barclays Bank PLC has operations in Egypt and Zimbabwe, which are part of the African business and continue to be run by Barclays Africa Group Limited's management.

2. BACKGROUND AND HISTORY

Group: The Group was formed in April 1991 when UBS Holdings Limited, the holding company of, *inter alia*, United Building Society Limited (the largest building society in South Africa at the time) and United Bank Limited merged all the assets of the Allied Group Limited, the holding company of, *inter alia*, Allied Building Society Limited (one of the largest building societies in South Africa at the time) and Allied Bank Limited, and all the assets of Volkskas Group Limited, the holding company of, *inter alia*, Volkskas Bank Limited (one of the largest commercial banks in South Africa at the time), MLS Bank Limited and Volkskas Motorbank Limited (which later changed its name to Absa Motorbank Limited).

The Issuer: In April 1992, all the assets and liabilities of Bankorp Holdings Limited (formerly Die Trustbank van Afrika until 1 June 1990), the holding company of, *inter alia*, TrustBank Limited (one of the largest commercial banks in South Africa at that time), Senbank and Bankfin, were taken over by Absa Bank Limited. Volkskas Bank Limited was incorporated under the name Volkspaar- en Voorskot Kas (Koöperatief) Beperk on 3 April 1934. On 30 September 1991 all the assets and liabilities of this company were transferred to United Bank Limited. Johannesburg Building Society Limited (incorporated on 3 June 1978) became Allied Building Society Limited which became Alliance (1991) Limited after its assets and liabilities were transferred to Absa Bank Limited.

UBS Holdings Limited (incorporated on 26 November 1986) changed its name to Amalgamated Banks of South Africa Limited. Absa Bank traded as a bank under the names Allied Bank, TrustBank, United Bank and Volkskas Bank with assets exceeding R52 billion (as at March 1991). Amalgamated Banks of South Africa Limited changed its name to Absa Group Limited in 1997. From November 1998, the Group's retail, corporate and investment banking operations have traded as Absa Bank Limited.

3. LEGAL STATUS

The Issuer was incorporated on 26 November 1986 under the laws of South Africa and is regulated under the Companies Act and the Banks Act. The Company is a public company.

The Controlling Company and the Issuer's financial year end is currently 31 December of each year.

The annual audited financial statements of the Issuer shall be drawn up in accordance with IFRS and the Companies Act.

Company Secretary	N R Drutman
Company Secretary Address	Barclays Towers West 15 Troye Street Johannesburg 2001
Registration number	1986/004794/06
Share Code	ABSP and ABMN
ISIN code	ZAE000079810
Registered place of business	Barclays Towers West 15 Troye Street Johannesburg 2001

4. NATURE OF BUSINESS

Absa Bank is one of South Africa's largest banking groups. Absa Bank contributes the majority of the Group's headline earnings.

Absa Bank's major businesses and/or divisions are described in more detail below.

The banking businesses work together to provide customers and clients the best offerings in:

- Retail Markets;
- Business Markets; and
- Corporate and Investment Banking.

Absa Bank works closely with Absa Financial Services (a member of Barclays Africa Group Limited) to offer a range of bancassurance and wealth solutions.

4.1 Retail Markets

Absa Bank offers a comprehensive suite of retail banking products and services to individual customers, from those needing basic banking services to those requiring sophisticated financial solutions. Its distribution includes an extensive branch and self-service terminal network, relationship managers, call centre agents and electronic and mobile phone channels. The focus is on providing a consistently superior experience across each of its channels, matched closely to the needs and expectations of each customer segment.

4.2 Business Markets

Absa Bank offers a comprehensive range of commercial banking products and specialised services, ranging from off-the-shelf transactional products, to complex customised financial solutions for commercial customers with an annual turnover of between R20 million and R500 million and enterprise customers with an annual turnover of less than R20 million. Its commercial clients are served by dedicated sales, product and support teams, while enterprise customers have a proactive and a branch-based service offering to cater for the diverse needs of this customer segment.

4.3 Corporate and investment banking

Absa Bank also offers corporate and investment banking services. Its primary business is to act as an intermediary between, and advisor to, suppliers and users of various forms of capital. The business model centres on delivering specialist corporate, investment banking, financing, risk management and advisory solutions across asset classes to corporates, financial institutions,

government clients and high net worth individuals. Through its affiliation with Barclays, Absa Bank is able to deliver comprehensive international and local solutions to global and regional clients.

4.4 Other activities

Central operations:

In addition to the banking services described above, Absa Bank has various support functions. These divisions focus on assisting business units in achieving their goals and objectives while ensuring continued alignment with Absa Bank's corporate and financial strategies.

Absa Financial Services:

Working closely with Absa Financial Services, Absa Bank is able to provide insurance, fiduciary, wealth management and non-banking-related investment products and services to retail, commercial and corporate customers.

5. OWNERSHIP AND CONTROL

The Issuer - Legal structure as at 31 December 2013

Absa Bank is a wholly-owned subsidiary of Barclays Africa Group Limited and has preference shares listed on the JSE Limited

% HOLDING	
ABSA BANK LIMITED	100%
Absa Technology Finance Solutions (Pty) Ltd	100%
Absa Vehicle Management (Pty) Ltd	100%
Absa Vehicle Management Solutions (Pty) Ltd	100%
Ngwenya River Estate (Pty) Ltd	100%
Newfunds (Pty) Ltd	100%
□	
FFS Finance South Africa (Pty) Ltd	50%
Integrated Processing Solutions (Pty) Ltd	50%
MAN Financial Services (SA) (Pty) Ltd	50%
NewGold Managers (Pty) Ltd	49%
Trackhedge Managers (Pty) Ltd	49%
Abseq Properties (Pty) Ltd	85%
Culemborg Investment Properties (Pty) Ltd	50%
Diluculo Property Trading (Pty) Ltd	100%
Diluculo Properties (Pty) Ltd	100%
Tembisa Mall (Pty) Ltd	50%
The Ballito Junction Development (Pty) Ltd	100%
Spectrum Valuation Services (Pty) Ltd	50%

Barrie Island Property Investments (Pty) Ltd	40%

6. CORPORATE GOVERNANCE

Absa Bank's Board of Directors:

The Absa Bank board of directors (the "Directors") has an appropriate balance, with the majority of the Directors being independent. The chairperson of the board is a non-executive director. The Bank also has a lead independent director. As at the date of this Memorandum, Absa Bank had 10 directors, of whom two were executive, one was non-executive and seven were considered to be independent.

The Group's board committees have oversight over Absa Bank and there is formal reporting from the Board of Absa Bank back into the Group Committees. Absa Bank contributes the majority of the Group's earnings and forms the largest portion of the Group's employee and customer base, and as such is a key focus at all relevant boards and committees.

Board membership

Independent directors	C Beggs, Y Z Cuba, T Dinga, S A Fakie, M J Husain, T M Mokgosi-Mwantembe and T S Munday (Lead Independent Director).
Non-executive director	W E Lucas-Bull (Chairman)
Executive directors	D W P Hodnett and M Ramos

The Issuer's Directors' functions in relation to the Group and their principal outside activities (if any) of significance to the Issuer are as follows:

Group executive directors Memberships of Barclays Africa Group Limited Board committees	D W P Hodnett and M Ramos.
Group Remuneration and Human Resources Committee (GRHRC)	Y Z Cuba, W E Lucas-Bull and T S Munday.
Group Audit and Compliance Committee (GACC)	C Beggs (GACC Chairman), M J Husain, W E Lucas-Bull (permanent attendee) and T S Munday.
Group Risk and Capital Management Committee (GRCMC)	C Beggs, D W P Hodnett, W E Lucas-Bull, T S Munday (GRCMC Chairman) and M Ramos.
Directors' Affairs Committee (DAC)	C Beggs, M J Husain, W E Lucas-Bull (DAC Chairman) and T S Munday.
Board Finance Committee (BFC)	C Beggs, D W P Hodnett, W E Lucas-Bull (BFC Chairman), T S Munday and M Ramos.
Concentration Risk Committee (CoRC)	C Beggs, Y Z Cuba, D W P Hodnett, W E Lucas-Bull, T S Munday (CoRC Chairman) and M Ramos.
Information Technology Committee (ITC)	D W P Hodnett, W E Lucas-Bull and M Ramos.
Group Social and Ethics Committee (SEC)	M J Husain (SEC Chairman), W E Lucas-Bull and M Ramos.

Membership of Absa Bank Board committees:

Models Committee (MC)	S A Fakie, D W P Hodnett (MC Chairman), W E Lucas-Bull, T S Munday and M Ramos.
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Abridged curricula vitae of the Directors are set out below, accurate as at 31 December 2013.

C (Colin) Beggs

Age as at 31 December 2013: 65

Nationality: RSA

Role: Independent director

Qualification: BCom (Hons); CA(SA)

Business address: 34 Charles Street, Bryanston, Johannesburg

Occupation and experience: Colin holds a BCom (Hons) from the Nelson Mandela University in Port Elizabeth and qualified as a chartered accountant in 1971. He is the former senior partner and Chief Executive Officer of PricewaterhouseCoopers ("PwC") in Southern Africa having retired from this position in June 2009. Throughout his career, he has served on several boards and councils of PwC's global firm. He was also the chairman of the SAICA board in 2002/3 and is a member of the Accounting Practices Board.

Other Directorship / Trusteeship: Non-executive director of Sasol Limited. Non-executive director of SAB Zenzele Holdings Limited.

YZ (Yolanda) Cuba

Age as at 31 December 2013: 36

Nationality: RSA

Role: Independent director

Qualification: BCom (Stats); BCom (Hons) (Acc); CA(SA)

Business address: 1st Floor, 30 Melrose Arch Boulevard, Melrose Arch, Johannesburg

Occupation and experience: Yolanda began her career in marketing with Robertsons Foods in 1999. She moved to Fisher Hoffman, an auditing firm, where she completed her articles in 2002. In January 2003 she joined the corporate finance division of Mvelaphanda Group Limited. Yolanda was appointed Deputy Chief Executive Officer and, in July 2007, Chief Executive Officer of Mvelaphanda Group. She joined the South African Breweries Limited as Executive Director: Development and Decision Support in September 2011 and was subsequently appointed as Executive Director: Strategy and Business Support.

Other Directorship / Trusteeship: Executive director of The South African Breweries Limited. Non-executive director of Reunert Limited. Non-executive director of Steinhoff International Holdings Limited. Non-executive director of Reatile Resources Proprietary Limited. Member of the Nelson Mandela Foundation Investment and Endowment Committee.

T (Thembisa) Dingaan

Appointed: 25 September 2013

Age as at 31 December 2013: 40

Nationality: RSA

Role: Independent Director

Qualifications: LLM, H.Dip Tax

Business Address: 3 Burleigh Crescent, Durban North, Durban

Occupation and experience: Thembisa is a former member of the Trade and Industry Standing Advisory Committee on Company Law, as well as a board member of the South African Export Credit Insurance Corporation (ECIC). She is also a former member of the boards of: Royal Bafokeng Resources; Enaleni Cipla Pharmaceuticals Limited; Placecol Holdings Limited (now listed as Imbalie Beauty Limited); Nozala Investments; City of Johannesburg - Pikit Up Proprietary Limited; and the Companies and Intellectual Property Registration Office (CIPRO).

Other Directorships / Trusteeships: Non-executive director of Imperial Holdings Limited. Non-executive director of Adapt IT Limited. Non-executive director of Mustek Limited. Chairperson of Ukhamba Holdings Proprietary Limited.

SA (Shauket) Fakie

Age as at 31 December 2013: 60

Nationality: RSA

Role: Independent director

Qualification: BCom; CA(SA)

Business address: 216 – 14th Avenue, Fairland, Johannesburg

Occupation and experience: Shauket was the Auditor-General of South Africa for seven years and served as Chairman of the UN Panel of External Auditors. He was the Secretary General of the Auditors-General Association on the African continent. During his tenure as Auditor-General, Shauket served as External Auditor to the World Health Organisation in Geneva and the United Nations in New York. He was also a member of the Audit Advisory Committee to the World Bank in Washington. He currently holds an executive position at MTN, and is responsible for Internal Audit and Business Risk Management.

Other Directorship / Trusteeship: Member of the South African Institute of Chartered Accountants. Member of the Australian Institute of Chartered Accountants. Member of the Institute of Public Finance and Audit. Director of several MTN subsidiary companies in Africa.

DWP (David) Hodnett

Age as at 31 December 2013: 44

Nationality: RSA

Role: Executive director

Qualification: BCom; CA(SA); MBA

Business address: 8th Floor, Barclays Towers West, 15 Troye Street, Johannesburg, 2001

Occupation and experience:

David completed his articles with KPMG where he became a partner in the financial services team. He then joined Standard Bank Group, where, for seven years, he was involved in group risk and retail credit. David joined Absa in 2008 as the Chief Risk Officer. He was appointed as Absa's Group Financial Director on 1 March 2010. On 6 December, David was appointed as Deputy Chief Executive Officer. In addition to his role as Financial Director, he has strategic oversight for the Chief Operating Officer's portfolio and responsibility for significant group-wide change initiatives.

MJ (Mohamed) Husain

Age as at 31 December 2013: 53

Nationality: RSA

Role: Independent director

Qualification: BProc

Business address: 4th Floor, The Forum, 2 Maude Street, Sandown, Sandton

Occupation and experience: Mohamed has been an attorney for 28 years, during which time he has represented a diverse range of clients in commercial and corporate litigation, insolvency law and administrative law. He is a former president and current member of the executive committee of the International Commonwealth Lawyers Association. Mohamed was one of the advisers to the Constitution Assembly on the drafting of the final Constitution and has also acted as a Judge of the High Court. He is also a past president of the Law Society of the Northern Provinces.

Other Directorship / Trusteeship: Mohamed is a member of the Law Society of the Northern Provinces, Chairman of the Attorneys Insurance Indemnity Fund, President of the International Commonwealth Lawyers Association, Trustee of the Wits Law School Endowment Appeal and a Member of Eskom's Board Tender Committee. Director of Knowles Husain Lindsay Incorporated. Director of KLH Investments Proprietary Limited. Non-executive Chairman of Andulela Investment Holdings Limited.

WE (Wendy) Lucas-Bull

Age as at 31 December 2013: 60

Nationality: RSA

Role: Non-executive director (Chairman)

Qualification: BSc

Business address: 7th Floor, Barclays Towers West, 15 Troye Street, Johannesburg, 2001

Occupation and experience: Wendy is a founder of empowerment investment company Peotona Group Holdings Proprietary Limited. She was previously Chief Executive of FirstRand Limited's retail business and prior to that an executive director of Rand Merchant Bank. She has served as an independent director on several major public companies and state-owned enterprises including Telkom, Eskom and the Development Bank of Southern Africa.

Other Directorship / Trusteeship: Independent non-executive director of Anglo American Platinum Limited. Member of the President's Advisory Council on Black Economic Empowerment.

TM (Thoko) Mokgosi-Mwantembe

Age as at 31 December 2013: 52

Nationality: RSA

Role: Independent director

Qualification: BSc; MSc (Medical Chemistry) Dip (Education)

Business address: The Oval Office Park, Willowmore Building, Cnr Sloane Street and Meadowbrook Lane, Bryanston, Johannesburg

Occupation and experience: Thoko started her career as the Product Manager for Glaxo (1989 to 1994), Merck, Sharp and Dohme (1994 to 1996) and Telkom (1996 to 2001). She served as Divisional Managing Director of Siemens Telecommunications Proprietary Limited from 2001 to 2004. Thoko subsequently served as Chief Executive Officer of Alcatel South Africa (2004) and Hewlett-Packard (2004 – 2008), and is currently the Chief Executive Officer of Kutana Investment Group.

Other Directorship / Trusteeship: Non-executive director of Knorr-Bremse (SA) Proprietary Limited. Non-executive director of Vodacom Group Limited. Executive director of Kutana Investment Group Limited. Non-executive director of Aveng Limited.

TS (Trevor) Munday

Age as at 31 December 2013: 64

Nationality: RSA

Role: Independent director (Lead Independent Director)

Qualification: BCom

Business address: 27 Angus Road, Bryanston, Johannesburg

Occupation and experience: In the late 1980s, Trevor was appointed Finance and Commercial Director of AECI Explosives Chemicals Limited. He then served as Managing Director of Dulux Paints (early 1990s) followed by Polifin Limited (1996 – 2000). Trevor was appointed as an executive director of Sasol Limited, with global responsibility for finance and accounting, risk management, internal audit, corporate affairs and planning. In 2003, he assumed responsibility for Sasol Group's global chemical businesses. Trevor was appointed as Deputy Chief Executive of Sasol Limited on 1 July 2005. He retired from his executive responsibilities at Sasol on 31 December 2006.

Other Directorship / Trusteeship: Non-executive Chairman of Reunert Limited. Non-executive director of Iron Mineral Beneficiation Services Proprietary Limited. Non-executive director of Life Healthcare Group Holdings Limited. Non-executive director of Illovo Sugar Limited.

M (Maria) Ramos

Age as at 31 December 2013: 54

Nationality: RSA

Role: Executive director

Qualification: MSc (Economics); BCom Honours in Economics; Institute of Bankers' Diploma (CAIB)

Business address: 8th Floor, Barclays Towers West, 15 Troye Street, Johannesburg, 2001

Occupation and experience: Maria was previously the Director-General of the National Treasury and in January 2004 she was appointed as the Group Chief Executive of Transnet Limited. Maria joined Absa as Group Chief Executive in March 2009, and is a member of the Barclays PLC Executive Committee.

Other Directorship / Trusteeship: Non-executive director of Compagnie Financiere Richemont SA. Member of the International Business Council Executive Committee. Member of the World Bank Chief Economist Advisory Panel. Member of Business Leadership South Africa. Member of the Banking Association of South Africa.

King III adherence

The issuer is a wholly-owned subsidiary of Barclays Africa Group Limited (the "Group") and its corporate governance principles are entrenched in the policies adopted by the Group. As such the Issuer adheres to the principles of King III to the extent of the Group's compliance as fully set out below. With the exception of the principle that vesting of share-based incentives should be subject to performance conditions measured over a period appropriate to the strategic objectives of the company, the Group has applied all the principles of King III. Notwithstanding this exception, the board of the Group believes that our remuneration practices maintain the required governance standard: In particular, although deferred bonus awards are not subject to financial performance conditions, the exposure to share price and claw-back provisions in the plan provides appropriate links to performance and risk adjustment. This structure is in accordance with the requirements of the financial stability board's principles for sound compensation practices and generally subjects our incentive awards to higher levels of deferral than found elsewhere in the local market.

During 2012, the Group Board embedded King III adherence within the Group's culture by assigning specific committees the responsibility for applying King III principles relevant to their jurisdiction. The table below shows the relevant committees that are custodians of specific principles. The Board receives regular reports from the Chairmen of the relevant committees on the Group's compliance with the principles.

King III principle	Committee responsible for monitoring compliance
Ethical leadership and corporate citizenship	DAC, SEC, Board
Board and directors	DAC, Board

Audit committees	GACC
The governance of risk	GRCMC, CoRC
The governance of information technology	ITC, GACC, GRCMC
Compliance with laws, codes, rules and standards	All committees are responsible for compliance relative to their areas of responsibility however the GACC has oversight of the compliance function and compliance in the Group as a whole.
Internal audit	GACC
Governing stakeholder relationships	SEC
Integrated reporting and disclosure	SEC, GRCMC, GACC, GRHRC, Board

Good progress was made with the 2013 corporate governance objectives. Where ongoing progress is required, it has been incorporated into the 2014 set of objectives.

Objectives:

1. Embed the governance structure for the Barclays Africa Group Limited	The transaction which combined Absa Group with the Barclays Africa operations was successfully implemented and the new governance structure is being embedded in the larger group.
2. Establish an appropriate set of relationships and governance arrangements between the Board and subsidiary boards and committees	Two successful Africa Chairmen's conferences were held and concluded a memorandum of understanding with the chairmen of the subsidiary banks which contributed towards aligning governance, building relationships and alignment on strategy. This objective remains a work in progress.
3. To further develop and extract value from the board relationships between the Group and Barclays PLC	Significant progress was achieved as interaction between the two boards has heightened and further value will be derived through Wendy Lucas-Bull's participation as a non-executive director on the Barclays PLC board.
4. Citizenship and sustainability	<ul style="list-style-type: none"> Embed the new values and behaviours framework <p>The values and behaviours framework has been rolled out to all our employees and the work to embed these will continue.</p> <ul style="list-style-type: none"> Provide the citizenship team and senior leadership with advice, feedback and challenge on the development, review and implementation of our citizenship strategy, plan and associated policies <p>This objective has been achieved and becomes an ongoing activity.</p>
5. Control environment process	<ul style="list-style-type: none"> Monitoring the alignment of the internal audit, external audit, risk and compliance functions through implementation of our combined assurance approach Provide guidance and monitoring regarding the design, assessment and strengthening of financial and non-financial controls <p>The alignment of these functions have progressed, with enhanced monitoring at Board and committee level; however, these objectives remain work in progress.</p>
6. Continue to monitor and improve IT governance	A Board Information Technology Committee has been established which provides guidance and challenge to management in this key area. There will be continued strengthening of the IT governance and reporting.

Review of 2013 and future priorities

Board Charter

The Board is accountable for overseeing and guiding the creation and delivery of sustainable shareholder value through the management of the Group's businesses, including our social, economic and environmental performance. The Board agrees the strategic objectives and policies, while providing overall direction within a framework of rewards, incentives, controls and risk management processes. This ensures that management balances long-term sustainable growth with short-term performance.

The Board Charter:

- Summarises our corporate governance practices.
- Details matters reserved for the Board.
- Defines separate roles for the Group Chairman and the Chief Executive Officer, as well as the Board's expectations of the chairmen of our Board committees.
- Outlines the mandates of Board committees.

Areas of focus in 2013

- Restructured the Absa Group, Absa Bank and AFS boards (especially in terms of sizes and memberships), to accommodate the new Barclays Africa Group structure.
- Development of the Group's strategy, together with the Exco and the ongoing monitoring of the results thereof.
- Established our Board Information Technology Committee with a majority of non-executive directors as members.
- Formulated our strategy with management and approved our short- and medium-term plans.
- Updated the terms of reference and the Board Charter, taking into account relationships with the subsidiary banks.
- Appointed Ashok Vaswani, Patrick Clackson and Mark Merson as non-executive directors.
- Considered regular reports from the chairs of the Board committees on all matters, including those pertaining to the control environment, all risk types and capital management, conduct and ethics in the Group, citizenship, people, technology, senior appointments and remuneration.

Among others, the Board specifically considered the following three matters (as required by the Companies Act and the JSE Listings Requirements):

- **Group Company Secretary** – The Board remains satisfied with the competency and experience of Nadine Drutman (BCom, LLB, LLM) as Group Company Secretary and that she maintains an arm's-length relationship with the Board members.
- **Going concern** – The directors of the Group are of the opinion that the business will remain a going concern in the 12-month period ahead. Their statement in this regard is contained in the directors' approval to the financial statements.
- **Applying the King III principles** – With the exception of the principle that vesting of share-based incentives should be subject to performance conditions measured over a period appropriate to the strategic objectives of the Company, the Group has applied all the principles of King III. Notwithstanding this exception, our Board believes that our remuneration practices maintain the required governance standard:
 - In particular, although deferred bonus awards are not subject to financial performance conditions, the exposure to share price and clawback provisions in the plan provides appropriate links to performance and risk adjustment. This structure is in accordance with the requirements of the Financial Stability Board's principles for sound compensation practices and generally subjects our incentive awards to higher levels of deferral than found elsewhere in the local market.

Group Audit and Compliance Committee (GACC)

The GACC is satisfied that control environment within the Group supported the financial statements for 2013 and has set the following priorities for the year ahead in order to strengthen the control environment:

- Monitor the standardisation of processes across Africa to ensure that systems are as robust as possible, in particular in the payments control environment.
- Embed and standardise risk and control assessments throughout Africa.
- Conduct additional deep dives on the banking subsidiaries, including engagement with the chairmen of the audit and risk committees and the subsidiary bank managing directors; and ensure all reporting contains metrics on the basis of materiality (both within the Group and per country).
- Fraud management including cyber-fraud and card fraud.

- Continue assessing and measuring the effectiveness of combined assurance including appropriate programmes of work for the three disciplines of compliance, internal audit and external audit.

View the full GACC statement in the Group consolidated and separate financial statements

Group Risk and Capital Management Committee (GRCMC)

Risk management of the Group was regarded as satisfactory, with room for improvement in certain areas of operational risk. Capital was well managed, with capital and liquidity targets comfortably within Board-mandated ranges. Priorities were identified to further embed processes and policies in the wider Group, thereby enhancing the risk management framework and optimising capital structures. These priorities for 2014 are to:

- Monitor the Group's risk profile and levels of risk tolerance against the risk framework.
- Monitor the current and projected levels of capital of all regulated entities within the Group relative to regulatory requirements and our plans.
- Optimise the capital structures of each subsidiary bank, given the Basel III and Capital Requirements Directive (CRD IV).
- Analyse and approve the credit impairment numbers in consultation with inputs from the Models Committee and the Concentration Risk Committee.
- Conduct deep dives at various subsidiary banks focusing on, *inter alia*, credit impairments and capital management.

Group Remuneration and Human Resources Committee (GRHRC)

We engaged at length regarding the European Union CRD IV, with a view to determine the impact on the Group and decide an appropriate response to balance the need to retain talent and ensure compliance. The committee has prioritised the following activities in 2014:

- Monitor that individual objectives match balanced scorecards at business unit and/or functional level as these are rolled out.
- Support management in the design of an effective long-term incentive and retention plan.
- Respond to regulatory and legislative developments.
- Recognise performance on a balanced scorecard basis and reward fairly for that performance.
- Ensure the competitiveness of our remuneration packages.
- Talent retention in light of the impact of CRD IV.
- Make further enhancements to our remuneration disclosure in line with best practice and effective stakeholder engagement.

Social and Ethics Committee (SEC)

The SEC has focused its attention on the people strategy and on customer service and has identified areas for improvement and related priorities for 2014:

- Monitor reputation and brand management, with a focus on matters of conduct and conduct risk.
- Monitor the change in workforce constitution in response to the proposed revised labour legislation.
- Consider the outcomes of a review of the effectiveness of the Group's ethics policies, practices, procedures, controls, awareness training and reporting.
- Monitor enhanced talent management, succession planning and employment equity programmes.
- Ongoing review of customer service and complaints performance.

Concentration Risk Committee (CoRC)

The committee was satisfied that all regulatory requirements were met with regard to large exposures and intends to expand the work of the CoRC in 2014 to:

- Review the risk profile of the Group's large exposures to ensure that such exposures are managed within risk appetite and against the risk management framework.
- Commission portfolio and country stress-testing against currency volatility and quantitative easing.
- Undertake industry and product-specific reviews.
- Review concentration risk.

Board Finance Committee (BFC)

The committee was comfortable with the execution of its mandate and will continue to act on its terms of reference and mandate and provide robust challenge to management on the setting of budgets and on investments and disposals.

Information Technology Committee (ITC)

The committee made good progress in its first two meetings with the establishment of a King III compliant terms of reference and our 2014 priorities are to:

- Review our new IT strategy plan (including for stability and innovation).
- Review our IT disaster recovery capabilities.
- Review the bench-strength of the IT team and support management in the hiring of key individuals to the team.
- Ensure optimal allocation of IT spend in Africa.

- Continue to enhance the IT performance measures.

Directors' Affairs Committee (DAC)

The committee had an intense year, with the change in Board structures and the combination of the African businesses. Our 2014 priorities are to:

- Strengthen the Barclays Africa Group governance structure, focusing on board vacancies, the ongoing alignment of director fees in the countries and escalation of issues from the regions to the Group Board and its committees.
- Ensure that the process of escalation of matters from our Group to Barclays PLC is robust.
- Appoint two Pan-African directors to our Group Board.
- Manage ethics and conduct risk through the appropriate Board committees.
- Ensure comprehensive training for our Board and committees is available for Group directors and directors of all major subsidiaries.

View the full Corporate Governance Report in the Group consolidated and separate financial statements available on www.reports.barclaysafrica.com.

Effectiveness of the overall governance process

The Group Board believes that the Group has well-functioning processes and procedures to ensure adherence to the required standards and the expectations of our various stakeholders. The directors are also satisfied that the Board and each of its committees have fulfilled their mandates as set out in their terms of reference. Following a detailed self-assessment, we concluded that the Board and its committees have access to the information necessary for them to fulfill their various roles and function effectively.

7. REGULATORY ENVIRONMENT

The Issuer is subject to capital adequacy requirements set out by the South African Reserve Bank, in the Banks Act and the Regulations Relating to Banks. The Regulations provide for minimum required ratios of capital to risk-weighted assets and any failure by the Issuer to maintain its ratios may result in sanctions against the Issuer which may in turn impact its ability to fulfil its obligations under the Notes.

Regulation 38(14) of the Regulations sets out the conditions for the issue of instruments of which the proceeds rank as tier 2 capital.

Risk weighted assets are determined by applying the following:

- Advanced Internal Rating Based ("AIRB") approach for wholesale and retail credit;
- Advanced Measurement Approach for operational risk;
- In respect of traded market risk, Internal Models Approach ("IMA") for general position risk, and Standardised Approach for issuer specific risk;
- Internal Ratings Based ("IRB") market-based simple risk-weighted approach for equity investment risk in the banking book; and
- Standardised Approach for all African subsidiaries.

The Group's capital management strategy is to maximise shareholder value by optimising the level and mix of capital resources.

The Group and Absa Bank maintained their strong capital adequacy position above regulatory and board-approved target ranges as at 31 December 2012. The Group and Absa Bank implemented Basel II.5 on 1 January 2012, the impact of which was off-set by the successful implementation of the Advanced Internal Ratings Based approach for the wholesale credit risk portfolio. Absa Bank called R1.5 billion of subordinated debt, qualifying as Tier 2 capital, at the first optional redemption date in September 2012 and subsequently issued R5 billion of subordinated debt in November 2012. Furthermore, proactive capital management, including RWA optimisation and equity generation, remained key focus areas in 2012.

The Group's Core Tier 1 Ratio has remained stable year-on-year at 13,0%, while Absa Bank's Core Tier Ratio improved by 40 bps to 12,5%. From a Total Capital Adequacy Ratio perspective, the Group increased by 70 bps to 17,4% and Absa Bank increased by 130 bps to 17,5%.

The following table sets out the Group and Absa Bank's capital adequacy position as at 31 December 2012.

Capital Adequacy Ratios ^{N1}	The Issuer		The Controlling Company	
	Dec 2012	Dec 2011	Dec 2012	Dec 2011
Core Tier 1	12,5%	12,1%	13,0%	13,0%
Tier 1	13,7%	13,3%	14,0%	14,1%
Total	17,5%	16,2%	17,4%	16,7%
Board target ranges				
Core Tier 1	9,0% – 10,5%	9,0% – 10,5%	9,5% – 11,0%	9,5% – 11,0%
Total	12,0% – 13,5%	12,0% – 13,5%	12,5% – 14,0%	12,5% – 14,0%

N1: Reported ratios include unappropriated profits

Basel III Phase-in from 1 January 2013

The Group and Absa Bank began the process of phasing-in the implementation of Basel III from 1 January 2013, in accordance with the requirements prescribed by the South African Reserve Bank. Basel III, from a South African perspective, covers the following areas, which are to be phased-in between 2013 and 2022:

- stringent new liquidity requirements through the creation of two ratios: liquidity coverage ratio and net stable funding ratio;
- higher levels and better quality capital, including the creation of conservation and counter-cyclical buffers;
- improved trading risk coverage; and
- leverage ratio caps with a minimum of 4 per cent.

Absa Bank is expected to remain adequately capitalised following the full implementation of Basel III, will continue to review its capital position in light of the Basel III rules and will implement appropriate management actions when necessary.

8. KEY POTENTIAL RISKS FACING THE BUSINESS

Proactive risk management is a key pillar of our strategy. Linked to this is the Group's board-approved Enterprise Risk Management Framework ("ERMF"). The ERMF provides an integrated risk management framework designed to meet the challenges of the changing risk environment and to ensure that business growth plans are properly supported by effective risk management.

Responsibility for risk management is assumed at all levels within the Group and Absa Bank, from the board and executive level committees down to each business unit manager and their risk specialists. This contributes to instilling a strong risk awareness and responsibility culture, making risk everyone's business. The Issuer believes this to be central to effective risk management. The delegation of risk management responsibilities is structured to ensure risk-reward decisions are enacted at the most appropriate level, in line with business objectives, subject to robust and effective review as well as challenge processes. Strategic business decisions are taken in accordance with a board-approved risk appetite with the executive and risk committees closely monitoring risk profiles against this appetite.

The ERMF introduced during Q1 2014 replaced the Principal Risks Policy. As part of their responsibilities under the ERMF, the Board has formally recognised a series of risks that are continuously present in the bank and materially impact the achievement of objectives. Together these

risks account for the vast majority of the total risk faced by the Bank. These are collectively referred to as Principal Risks and are as follows:

- Credit Risk;
- Market Risk;
- Funding Risk;
- Operational Risk;
- Conduct Risk; and
- Reputation Risk.

Credit Risk, Market Risk and Funding Risk are collectively known as financial risks and typically arise from our core client and customer focused activities of lending and trading together with provision of the capital and liquidity required to support them.

Operational Risk, Conduct Risk and Reputation Risk arise from the people, processes, and systems through which the Group operates and their potential adverse impacts on clients, customers and other stakeholders.

The Group Risk and Capital Management Committee periodically reviews the list of Principal and Key Risks to consider if new risks have emerged and should be included in the framework.

8.1 Risk Process: Evaluate-respond-monitor

Absa Bank uses a structured, practical set of three steps to manage risk Management – Evaluate, Respond and Monitor (the E-R-M process). That enables management to identify and assess those risks, determine the appropriate risk response, and then monitor the effectiveness of the risk response and any changes to the risk profile. :

Evaluate:

- Clearly identifying the objective or objectives being assessed.
- Identifying the events or circumstances that could cause a delay or failure to meet the objective(s) in full, including the external environment (e.g. economy, competitive landscape), internal environment (people, process, infrastructure), and touch points between the Group and its customers, suppliers, regulators, and other stakeholders.
- Using appropriate tools for identifying risks such as interviews, surveys, self-assessments, workshops, audit findings, industry benchmarking, review of prior loss events, critical path analysis, and challenging assumptions and dependencies by developing contrarian positions.
- Examining the root causes of those events and circumstances, the underlying sources of risk, and the cause and effect relationships.
- Taking into account the nature and materiality of the objective(s).
- Calibrating and measuring the risks in terms of impact, probability, and speed of onset e.g. could the risk become apparent quickly and without prior indication, or does it happen over time and provide the opportunity to respond as it evolves.
- Investigating the relationships and interactions between risks, compounding effects, correlations and concentrations, and aggregated levels.
- Where possible, assessing risks on the basis of inherent and residual risk.
- Ranking risks and taking an overall portfolio view of the risks to determine priorities.

Respond:

- Complying with all relevant laws and regulations as well as the Barclays Way.
- Focus on the priority risks first.
- Recognising that risk mitigation involves resource allocation: actions such as designing, implementing and operating controls should achieve the required level of effectiveness at an appropriate cost.
- Looking for a single response that may mitigate more than one risk, and extend or replicate existing controls if appropriate.
- Embedding controls into the business activity/process as far as possible.
- Considering any unintended consequences e.g. mitigating actions taken to control one risk could introduce other risks or undermine existing controls.
- Considering the implications of control failures, and whether secondary or latent controls should be deployed to mitigate risk of control failure in the case of material risks.
- Controls must adhere to set principles

Monitor:

- Focusing on progress towards objectives, using Key Performance Indicators (KPIs) to identify those objectives which require further attention.
- Examining the current and evolving risk profile and risk trends, use Key Risk Indicators (KRIs) to examine changes in the risk environment; maintain watch for new risks that might impact objectives e.g. horizon scanning and use of scenario analysis; and monitor changes in risk materiality, frequency and impact, and the appropriateness of existing responses. New risk evaluations should be initiated if necessary.
- Ensuring that risks are being maintained within risk appetite, and that risk appetite remains appropriate as circumstances and objectives evolve.
- Checking that controls are functioning as intended and remain fit-for-purpose: track performance using Key Control Indicators (KCIs), monitor first line activities to ensure operating within mandates, and ensure the policies are routinely updated and that standards have been implemented, and that appropriate resources are being deployed. Monitoring includes Conformance and Assurance testing.
- Where a risk event materialises: assessing root causes; identifying possible control failures; identifying potential behavioural failures; considering whether better knowledge would have improved decision making; and identifying what lessons could be learned for future assessments and management of risks. Control issues must be assigned clear ownership and timelines for resolution.
- KPIs, KRIs and KCIs must adhere to set principles.

8.2 The Enterprise Risk Management Framework

The board-approved ERMF sets out the scope of the risks facing the Group and creates clear ownership and accountability for risks. The ERMF covers the six principal risks as well as the 27 key risks (as detailed in the table to follow):

Principal Risk (in bold) and Key Risks	Group PRO (In bold) and Key Risk Officer Delegate
1. Credit Risk <ul style="list-style-type: none"> - Retail Credit Risk - Wholesale Credit Risk 	Africa CRO <ul style="list-style-type: none"> Head of Retail Credit Risk Head of Wholesale Credit Risk

2. Market Risk <ul style="list-style-type: none"> - Traded Risk - Interest Rate Risk in the Banking Book - Pension Risk - Insurance Risk 	Africa CRO Head of Market Risk Head of Market Risk Head of Market Risk Chief Risk Officer – Wealth, Investment Management & Insurance
3. Funding Risk <ul style="list-style-type: none"> - Liquidity Risk - Capital Risk - Structural Risk 	To be determined To be determined To be determined To be determined
4. Operational Risk <ul style="list-style-type: none"> - External Supplier Risk - Payment Process Risk - Technology Risk - Transaction Operations Risk - Premises & Security Risk - Information Risk - Financial Reporting Risk - Fraud Risk - Legal Risk - People Risk - Tax Risk 	Head of Operational Risk Chief Procurement Officer Head of Payments Chief Information Officer Chief Operating Officer (to be confirmed) Head of Real Estate Management and Head of Security Head of Information Risk Management Financial Controller Head of Fraud Risk General Counsel Head of Human Resources Head of Tax
5. Conduct Risk¹ <ul style="list-style-type: none"> - Regulatory Risk² - Strategy & Business Model Risk* - Governance & Culture Risk* - Product/Service Design Risk* - Transaction Services (Sales) Risk* - Customer Servicing (Post-Sales) Risk* - Financial Crime Risk (excluding Fraud)* 	Head of Compliance Head of Compliance Head of Compliance Head of Compliance Head of Compliance Head of Compliance Head of Compliance Head of Financial Crime
6. Reputation Risk <ul style="list-style-type: none"> - Reputation Risk 	Group Executive: Marketing, Communications, Citizenship and Public Affairs

¹ The recently drafted Conduct Risk framework takes effect post the approval of this framework. The new supporting Key Risks (marked *) will be operational from the end of Q2 2014 following establishment of Key Risk frameworks.

² The scope of Regulatory Risk will be revised during H1 2014 including to reflect the new Key Risks (marked *) under Conduct Risk.

Prior to the creation of Conduct Risk as a principal risk, Product Risk and Regulatory Risk were previously considered as Key Risks under Operational Risk.

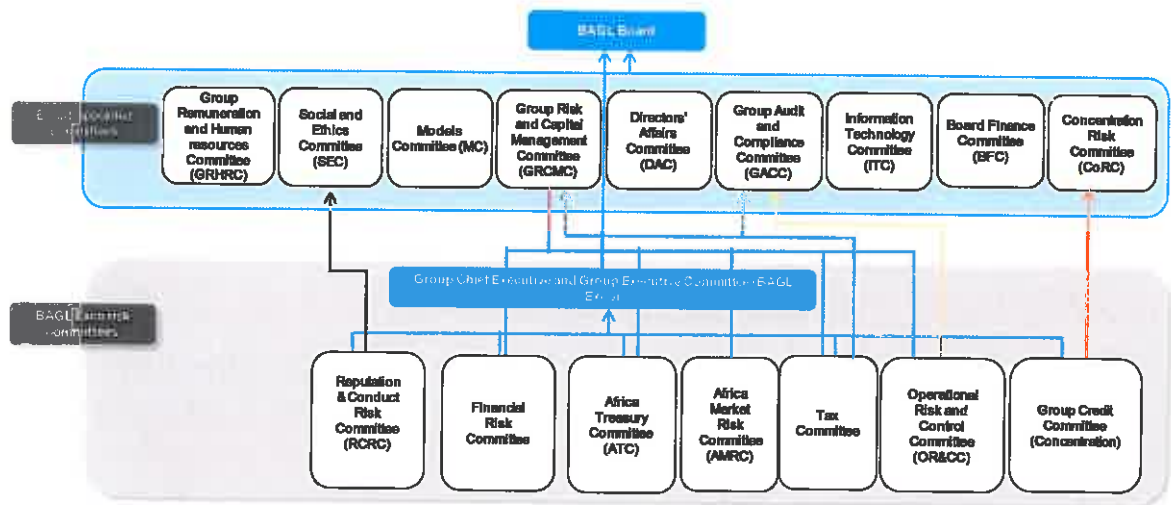
The Group CRO appoints a Principal Risk Owner ("PRO") for each principal risk. Within each principal risk there are individual key risks for which the CRO further appoints a Group Key Risk Owner ("KRO"). Group PROs are responsible for ensuring that appropriate risk control frameworks exist for each key risk and for ensuring that such risks are appropriately reported.

Group KROs are responsible for designing, recording and communicating their risk control frameworks. They further monitor the management of the key risk exposures throughout the Group in accordance with the framework using the E-R-M process to risk management discussed above. Group Executive risk committees meet on a regular basis to assess and monitor the key risks.

8.3 Risk Type Committees

The chart below illustrates the Risk committees by risk type, showing that the Principal Risks are considered at the risk type management committee prior to escalation to Board risk type committee and finally full Board level.

The terms of reference of each committee lay out exact roles, responsibilities, escalation criteria and reporting requirements.



Note: Risk committees at a management level are currently under review

8.4 Risk appetite

Risk appetite is defined as the level of risk that Absa Bank is willing to accept in planning and achieving its business objectives. The risk appetite framework is embedded in key decision-making processes and supports the implementation of Absa Bank's strategy. It is used to maximise returns without exposing the Group to levels of risk above its appetite. In particular, the risk appetite framework assists in protecting the Group's financial performance, improves management responsiveness and debate regarding the risk profile, assists executive management in improving the control and coordination of risk-taking across business units and identifies available risk capacity in pursuit of profitable opportunities.

The risk appetite framework is developed using a formal quantitative method and is set by the board. Risk appetite outcomes are subjected to stress testing, i.e. validated by estimating the Group's sensitivity to adverse changes in the business environment. This framework then forms the basis for setting business unit targets and risk-taking limits across the Group.

The Group's risk appetite can be categorised into four broad areas, namely:

- earnings volatility in comparison to targets;
- capacity to absorb unexpected losses;
- capital ratio targets; and
- capacity to grow.

8.5 Stress testing

Stress testing is embedded in the Group's risk management philosophy and is a key focus area in strategic planning processes. Through stress testing and scenario analysis, Absa Bank is able to assess the performance of its portfolios under potentially adverse economic conditions.

Stress tests simulate the effects on the business units' financial position across the Group by analysing the impact on profits and the ability to maintain appropriate capital ratios and liquidity levels. Insights gained are integrated into the management process covering the medium to long term. Stress testing also forms an integral part of evaluating our risk appetite for reasonableness under specifically designed scenarios. Stress tests are regularly discussed with the relevant regulators.

8.6 Risk appetite key indicators and triggers

Absa Bank aims to manage its risk profile in a proactive way, and to support this, key indicators and triggers have been developed to act as early signals in the event that one of the scenarios or stress situations materialises. The forward-looking indicators include, inter alia, economic indices directly correlated with risk measures and financial indicators. The indicators and triggers are routinely monitored and considered by the GRCMC.

8.7 Summary of risks:

8.7.1 Credit Risk: Retail

The risk of financial loss should our customers, clients or market counterparties fail to fulfil their contractual obligations.

Strategy:

- Implement a Pan-African target operating model to manage retail credit risk.
- Continue to invest in analytics and models to improve our risk profile and risk-adjusted returns, with a focus on unsecured lending.
- Heighten focus on reducing the legal book, particularly in South African home loans.
- Respond effectively to a potential increase in South African interest rates. Improve debt counselling and other rehabilitation programmes to ensure appropriate management of customers in financial difficulty.
- Continue to improve risk infrastructure, processes and controls.
- Enhance the credit processes and risk-adjusted returns in Edcon;

8.7.2 Credit Risk: Wholesale

The risk of financial loss should our customers, clients or market counterparties fail to fulfil their contractual obligations.

Strategy:

- Implement a Pan-African target-operating model to manage wholesale credit risk.
- Continue to focus on data quality, analytics and models to enhance our capability in managing portfolio risk.
- Increase focus on reducing the legal book through improved security realisation and management of third-party service providers.
- Review existing processes to ensure we capture optimisation and efficiency opportunities and further improve controls.
- Enhance management of sovereign and country transfer risk, where appropriate.

8.6.3 Market Risk

The risk that our earnings, capital or business objectives will be adversely impacted by changes in the level or volatility of market rates or prices such as interest rates, foreign exchange rates, equity prices, commodity prices and credit spreads.

Strategy:

- Continue to focus on deterioration in traded market liquidity, sensitivity to traded market volatility and back-testing of the value-at-risk model.
- Respond to regulatory and capital change, specifically Basel IV and the Dodd-Frank regulation, while continuing to make efficient use of capital.
- Efficiently maintain our structural hedge programme.
- Submit results of the third and final quantitative impact study into capital requirements to the regulator for the South African insurance entities.
- Embed the principles of own risk and solvency assessment into the operations and governance of the insurance entities to improve our risk management policies, controls and processes.

8.6.4 Funding risk: Capital Risk

The risk that we are unable to maintain adequate levels of capital which could lead to an inability to support business activity; a failure to meet regulatory requirements; and/or changes to credit ratings, which could also result in increased costs or reduced capacity to raise funding.

Strategy:

- Ensure all entities remain adequately capitalised above the minimum regulatory requirements, Board-approved target capital ranges and in line with Board-approved risk appetite.
- Optimise the capital mix.
- Enhance regulatory and economic capital management and capital allocation.
- Maintain Basel III requirements and consider capital issuances out of the Group as well as our subsidiaries.
- Keep abreast of regulatory and capital changes (Basel IV).
- Continued optimisation of risk-weighted assets.

8.6.4 Funding risk: Liquidity Risk

The risk that we are unable to meet our obligations as they fall due.

Strategy:

- Ensure that our funding position continues to be managed in line with the Board-approved liquidity risk appetite.
- Maintain adequate liquidity buffers to ensure that we are able to meet the liquidity coverage ratio requirements in the required time frame.
- Continue to grow and diversify the funding base.
- Balance the above against the long-term impact on the cost of funding for the Group.

8.6.5 Operational risk

This risk arises when there is direct or indirect loss resulting from human factors, inadequate or failed internal processes, systems or external events.

Strategy:

- Improve capability in fraud risk, with a focus on Retail Banking and Wealth, Investment Management and Insurance businesses. Optimise fraud detection tools underpinning defences across debit, credit and store cards, and online channels.
- Continue to increase attention on the management of regulatory risk in step with recent and planned regulatory changes. This includes African and international regulatory requirements such as the Foreign Account Tax Compliance Act, Financial Markets Act, Solvency Assessment and Management legislation and the Protection of Personal Information Act.
- Further develop our approach to the management of conduct risk, in line with global best practice and in response to the introduction of the Twin Peaks regulatory model in South Africa.
- Closely oversee management and mitigation of technology risk.
- Monitor risks associated with the expansion of the businesses across Africa.

9. FINANCIAL PERFORMANCE

Potential investors are hereby referred to the Issuer's audited consolidated annual financial statements, incorporated herein by reference and available at www.absa.co.za and/or at the Issuer's registered office as set out at the end of this Master Programme Memorandum, for a summary of the Issuer's financial performance.

SETTLEMENT, CLEARING AND TRANSFER OF NOTES

Clearing systems

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

A Tranche of unlisted Notes may also be held in the Central Securities Depository. With respect to Notes not listed on the Interest Rate Market of the JSE, the placement of such unlisted Notes may be reported through the JSE reporting system in order for the settlement of trades in such Tranche of Notes to take place in accordance with the electronic settlement procedures of the JSE and the Central Securities Depository.

Participants

The Central Securities Depository maintains accounts only for Participants. As at the Programme Date, the Participants which are approved by the JSE, in terms of the rules of the JSE, as settlement agents to perform electronic settlement of funds and scrip are Absa Bank Limited, Citibank N.A., South Africa branch, FirstRand Bank Limited (RMB Custody and Trustee Services), Nedbank Limited, The Standard Bank of South Africa Limited, Standard Chartered Bank, Johannesburg branch, Société Générale, Johannesburg branch and the South African Reserve Bank. Euroclear Bank S.A./N.V., as operator of the Euroclear System and Clearstream Banking société anonyme will settle offshore transfers through their South African Participant.

Settlement and clearing

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

While a Tranche of Notes is held in its entirety in the Central Securities Depository, the Central Securities Depository's Nominee will be named in the Register as the sole Noteholder of the Notes in that Tranche. All amounts to be paid and all rights to be exercised in respect of Notes held in the Central Securities Depository will be paid to and may be exercised only by the Central Securities Depository's Nominee for the holders of Beneficial Interests in such Notes.

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

Payments of interest and principal in respect of Notes issued in uncertificated form will be made to the Central Securities Depository's Nominee, as the registered holder of such Notes, which in turn will transfer such funds, via the Participants, to the holders of Beneficial Interests. Each of the persons reflected in the records of the Central Securities Depository or the relevant Participant, as the case may be, as the holders of Beneficial Interests in Notes shall look solely to the Central Securities Depository or the relevant Participant, as the case may be, for such persons share of each payment so made by the Issuer to, or for the order of, the Central Securities Depository's Nominee, as the registered holder of such Notes. The Issuer will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, Beneficial Interests, or for maintaining, supervising or reviewing any records relating to Beneficial Interests. Payments of interest and principal in respect of Notes issued in uncertificated form shall be recorded by the Central Securities Depository's Nominee, as the registered holder of such Notes, distinguishing between interest and principal, and such record of payments by the Central Securities Depository's Nominee, as the registered holder of such Notes shall be *prima facie* proof of such payments.

Transfers and exchanges

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

Beneficial Interests may be exchanged for Notes represented by Individual Certificates in accordance with Condition 14.1 (*Exchange of Beneficial Interests*) of the Terms and Conditions.

BESA Guarantee Fund Trust

The holders of Notes that are listed on the Interest Rate Market of the JSE may claim against the BESA Guarantee Fund Trust. Claims against the BESA Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the BESA Guarantee Fund Trust. Unlisted notes are not regulated by the JSE.

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

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

SOUTH AFRICAN TAXATION

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in South Africa, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of the state, local or foreign laws, including South African tax law, to which they may be subject.

(i) Income Tax

Under current taxation law in South Africa persons who or which are tax Residents will, subject to any available exemptions, be taxed in South Africa on their world-wide income. A tax Resident is a person who or which is a "resident" as defined in section 1 of the South African Income Tax Act, 1962 (the Income Tax Act). Any income received by or accrued to a Resident in respect of the Notes will accordingly be subject to income taxes imposed or assessed under the Income Tax Act.

Unsubordinated Notes and Tier 2 Notes

Any original issue at a discount to the nominal amount of the Notes will, in terms of Section 24J of the Income Tax Act, be treated as interest for tax purposes, and the discount amount will be deemed to accrue to the Noteholder on a yield to maturity basis as if such Noteholder were to hold the Notes until maturity.

Any original issue premium or redemption premium will be added to the nominal amount of the Notes to determine the initial amount which will be used to determine the interest which is deemed, under Section 24J of the Income Tax Act, to have been incurred or to have accrued in respect of the Notes.

Interest is taxed on the basis of type yield to maturity unless an election has been made by the Noteholder (if the Noteholder is entitled to make such election) to treat the Notes as trading stock on a mark-to market basis.

If the Notes are disposed of prior to maturity or are subject to early redemption, then the yield to maturity is re-calculated at that time, and an adjustment to taxable income may be necessary.

Additional Tier 1

It is considered that the provisions of Section 24J of the Income Tax Act may not apply to determine the taxable amount as Additional Tier 1 are issued without a maturity date. Any coupon payments received in respect of Additional Tier 1 will then be taxable in terms of the normal accrual rules.

A Non-Resident is taxed in South Africa under the Income Tax Act only on income from a source within or deemed to be within South Africa. A Non-Resident is a person who or which is not a "resident" as defined in the Income Tax Act. Interest (as defined in Section 24J of the Income Tax Act) which is received or accrued in respect of the Notes during any year of assessment to any Non-Resident will be exempt from taxation under the Income Tax Act, unless that Non-Resident is a natural person who was physically present in South Africa for a period exceeding 183 days in aggregate in that year or, if that Non-Resident (whether or not a natural person) carried on business in South Africa at any time during that year through a permanent establishment located in South Africa.

Where the above exemption does not apply, relief from double taxation may be provided for in terms of an appropriate provision of any applicable double taxation treaty.

Noteholders should note that where any interest on Notes is paid to them (or to any person acting on their behalf) by any person in South Africa, then the company may be required to supply to the South African Revenue Service ("SARS") details of the payment and certain details relating to the Noteholder (including the Noteholder's name, address and identification or registration number). These provisions will apply whether or not the interest has been paid subject to withholding or deduction for or on account of South African income tax and whether or not the Noteholder is resident in South Africa for South African taxation purposes. In certain circumstances, the details provided to SARS may be passed by SARS to the tax authorities of certain other jurisdictions.

(ii) Capital Gains Tax

Capital gains tax applies to any capital gain earned on the disposal or deemed disposal of a capital asset by Residents, as well as to any capital gain resulting from the disposal of immovable property, interests in immovable property, and any assets attributable to a permanent establishment of a Non-Resident located in South Africa.

A gain made on the disposal of the Notes, held on capital account, by a Resident Noteholder may be subject to capital gains tax.

A Non-Resident Noteholder may be subject to capital gains tax on a gain made on the disposal of the Notes if the Notes comprise assets held on capital account which are attributable to a permanent establishment of such Non-Resident Noteholder located in South Africa.

(iii) Securities transfer tax

No securities transfer tax will be payable, in terms of the South African Securities Transfer Tax Act, 2007, in respect of either the issue of the Notes or on the subsequent transfer of the Notes on the basis that the Notes will not comprise a "security" as defined in section 1 of the Securities Transfer Tax Act.

(iv) Withholding tax

Under current taxation law in South Africa, all payments made under the Notes to resident and non-resident Noteholders will be made free of withholding or deduction for or on account of any taxes, duties, assessments or governmental charges. From 1 January 2015, withholding tax on interest in respect of certain debt instruments (which could include any Notes issued) may be applicable to certain persons, who are regarded as non-resident for tax purposes in South Africa. The withholding tax will be levied at a rate of 15%, but could be reduced by the relevant double taxation treaties. There are exemptions, which include interest paid in respect of any debt instrument listed on a recognised exchange. The JSE Limited would qualify as such an exchange, and therefore, subject to any legislative changes, the interest paid on the Notes will not be subject to interest withholding tax. In the event that such withholding or deduction is required by law, the Issuer will be obliged to pay additional amounts in relation thereto, subject to customary exceptions, as described in Condition 12.

SUBSCRIPTION AND SALE

In terms of (and subject to) the Programme Agreement, Absa CIB, a division of Absa Bank Limited ("**Absa CIB**") has been appointed as a Dealer on an ongoing basis for the duration of the Programme. The Issuer may appoint one or more Dealers for a specific issue of one or more Tranches of Notes or on an ongoing basis. In terms of (and subject to) the Programme Agreement, the Issuer may from time to time agree with any Dealer(s) to issue, and any Dealer(s) may agree to place, one or more Tranches of Notes.

South Africa

Prior to the issue of any Tranche of Notes under the Programme by the Issuer, each Dealer for that Tranche of Notes will be required to represent and agree that it will not solicit any offers for subscription for or sale of the Notes in that Tranche of Notes, and will itself not sell Notes, in South Africa, in contravention of the Companies Act, 2008, the Banks Act, 1990 and any regulations promulgated thereunder. Notes will not be offered for subscription to any single addressee for an amount of less than R1 000 000. In particular, without limitation, the Programme Memorandum does not, nor is it intended to, constitute a registered prospectus (as that term is defined in the Companies Act) and each Dealer will be required to represent and agree that it will not make "an offer to the public" (as that term is defined in the Companies Act) of any of the Notes in that Tranche of Notes (whether for subscription or sale).

United States of America

The Notes have not been and will not be registered under the United States Securities Act, 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account of or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Prior to the issue of any Tranche of Notes under the Programme by the Issuer, each Dealer for that Tranche of Notes will be required to represent and agree that:

- (i) the Notes in that Tranche have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account of or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
- (ii) it has not offered, sold or delivered any Notes in that Tranche and will not offer, sell or deliver, any Notes in that Tranche within the United States except in accordance with Rule 903 of Regulation S under the Securities Act or pursuant to an available exemption from the registration requirements of the Securities Act; and
- (ii) it, its affiliates and any persons acting on its or any of its affiliates behalf have not engaged and will not engage in any directed selling efforts with respect to the Notes in that Tranche and it, its affiliates and any persons acting on its or any of its affiliates' behalf have complied and will comply with the offering restrictions requirements of Regulation S.

Each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree and specified in the Applicable Pricing Supplement.

United Kingdom

Prior to the issue of any Tranche of Notes under the Programme by the Issuer, each Dealer for that Tranche of Notes will be required to represent and agree that:

- (i) it has not offered or sold, and prior to the expiry of a period 6 months from the Issue Date in respect of each Tranche of Notes will not offer or sell, any Notes in that Tranche to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations, 1995 of the United Kingdom;
- (ii) it has complied with and will comply with all applicable provisions of the Financial Services and Markets Act, 2000 (the "**FSMA**") with respect to anything done by it in relation to the Notes in that Tranche in, from or otherwise involving the United Kingdom; and

- (iii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in that Tranche in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

European Economic Area

Prior to the issue of any Tranche of Notes under the Programme, each Dealer who has (or will have) agreed to place that Tranche of Notes will be required to represent and agree that, in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of any of such Notes to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of any of such Notes to the public in that Relevant Member State:

- a) in the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Relevant Member State in accordance with the Prospectus Directive and/or, where appropriate, published in another Relevant Member State and notified to the competent authority in that Relevant Member State in accordance with Article 18 of the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43 000 000.00 and (3) an annual turnover of more than €50 000 000.00 as shown in its last annual or consolidated accounts; or
- d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan, Law No. 25 of 1948, as amended, (the "**FIEL**") and the Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

General

Prior to the issue of any Tranche of Notes under the Programme, each Dealer for that Tranche of Notes will be required to represent and agree that it will (to the best of its knowledge and belief) comply with all applicable laws and regulations in force in each jurisdiction in which it purchases, subscribes or procures subscriptions for, offers or sells Notes in that Tranche or has in its possession or distributes the Programme Memorandum and will obtain any consent, approval or permission required by it for the purchase, subscription, offer or sale by it of Notes in that Tranche under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, subscriptions, offers or sales.

Each Dealer for a Tranche of Notes will be required to represent and agree that it will comply with such other or additional restrictions in relation to that Tranche of Notes as the Issuer and such Dealer agree and as are set out in the Applicable Pricing Supplement.

Neither the Issuer nor any of the Dealers represent that Notes may at any time lawfully be subscribed for or sold in compliance with any applicable registration or other requirements in any jurisdiction or pursuant to any exemption available thereunder or assumes any responsibility for facilitating such subscription or sale.

EXCHANGE CONTROL

The comments below are intended as a general guide to the current position under the Exchange Control Regulations, 1961 as promulgated under the Currency and Exchanges Act, 1933, as amended, (the "Regulations") and are not a comprehensive statement of the Regulations. The information below is not intended as advice and it does not purport to describe all of the considerations that may be relevant to a prospective subscriber for, or purchaser of any Notes. Prospective subscribers for, or purchasers of any Notes who are non-South African residents or who are emigrants from the Common Monetary Area are urged to seek further professional advice in regard to the subscription for, or purchase of any Notes.

Non-South African Resident Noteholders and Emigrants from the Common Monetary Area

Dealings in the Notes and the performance by the Issuer of its obligations under the Notes may be subject to the Regulations.

Blocked Rand

Blocked Rands may be used for the subscription for or purchase of Notes. Any amounts payable by the Issuer in respect of the Notes subscribed for or purchased with Blocked Rands may not, in terms of the Regulations, be remitted out of South Africa or paid into any non-South African bank account. For the purposes of this clause, "Blocked Rands" are defined as funds which may not be remitted out of South Africa or paid into a non-South African resident's bank account. The relevant legislation relating to Blocked Rand is the Regulations promulgated under the Currency and Exchanges Act, 1933, as amended.

Emigrants from the Common Monetary Area

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

In the event that a Beneficial Interest in Notes is held by an emigrant from the Common Monetary Area through the Central Securities Depository and its relevant Participants, the securities account of such emigrant will be designated as an "emigrant" account.

Any payments of interest and/or principal due to an emigrant Noteholder will be deposited into such emigrant's Blocked Rands 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 Regulations.

Non-residents of the Common Monetary Area

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

It will be incumbent on any such non-resident to instruct the non-resident's nominated or authorised dealer in foreign exchange as to how any funds due to such non-resident in respect of Notes are to be dealt with. Such funds may, in terms of the Regulations, be remitted abroad only if the relevant Notes are acquired with foreign currency introduced into South Africa and provided that the relevant Certificate or securities account is designated "non-resident".

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

South African Reserve Bank Approval

The issuance and sale of Notes that will qualify as Additional Tier 1 Capital or Tier 2 Capital, as the case may be, under the Programme requires the approval of SARB in terms of section 79(1) (b) of the Banks Act. Redemption of Additional Tier 1 Capital or Tier 2 Capital, as the case may be, is subject to the prior written approval of the Registrar of Banks and must be in accordance with the conditions (if any) approved by the Registrar of Banks in writing.

GENERAL INFORMATION

AUTHORISATION

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

No exchange control approval is required for the establishment of the Programme. If exchange control approval is required for the issue of any Tranche of Notes, such exchange control approval will be obtained prior to the issue of such Tranche of Notes.

The update of this Programme Memorandum has been duly authorised in terms of a resolution of the board of directors of the Issuer passed at a meeting of the board of directors on ●.

LISTING

This Programme has been registered by the JSE. Notes to be issued under the Programme may be listed on the Interest Rate Market of the JSE or any successor exchange and/or such other or further exchange(s) as may be agreed between the Issuer and the Dealer(s) and subject to any relevant ruling law. Unlisted Notes may also be issued.

CLEARING SYSTEMS

The Notes listed on the Interest Rate Market of the JSE have been accepted for clearance through the Central Securities Depository, which forms part of the JSE clearing system and may be accepted for clearance through any additional clearing system as may be agreed between the JSE, the Issuer and the Dealer(s).

The settlement, clearing and redemption procedures for trades of Notes issued on an exchange other than the JSE, irrespective of whether the Notes are listed on the Interest Rate Market of the JSE as well, will be specified in the Applicable Pricing Supplements.

PARTICIPANTS

As at the date of this Programme Memorandum, the JSE recognised Participants are Absa Bank Limited, Citibank N.A., Computershare Limited, Eskom Holdings SOC Ltd., FirstRand Bank Limited (RMB Custody and Trustee Services), Link Investor Services, Nedbank Limited, The Standard Bank of South Africa Limited, Standard Chartered Bank, Société Générale and the South African Reserve Bank. Euroclear Bank S.A./N.V., as operator of the Euroclear System and Clearstream Banking société anonyme will settle offshore transfers through South African Settlement Agents.

AUDITORS

The auditors of the Issuer are Ernst & Young Inc. and PricewaterhouseCoopers Inc.

LITIGATION

The Issuer is not engaged (whether as defendant or otherwise) in any legal, arbitration, administration or other proceedings other than those disclosed in this Programme Memorandum, if any, the results of which might reasonably be expected to have or have had a material adverse effect on the financial position or the operations of the Issuer, nor is it aware of any such proceedings being threatened or pending.

DOCUMENTS

So long as any Note remains outstanding, one copy of this Programme Memorandum and each of the documents referred to in the section of this Programme Memorandum headed "*Documents Incorporated by Reference*" will be available for inspection by the Noteholders at the Specified Office of the Issuer.

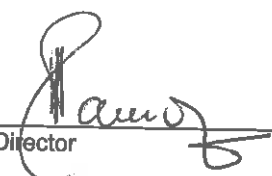
CONDITIONS FOR DETERMINING PRICE

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

MATERIAL CHANGE

As at the date of this Programme Memorandum, following due and careful enquiry, there has been no material change in the financial or trading position of the Issuer since the date of its last published audited financial statements or published reviewed unaudited interim consolidated financial results. No auditors have been involved in making such statement.

Signed at Johannesburg on behalf of Absa Bank Limited on 21 October 2014.


Director

Signed at Johannesburg on behalf of Absa Bank Limited on 21 October 2014.


Director

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