

## Amended and Updated Programme Memorandum dated 12 May 2021



### CAPITEC BANK LIMITED

(incorporated with limited liability under registration number 1980/003695/06 in the Republic of South Africa)

## ZAR8,000,000,000 DOMESTIC MEDIUM TERM NOTE PROGRAMME

Capitec Bank Limited ("**Issuer**" and "**Capitec Bank**") has established a Domestic Medium Term Note Programme ("**Programme**") under which the Issuer may, from time to time, issue secured or unsecured, subordinated or unsubordinated notes of any kind ("**Notes**") pursuant to the Programme Memorandum dated 25 April 2008.

The Programme Memorandum, dated 25 April 2008, was, in relation to Notes issued under the Programme on and after 21 April 2016, replaced by the Amended and Updated Programme Memorandum dated 21 April 2016 ("**Previous Programme Memorandum**"). The Previous Programme Memorandum was approved by the JSE Limited ("**JSE**") on 21 April 2016.

The Issuer has amended and updated the Previous Programme Memorandum on the basis set out in this amended and updated Programme Memorandum dated 12 May 2021 ("**Programme Memorandum**"). Application has been made to the JSE for the registration and approval of this Programme Memorandum. This Programme Memorandum was registered and approved by the JSE on 7 May 2021.

Unless otherwise defined in this Programme Memorandum or, in relation to a Tranche of Notes, the Applicable Pricing Supplement, capitalised terms used in this Programme Memorandum shall bear the meanings ascribed to them in the section of this Programme Memorandum headed "*Terms and Conditions*" ("**Terms and Conditions**"). References in this Programme Memorandum to any Condition are to that Condition of the Terms and Conditions.

On and with effect from 12 May 2021 ("**Programme Date**"), this Programme Memorandum applies to all Notes issued, under the Programme, pursuant to this Programme Memorandum, on and after the Programme Date.

On and with effect from the Programme Date, the sections of this Programme Memorandum headed "*Documents Incorporated by Reference*", "*Risk Factors*", "*Form of the Notes*", "*Description of the Issuer*", "*Financial Information*", "*Settlement, Clearing and Transfers of Registered Notes*", "*Taxation*" and "*Exchange Control*" will supersede and replace the corresponding sections of the Previous Programme Memorandum in their entirety and, to this extent, update the Previous Programme Memorandum.

Subject to the paragraph above and all Applicable Laws (including, without limitation, the JSE Debt Listings Requirements), the Previous Programme Memorandum (including the section of the Previous Programme Memorandum headed "*Terms and Conditions*") will remain applicable to all Notes issued under the Programme, pursuant to the Previous Programme Memorandum, which remain in issue under the Programme as at the Programme Date ("**Existing Notes**").

The Previous Programme Memorandum is available on the following website: [www.capitecbank.co.za](http://www.capitecbank.co.za) link: [www.capitecbank.co.za/globalassets/pages/investor-relations](http://www.capitecbank.co.za/globalassets/pages/investor-relations) under "bond programme" - "Complete programme memorandum".

As at the Programme Date, the Programme Amount is ZAR8,000,000,000. The aggregate Outstanding Principal Amount of Notes (including Existing Notes) in issue under the Programme may not exceed 8,000,000,000 unless such amount is increased by the Issuer as set out in the section of this Programme Memorandum (and the section of the Previous Programme Memorandum) headed "*General Description of the Programme*".

Notes will be issued in individual Tranches which, together with other Tranches, may form a Series of Notes. A Tranche of Notes will be issued on, and subject to, the Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions of that Tranche of Notes set out in the Applicable Pricing Supplement.

The Issuer will, prior to the issue of a Tranche of Notes, complete an Applicable Pricing Supplement based on the *pro forma* Applicable Pricing Supplement set out in (i) the section of this Programme Memorandum headed "*Pro Forma Applicable Pricing Supplement – Unsubordinated Notes*" (in the case of a Tranche of Unsubordinated Notes) or (ii) the section of this Programme Memorandum headed "*Pro Forma Applicable Pricing Supplement – Subordinated Notes*" (in the case of a Tranche of Subordinated Notes), as the case may be.

A Tranche of Notes will comprise Unsubordinated Notes or Subordinated Notes, as indicated in the Applicable Pricing Supplement. A Tranche of Notes, whether Unsubordinated Notes or Subordinated Notes (but subject, in the case of Subordinated Notes, to the Capital Regulations), may comprise Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or Mixed Rate Notes or such combination of any of the foregoing or such other type of Note as may be determined by the Issuer and the relevant Dealer/s and specified in the Applicable Pricing Supplement.

Subordinated Notes will, subject to the Banks Act and the Capital Regulations, comprise Additional Tier 1 Notes and Tier 2 Notes. Subject to the Capital Regulations, (i) the proceeds of the issue of Additional Tier 1 Notes will rank as Additional Tier 1 Capital and

(ii) the proceeds of the issue of Tier 2 Notes will rank as Tier 2 Capital.

A Tranche of Registered Notes may be listed on the Interest Rate Market of the JSE and/or on such other Financial Exchange/s as may be determined by the Issuer and the relevant Dealer/s, subject to all Applicable Laws. Unlisted Registered Notes may also be issued under the Programme. Unlisted Registered Notes are not regulated by the JSE. The holders of Registered Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the JSE. The Applicable Pricing Supplement will specify whether or not a Tranche of Registered Notes will be listed and, if so, on which Financial Exchange.

The Programme is not rated. The Applicable Pricing Supplement will reflect the Rating/s which has/have been assigned to the Issuer as well as the Rating Agency/ies which assigned such Rating/s. The Issuer will procure that any change to a Rating of the Issuer that occurs after the Programme Date is announced on SENS. A Tranche of Notes may, on or before the Issue Date, be rated by a Rating Agency on a national scale or international scale basis. Unrated Tranches of Notes may also be issued. The Applicable Pricing Supplement will reflect the Ratings/s, if any, which has/have been assigned to a Tranche of Notes, as well as the Rating Agency/ies which assigned such Rating/s.

***Prospective investors in the Notes should pay particular attention to the section of this Programme Memorandum headed "Risk Factors".***

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 of one or more Tranches of Notes or on an on-going basis.

**Issuer:**

**Capitec Bank Limited**



**Arranger and Dealer:**

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



**Debt Sponsor:**

**PSG Capital Proprietary Limited**



**Legal Advisers to the Issuer and the Arranger:**

**Cliffe Dekker Hofmeyr Inc.**



## GENERAL NOTICE

The Issuer certifies that, to the best of its knowledge and belief, there are no facts that have been omitted which would make any statement contained in this Programme Memorandum false or misleading, that all reasonable enquiries to ascertain such facts have been made, and that this Programme Memorandum contains or incorporates by reference (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*") all information required by the JSE Debt Listings Requirements and all other Applicable Laws.

The Issuer accepts full responsibility for the accuracy of the information contained in this Programme Memorandum, each Applicable Pricing Supplement, the annual financial statements of the Issuer, the Capitec Bank Integrated Reports (as defined in the section of this Programme Memorandum headed "*Documents Incorporated by Reference*") ("**Capitec Bank Integrated Reports**"), the Capitec Bank Holdings Integrated Reports (as defined in the section of this Programme Memorandum headed "*Documents Incorporated by Reference*") ("**Capitec Bank Holdings Integrated Reports**") and any amendments or supplements to the aforementioned documents, except as otherwise stated therein.

The Issuer, having made all reasonable enquiries, confirms that this Programme Memorandum contains or incorporates by reference (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*") all information that is material in the context of the issue and the offering of Notes, that the information contained in (or incorporated by reference into) this Programme Memorandum as at the Programme Date is not misleading and that the opinions expressed in this Programme Memorandum are honestly held.

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

The Issuer makes no representation or warranties as to the settlement procedures of the Central Securities Depository or the JSE or any other Financial Exchange.

This Programme Memorandum must be read in conjunction with all documents which are incorporated by reference into this Programme Memorandum (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*"). This Programme Memorandum must be read and construed on the basis that such documents are incorporated into and form part of this Programme Memorandum.

No person is authorised to give any information or to make any representation other than those contained in or consistent with this Programme Memorandum. If any such information is given or representation is made, it must not be relied upon as having been authorised by the Issuer, the JSE, the Debt Sponsor, the Arranger, the Dealer/s or any of their respective Affiliates and advisers.

Neither the delivery of this Programme Memorandum nor any offer, sale, allotment or solicitation made in connection with the offering of the Notes shall, in any circumstances, create any implication or constitute any representation that there has been no change in the affairs of the Issuer since the Programme Date or that the information contained in or incorporated by reference into this Programme Memorandum is correct at any time subsequent to the date of the document containing such information.

Neither the JSE nor the Debt Sponsor nor the Arranger nor the Dealer/s nor their respective Affiliates and advisers have separately verified the information contained in or incorporated by reference into this Programme Memorandum. No representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the JSE, the Debt Sponsor, the Arranger, the Dealer/s or their respective Affiliates and advisers as to the accuracy or completeness of the information contained in or incorporated by reference into this Programme Memorandum or any other information provided by the Issuer in connection with the Programme or the Notes.

Each person receiving this Programme Memorandum acknowledges that such person has not relied on the JSE, the Debt Sponsor, the Arranger the Dealer/s or any of their respective Affiliates and advisers in connection with its

investigation of the accuracy of such information or its investment decision. Neither the JSE nor the Debt Sponsor nor the Arranger nor the Dealer/s nor their respective Affiliates and advisers accept any liability in relation to the information contained in (or incorporated by reference into) this Programme Memorandum or any other information provided by the Issuer in connection with the Programme or the Notes.

Neither this Programme Memorandum nor any other information supplied in connection with the Programme and/or the Notes is intended to provide the basis of any credit or other evaluation, or should be considered as a recommendation or a statement of opinion, or a report of either of those things, by the JSE, the Issuer, the Debt Sponsor, the Arranger or the Dealer/s that any recipient of this Programme Memorandum or any other information supplied in connection with the Programme and/or the Notes, should purchase any Notes.

Each person contemplating making an investment in the Notes must make its own 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, the extent of its exposure to risk (see the section of this Programme Memorandum headed "*Risk Factors*") and any other factors which may be relevant to it in connection with such investment.

Neither the JSE nor the Debt Sponsor nor the Arranger nor the Dealer/s undertake to review the financial condition or affairs of the Issuer or to advise any investor or potential investor in the Notes of any information coming to the attention of the JSE, the Debt Sponsor, the Arranger or the Dealer/s.

Neither this Programme Memorandum nor any Applicable Pricing Supplement nor any other information supplied in connection with the Programme and/or the Notes constitutes an offer or an invitation by or on behalf of the Issuer, the Debt Sponsor, the Arranger or the Dealer/s to any person to subscribe for or to purchase or otherwise deal in any Notes.

The distribution of this Programme Memorandum and/or any Applicable Pricing Supplement and the issue, offering or sale of Notes in certain jurisdictions may be restricted by law. In particular, there are restrictions on the distribution of this Programme Memorandum and/or any Applicable Pricing Supplement and the offer or sale or subscription of Notes in the United States of America, the European Economic Area, the United Kingdom and South Africa. For a description of certain restrictions on offers, sales and subscriptions of Notes and on the distribution of this Programme Memorandum and/or any Applicable Pricing Supplement and other offering material relating to the Programme and/or the Notes, see the section of this Programme Memorandum headed "*Subscription and Sale*" under "*Selling Restrictions*".

Neither the Issuer nor the Debt Sponsor nor the Arranger nor the Dealer/s represent that this Programme Memorandum and/or any Applicable Pricing Supplement may be lawfully distributed, or that any Notes may be lawfully offered, subscribed for or sold, 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, offering, subscription or sale.

In particular, save for obtaining the registration and approval of this Programme Memorandum by the JSE, no action has been taken by the Issuer, the Debt Sponsor, the Arranger or the Dealer/s which would permit a public offering of any Notes or a distribution of this Programme Memorandum and/or any Applicable Pricing Supplement in any jurisdiction where action for that purpose is required.

The Notes may not be offered or sold, directly or indirectly, and neither this Programme Memorandum nor any Applicable Pricing Supplement nor any advertisement or other offering material relating to the Programme and/or the Notes may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with all Applicable Laws and regulations.

Neither this Programme Memorandum nor any Applicable Pricing Supplement are for distribution in, and do not constitute an offer of Notes for sale or subscription in, the United States of America or in any other jurisdiction in which such a distribution or such offer for sale or subscription would be unlawful or would require qualification or registration. It is the responsibility of any person wishing to subscribe for or purchase Notes to satisfy himself as to the full observance of the laws of the relevant jurisdiction.

***The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended ("Securities Act"). The Notes may not be offered or sold in the United States of America or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the US Securities Act.***

Persons into whose possession this Programme Memorandum and/or any Applicable Pricing Supplement comes are required by the Issuer, the Debt Sponsor, the Arranger and the Dealer/s to comply with all Applicable Laws and regulations in each country or jurisdiction in which they subscribe for, purchase, offer, sell, transfer or deliver Notes or have in their possession or distribute this Programme Memorandum and/or any Applicable Pricing Supplement and to obtain any consent, approval or permission required by them for the subscription, purchase, offer, sale, transfer or delivery by them of any Notes under the law and regulations in force in any country or jurisdiction to which they are subject or in which they make such subscriptions, purchases, offers, sales, transfers or deliveries, in all cases at their own expense, and none of the Issuer, the Debt Sponsor, the Sponsor, the Arranger or the Dealer/s shall have responsibility therefor.

Any Notes purchased or subscribed for by any person who wishes to offer such Notes for sale or resale may not be offered in any country or jurisdiction in circumstances which would result in the Issuer being obliged to register this Programme Memorandum or any further prospectus or corresponding document relating to the Notes in such country or jurisdiction.

In connection with the issue and placing of any Tranche of Notes, the Issuer or the Dealer (if any) who is designated in the Applicable Pricing Supplement as the approved stabilisation manager ("**Stabilisation Manager**") may, to the extent permitted by and in accordance with Applicable Laws and subject to the approval of the JSE, over-allot or effect transactions with a view to supporting the market price of Notes in the same Series as that Tranche of Notes at a level higher than that which might otherwise prevail for a limited period after the Issue Date. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising must be carried out in accordance with all Applicable Laws.

The price/yield and amount of a Tranche of Notes will be determined by the Issuer and the relevant Dealer/s at the time of issue in accordance with prevailing market conditions.

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<b>DOCUMENTS INCORPORATED BY REFERENCE</b>
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**GENERAL**

The following documents are incorporated by reference into, and form part of, this Programme Memorandum:

- a) the respective audited annual financial statements of the Issuer for the financial years ended 28 February 2019, 29 February 2020 and 28 February 2021, which include the independent auditor's reports in respect of such annual financial statements;
- b) the respective audited annual financial statements of the Issuer for all financial years of the Issuer after the Programme Date, which will include the independent auditor's reports in respect of such annual financial statements;
- c) the unaudited interim financial statements of the Issuer for the 6-month period ended 31 August 2020;
- d) where prepared, the respective unaudited interim financial statements of the Issuer for each six-month period falling in all financial years of the Issuer after the Programme Date;
- e) the respective "*Integrated Annual Reports*" of the Issuer and its consolidated subsidiaries (each a "**Capitec Bank Integrated Report**") for the financial years of the Issuer ended 28 February 2019, 29 February 2020 and 28 February 2021;
- f) the respective Capitec Bank Integrated Reports for all financial years of the Issuer after the Programme Date;
- g) the respective "*Integrated Annual Reports*" for Capitec Bank Holdings Limited ("**Capitec Bank Holdings**") and its consolidated subsidiaries (each a "**Capitec Bank Holdings Integrated Report**") for the financial years of Capitec Bank Holdings ended 28 February 2019, 29 February 2020 and 28 February 2021;
- h) the respective Capitec Bank Holdings Integrated Reports for all financial years of Capitec Bank Holdings after the Programme Date;
- i) all documentation disclosing how Capitec Bank Holdings has implemented the King Code (as defined in the JSE Debt Listings Requirements) through the application of the King Code disclosure and application regime ("**King Code Information**");
- j) the Issuer's policy document dealing with conflicts of interest, as described in Section 7.4 of the JSE Debt Listings Requirements ("**Conflicts Policy**");
- k) the Issuer's policy document dealing with the process for the nomination and appointment of directors of the Issuer, as described in Section 7.7 of the JSE Debt Listings Requirements ("**Director Appointment Policy**");
- l) the information described in Section 4.10(b) (ii) to (xii) inclusive of the JSE Debt Listings Requirements where and to the extent that any of such information is required to be given by (and is applicable to) any of the directors of the Issuer ("**Director Statements**");
- m) each Applicable Pricing Supplement relating to a Tranche of Notes which is listed on the Interest Rate Market of the JSE (or any other separate platform, board or sub-market of the JSE) ("**JSE-listed Applicable Pricing Supplement**");
- n) each supplement to this Programme Memorandum circulated by the Issuer from time to time;
- o) all information pertaining to the Issuer and/or Capitec Group which is relevant to the Programme and/or this Programme Memorandum which is (i) electronically submitted by the JSE Stock Exchange News Service ("**SENS**") to SENS subscribers and/or (ii) available on any electronic news service established or used or required by the JSE,

save that 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 document which is subsequently incorporated by reference into this Programme Memorandum modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

The Memorandum of Incorporation of the Issuer is available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer. The Memorandum of Incorporation of the Issuer is also available on the following website link: [www.capitecbank.co.za/globalassets/pages/investor-relations](http://www.capitecbank.co.za/globalassets/pages/investor-relations) under "Memorandum of Incorporation".

This Programme Memorandum is available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer. Each supplement to this Programme Memorandum and each JSE-listed Applicable Pricing Supplement will (as and when such documents are approved and become available) be available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer. This Programme Memorandum, each supplement to this Programme Memorandum and each JSE-listed Applicable Pricing Supplement are also available (or will also be available) on the following website links: [www.capitecbank.co.za/globalassets/pages/investor-relations](http://www.capitecbank.co.za/globalassets/pages/investor-relations) under "bond programme" - "Complete programme memorandum" and "Pricing supplements".

This Programme Memorandum, each supplement to this Programme Memorandum and each JSE-listed Applicable Pricing Supplement will be available on the JSE's website at [www.jse.co.za](http://www.jse.co.za).

### FINANCIAL STATEMENTS AND INTEGRATED REPORTS

The annual financial statements, interim financial statements, Capitec Bank Integrated Reports and Capitec Bank Holdings Integrated Reports listed in paragraphs (a) to (h) inclusive under "General" above ("**Current Financial Statements and Reports**") are available for inspection (and the annual financial statements, interim financial statements, Capitec Bank Integrated Reports and Capitec Bank Holdings Integrated Reports listed in paragraphs (a), (d), (f) and (h) under "General" above ("**Future Financial Statements and Reports**") will be available for inspection, once the Future Financial Statements and Reports are approved and become available), upon request, during normal office hours, at the Specified Office of the Issuer.

In addition, the Current Financial Statements and Reports are available on the following Capitec website links (together, the "**Capitec Website Links**"):

- [www.capitecbank.co.za](http://www.capitecbank.co.za);
- <https://www.capitecbank.co.za/globalassets/pages/investor-relations/financial-results>;
- [https://www.capitecbank.co.za/globalassets/pages/investor-relations/bond-programme/bond-programme/integrated\\_annual\\_report\\_2021\\_bank-limited.pdf](https://www.capitecbank.co.za/globalassets/pages/investor-relations/bond-programme/bond-programme/integrated_annual_report_2021_bank-limited.pdf) (Capitec Bank Integrated Reports);
- <https://www.capitecbank.co.za/globalassets/pages/investor-relations/financial-results/2021/audited-results/cpify21.pdf>
- [https://www.capitecbank.co.za/globalassets/pages/investor-relations/financial-results/2021/annual-report/integrated\\_annual\\_report\\_2021.pdf](https://www.capitecbank.co.za/globalassets/pages/investor-relations/financial-results/2021/annual-report/integrated_annual_report_2021.pdf) (Capitec Bank Holdings Integrated Reports);
- <https://www.capitecbank.co.za/globalassets/pages/investor-relations/bond-programme/bond-programme/2021-capitec-bank-unaudited-interim-financial-results.pdf> (**unaudited interim financial** statements of the Issuer for the 6-month period ended 31 August 2020).

The Future Financial Statements and Reports will be available, once the Future Integrated Reports and Additional Documents (if any) are approved and become available) on the Capitec Website Links and/or substantially similar Capitec website links.

### KING CODE INFORMATION

The King Code Information as at the Programme Date comprises:

- the document entitled "*Summary of King IV™ Principal Disclosures*" (which can be accessed at <https://www.capitecbank.co.za/globalassets/pages/investor-relations/investor-relations/king-iv-compliance/Summary-of-King-IV-principal-disclosure-2021> ("**Capitec King Code Website Link**")); as read with:
- the relevant pages\* of the Capitec Bank Holdings Integrated Report for the financial year ended 28 February 2021 (which can be accessed at the Capitec Website Links).

\*All of the relevant page numbers are set out under the column headed "*References to full disclosure in our 2020 integrated annual report*" in the document entitled "*Summary of King IV™ Principal Disclosures*".

In addition, the King Code Information as at the Programme Date is available for inspection, upon request, during



normal office hours, at the Specified Office of the Issuer.

King Code Information (including the relevant pages of the relevant Capitec Bank Holdings Integrated Report) which is updated after the Programme Date will (once such King Code Information is approved and becomes available) be available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer, and will be available on the Capitec King Code Website Link (and/or substantially similar Capitec King Code website link/s) and the relevant Capitec Website Link (and/or substantially similar Capitec website link).

## **POLICIES**

### **Conflicts Policy**

The Conflicts Policy as at the Programme Date is set out in the document entitled ""*Conflict of Interest Policy*" - "Capitec Bank Limited" - "Effective date: 31 December 2020"" which can be accessed at <https://www.capitecbank.co.za/globalassets/pages/investor-relations/investor-relations/policies/conflict-of-interest-policy.pdf> ("**Conflicts Policy Website Link**").

The Conflicts Policy as at the Programme Date is available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer.

In addition, where the Conflicts Policy is updated after the Programme Date, the updated Conflicts Policy will (once such updated Conflicts Policy is approved and becomes available) be available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer, and will be available on the Conflicts Policy Website Link and/or substantially similar Capitec Conflicts Policy website link/s.

### **Director Appointment Policy**

The Director Appointment Policy as at the Programme Date is set out in the document entitled ""*Board Appointment policy*" - "Capitec Bank Limited" - "Effective date: 31 December 2020"" which can be accessed at <https://www.capitecbank.co.za/globalassets/pages/investor-relations/investor-relations/policies/board-appointment-policy.pdf> ("**Director Appointment Policy Website Link**").

The Director Appointment Policy as at the Programme Date is available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer.

In addition, where the Director Appointment Policy is updated after the Programme Date, the updated Director Appointment Policy will (once such updated Director Appointment Policy is approved and becomes available) be available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer, and will be available on the Director Appointment Policy Website Link and/or substantially similar Director Appointment Policy website link/s.

## **DIRECTOR STATEMENTS**

The Director Statements (if and to the extent applicable) are out in the document entitled "Director Statements" which can be accessed at <https://www.capitecbank.co.za/investor-relations/> under "Director Statements" ("**Director Statements Website Link**").

The Director Statements as at the Programme Date (if and to the extent applicable) are available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer.

In addition, where the Director Statements (if and to the extent applicable) are updated after the Programme Date, the updated Director Statements will (once such updated Director Statements are approved and becomes available) be available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer, and will be available on the Director Statements Website Link and/or substantially similar Director Statements website link/s.

## **REVIEW AND UPDATE**

All of the information described in this section above will only be made available as described in this section above for as long as this Programme Memorandum remains registered with the JSE.

The Issuer will, for as long as this Programme Memorandum remains registered with the JSE, review this Programme Memorandum, on an annual basis following each anniversary of the Programme Date, to consider if any of the information contained in this Programme Memorandum in relation to the Issuer, but expressly excluding the Terms and Conditions, is outdated in a material respect.

Subject to the paragraph below, if, following such review, the Issuer determines that any of the information contained in this Programme Memorandum in relation to the Issuer, but expressly excluding the Terms and Conditions, is outdated in a material respect, the Issuer shall procure that this Programme Memorandum is updated as set out in the penultimate paragraph below.

No update of any information which has been incorporated by reference into this Programme Memorandum will require an update of this Programme Memorandum; provided that the Issuer will procure that a SENS announcement is released which notifies the Noteholders of the Capitec Website Link/s (or, where applicable, substantially similar Capitec website links) and/or the Capitec King Code Website Link (or, where applicable, substantially similar Capitec King Code website link/s) and/or the Conflicts Policy Website Link (or, where applicable, substantially similar Capitec Conflicts Policy website link/s) and/or the Director Appointment Policy Website Link (or, where applicable, substantially similar Director Appointment Policy website link/s) and/or the Director Statements Website Link (or, where applicable, substantially similar Director Statements website link) on which such updated information can be accessed (which updated information will be incorporated by reference into this Programme Memorandum), such notification to be made prior to such updated information being made available on the relevant website links described in this paragraph.

The required updates to this Programme Memorandum will be provided for in a new Programme Memorandum or a supplement to this Programme Memorandum, as the case may be. All such updates must be approved by the JSE. The Issuer will procure that a SENS announcement is released which contains a summary of such updates and a statement that the new Programme Memorandum or the supplement to this Programme Memorandum, as the case may be, containing such updates will be available for inspection on the following website link: [www.capitecbank.co.za](http://www.capitecbank.co.za).

## GENERAL DESCRIPTION OF THE PROGRAMME

*A general description of the Programme 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 a Tranche of Notes, the Applicable Pricing Supplement.*

### ISSUE

Subject to the prior consent of the Prudential Authority (to the extent required by the Capital Regulations), the Issuer may, at any time and from time to time (without the consent of any Noteholder), issue one or more Tranches of Notes (denominated in the Specified Currency) under the Programme, pursuant to this Programme Memorandum, provided that the aggregate Outstanding Principal Amount of all of the Notes (including Existing Notes) in issue under the Programme from time to time does not exceed the Programme Amount.

A Tranche of Notes will comprise Unsubordinated Notes or Subordinated Notes, as indicated in the Applicable Pricing Supplement. A Tranche of Notes, whether Unsubordinated Notes or Subordinated Notes (but subject, in the case of Subordinated Notes, to the Capital Regulations), may comprise Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or Mixed Rate Notes or such combination of any of the foregoing or such other type of Note as may be determined by the Issuer and the relevant Dealer/s and specified in the Applicable Pricing Supplement.

Subordinated Notes will, subject to the Banks Act and the Capital Regulations, comprise Additional Tier 1 Notes and Tier 2 Notes. Subject to the Capital Regulations, (i) the proceeds of the issue of Additional Tier 1 Notes will rank as Additional Tier 1 Capital and (ii) the proceeds of the issue of Tier 2 Notes will rank as Tier 2 Capital.

Notes will be issued in individual Tranches which, together with other Tranches, may form a Series of Notes. A Tranche of Notes will be issued on, and subject to, the Applicable Terms and Conditions. The Issuer will, prior to the issue of a Tranche of Notes, complete an Applicable Pricing Supplement based on the *pro forma* Applicable Pricing Supplement set out in (i) the section of this Programme Memorandum headed "*Pro Forma Applicable Pricing Supplement – Unsubordinated Notes*" (in the case of a Tranche of Unsubordinated Notes) or (ii) the section of this Programme Memorandum headed "*Pro Forma Applicable Pricing Supplement – Subordinated Notes*" (in the case of a Tranche of Subordinated Notes), as the case may be.

### LISTING

A Tranche of Registered Notes may be listed on the Interest Rate Market of the JSE and/or on such other Financial Exchange/s as may be determined by the Issuer and the relevant Dealer/s, subject to all Applicable Laws. Unlisted Registered Notes may also be issued under the Programme. Unlisted Registered Notes are not regulated by the JSE. The Applicable Pricing Supplement will specify whether or not a Tranche of Registered Notes will be listed and, if so, on which Financial Exchange.

The holders of Registered Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the JSE.

A copy of the signed Applicable Pricing Supplement relating to a Tranche of Registered Notes which is to be listed on the Interest Rate Market of the JSE will be delivered to the JSE and the Central Securities Depository, before the Issue Date, and the Registered Notes in that Tranche may be traded by or through members of the JSE from the date specified in the Applicable Pricing Supplement, in accordance with the Applicable Procedures.

Where the listing of a Tranche of Registered Notes on the Interest Rate Market of the JSE has been approved by the JSE, the granting of such listing will be announced by the Issuer on SENS by no later than the close of business on the day preceding the Issue Date.

The settlement of trades in Uncertificated Registered Notes 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 Registered Notes which is listed on any Financial Exchange other than (or in addition to) the Interest Rate Market of the JSE will be specified in the Applicable Pricing Supplement.

## PROGRAMME AMOUNT

As at the Programme Date, the Programme Amount is ZAR8,000,000,000. The aggregate Outstanding Principal Amount of Notes (including Existing Notes) in issue under the Programme may not exceed ZAR8,000,000,000, unless such amount is increased by the Issuer, as set out below (and as set out in the section of the Previous Programme Memorandum headed "*General Description of the Programme*").

For the purpose of calculating the aggregate Outstanding Principal Amount of all Notes (including Existing Notes) in issue under the Programme, pursuant to this Programme Memorandum, from time to time:

- a) the ZAR equivalent of a Tranche of Notes denominated in any Specified Currency other than ZAR shall be determined, at or about the time at which a Placement Agreement is entered into between the Issuer and the relevant Dealer/s for the issue and placing of that Tranche of Notes (or where no such Placement Agreement is entered into, at or about the time of placing of that Tranche of Notes), on the basis of the spot rate at such time for the sale of such ZAR amount against the purchase of such other Specified Currency in the Johannesburg inter-bank foreign exchange market, as quoted by any leading bank selected by the Issuer;
- b) the ZAR equivalent of a Tranche of Notes in respect of which the Redemption Amount is calculated by reference to an index and/or a formula (as indicated in the Applicable Pricing Supplement) shall be calculated *mutatis mutandis* in accordance with paragraph (a) above, with reference to the aggregate Principal Amount of that Tranche of Notes (regardless of the Issue Price of that Tranche of Notes);
- c) the ZAR equivalent of a Tranche of Zero Coupon Notes (or any other Tranche of Notes issued at a discount or a premium) shall be calculated *mutatis mutandis* in accordance with paragraph (a) above, with reference to the Issue Price of that Tranche of Zero Coupon Notes.

From time to time the Issuer may elect to increase the Programme Amount by delivering a notice thereof to (i) the Arranger, (ii) the Debt Sponsor and (iii) the Dealer/s. Upon the conditions set out in the Programme Agreement to the exercise of the Issuer's right to increase the Programme Amount having been met, all references in this Programme Memorandum (and each agreement, deed or document relating to the Programme and/or this Programme Memorandum) to the Programme Amount will be, and will be deemed to be, references to the increased Programme Amount. The Issuer shall, forthwith after the Programme Amount is so increased, notify the Noteholders (in accordance with Condition 19.1) of the increased Programme Amount.

## RATING

The Programme is not rated. The Applicable Pricing Supplement will reflect the Rating/s which has/have been assigned to the Issuer as well as the Rating Agency/ies which assigned such Rating/s. The Issuer will procure that any change to a Rating of the Issuer that occurs after the Programme Date is announced on SENS. A Tranche of Notes may, on or before the Issue Date, be rated by a Rating Agency on a national scale or international scale basis. Unrated Tranches of Notes may also be issued. The Applicable Pricing Supplement will reflect the Rating/s, if any, which has/have been assigned to a Tranche of Notes, as well as the Rating Agency/ies which assigned such Rating/s.

## RISK FACTORS

Investing in the Notes involves certain risks (see the section of this Programme Memorandum headed "*Risk Factors*").

## RISK FACTORS

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

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts under any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information available to it as at the Programme Date, or which it may not be able to anticipate. All of these investment considerations 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.*

*The Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. The information set out below is not intended as advice and does not purport to describe all of the considerations that may be relevant to a prospective subscriber for or purchaser of any Notes.*

*Prospective investors in the Notes should also read the information set out elsewhere in this Programme Memorandum (including all documents incorporated by reference into this Programme Memorandum) and, in relation to a Tranche of Notes, the Applicable Pricing Supplement, and consult their own financial, tax and legal advisers as to the risks and investment considerations arising from an investment in the Notes, the appropriate tools to analyse such an investment, and the suitability of such an investment in the context of the particular circumstances of each investor.*

### **ADDITIONAL INFORMATION - DOCUMENTS INCORPORATED BY REFERENCE**

The Capitec Bank Holdings Integrated Report for the financial year ended 28 February 2021 and the Capitec Bank Integrated Report for the financial year ended 28 February 2021 ("**Current Integrated Reports**") may contain further information on current Issuer-specific risks.

The Capitec Bank Holdings Integrated Reports for all financial years after the Programme Date and the Capitec Bank Integrated Reports for all financial years after the Programme Date ("**Future Integrated Reports**") and, where applicable, any other relevant documents ("**Additional Documents**") may contain updated information on Issuer-specific risks.

The Current Integrated Reports and the Future Integrated Reports are incorporated by reference into this Programme Memorandum (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*"). The Additional Documents (if any) will be incorporated by reference into this Programme Memorandum as and when the Additional Documents are approved and become available.

The Current Integrated Reports are available for inspection (and the Future Integrated Reports and Additional Documents (if any) will be available for inspection, once the Future Integrated Reports and Additional Documents (if any) are approved and become available), upon request, during normal office hours, at the Specified Office of the Issuer (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*").

In addition, the Current Integrated Reports are available on the Capitec Website Links. The Future Integrated Reports and Additional Documents (if any) will be available, once the Future Integrated Reports and Additional Documents (if any) are approved and become available) on the Capitec Website Links and/or substantially similar Capitec website links (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*").

### **FACTORS THAT MAY AFFECT THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE NOTES**

#### **PRINCIPAL ISSUER-SPECIFIC RISKS**

The Issuer, in common with other banks in South Africa and elsewhere, is exposed to commercial and market risks in the ordinary course of its business, the most significant of which are the impact of the COVID-19 pandemic and the Lockdown, credit risk, operational risk, market risk, capital and liquidity risk and reputational risk. The impact of the current COVID-19 pandemic and the effect of lockdown on economies world-wide highlights the risks of exogenous factors, (such as pandemics, which are out of the Issuer's control), can have on financial institutions.

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

### **The COVID-19 pandemic and the Lockdown**

The COVID-19 pandemic and the Lockdown have adversely impacted the Issuer's business and financial results, and the ultimate impact will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of the COVID-19 pandemic and actions taken by governmental authorities in response to the pandemic, including (without limitation) the promulgation of further regulations and/or legislation in connection with the Lockdown and/or the COVID-19 pandemic.

The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains, lowered equity market valuations, created significant volatility and disruption in financial markets, and increased unemployment levels. In addition, the COVID-19 pandemic has resulted in temporary closures of many businesses and the institution of social distancing and sheltering in place requirements in many states and communities.

As a result of the Lockdown and/or the COVID-19 pandemic, the demand for the Issuer's products and services have been and may continue to be significantly impacted, which could adversely affect its revenue. Furthermore, the COVID-19 pandemic could continue to result in the recognition of credit losses in the Issuer's loan portfolios and increases in the Issuer's allowance for credit losses. Similarly, because of changing economic and market conditions affecting issuers, the Issuer may be required to recognise the financial implications and impact of market volatility resulting from the COVID-19 pandemic.

The Issuer's business operations may (despite business continuity plans being put in place) be further disrupted should significant portions of its workforce are (or become) unable to work effectively because of the Lockdown and/or the COVID-19 pandemic.

Moreover, the COVID-19 pandemic has created additional operational and compliance risks, including the need to address any increased risk of fraudulent activity and protect the integrity and functionality of the Issuer's systems and networks as a larger number of its employees work remotely.

The COVID-19 pandemic could also result in downgrades to the Issuer's Rating/s or credit outlook.

The extent to which the COVID-19 pandemic impacts the Issuer's business, operations, and financial condition, as well as its regulatory capital and liquidity ratios, will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of the COVID-19 pandemic and actions taken by governmental authorities (including the promulgation of further regulations and/or legislation in connection with the Lockdown and/or the COVID-19 pandemic) and other third parties in response to the COVID-19 pandemic.

For purposes of the above paragraphs, "**COVID-19**" means the 2019 novel coronavirus (SARS-COV2/COVID-19) and "**Lockdown**" means the Government-mandated lockdown (whichever level of severity) imposed by the Government, in terms of the South African Disaster Management Act, 2002 and the Regulations thereunder, as updated and/or amended from time to time, in order to reduce the spread of the COVID-19 pandemic, it being recorded that the first such lockdown was the Level 5 lockdown which commenced at midnight on 26 March 2020.

### **Credit risk**

The Issuer's highest exposure is to credit risk. Credit risk is the risk of loss due to non-performance of a client or other counterparty in respect of any financial or performance obligation due to deterioration in the financial status of the client or other counterparty.

The Issuer's credit risk primarily arises from credit lending to both retail and business clients

The Issuer has counterparty credit risk in terms of the Banks Act and the Regulations Relating to Banks.as The Issuer does not operate a trading book and the direct exposures to counterparty credit risk are limited to hedges entered into to mitigate interest rate and currency risk in the I banking book, and fixed income investment transactions concluded as part of cash management activities.

### **Operational risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes or risk resulting from external events.

The daily operations of the Issuer may result in financial loss, adverse regulatory consequences or reputational damage due to a variety of operational risks.

Operational risk consists of the following categories:

- Fraud risk
- Information technology (IT) risk
- Information risk
- Compliance and legal risk
- Conduct risk

#### *Fraud risk*

Fraud risk includes financial crime and money laundering. The industry in which the Issuer operates carries inherent risk of fraudulent activities which may result in unexpected financial or reputational losses. This fraudulent activity may arise from within the borders of South Africa or abroad and may be perpetuated by parties related to the Issuer, such as employees or clients, or it may result from fraudulent activity from criminal syndicates and others targeting companies in the financial services sector.

#### *Information technology (IT) risk*

The Issuer relies on the proper functioning of its systems which may fail as a result of hardware or software failure or power or telecommunications failure. The occurrence of such a failure may not be adequately covered by its business resumption and disaster recovery planning. Any significant degradation or failure of the Issuer's information, processing or trading systems could result in the Issuer failing to complete transactions on a timely basis, could have an adverse effect on its business, results of operations and financial condition or could give rise to adverse regulatory and reputational consequences for the Issuer's business.

The secure storage, use and transmission of confidential information are critical elements of the Issuer's operations. The Issuer's networks and systems may be vulnerable to unauthorised access and other security problems. The Issuer cannot be certain that its existing security measures will prevent breaches including break-ins, viruses or disruptions. Persons that circumvent the security measures could use the Issuer's or its client's confidential information wrongfully which could expose it to a risk of loss, adverse regulatory consequences or litigation.

#### *Information risk*

Information risk is the risk that events or incidents occurring that may impact the confidentiality, availability, integrity and/or security of data and information assets of the Issuer. The Issuer operates in a highly regulated industry where data breaches could have a disastrous impact on the Issuer's reputation and sustainability.

Information security risk is the risk that insufficient management processes, technology and/or assurance mechanisms are in place to allow businesses to trust the Issuer's transactions, and/or to ensure that information is reliable and useable and/or to enable resistance to and recovery from failures due to error, deliberate attacks or disaster and/or to ensure that confidential information is only made available to individuals that should be allowed access to the information.

Cyber Security risk is the risk of exposure to loss or harm resulting from a cyber-attack or data breach targeting the Issuer's business information and/or IT systems.

Depending on the severity of the events described above, the continuous operations, reputation and/or sustainability of the Issuer may be adversely affected.

#### *Compliance and legal risk*

The Issuer's business in South Africa is highly regulated. Regulatory agencies have broad jurisdiction over many aspects of the Issuer's business, including capital adequacy, prudential and liquidity requirements (see "*The Basel III Accord and Capital Adequacy*" below), premium rates, marketing and selling practices, advertising, licensing agents, policy forms, terms of business and permitted investments. Failure to comply with legal and regulatory requirements, including fiscal provisions, or government policies, may have an adverse effect on the Issuer and its reputation among customers and regulators in the market.

Regulators of the Issuer include the Financial Sector Conduct Authority established under the Financial Sector Regulation Act, 2017, the Prudential Authority, the National Credit Regulator, the JSE and the Financial Intelligence Centre. The Issuer is a member of the Payment Association of South Africa ("**PASA**") and is represented on multiple payment forums within PASA.

The Issuer may also be adversely affected by future changes in government policy, legal, regulatory and compliance requirements. In particular, any further change in regulation of the Issuer to increase the requirements for capital adequacy or liquidity (see "*Capital and liquidity risk*" and "*South African interpretation of Basel III*" below), or a change in accounting standards, may have an adverse effect on the Issuer's business. Future fiscal developments or changes to fiscal laws in South Africa may also have a material adverse effect on the Issuer and on its business.

It is not possible to predict what further future regulatory or related changes may result from a global economic crisis or the effect any such changes would have on the Issuer and its business.

The Issuer is also exposed to the risk of inappropriate or inadequate documentation of contractual relationships.

#### *Conduct risk*

The Issuer is required to comply with Conduct Standard 3 of 2020 (Banks) ("**Conduct Standard**") issued by the Financial Sector Conduct Authority established under the Financial Sector Regulation Act, 2017 ("**FSCA**"). This Conduct Standard provides the framework for the FSCA's supervision of banks and their products and services to ensure they deliver fair customer outcomes to clients. Banks are expected to establish appropriate governance and controls to ensure the fair treatment of clients in providing financial products and services. The FSCA requires that banks are able to demonstrate that they consistently meet the requirements.

The Issuer's failure to comply with the applicable requirements in the Conduct Standard could lead to enforcement action being taken by the Issuer.

#### **Market risk**

Market risk includes the Issuer's exposure to adverse changes in the value of the Issuer's assets or liabilities as a result of adverse changes in the Issuer's share price, interest rates and/or exchange rates.

Market risk generally has a wide impact and is often outside the Issuer's control. It includes equity, bond and commodity price changes and fluctuations in exchange and interest rates.

The Issuer's exposure to market risk is mainly due to inherent interest rate risk in retail banking activities, which are defined as the "banking book" by the Basel Accord.

Market risk consists of the following categories:

- Interest rate risk
- Equity and currency risk
- Hedging risk

#### *Interest rate risk*

Interest rate risk is the sensitivity of the balance sheet and income statement to unexpected, adverse movements of interest rates.

Market-driven interest rates can adversely affect the Issuer's profitability and the value of the Issuer's balance sheet.

The Issuer charges fixed interest rates on retail term loans. This is done to protect the Issuer's loan clients from the effect of rising interest rates, ensuring that for the term of the client's loan their instalment amount does not change when rates rise or when rates fall. These factors may result in an inherent interest rate repricing mismatch for the Issuer. The Issuer also charges variable interest rates on credit card and other retail lending products which fluctuate with market interest rates. Business clients are charged variable rates on their loans, that also fluctuate with market interest rates.

A natural mismatch position arises due to rate sensitive assets being more than rate sensitive liabilities. This mismatch is due primarily to ordinary shareholders' equity, a consequence of the conservative leveraging employed by the Issuer.



### *Equity and currency risk*

The Issuer's profitability and shareholders' equity can be affected by changes in exchange rates between the rand and the foreign currencies in which assets and liabilities are denominated.

The Issuer does not deal in equity instruments and has limited exposure to equity investments. Currency risk has a minimal impact on the Issuer's operations, as they are all in South Africa. Imported capital equipment and technological support services result in limited exposure to currency fluctuations. Some of these transactions are hedged by means of forward exchange contracts.

### *Hedging risk*

To reduce market risk and the impact of currency volatility, Capitec uses hedging mechanisms. However, only the following derivatives may be used for hedging risk in the banking book:

- Interest rate swaps minimise inherent interest rate risk as a result of banking book activities.
- Forward foreign exchange contracts are used to cover obligations relating to capital equipment, technology and other support services needed for the core banking activities.

Any hedges cover the complete exposure on the underlying transaction.

### **Capital and liquidity risk**

Capital and liquidity risk is the risk of being unable, without negatively affecting the normal course of the Issuer's business, to meet its repayment obligations when they become due as a result of, among other things, insufficient cash and other liquid assets.

The main impact of Basel III on South African banks (including the Issuer) and the "controlling companies" of South African banks (including Capitec Bank Holdings, the "controlling company" of the Issuer) has been on the levels and composition of capital, the levels of highly marketable securities, liquidity risk and funding profiles and, accordingly, on the general cost of bank funding as banks have needed to optimally structure their capital base and reform their funding models to meet the requirements of the new liquidity ratios.

Any failure by the Issuer to maintain its capital adequacy and liquid asset requirements and ratios may result in sanctions against the Issuer, which may in turn impact on its ability to maintain the size of its balance sheet and/or its ability to fulfil its obligations under the Notes.

### *Capital adequacy requirements*

The main impact of Basel III on South African banks (including the Issuer) and the "controlling companies" of South African banks (including Capitec Bank Holdings, the "controlling company" of the Issuer) has been on the levels and composition of capital, the levels of highly marketable securities, liquidity risk and funding profiles and, accordingly, on the general cost of bank funding as banks have needed to optimally structure their capital base and reform their funding models to meet the requirements of the new liquidity ratios.

The Issuer is subject to the capital adequacy requirements set out in the Banks Act, as read with the Regulations Relating to Banks, which provide for a minimum target ratio of capital to risk-adjusted assets, which could limit its operations (see "*South African interpretation of Basel III*" below).

The Issuer must, in terms of the Banks Act, as read with the Regulations Relating to Banks (see "*South African interpretation of Basel III*" below) and, subject to the paragraphs below, Directive 6/2016 headed "*Capital framework for South Africa based on the Basel III framework*", dated 24 November 2016, maintain a minimum level of capital based on risk-adjusted assets and off-balance-sheet exposures.

On 6 April 2020, the Prudential Authority issued Directive 2/2020 headed "*Matters related to temporary capital relief to alleviate risks posed by the COVID-19 pandemic*" (see "*The COVID-19 pandemic and the Lockdown*" above). The Prudential Authority has implemented measures to reduce the minimum requirement of capital and reserve funds to be maintained by banks, in order to provide temporary capital relief to enable banks to counter economic risks to the financial system as a whole, and to individual banks.

The Pillar 2A capital requirement is maintained for systemic risk and is to be held over and above the relevant minimum internationally agreed requirement specified in the Basel III Accord. It is understood that the Prudential Authority believes that the temporary relaxation of the Pillar 2A capital requirement (which amounts to 1%) will assist

the banking sector to continue lending to the real economy. It is understood that it is the Prudential Authority's intention to reinstate the minimum Pillar 2A capital requirement following the COVID-19 stress period (see "*The COVID-19 pandemic and the Lockdown*" above).

In addition to relaxing the Pillar 2A capital requirement, banks will also be allowed to draw down against the capital conservation buffer in the upcoming period after consulting the Prudential Authority.

The capital adequacy ratio of the Issuer as at 29 February 2021 exceeds the minimum requirements in the Banks Act, as read with the Regulations Relating to Banks and the relevant Directives issued by the Prudential Authority.

#### *Liquid asset requirements*

Basel III has introduced two new minimum liquidity standards – the liquidity coverage ratio ("**LCR**") and the net stable funding ratio ("**NSFR**").

The SARB has approved the provision of a committed liquidity facility ("**CLF**") to assist banks (including controlling companies) to meet the LCR, as more fully set out in Guidance Note 04/2018 headed "*Continued Provision of a committed liquidity facility by the South African Reserve Bank*" dated 05 September 2018 ("**Guidance Note 04/2018**"). In terms of Guidance Note 04/2018, among other things, each individual bank is required to meet the level 1 qualifying high-quality liquid assets ("**HQLA**") requirement of the LCR on its own.

The CLF is only available to banks with an LCR shortfall that is attributable to an inadequate supply of level 2 HQLA. The CLF is accepted at 40% of the total amount of HQLA that the particular bank is required to hold in Rand. For the purpose of entering into a facility agreement with SARB the size of the CLF will be capped at 40% of the full HQLA requirement, as projected for the year in which the relevant application is made. It is envisaged that the SARB will phase-out the CLF over a three-year period and will no longer provide such facility after 01 December 2021.

The potential negative systemic implications of phasing-out the CLF are uncertain and could, as an example, result in decreased lending to the real economy as deposits are re-deployed from existing loans and advances to the procurement of Level 1 and Level 2 HQLA as required to replace the CLF. Consequently, a banking industry wide phase-out of the CLF would result in the withdrawal of liquidity from the domestic financial system with potential unintended consequences in terms of credit extension to the economy. In addition, the CLF phase-out assumes that there are sufficient Level 1 and 2 assets freely available to replace the total bank wide CLF amount. If this is not the case the domestic capital market supply / demand equilibrium could be impacted causing yield curve pricing distortions.

On 31 March 2020 ,the Prudential Authority issued Directive 1/2020 headed "*Liquidity Coverage Ratio (LCR)*". With effect from 1 April 2020, the Prudential Authority lowered the LCR requirements from 100% to 80%. Due to the current financial market turmoil (see "*The COVID-19 pandemic and the Lockdown*" above), market liquidity has decreased, and banks have been under increased pressure to comply with the currently prescribed LCR requirements.

The Issuer has not utilised the CLF nor has the Issuer's LCR fallen below 100%.

The Issuer's LCR as at 29 February 2021 exceeds the minimum requirement of 80%.

#### **Reputational risk**

The Issuer's reputation relies on the perceptions and expectations of the Issuer by its clients, investors and employees, as well as the relevant regulators.

The Issuer is exposed to Reputational risk. Reputational risk is the risk that adverse perceptions and expectations of the Issuer by its clients, investors and employees, as well as the relevant regulators, have a negative impact on the Issuer's earnings or its ability to raise capital.

#### **ANCILLARY GENERAL RISKS**

##### **Competitive landscape**

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

### Market conditions

The performance of the Issuer is significantly influenced by the performance of the economy in South Africa, which in turn is influenced by global economic factors, such as oil and commodity prices, exchange rates and the levels of growth in South Africa's main trading partners.

A deterioration in the global economic markets could result in a general reduction in business activity and a consequent loss of income for the Issuer.

A reduction in business activity or a downturn in the economic environment in South Africa could also cause a higher incidence of impairments in the Issuer's lending portfolios as well as transactional activity of clients, which could have an adverse effect on the Issuer's financial condition and results of operations. This is a sector-wide risk that is not isolated to the Issuer.

### RISKS RELATING TO SOUTH AFRICA

#### Risks 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, legal and political risks.

South Africa, as well as the financial sector, are currently exposed to the risk of further credit rating downgrades should political, social, fiscal and monetary or other factors point towards diminished ability to service foreign debt over the longer-term.

Within this context, investors should note that developing markets, such as South Africa, are subject to rapid change and that the information set out in this prospectus may become outdated relatively quickly.

#### South African interpretation of Basel III

Basel III provides, among other things, for three "tiers" of eligible capital: Common Equity Tier 1 Capital, Additional Tier 1 Capital and Tier 2 Capital.

Regulations 38(11)(b) and 38(12) of the Regulations Relating to Banks ("**Regulations 38(11)(b) and 38(12)**") provide for the Loss Absorption PONV Requirements (as defined below) with which Additional Tier 1 Notes and Tier 2 Notes, respectively, must comply in order for the proceeds of the issue of such Notes to rank as Additional Tier 1 Capital and Tier 2 Capital, respectively.

Basel III requires the implementation of, among other things, certain loss absorbing criteria ("**Loss Absorption PONV Requirements**") when a bank or its controlling company (among other systemically important financial institutions) becomes or is likely to become non-viable – the so-called point of non-viability ("**PONV**").

The Prudential Authority has the responsibility of making decisions relating to the declaration of a bank as being non-viable, with the effect of triggering the Loss Absorption PONV Requirements within the relevant Capital Instruments.

The Terms and Conditions of any Subordinated Notes that are issued prior to the commencement of the Statutory Loss Absorption Regime, must contractually provide for Write-off or Conversion at the occurrence of the relevant Trigger Event (that is, the occurrence of the relevant event, determined by the Prudential Authority, which indicates that the relevant issuer is or is likely to become financially distressed).

On the basis of the implementation of the Loss Absorption PONV Requirements, Subordinated Notes will be subject to Write-Off or Conversion upon the occurrence of the Trigger Event, which may result in the Subordinated Noteholders losing some or all of their investment. The occurrence of the Trigger Event or any suggestion of any such occurrence could materially adversely affect the market price of the Subordinated Notes.

The language of Regulations 38(11)(b) and 38(12) reflects the relevant language in the Basel III Accord and, from a South African law perspective, this has led to a number of uncertainties (see "*Determination and notification of Trigger Event*" and "*Additional uncertainties relating to Regulations 38(11)(b) and 38(12)*" below).

Bearing in mind the uncertainties referred to above, it is difficult for the Issuer to predict the precise effects of the changes that may result from the implementation of Basel III (or any portion thereof) in South Africa and/or what regulatory changes may be imposed in the future, or estimate, with accuracy, the impact that the implementation of Basel III (or any portion thereof) in South Africa and/or related regulatory changes that may be imposed in the future

may have on the Issuer's business, the products and services it offers and the values of its assets. If, for example, the Issuer were required to make additional provisions, increase its reserves or capital, or exit or change certain businesses, as a result of the implementation of Basel III (or any portion thereof) in South Africa and/or related regulatory changes that may be imposed in the future, this could have an adverse effect on the Issuer's business, financial condition and results of operations.

On the basis of the implementation of the Loss Absorption PONV Requirements, Subordinated Notes will be subject to Write-Off or Conversion upon the occurrence of the Trigger Event, which may result in the Subordinated Noteholders losing some or all of their investment. The occurrence of the Trigger Event or any suggestion of any such occurrence could materially adversely affect the market price of the Subordinated Notes (see "*South African interpretation of Basel III*" above).

#### **"Grandfathering" of capital instruments issued before 1 January 2013**

The Loss Absorption PONV Requirements implemented in South Africa do not apply retrospectively and, accordingly, some or all of the capital instruments issued by the Issuer before 1 January 2013 will be "grandfathered" (that is, phased out) over a ten-year period from 1 January 2013.

The ability of the Issuer to replace these capital instruments with capital instruments which comply with Basel III and, where applicable, the Loss Absorption PONV Requirements, over the ten year period is uncertain, and will depend on the extent to which the uncertainties regarding the Regulations Relating to Banks and the Banks Act have been resolved to enable the issue of such capital instruments in significant volumes, the appetite of the capital markets for capital instruments and the ability to issue such capital instruments at a price mutually acceptable to the Issuer and investors.

#### **Exchange controls**

Since 1995, certain exchange controls in South Africa have been relaxed. The extent to which the South African Government ("**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 increase in demand for foreign currency and/or a 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 would serve to stem the flight and would also result in an increase in interest rates due to the depreciation of the Rand. Rand would be purchased in exchange for foreign currency and deposited in the Sterilisation Account of the SARB.

#### **Terrorist acts**

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.

### **GENERAL RISKS RELATING TO THE NOTES**

#### **Investment suitability**

Investors in the Notes should have (either alone or with the help of a financial adviser) sufficient knowledge and experience in financial and business matters to meaningfully evaluate the merits and risks of investing in a particular issue of Notes and the information contained in or incorporated by reference into this Programme Memorandum, as well as access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their particular circumstances

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Programme Memorandum;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular

financial situation, an investment in the Notes and the impact such an investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor in Notes 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.

#### **Exchange rate risks and exchange controls**

All payments (whether in respect of principal, interest or otherwise) in respect of a Tranche of Notes will be made in the Specified Currency. If a Tranche of Notes is denominated in a Specified Currency other than ZAR, certain risks may arise relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit ("**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 will decrease (a) the Investor's Currency-equivalent yield on the Notes, (b) the Investor's Currency equivalent value of the principal payable on the Notes and (c) 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, Noteholders may receive less interest or principal in respect of the Notes than expected, or no interest or principal.

#### **Legal investment considerations may restrict certain investments**

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

#### **Meetings of Noteholders**

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

#### **Change of law**

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

#### **Rating**

The Programme is not rated. The Applicable Pricing Supplement will reflect the Rating/s which has/have been assigned to the Issuer as well as the Rating Agency/ies which assigned such Rating/s. The Issuer will procure that any change to a Rating of the Issuer that occurs after the Programme Date is announced on SENS.

A Tranche of Notes may, on or before the Issue Date, be rated by a Rating Agency on a national scale or international scale basis. Unrated Tranches of Notes may also be issued. The Applicable Pricing Supplement will reflect the Rating/s, if any, which has/have been assigned to a Tranche of Notes, as well as the Rating Agency/ies which assigned such Rating/s.

Neither a Rating of the Issuer nor a Rating of a Tranche of Notes is a recommendation to subscribe for, buy, sell or hold any Notes, inasmuch as, among other things, a Rating does not comment on the market price or suitability of the Notes for a particular investor.

A Rating of a Tranche of Notes only addresses the likelihood that the aggregate outstanding Principal Amount of Notes in that Tranche will be fully repaid by the Maturity Date (if any) and that the interest (if any) payable in respect of such Notes will be paid on a timely basis. A Rating of a Tranche of Notes does not address the likelihood of repayment of the aggregate outstanding Principal Amount of such Notes before the Maturity Date (if any).

A Rating of the Issuer and/or a Tranche of Notes may be subject to suspension, reduction or withdrawal at any time by the assigning Rating Agency and, accordingly, there can be no assurance that a Rating of the Issuer and/or a Tranche of Notes will remain for any given period of time or that a Rating will not be lowered or withdrawn entirely by the Rating Agency if, in its judgment, circumstances in the future warrant such action.

There can be no assurance of any connection between a Rating on a national scale basis and a Rating on an international scale basis.

A Rating assigned to the Issuer and/or a Tranche of Notes by a rating agency that has not been requested by the Issuer to do so, may be lower than the equivalent Rating of the Issuer and/or that Tranche of Notes assigned by the Rating Agency, or such rating agency may rate the Issuer and/or a Tranche of Notes on an international scale basis which may be lower than the Rating on a national basis assigned to the Issuer and/or that Tranche of Notes by the Rating Agency. Any adverse change in the Rating of the Issuer and/or a Tranche of Notes could adversely affect the trading price of all or any of the Notes.

#### **Listing of Registered Notes and limited liquidity**

The Issuer may issue listed or unlisted Registered Notes. The continued listing of any Tranche of Registered Notes listed on the Interest Rate Market of the JSE and/or on any other Financial Exchange/s is subject to the rules of the relevant Financial Exchange/s in force from time to time. There can accordingly be no assurance that the listing of any Tranche of Registered Notes will continue until the Maturity Date (if any).

There may be a limited secondary market for the Notes. There can be no assurance that any secondary market for any of the Notes will continue until the Maturity Date (if any). Generally, 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 will 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. Consequently, a subscriber or purchaser must be prepared to hold its Notes until the Maturity Date (if any).

In addition, global credit market conditions may lead to a general lack of liquidity in the secondary market for instruments similar to the Notes. Such lack of liquidity may result in investors in the Notes suffering losses in secondary re-sales even if there is no decline in the performance of the assets of the Issuer.

Noteholders that trade in interest-bearing Notes during the period that the Register is closed prior to each Interest Payment Date, will need to reconcile any amounts payable on the following Interest Payment Date pursuant to a partial redemption of the Notes. As a result, secondary market liquidity of the Notes may reduce during this period.

If Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer.

#### **Registered Notes will be held, upon issue, in the Central Securities Depository**

Each Tranche of Uncertificated Registered Notes will be issued in uncertificated form in terms of Chapter IV of the Financial Markets Act and will be held in the Central Securities Depository.

Subject to the CSD Procedures and unless the context clearly otherwise indicates, references to "Uncertificated Registered Notes" include Beneficial Interests in such Uncertificated Registered Notes, and *vice versa*, and references

to "Noteholders of Uncertificated Registered Notes" include the holders of Beneficial Interests in such Uncertificated Registered Notes, and *vice versa*.

The CSD Procedures will determine the procedures for transfer, payment and communication between Noteholders of Uncertificated Registered Notes and the Issuer.

The Participants will maintain records of Uncertificated Registered Notes held by their clients.

Subject to the CSD Procedures, the Noteholders of Uncertificated Registered Notes will be able to transfer such Registered Notes only through the Central Securities Depository. Subject to the CSD Procedures, the Noteholders of Uncertificated Registered Notes may exercise their rights in respect of such Registered Notes through their Participants.

The registered Noteholders of Uncertificated Registered Notes must vote in accordance with the CSD Procedures. Subject to the CSD Procedures, the registered Noteholders of Uncertificated Registered Notes must exercise their respective rights to vote through their respective Participants.

The Issuer has opened the Designated Bank Account with the Settling Bank. The Designated Bank Account will be used solely for purposes of depositing (and funding) the aggregate amount which is due and payable, on the relevant Payment Date, in respect of a Tranche of Registered Notes which is held in the Central Securities Depository.

The Issuer will, in accordance with the CSD Procedures, make an irrevocable deposit, into the Designated Bank Account, of the full aggregate amount which is due and payable, on the relevant Payment Date, in respect of a Tranche of Uncertificated Registered Notes.

The funds in the Designated Bank Account will be transferred to the relevant Participants, by means of the South African Multiple Option Settlement ('SAMOS') system operated by the SARB. The Participants will then make payment of the relevant amounts to the Noteholders of Uncertificated Registered Notes, in accordance with the CSD Procedures, as contemplated in Condition 11.2.2.

Once the funds deposited into the Designated Bank Account have been cleared and credited to the Designated Bank Account, and transferred from the Designated Bank Account to the relevant Participants, neither the Settling Bank nor the Issuer will be responsible for the loss in transmission of any such funds.

A Noteholder of Uncertificated Registered Notes must therefore rely on the CSD Procedures to receive payments under such Uncertificated Registered Notes.

Subject to the Financial Markets Act, the Noteholder of Beneficial Interests will only be entitled to exchange such Beneficial Interests for Registered Notes which are represented by a Certificate in accordance with Condition 15.1.

#### **Registered Notes which are represented by Certificates where the denominations involve integral multiples**

If the aggregate Principal Amount of Registered Notes held by a Noteholder is equivalent to a fraction of the Specified Denomination or a fraction of any multiple thereof, the Certificate representing such Registered Notes will be issued in accordance with, and be governed by, Applicable Law.

A Noteholder who holds Registered Notes in an aggregate Outstanding Principal Amount which is less than the minimum Specified Denomination may not receive a Certificate in respect of such Registered Notes and may need to purchase an additional Principal Amount of Registered Notes such that its total holding of such Registered Notes amounts to the minimum Specified Denomination.

Noteholders of Registered Notes which are represented by a Certificate should be aware that, where such Registered Notes have a denomination which is a fraction of the Specified Denomination or a fraction of any multiple thereof, such Registered Notes may be illiquid and difficult to trade.

#### **Recourse against the JSE**

Registered Notes that are not listed on the Interest Rate Market of the JSE are not regulated by the JSE. The holders of Registered Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the JSE.

#### **Non-recourse obligations**

The Notes will be obligations solely of the Issuer. The Notes will not be obligations of, or the responsibility of, or guaranteed by, the Controlling Company or any other person.

### **Tax considerations**

The Issuer has carried out (or will have carried out) all material steps reasonably necessary to ensure its general compliance with the current provisions of fiscal legislation (including the Income Tax Act, the Value-Added Tax Act and other fiscal provisions). Disclosure of the transactions entered into by the Issuer will be accounted for in terms of current requirements but no assurance can be given that the views of these bodies will not differ from the treatment adopted by the Issuer from time to time.

A summary of the more important fiscal provisions which may impact on the Notes as at the Programme Date is set out in the section of this Programme Memorandum headed "*Taxation*". The summary does not constitute tax advice.

Potential investors in the Notes should, before making an investment in the Notes, consult their own professional advisers as to the potential tax consequences of, and their tax positions in respect of, an investment in the Notes.

No representation, warranty and/or undertaking is given by the Issuer (or any other person) in respect of the fiscal treatment of acquiring, holding and/or disposing of Notes, and no liability and/or responsibility is assumed or accepted by the Issuer (or any other person) for the fiscal treatment of any aspect of the Notes in the hands of any Noteholder.

### **RISKS RELATING 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 in the Notes. The risks of a particular Tranche of Notes will depend on the Applicable Terms and Conditions of that Tranche of Notes, but may include, without limitation, the possibility of significant changes in the values of the applicable interest rates or other indices or formula. Prospective investors in the Notes could lose all or a substantial portion of their investment.

Such risks generally depend on factors over which the Issuer has no control and which cannot readily be foreseen, such as economic and political events and the supply of and demand for the relevant securities, assets or other property. Neither the current nor the historical price, value or performance of (a) the relevant interest rates or other indices or formulae, (b) the relevant classes of securities, assets or other property, or (c) the relevant entities should be taken as an indication of future price, value or performance during the term of any Tranche of Notes.

In addition, certain issues of Notes may not be an appropriate investment for investors in the Notes who are inexperienced with respect to:

- the applicable interest rate indices, currencies, other indices or formulas, or redemption or other rights or options; or
- investments where the amount of principal and/or interest payable (if any) is based on the price, value, performance or some other factor and/or the creditworthiness of one or more entities.

### **Interest rate risks**

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

Investment in Notes that bear interest at a rate that converts from a Fixed Interest Rate to a Floating Interest Rate (or *vice versa*) may affect the market value of the Notes. If the interest on the Notes is converted from a Fixed Interest Rate to a Floating Interest Rate, the spread on the Notes may be less favourable than then prevailing spreads on comparable Notes tied to the same reference rate. In addition, the new Floating Interest Rate at any time may be lower than the rates on other Notes. If the interest on the Notes is converted from a Floating Interest Rate to a Fixed Interest Rate, the new Fixed Interest Rate may be lower than then prevailing rates on other Notes.

See, in regard to Additional Tier 1 Notes, "*Risks relating to Additional Tier 1 Notes*" – "*Election not to pay interest on Additional Tier 1 Notes*" below.

### **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 these features.

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



The market values of Notes issued at a substantial discount or premium to 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 subject to early redemption at the election of the Issuer**

The Issuer may, in terms of and subject to the applicable provisions of Condition 9, at its election, redeem a Tranche of Notes prior to the Maturity Date (if any) (see, in regard to Subordinated Notes, "*Risks relating to the Subordinated Notes*" – "*Redemption risk*" below), as more fully described in Condition 9).

If a Tax Event has occurred and is continuing, a Tranche of Notes may (subject, in the case of Subordinated Notes, to the prior written approval of the Prudential Authority) be redeemed, at the election of the Issuer, in whole or in part, on the Early Redemption Date (Tax), at the Early Redemption Amount (Tax), as described in Condition 9.2.

In addition, if the Issuer Early Redemption Election is applicable to a Tranche of Notes, the Issuer may (subject, in the case of Subordinated Notes, to the Issuer complying with the conditions to redemption set out in Condition 9.4.2), at its election, redeem that Tranche of Notes (in whole or in part), on the Early Redemption Date (Call), at the Early Redemption Amount (Call), as described in Condition 9.4.

These elective redemption features may limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any such redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the Interest Rate applicable to the Notes. In such circumstances an investor in the Notes may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that applicable to the relevant Notes. Potential investors in the Notes should consider reinvestment risk in light of other investments available at that time.

Any redemption of Subordinated Notes prior to the Maturity Date (if any) requires the prior written approval of the Prudential Authority (see "*Additional Risks relating to Subordinated Notes*" below).

#### **ADDITIONAL RISKS RELATING TO SUBORDINATED NOTES**

##### **Loss Absorption PONV Requirements – occurrence of the Trigger Event**

As at the Programme Date, the Loss Absorption PONV Requirements are required to be incorporated by contract in order to be effective. The relevant contractual provisions are set out in Regulations 38(11)(b) and 38(12) (as read with Guidance Note 06/2017 and, where applicable, Directive D2/2021).

Condition 10 provides for the Write-off and Conversion of Subordinated Notes in accordance with Regulations 38(11)(b) and 38(12) (as read with Guidance Note 06/2017 and, where applicable, Directive D2/2021), upon the occurrence of the relevant Trigger Event (at the discretion of the Prudential Authority), subject to Condition 10A.

Condition 10A provides for the disapplication of the Non-Viability Loss Absorption Condition once the Recovery and Resolution Legislation (which is expected to implement a statutory bail-in option under South African law) is enacted as law (see "*Bail-in Option and Recovery and Resolution Legislation*" below).

In terms of the relevant provisions of Regulations 38(11)(b) and 38(12) of the Regulations Relating to Banks (as read with Guidance Note 06/2017 and, where applicable, Directive D2/2021), Subordinated Notes will (at the discretion of the Prudential Authority) be subject to Write-Off or Conversion upon the occurrence of the Trigger Event, which may result in Subordinated Noteholders losing some or all of their investment. The occurrence of the Trigger Event or any suggestion of any such occurrence could materially adversely affect the market price of Subordinated Notes.

##### **Write-Off**

Unless otherwise specified in the Applicable Pricing Supplement, Condition 10.18 will apply to a Tranche of Subordinated Notes where Write-Off is specified in the Applicable Pricing Supplement as being applicable.

At the occurrence of the Trigger Event (at the Discretion of the Prudential Authority), the Unpaid Amount will be Written Off and all of the Subordinated Notes or the Relevant Portion of the Subordinated Notes, as applicable, will be cancelled in the manner set out in Condition 10.18.

If the Applicable Pricing Supplement specifies that compensation is to be paid to the relevant Subordinated

Noteholders as a result of the Write-Off, such compensation will (unless otherwise specified in the Applicable Pricing Supplement) be paid to the relevant Subordinated Noteholders in the form of Controlling Company Ordinary Shares and (unless otherwise specified in the Applicable Pricing Supplement) the provisions of Condition 10.19 (*Conversion*) will apply *mutatis mutandis*

If the Applicable Pricing Supplement does not specify that compensation is to be paid to the relevant Subordinated Noteholders as a result of the Write-Off, no compensation will be paid to the relevant Subordinated Noteholders as a result of the Write-Off.

### **Conversion**

Unless otherwise specified in the Applicable Pricing Supplement, Condition 10.19 will apply to a Tranche of Subordinated Notes where Conversion is specified in the Applicable Pricing Supplement as being applicable.

At the occurrence of the Trigger Event (at the discretion of the Prudential Authority), all of the Subordinated Notes or the Relevant Portion of the Subordinated Notes, as applicable, will be Converted into Controlling Company Ordinary Shares in the manner set out in Condition 10.19.

Where, at the occurrence of the Trigger Event, the Conversion of the relevant Tranche of Subordinated Notes (i) cannot be undertaken for any reason or (ii) is not irrevocable or (iii) will not result in an immediate increase in the CET 1 Ratio, then the relevant Tranche of Subordinated Notes will, instead of being Converted, be Written Off, at the occurrence of the Trigger Event (at the discretion of the Prudential Authority), *mutatis mutandis* in accordance with the provisions of Condition 10.18.2.

### **Tax consequences**

The tax consequences to the Subordinated Noteholder of the compulsory Conversion of Subordinated Notes into Controlling Company Ordinary Shares or the compulsory Write-Off of Subordinated Notes, upon the occurrence of the Trigger Event (at the discretion of the Prudential Authority), are complicated, and a ruling in this regard may need to be obtained from the South African Revenue Service.

A summary of some of the possible tax consequences is set out in the section of this Programme Memorandum headed "*Taxation*". Prospective subscribers for or purchasers of any Subordinated Notes must consult their professional advisers in this regard.

### **Determination and notification of Trigger Event**

The Prudential Authority has considerable discretion as to whether or not a Trigger Event has occurred. In relation to the Loss Absorption PONV Requirements which are applicable to both Additional Tier 1 Notes and Tier 2 Notes, the Prudential Authority has discretion to determine whether or not: (i) a Write-Off or (ii) a public sector injection of capital, is required in order to avoid the Issuer ceasing to be viable.

Regulations 38(11)(b) and 38(12) (as read with Guidance Note 06/2017 and, where applicable, Directive D2/2021), which implement the Loss Absorption PONV Requirements, also provide that the relevant Trigger Event must "as a minimum" be the earlier of the Prudential Authority's decision that either (i) or (ii) applies. This wording appears to grant the Prudential Authority discretion to determine a Trigger Event which may occur earlier than the events specifically contemplated above. Noteholders are therefore exposed to the risk that their Subordinated Notes may be Written-Off (whether in whole or in part), before either (i) or (ii) applies. As at the Programme Date, the Issuer cannot give any further assurances as to what any such Trigger Event will be, or the implications for investors in Subordinated Notes.

Moreover, in relation to liability accounted Additional Tier 1 Notes, the Capital Regulations do not prescribe whether it is the Prudential Authority or the Issuer who is ultimately responsible for determining the CET 1 Ratio of the Issuer. Whilst the Issuer regularly publishes its CET 1 Ratio in both its annual and half yearly financial statements, it is not certain that the Prudential Authority will necessarily agree with the Issuer's determination of its CET 1 Ratio from time to time, and the Prudential Authority may carry out its own assessment of the Issuer's CET 1 Ratio before determining that a Trigger Event has occurred.

The time period that may elapse between the Prudential Authority's determination that a relevant Trigger Event has occurred in respect of any Series of Subordinated Notes, and its communication of that decision to the Issuer, is uncertain. Whilst the Issuer expects that any such notification would be made swiftly in order to ensure market stability, the Prudential Authority is not required to act within any particular time period. Because the Write Off is

specified to occur as at the date of the Trigger Event (and not the date on which the Prudential Authority notifies the Issuer of such occurrence), there is a risk that there is delay between the Prudential Authority's decision to require a Write-Off and the Issuer being able to notify holders of Subordinated Notes of this occurrence.

#### **Additional uncertainties relating to Regulations 38(11)(b) and 38(12)**

Regulations 38(11)(b) and 38(12) have adopted the language of the Basel III Accord and this has led to a number of uncertainties. Some of these uncertainties (which are in addition to the uncertainties described under "*Determination and notification of Trigger Event*" above) are summarised below:

There is uncertainty regarding the purely "discretionary" nature of the Trigger Event provided for in Regulations 38(11)(b) and 38(12) and the criteria that will be taken into account by the Prudential Authority in determining the Trigger Event.

Regulations 38(11)(b) and 38(12) provide that the Write-Off or Conversion must occur "*upon the occurrence of the trigger event specified in writing by the [Prudential Authority]*". Currently, there is nothing in Regulations 38(11)(b) and 38(12) that requires the Prudential Authority to notify the Issuer or the relevant holders of the Capital Instruments that the Trigger Event has occurred.

It is not clear from Regulations 38(11)(b) and 38(12) whether the Issuer may select the Conversion or the Write-Off option upfront or whether the option will be determined by the Prudential Authority at the occurrence of the Trigger Event.

There are a number of uncertainties relating to the Conversion option, such as the nature of the ordinary shares into which the relevant Capital Instruments must be Converted and the valuation of these ordinary shares.

Guidance Note 06/2017 clarifies some (but not all) of the uncertainties described above.

#### **Capital Regulations**

In order for the proceeds of the issuance of a Tranche of Subordinated Notes to rank as Additional Tier 1 Capital or Tier 2 Capital, as the case may be, the Subordinated Notes must comply with the applicable Capital Regulations and such additional conditions (if any) as may be prescribed by the Prudential Authority in respect of that Tranche of Subordinated Notes.

#### **Subordinated 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. In particular, (a) the payment obligations of the Issuer under Additional Tier 1 Notes will rank behind Unsubordinated Notes and Tier 2 Notes and (b) the payment obligations of the Issuer under Tier 2 Notes will rank behind Unsubordinated Notes.

As at the Programme Date, the relative subordinations of the various capital instruments issued by a bank or its "controlling company" are not entirely clear, although the importance of investor certainty in this regard has been recognised by the relevant South African authorities.

The above applies, in particular, to the specific relative subordinations between Common Equity Tier 1 instruments, Additional Tier 1 instruments and Tier 2 instruments (all "new-style" capital instruments, some of which are provided for under this Programme Memorandum) and "old-style" capital instruments provided for under the Previous Programme Memorandum.

#### **No limitation on issuing securities**

There is no restriction on the amount of securities or indebtedness which the Issuer may issue or incur which rank senior to or *pari passu* with the Subordinated Notes in the event the Issuer is wound-up or placed under liquidation. The issue of any such securities or indebtedness may reduce the amount recoverable by Subordinated Noteholders in the event the Issuer is wound-up or placed under liquidation.

#### **Winding-up and liquidation of the Issuer**

If the Issuer is wound-up or placed under liquidation, whether voluntarily or involuntarily, Tier 2 Noteholders will not be entitled to any payments in respect of the Tier 2 Notes until the claims of Depositors and Senior Creditors which are admissible in any such winding-up or liquidation have been paid or discharged in full. If the Issuer does not have sufficient assets at the time of winding-up or liquidation to satisfy those claims, Tier 2 Noteholders will not receive any payment on the Tier 2 Notes.

If the Issuer is wound-up or placed under liquidation, whether voluntarily or involuntarily, Additional Tier 1 Noteholders will not be entitled to any payments in respect of the Additional Tier 1 Notes until the claims of Depositors, Senior Creditors and the holders of Subordinated Debt which are admissible in any such winding-up or liquidation have been paid or discharged in full. If the Issuer does not have sufficient assets at the time of winding-up or liquidation to satisfy those claims, Additional Tier 1 Noteholders will not receive any payment on the Additional Tier 1 Notes.

### **Redemption risk**

In addition to the early redemption events described under "*Risks Relating to the Structure of a Particular Issue of Notes*" - "*Notes subject to early redemption at the election of the Issuer*" above, if a Regulatory Event has occurred and is continuing, a Tranche of Subordinated Notes may (subject to the prior written approval of the Prudential Authority), be redeemed, at the election of the Issuer, in whole or in part, on the Early Redemption Date (Regulatory), at the Early Redemption Amount (Regulatory).

Any redemption of Subordinated Notes prior to the Maturity Date or prior to a winding-up or liquidation of the Issuer, as applicable, requires the prior written approval of the Prudential Authority. In addition, any redemption of Subordinated Notes prior to the Maturity Date or prior to a winding-up or liquidation of the Issuer, as applicable, must be at the election of the Issuer.

Subordinated Noteholders have no right to call for the redemption of Subordinated Notes.

### **Events of Default**

If default is made in the payment of any principal or interest due on the Tier 2 Notes for a period of 5 (five) days or more after the date on which payment of such principal is due or 10 (ten) days or more after the date on which payment of such interest is due (as the case may be), any Tier 2 Noteholder may, subject to Condition 13.2, 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.

Payments of principal and/or interest on the Tier 2 Notes may not be accelerated by any Tier 2 Noteholder except in the case of bankruptcy and/or liquidation of the Issuer.

If any step (including an application, a proposal or a convening of a meeting) is taken by any Person with a view to having the Issuer liquidated and an order is thereafter passed for the liquidation of the Issuer, all of the Tier 2 Notes shall be deemed, on the date on which such step is taken, to have been declared forthwith due and payable (whether or not due for payment and without further action or formality), at the Early Termination Amount (subject to Condition 5.2.3), on and with effect from the day preceding the date on which such order for the liquidation of the Issuer is passed.

If default is made in the payment of any principal or interest due on the Additional Tier 1 Notes for a period of 7 (seven) days or more after any date on which payment of such principal or such interest is due, each Additional Tier 1 Noteholder may, subject to Condition 13.3, at its discretion and without further notice, institute proceedings for the winding-up of the Issuer and/or prove in any winding-up of the Issuer, but may take no other action in respect of such default.

## **ADDITIONAL RISKS RELATING TO ADDITIONAL TIER 1 NOTES**

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

In terms of Regulation 38(11)(b) of the Regulations Relating to Banks, the Issuer must at all times have full discretion regarding any payment of interest on the Additional Tier 1 Notes. Interest payments on the Additional Tier 1 Notes will not be cumulative.

Subject to Condition 7.2.4 (see the paragraph below), the Issuer may at any time elect not to pay the relevant Interest Amount (or any portion thereof) on the Additional Tier 1 Notes, on the relevant Interest Payment Date, as more particularly described in Condition 7.2.

In terms of Condition 7.2.4, the Issuer is obliged to elect not to pay the relevant Interest Amount, on the relevant Interest Payment Date, if the Issuer is in breach of the Capital Regulations on the Business Day prior to the relevant Interest Payment Date or would be in breach of the Capital Regulations if the relevant Interest Amount (or any portion thereof) were paid on the relevant Interest Payment Date.

Any interest not so paid on any such Interest Payment Date will be cancelled and will no longer be due and payable by the Issuer. A cancellation of interest pursuant to Condition 7.2 does not constitute an Event of Default under the Additional Tier 1 Notes for any purpose.

Any actual or anticipated cancellation of interest on the Additional Tier 1 Notes will likely have an adverse effect on the market price of the Additional Tier 1 Notes. In addition, as a result of the interest cancellation provisions of the Additional Tier 1 Notes, the market price of the Additional Tier 1 Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such cancellation and may be more sensitive generally to adverse changes in the Issuer's financial condition.

#### **Restrictions following non-payment of interest on Additional Tier 1 Notes**

In terms of Condition 7.3, if the relevant Interest Amount (or any portion thereof) in respect of any Additional Tier 1 Notes has not been paid in full on the relevant Interest Payment Date pursuant to Condition 7.2, then from the relevant Interest Payment Date until the next Interest Payment Date of any Tranche of Additional Tier 1 Notes then in issue on which the Issuer has paid in full the Interest Amount due and payable on all Tranches of Additional Tier 1 Notes then in issue, neither the Issuer nor the Controlling Company will (and the Controlling Company will procure that no other Group Company will):

- subject to certain exceptions set out in Condition 7, declare or pay a distribution or dividend or pay any interest on any Junior Securities; or
- redeem, purchase, reduce or otherwise acquire any Junior Securities or any securities of any of its Subsidiary undertakings benefiting from a guarantee from any other Group Company ranking as to the right of repayment of principal (in the case of such securities) or as to the payment of sums under any such guarantee (in the case of any such guarantee), as the case may be, junior to the Additional Tier 1 Notes.

The obligations of the Controlling Company under Condition 7.3 are enforceable by the Additional Tier 1 Noteholders pursuant to the Dividend Restriction Agreement and Condition 22.

#### **Perpetual securities**

The Additional Tier 1 Notes have no Maturity Date and will only be redeemed, at the aggregate Outstanding Principal Amount of the Additional Tier 1 Notes plus accrued interest (if any), on a winding-up or liquidation of the Issuer subject to and in accordance with the provisions of Condition 5.3.3.

The Additional Tier 1 Notes may only be redeemed, substituted, varied or purchased, prior to a winding-up or liquidation of the Issuer in accordance with and subject to the provisions of Condition 9.2, Condition 9.3, Condition 9.4 or Condition 9.5, as applicable. Noteholders may therefore be required to bear the risks of an investment in the Additional Tier 1 Notes for an indefinite period of time.

#### **Substitution or variation**

If a Tax Event or a Regulatory Event, as the case may be, has occurred and is continuing, then the Issuer may, at its election, instead of giving notice to redeem a Tranche of Additional Tier 1 Notes pursuant to the Condition 9.2 or Condition 9.3, as the case may be, subject to the Issuer satisfying the conditions set out in Condition 9.6, substitute at any time all (but not some only) of the Additional Tier 1 Notes in that Tranche for, or vary the Applicable Terms and Conditions of that Tranche of Additional Tier 1 Notes so that they remain, Qualifying Additional Tier 1 Capital Securities or become Qualifying Tier 2 Capital Securities, as more fully described in Condition 9.5.

#### **Payment out of distributable reserves only**

Should the Issuer pay any distribution in respect of an instrument or share the proceeds of which rank as Additional Tier 1 Capital, such distribution must be paid out of the distributable reserves only, as envisaged by Regulation 38(11)(a)(iv) of the Regulations Relating to Banks.

Additional Tier 1 Noteholders should note that if the Issuer does not have sufficient distributable reserves then it will not be permitted to make any payments in respect of the Additional Tier 1 Notes.

Additional Tier 1 Noteholders of liability accounted Additional Tier 1 Notes will bear the risk of fluctuations in the CET 1 Ratio.

The market price of liability accounted Additional Tier 1 Notes is expected to be affected by fluctuations in the Issuer's CET 1 Ratio. Fluctuations in the CET 1 Ratio may be caused by changes in the amount of the Issuer's Common Equity

Tier 1 Capital and/or its risk weighted assets, as well as changes to the respective definitions thereof under the Capital Regulations. Any indication that the CET 1 Ratio is moving towards the level at which a Trigger Event will occur may have an adverse effect on the market price of liability accounted Additional Tier 1 Notes. The level of the CET 1 Ratio may significantly affect the trading price of liability accounted Additional Tier 1 Notes.

## **BAIL-IN OPTION AND RECOVERY AND RESOLUTION LEGISLATION**

### **General**

As at the Programme Date, the Loss Absorption PONV Requirements are required to be incorporated by contract in order to be effective. The relevant contractual provisions are set out in Regulations 38(11)(b) and 38(12) (as read with Guidance Note 06/2017 and, where applicable, Directive D2/2021).

In terms of Regulations 38(11)(b) and 38(12), Subordinated Notes must contain a provision that allows the Subordinated Notes, at the occurrence of the relevant Trigger Event, to be either Written-Off or Converted at the discretion of the Prudential Authority. The Write-Off and Conversion provisions contained in Regulations 38(11)(b) and 38(12) are contractual in nature and are supervisory mechanisms to enable a bank to recover from a distressed situation. This bail-in mechanism forms part of the recovery process, rather than being a resolution mechanism.

However, the SARB and the National Treasury are in the process of implementing a statutory bail-in option under South African law ("**Recovery and Resolution Legislation**"). The Recovery and Resolution Legislation (which is not yet law) is expected to implement a statutory bail-in option under South African law, and is expected to be based on the principles set out in, among others, the document entitled "*Strengthening South Africa's Resolution Framework for Financial Institutions*" ("**Resolution Framework**") and the document entitled "*Ending too big to fail: South Africa's intended approach to bank resolution*" ("**SARB Document**"), as well as the provisions of the Financial Sector Laws Amendment Bill [B — 2018] ("**FSLAB**").

The bail-in option will empower the SARB (as the "resolution authority") to re-capitalise a failed financial institution by allocating losses to its shareholders and unsecured creditors in a manner that respects the hierarchy of claims in an insolvency of the relevant financial institution, consistent with shareholders and creditors of the relevant financial institution not receiving less favourable treatment than they would have done in insolvency. The bail-in option will include the power to cancel a liability or modify the terms of contracts for the purposes of reducing or deferring the liabilities of the financial institution (including both senior and subordinated liabilities) and the power to convert a liability from one form to another.

### **The Resolution Framework**

The Resolution Framework, which was released in August 2015, sets out the motivation, principles and policy proposals for a strengthened framework for the resolution of "designated financial institutions" in South Africa. "Designated financial institutions" include banks. Among numerous other principles, the Resolution Framework contemplates that no creditor should be worse off through bail-in than it would have been in liquidation (that is, the no-creditor-worse-off ("**NCWO**") rule). The Resolution Framework can be accessed at the following National Treasury websitelink:

<http://www.treasury.gov.za/twinpeaks/Strengthening%20South%20Africa's%20Resolution%20Framework%20for%20Financial%20Institutions.pdf>

### **The SARB Document**

The SARB Document, which was released in 2019, outlines the key components required to formulate credible resolution plans, including the ability to recapitalise a bank at short notice, while ensuring access to funding and liquidity, maintaining critical functions and services and mitigating against financial market instability. The SARB Document outlines the statutory powers of the SARB (as the resolution authority) in terms of bail-in, including the issuance of so-called 'FLAC instruments' (see "*The FSLAB*" below). These 'FLAC instruments', while not qualifying as regulatory capital, comprise debt instruments which could be 'bailed-in' during resolution.

### **The FSLAB**

The FSLAB is intended to provide for the resolution process contemplated in the SARB Document, and to give effect to certain proposals contained in the Resolution Framework and the deposit insurance discussion policy document entitled "*Designing a Deposit Insurance Scheme for South Africa*" which was released on 30 May 2017.

The Deposit Insurance Scheme (DIS), a wholly owned subsidiary of the SARB, will require banks to contribute to a fund

based on the level of covered deposits, up to R100 000 per client deposit.

The FSLAB seeks to strengthen the ability of the SARB (as the resolution authority) to manage the orderly resolution or winding down of a failing financial institution, with minimum disruption to the broader economy. In addition, the FSLAB seeks to ensure that depositors' funds are protected in the event of a bank failure, and that depositors' funds will be paid out speedily to protect the most vulnerable customers. The FSLAB, when enacted, will apply to all registered South African banks, including mutual and cooperative banks.

The FSLAB seeks to strengthen the ability of the SARB (as the resolution authority) to manage the orderly resolution or winding down of a failing financial institution, with minimum disruption to the broader economy.

Chapter 12A (*Resolution of Designated Institutions*) of the FSLAB sets out the extensive powers of the SARB in relation to the resolution of a designated institution. These powers enable the SARB, under, subject to certain conditions (i), to cancel an agreement that came into effect before the designated institution was put in resolution, (ii) to suspend specified legal proceedings or arbitration proceedings to which the designated institution is a party, (iii) to suspend the institution of any claim for damages in respect of loss sustained by a person resulting from a cancellation of an agreement in terms paragraph (a), (iv) to suspend an obligation of a party to the agreement to which a designated institution is a party and (v) to prohibit the commencement of specified legal proceedings or arbitration proceedings against the designated institution.

The SARB may, under the section of the FSLAB headed "*Resolution action (including restructuring and bail in)*", subject to certain conditions, do either or both the following: (a) cancel a share of the designated institution that is valued, in terms of the relevant section, at zero value (in liquidation) or (b) issue new shares of the designated institution, on terms approved by the SARB.

If the SARB determines that it is necessary for the orderly resolution of a designated institution in resolution that the designated institution enter into a particular transaction, the designated institution may enter into the transaction, and may do so despite any law or agreement that would otherwise restrict or prevent it from doing so, including a law or agreement that requires consent or approval by a specified person.

The SARB also has the power under the FSLAB, subject to certain conditions, to exercise and perform its resolution powers in terms of the relevant part of the FSLAB, and its associated powers, in relation to a liability of a designated institution in resolution in a way that results in the liability being substituted with a shareholding in the designated institution or in a bridge company.

The FSLAB also provides for the NCWO rule: The SARB must not take resolution action in relation to a designated institution in resolution that would result in a creditor or shareholder of the designated institution receiving less than the creditor or shareholder would have received if the designated institution had been wound up.

The FSLAB provides for the issuance of so-called 'FLAC instruments'. The FSLAB defines a 'FLAC instrument' (also described as a 'flac instrument') as "*a financial instrument to which [among others, a bank] is a party, being an instrument that—(a) complies with the requirements prescribed by a prudential standard for a flac instrument; and (b) is of a kind that is not counted for the purpose of determining whether [among others, the bank] satisfies the applicable requirements of [among others] Chapter VI [(PRUDENTIAL REQUIREMENTS)] of the Banks Act ...; or prudential standards made for the purposes of any of those provisions*".

The FSLAB also provides that, to mitigate the risk that a designated institution may need to be placed in resolution, the SARB may, after consulting the Prudential Authority, give either or both of the following directives to the Prudential Authority:

- a directive to make one or more prudential standards that, among others, (i) specify the characteristics of FLAC instruments;
- a directive to issue a regulator's directive to a specified designated institution requiring the designated institution to hold FLAC instruments to at least the value specified in the SARB'S directive.

Section 31FA of the FSLAB provides for the establishment of the Corporation for Deposit Insurance ("**CODI**"), and section 31GA of the FSLAB provides for the establishment of the Deposit Insurance Fund ("**Fund**"). The functions of the CODI are (a) to establish, maintain and administer the Fund in accordance with the relevant Chapter in the interest of holders of covered deposits and (b) to promote awareness among financial customers of the protections afforded by the relevant Chapter.

In order to give effect to the resolution process contemplated in the SARB Document, the FSLAB proposes far-reaching amendments to (among other statutes), the South African Reserve Bank Act, 1989, the Banks Act, the Financial Sector Regulation Act, the Insolvency Act, 1936, the Companies Act, 2008 and the Financial Markets Act.

It was expected that the FSLAB would be promulgated sometime in the first half of 2020. However, this timeframe has been pushed back in the light of the South Africa-wide 'shutdown' prompted by the Coronavirus (see "*The COVID-19 pandemic and the Lockdown*" above).

For purposes of, among other things, the Recovery and Resolution Legislation, the Issuer was designated as a "systemically important financial institution ("SIFI") by the SARB during August 2019.

#### **Uncertainties relating to the Recovery and Resolution Legislation**

There are a number of uncertainties that arise from the Recovery and Resolution Legislation. For example, it is not clear whether the point of non-viability ('PONV') will be the same as the point of resolution ('POR'). The proceeds of the issue of preference shares do not currently qualify as regulatory capital (or only partially qualify, due to the "grandfathering" of such instruments). It is not clear whether the implementation of the Recovery and Resolution Legislation will result in the proceeds of the issue of preference shares again qualifying (fully) as regulatory capital, and whether such instruments will qualify as total loss-absorbing capacity ('TLAC') instruments.

Although the SARB Document provides that "*banks ... will be required to hold a specified level of Flac instruments for resolution*" and "*the [FSLAB] allows the SARB to require the issuance of Flac instruments, which will form a pre-identified, transparent tranche of funding instruments available for bail-in at the POR*" and "*[t]he resolution authority will be responsible for ensuring that there is a sufficient amount of Flac instruments available to be bailed in at the POR in order to recapitalise the bank*", the FSLAB does not appear to expressly provide for this.

The SARB Document mentions "open" resolution, which will likely use only statutory bail-in, and "closed" resolution, which may provide for the co-existence of regulatory (contractual) bail-in and statutory bail-in. The FSLAB does not appear to provide for this.

It is also not clear from the FSLAB, what (if anything) will happen to regulatory (contractual) bail-in provisions, whether they will co-exist with statutory bail-in and, if so, how. The FSLAB does not appear to provide for transitional provisions that would clearly specify the status of regulatory (contractual) bail-in provisions following the coming into effect of the FSLAB as an Act.

The level of so-called 'FLAC instruments' to be issued, and the impact of excess regulatory capital above the minimum requirement, on FLAC requirements has not yet been finalised.

It is difficult for the Issuer to predict the precise effects of the changes that may result from the implementation of the Recovery and Resolution Legislation or the impact of the Recovery and Resolution Legislation on other aspects of its operations or the impact the of Recovery and Resolution Legislation on the pricing of the Subordinated Notes.

#### **The rights of Subordinated Noteholders to challenge the exercise of any bail-in option by the SARB are likely to be limited**

As the Recovery and Resolution Legislation is yet to be passed, there is also uncertainty, among other things, as to the extent, if any, that due process rights or procedures will be provided to Subordinated Noteholders subject to the bail-in option when the final Recovery and Resolution Legislation is implemented. Therefore, Subordinated Noteholders may have limited rights to challenge any decision of the Prudential Authority to exercise its bail-in option or to have that decision reviewed by a judicial or administrative process or otherwise.

#### **RISKS RELATING TO OTHER NOTES**

The risks (if any) of investing in particular types of Notes which are not set out in, or covered by, this section of the Programme Memorandum headed "*Risk Factors*" will be set out in an annexure to the Applicable Pricing Supplement relating to the relevant Tranche of Notes and/or in a supplement to this Programme Memorandum.



<b>SUMMARY OF THE PROGRAMME</b>
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*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 a Tranche of Notes, the Applicable Pricing Supplement.*

<b>Approval and listing</b>	<p>The Programme Memorandum, dated 12 May 2021, was registered and approved by the JSE on 7 May 2021.</p> <p>A Tranche of Registered Notes may be listed on the Interest Rate Market of the JSE and/or on such other Financial Exchange/s as may be determined by the Issuer and the relevant Dealer/s, subject to all Applicable Laws. Unlisted Notes may also be issued under the Programme. Unlisted Notes are not regulated by the JSE. The holders of Registered Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the JSE.</p> <p>The Applicable Pricing Supplement relating to a Tranche of Registered Notes will specify whether or not the Registered Notes in that Tranche will be listed and, if so, on which Financial Exchange.</p>
<b>Arranger</b>	<p>FirstRand Bank Limited, acting through its Rand Merchant Bank division, or such other person as may be appointed by the Issuer from time to time in accordance with the Programme Agreement.</p>
<b>Blocked Rand</b>	<p>Blocked Rand may be used for the purchase of or subscription for Notes, subject to the Exchange Control Regulations (see the section of this Programme Memorandum headed "<i>Exchange Control</i>").</p>
<b>Central Securities Depository</b>	<p>Strate Proprietary Limited, a central securities depository licensed in terms of the Financial Markets Act, or any additional or alternative depository approved by the Issuer.</p>
<b>Clearing and settlement</b>	<p>The Central Securities Depository is the operator of an electronic clearing system which matches, clears and facilitates the settlement of all transactions carried out on the Interest Rate Market of the JSE.</p> <p>Each Tranche of Uncertificated Registered Notes will be issued in registered uncertificated form and will be held in the Central Securities Depository.</p> <p>Each Tranche of Uncertificated Registered Notes will be issued, cleared and settled in accordance with the Applicable Procedures through the Central Securities Depository electronic settlement system (see the section of this Programme Memorandum headed "<i>Settlement, Clearing and Transfers of Registered Notes</i>").</p> <p>Each Tranche of Registered Notes which is listed on any Financial Exchange other than (or in addition to) the Interest Rate Market of the JSE will be issued, cleared and settled in accordance with the rules and settlement procedures for the time being of that Financial Exchange (see the section of this Programme Memorandum headed "<i>Settlement, Clearing and Transfers of Registered Notes</i>").</p>
<b>Cross default</b>	<p>Unsubordinated Notes will have the benefit of a cross default as described in Condition 13.1.</p>
<b>CSD Procedures</b>	<p>In relation to a Tranche of Registered Notes which is held in the Central Securities Depository, the rules and operating procedures for the time being of the Central Securities Depository and Participants.</p>
<b>Dealers</b>	<p>FirstRand Bank Limited, acting through its Rand Merchant Bank division and</p>

each additional Dealer (if any) appointed by the Issuer from time to time, as contemplated in the Programme Agreement, which appointment may be to place a specific issue of one or more Tranches of Notes or on an on-going basis for the duration of the Programme, subject to the Issuer's right to terminate the appointment of any Dealer (see the section of this Programme Memorandum headed "*Subscription and Sale*" under "*Arranger, Debt Sponsor, Dealer and Placing Arrangements*").

<b>Debt Sponsor</b>	PSG Capital Proprietary Limited.
<b>Description of the Programme</b>	Capitec Bank Limited ZAR8,000,000,000 Domestic Medium Term Note Programme.
<b>Distribution</b>	A Tranche of Notes may be offered by way of public auction or private placement or any other means permitted by law as determined by the Issuer and the relevant Dealer/s, and as specified in the Applicable Pricing Supplement.
<b>Exchange control</b>	<p>This Programme Memorandum does not require the prior written approval of the Exchange Control Authorities in terms of the Exchange Control Regulations.</p> <p>In general, the issue of a Tranche of Notes will not require the prior written approval of the Exchange Control Authorities in terms of the Exchange Control Regulations.</p> <p>However, under certain circumstances (and if so indicated in the Applicable Pricing Supplement), the issue of a particular Tranche of Notes will require the prior written approval of the Exchange Control Authorities in terms of the Exchange Control Regulations (see the section of this Programme Memorandum headed "<i>Exchange Control</i>").</p>
<b>Form of Notes</b>	Subject, in the case of Subordinated Notes, to the applicable Capital Regulations, Notes will be issued in the form of Registered Notes or Order Notes, as described in the section of this Programme Memorandum headed " <i>Form of the Notes</i> ".
<b>Governing Law</b>	This Programme Memorandum, the Notes and the Applicable Terms and Conditions will be governed by, and construed in accordance with, the laws of South Africa.
<b>Interest</b>	<p>Notes may be interest-bearing or non-interest bearing. Subordinated Notes must be interest-bearing.</p> <p>A Tranche of interest-bearing Notes will bear interest on the aggregate Outstanding Principal Amount at the applicable Rate of Interest calculated in accordance with the applicable provisions of Condition 8 as read with the Applicable Pricing Supplement, for the period from and including the Interest Commencement Date to but excluding the Redemption Date.</p> <p>The Rate of Interest, Interest Commencement Date, Interest Payment Date/s and Interest Period/s applicable to a Tranche of interest-bearing Notes will be specified in the Applicable Pricing Supplement.</p> <p>Zero Coupon Notes will not bear interest.</p>
<b>Interest payments:</b>	
<i>General</i>	Subject to the " <i>Non-payment of interest on Additional Tier 1 Notes</i> " below, interest on a Tranche of interest-bearing Notes will be payable in arrear, in respect of the Interest Period/s specified in the Applicable Pricing Supplement, on the Interest Payment Date/s specified in the Applicable

	Pricing Supplement.
<i>Non-payment of interest on Additional Tier 1 Notes</i>	<p>The Issuer may elect not to pay, and in certain circumstances is obliged to elect not to pay, interest on Additional Tier 1 Notes as more fully set out in Condition 7.2.</p> <p>If the relevant Interest Amount (or any portion thereof) in respect of any Additional Tier 1 Notes has not been paid in full on the relevant Interest Payment Date pursuant to Condition 7.2, the "dividend stopper" restrictions set out in Condition 7.3 will apply.</p>
<b>Issue Price</b>	A Tranche of Notes will be issued on a fully-paid basis at a discount or premium to its Principal Amount, as specified in the Applicable Pricing Supplement.
<b>Issuer</b>	FirstRand Bank Limited, acting through its Rand Merchant Bank division.
<b>Issuer Agent</b>	FirstRand Bank Limited, acting through its Rand Merchant Bank division, unless the Issuer elects to appoint another entity as Issuer Agent, as contemplated in Condition 18.
<b>Issue and transfer taxes</b>	As at the Programme Date, no securities transfer tax or any similar tax is payable under the Securities Transfer Tax Act in respect of the issue, transfer or redemption of the Notes (see the section of this Programme Memorandum headed " <i>Taxation</i> "). Any future transfer duties and/or taxes that may be introduced in respect of (or be applicable to) the transfer of Notes will be for the account of Noteholders.
<b>JSE</b>	JSE Limited, 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.
<b>Maturity Date and Maturity Period</b>	<p>The Maturity Date of a Tranche of Unsubordinated Notes and a Tranche of Tier 2 Notes will be specified in the Applicable Pricing Supplement.</p> <p>A Tranche of Additional Tier 1 Notes will be issued without a Maturity Date.</p> <p>Subject to the applicable Capital Regulations, Tier 2 Notes will have a minimum Maturity Period of 5 (five) years and 1 (one) day.</p>
<b>Negative pledge</b>	Unsubordinated Notes have the benefit of a negative pledge as described in Condition 6.
<b>Noteholders</b>	The Noteholders are (i) the holders of Registered Notes which are recorded as the registered Noteholder of such Registered Notes in the Register (see " <i>Register</i> " below) and (ii) the Payees of Order Notes.
<b>Participants</b>	<p>The persons accepted by the Central Securities Depository as participants in terms of the Financial Markets Act.</p> <p>As at the Programme Date, the Participants are Standard Chartered Bank Johannesburg Branch, Absa Bank Limited, Citibank N.A., South Africa Branch, FirstRand Bank Limited, Nedbank Limited, The Standard Bank of South Africa Limited and the South African Reserve Bank.</p> <p>Euroclear Bank S.A/N.V., as operator of the Euroclear System ("<b>Euroclear</b>"), and Clearstream Banking, <i>société anonyme</i> ("<b>Clearstream</b>") may hold Notes through their nominated Participant.</p>
<b>Programme Amount</b>	<p>As the Programme Date, the Programme Amount is ZAR8,000,000,000.</p> <p>The aggregate Outstanding Principal Amount of Notes (including Existing Notes) in issue under the Programme may not exceed ZAR8,000,000,000, unless such amount is increased by the Issuer as set out in the section of this</p>

Programme Memorandum (and the section of the Previous Programme Memorandum) headed "*General Description of the Programme*".

## **Rating**

The Programme is not rated. The Applicable Pricing Supplement will reflect the Rating/s which has/have been assigned to the Issuer as well as the Rating Agency/ies which assigned such Rating/s. The Issuer will procure that any change to a Rating of the Issuer that occurs after the Programme Date is announced on SENS.

A Tranche of Notes may, on or before the Issue Date, be rated by a Rating Agency on a national scale or international scale basis. Unrated Tranches of Notes may also be issued.

The Applicable Pricing Supplement will reflect the Rating/s, if any, which has/have been assigned to a Tranche of Notes, as well as the Rating Agency/ies which assigned such Rating/s.

Neither a Rating of the Issuer nor a Rating of a Tranche of Notes is a recommendation to subscribe for, buy, sell or hold Notes.

## **Redemption:**

### *Redemption at maturity*

Unless previously redeemed, or purchased and cancelled, pursuant to Condition 9, the Issuer will redeem a Tranche of Notes (other than Additional Tier 1 Notes), on the Maturity Date, at the Final Redemption Amount, as described in Condition 9.1.1.

A Tranche of Instalment Notes may be redeemed in two or more instalments on such dates and in such manner as is specified in the Applicable Pricing Supplement.

The Additional Tier 1 Notes have no Maturity Date and will only be redeemed on a winding-up or liquidation of the Issuer, subject to and in accordance with Condition 5.3.3, as more fully described in Condition 9.1.2.

The Additional Tier 1 Notes may only be redeemed, substituted, varied or purchased, prior to a winding-up or liquidation of the Issuer in accordance with and subject to the provisions of Condition 9.2, Condition 9.3, Condition 9.4 or Condition 9.5, as applicable.

### *Redemption at the election of the Issuer*

If the Issuer Early Redemption Election is applicable to a Tranche of Notes, the Issuer may (subject, in the case of a Tranche of Subordinated Notes, to the Issuer complying with the conditions to redemption set out in Condition 9.4.2) at its election, redeem that Tranche of Notes, in whole or in part, on the Early Redemption Date (Call), at the Early Redemption Amount (Call), as described in Condition 9.4.

### *Redemption at the election of Noteholders*

If the Noteholder Early Redemption Election is applicable to a Tranche of Unsubordinated Notes, the Noteholder of any Note/s in that Tranche may, at its election (but subject to Condition 9.7.2) require the Issuer to redeem all or any of such Note/s (as specified in the Noteholder Early Redemption Notice), in whole or in part (as specified in the Noteholder Early Redemption Notice), on the Early Redemption Date (Put), at the Early Redemption Amount (Put), as described in Condition 9.7.

### *Redemption following a Regulatory Event*

If a Regulatory Event has occurred and is continuing, a Tranche of Subordinated Notes may (subject to the prior written approval of the Prudential Authority), be redeemed, at the election of the Issuer, in whole or in part, on the Early Redemption Date (Regulatory), at the Early Redemption Amount (Regulatory), as described in Condition 9.3.

### *Redemption following a Tax Event*

If a Tax Event has occurred and is continuing, a Tranche of Notes may

(subject, in the case of a Tranche of Subordinated Notes, to the prior written approval of the Prudential Authority) be redeemed, at the election of the Issuer, in whole or in part, on the Early Redemption Date (Tax), at the Early Redemption Amount (Tax), as described in Condition 9.2.

*Substitution or variation – Additional Tier 1 Notes*

If a Tax Event or a Regulatory Event, as the case may be, has occurred and is continuing, then the Issuer may, at its election, instead of giving notice to redeem a Tranche of Additional Tier 1 Notes pursuant to Condition 9.2 or Condition 9.3, as the case may be, subject to the Issuer satisfying the conditions set out in Condition 9.6, substitute at any time all (but not some only) the Additional Tier 1 Notes in that Tranche for, or vary the Applicable Terms and Conditions of that Tranche of Additional Tier 1 Notes so that they remain, Qualifying Additional Tier 1 Capital Securities or become Qualifying Tier 2 Capital Securities, as more fully described in Condition 9.5.

**Register**

The Register is the register of the Issuer's securities (including the register of the Issuer's uncertificated securities) contemplated in (and maintained in accordance) with Part E of the Companies Act.

The Register will be maintained by the Transfer Agent.

The registered Noteholder/s of the Registered Note/s in a Tranche of Uncertificated Registered Notes will be determined in accordance with the CSD Procedures, and such registered Noteholder/s will be named in the Register as the registered Noteholder/s of such Uncertificated Registered Note/s.

Each holder of Registered Notes which are represented by a Certificate will be named in the Register as the registered Noteholder of such Registered Notes. The holders of Beneficial Interests will not be named in the Register.

Only Noteholders named in the Register at 17h00 (South African time) on the relevant Last Day to Register will be entitled to payments of amounts due and payable in respect of Registered Notes.

**Register Closed Period**

The Register will, in respect of a Tranche of Registered Notes, be closed during the Register Closed Period.

The Register Closed Period will be from 17h00 (South African time) on the Last Day to Register until 17h00 (South African time) on the day preceding each Interest Payment Date (where applicable) and the Redemption Date.

The Last Day to Register will be the dates specified as such in the Applicable Pricing Supplement or, if any such date is not a Business Day, the Business Day which immediately precedes such date, being, in each instance, the last date on which the Transfer Agent will accept Transfer Forms and record the transfer of Registered Notes in the Register.

**Risk factors**

Investing in the Notes involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are set out in the section of this Programme Memorandum headed "*Risk Factors*".

**Selling restrictions**

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

come into possession of this Programme Memorandum and/or any Applicable Pricing Supplement must inform themselves about and observe all applicable selling restrictions.

<b>Settling Bank</b>	FirstRand Bank Limited, acting through its RMB Corporate Banking division unless the Issuer elects to appoint another entity as Settling Bank, as contemplated in Condition 18.
<b>Specified Currency</b>	South African Rand (ZAR) or (subject, to the Exchange Control Regulations), any other currency specified as such in the Applicable Pricing Supplement.
<b>Specified Denomination</b>	The denomination of each Note in a Tranche of Notes will be the amount specified as such in the Applicable Pricing Supplement; provided that such amount shall not be less than ZAR1,000,000 (or the equivalent thereof in the Specified Currency if the Specified Currency is not ZAR) or such other amount as is prescribed from time to time in terms of section 96(2)(a) of the Companies Act.
<b>Status of the Notes:</b>	A Tranche of Notes may comprise Subordinated Notes or Unsubordinated Notes, as specified in the Applicable Pricing Supplement.
	Subordinated Notes will, subject to the Banks Act and the Capital Regulations, comprise Additional Tier 1 Notes and/or Tier 2 Notes.
<i>Status of the Unsubordinated Notes</i>	The Unsubordinated Notes constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 6) unsecured obligations of the Issuer, and rank <i>pari passu</i> without any preference or priority among themselves, and (save for those that have been accorded by law preferential rights) at least <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of the Issuer, as described in Condition 5.1.
<i>Status of the Tier 2 Notes</i>	The Tier 2 Notes constitute direct, unsecured and, in accordance with Condition 5.2.3, subordinated obligations of the Issuer and rank <i>pari passu</i> without any preference or priority 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, as described in Condition 5.2.
<i>Status of the Additional Tier 1 Notes</i>	The Additional Tier 1 Notes constitute direct, unsecured and, in accordance with Condition 5.3.3, subordinated obligations of the Issuer and rank <i>pari passu</i> without any preference or priority 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, as described in Condition 5.3.
<b>Subordinated Notes - Capital Regulations</b>	<p>In order for the proceeds of the issue of a Tranche of Subordinated Notes to rank as Additional Tier 1 Capital or Tier 2 Capital, as the case may be, that Tranche of Subordinated Notes must comply with the applicable Capital Regulations (including such Additional Conditions (if any) as are prescribed by the Prudential Authority in respect of that Tranche of Subordinated Notes).</p> <p>The Issuer will specify in the Applicable Pricing Supplement whether an issue of a Tranche of Subordinated Notes is an issue of Additional Tier 1 Notes the proceeds of which are intended to rank as Additional Tier 1 Capital or an issue of Tier 2 Notes the proceeds of which are intended to rank as Tier 2 Capital. The Additional Conditions (if any) prescribed by the Prudential Authority in respect of any such Tranche of Subordinated Notes will be specified in the Applicable Pricing Supplement.</p>

**Subordinated Notes – Occurrence of the Trigger Event:**

<i>Trigger Event</i>	<p>The Trigger Event for Additional Tier 1 Notes which are accounted as equity (if any) and Tier 2 Notes is set out in Condition 10.5.</p> <p>The Trigger Event for Additional Tier 1 Notes which are accounted as liabilities is set out in Condition 10.6.</p>
<i>Conversion or Write-Off at the occurrence of the Trigger Event</i>	<p>The Applicable Pricing Supplement relating to a Tranche of Subordinated Notes will specify whether that Tranche of Subordinated Notes will, at the occurrence of the Trigger Event (at the discretion of the Relevant Authority), be Written Off or Converted into Controlling Company Ordinary Shares.</p>
<i>Conversion</i>	<p>Unless otherwise specified in the Applicable Pricing Supplement, Condition 10.19 will apply to a Tranche of Subordinated Notes where Conversion is specified in the Applicable Pricing Supplement as being applicable. At the occurrence of the Trigger Event (at the discretion of the Relevant Authority), all of the Subordinated Notes or the Relevant Portion of the Subordinated Notes, as applicable, will be Converted into Controlling Company Ordinary Shares in the manner set out in Condition 10.19.</p>
<i>Conversion not possible</i>	<p>Where, at the occurrence of the Trigger Event, the Conversion of the relevant Tranche of Subordinated Notes (i) cannot be undertaken for any reason or (ii) is not irrevocable or (iii) will not result in an immediate increase in the CET 1 Ratio, then the relevant Tranche of Subordinated Notes will, instead of being Converted, be Written Off, at the occurrence of the Trigger Event (at the discretion of the Relevant Authority), <i>mutatis mutandis</i> in accordance with the provisions of Condition 10.18.2.</p>
<i>Write-Off</i>	<p>Unless otherwise specified in the Applicable Pricing Supplement, Condition 10.18 will apply to a Tranche of Subordinated Notes where Write-Off is specified in the Applicable Pricing Supplement as being applicable. At the occurrence of the Trigger Event (at the discretion of the Relevant Authority), the Unpaid Amount will be Written Off and all of the Subordinated Notes or the Relevant Portion of the Subordinated Notes, as applicable, will be cancelled in the manner set out in Condition 10.18.</p>
<i>Subordinated Notes issued prior to the commencement of the Statutory Loss Absorption Regime</i>	<p>The Terms and Conditions of any Subordinated Notes that are issued prior to the commencement of the Statutory Loss Absorption Regime must contractually provide for Write-off or Conversion at the occurrence of the relevant Trigger Event.</p> <p>Condition 10 provides for the Write-off or Conversion (as applicable) of Subordinated Notes that are issued prior to the commencement of the Statutory Loss Absorption Regime, upon the occurrence of the relevant Trigger Event (at the discretion of the Prudential Authority).</p> <p>Subject to any automatic and/or compulsory disapplication of the Non-Viability Loss Absorption Condition provisions provided for in the Recovery and Resolution Legislation (once it is enacted as law), Condition 10A (if "disapplication of the Non-Viability Loss Absorption Condition" is specified as being applicable in the relevant Applicable Pricing Supplement) provides for the disapplication of the Non-Viability Loss Absorption Condition once the Recovery and Resolution Legislation (which is expected to implement a statutory bail-in option under South African law) is enacted as law.</p>
<b>Taxation</b>	<p>A summary of the more important fiscal provisions pertaining to the Notes, as at the Programme Date, is set out in the section of this Programme Memorandum headed "<i>Taxation</i>". The summary is not intended to be and does not constitute tax advice. Potential investors in the Notes should,</p>

before making an investment in the Notes, consult their own professional advisers as to the potential fiscal consequences of, and their tax positions in respect of the acquisition, holding and/or disposal of the Notes.

**Terms and Conditions**

The terms and conditions of the Notes are set out in the section of this Programme Memorandum headed "*Terms and Conditions*" ("**Terms and Conditions**").

The Applicable Terms and Conditions of a Tranche of Notes are the Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions of that Tranche of Notes set out in the Applicable Pricing Supplement.

**Transfer Agent**

The Issuer, unless the Issuer elects to appoint another entity as Transfer Agent, as contemplated in Condition 18.

**Type of Notes**

A Tranche of Notes, whether Unsubordinated Notes or Subordinated Notes (but subject, in the case of Subordinated Notes, to the Capital Regulations), may comprise Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or Mixed Rate Notes or such combination of any of the foregoing or such other type of Note as may be determined by the Issuer and the relevant Dealer/s and specified in the Applicable Pricing Supplement.

**Use of proceeds**

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

Subject to the applicable Capital Regulation, the proceeds of the issue of a Tranche of Additional Tier 1 Notes will rank as Additional Tier 1 Capital and the proceeds of the issue of a Tranche of Tier 2 Notes will rank as Tier 2 Capital, as specified in the Applicable Pricing Supplement.

**Withholding tax**

All payments of interest in respect of the Notes will be made without withholding or deduction for or on account of any South African Taxes unless such withholding or deduction is required by Applicable Law. If any such withholding or other deduction is required by Applicable Law and is applicable to all Noteholders, the Issuer will, subject to the election of the Issuer to redeem that Tranche of Notes following a Tax Event pursuant to Condition 9.2 (and subject to certain exceptions as provided in Condition 12.1.2), 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 interest which would otherwise have been receivable in respect of the Notes in the absence of such withholding or deduction.



## FORM OF THE NOTES

Subject, in the case of Subordinated Notes, to the applicable Capital Regulations, a Tranche of Notes may be issued in the form of Registered Notes (see "*Registered Notes*" below) or Order Notes (see "*Order Notes*" below), as specified in the Applicable Pricing Supplement.

### REGISTERED NOTES

#### Registered Notes which are held in the Central Securities Depository

Each Tranche of Uncertificated Registered Notes will be issued in registered uncertificated form in terms of Chapter IV of the Financial Markets Act and will be held in the Central Securities Depository. Uncertificated Registered Notes will not be represented by any certificate or written instrument.

Subject to the Applicable Procedures and unless the context clearly otherwise indicates, references to "Uncertificated Registered Notes" include Beneficial Interests in Uncertificated Registered Notes, and *vice versa*, and references to "Noteholders of Uncertificated Registered Notes" include the holders of Beneficial Interests in Uncertificated Registered Notes, and *vice versa*.

The registered Noteholder/s of Uncertificated Registered Note/s will be determined in accordance with the CSD Procedures, and such registered Noteholder/s will be named in the Register as the registered holder/s of such Uncertificated Registered Note/s.

Each Tranche of Uncertificated Registered Notes will be held by the registered Noteholder/s of such Uncertificated Registered Notes in accordance with and subject to the Financial Markets Act and the Applicable Procedures.

The Central Securities Depository maintains central securities accounts only for Participants. As at the Programme Date, the Participants are Standard Chartered Bank Johannesburg Branch, Absa Bank Limited, Citibank N.A., South Africa Branch, FirstRand Bank Limited, Nedbank Limited, The Standard Bank of South Africa Limited and the South African Reserve Bank.

Euroclear Bank S.A/N.V., as operator of the Euroclear System ("**Euroclear**"), and Clearstream Banking, *société anonyme* ("**Clearstream**"), among others, may hold Registered Notes through their nominated Participant.

The clients of Participants may include the registered Noteholders of Uncertificated Registered Notes or their custodians.

The Participants will maintain records of Uncertificated Registered Notes held by their clients.

Subject to the CSD Procedures, the registered Noteholders of Uncertificated Registered Notes may exercise their rights in respect of such Registered Notes through their Participants.

Title to Uncertificated Registered Notes will be reflected in the central securities accounts maintained by the Central Securities Depository and the relevant Participants for the registered Noteholders of such Uncertificated Registered 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 registered Noteholder of Uncertificated Registered Notes in a particular aggregate Outstanding Principal Amount, a statement or other document issued by the Central Securities Depository or the relevant Participant, as the case may be, as to the aggregate Outstanding Principal Amount of such Uncertificated Registered Notes standing to the account of any person shall be *prima facie* proof of such aggregate Outstanding Principal Amount of such Uncertificated Registered Notes.

Title to Uncertificated Registered Notes will pass on transfer thereof by way of electronic book entry in the central securities accounts maintained by the Central Securities Depository and the relevant Participants for the registered Noteholders of such Uncertificated Registered Notes. Uncertificated Registered Notes may be transferred only in accordance with the CSD Procedures.

The registered Noteholders of Uncertificated Registered Notes must vote in accordance with the CSD Procedures. Subject to the CSD Procedures, the registered Noteholders of Uncertificated Registered Notes must exercise their respective rights to vote through their respective Participants.

### **Registered Notes which are represented by Certificates**

Subject to the Financial Markets Act, the holder of Beneficial Interests will be entitled to exchange such Beneficial Interest for Registered Notes which are represented by a Certificate in accordance with Condition 15.1.

Each Noteholder of Registered Notes which are represented by a Certificate will be named in the Register as the registered Noteholder of such Registered Notes.

Title to Registered Notes which are represented by Certificates will pass upon registration of transfer in accordance with Condition 16.1.2.

The Issuer, the Settling Bank and the Transfer Agent shall regard the Register as the conclusive record of title to Registered Notes which are represented by Certificates.

### **Payments**

Payments of all amounts due and payable in respect of Uncertificated Registered Notes will be made in accordance with the CSD Procedures and Condition 11.2.2.

Payments of all amounts due and payable in respect of Registered Notes which are represented by Certificates will be made in accordance with Condition 11.2.3.

Payments of all amounts due and payable in respect of Registered Notes will be made to the person named as the registered Noteholder of such Registered Notes in the Register at 17h00 (South African time) on the relevant Last Day to Register.

### **Endorsements on Certificates representing Subordinated Notes**

If so required by the Capital Regulations, each Certificate (if any) representing Subordinated Notes will bear the legend prescribed by the applicable Capital Regulations.

### **Transferability of Registered Notes**

Registered Notes will, upon issue, be freely transferrable and fully paid.

### **ORDER NOTES**

A Tranche of Order Notes will be embodied in, and represented by, Order Certificate/s. Subordinated Notes will not be issued in the form of Order Notes.

Order Certificates which represent and embody interest-bearing Order Notes shall, if indicated in the Applicable Pricing Supplement, have interest Coupons attached to the relevant Order Certificates on issue. Order Certificates which represent and embody Order Notes which are repayable in instalments shall have Receipts for the payment of the instalments of principal (other than the final instalment) attached to the relevant Order Certificates on issue.

Title to Order Notes will pass by way of Endorsement and delivery of the relevant Order Certificate in accordance with Condition 16.3.

**PRO FORMA APPLICABLE PRICING SUPPLEMENT – UNSUBORDINATED NOTES**

Set out below is the form of Applicable Pricing Supplement which will be completed for each Tranche of Registered Unsubordinated Notes which is to be listed on the Interest Rate Market of the JSE.

The form of Applicable Pricing Supplement which will be completed for each Tranche of Registered Unsubordinated Notes which is to be listed on any Financial Exchange other than (or in addition to) the Interest Rate Market of the JSE will, subject to the Rules of that Financial Exchange and all Applicable Laws, be substantially in the form set out below adapted, as applicable, to comply with the Rules of that Financial Exchange and all Applicable Laws.

The form of Applicable Pricing Supplement which will be completed for each Tranche of Order Notes will be substantially in the form set out below adapted, as applicable, in such manner as is agreed by the Issuer and the relevant Dealer/s.



**CAPITEC BANK LIMITED**

*(incorporated with limited liability under registration number 1980/003695/06 in the Republic of South Africa)*

**ZAR8,000,000,000 DOMESTIC MEDIUM TERM NOTE PROGRAMME**

**issue of ZAR[ • ] Unsubordinated [Type of Notes] due [ • ] [ • ] [ • ]**

This document constitutes the Applicable Pricing Supplement relating to the issue of the Tranche of Unsubordinated Notes described herein ("**Notes**" and "**this Tranche**").

This Applicable Pricing Supplement must be read in conjunction with the Amended and Updated Programme Memorandum, dated 12 May 2021, as amended and/or supplemented from time to time ("**Programme Memorandum**"), prepared by Capitec Bank Limited ("**Issuer**") in connection with the Capitec Bank Limited ZAR8,000,000,000 Domestic Medium Term Note Programme ("**Programme**").

The Amended and Updated Programme Memorandum, dated 12 May 2021, was approved by the JSE Limited ("**JSE**") on 7 May 2021.

References to the "**Terms and Conditions**" in this Applicable Pricing Supplement are to the section of the Programme Memorandum headed "*Terms and Conditions*". References to any Condition in this Applicable Pricing Supplement are to that Condition of the Ordinary Conditions.

Any capitalised terms not defined in this Applicable Pricing Supplement shall have the meanings ascribed to them in the Terms and Conditions.

This Tranche will be issued on, and subject to, the Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions of this Tranche set out in this Applicable Pricing Supplement.

To the extent that there is any conflict or inconsistency between the provisions of the Terms and Conditions and the provisions of this Applicable Pricing Supplement, the provisions of this Applicable Pricing Supplement shall prevail.

**A. DESCRIPTION OF THE NOTES**

1.	Issuer	Capitec Bank Limited
2.	Tranche number	[ ]
3.	Series number	[ ]
4.	Status of the Notes	Unsubordinated Notes (see Condition 5.1)
5.	Security	[Secured] [Unsecured]

6.	Form of the Notes	Uncertificated Registered Notes.  The Notes are issued in registered uncertificated form and will be held in the Central Securities Depository.
7.	Type of Notes	<i>(*delete whichever of the below is not applicable)</i> [Fixed Rate Notes] [Floating Rate Notes] [Mixed Rate Notes] [Zero Coupon Notes] <i>[specify other]</i>
8.	Issue Date/First Settlement Date	[ ]
9.	Issue Price	[100]%
10.	Interest	<i>(*delete whichever of the below is not applicable)</i> [Fixed Rate Note Provisions (see Condition 8.1)] [Floating Rate Note Provisions (see Condition 8.2)] [Mixed Rate Notes (see Condition 8.3)] <i>[specify other]</i>
11.	Redemption/Payment Basis	[Redemption at par] <i>[specify other]</i>
12.	Change of interest or redemption payment basis	[Not Applicable] <i>[specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]</i>
13.	Aggregate Principal Amount of this Tranche	ZAR[ ]
14.	Specified Currency	[ZAR] <i>[specify other (subject to the Exchange Control Regulations)]</i>
15.	Specified Denomination (Principal Amount per Note)	[ZAR1,000,000 (or such other amount as is prescribed from time to time in terms of section 96(2)(a) of the Companies Act)] <i>[specify other if the Specified Currency is not ZAR]</i>
16.	Minimum Specified Denomination of each Note	[ZAR1,000,000] <i>[specify other]</i>
17.	Calculation Amount	[ZAR1,000,000] <i>[specify other]</i>
18.	Business Day Convention	[Following Business Day Convention] [Modified Following Business Day Convention] [Preceding Business Day Convention] <i>[specify other]</i>
19.	Day Count Fraction	[Not Applicable]  [1/1] [Actual/365] [Actual/365 Fixed)] [Actual/360] [30/360] [30E/360] <i>[specify other]</i>

## **B. PROGRAMME AMOUNT**

1.	Programme Amount as at the Issue Date	[ZAR8,000,000,000] <i>[specify other]</i>
2.	Aggregate outstanding Principal Amount of all of the Notes (including Existing Notes) in issue under the Programme as at the Issue Date	ZAR[ ], excluding the aggregate Principal Amount of this Tranche and any other Tranches of Notes issued on the Issue Date specified in Item A(8) above.

3. Issuer confirmation as to Programme Amount      The Issuer confirms that the issue of this Tranche will not cause the Issuer to exceed the Programme Amount.

**C. FIXED RATE NOTE PROVISIONS (\*delete if not applicable)**

1. Fixed Interest Rate      [The Notes will bear interest at the Fixed Interest Rate per annum (nominal annual compounded semi-annually) equal to [ ]% for the period from and including the Interest Commencement Date to but excluding the Redemption Date]  
[specify other]
2. Interest Commencement Date      [Issue Date] [specify other]
3. Interest Payment Date/s      Semi-annually in arrear on [ ] and [ ] of each year until the Redemption Date or, if any such date is not a Business Day, the date determined in accordance with the [ ] Business Day Convention (see Item A(18) above).
4. First Interest Payment Date      [ ]
5. Interest Periods      Each successive period commencing on (and including) an Interest Payment Date and ending on (but excluding) the following Interest Payment Date; provided that the first Interest Period shall commence on (and include) the Interest Commencement Date ([ ]) and end on (but exclude) the First Interest Payment Date ([ ]) and the final Interest Period shall end on (but exclude) the Redemption Date, it being recorded, for the avoidance of doubt, that if any such date is not a Business Day, the date will be determined in accordance with the [ ] Business Day Convention (see Item C(3) above).
6. Fixed Coupon Amount      ZAR[ ] per Calculation Amount.
7. Broken Amount/s      [Applicable] [Not Applicable]
8. Default Rate      [[ ]% per annum] (see Condition 8.5.1)] [specify other]
9. Other terms relating to the method of calculating the Fixed Interest Rate      [Applicable] [give details]

**D. FLOATING RATE NOTE PROVISIONS (\*delete if not applicable)**

1. Floating Interest Rate      [The Notes will bear interest at the Floating Interest Rate per annum (nominal annual compounded quarterly) equal to the sum of the Reference Rate (see Item D(9)(a) below) plus the Margin (see Item D(11) below), determined by the Issuer Agent in accordance with Condition 8.2.6, for the period from and including the Issue Date to but excluding the Redemption Date]  
[specify other]
2. Interest Commencement Date      [Issue Date] [specify other]
3. Interest Payment Date/s      Quarterly in arrear on [ ], [ ], [ ] and [ ] of each year until the Redemption Date or, if any such date is not a Business Day, the date determined in accordance with the [ ] Business Day Convention (see Item A(18) above).

4. First Interest Payment Date [Issue Date] [*specify other*]
5. Interest Periods Each successive period commencing on (and including) an Interest Payment Date and ending on (but excluding) the following Interest Payment Date; provided that the first Interest Period shall commence on (and include) the Interest Commencement Date ([ ]) and end on (but exclude) the First Interest Payment Date ([ ]) and the final Interest Period shall end on (but exclude) the Redemption Date, it being recorded, for the avoidance of doubt, that if any such date is not a Business Day, the date will be determined in accordance with the [ ] Business Day Convention (see Item D(3) above).
6. Rate Determination Date/s [The first day of each Interest Period; provided that the Rate Determination Date for the first Interest Period shall be [ ]] [*specify other*]
7. Manner in which the Floating Interest Rate is to be determined [Screen Rate Determination] [ISDA Determination] [Other Determination - *specify*]
- 8. *If ISDA Determination applicable:*** (*\*delete if not applicable*)  
[Applicable] [Not Applicable]
- (a) Floating Rate Option [ ]
- (b) Designated Maturity [ ]
- (c) Reset Date [ ]
- 9. *If Screen Rate Determination applicable:*** (*\*delete if not applicable*)  
[Applicable] [Not Applicable]
- (a) Reference Rate [3-month JIBAR (being, subject to Condition 8.2.6, the average mid-market yield rate per annum for 3-month deposits in Rand which appears on the Relevant Screen Page as the "SFX 3M YIELD" at or about the Relevant Time on the Rate Determination Date, determined by the Issuer Agent in accordance with Condition 8.2.5)  
[*specify other*]
- (b) Relevant Screen Page [Reuters Screen SAFETY page] [*specify other*]
- (c) Relevant Time [11h00 (South African time) ] [*specify other*]
- (d) Reference Banks [Absa Bank Limited, FirstRand Bank Limited, Nedbank Limited, The Standard Bank of South Africa Limited]  
[*specify other*]
- 10. *If Other Determination applicable:*** (*\*delete if not applicable*)  
[Applicable] (*Note: if the Floating Interest Rate to be calculated otherwise than by reference to Item D(8) above or Item D(9) above, insert basis for determining the Floating Interest Rate*)  
[Not Applicable]
11. Margin [ ]%
12. Minimum Floating Interest Rate [Applicable] [Not Applicable]
13. Maximum Floating Interest Rate [Applicable] [Not Applicable]

14. Default Rate [[ ]% per annum] (see Condition 8.5.1)] [*specify other*]
15. Fall back provisions, rounding provisions and any other terms relating to the method of calculating the Floating Interest Rate [Applicable] [*give details*]

#### **E. ZERO COUPON NOTES** (\*delete if not applicable)

1. Accrual Yield [[ ]%] [*specify other*]
2. Reference Price [ ]
3. Any other formula/basis of determining amount payable [Not Applicable] [*give details*]
4. Default Rate [Condition 8.5.2 applicable)] [*specify other*]
5. Other terms relating to the method of calculating payments for Zero Coupon Notes, if different from those set out in the Terms and Conditions [Not Applicable] [*give details*]
15. Fall back provisions, rounding provisions and any other terms relating to the method of calculating the Floating Interest Rate [Applicable] [*give details*]

#### **F. MIXED RATE NOTES** (\*delete if not applicable)

1. Interest Period/s during which the Interest Rate for the Mixed Rate Notes will be a Fixed Interest Rate, and for which Interest Period/s the Mixed Rate Notes will, pursuant to Condition 8.3, be construed as Fixed Rate Notes and have the terms set out in Item C above headed "*Fixed Rate Note Provisions*" Each successive period commencing on (and including) an Interest Payment Date and ending on (but excluding) the following Interest Payment Date; provided that the first Interest Period shall commence on (and include) [the Interest Commencement Date ([ ])] [*specify other*] and end on (but exclude) [the First Interest Payment Date ([ ])] [*specify other*] and the final Interest Period shall end on (but exclude) [the Redemption Date] [*specify other*], it being recorded, for the avoidance of doubt, that if any such date is not a Business Day, the date will be determined in accordance with the [ ] Business Day Convention (see Item C(3) above)
2. Interest Period/s during which the Interest Rate for the Mixed Rate Notes will be a Floating Interest Rate, and for which Interest Period/s the Mixed Rate Notes will, pursuant to Condition 8.3, be construed as Floating Rate Notes and have the terms set out in Item D above headed "*Floating Rate Note Provisions*" Each successive period commencing on (and including) an Interest Payment Date and ending on (but excluding) the following Interest Payment Date; provided that the first Interest Period shall commence on (and include) [the Interest Commencement Date ([ ])] [*specify other*] and end on (but exclude) [the First Interest Payment Date ([ ])] [*specify other*] and the final Interest Period shall end on (but exclude) [the Redemption Date] [*specify other*], it being recorded, for the avoidance of doubt, that if any such date is not a Business Day, the date will be determined in accordance with the [ ] Business Day Convention (see Item D(3) above)
3. Other terms relating to the method of calculating interest for Mixed Rate Notes [Not Applicable] [*specify other terms*]

#### **G. OTHER NOTES** (\*delete if not applicable)

1. If the Notes are not Fixed Rate Notes, Floating Rate Notes, Mixed Rate Notes or Zero Coupon [Give details]

Notes set out the relevant description and the additional terms and conditions applicable to such Notes

H. REDEMPTION	
1. Maturity Date	[ ]
2. Final Redemption Amount	[The aggregate outstanding Principal Amount of this Tranche (plus accrued interest, if any) to the Maturity Date] [specify other]
3. Prior approval of the Prudential Authority required for redemption prior to the Maturity Date	No
<b>4. Issuer Early Redemption Election:</b>	[Applicable] [Not Applicable]
(a) <i>Redemption in whole</i>	[Applicable] [Not Applicable]
• Early Redemption Date (Call)	The Interest Payment Date (in the case of interest-bearing Notes) or other date (in the case of non-interest-bearing Notes) stipulated as the Early Redemption Date (Call) in the notice of redemption given by the Issuer in terms of Condition 9.4.
• Early Redemption Amount (Call)	[The aggregate outstanding Principal Amount of this Tranche (plus accrued interest, if any) to the Early Redemption Date (Call)] [The aggregate amount of principal of this Tranche calculated in accordance with Condition 9.9] [specify other]
• Notice period	30 days
(b) <i>Redemption in part</i>	[Applicable] [Not Applicable]
• Early Redemption Date/s (Call)	Each Interest Payment Date (in the case of interest-bearing Notes) or each other date (in the case of non-interest-bearing Notes) stipulated as the Early Redemption Date (Call) in the relevant notice of partial redemption given by the Issuer in terms of Condition 9.4.
• Early Redemption Amount/s (Call)	[The percentage of the aggregate Outstanding Principal Amount of this Tranche which will be redeemed on each Early Redemption Date (Call) will be the percentage specified in the relevant notice of partial redemption given by the Issuer in terms of Condition 9.4, and the provisions of "Early Redemption Amount (Call)" under Item 4(a) above will apply <i>mutatis mutandis</i> to the calculation of the Early Redemption Amount (Call)] [specify other]
• Notice period	30 days
<b>5. Noteholder Early Redemption Election:</b>	[Applicable] (see Condition 9.7)] [Not Applicable]
<b>6. If Noteholder Early Redemption Election applicable:</b>	A Noteholder of any Notes in this Tranche (" <b>relevant Noteholder</b> ") may, at its election (but subject to Condition 9.7.2) require the Issuer to redeem all or any of such Notes held by the relevant Noteholder (as specified in the Noteholder Early Redemption Notice) (" <b>relevant Notes</b> "), in whole or in part (as specified in the Noteholder Early



	Redemption Notice), on the Early Redemption Date (Put), at the Early Redemption Amount (Put), as set out in Condition 9.7.
(a) <i>Redemption in whole</i>	[Applicable] [Not Applicable]
• Early Redemption Date (Put)	The Early Redemption Date (Put) will be the Interest Payment Date (in the case of interest-bearing Notes) or other date (in the case of non-interest-bearing Notes) stipulated as the Early Redemption Date (Put) in the Noteholder Early Redemption Notice.
• Early Redemption Amount (Put)	[The aggregate outstanding Principal Amount of the relevant Notes (plus accrued interest, if any) to the Early Redemption Date (Put)] [The aggregate amount of principal of the relevant Notes calculated in accordance with Condition 9.9] [ <i>specify other</i> ]
(b) <i>Redemption in part</i>	[Applicable] [Not Applicable]
• Early Redemption Date/s (Put)	Each Interest Payment Date (in the case of interest-bearing Notes) or each other date (in the case of non-interest-bearing Notes) stipulated as the Early Redemption Date (Put) in the relevant Noteholder Early Redemption Notice.
• Early Redemption Amount/s (Put)	[The percentage of the aggregate Outstanding Principal Amount of the relevant Notes which (subject to Condition 9.7) the Issuer will be required to redeem on each Early Redemption Date (Put) will be the percentage specified in the relevant Noteholder Early Redemption Notice, and the provisions of "Early Redemption Amount (Put)" under Item 6(a) above will apply <i>mutatis mutandis</i> to the calculation of the Early Redemption Amount (Put)] [ <i>specify other</i> ]
(c) Noteholder Early Redemption Notice	In order to exercise the Noteholder Early Redemption Election, the relevant Noteholder must, not less than 30 (thirty) nor more than 60 (sixty) days before the Early Redemption Date (Put), send the duly completed Noteholder Early Redemption Notice, together with (where applicable) a copy of the Certificate (if any) representing the relevant Notes, to the Issuer, with a copy of the Noteholder Early Redemption Notice to the Transfer Agent and the Settling Bank, as more fully set out in Condition 9.7.
(d) <i>pro forma</i> Noteholder Early Redemption Notice attached	[Yes] [No]
<b>7. <i>Early redemption following a Tax Event:</i></b>	Applicable (see Condition 9.2)
(a) <i>Redemption in whole</i>	[Applicable] [Not Applicable]
• Early Redemption Date (Tax)	The Interest Payment Date (in the case of interest-bearing Notes) or other date (in the case of non-interest-bearing Notes) stipulated as the Early Redemption Date (Tax) in the notice of redemption given by the Issuer in terms of Condition 9.2.
• Early Redemption Amount (Tax)	[The aggregate outstanding Principal Amount of this Tranche (plus accrued interest, if any) to the Early Redemption Date (Tax)] [The aggregate amount of principal of this Tranche calculated in accordance with Condition

	9.9] <i>[specify other]</i>
(b) <i>Redemption in part</i>	[Applicable] [Not Applicable]
• Early Redemption Date/s (Tax)	Each Interest Payment Date (in the case of interest-bearing Notes) or each other date (in the case of non-interest-bearing Notes) stipulated as the Early Redemption Date (Tax) in the relevant notice of partial redemption given by the Issuer in terms of Condition 9.2.
• Early Redemption Amount/s (Tax)	[The percentage of the aggregate Outstanding Principal Amount of this Tranche which will be redeemed on each Early Redemption Date (Tax) will be the percentage specified in the relevant notice of partial redemption given by the Issuer in terms of Condition 9.2, and the provisions of "Early Redemption Amount (Tax)" under Item 7(a) above will apply <i>mutatis mutandis</i> to the calculation of the Early Redemption Amount (Tax)] <i>[specify other]</i>
<b>8. Early redemption following a Regulatory Event:</b>	Not Applicable
9. Section 4.17(gg) of the JSE Debt Listings Requirements	The Notes will not be "automatically redeemed on the occurrence of a trigger event" as contemplated in Section 4.17(gg) of the JSE Debt Listings Requirements).
10. Other terms applicable on redemption	[Not Applicable] <i>[give details]</i>

#### I. AGENTS AND SPECIFIED OFFICES

1. Issuer Agent	[FirstRand Bank Limited, acting through its Rand Merchant Bank division] <i>[specify other]</i>
2. Specified Office of the Issuer Agent	[14 <sup>th</sup> Floor, 1 Merchant Place, Cnr Rivonia Road and Fredman Drive, Sandton, 2196, South Africa] <i>[specify other]</i>
3. Settling Bank	[FirstRand Bank Limited, acting through its RMB Corporate Banking division] <i>[specify other]</i>
4. Specified Office of the Settling Bank	[14 <sup>th</sup> Floor, 1 Merchant Place, Cnr Rivonia Road and Fredman Drive, Sandton, 2196, South Africa] <i>[specify other]</i>
5. Transfer Agent	[Capitec Bank Limited] <i>[specify other]</i>
6. Specified Office of the Transfer Agent	[5 Neutron Road, Techno Park, Stellenbosch, 7600, South Africa] <i>[specify other]</i>
7. Issuer's Participant/Settlement Agent	[FirstRand Bank Limited, acting through its Rand Merchant Bank division] <i>[specify other]</i>
8. Specified Office of the Issuer's Participant/Settlement Agent	[14 <sup>th</sup> Floor, 1 Merchant Place, Cnr Rivonia Road and Fredman Drive, Sandton, 2196, South Africa] <i>[specify other]</i>

#### J. REGISTER CLOSED

1. Last Day to Register	Up until 17h00 (South African time) on [[ ] and [ ]] [[ ], [ ], [ ] and [ ]] of each year until the Redemption Date or, if any such date is not a Business Day, the Business Day which immediately precedes such date, being, in each instance, the last date on which the Transfer Agent will accept Transfer Forms and record the transfer of Registered Notes in the Register.
2. Register Closed Period	The Register will be closed during the 5 days preceding each Interest Payment Date and the Redemption Date

from 17h00 (South African time) on the Last Day to Register until 17h00 (South African time) on the day preceding the Interest Payment Date and the Redemption Date, being the period during which the Register is closed for purposes of giving effect to transfers, redemptions or payments in respect of the Registered Notes.

3. Books Closed Dates

[[ ] and [ ]] [[ ], [ ], [ ] and [ ]] of each year until the Redemption Date or, if any such date is not a Business Day, the Business Day which immediately precedes such date.

**K. GENERAL**

- |     |   |  |
|-----|---|--|
| 1.  | Exchange Control Approval   | [Not Applicable] [Applicable] <i>(Note: see the section of the Programme Memorandum headed "Exchange Control")</i>   |
| 2.  | Additional Selling Restrictions   | [Not Applicable] <i>[give details]</i>   |
| 3.  | International Security Identification Number (ISIN)   | ZAG[ ]   |
| 4.  | Stock Code Number   | CBL[ ]   |
| 5.  | Financial Exchange  | JSE Limited (Interest Rate Market of the JSE)  |
| 6.  | Debt Sponsor  | [PSG Capital Proprietary Limited] <i>[specify other]</i>   |
| 7.  | Name of Dealer/s  | <i>[specify]</i>   |
| 8.  | Stabilisation Manager   | [Not Applicable] <i>[give details]</i>   |
| 9.  | Method of Distribution  | [Dutch Auction] [Dutch Auction (sealed bid without feedback)] [Private Placement] <i>[specify other]</i>   |
| 10. | Bookbuild and Allocation Policy   | [Not Applicable] [As set out under "Auction and Allocation Policy" in the Term Sheet, dated [ ], prepared by [ ] and sent to potential investors for purposes of placing the Notes] <i>[specify other]</i>   |
| 11. | Pricing Methodology   | [Not Applicable] <i>[give details]</i>   |
| 12. | Governing law   | The Notes and the Applicable Terms and Conditions are governed by, and shall be construed in accordance with, the laws of South Africa.  |
| 13. | Other Banking Jurisdiction  | [Not Applicable] <i>[give details]</i>   |
| 14. | Rating/s (if any) assigned to this Tranche as at the Issue Date, Rating Agency/ies and date/s on which such Rating/s is/are expected to be reviewed | [Not Applicable] <i>[give details]</i>   |
| 15. | Rating/s assigned to the Issuer as at the Issue Date, Rating Agency/ies and date/s on which such Rating/s is/are expected to be reviewed            | <i>[give details]</i>  |
| 16. | Use of Proceeds   | [The Issuer will use the net proceeds from the issue of this Tranche for its general corporate purposes] <i>[specify other]</i>  |
| 17. | Material Change   | <i>(Note: consider this statement as at the Issue Date)</i> The Issuer confirms that, as at the date of signature of this Applicable Pricing Supplement [save as is set out in the paragraph below], no material change in the financial or trading condition of the Issuer or any "subsidiary" (as defined in the Companies Act) of the Issuer (if any) has occurred since [the last day of February [ ] (being the end |

of the last financial period for which audited annual financial statements of the Issuer have been published)) [31 August [ ] (being the end of the last financial period for which unaudited interim financial statements of the Issuer have been published)]. This statement has not been confirmed or verified or reviewed and reported on by the auditors of the Issuer.

*[specify material change/s in the financial and/or trading condition, if applicable]*

- 18. Other relevant information [Not Applicable] *[give details]*
- 19. Additional terms or conditions [Not Applicable] *[give details]*

The Issuer certifies that, to the best of its knowledge and belief, there are no facts the omission of which would make this Applicable Pricing Supplement false or misleading, that all reasonable enquiries to ascertain such facts have been made, and that this Applicable Pricing Supplement contains all information required by the JSE Debt Listings Requirements (and all other Applicable Laws) to appear in this Applicable Pricing Supplement.

The Issuer accepts full responsibility for the accuracy of the information contained in the Programme Memorandum, this Applicable Pricing Supplement, the annual financial statements of the Issuer, the "Capitec Bank Limited Annual Report" ("**Annual Report**") and any amendments or supplements to the aforementioned documents, except as otherwise stated therein.

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

Application is hereby made to list Tranche [ ] of Series [ ] of the Unsubordinated Notes on the Interest Rate Market of the JSE, as from [ ], pursuant to the Capitec Bank Limited ZAR8,000,000,000 Domestic Medium Term Note Programme.

**CAPITEC BANK LIMITED**

By: \_\_\_\_\_

*duly authorised*

Name of signatory: [ • ]

Capacity: [ • ]

Date: [ • ]

By: \_\_\_\_\_

*duly authorised*

Name of signatory: [ • ]

Capacity: [ • ]

Date: [ • ]

**PRO FORMA APPLICABLE PRICING SUPPLEMENT – SUBORDINATED NOTES**

Set out below is the form of Applicable Pricing Supplement which will be completed for each Tranche of Subordinated Notes which is to be listed on the Interest Rate Market of the JSE.

The form of Applicable Pricing Supplement which will be completed for each Tranche of Subordinated Notes which is to be listed on any Financial Exchange other than (or in addition to) the Interest Rate Market of the JSE will, subject to the Rules of that Financial Exchange and all Applicable Laws, be substantially in the form set out below adapted, as applicable, to comply with the Rules of that Financial Exchange and all Applicable Laws.

The form of Applicable Pricing Supplement which will be completed for each Tranche of unlisted Subordinated Notes will be substantially in the form set out below adapted, as applicable, in such manner as is agreed by the Issuer and the relevant Dealer/s.



**CAPITEC BANK LIMITED**

*(incorporated with limited liability under registration number 1980/003695/06 in the Republic of South Africa)*

**ZAR8,000,000,000 DOMESTIC MEDIUM TERM NOTE PROGRAMME**

**issue of ZAR[ • ] Subordinated [Fixed Rate Notes] [Floating Rate Notes] [due [ • ] [ • ] [ • ]]**

This document constitutes the Applicable Pricing Supplement relating to the issue of the Tranche of Subordinated Notes described herein ("**Notes**" and "**this Tranche**").

This Applicable Pricing Supplement must be read in conjunction with the Amended and Updated Programme Memorandum, dated 12 May 2021, as amended and/or supplemented from time to time ("**Programme Memorandum**"), prepared by Capitec Bank Limited ("**Issuer**") in connection with the Capitec Bank Limited ZAR8,000,000,000 Domestic Medium Term Note Programme ("**Programme**").

The Amended and Updated Programme Memorandum, dated 12 May 2021, was approved by the JSE Limited ("**JSE**") on 7 May 2021.

References to the "**Terms and Conditions**" in this Applicable Pricing Supplement are to the section of the Programme Memorandum headed "*Terms and Conditions*". References to any Condition in this Applicable Pricing Supplement are to that Condition of the Ordinary Conditions.

Any capitalised terms not defined in this Applicable Pricing Supplement shall have the meanings ascribed to them in the Terms and Conditions.

This Tranche will be issued on, and subject to, the Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions of this Tranche set out in this Applicable Pricing Supplement.

To the extent that there is any conflict or inconsistency between the provisions of the Terms and Conditions and the provisions of this Applicable Pricing Supplement, the provisions of this Applicable Pricing Supplement shall prevail.

**A. DESCRIPTION OF THE NOTES**

1.	Issuer	Capitec Bank Limited
2.	Tranche number	[ ]
3.	Series number	[ ]
4.	Status of the Notes	Subordinated Notes

*(\*delete whichever of the below is not applicable)*

		[Tier 2 Notes (see Condition 5.2)]
		[Additional Tier 1 Notes (see Condition 5.3)]
5.	Security	Unsecured
6.	Form of the Notes	Uncertificated Registered Notes. The Notes are issued in registered uncertificated form and will be held in the Central Securities Depository.
7.	Type of Notes	(*delete whichever of the below is not applicable) [Fixed Rate Notes] [Floating Rate Notes]
8.	Issue Date/First Settlement Date	[ ]
9.	Issue Price	[100]%
10.	Interest	(*delete whichever of the below is not applicable) [Fixed Rate Note Provisions (see Condition 8.1)] [Fixed Rate Note Provisions (see Condition 8.1) - Conversion to Floating Interest Rate if no redemption on or before the Reference Reset Date (see Condition 8.2)] [Floating Rate Note Provisions (see Condition 8.2)]
11.	Redemption/Payment Basis	Redemption at par
12.	Change of interest or redemption payment basis	[see Item C(15) below, if applicable] [Not Applicable]
13.	Aggregate Principal Amount of this Tranche	ZAR[ ]
14.	Specified Currency	[ZAR] [ <i>specify other (subject to the Exchange Control Regulations)</i> ]
15.	Specified Denomination (Principal Amount per Note)	[ZAR1,000,000 (or such other amount as is prescribed from time to time in terms of section 96(2)(a) of the Companies Act)] [ <i>specify other if the Specified Currency is not ZAR</i> ]
16.	Minimum Specified Denomination of each Note	[ZAR1,000,000] [ <i>specify other</i> ]
17.	Calculation Amount	[ZAR1,000,000] [ <i>specify other</i> ]
18.	Business Day Convention	[Following Business Day Convention] [Modified Following Business Day Convention] [Preceding Business Day Convention] [ <i>specify other</i> ]
19.	Day Count Fraction	[Not Applicable] [1/1] [Actual/365] [Actual/365 Fixed)] [Actual/360] [30/360] [30E/360] [ <i>specify other</i> ]

## B. PROGRAMME AMOUNT

1.	Programme Amount as at the Issue Date	[ZAR8,000,000,000] [ <i>specify other</i> ]
2.	Aggregate outstanding Principal Amount of all of the Notes (including Existing Notes) in issue under the Programme as at the Issue Date	ZAR[ ], excluding the aggregate Principal Amount of this Tranche and any other Tranches of Notes issued on the Issue Date specified in Item A(8) above.

3. Issuer confirmation as to Programme Amount The Issuer confirms that the issue of this Tranche will not cause the Issuer to exceed the Programme Amount.

**C. FIXED RATE NOTE PROVISIONS** (*\*delete if not applicable*)

1. Issuer election not to pay interest In the case of a Tranche of Additional Tier 1 Notes, this Item C is subject in all respects to Condition 7. (*Note: only applicable to Additional Tier 1 Notes*)
2. Fixed Interest Rate [The Notes will bear interest at the Fixed Interest Rate per annum (nominal annual compounded semi-annually) equal to [[ ]%] [the sum of the Initial Reference Rate (see Item C(4) below) plus the Margin (see Item C(5) below), being [ ]%,] for the period from and including the Interest Commencement Date to but excluding the [Redemption Date] [Reference Reset Date (or the Redemption Date if the Redemption Date falls before the Reference Reset Date)]]  
[specify other]
3. Reference Bond [The South African government bond designated as the ["R210"]] [specify other].
4. Initial Reference Rate [ ]%, being the average mid-market gross redemption yield rate per annum for the Reference Bond as published by the JSE in its mark to market report on the [Business Day immediately preceding the Issue Date] [specify other], determined by the Issuer Agent *mutatis mutandis* in accordance with Condition 8.2.5.
5. Margin [ ]%
6. Interest Commencement Date [Issue Date] [specify other]
7. Interest Payment Date/s [Subject to Item C(16) below, if applicable] Semi-annually in arrear on [ ] and [ ] of each year until the [Reference Reset Date] [Redemption Date] or, if any such date is not a Business Day, the date determined in accordance with the [ ] Business Day Convention (see Item A(18) above).
8. First Interest Payment Date [ ]
9. Interest Periods Each successive period commencing on (and including) an Interest Payment Date and ending on (but excluding) the following Interest Payment Date; provided that the first Interest Period shall commence on (and include) the Interest Commencement Date ([ ]) and end on (but exclude) the First Interest Payment Date ([ ]) and the final Interest Period shall end on (but exclude) the Redemption Date, it being recorded, for the avoidance of doubt, that if any such date is not a Business Day, the date will be determined in accordance with the [ ] Business Day Convention (see Item C(3) above).
10. Reference Reset Date (*\*delete if not applicable*)  
[Applicable] (*Note: the Reference Reset Date is the First Early Redemption Date (Call) (see Item E(5)(a) below*)  
[Not Applicable]
11. **Reset Reference Rate if no redemption on or before the Reference Reset Date:** (*\*delete if not applicable*)  
[Applicable] [Not Applicable]  
[If the Notes are not redeemed in full on or before the Reference Reset Date, the Notes will bear interest at the Fixed Interest Rate per annum (nominal annual compounded semi-annually) equal to the

- sum of the Reset Reference Rate (see Item C(11)(a) below) plus the Margin (see Item C(5) above), for the period from and including the Reference Reset Date to but excluding the Redemption Date]
- (a) Reset Reference Rate [The Reset Reference Rate is the average mid-market gross redemption yield rate per annum for the Reference Bond as published by the JSE in its mark to market report on the Reference Reset Date (see Item C(10) above), determined by the Issuer Agent *mutatis mutandis* in accordance with Condition 8.2.5]  
[specify other]
12. Fixed Coupon Amount ZAR[ ] per Calculation Amount.
13. Broken Amount/s [Applicable] [Not Applicable]
14. Default Rate [[ ]% per annum] (see Condition 8.5.1)] [specify other]
15. Other terms relating to the method of calculating the Fixed Interest Rate [Not Applicable] [give details]
16. **Conversion to Floating Interest Rate if no redemption on or before the Reference Reset Date:** (\*delete if not applicable)  
[Applicable] [Not Applicable]  
[If the Notes are not redeemed in full on or before the Reference Reset Date, the Notes will bear interest at the Floating Interest Rate per annum (nominal annual compounded quarterly) equal to the sum of the Reference Rate (see Item D(10)(a) below) plus the Margin (see Item D(12) below), determined by the Issuer Agent in accordance with Condition 8.2.5, for the period from and including the Reference Reset Date to but excluding the Redemption Date]
- (a) Floating Interest Rate and other terms relating to the method of calculating the Floating Interest Rate See Item D below

#### D. FLOATING RATE NOTE PROVISIONS (\*delete if not applicable)

1. Issuer election not to pay interest In the case of a Tranche of Additional Tier 1 Notes, this Item D is subject in all respects to Condition 7. (*Note: only applicable to Additional Tier 1 Notes.*)
2. Floating Interest Rate [The Notes will bear interest at the Floating Interest Rate per annum (nominal annual compounded quarterly) equal to the sum of the Reference Rate (see Item C(10)(b) below) plus the Margin (see Item C(12) below), determined by the Issuer Agent in accordance with Condition 8.2.5, for the period from and including the [Issue Date] [Reference Reset Date] to but excluding the Redemption Date]  
[specify other]
3. Interest Commencement Date [Issue Date] [specify other]
4. Interest Payment Dates Quarterly in arrear on [ ], [ ], [ ] and [ ] of each year until the Redemption Date or, if any such date is not a Business Day, the date determined in accordance with the [ ] Business Day Convention (see Item A(18) above).
5. First Interest Payment Date [ ]
6. Interest Periods Each successive period commencing on (and including) an Interest Payment Date and ending on (but excluding) the following Interest Payment Date; provided that the first Interest Period shall commence



on (and include) the Interest Commencement Date ([ ]) and end on (but exclude) the First Interest Payment Date ([ ]) and the final Interest Period shall end on (but exclude) the Redemption Date, it being recorded, for the avoidance of doubt, that if any such date is not a Business Day, the date will be determined in accordance with the [ ] Business Day Convention (see Item D(4) above).

7. Rate Determination Dates [The first day of each Interest Period; provided that the Rate Determination Date for the first Interest Period shall be [ ]] [*specify other*]
8. Manner in which the Floating Interest Rate is to be determined [Screen Rate Determination] [ISDA Determination] [Other Determination - *specify*]
- 9. If ISDA Determination applicable:**
- (a) Floating Rate Option [ ]
- (b) Designated Maturity [ ]
- (c) Reset Date [ ]
- 10. If Screen Rate Determination applicable:**
- (a) Reference Rate [3-month JIBAR (being, subject to Condition 8.2.6, the average mid-market yield rate per annum for 3-month deposits in Rand which appears on the Relevant Screen Page as the "SFX 3M YIELD" at or about the Relevant Time on the Rate Determination Date, determined by the Issuer Agent in accordance with Condition 8.2.5) [*specify other*]
- (b) Relevant Screen Page [Reuters Screen SAFEY page] [*specify other*]
- (c) Relevant Time [11h00 (South African time) ] [*specify other*]
- (d) Reference Banks [Absa Bank Limited, FirstRand Bank Limited, Nedbank Limited, The Standard Bank of South Africa Limited] [*specify other*]
- 11. If Other Determination applicable:** [Applicable] (*Note: if the Floating Interest Rate is to be calculated otherwise than by reference to Item C(9) above or Item C(10) above, insert basis for determining the Floating Interest Rate*)
- [Not Applicable]
12. Margin [ ]%
13. Minimum Floating Interest Rate [Not Applicable] [*give details*]
14. Maximum Floating Interest Rate [Not Applicable] [*give details*]
15. Default Rate [[ ]% per annum] (see Condition 8.5.1)] [*specify other*]
16. Fall back provisions, rounding provisions and any other terms relating to the method of calculating the Floating Interest Rate [Not Applicable] [*give details*]

## E. REDEMPTION

1. Maturity Date [Subject to Item (E)(5), Item (E)(7) and Item (E)(8) below, this Tranche shall only be redeemed, at the aggregate Outstanding Principal Amount of this Tranche plus accrued interest (if any), on a winding-up (other than pursuant to a Solvent Reconstruction) or liquidation of the Issuer subject to Condition 5.3] (*Note: only applicable to a*

- Tranche of Additional Tier 1 Notes which must be issued without a Maturity Date)*
- [[     ]] *(Note: A Tranche of Tier 2 Notes must have a minimum Maturity Period of five years and one day)*
2. Final Redemption Amount [see Item E(1) above] *(Note: only applicable to a Tranche of Additional Tier 1 Notes)*
- [The aggregate outstanding Principal Amount of this Tranche (plus accrued interest, if any) to the Maturity Date] *(Note: only applicable to a Tranche of Tier 2 Notes)*
3. Prior approval of the Prudential Authority required for redemption prior to the Maturity Date Yes
4. Make Whole Amount [Applicable] [Not Applicable] *(\*delete this paragraph 4 if not applicable)*
- [     ] *(if applicable, specify manner in which the Make Whole Amount is to be calculated)*
5. **Issuer Early Redemption Election:** [Applicable] [Not Applicable]
- (Note: where the Issuer Early Redemption Election is applicable, redemption of this Tranche is subject to the Issuer complying with the conditions to redemption set out in Condition 9.4.2)*
- (a) *Redemption in whole* [Applicable] [Not Applicable]
- Early Redemption Date (Call) [     ] **("First Early Redemption Date (Call)")** [or any Interest Payment Date falling after the First Early Redemption Date (Call)] *(Note: the First Early Redemption Date (Call) may not fall earlier than the date being 5 (five) years and one day after the Issue Date)*
  - Early Redemption Amount (Call) The aggregate outstanding Principal Amount of this Tranche (plus accrued interest, if any) to the Early Redemption Date (Call).
- (b) *Redemption in part* [Applicable] [Not Applicable]
- Early Redemption Date/s (Call) Each Interest Payment Date (in the case of interest-bearing Notes) or each other date (in the case of non-interest-bearing Notes) stipulated as the Early Redemption Date (Call) in the relevant notice of partial redemption given by the Issuer in terms of Condition 9.4.
  - Early Redemption Amount/s (Call) [The percentage of the aggregate Outstanding Principal Amount of this Tranche which will be redeemed on each Early Redemption Date (Call) will be the percentage specified in the relevant notice of partial redemption given by the Issuer in terms of Condition 9.4, and the provisions of "Early Redemption Amount (Call)" under Item 4(a) above will apply *mutatis mutandis* to the calculation of the Early Redemption Amount (Call)] *[specify other]*
6. **Noteholder Early Redemption Election:** Not Applicable
7. **Early redemption following a Tax Event:** [Applicable] [Not Applicable]
- (Note: redemption of this Tranche pursuant to Condition 9.2 (Redemption for tax reasons) is subject to the prior written approval of the Prudential Authority)*
- (a) *Redemption in whole* [Applicable] [Not Applicable]

- Early Redemption Date (Tax) The Interest Payment Date stipulated as the Early Redemption Date (Tax) in the notice of redemption given by the Issuer in terms of Condition 9.2.
  - Early Redemption Amount (Tax) [The aggregate outstanding Principal Amount of this Tranche plus accrued interest (if any) to the Early Redemption Date (Tax)] [the Make Whole Amount plus accrued interest (if any) to the Early Redemption Date (Tax)] [*specify other*]
- (b) *Redemption in part* [Applicable] [Not Applicable]
- Early Redemption Date/s (Tax) Each Interest Payment Date stipulated as the Early Redemption Date (Tax) in the relevant notice of partial redemption given by the Issuer in terms of Condition 9.2.
  - Early Redemption Amount/s (Tax) [The percentage of the aggregate Outstanding Principal Amount of this Tranche which will be redeemed on each Early Redemption Date (Tax) will be the percentage specified in the relevant notice of partial redemption given by the Issuer in terms of Condition 9.2, and the provisions of "Early Redemption Amount (Tax)" under Item 7(a) above will apply *mutatis mutandis* to the calculation of the Early Redemption Amount (Tax)] [*specify other*]
- 8. Early redemption following a Regulatory Event:** [Applicable] [Not Applicable]
- (Note: redemption of this Tranche pursuant to Condition 9.3 (Redemption for regulatory reasons) is subject to the prior written approval of the Prudential Authority)*
- (a) *Redemption in whole* [Applicable] [Not Applicable]
- Early Redemption Date (Regulatory) The Interest Payment Date stipulated as the Early Redemption Date (Regulatory) in the notice of redemption given by the Issuer in terms of Condition 9.3.
  - Early Redemption Amount (Regulatory) - *Fixed Rate Notes* The aggregate outstanding Principal Amount of this Tranche plus accrued interest (if any) to the Early Redemption Date (Regulatory) [[the Make Whole Amount plus accrued interest (if any) to the Early Redemption Date (Regulatory)]] [*specify other*]
  - Early Redemption Amount (Regulatory) – *Floating Rate Notes* (*\*delete if not applicable*) [Applicable] [Not Applicable]
- The aggregate outstanding Principal Amount of this Tranche plus accrued interest (if any) to the Early Redemption Date (Regulatory).
- (b) *Redemption in part* [Applicable] [Not Applicable]
- Early Redemption Date/s (Regulatory) Each Interest Payment Date stipulated as the Early Redemption Date (Regulatory) in the relevant notice of partial redemption given by the Issuer in terms of Condition 9.3.
  - Early Redemption Amount/s (Regulatory) [The percentage of the aggregate Outstanding Principal Amount of this Tranche which will be redeemed on each Early Redemption Date (Regulatory) will be the percentage specified in the relevant notice of partial redemption given by the Issuer in terms of Condition 9.3, and the provisions of "Early Redemption Amount (Regulatory) - *Fixed Rate Notes*" or "*Early Redemption Amount (Regulatory) – Floating Rate Notes*", as applicable, under Item 8(a) above will apply *mutatis mutandis* to the calculation of the Early Redemption Amount (Regulatory)] [*specify other*]

8. Independent Investment Bank [Not Applicable] *[give details]*
9. Other terms applicable on redemption [Not Applicable] *[give details]*

## F. OCCURRENCE OF THE TRIGGER EVENT

1. **Trigger Event:** *(\*delete whichever of the below is not applicable)*
- [Condition 10.5 (Occurrence of the Trigger Event) applicable] *(Note 1: applicable to a Tranche of Additional Tier 1 Notes which are accounted as equity (if any) and a Tranche of Tier 2 Notes)*
- [Condition 10.6 (Occurrence of the Trigger Event) applicable] *(Note 2: applicable to a Tranche of Additional Tier 1 Notes which are accounted as liabilities)*
- [specify other]*
2. **Write-Off :** *(\*delete if not applicable)*
- [Applicable] [Not Applicable]
- [At the occurrence of the Trigger Event (at the discretion of the Prudential Authority), the Unpaid Amount shall be Written Off and all of the Notes or the Relevant Portion of the Notes, as applicable, shall be cancelled in accordance with the provisions of Condition 10.18]
- [specify other]*
- (a) Other terms applicable on Write-Off [Not Applicable] *[give details]*
3. **Conversion:** *(\*delete if not applicable)*
- [Applicable] [Not Applicable]
- [At the occurrence of the Trigger Event (at the discretion of the Prudential Authority), all of the Notes or the Relevant Portion of the Notes, as applicable, shall be Converted in accordance with the provisions of Condition 10.19]
- [specify other]*
- (a) Controlling Company shareholders' approval [As required by Condition 10.19.18, the shareholders of the Controlling Company have approved the issue and listing of this Tranche of Subordinated Notes in accordance with the JSE Listings Requirements applicable to the Main Board of the JSE.]
- (b) Other terms applicable on Conversion [Not Applicable] *[give details]*
4. Section 4.17(gg) of the JSE Debt Listings Requirements The Notes will not be "automatically redeemed on the occurrence of a trigger event" as contemplated in Section 4.17(gg) of the JSE Debt Listings Requirements).
5. **Disapplication of the Non-Viability Loss Absorption Condition:** This Item F(5) is subject to any automatic and/or compulsory disapplication of the Non-Viability Loss Absorption Condition provisions provided for in the Recovery and Resolution Legislation (once it is enacted as law).
- [Applicable] [Not Applicable]
- (Note: Condition 10A provides for the disapplication of the Non-Viability Loss Absorption Condition once the Recovery and Resolution Legislation (which is expected to implement a statutory bail-in option under South African law) is enacted as law.)*

<b>G. BANKS ACT PROVISIONS</b>		
1.	Additional Conditions	[Not Applicable] [ <i>specify Additional Conditions</i> ]
2.	Proceeds of issue	As at the Issue Date, the proceeds of the issue of this Tranche rank as [Additional Tier 1 Capital] [Tier 2 Capital].
<b>H. AGENTS AND SPECIFIED OFFICES</b>		
1.	Issuer Agent	[FirstRand Bank Limited, acting through its Rand Merchant Bank division] [ <i>specify other</i> ]
2.	Specified Office of the Issuer Agent	[14 <sup>th</sup> Floor, 1 Merchant Place, Cnr Rivonia Road and Fredman Drive, Sandton, 2196, South Africa] [ <i>specify other</i> ]
3.	Settling Bank	[FirstRand Bank Limited, acting through its RMB Corporate Banking division] [ <i>specify other</i> ]
4.	Specified Office of the Settling Bank	[14 <sup>th</sup> Floor, 1 Merchant Place, Cnr Rivonia Road and Fredman Drive, Sandton, 2196, South Africa] [ <i>specify other</i> ]
5.	Transfer Agent	[Capitec Bank Limited] [ <i>specify other</i> ]
6.	Specified Office of the Transfer Agent	[5 Neutron Road, Techno Park, Stellenbosch, 7600, South Africa] [ <i>specify other</i> ]
7.	Issuer's Participant/Settlement Agent	[FirstRand Bank Limited, acting through its Rand Merchant Bank division] [ <i>specify other</i> ]
8.	Specified Office of the Issuer's Participant/Settlement Agent	[14 <sup>th</sup> Floor, 1 Merchant Place, Cnr Rivonia Road and Fredman Drive, Sandton, 2196, South Africa] [ <i>specify other</i> ]
<b>I. REGISTER CLOSED</b>		
1.	Last Day to Register	Up until 17h00 (South African time) on [[ ] and [ ]] [[ ], [ ], [ ] and [ ]] of each year until the Redemption Date or, if any such date is not a Business Day, the Business Day which immediately precedes such date, being, in each instance, the last date on which the Transfer Agent will accept Transfer Forms and record the transfer of Registered Notes in the Register.
2.	Register Closed Period	The Register will be closed during the 5 days preceding each Interest Payment Date and the Redemption Date from 17h00 (South African time) on the Last Day to Register until 17h00 (South African time) on the day preceding the Interest Payment Date and the Redemption Date, being the period during which the Register is closed for purposes of giving effect to transfers, redemptions or payments in respect of Registered Notes.
3.	Books Closed Dates	[[ ] and [ ]] [[ ], [ ], [ ] and [ ]] of each year until the Redemption Date or, if any such date is not a Business Day, the Business Day which immediately precedes such date.
<b>J. GENERAL</b>		
1.	Exchange Control Approval	[Not Applicable] [Applicable] ( <i>Note: see the section of the Programme Memorandum headed "Exchange Control"</i> )
2.	Additional Selling Restrictions	See Condition 9.11.1.3
3.	International Security Identification Number (ISIN)	ZAG[ ]

- |     |   |   |
|-----|---|---|
| 4.  | Stock Code Number   | CBL[ ]  |
| 5.  | Financial Exchange  | JSE Limited (Interest Rate Market of the JSE)   |
| 6.  | Debt Sponsor  | [PSG Capital Proprietary Limited] [ <i>specify other</i> ]  |
| 7.  | Name of Dealer/s  | [ <i>specify</i> ]  |
| 8.  | Stabilisation Manager   | [Not Applicable] [ <i>give details</i> ]  |
| 9.  | Method of Distribution  | [Dutch Auction] [Dutch Auction (sealed bid without feedback)]<br>[Private Placement] [ <i>specify other</i> ]   |
| 10. | Bookbuild and Allocation Policy   | [Not Applicable] [As set out under "Auction and Allocation Policy" in the Term Sheet, dated [ ], prepared by [ ] and sent to potential investors for purposes of placing the Notes] [ <i>specify other</i> ]  |
| 11. | Pricing Methodology   | [Not Applicable] [ <i>give details</i> ]  |
| 12. | Governing law   | The Notes and the Applicable Terms and Conditions are governed by, and shall be construed in accordance with, the laws of South Africa.   |
| 13. | Other Banking Jurisdiction  | [Not Applicable] [ <i>give details</i> ]  |
| 14. | Rating/s (if any) assigned to this Tranche as at the Issue Date, Rating Agency/ies and date/s on which such Rating/s is/are expected to be reviewed | [Not Applicable] [ <i>give details</i> ]  |
| 15. | Rating/s assigned to the Issuer as at the Issue Date, Rating Agency/ies and date/s on which such Rating/s is/are expected to be reviewed            | [ <i>give details</i> ]   |
| 16. | Use of Proceeds   | As at the Issue Date, the proceeds of the issue of this Tranche rank as [Additional Tier 1 Capital] [Tier 2 Capital].   |
| 17. | Material Change   | <p><i>(Note: consider this statement as at the Issue Date)</i> The Issuer confirms that, as at the date of signature of this Applicable Pricing Supplement [save as is set out in the paragraph below], no material change in the financial or trading condition of the Issuer or any "subsidiary" (as defined in the Companies Act) of the Issuer (if any) has occurred since [the last day of February [ ] (being the end of the last financial period for which audited annual financial statements of the Issuer have been published)] [31 August [ ] (being the end of the last financial period for which unaudited interim financial statements of the Issuer have been published)]. This statement has not been confirmed or verified or reviewed and reported on by the auditors of the Issuer.</p> <p>[<i>specify material change/s in the financial and/or trading condition, if applicable</i>]</p> |
| 18. | Other relevant information  | [Not Applicable] [ <i>give details</i> ]  |
| 19. | Additional terms or conditions  | [Not Applicable] [ <i>give details</i> ]  |

The Issuer certifies that, to the best of its knowledge and belief, there are no facts the omission of which would make this Applicable Pricing Supplement false or misleading, that all reasonable enquiries to ascertain such facts have been made, and that this Applicable Pricing Supplement contains all information required by the JSE Debt Listings Requirements (and all other Applicable Laws) to appear in this Applicable Pricing Supplement.

The Issuer accepts full responsibility for the accuracy of the information contained in the Programme Memorandum, this Applicable Pricing Supplement, the annual financial statements of the Issuer, the "Capitec Bank Limited Annual

Report" ("**Annual Report**") and any amendments or supplements to the aforementioned documents, except as otherwise stated therein.

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

Application is hereby made to list Tranche [ ] of Series [ ] of the Subordinated Notes on the Interest Rate Market of the JSE, as from [ ], pursuant to the Capitec Bank Limited ZAR8,000,000,000 Domestic Medium Term Note Programme.

**CAPITEC BANK LIMITED**

By: \_\_\_\_\_

*duly authorised*

Name of signatory: [ • ]

Capacity: [ • ]

Date: [ • ]

By: \_\_\_\_\_

*duly authorised*

Name of signatory: [ • ]

Capacity: [ • ]

Date: [ • ]

<b>TERMS AND CONDITIONS</b>
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The following is the text of the Terms and Conditions:

1. **DEFINITIONS AND INTERPRETATION**

1.1. **Definitions**

Unless separately defined in the Terms and Conditions or, in relation to a Tranche of Notes, unless separately defined in the Applicable Pricing Supplement, the following expressions have the following meanings:

**"Accrual Yield"** means, in relation to a Tranche of Zero Coupon Notes, the yield accruing on the Issue Price, specified as a percentage in the Applicable Pricing Supplement;

**"Actual Payment Date"** means, in relation to all or any of the Notes in a Tranche of Notes (as applicable), the date on which any amount which is due and payable by the Issuer to the Noteholder/s of such Note/s under the Applicable Terms and Conditions is actually paid to the Noteholder/s of such Note/s, and **"Actual Redemption Date"** means the Actual Payment Date of the Redemption Amount which is due and payable by the Issuer to the Noteholder/s of such Note/s;

**"Additional Conditions"** means, in relation to a Tranche of Subordinated Notes, such conditions, in addition to the conditions specified in the applicable Capital Regulations, as may be prescribed by the Prudential Authority for the proceeds of the issue of that Tranche of Subordinated Notes to qualify as Regulatory Capital pursuant to the approval granted by the Prudential Authority for the issue of that Tranche of Subordinated Notes, as specified in the Applicable Pricing Supplement;

**"Additional Tier 1 Capital"** means *"additional tier 1 capital"* as defined in the Banks Act;

**"Additional Tier 1 Capital Regulations"** means Regulation 38(11)(b) of the Regulations Relating to Banks (as read with Directive D2/2021 and Guidance Note 06/2017) and/or such other provisions of the Capital Regulations with which the instruments and/or shares contemplated in that Regulation 38(11)(b) (including the Additional Tier 1 Notes) must comply in order for the proceeds of the issue of such instruments and/or shares to rank as Additional Tier 1 Capital;

**"Additional Tier 1 Noteholder"** means a Noteholder of Additional Tier 1 Note/s;

**"Additional Tier 1 Notes"** means Notes specified as such in the Applicable Pricing Supplement and complying with the Additional Tier 1 Capital Regulations;

**"all of the Subordinated Notes"**, in relation to a Tranche of Subordinated Notes, has the meaning given to it in Condition 10.14 and **"Relevant Portion of the Subordinated Notes"**, in relation to a Tranche of Subordinated Notes, has the meaning given to it in Condition 10.15;

**"Amendment Date"**, in relation to a Tranche of Subordinated Notes, has the meaning given to it in Condition 10A.2;

**"Amendment Notice"**, in relation to a Tranche of Subordinated Notes, has the meaning given to it in Condition 10A.2;

**"Amendment Option"**, in relation to a Tranche of Subordinated Notes, has the meaning given to it in Condition 10A.2;

**"Applicable Agency Agreement"** means each agency agreement (if any) concluded between the Issuer and the Settling Bank and/or the Issuer Agent and/or the Transfer Agent, as amended, novated and/or substituted from time to time in accordance with its terms, unless the Issuer itself acts in any of the abovementioned capacities;

**"Applicable Laws"** means, in relation to the Issuer (or any other person), all and any statutes, subordinate legislation, regulations, ordinances, directives, circulars and guidance notices, and judgments and decisions of any competent authority in South Africa, (including without limitation, the Banks Act, the Capital Regulations, the Regulations Relating to Banks, the JSE Debt Listings Requirements and the Applicable Procedures), compliance with which is mandatory for the Issuer (or that other person);



**"Applicable Pricing Supplement"** means, 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 *pro forma* pricing supplement which is set out in (i) the section of the Programme Memorandum headed "*Pro Forma Applicable Pricing Supplement – Unsubordinated Notes*" (in the case of a Tranche of Unsubordinated Notes) or (ii) the section of the Programme Memorandum headed "*Pro Forma Applicable Pricing Supplement – Subordinated Notes*" (in the case of a Tranche of Subordinated Notes), as the case may be;

**"Applicable Procedures"** means, in relation to a Tranche of Uncertificated Registered Notes, the CSD Procedures, the JSE Rules, the JSE Debt Listings Requirements and such other rules and operating procedures for the time being as are applicable to the Central Securities Depository and/or Participants and/or the JSE and, in relation to a Tranche of Uncertificated Registered Notes which is listed on any other Financial Exchange, the rules and operating procedures for the time being of that Financial Exchange;

**"Applicable Terms and Conditions"** means, in relation to a Tranche of Notes, the Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions of that Tranche of Notes set out in the Applicable Pricing Supplement relating to that Tranche of Notes;

**"Arranger"** means FirstRand Bank Limited, acting through its Rand Merchant Bank division, or such other person as may be appointed by the Issuer from time to time in accordance with the Programme Agreement;

**"Banks Act"** means the Banks Act, 1990 as amended from time to time;

**"Basel III Accord"** means the documents entitled "*Basel Committee on Banking Supervision – Basel III: A global regulatory framework for more resilient banks and banking systems – December 2010 (rev June 2011)*" and "*Basel Committee on Banking Supervision – Basel III: International Framework for liquidity risk measurements, standards and monitoring – December 2010 [(rev June 2011)]*" published by the Basel Committee on Banking Supervision on 16 December 2010, as supplemented and/or amended from time to time;

**"Beneficial Interest"** means, in relation to a Tranche of Uncertificated Registered Notes, subject to Condition 1.2.4, the beneficial interest as co-owner of all of the Uncertificated Registered Notes in that Tranche, as contemplated in Chapter IV of the Financial Markets Act, the nominal value of which beneficial interest, in relation to any number of Uncertificated Registered Notes in that Tranche, is determined by reference to the proportion that the aggregate Outstanding Principal Amount of such number of Uncertificated Registered Notes bears to the aggregate Outstanding Principal Amount of all of the Uncertificated Registered Notes in that Tranche, as contemplated in Chapter IV of the Financial Markets Act;

**"Bills of Exchange Act"** means the Bills of Exchange Act, 1964;

**"Blocked Rand"** means, for purposes of the Exchange Control Regulations, funds which may not be remitted out of South Africa or paid into a bank account outside South Africa;

**"Business Day"** means, subject to the Applicable Procedures:

- a) where the Specified Currency is ZAR, a day (other than a Saturday, Sunday or statutory public holiday in South Africa) on which commercial banks settle payments in Rand in Johannesburg;
- b) where the Specified Currency is not ZAR, a day (other than a Saturday, Sunday or statutory public holiday) on which commercial banks and foreign exchange markets settle payments in the Specified Currency in the Principal Financial Centre of the Specified Currency;

**"Business Day Convention"** means, in relation to a Tranche of Notes (where applicable), the convention for adjusting any date if it would otherwise fall on a day that is not a Business Day, and the following terms, when specified in the Applicable Pricing Supplement and used in conjunction with the term "Business Day Convention" and a date, shall mean that an adjustment will be made if that date would otherwise fall on a day that is not a Business Day so that:

- a) if "**Following**" is specified in the Applicable Pricing Supplement the relevant payment date will be the first following day that is a Business Day; or
- b) if "**Modified Following**" or "**Modified**" is specified in the Applicable Pricing Supplement, the relevant payment date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day; or

- c) if "**Preceding**" is specified in the Applicable Pricing Supplement, the relevant payment date will be the first preceding day that is a Business Day; or
- d) such other method of adjusting the relevant payment date as is specified in the Applicable Pricing Supplement;

"**Calculation Amount**", in relation to a Tranche of Notes (where applicable), the amount specified as such in the Applicable Pricing Supplement;

"**Capital Regulations**" means, at any time, any (i) legislation (including the Banks Act, the Financial Sector Regulation Act and/or any statutory bail-in option under South African law) then in effect in South Africa, (ii) regulations (including the Regulations Relating to Banks) then in effect in South Africa, (iii) requirements, circulars, guidance notes (including, without limitation, Guidance Note 06/2017) and directives (including, without limitation, Directive D2/2021) then in effect in South Africa issued by the Prudential Authority from time to time which relate to capital adequacy and/or which provide for the implementation of the Basel III Accord in South Africa;

"**Capitec Group**" means the Controlling Company, the Issuer and each wholly-owned consolidated Subsidiary of the Controlling Company which is regulated as a banking operation;

"**Central Securities Depository**" means Strate Proprietary Limited (incorporated with limited liability in South Africa under registration number 1998/022242/07), licensed as a central securities depository in terms of the Securities Services Act or any successor depository operating in terms of the Financial Markets Act or any additional or alternate depository approved by the Issuer;

"**Certificate**" means the single certificate in definitive registered form without interest coupons representing Beneficial Interest's in Uncertificated Registered Note/s which has/have been exchanged for certificated Registered Notes in accordance with Condition 15.1;

"**CET 1 Ratio**" means, in relation to the Issuer at any time, the Common Equity Tier 1 Capital ratio of the Issuer at that time, as determined in accordance with the applicable Capital Regulations;

"**Common Equity Tier 1 Capital**" means "*common equity tier 1 capital*" as defined in the Banks Act;

"**Common Monetary Area**" means, for purposes of the Exchange Control Regulations, the Republics of South Africa and Namibia, and the Kingdoms of eSwatini;

"**Companies Act**" means the Companies Act, 2008;

"**Condition**" means a numbered term or condition forming part of the Terms and Conditions;

"**Controlling Company**" means Capitec Bank Holdings Limited (incorporated with limited liability in South Africa under registration number 1999/025903/06) or any other company which, after the Programme Date, becomes the "*controlling company*" (as defined in the Banks Act) of the Issuer, as the case may be;

"**Controlling Company Ordinary Shares**" means ordinary shares in the share capital of the Controlling Company;

"**Conversion**" means, in relation to a Tranche of Subordinated Notes (and/or any Other Additional Tier 1 Capital Instruments and/or any Other Tier 2 Capital Instruments), as applicable, the provisions (as currently set out in Condition 10.19) prescribed by the Tier 2 Capital Regulations or the Additional Tier 1 Capital Regulations, as applicable, that require that, upon the occurrence of the relevant Trigger Event (at the discretion of the Prudential Authority), all or a portion of such Tranche of Subordinated Notes (and/or such Other Additional Tier 1 Capital Instruments and/or such Other Tier 2 Capital Instruments), as applicable, be "converted" (in whole or in part) into "common equity" (that is, Controlling Company Ordinary Shares), and "**Converted**" shall be construed accordingly;

"**Conversion Agreement**" means the written agreement entitled "*Conversion Agreement*" entered into (or to be entered into), prior to the Issue Date of the first Tranche of Subordinated Notes to which Conversion is applicable to be issued under the Programme, between the Issuer and the Controlling Company, as amended, novated and/or substituted from time to time in accordance with its terms;

"**Coupon**" means an interest coupon representing and embodying the right to an interest payment in respect of an interest bearing Order Note, and which is attached on issue to the relevant Order Certificate;

"**CSD Procedures**" means, in relation to a Tranche of Uncertificated Registered Notes, the rules and operating procedures for the time being of the Central Securities Depository and Participants;

"**Day Count Fraction**" means, in relation to a Tranche of Notes (where applicable):

- a) if "**1/1**" is specified in the Applicable Pricing Supplement, 1; or
- b) if "**Actual/365**", "**Act/365**", "**Actual/Actual**" or "**Act/Act**" is specified in the Applicable Pricing Supplement, the actual number of days in the Interest Period in respect of which payment is being made divided by 365 (or, if any portion of the Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365); or
- c) if "**Actual/365 (Fixed)**", "**Act/365 (Fixed)**", "**A/365 (Fixed)**" or "**A/365F**" is specified in the Applicable Pricing Supplement, the actual number of days in the Interest Period in respect of which payment is being made divided by 365; or
- d) if "**Actual/360**", "**Act/360**" or "**A/360**" is specified in the Applicable Pricing Supplement, the actual number of days in the Interest Period in respect of which payment is being made divided by 360; or
- e) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the Applicable Pricing Supplement, the number of days in the Interest Period in respect of which payment is being made divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month or (ii) that last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month); or
- f) if "**30E/360**" or "**Eurobond Basis**" is specified in the Applicable Pricing Supplement, the number of days in the Interest Period in respect of which payment is being made divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of the final Interest Period, the Interest Payment Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month); or
- g) such other calculation method as is specified in the Applicable Pricing Supplement;

"**Dealer**" means FirstRand Bank Limited, acting through its Rand Merchant Bank division and each additional Dealer appointed by the Issuer from time to time, as contemplated in the Programme Agreement, which appointment may be for a specific issue of one or more Tranches of Notes or on an ongoing basis for the duration of the Programme, subject to the Issuer's right to terminate the appointment of any Dealer;

"**Debt Sponsor**" means PSG Capital Proprietary Limited (incorporated with limited liability in South Africa under registration number 2006/015817/07), or such other person as may be appointed by the Issuer from time to time in accordance with the Applicable Procedures;

"**Default Rate**" means, in relation to a Tranche of Notes (where applicable), the default rate specified as such in the Applicable Pricing Supplement;

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

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

"**Designated Bank Account**" means, in relation to a Tranche of Uncertificated Registered Notes, the individual designated bank account opened by the Issuer with the Settling Bank, into which the full aggregate amount due and payable in respect of such Uncertificated Registered Notes will be irrevocably deposited, all as required by, and in accordance with, the CSD Procedures and as contemplated in Condition 11.2.2;

"**D2/2021**" means Directive D2/2021 headed "*Matters related to the issuance of additional tier 1 capital instruments that contain contingent 'must-pay' clauses*", dated 11 March 2021, issued by the Prudential Authority in terms of section 6 of the Banks Act, as updated, amended and/or replaced from time to time;

"**Dividend Restriction Agreement**" means the written agreement entitled "Dividend Restriction Agreement"

entered into (or to be entered into), prior to the Issue Date of the first Tranche of Additional Tier 1 Notes to be issued under the Programme, by the Issuer and the Controlling Company, as amended, novated and/or substituted from time to time in accordance with its terms;

**"Early Redemption Amount (Call)"** means, in relation to a Tranche of Notes to which the Issuer Early Redemption Election is applicable, the aggregate Outstanding Principal Amount (or the relevant portion thereof) of that Tranche plus accrued interest (if any) to the Early Redemption Date (Call) or (ii) the aggregate amount of principal (or the relevant portion thereof) of that Tranche calculated in accordance with Condition 9.9 or (iii) such other amount as may be specified in (or calculated in the manner set out in) the Applicable Pricing Supplement;

**"Early Redemption Amount (Put)"** means, in relation to each Unsubordinated Note in a Tranche of Unsubordinated Notes to which the Noteholder Early Redemption Election is applicable, (i) the Outstanding Principal Amount (or the relevant portion thereof) of that Unsubordinated Note plus accrued interest (if any) to the Early Redemption Date (Put) or (ii) the amount of principal (or the relevant portion thereof) of that Unsubordinated Note calculated in accordance with Condition 9.9 or (iii) such other amount as may be specified in (or calculated in the manner set out in) the Applicable Pricing Supplement;

**"Early Redemption Amount (Regulatory)"** means, in relation to a Tranche of Subordinated Notes which is to be redeemed (in whole or in part) in terms of Condition 9.3 (*Redemption for regulatory reasons*) following a Regulatory Event, the amount specified as such in (or calculated in the manner set out in) the Applicable Pricing Supplement;

**"Early Redemption Amount (Tax)"** means:

- a) in relation to a Tranche of Unsubordinated Notes which is to be redeemed (in whole or in part) in terms of Condition 9.2 following a Tax Event, (i) the aggregate Outstanding Principal Amount (or the relevant portion thereof) of that Tranche plus accrued interest (if any) to the Early Redemption Date (Tax) or (ii) the aggregate amount of principal of that Tranche calculated in accordance with Condition 9.9 or (iii) such other amount as may be specified in (or calculated in the manner set out in) the Applicable Pricing Supplement;
- b) in relation to a Tranche of Subordinated Notes which is to be redeemed (in whole or in part) in terms of Condition 9.2 following a Tax Event, the amount specified as such in (or calculated in the manner set out in) the Applicable Pricing Supplement;

**"Early Redemption Date (Call)"** means:

- a) in relation to a Tranche of Unsubordinated Notes to which the Issuer Early Redemption Election is applicable, the date/s specified as such in the Applicable Pricing Supplement or, if no such date/s is/are specified in the Applicable Pricing Supplement, the Interest Payment Date/s (in the case of interest-bearing Notes) or other date/s (in the case of non-interest-bearing Notes) stipulated as the date for redemption of that Tranche of Notes (in whole or in part) in the notice of redemption given by the Issuer in terms of Condition 9.4 (*Redemption at the election of the Issuer*), as applicable;
- b) in relation to a Tranche of Subordinated Notes to which the Issuer Early Redemption Election is applicable (subject to the applicable Capital Regulations), the First Early Redemption Date (Call) and, if so specified in the Applicable Pricing Supplement, any Interest Payment Date falling after the First Early Redemption Date (Call);

**"Early Redemption Date (Put)"** means, in relation to each Note in a Tranche of Unsubordinated Notes to which the Noteholder Early Redemption Election is applicable, the Interest Payment Date/s (in the case of interest-bearing Unsubordinated Notes) or other date/s (in the case of non-interest-bearing Unsubordinated Notes) stipulated as the date/s for redemption of such Unsubordinated Note (in whole or in part) in the Noteholder Early Redemption Notice/s given by the Noteholder of that Unsubordinated Note in terms of Condition 9.7;

**"Early Redemption Date (Regulatory)"** means, in relation to a Tranche of Subordinated Notes which is to be redeemed (in whole or in part) in terms of in terms of Condition 9.3 following a Regulatory Event, the date/s stipulated as the date/s for redemption of that Tranche of Subordinated Notes (in whole or in part) in the relevant notice of redemption given by the Issuer in terms of Condition 9.3;

**"Early Redemption Date (Tax)"** means, in relation to a Tranche of Notes which is to be redeemed (in whole or

in part) in terms of Condition 9.2 following a Tax Event, the Interest Payment Date/s (in the case of interest-bearing Notes) or other date/s (in the case of non-interest-bearing Notes) stipulated as the date/s for redemption of that Tranche of Notes (in whole or in part) in the relevant notice of redemption given by the Issuer in terms of Condition 9.2;

**"Early Termination Amount"** means:

- a) in relation to each Note in a Tranche of Unsubordinated Notes which has been accelerated by the Noteholder of that Unsubordinated Note in terms of Condition 13.1, (i) the Outstanding Principal Amount of that Note plus accrued interest (if any) to the Actual Redemption Date or (ii) the amount of principal of that Unsubordinated Note calculated in accordance with Condition 9.9 or (iii) such other amount as may be specified in (or calculated in the manner set out in) the Applicable Pricing Supplement;
- b) in relation to each Note in a Tranche of Tier 2 Notes which has been accelerated in terms of Condition 13.2.4, (i) the Outstanding Principal Amount of that Note plus accrued interest (if any) to the Actual Redemption Date or (ii) such other amount as may be specified in (or calculated in the manner set out in) the Applicable Pricing Supplement;

**"Eligible Capital"** means the proceeds of the issue of shares and/or instruments (including Subordinated Notes, Other Additional Tier 1 Capital Instruments and Other Tier 2 Capital Instruments) which proceeds rank (or are entitled to rank) on issue for inclusion in the Tier 2 Capital or the Additional Tier 1 Capital or the Common Equity Tier 1 Capital, as applicable, of the Issuer or the Controlling Company on a solo and/or consolidated basis, in accordance with the Capital Regulations;

**"Encumbrance"** means any mortgage, cession of rights, charge, lien, pledge, assignment, hypothecation, preferential right, or other security interest or arrangement creating real rights of security, but expressly excluding any guarantee, indemnity, suretyship or other arrangement creating personal rights of security;

**"Event of Default"** means:

- a) in relation to a Tranche of Unsubordinated Notes, any of the events described in Condition 13.1;
- b) in relation to a Tranche of Tier 2 Notes, any of the events described in Condition 13.2;
- c) in relation to a Tranche of Additional Tier 1 Notes, any of the events described in Condition 13.3;

**"Exchange Control Authorities"** means the Financial Surveillance Department of the South African Reserve Bank;

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

**"Existing Notes"** means Notes issued under the Programme, pursuant to the Previous Programme Memorandum, which remain in issue under the Programme as at the Programme Date;

**"Extraordinary Resolution"** means a resolution passed at a meeting (duly convened) of all of the Noteholders or the relevant Group/s of Noteholders (as applicable) by Noteholders holding not less than 75% (seventy five percent) of the Outstanding Principal Amount (that is, the nominal value) of all of the Notes or the relevant Tranche/s of Notes (as applicable), present in person or by proxy voting at such meeting upon a show of hands or a poll;

**"Extraordinary Written Resolution"** means a resolution passed other than at a meeting of all of the Noteholders or the relevant Group/s of Noteholders (as applicable), as contemplated in Condition 21.9, with the written consent of Noteholders holding not less than 75% (seventy five percent) of the Outstanding Principal Amount (that is, the nominal value) of all of the Notes or the relevant Tranche/s of Notes (as applicable);

**"Final Redemption Amount"** means, in relation to a Tranche of Notes (other than a Tranche of Additional Tier 1 Notes) which is to be redeemed on the Maturity Date in terms of Condition 9.1, (i) the aggregate Outstanding Principal Amount of that Tranche plus accrued interest (if any) to the Maturity Date or (ii) such other amount as may be specified in (or calculated in the manner set out in) the Applicable Pricing Supplement;

**"Financial Exchange"** means, in relation to a Tranche of listed Registered Notes, the Interest Rate Market of the

JSE and/or such other (or additional) financial exchange/s as may be determined by the Issuer and the relevant Dealer/s subject to all Applicable Laws, as specified in the Applicable Pricing Supplement;

"**Financial Markets Act**" means the Financial Markets Act, 2012;

"**Financial Sector Regulation Act**" means the Financial Sector Regulation Act, 2017;

"**First Early Redemption Date (Call)**" means, in relation to a Tranche of Subordinated Notes to which the Issuer Early Redemption Election is applicable, the date specified as such in the Applicable Pricing Supplement;

"**First Interest Payment Date**" means, in relation to a Tranche of Notes (where applicable), the date specified as such in the Applicable Pricing Supplement;

"**FirstRand Bank Limited**" means FirstRand Bank Limited (incorporated with limited liability under registration number 1929/001225/06 in South Africa);

"**Fixed Coupon Amount**" means, in relation to a Tranche of Notes (where applicable), the amount specified as such in the Applicable Pricing Supplement;

"**Fixed Interest Rate**" means, in relation to a Tranche of Notes (where applicable), the fixed interest rate per annum specified as such in (or calculated in the manner set out in) the Applicable Pricing Supplement;

"**Fixed Rate Note Provisions**" means, in relation to a Tranche of Notes (where applicable), the provisions specified as such in the Applicable Pricing Supplement as read with Condition 8.1;

"**Fixed Rate Notes**" means a Tranche of Notes which bear interest at a Fixed Interest Rate, as specified in the Applicable Pricing Supplement;

"**Floating Interest Rate**" means, in relation to a Tranche of Notes (where applicable), the floating interest rate per annum specified as such in (or calculated in the manner set out in) the Applicable Pricing Supplement;

"**Floating Rate Note Provisions**" means, in relation to a Tranche of Notes (where applicable), the provisions specified as such in the Applicable Pricing Supplement as read with Condition 8.2;

"**Floating Rate Notes**" means a Tranche of Notes which bear interest at a Floating Interest Rate, as specified in the Applicable Pricing Supplement;

"**Group Company**" means any company within the Capitec Group;

"**Group of Noteholders**" means, in relation to a Tranche of Notes, the holders of the Notes in that Tranche or, if a Tranche of Notes is in the same Series as any other Tranche or Tranches of Notes, the holders of the Notes in that Series, as the case may be;

"**Guidance Note 06/2017**" means Guidance Note 06/2017 headed "*Loss absorbency requirements for Additional Tier 1 and Tier 2 capital*", dated 14 August 2017, issued by the Prudential Authority in terms of section 6 of the Banks Act, as updated, amended and/or replaced from time to time;

"**Indebtedness**" means:

- a) any indebtedness of any Person in respect of moneys borrowed or raised whether present or future, actual or contingent (including, without limitation, any indebtedness of any Person arising from any transaction which has the commercial effect of a borrowing); and
- b) in relation to any indebtedness of any Person described in sub-paragraph (a) above, any obligation of another Person to pay such indebtedness whether present or future, actual or contingent (including, without limitation, any guarantee and/or suretyship and/or indemnity given by such other Person and/or any transaction entered into by such other Person which has the commercial effect of a guarantee, suretyship or indemnity);

"**Independent Investment Bank**" means, in relation to a Tranche of Additional Tier 1 Notes (where applicable), the investment bank specified as such in the Applicable Pricing Supplement or, if none, the bank selected by the Issuer Agent (and approved by the Issuer where the Issuer is not the Issuer Agent);

"**Instalment Notes**" means Notes issued on the same date but redeemed in Instalment Amounts by the Issuer on an amortised basis on different Instalment Dates, as indicated in the Applicable Pricing Supplement;

**"Instalment Dates"** means, in relation to a Tranche of Instalment Notes, the dates specified as such in the Applicable Pricing Supplement;

**"Interest Amount"** means, in relation to a Tranche of Notes for an Interest Period (where applicable), the amount of interest payable in respect of that Tranche of Notes for that Interest Period;

**"Interest Commencement Date"** means, in relation to a Tranche of Notes (where applicable), the Issue Date or such other date as is specified as the Interest Commencement Date in the Applicable Pricing Supplement;

**"Interest Payment Date"** means, in relation to a Tranche of Notes (where applicable), the First Interest Payment Date and each other date specified as such in the Applicable Pricing Supplement or, if any such date is not a Business Day, the date determined in accordance with the applicable Business Day Convention specified in the Applicable Pricing Supplement;

**"Interest Period"** means, in relation to a Tranche of Notes (where applicable), each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date; provided that the first Interest Period shall commence on (and include) the Interest Commencement Date and the last Interest Period shall end on (but exclude) the Applicable Redemption Date, it being recorded, for the avoidance of doubt, that if any such date is not a Business Day, the date will be determined in accordance with the applicable Business Day Convention specified in the Applicable Pricing Supplement;

**"Interest Rate"** and **"Rate of Interest"** means, in relation to a Tranche of Notes (where applicable), the Fixed Interest Rate or the Floating Interest Rate or such other rate/s of interest applicable to that Tranche of Notes as is/are specified in (or calculated in the manner set out in) the Applicable Pricing Supplement;

**"Interest Rate Market of the JSE"** means the separate platform or sub-market of the JSE designated as the *"Interest Rate Market"* and on which Debt Securities (as defined in the JSE Debt Listings Requirements) may be listed, or such other separate platform or sub-market of the JSE as is selected by the Issuer, subject to all Applicable Laws;

**"ISDA"** means International Swaps and Derivatives Association Inc;

**"ISDA Definitions"** means, in relation to a Tranche of Notes (where applicable), the 2006 ISDA definitions (*Interest Rate and Currency Derivative Transactions*) published by ISDA, as amended, supplemented, revised or republished from time to time or such other ISDA definitions as are specified as such in the applicable pricing supplement;

**"ISDA Determination"** means, in relation to a Tranche of Notes (where applicable), the manner (set out in Condition 8.2.4 as read with the Applicable Pricing Supplement) in which the Interest Rate applicable to that Tranche of Notes is to be determined;

**"ISDA Rate"**, in relation to a Tranche of Notes (where applicable), has the meaning given to it in Condition 8.2.4;

**"Issue Date"** means, in relation to a Tranche of Notes, the date specified as such in the Applicable Pricing Supplement;

**"Issue Price"** means, in relation to a Tranche of Notes, the price specified as such in the Applicable Pricing Supplement;

**"Issuer"**, **"Capitec"** and **"Capitec Bank"** means Capitec Bank Limited (incorporated with limited liability in South Africa under registration number 1980/003695/06);

**"Issuer Agent"** means FirstRand Bank Limited, acting through its Rand Merchant Bank division or, if the Issuer elects to appoint another entity as Issuer Agent, as contemplated in Condition 18, that other entity, as the case may be;

**"Issuer Early Redemption Election"** means, in relation to a Tranche of Notes (where applicable), the election of the Issuer to redeem that Tranche of Notes (in whole or in part) (subject, in the case of Subordinated Notes, to the Issuer complying with the conditions to redemption set out in Condition 9.4.2) in terms of Condition 9.4;

**"Issuer Ordinary Shares"** means ordinary shares in the share capital of the Issuer;

**"JSE"** means JSE Limited (incorporated with limited liability in South Africa under 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;

**"JSE Debt Listings Requirements"** means the JSE Debt Listings Requirements applicable to the Interest Rate Market of the JSE, as amended and/or supplemented from time to time by the JSE;

**"JSE Rules"** means the exchange rules of the JSE promulgated from time to time pursuant to the provisions of the Financial Markets Act;

**"Junior Securities"** means, in relation to Additional Tier 1 Notes:

- a) the Issuer Ordinary Shares and the Controlling Company Ordinary Shares;
- b) any other securities issued by any Group Company (including the Issuer and the Controlling Company) the proceeds of which qualify (or are deemed under the Capital Regulations to qualify) as Common Equity Tier 1 Capital;
- c) any securities issued by any Group Company (including the Issuer and the Controlling Company) which rank or are expressed to rank (or are deemed under the Capital Regulations to rank) junior to the Additional Tier 1 Notes; and
- d) any securities issued by a Group Company which benefit from a guarantee or similar support agreement from any other Group Company which ranks (or is deemed under the Capital Regulations to rank), as to the payment of sums under any such guarantee or similar support agreement, junior to the Additional Tier 1 Notes;

**"Last Day to Register"** means, in relation to a Tranche of Registered Notes, the dates specified as such in the Applicable Pricing Supplement or, if any such date is not a Business Day, the Business Day which immediately precedes such date, being, in each instance, the last date on which the Transfer Agent will accept Transfer Forms and record the transfer of Registered Notes in the Register;

**"Make Whole Amount"** means, in relation to a Tranche of Subordinated Notes (where applicable), the amount specified as such in (or calculated in the manner set out in) the Applicable Pricing Supplement;

**"Mandatory Preference Shares"** means any class of preference shares issued by any Group Company (including the Issuer and the Controlling Company) (i) the terms of which do not allow the board of directors of that Group Company to cancel, defer, pass or eliminate any distribution or dividend payment at its discretion and (ii) the proceeds of which preference shares do not qualify on issue for inclusion in the Eligible Capital of that Group Company;

**"Margin"** means, in relation to a Tranche of Notes (where applicable), the margin specified as such in the Applicable Pricing Supplement;

**"Material Part"** means, in relation to the present or future assets of the Issuer at any point in time, assets of the Issuer which (either alone or when aggregated with other assets of the Issuer at that point in time) have an aggregate value equal to or greater than 5% of the aggregate value of the total assets of the Issuer, such aggregate value and such total assets being determined by reference to the then most recent audited annual financial statements of the Issuer;

**"Material Indebtedness"** means, in relation to any Indebtedness of the Issuer at any point in time, an amount which (either alone or when aggregated with the amount of any other Indebtedness of the Issuer at that point in time) is equal to or greater than 0.50% of the aggregate value of the total assets of the Issuer, such aggregate value and such total assets being determined by reference to the then most recent audited annual financial statements of the Issuer;

**"Maturity Date"** means, in relation to a Tranche of Notes (other than a Tranche of Additional Tier 1 Notes), the date specified as such in the Applicable Pricing Supplement;

**"Maturity Period"** means, in relation to a Tranche of Notes (other than a Tranche of Additional Tier 1 Notes), the period from (and including) the Issue Date to (but excluding) the Maturity Date;

**"Maximum Redemption Amount"** means, in relation to a Tranche of Notes (where applicable), the amount specified as such in the Applicable Pricing Supplement;



**"Minimum Redemption Amount"** means, in relation to a Tranche of Notes (where applicable), the amount specified as such in the Applicable Pricing Supplement;

**"Mixed Rate Notes"** means a Tranche of Notes which 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-Linked Interest Notes, as specified in the Applicable Pricing Supplement;

**"Noteholder"** and **"holder"** means (i) subject to Condition 1.2.4, the registered Noteholder of Registered Note/s, determined in accordance with the CSD Procedures (in the case of Uncertificated Registered Note/s) who is recorded as the registered Noteholder of such Registered Note/s in the Register and (ii) the Payees of Order Notes;

**"Noteholder Early Redemption Election"** means, in relation to a Tranche of Unsubordinated Notes (where applicable), the election of a Noteholder of Unsubordinated Note/s in that Tranche to require the Issuer to redeem all or any of such Unsubordinated Note/s (in whole or in part), on the Early Redemption Date (Put), in terms of Condition 9.7;

**"Noteholder Early Redemption Notice"** means, in relation to a Tranche of Unsubordinated Notes to which the Noteholder Early Redemption Election is applicable, a written notice (in the form obtainable from the Issuer and/or the Transfer Agent and/or attached to the Applicable Pricing Supplement) which must be completed and signed by a Noteholder of Unsubordinated Note/s in that Tranche who wishes to exercise the Noteholder Early Redemption Election in respect of all or any of such Unsubordinated Note/s (in whole or in part) and which must be sent to the Issuer (with copies thereof to the Transfer Agent and the Settling Bank) in accordance with Condition 9.7;

**"Notes"** means the secured or unsecured, subordinated or unsubordinated, notes of any kind issued or to be issued by the Issuer, under the Programme, pursuant to the Programme Memorandum;

**"Order Certificate"** means a certificate which is a negotiable instrument and which represents (and embodies) an Order Note, as contemplated in the Bills of Exchange Act and, unless the context otherwise requires, the term "Order Certificate" shall include the Coupons and/or Receipts (if any) attached on issue to that certificate;

**"Order Note"** means a Note payable to order, as contemplated in the Bills of Exchange Act and, unless the context otherwise requires, the term "Order Note" shall include the rights to payment of interest and/or principal represented by and embodied in the Coupon/s and/or Receipt/s (if any) attached on issue to the Order Certificate representing and embodying such Order Note;

**"Ordinary Resolution"** means a resolution passed at a meeting (duly convened) of all of the Noteholders or the relevant Group/s of Noteholders (as applicable) by Noteholders holding not less than 51% (fifty one percent) of the Outstanding Principal Amount (that is, the nominal value) of all of the Notes or the relevant Tranche/s of Notes (as applicable), present in person or by proxy voting at such meeting upon a show of hands or a poll;

**"Ordinary Written Resolution"** means a resolution passed other than at a meeting of all of the Noteholders or the relevant Group/s of Noteholders (as applicable), as contemplated in Condition 21.9, with the written consent of Noteholders holding not less than 51% (fifty one percent) of the Outstanding Principal Amount (that is, the nominal value) of all of the Notes or the relevant Tranche/s of Notes (as applicable);

**"Other Additional Tier 1 Capital Instruments"** means any shares and/or instruments (other than Additional Tier 1 Notes) issued by the Issuer the proceeds of which rank as Additional Tier 1 Capital in accordance with the Additional Tier 1 Capital Regulations;

**"Other Banking Jurisdiction"** means, in relation to a Tranche of Notes (where applicable), the banking jurisdiction specified as such in the Applicable Pricing Supplement;

**"Other Tier 2 Capital Instruments"** means any shares and/or instruments (other than Tier 2 Notes) issued by the Issuer the proceeds of which rank as Tier 2 Capital in accordance with the Tier 2 Capital Regulations;

**"Outstanding Principal Amount"** means, in relation to each Note in a Tranche of Notes, the Principal Amount of that Note less (on each occasion on which that Note is partially redeemed in terms of and subject to the Applicable Terms and Conditions, that portion of the Principal Amount of that Note which has been so partially redeemed) and, in relation to the Programme at any point in time, the aggregate of all of such Principal Amounts of all of the Notes (including Existing Notes) in issue under the Programme at that time;

"**Participant**" means a Person accepted by the Central Securities Depository as a participant in terms of the Financial Markets Act;

"**Payee**" means the Person reflected as the payee on an Order Certificate or the person to whom such Order Certificate has been negotiated (by way of delivery and Endorsement), as the case may be, as contemplated in the Bills of Exchange Act;

"**Payment Date**" means, in relation to a Tranche of Notes, the date on which any amount (whether in respect of principal, interest or otherwise) is due and payable by the Issuer in respect of such Notes;

"**Permitted Encumbrance**" means, in relation to the Issuer:

- a) any Encumbrance existing at the Programme Date; or
- b) any Encumbrance created over any asset owned, acquired, developed or constructed by the Issuer after the Programme Date if such Encumbrance was created for the sole purpose of financing or refinancing that asset by the Issuer; provided that the Indebtedness so secured shall not exceed the *bona fide* arm's length market value (on or about the date of creation of such Encumbrance) of that asset or the cost of the acquisition, development or construction of that asset by the Issuer (including all interest and other finance charges, adjustments due to changes in circumstances and other charges reasonably incidental to such cost, whether contingent or otherwise) and where such market value and such cost both apply, the higher of the two;
- c) any Encumbrance created over or with respect to any receivables of the Issuer after the Programme Date, if such Encumbrance was created pursuant to any securitisation or like arrangement in accordance with normal market practice and the Indebtedness secured by such Encumbrance is limited to the value (on or about the date of creation of such Encumbrance) of such receivables;
- d) any Encumbrance created over or with respect to any netting or set-off arrangement entered into by the Issuer in the ordinary course of its banking arrangements for the purposes of netting credit and debit balances;
- e) any Encumbrance created by operation of law in the ordinary course of the business of the Issuer;
- f) any statutory Encumbrance;
- g) any Encumbrance which the Issuer is obliged to create, in favour of the South African Reserve Bank, in terms of the Banks Act and/or the Regulations Relating to Banks, over or with respect to any assets of the Issuer (including, without limitation, the assets of the Issuer required to meet the Liquid Asset Requirement ('LAR') and/or the Reserve Holdings Requirement, as contemplated in the Regulations Relating to Banks) and, for the avoidance of doubt, irrespective of whether or not the Issuer is obliged to effect an out-and-out title transfer of any of such assets to any account of the South African Reserve Bank;
- h) any Encumbrance created over or affecting any asset acquired by the Issuer after the Programme Date if:
  - A. the Encumbrance was not created in contemplation of the acquisition of that asset by the Issuer; and
  - B. the principal amount secured has not increased in contemplation of or since the acquisition of that asset by the Issuer;
- i) any Encumbrance arising in the ordinary course of trade of the Issuer in relation to the sale and repurchase of securities;
- j) any Encumbrance created over securities held in any clearing system which arises as a result of such securities being held in such clearing system as a result of the standard rules and regulations of such clearing system;
- k) any Encumbrance created over deposit accounts securing a loan to the Issuer of funds equal to the amount standing to the credit of such deposit accounts;
- l) any other Encumbrance, provided that the aggregate value of the assets of the Issuer which are subject

to such other Encumbrance does not, at any time, exceed 10% of the aggregate value of the total assets of the Issuer at that time, such aggregate value and such total assets being determined by reference to the then most recent audited annual financial statements of the Issuer;

m) any extension or renewal of any Encumbrance contemplated in sub-paragraphs (a) to (l) inclusive above.

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

**"place"** means, in relation to a Dealer, to use reasonable commercial endeavours to procure the subscription and payment for the Notes in one or more Tranches of Notes pursuant to a Placement Agreement so that all of the Notes in such Tranche/s are subscribed and paid for on the Issue Date/s and **"placing"** will be construed accordingly;

**"Placement Agreement"** means an agreement, concluded in accordance with the Programme Agreement, in terms of which the Issuer agrees to issue one or more Tranches of Notes and one or more Dealers agree to place such Tranche/s of Notes, in accordance with such agreement;

**"Previous Programme Memorandum"** means the Amended and Updated Programme Memorandum, dated 21 April 2016, prepared by the Issuer in respect of the Programme;

**"Principal Amount"** means, in relation to each Note in a Tranche of Notes, the nominal amount (that is, the nominal value) of that Note (being the amount equivalent to the Specified Denomination), and in relation to any number of Notes in that Tranche, such number of Notes multiplied by that nominal amount;

**"Principal Financial Centre"** means, in relation to any Specified Currency, the principal financial centre for that Specified Currency; provided that, in relation to South African Rand, it means Johannesburg;

**"Programme"** means the Capitec Bank Limited ZAR8,000,000,000 Domestic Medium Term Note Programme under which the Issuer may from time to time issue Notes;

**"Programme Agreement"** means the written agreement entitled "*Programme Agreement*" entered into between Capitec Bank Limited (as Issuer) and FirstRand Bank Limited, acting through its Rand Merchant Bank division (as Arranger and Dealer) on or about 18 April 2016, as amended, novated and/or substituted from time to time in accordance with its terms;

**"Programme Amount"** means the maximum aggregate outstanding Principal Amount of all of the Notes (including Existing Notes) that may be issued under the Programme at any one point in time (being, as at the Programme Date, ZAR8,000,000,000) or such increased amount as is determined by the Issuer from time to time, as set out in the section of this Programme Memorandum headed "*General Description of the Programme*";

**"Programme Date"** means the date of this Programme Memorandum, being 12 May 2021;

**"Programme Memorandum"** means this document so entitled in respect of the Programme dated 12 May 2021; provided that if the Issuer publishes a new Programme Memorandum or a Supplement, as the case may be (as contemplated in the section of this document headed "*Documents Incorporated by Reference*"), references to "Programme Memorandum" shall be construed as references to that new Programme Memorandum or the Programme Memorandum as supplemented by that Supplement, as the case may be;

**"Prudential Authority"** means the Prudential Authority established in terms of section 32 of the Financial Sector Regulation Act or such other governmental authority in South Africa (if any) as will have the responsibility for making decisions relating to the declaration of a bank as being non-viable;

**"Qualifying Additional Tier 1 Capital Securities"** means, in relation to a Tranche of Additional Tier 1 Notes (where applicable), securities whether debt, equity, interests in limited partnerships or otherwise, issued directly or indirectly by the Issuer that:

- a) have terms not materially less favourable to a holder of Additional Tier 1 Notes (as reasonably determined by the Issuer, and provided that a certification to such effect of two directors of the Issuer and an opinion to such effect of an Independent Investment Bank shall have been delivered to the Issuer prior to the issue of the relevant securities and is so stated in the certificate) provided that they shall:
  1. rank at least equal to 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 that Tranche of Additional Tier 1 Notes;
  3. preserve any existing rights under the Applicable Terms and Conditions to any accrued interest which has not been satisfied;
  4. have the same redemption dates as that Tranche of Additional Tier 1 Notes;
  5. be issued in an amount at least equal to the aggregate Outstanding Principal Amount of that Tranche of Additional Tier 1 Notes;
  6. comply with the then current Capital Regulations applicable to Additional Tier 1 Capital; and
- b) are listed on the London Stock Exchange, the Luxembourg Stock Exchange, the JSE, the Interest Rate Market of the JSE or any other internationally recognised Financial Exchange;

**"Qualifying Tier 2 Capital Securities"** means, in relation to a Tranche of Additional Tier 1 Notes (where applicable), securities whether debt, equity, interests in limited partnerships or otherwise, issued directly or indirectly by the Issuer that:

- a) have terms not materially less favourable to a holder of the Additional Tier 1 Notes (as reasonably determined by the Issuer, and provided that a certification to such effect of two directors of the Issuer and an opinion to such effect of an Independent Investment Bank shall have been delivered to the Issuer prior to the issue of the relevant securities and is so stated in the certificate) provided that they shall:
  1. rank senior to, or *pari passu* with, the 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 that Tranche of Additional Tier 1 Notes;
  3. preserve any existing rights under the Applicable Terms and Conditions to any accrued interest which has not been satisfied;
  4. have the same redemption dates as that Tranche of Additional Tier 1 Notes;
  5. be issued in an amount at least equal to the aggregate Outstanding Principal Amount of that Tranche of Additional Tier 1 Notes;
  6. comply with the then current Capital Regulations applicable to Tier 2 Capital; and
- b) are listed on the London Stock Exchange, the Luxembourg Stock Exchange, the JSE, the Interest Rate Market of the JSE or any other internationally recognised Financial Exchange;

**"Rate Determination Date"** means, in relation to a Tranche of Notes (where applicable), the first day of each Interest Period; provided that the Rate Determination Date for the first Interest Period shall, in the case of a Tranche of Floating Rate Notes or if otherwise specified in the Applicable Pricing Supplement, be the date specified as such in the Applicable Pricing Supplement;

**"Rating"** means, in relation to the Issuer or a Tranche of Notes, as the case may be, the rating assigned to the Issuer or that Tranche of Notes, as the case may be, by a Rating Agency, as specified in the Applicable Pricing Supplement;

**"Rating Agency/ies"** means Standard & Poor's and/or Moody's Investor Services Limited and/or Global Credit Rating Co. Proprietary Limited and/or such other internationally recognised rating agency/ies as is/are appointed by the Issuer;

**"Receipt"** means a receipt representing and embodying the right to payment of an Instalment Amount payable on an Instalment Note which is an Order Note, attached upon issue to the relevant Order Certificate;

**"Redemption Amount"** means, in relation to a Tranche of Notes, subject to Condition 9.8, the Final Redemption Amount, the Early Redemption Amount (Tax), the Early Redemption Amount (Regulatory), the Early Redemption Amount (Call), the Early Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in (or calculated in the manner set out in) the Applicable Pricing Supplement, as applicable;

**"Redemption Date"** means, in relation to a Tranche of Notes, the Maturity Date, the Early Redemption Date

(Tax), the Early Redemption Date (Regulatory), the Early Redemption Date (Call), the Early Redemption Date (Put) or any other date on which that Tranche of Notes (or any Note/s in that Tranche) is/are due to be redeemed (in whole or in part) in terms of the Applicable Terms and Conditions, as applicable;

**"Reference Banks"** means, in relation to a Tranche of Notes (where applicable), the banks specified as such in the Applicable Pricing Supplement or, if none, four major banks selected by the Issuer Agent (and approved by the Issuer where the Issuer Agent is not the Issuer) in the market that is most closely connected with the Reference Rate;

**"Reference Bond"** means, in relation to a Tranche of Subordinated Notes (where applicable), the bond specified as such in the Applicable Pricing Supplement;

**"Reference Date"** means, in relation to a Tranche of Subordinated Notes (where applicable), the date specified as such in the Applicable Pricing Supplement;

**"Reference Rate"** means, in relation to a Tranche of Notes (where applicable), the rate specified as such in the Applicable Pricing Supplement;

**"Reference Reset Date"** means, in relation to a Tranche of Subordinated Notes (where applicable), the First Early Redemption Date (Call) or such other date as is specified as the Reference Reset Date in the Applicable Pricing Supplement;

**"Register"** means the register of the Issuer's securities (including the register of the Issuer's uncertificated securities) contemplated in (and maintained in accordance) with Part E of the Companies Act;

**"Register Closed Period"** means, in relation to a Tranche of Registered Notes, from 17h00 (South African time) on the Last Day to Register until 17h00 (South African time) on the day preceding each Interest Payment Date (where applicable) and the Redemption Date, during which the Register will be closed for purposes of giving effect to transfers, redemptions or payments in respect of that Tranche of Notes;

**"Registered Note"** means a Note issued in registered form, registered in the Register in the name of the registered Noteholder thereof, and transferable in accordance with Condition 16.1;

**"Regulations Relating to Banks"** means the Regulations Relating to Banks promulgated under the Banks Act published as Government Notice No. 297 in *Government Gazette* No. 40002, dated 20 May 2016, as supplemented and/or amended from time to time;

**"Regulatory Capital"** means, as applicable, Tier 2 Capital or Additional Tier 1 Capital;

**"Regulatory Change"** means, in relation to a Tranche of Subordinated Notes, (i) a change in or amendment to the Capital Regulations or (ii) any change in the application of or official or generally published guidance or interpretation of the Capital Regulations by the Prudential Authority and/or the South African courts, which change or amendment becomes, or would become, effective on or after the Issue Date of that Tranche of Subordinated Notes;

**"Regulatory Event"** is deemed to have occurred in relation to a Tranche of Subordinated Notes if, as a result of any Regulatory Change, the whole or any part of the aggregate Outstanding Principal Amount of that Tranche of Subordinated Notes is excluded from qualifying as Regulatory Capital of the Issuer or the Controlling Company on a solo and/or consolidated basis and the Prudential Authority has notified the Issuer (either specifically or generally in conjunction with other banks and/or controlling companies) in writing of the relevant amendment or change and, for the avoidance of doubt, a Regulatory Event shall be deemed to have occurred in relation to a Tranche of Subordinated Notes if all or part of the aggregate Outstanding Principal Amount of that Tranche of Subordinated Notes is excluded from qualifying as Regulatory Capital by reason of any grandfathering or transitional provisions in the applicable Capital Regulations;

**"relevant Interest Amount"** means, in relation to a Tranche of Notes (where applicable), any Interest Amount due under the Notes in that Tranche in respect of any Interest Period;

**"relevant Interest Payment Date"** means, in relation to a Tranche of Notes (where applicable), (i) the Interest Payment Date on which the relevant Interest Amount becomes due and payable to the Noteholders of that Tranche or (ii) if (in relation to a Tranche of Additional Tier 1 Notes) the Issuer elects (or is obliged to elect) not to pay the relevant Interest Amount in terms of Condition 7.2, the Interest Payment Date on which, in the absence of such election not to pay, the relevant Interest Amount would otherwise have become due and

payable to the Additional Tier 1 Noteholders of that Tranche, as the case may be;

"**Relevant Number of Controlling Company Ordinary Shares**", in relation to a Tranche of Subordinated Notes to which Conversion is applicable, has the meaning given to it in Condition 10.19.4;

"**Relevant Number of Issuer Ordinary Shares**", in relation to a Tranche of Subordinated Notes to which Conversion is applicable, has the meaning given to it in Condition 10.19.13);

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

"**relevant Subordinated Noteholders**", in relation to a Tranche of Subordinated Notes, has the meaning given to it in Condition 10.8;

"**relevant Tranche of Subordinated Notes**", in relation to a Tranche of Subordinated Notes, has the meaning given to it in Condition 10.8 or Condition 10A.2, as applicable;

"**Relevant Time**" means, in relation to a Tranche of Notes (where applicable), the time specified as such in the Applicable Pricing Supplement;

"**Representative**" means a Person duly authorised to act on behalf of a Noteholder, which Person may be regarded by each of the Issuer, the Transfer Agent and the Settling Bank (acting in good faith) as being duly authorised to act based upon the tacit or express representation made by such Person, in the absence of express notice to the contrary from that Noteholder;

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

"**Screen Rate Determination**" means, in relation to a Tranche of Floating Rate Notes (where applicable), the manner (set out in Condition 8.2.5 as read with the Applicable Pricing Supplement) in which the Interest Rate applicable to that Tranche is to be determined;

"**Securities Transfer Tax Act**" means the Securities Transfer Tax Act, 2007;

"**Senior Creditors**" means:

- a) all creditors of the Issuer who are unsubordinated creditors of the Issuer; and
- b) all creditors of the Issuer whose claims (whether subordinated or unsubordinated) are (or are expressed to be) subordinated to the claims of other creditors of the Issuer *other than*:
  1. in relation to the claims of Additional Tier 1 Noteholders, all creditors of the Issuer whose claims rank or are expressed to rank (and which are entitled to rank) *pari passu* with or junior to the claims of the Additional Tier 1 Noteholders; or
  2. in relation to the claims of the Tier 2 Noteholders, all creditors of the Issuer whose claims rank or are expressed to rank (and which are entitled to rank) *pari passu* with or junior to the claims of the Tier 2 Noteholders;

"**SENS**" means the JSE Stock Exchange News Service;

"**Series**" means a Tranche of Notes which, together with any other Tranche/s of Notes, is expressed in the Applicable Pricing Supplement to form a single series of Notes, identified in the Applicable Pricing Supplements relating to such Tranches of Notes by way of a unique numeral (such as Series 1);

"**Settling Bank**" means FirstRand Bank Limited, acting through its RMB Corporate Banking division or, if the Issuer elects to appoint another entity as Settling Bank, as contemplated in Condition 18, that other entity, as the case may be;

"**Solvent Reconstruction**" means the event where an order is made or an effective resolution is passed for the winding-up of the Issuer, other than under or in connection with a scheme of amalgamation or reconstruction not involving a bankruptcy or insolvency where the obligations of the Issuer in relation to the Notes then in

issue under the Programme (including all Existing Notes then in issue under the Programme) are assumed by the successor entity to which all, or substantially all, of the property, assets and undertaking of the Issuer are transferred or where an arrangement with similar effect not involving bankruptcy or insolvency is implemented;

"**South Africa**" means the Republic of South Africa;

"**Specified Currency**" means, in relation to each Note in a Tranche of Notes, subject to the Exchange Control Regulations, the currency specified as such in the Applicable Pricing Supplement;

"**Specified Denomination**" means, in relation to each Note in a Tranche of Notes, the amount specified as such in the Applicable Pricing Supplement; provided that such amount shall not be less than ZAR1,000,000 (or the equivalent thereof in the Specified Currency if the Specified Currency is not ZAR) or such other amount as is prescribed from time to time in terms of section 96(2)(a) of the Companies Act;

"**Specified Office**" means, in relation to each of the Issuer, the Issuer Agent, the Settling Bank and the Transfer Agent, the address of the office specified in respect of such entity at the end of this 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 Condition 19, as the case may be;

"**Statutory Loss Absorption Regime**" means any Capital Regulations implemented in South Africa which provide the Prudential Authority with (i) special resolution powers in respect of systemically-important and other financial institutions and/or (ii) the power to implement loss absorption measures in respect of capital instruments (such as Additional Tier 1 Capital Notes and Tier 2 Capital Notes) in accordance with Basel III or its successor or replacement standard and which Capital Regulations so implemented:

- a) require the relevant capital instruments to be "written off" upon the occurrence of the relevant "trigger event"; or
- b) require the relevant capital instruments to be "converted" to the most subordinated form of equity of the Issuer or the Controlling Company, as applicable, upon the occurrence of the relevant "trigger event"; or
- c) otherwise require the relevant capital instruments to absorb loss before taxpayers or ordinary depositors are exposed to loss;

"**Subordinated Debt**" means, in relation to Additional Tier 1 Notes, any subordinated term debt issued by the Issuer which ranks or is expressed to rank (and which is entitled to rank) senior to the Additional Tier 1 Notes and/or the proceeds of which qualify (or are deemed under the Capital Regulations to qualify) as Tier 2 Capital of the Issuer;

"**Subordinated Noteholder**" means a Tier 2 Noteholder and/or an Additional Tier 1 Noteholder, as applicable;

"**Subordinated Notes**" means Tier 2 Notes and/or Additional Tier 1 Notes, as applicable;

"**Subsidiary**" means, in relation to any Person as at any time, each "*subsidiary*" (as defined in the Companies Act) of that Person at that time;

"**Surviving Subordinated Notes**", in relation to a Tranche of Subordinated Notes, has the meaning given to it in Condition 10.20.1;

"**Taxes**" means all present and future taxes, duties, imposts, levies, charges, fees withholdings or deductions of whatever nature imposed, levied, collected, withheld or assessed by, or on behalf of, any governmental, fiscal or other competent authority in South Africa (including any penalty payable in connection with any failure to pay, or delay in paying, any of the same) and "*Tax*" and "*Taxation*" will be construed accordingly;

"**Tax Event**" means, in relation to a Tranche of Notes, an event where:

- a) as a result of a Tax Law Change, (i) the Issuer has paid or will pay or would on the next Interest Payment Date be required to pay additional amounts as provided or referred to in Condition 12.1 or (ii) where that Tranche of Notes is a Tranche of Subordinated Notes, in respect of the Issuer's obligation to make any payment of interest in respect of such Subordinated Notes on the next following Interest Payment Date or any subsequent Interest Payment Date, the Issuer would not be entitled to claim a deduction in respect of computing its taxation liabilities in South Africa, or such entitlement is materially reduced,

and in each case the Issuer cannot avoid the foregoing by taking measures reasonably available to it (such reasonable measures to exclude any requirement to instigate litigation in respect of any decision of determination of the South African Revenue Service that any such interest does not constitute a tax deductible expense); or

- b) other than as a result of a Tax Law Change, where that Tranche of Notes is a Tranche of Additional Tier 1 Notes, the Issuer's treatment of the interest payable by it on such Additional Tier 1 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 or an indication of any such non acceptance is given by the South African Revenue Service in a letter of findings or otherwise, and in each case the Issuer cannot avoid the foregoing by taking measures reasonably available to it (such reasonable measures to exclude any requirement to instigate litigation in respect of any decision or determination of the South African Revenue Service that any such interest does not constitute a tax deductible expense);

**"Tax Law Change"** means, in relation to a Tranche of Notes, a change in, or 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;

**"Terms and Conditions"** means this section of the Programme Memorandum headed "*Terms and Conditions*";

**"Tier 2 Capital"** means "*tier 2 capital*" as defined in the Banks Act;

**"Tier 2 Capital Regulations"** means Regulation 38(12) of the Regulations Relating to Banks (as read with Guidance Note 06/2017) and/or such other provisions of the Capital Regulations with which the instruments and/or shares contemplated in that Regulation 38(12) (including the Tier 2 Notes) must comply in order for the proceeds of the issue of such instruments and/or shares to rank as Tier 2 Capital;

**"Tier 2 Noteholder"** means a Noteholder of Tier 2 Note/s;

**"Tier 2 Notes"** means Notes specified as such in the Applicable Pricing Supplement and complying with the Tier 2 Capital Regulations;

**"Total Principal Amount"** and **"Relevant Portion of the Principal Amount"**, in relation to a Tranche of Subordinated Notes, have the respective meanings given to them in Condition 10.12;

**"Tranche"** and **"Tranche of Notes"** means those Notes which are issued on and subject to the identical Applicable Terms and Conditions (including as to listing) and in respect of which the same Applicable Pricing Supplement applies;

**"Transfer Agent"** means Capitec Bank Limited, unless the Issuer elects to appoint another entity as Transfer Agent, as contemplated in Condition 18;

**"Transfer Form"** means the written form for the transfer of a Note represented by a Certificate, in the usual form or in such other form as is approved by the Transfer Agent;

**"Trigger Event"** means, in relation to a Tranche of Additional Tier 1 Notes which are accounted as equity (if any) and a Tranche of Tier 2 Notes, the "trigger event" set out in Condition 10.5 and, in relation to a Tranche of Additional Tier 1 Notes which are accounted as liabilities, the "trigger event" set out in Condition 10.6;

**"Uncertificated Registered Notes"** means, subject to Condition 1.2.4, Registered Notes which are issued in registered uncertificated form in terms of Chapter IV of the Financial Markets Act and which are held in the Central Securities Depository;

**"Unpaid Amount"** and **"Relevant Portion of the Unpaid Amount"**, in relation to a Tranche of Subordinated Notes, have the respective meanings given to them in Condition 10.13;

**"Unsubordinated Noteholder"** means a Noteholder of Unsubordinated Note/s;

**"Unsubordinated Notes"** means Notes issued with the status and characteristics set out in Condition 5.1 as specified in the Applicable Pricing Supplement;



"**Value-Added Tax Act**" means the Value-Added Tax Act, 1991;

"**VAT**" means value added tax imposed in terms of the Value-Added Tax Act, or any similar tax imposed in place thereof from time to time;

"**Write-off**" means, in relation to a Tranche of Subordinated Notes (and/or any Other Additional Tier 1 Capital Instruments and/or any Other Tier 2 Capital Instruments), as applicable, the provisions (as currently set out in Condition 10.18) prescribed by the Tier 2 Capital Regulations or the Additional Tier 1 Capital Regulations, as applicable, that require that, upon the occurrence of the relevant Trigger Event (at the discretion of the Prudential Authority), all or part of the accrued interest and principal in respect of such Tranche of Subordinated Notes (and/or such Other Additional Tier 1 Capital Instruments and/or such Other Tier 2 Capital Instruments, as applicable) be written off (in whole or in part) and "**Written Off**" shall be construed accordingly;

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

"**ZAR-JIBAR-SAFEX**" means, in relation to a Tranche of Notes (where applicable), the Reference Rate specified as such in the Applicable Pricing Supplement that is, subject to Condition 8.2.6, the average mid-market yield rate per annum for 3-month deposits in Rand which appears on the Relevant Screen Page as the "SFX 3M YIELD" at or about the Relevant Time on the Rate Determination Date, determined by the Issuer Agent in accordance with Condition 8.2.5;

"**Zero Coupon Notes**" means a Tranche of Notes which are offered and sold at a discount to their Principal Amount or at par and which do not bear interest other than in the case of late payment, as specified in the Applicable Pricing Supplement.

## 1.2. Interpretation

### 1.2.1. In the Terms and Conditions:

1.2.1.1. if an expression is stated in Condition 1.1 to have the meaning given in the Applicable Pricing Supplement, but the Applicable Pricing Supplement gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the relevant Tranche of Notes; and

1.2.1.2. any reference to the Agency Agreement or the Conversion Agreement or the Dividend Restriction Agreement, as the case may be shall be construed as a reference to the Agency Agreement or the Conversion Agreement or the Dividend Restriction Agreement, as the case may be, as amended and/or supplemented up to and including the Issue Date of the relevant Tranche of Notes.

### 1.2.2. Unless inconsistent with the context or save where the contrary is expressly specified in the Terms and Conditions:

1.2.2.1. all references in the Terms and Conditions to any statute, regulation or other legislation (including, without limiting the generality of the foregoing, the Capital Regulations) will be a reference to that statute, regulation or other legislation as at the Programme Date and as amended, re-enacted or replaced and substituted from time to time;

1.2.2.2. references to any Condition are to that Condition of the Terms and Conditions;

1.2.2.3. words denoting the singular only will include the plural also and *vice versa*, words denoting one gender only will include the other genders and words denoting persons only will include firms and corporations and *vice versa*;

1.2.2.4. the use of the word "including" followed by a specific example/s will not be construed as limiting the meaning of the general wording preceding it and the *eiusdem generis* rule will not be applied in the interpretation of such general wording or such specific example/s. Such references to "including" and "in particular" will not be construed restrictively but will mean "including, without prejudice to the generality of the foregoing" and "in particular, but without prejudice to the generality of the foregoing" respectively;

1.2.2.5. any reference to days (other than a reference to Business Days), months or years will be a reference to

calendar days, months or years, as the case may be;

- 1.2.3. If any provision in a definition in the Terms and Conditions is a substantive provision conferring a right or imposing an obligation on any party then, notwithstanding that it is only in a definition, effect shall be given to that provision as if it were a substantive provision in the body of the Terms and Conditions.
- 1.2.4. Subject to the Applicable Procedures and unless the context clearly otherwise indicates, references to "Uncertificated Registered Notes" include Beneficial Interests in Uncertificated Registered Notes, and *vice versa*, and references to "registered Noteholders of Uncertificated Registered Notes" include the holders of Beneficial Interests in Uncertificated Registered Notes, and *vice versa*.
- 1.2.5. Headings and sub-headings in the Terms and Conditions are inserted for convenience only.
- 1.2.6. Where any term is defined within a particular Condition, that term shall bear the meaning ascribed to it in that Condition wherever it is used in the Terms and Conditions.
- 1.2.7. The *contra proferentem* rule shall not be applied in the interpretation of the Terms and Conditions.

## 2. ISSUE

- 2.1. Subject to the prior consent of the Prudential Authority (to the extent required by the Capital Regulations), the Issuer may, at any time and from time to time (without the consent of any Noteholder), issue one or more Tranche/s of Notes (denominated in the Specified Currency) under the Programme, pursuant to the Programme Memorandum; provided that the aggregate Outstanding Principal Amount of all of the Notes (including Existing Notes) in issue under the Programme from time to time does not exceed the Programme Amount.
- 2.2. Notes will be issued in individual Tranches which, together with other Tranches, may form a Series of Notes. A Tranche of Notes will be issued on, and subject to, the Applicable Terms and Conditions of that Tranche of Notes.
- 2.3. The Applicable Terms and Conditions of a Tranche of Registered Notes are incorporated by reference into the Certificate/s (if any) representing any Registered Note/s in that Tranche. The Applicable Pricing Supplement will be attached to such Certificate/s.
- 2.4. The Issuer may issue listed or unlisted Registered Notes. Unlisted Registered Notes are not regulated by the JSE. Listed Registered Notes will be listed on the Interest Rate Market of the JSE and/or on such other or further Financial Exchange/s as may be determined by the Issuer and the relevant Dealer/s, subject to Applicable Laws. The Applicable Pricing Supplement will specify whether or not a Tranche of Registered Notes will be listed and, if so, on which Financial Exchange/s.
- 2.5. The holders of Registered Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the JSE.

## 3. FORM, TYPE AND DENOMINATION

### 3.1. General

- 3.1.1. All payments in relation to the Notes in a Tranche will be made in the Specified Currency. The denomination of each Note in a Tranche will be the Specified Denomination.
- 3.1.2. A Tranche of Notes will comprise Unsubordinated Notes or Subordinated Notes, as indicated in the Applicable Pricing Supplement. Subordinated Notes will, subject to the Banks Act and the Capital Regulations, comprise Additional Tier 1 Notes and Tier 2 Notes.
- 3.1.3. A Tranche of Notes, whether Unsubordinated Notes or Subordinated Notes (but subject, in the case of Subordinated Notes, to the Capital Regulations), may comprise Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or Mixed Rate Notes or such combination of any of the foregoing or such other type of Note as may be determined by the Issuer and the relevant Dealer/s and specified in the Applicable Pricing Supplement.
- 3.1.4. Subject, in the case of Subordinated Notes, to the applicable Capital Regulations, a Tranche of Notes may be issued in the form of Registered Notes or Order Notes, as specified in the Applicable Pricing Supplement.

### 3.2. Registered Notes

### 3.2.1. *Uncertificated Registered Notes*

Each Tranche of Uncertificated Registered Notes will be issued in registered uncertificated form in terms of Chapter IV of the Financial Markets Act, and will be held in the Central Securities Depository, as contemplated in Condition 3.2.2. Uncertificated Registered Notes will not be represented by any certificate or written instrument.

### 3.2.2. *Beneficial Interests in Uncertificated Registered Notes*

All Uncertificated Registered Notes will be held subject to the Financial Markets Act and the CSD Procedures. All amounts to be paid and, subject to the CSD Procedures, all rights to be exercised in respect of Uncertificated Registered Notes will be paid to and, subject to the CSD Procedures, may be exercised only by the Central Securities Depository for the holders of Beneficial Interests in such Uncertificated Registered Notes.

### 3.2.3. *Registered Notes which are represented by Certificates*

Subject to the Financial Markets Act, a holder of a Beneficial Interest in Uncertificated Registered Note/s shall be entitled to exchange such Beneficial Interest for Registered Notes which are represented by a Certificate in accordance with Condition 15.1.

## 3.3. **Order Notes**

Order Notes will be embodied in, and represented by, Order Certificate/s. Interest-bearing Order Notes may have Coupons attached to the relevant Order Certificate on issue. Instalment Notes which are Order Notes may have Receipts attached to the relevant Order Certificate on issue.

## 4. **TITLE**

### 4.1. **Registered Notes**

#### 4.1.1. *Uncertificated Registered Notes*

The registered Noteholder/s of the Registered Note/s in a Tranche of Uncertificated Registered Notes will be determined in accordance with the CSD Procedures, and such registered Noteholder/s will be named in the Register as the registered holder/s of such Uncertificated Registered Note/s.

#### 4.1.2. *Beneficial Interests*

4.1.2.1. The Participants will maintain records of the Beneficial Interests in Uncertificated Registered Notes.

4.1.2.2. 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.

4.1.2.3. 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 Registered Notes held by them in the Central Securities Depository only through their Participants.

4.1.2.4. 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 aggregate Outstanding Principal Amount, a certificate or other document issued by the Central Securities Depository or the relevant Participant, as the case may be, as to the aggregate Outstanding Principal Amount standing to the account of such person shall be *prima facie* proof of such Beneficial Interest and such aggregate Outstanding Principal Amount.

4.1.2.5. Beneficial Interests may be transferred only in accordance with the CSD Procedures. Such transfers will not be recorded in the Register.

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

Interest.

4.1.3. *Registered Notes which are represented by Certificates*

4.1.3.1. Each holder of Registered Notes which are represented by a Certificate will be named in the Register as the registered holder of such Registered Notes.

4.1.3.2. Title to Registered Notes which are represented by a Certificate will pass upon registration of transfer in the Register in accordance with Condition 16.1.2.

4.1.4. *Register*

The Issuer, the Transfer Agent and the Settling Bank shall recognise a Noteholder of Registered Notes as the sole and absolute owner of the Registered Notes registered in that Noteholder's name in the Register (notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) and shall not be bound to enter any trust in the Register or to take notice of or to accede to the execution of any trust, express, implied or constructive, to which any Registered Note may be subject.

4.2. **Order Notes**

4.2.1. The Issuer, the Transfer Agent and the Settling Bank may deem and treat the person who from the face of the Order Certificate 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 its Representative shall discharge the Issuer from all liability to the Payee in relation to such Order Certificate, even if the relevant Endorsement has been forged or made without authority.

4.2.2. Title to Order Notes will initially pass by Endorsement and delivery of the relevant Order Certificate in accordance with Condition 16.2. An Order Certificate upon which the last Endorsement is an Endorsement in Blank shall be treated as a Bearer Certificate, for so long as not subject to further Endorsement.

4.2.3. Provided the Issuer pays any amount due upon presentation and surrender of an Order Certificate in good faith, it shall not be incumbent upon the Issuer or the Transfer Agent or the Settling Bank 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*

Unsubordinated Notes constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 6) unsecured obligations of the Issuer, and rank *pari passu* without any preference or priority among themselves, and (save for those that have been accorded by law preferential rights) at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer.

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*

Tier 2 Notes constitute direct, unsecured and, in accordance with Condition 5.2.3, subordinated obligations of the Issuer and rank *pari passu* without any preference or priority 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 are subordinated to the claims of Depositors and Senior Creditors and, accordingly, if the Issuer is wound up or placed under liquidation, whether voluntarily or involuntarily:

- 5.2.3.1. no Tier 2 Noteholder shall be entitled to prove or tender to prove a claim in respect of the Tier 2 Notes;
- 5.2.3.2. 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; and
- 5.2.3.3. 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 winding-up or liquidation (as the case may be), the liquidator, 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 winding-up or liquidation 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

Additional Tier 1 Notes constitute direct, unsecured and, in accordance with Condition 5.3.3, subordinated obligations of the Issuer and rank *pari passu* without any preference or priority 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 are subordinated to the claims of Depositors, Senior Creditors and the holders of Subordinated Debt and, accordingly, if the Issuer or if the Issuer is wound up or placed under liquidation, whether voluntarily or involuntarily:

- 5.3.3.1. no Additional Tier 1 Noteholder shall be entitled to prove or tender to prove a claim in respect of the Additional Tier 1 Notes;
- 5.3.3.2. 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; and
- 5.3.3.3. 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 winding-up or liquidation (as the case may be), the liquidator or other

relevant insolvency official of the Issuer, to be held on trust for Depositors, Senior Creditors and the holders of Subordinated Debt,

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

#### 5.4. **Capital Regulations and Additional Conditions**

In order for the proceeds of the issue of a Tranche of Subordinated Notes to rank as Regulatory Capital, that Tranche of Subordinated Notes must comply with the applicable Capital Regulations (and the Additional Conditions (if any) prescribed by the Prudential Authority in respect of that Tranche of Subordinated Notes). The Issuer will specify in the Applicable Pricing Supplement whether any issue of a Tranche of Notes is an issue of Tier 2 Notes the proceeds of which are intended to rank as Tier 2 Capital or an issue of Additional Tier 1 Notes the proceeds of which are intended to rank as Additional Tier 1 Capital. The Additional Conditions (if any) prescribed by the Prudential Authority in respect of any such Tranche of Subordinated Notes will be specified in the Applicable Pricing Supplement.

#### 6. **NEGATIVE PLEDGE**

6.1. This Condition 6 applies only to Unsubordinated Notes.

6.2. So long as any Unsubordinated Note remains outstanding, the Issuer will not create or permit to subsist any Encumbrance (other than a Permitted Encumbrance) upon the whole or any part of its present or future undertaking, assets or revenues to secure any Indebtedness without (a) at the same time or prior thereto securing the Unsubordinated Notes equally and rateably therewith or (b) providing such other security for the Unsubordinated Notes as may be approved by an Extraordinary Resolution (or Extraordinary Witten Resolution) of the Noteholders of Unsubordinated Notes.

#### 7. **INTEREST PAYMENTS ON ADDITIONAL TIER 1 NOTES**

##### 7.1. **Application**

This Condition 7 applies only to Additional Tier 1 Notes.

##### 7.2. **Non-payment of interest**

7.2.1. The Issuer shall at all times have full discretion regarding any payment of interest on the Additional Tier 1 Notes. Interest payments on the Additional Tier 1 Notes will not be cumulative.

7.2.2. If the Issuer is not obliged to pay the relevant Interest Amount on the relevant Interest Payment Date in accordance with this Condition 7.2, the Issuer shall have full access to the relevant Interest Amount (or the relevant portion thereof) to meet any relevant obligation as it falls due.

7.2.3. Subject to Condition 7.2.4 (which imposes an obligation on the Issuer to elect not to pay the relevant Interest Amount on the relevant Interest Payment Date under the circumstances described in Condition 7.2.4), the Issuer shall at all times have full discretion whether or not to pay the relevant Interest Amount (or any portion thereof) on the relevant Interest Payment Date and the Issuer may at any time elect not to pay the relevant Interest Amount (or any portion thereof) on the relevant Interest Payment Date. If the Issuer elects not to pay the relevant Interest Amount (or any portion thereof) on the relevant Interest Payment Date, it shall give notice of such election to the Additional Tier 1 Noteholders in accordance with Condition 19 and to the Settling Bank on or prior to the relevant Interest Payment Date.

7.2.4. The Issuer shall elect not to pay the relevant Interest Amount on the relevant Interest Payment Date if the Issuer is in breach of the Capital Regulations on the Business Day prior to the relevant Interest Payment Date or would be in breach of the Capital Regulations if the relevant Interest Amount (or any portion thereof) were paid on the relevant Interest Payment Date.

7.2.5. If, pursuant to Condition 7.2.4, the Issuer is obliged to elect not to pay the relevant Interest Amount (or any portion thereof) on the relevant Interest Payment Date, it shall procure that notice of such fact is published on SENS on or prior to the relevant Interest Payment Date, and the Issuer shall also give notice of such fact to the Additional Tier 1 Noteholders in accordance with Condition 19 and to the Settling Bank on or prior to the relevant Interest Payment Date.

7.2.6. If the Issuer elects (or is obliged to elect) not to pay the relevant Interest Amount (or any portion thereof)

on the relevant Interest Payment Date in accordance with the provisions of this Condition 7.2 then the obligation that the Issuer would have had, in the absence of such election and this Condition 7.2, to pay the relevant Interest Amount (or the relevant portion thereof) to the Additional Tier 1 Noteholders on the relevant Interest Payment Date shall be extinguished in its entirety, and any failure to pay the relevant Interest Amount (or the relevant portion thereof) to the Additional Tier 1 Noteholders on the relevant Interest Payment Date shall not constitute an Event of Default by the Issuer or any other breach of the Issuer's obligations under the Additional Tier 1 Notes and the Applicable Terms and Conditions or for any other purpose, and the Additional Tier 1 Noteholders will have no claim in respect of any such non-payment.

### 7.3. Restrictions following non-payment of interest on Additional Tier 1 Notes

- 7.3.1. For purposes of this Condition 7.3, the Applicable Terms and Conditions of a Tranche of Additional Tier 1 Notes "*shall not contain any feature that may hinder any potential future recapitalisation*" (Regulation 38(11)(b)(iv)(G) of the Regulations Relating to Banks) and any election not to pay the relevant Interest Amount (or any portion thereof) on the relevant Interest Payment Date in accordance with Condition 7.2 shall not impose any restriction on the Issuer or the Controlling Company "*except in relation to a distribution to holders of more deeply subordinated shares or instruments*" (Regulation 38(11)(b)(vi)(C) of the Regulations Relating to Banks).
- 7.3.2. If the relevant Interest Amount (or any portion thereof) in respect of a Tranche of Additional Tier 1 Notes shall not have been paid in full on the relevant Interest Payment Date pursuant to Condition 7.2, then from the relevant Interest Payment Date until the next Interest Payment Date of any Tranche of Additional Tier 1 Notes then in issue on which the Issuer has paid in full the Interest Amount due and payable on all Tranches of Additional Tier 1 Notes then in issue, neither the Issuer nor the Controlling Company shall (and the Controlling Company shall procure that no Group Company shall):
- 7.3.2.1. declare or pay a distribution or dividend or pay any interest on any Junior Securities other than:
- 7.3.2.1.1. Mandatory Preference Shares; or
- 7.3.2.1.2. any dividend which has been declared on any Junior Securities before the date of the notice to Noteholders referred to in Condition 7.2; or
- 7.3.2.1.3. intra-group dividends on any Junior Securities between Group Companies which are wholly-owned subsidiaries and to Group Companies which are holding companies, which can be paid at any time; PROVIDED THAT intra-group dividends may not be declared or paid on Issuer Ordinary Shares and/or Controlling Company Ordinary Shares the proceeds of which, in each instance, qualify (or are deemed under the Capital Regulations to qualify) as Common Equity Tier 1 Capital, except to the extent that such intra-group dividends are required to re-capitalise the Issuer; or
- 7.3.2.2. redeem, purchase, reduce or otherwise acquire any Junior Securities or any securities of any of its Subsidiary undertakings benefiting from a guarantee from any other Group Company ranking (or deemed under the Capital Regulations to rank) as to the right of repayment of principal (in the case of such securities) or as to the payment of sums under any such guarantee (in the case of any such guarantee), as the case may be, junior to the Additional Tier 1 Notes.
- 7.3.3. The obligations of the Controlling Company under this Condition 7.3 are enforceable by the Additional Tier 1 Noteholders pursuant to the Dividend Restriction Agreement and Condition 22. A copy of the Dividend Restriction Agreement will be made available, to each prospective Subordinated Noteholder of Additional Tier 1 Notes in a Tranche, at the time of finalisation of the Applicable Pricing Supplement.

## 8. INTEREST

### 8.1. Fixed Rate Note Provisions

- 8.1.1. This Condition 8.1 is applicable to a Tranche of Notes only if the Fixed Rate Note Provisions are specified in the Applicable Pricing Supplement as being applicable.
- 8.1.2. A Tranche of Fixed Rate Notes will bear interest on its aggregate Outstanding Principal Amount, at the Fixed Interest Rate, for the period from (and including) the Interest Commencement Date to (but excluding) the Redemption Date. The interest due on a Tranche of Fixed Rate Notes in respect of an Interest Period will be payable in arrear on the Interest Payment Date in respect of that Interest Period. The first payment of interest will be made on the First Interest Payment Date.
- 8.1.3. The amount of interest payable in respect of a Tranche of Fixed Rate Notes for any Interest Period shall be the Fixed Coupon Amount.
- 8.1.4. The Interest Amount payable in respect of a Tranche of Fixed Rate Notes for any Interest Period for which a Fixed Coupon Amount is not specified will be determined by multiplying the Fixed Interest Rate applicable to that Tranche of Fixed Rate Notes by its Outstanding Principal Amount, then multiplying the product by the applicable Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards).

### 8.2. Floating Rate Note Provisions

- 8.2.1. This Condition 8.2 is applicable to a Tranche of Notes only if the Floating Rate Note Provisions are specified in the Applicable Pricing Supplement as being applicable.
- 8.2.2. A Tranche of Floating Rate Notes will bear interest on its aggregate Outstanding Principal Amount, at the Floating Interest Rate, for the period from (and including) the Interest Commencement Date to (but excluding) the Redemption Date. The interest due on a Tranche of Floating Rate Notes in respect of an Interest Period will be payable in arrear on the Interest Payment Date in respect of that Interest Period. The first payment of interest will be made on the First Interest Payment Date.
- 8.2.3. The Floating Interest Rate applicable from time to time to a Tranche of Floating Rate Notes will be determined (and specified in the Applicable Pricing Supplement) (i) on the basis of ISDA Determination or (ii) on the basis of Screen Rate Determination or (iii) on such other basis as may be determined by the Issuer and specified in the Applicable Pricing Supplement.
- 8.2.4. *ISDA Determination*
- If ISDA Determination is specified in the Applicable Pricing Supplement as the manner in which the Floating Interest Rate is to be determined, the Floating Interest Rate applicable to a Tranche of Floating Rate Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "ISDA Rate" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Issuer Agent under an interest rate swap transaction if the Issuer Agent were acting as Issuer Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- 8.2.4.1. the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the Applicable Pricing Supplement;
- 8.2.4.2. the Designated Maturity (as defined in the ISDA Definitions) is the period specified in the Applicable Pricing Supplement; and
- 8.2.4.3. the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) or the Johannesburg inter-bank offered rate (JIBAR), as the case may be, for a currency, the first day of that Interest Period or (B) in any other case, as specified in the Applicable Pricing Supplement.

### 8.2.5. *Screen Rate Determination*

Subject to Condition 8.2.6, if Screen Rate Determination is specified in the Applicable Pricing Supplement as



the manner in which the Floating Interest Rate is to be determined, the Floating Interest Rate applicable to a Tranche of Floating Rate Notes for each Interest Period will be determined by the Issuer Agent on the following basis:

- 8.2.5.1. if the Relevant Screen Page is available, either (a) the offered quotation (if only one quotation appears on the 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, as the case may be, for the Reference Rate which appears on the Relevant Screen Page as at the Relevant Time on the relevant Rate Determination Date plus the Margin (if any), all as determined by the Issuer Agent. If five 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 the Issuer Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations; or
- 8.2.5.2. if the Relevant Screen Page is not available or if, in the case of Condition 8.2.5.1(a), no such offered quotation appears or, in the case of Condition 8.2.5.1(b), fewer than three such offered quotations appear, in each case as at the Relevant Time, the Issuer Agent shall request the principal Johannesburg office of each of the Reference Banks to provide the Issuer Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Relevant Time on the relevant Rate Determination Date. If two or more of the Reference Banks provide the Issuer Agent with such offered quotations, the Floating Interest Rate for the relevant 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 the Margin (if any), all as determined by the Issuer Agent; or
- 8.2.5.3. if the Floating Interest Rate cannot be determined by applying the provisions of Condition 8.2.5.1 or Condition 8.2.5.2, as the case may be, the Floating Interest Rate for the relevant Interest Period shall be the rate per annum which the Issuer 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 Issuer Agent by the Reference Banks or any two or more of them, for deposits (in the Specified Currency) in an amount approximately equal to the aggregate Principal Amount of the relevant Tranche of Floating Rate Notes, for a period equal to that which would have been used for the Reference Rate, quoted at approximately the Relevant Time on the relevant Rate Determination Date plus the Margin (if any). If fewer than two of the Reference Banks provide the Issuer Agent with such offered rates, the Floating Interest Rate for the relevant Interest Period will be determined by the Issuer Agent as the arithmetic mean (rounded as provided above) of the rates for deposits (in the Specified Currency) in an amount approximately equal to the aggregate Principal Amount of the relevant Tranche of Floating Rate Notes, for a period equal to that which would have been used for the Reference Rate, quoted at approximately the Relevant Time on the relevant Rate Determination Date, by four leading banks in Johannesburg (selected by the Issuer Agent and approved by the Issuer) plus the Margin (if any); or
- 8.2.5.4. if the Floating Interest Rate cannot be determined in accordance with the provisions of Condition 8.2.5.3, the Floating Interest Rate shall be determined as at the last preceding Rate 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).

8.2.6. *ZAR-JIBAR-SAFEX*

If the Reference Rate is ZAR-JIBAR-SAFEX, the provisions of Condition 8.2.5 shall be subject to (and construed in accordance with) such updates in the methodology and/or calculations used to determine ZAR-JIBAR-SAFEX as may be prescribed by Applicable Law and/or put in place by the financial markets, including any transitional arrangements between the determination of ZAR-JIBAR-SAFEX as at the Programme Date (as set out in Condition 8.2.5) and any such updated determination of ZAR-JIBAR-SAFEX that occurs after the Programme Date.

8.2.7. *Maximum Floating Interest Rate or Minimum Floating Interest Rate of Interest*

If any Maximum Floating Interest Rate or Minimum Floating Interest Rate of Interest is specified in the Applicable Pricing Supplement, then the Floating Interest Rate applicable to the relevant Tranche of

Floating Rate Notes shall in no event be greater than the maximum or be less than the minimum so specified.

#### 8.2.8. *Calculation of Interest Amount*

8.2.8.1. The Issuer Agent will, on or as soon as practicable after each Rate Determination Date or Reset Date, as applicable, but in any event not later than 3 (three) Business Days after that Rate Determination Date or that Reset Date, as applicable, calculate the Interest Amount payable in respect of a Tranche of Floating Rate Notes for such Interest Period.

8.2.8.2. The Interest Amount payable in respect of a Tranche of Floating Rate Notes for an Interest Period will be determined by multiplying the Floating Interest Rate applicable to that Tranche of Floating Rate Notes by its Outstanding Principal Amount, then multiplying the product by the applicable Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards).

#### 8.3. **Mixed Rate Notes**

8.3.1. A Tranche of Mixed Rate Notes will bear interest on its Outstanding Principal Amount at (i) the Fixed Interest Rate specified in (or calculated in the manner set out in) the Applicable Pricing Supplement (during the Interest Period/s in respect of which the Interest Rate is a Fixed Interest Rate) or (ii) the Floating Interest Rate specified in (or calculated in the manner set out in) the Applicable Pricing Supplement (during the Interest Period/s in respect of which the Interest Rate is a Floating Interest Rate), as the case may be, for the period from (and including) the Interest Commencement Date to (but excluding) the Redemption Date.

8.3.2. A Tranche of Mixed Rate Notes will bear interest at (i) a Fixed Interest Rate for such Interest Period/s as is/are specified for this purpose in the Applicable Pricing Supplement and (ii) a Floating Interest Rate for such Interest Period/s as is/are specified for this purpose in the Applicable Pricing Supplement.

8.3.3. A Tranche of Mixed Rate Notes shall (i) for the Interest Period/s during which that Tranche bears interest at a Fixed Interest Rate, be construed for all purposes as a Tranche of Fixed Rate Notes and (ii) for the Interest Period/s during which that Tranche bears interest at a Floating Interest Rate, be construed for all purposes as a Tranche of Floating Rate Notes.

#### 8.4. **Other Notes**

The Applicable Pricing Supplement relating to any other Tranche of Notes not specifically provided for in the Terms and Conditions will set out, among other things, the manner in which the interest and/or other amounts payable in respect of that Tranche are to be calculated, the Interest Commencement Date (and/or other payment commencement date), the Interest Payment Date/s (and/or other payment date/s) and the Interest Period/s (and/or other payment period/s).

#### 8.5. **Default interest**

8.5.1. If payment of principal (or the relevant portion thereof) and/or interest due and payable in respect of a Tranche of interest-bearing Notes (or the relevant Notes in that Tranche) is improperly withheld or refused, the overdue principal (or the relevant portion thereof) and/or interest will bear interest at the Default Rate from (and including) such due date for payment to (but excluding) the Actual Payment Date.

8.5.2. If payment of principal (or the relevant portion thereof) due and payable in respect of a Tranche of Zero Coupon Notes (or the relevant Zero Coupon Notes in that Tranche) is improperly withheld or refused then, the amount of principal (or the relevant portion thereof) shall thereafter be an amount equal to the sum of (i) the Reference Price (or the relevant portion thereof) and (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price (or the relevant portion thereof) on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) the Actual Payment Date.

#### 8.6. **General**

##### 8.6.1. *Calculation of other amounts*

If the Applicable Pricing Supplement specifies that any other amount, rate, index and/or formula in relation

to a Tranche of Notes is to be calculated by the Issuer Agent, the Issuer Agent will, as soon as practicable after the time or times at which any such amount, rate, index and/or formula is to be determined, calculate the relevant amount, rate, index and/or formula in the manner specified in the Applicable Pricing Supplement.

**8.6.2. *Fall-back Rate of Interest***

Unless otherwise specified in the relevant Applicable Pricing Supplement, if the Issuer Agent is unable to determine a rate (or, as the case may be, the arithmetic mean of rates) in accordance with the above provisions of this Condition 8, the Interest Rate applicable to the relevant Tranche of Notes during the relevant Interest Period will be the Interest Rate applicable to the relevant Tranche of Notes during the immediately preceding Interest Period (with adjustment for any change in the Margin, Maximum Interest Rate or Minimum Interest Rate).

**8.6.3. *Notification of the Floating Interest Rate and each Interest Amount***

8.6.3.1. The Issuer Agent will cause each Floating Interest Rate and each Interest Amount determined by it (and any other amount/s required to be determined by it) to be notified to the Settling Bank as soon as practicable after such determination but in any event not later than 3 (three) Business Days after the Rate Determination Date or the Reset Date, as applicable (in the case of the determination of the Floating Interest Rate) and not later than 3 (three) Business Days before the Interest Payment Date (in the case of the determination of the Interest Amount). The Issuer Agent will cause each Floating Interest Rate applicable to a Tranche of Registered Notes which is listed on the Interest Rate Market of the JSE to be published on SENS not later than 3 (three) Business Days before the relevant Interest Payment Date. The Issuer Agent will cause each Interest Amount determined by it to be announced on SENS at least 3 (three) Business Days before the relevant Interest Payment Date.

8.6.3.2. The Issuer Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.

**8.6.4. *Certificates to be final***

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

**8.6.5. *Failure to make determinations***

If the Issuer Agent does not for any reason determine and/or calculate and/or publish any amount, rate or date as provided in the Terms and Conditions, it will forthwith notify the Issuer, the Settling Bank, the Central Securities Depository (if the relevant Tranche of Notes is held in the Central Securities Depository) and the JSE (if the relevant Tranche of Notes is listed on the Interest Rate Market of the JSE) thereof. Any failure by the Issuer Agent to determine and/or calculate and/or publish any of the foregoing will not affect the Issuer's obligations to pay any amount due in respect of the Notes as and when due.

**8.7. *Debt Instrument System and Issuer Agent***

8.7.1. The CSD Procedures provide for the establishment and implementation of the Central Securities Depository's "Debt Instrument Solution ('DIS')". These amendments also provide, among other things, for the appointment of an 'Issuer Agent' who will be responsible, among other things, for the confirmation of interest/coupon and partial redemption amounts to be disbursed under debt instruments and the confirmation, on a daily basis of the outstanding principal amount of debt instruments in issue. An 'Issuer Agent' may be electronically connected to the Debt Instrument System by a system (the Central Messaging Front-End System ('CMFE')) that caters for an 'Issuer Agent' interface to the Debt Instrument System. The Central Messaging Front-End System will enable an 'Issuer Agent' to interact directly with the Central Securities Depository.

8.7.2. The Issuer Agent is the 'Issuer Agent' contemplated in the CSD Procedures. In addition to the duties and obligations of the Issuer Agent contemplated in this Condition 8, the Issuer Agent will perform all such

additional duties and comply with all such additional obligations as are required to be performed and/or complied with under the applicable provisions of the CSD Procedures.

## 9. REDEMPTION AND PURCHASE

### 9.1. Scheduled redemption

- 9.1.1. Unless previously redeemed or purchased and cancelled pursuant to this Condition 9 below, a Tranche of Notes (other than Additional Tier 1 Notes) will be redeemed by the Issuer, at the Final Redemption Amount, on the Maturity Date.
- 9.1.2. A Tranche of Additional Tier 1 Notes must be issued without a Maturity Date and (without prejudice to the provisions of Condition 13.3):
- 9.1.2.1. shall only be redeemed, at the aggregate Outstanding Principal Amount of that Tranche plus accrued interest (if any), on a winding-up (other than pursuant to a Solvent Reconstruction) or liquidation of the Issuer subject to Condition 5.3.3;
- 9.1.2.2. may only be redeemed, substituted, varied or purchased, prior to a winding-up or liquidation of the Issuer, in accordance with and subject to the provisions of Condition 9.2, Condition 9.3, Condition 9.4 or Condition 9.5, as applicable.

### 9.2. Redemption for tax reasons

- 9.2.1. If a Tax Event has occurred and is continuing, a Tranche of Notes may (subject, in the case of a Tranche of Subordinated Notes, to the prior written approval of the Prudential Authority) be redeemed, at the election of the Issuer, in whole or, if so specified in the Applicable Pricing Supplement, in part, subject to the Issuer having given not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Noteholders of that Tranche (which notice shall be irrevocable) in accordance with Condition 19 and to the Transfer Agent and the Settling Bank, on the Early Redemption Date (Tax)), at the Early Redemption Amount (Tax); provided that no such notice of redemption shall be given earlier than:
- 9.2.1.1. where the Early Redemption Date (Tax) is an Interest Payment Date, 60 (sixty) days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts or would not be entitled (or such entitlement is materially reduced) to claim a deduction in respect of computing its taxation liabilities; or
- 9.2.1.2. where the Early Redemption Date (Tax) is not an Interest Payment Date, 90 (ninety) 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.
- 9.2.2. Prior to the publication of any notice of redemption pursuant to Condition 9.2.1, the Issuer shall deliver to the relevant Noteholders in accordance with Condition 19 (A) a certificate signed by two authorised officers of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (B) an opinion of independent advisers of recognised standing to the effect that a Tax Event has occurred. Upon the expiry of the notice referred to in Condition 9.2.1, the Issuer shall be bound to redeem the Notes in accordance with this Condition 9.2.

### 9.3. Redemption for regulatory reasons

- 9.3.1. If a Regulatory Event has occurred and is continuing, a Tranche of Subordinated Notes may (subject to the prior written approval of the Prudential Authority), be redeemed, at the election of the Issuer, in whole or, if so specified in the Applicable Pricing Supplement, in part, subject to the Issuer having given not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Noteholders of that Tranche (which notice shall be irrevocable) in accordance with Condition 19 and to the Transfer Agent and the Settling Bank, on the Early Redemption Date (Regulatory), at the Early Redemption Amount (Regulatory).
- 9.3.2. Prior to the publication of any notice of redemption pursuant to Condition 9.3.1, the Issuer shall deliver to the relevant Noteholders in accordance with Condition 19 (A) a certificate signed by two authorised officers of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and B)

unless the Prudential Authority has confirmed to the Issuer that the proceeds of the issue of the relevant Notes are not eligible to qualify as the relevant class of Regulatory 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 the notice referred to in Condition 9.3.1, the Issuer shall be bound to redeem the Notes in accordance with this Condition 9.3.

#### 9.4. **Redemption at the election of the Issuer**

##### 9.4.1. *Unsubordinated Notes*

If the Issuer Early Redemption Election is applicable to a Tranche of Unsubordinated Notes, the Issuer may, at its election, having given not less than the period of notice specified in the Applicable Pricing Supplement to the Settling Bank, the Transfer Agent, and the relevant Noteholders in accordance with Condition 19, redeem that Tranche of Unsubordinated Notes in whole or, if so specified in the Applicable Pricing Supplement, in part, on the Early Redemption Date (Call) at the Early Redemption Amount (Call).

##### 9.4.2. *Subordinated Notes*

If the Issuer Early Redemption Election is applicable to a Tranche of Subordinated Notes, the Issuer may at its election, having given not less than the period of notice specified in the Applicable Pricing Supplement to the Settling Bank, the Transfer Agent, and the Noteholders of that Tranche in accordance with Condition 19, redeem that Tranche of Subordinated Notes in whole or, if so specified in the Applicable Pricing Supplement, in part, on the Early Redemption Date (Call), at the Early Redemption Amount (Call); provided that:

- 9.4.2.1. no Early Redemption Date (Call) shall fall earlier than the date being 5 (five) years and 1 (one) day after the Issue Date;
- 9.4.2.2. the Issuer shall obtain the prior written approval of the Prudential Authority before exercising the Issuer Early Redemption Election;
- 9.4.2.3. the Issuer shall not (and does not) create any expectation that the Issuer Early Redemption Election will be exercised; and
- 9.4.2.4. the Issuer shall not exercise the Issuer Early Redemption Election unless:
  - 9.4.2.4.1. the Issuer concurrently replaces that Tranche of Subordinated Notes (or the relevant part of that Tranche of Subordinated Notes if that Tranche of Subordinated Notes is to be redeemed in part) with capital of similar or better quality and the replacement of capital is done at conditions that are sustainable for the income capacity of the Issuer; or
  - 9.4.2.4.2. the Issuer demonstrates to the satisfaction of the Prudential Authority that the Issuer's capital position will be well above the relevant specified minimum capital requirements after the Issuer Early Redemption Election is exercised.

#### 9.5. **Substitution or variation of Additional Tier 1 Notes**

- 9.5.1. If a Tax Event or a Regulatory Event, as the case may be, has occurred and is continuing, then the Issuer may, at its election, instead of giving notice to redeem a Tranche of Additional Tier 1 Notes pursuant to Condition 9.2 or Condition 9.3, as the case may be, subject to the Issuer satisfying the conditions set out in Condition 9.6 (but without any requirement for the consent or approval of any Noteholder), having given not less than not less than 60 (sixty) nor more than 90 (ninety) days' notice to the Noteholders of that Tranche (which notice shall be irrevocable) in accordance with Condition 19 (which notice shall be irrevocable), substitute at any time all (but not some only) of the Additional Tier 1 Notes in that Tranche for, or vary the Applicable Terms and Conditions of that Tranche of Additional Tier 1 Notes so that they remain, Qualifying Additional Tier 1 Capital Securities or become Qualifying Tier 2 Capital Securities.
- 9.5.2. The Issuer shall, in connection with any substitution or variation of a Tranche of Additional Tier 1 Notes in accordance with this Condition 9.5, comply with the JSE Rules and/or the JSE Debt Listings Requirements, as applicable, and/or the rules of any additional or other Financial Exchange on which that Tranche of Additional Tier 1 Notes is listed.

#### 9.6. Conditions to substitution or variation of Additional Tier 1 Notes

A Tranche of Additional Tier 1 Notes may only be substituted or varied by the Issuer pursuant to Condition 9.5 if:

- 9.6.1. the Issuer has notified the Prudential Authority of its intention to substitute or vary that Tranche of Additional Tier 1 Notes at least one month (or such other period, longer or shorter, as the Prudential Authority may then require or accept) prior to the date scheduled for substitution or variation of that Tranche of Additional Tier 1 Notes and written approval has been received from the Prudential Authority; and
- 9.6.2. both at the time when the notice of substitution or variation of that Tranche of Additional Tier 1 Notes is given and immediately following the substitution or variation of that Tranche of Additional Tier 1 Notes, 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 Prudential Authority no longer so requires) as confirmed by the Prudential Authority.

#### 9.7. Redemption at the election of Noteholders

- 9.7.1. If the Noteholder Early Redemption Election is specified in the Applicable Pricing Supplement as being applicable to a Tranche of Unsubordinated Notes or a Tranche or Order Notes, as applicable ("**relevant Tranche**"), a Noteholder of any Notes in the relevant Tranche ("**relevant Noteholder**") may, at its election (but subject to Condition 9.7.2) require the Issuer to redeem all or any of such Notes held by the relevant Noteholder (as specified in the Noteholder Early Redemption Notice) ("**relevant Notes**"), in whole or, if so specified in the Applicable Pricing Supplement, in part, on the Early Redemption Date (Put), at the Early Redemption Amount (Put).
- 9.7.2. In order to exercise the Noteholder Early Redemption Election, the relevant Noteholder must, not less than 30 (thirty) nor more than 60 (sixty) days before the Early Redemption Date (Put), send the duly completed Noteholder Early Redemption Notice (in the form obtainable from the Issuer or attached to the Applicable Pricing Supplement, as the case may be), together with (where applicable) a copy of the Certificate (if any) representing the relevant Notes or (where applicable) a copy of the Order Certificate, as the case may be, representing and embodying the relevant Notes, to the Issuer, with a copy of the Noteholder Early Redemption Notice to the Transfer Agent and the Settling Bank.
- 9.7.3. No Certificate representing the relevant Notes which has been surrendered to the Transfer Agent in accordance with Condition 11.2.4, if applicable, and no Order Certificate representing and embodying the relevant Notes which has been presented and surrendered to the Settling Bank in accordance with Condition 11.3, may be withdrawn; provided that if, prior to the Early Redemption Date (Put), the relevant Notes become immediately due and payable or payment of the relevant redemption monies is improperly withheld or refused, such Certificate or Order Certificate, as the case may be, shall, without prejudice to the exercise of the Noteholder Early Redemption Election, be returned to the relevant Noteholder by uninsured mail (airmail if overseas) at the address specified by the relevant Noteholder in the Noteholder Early Redemption Notice.

#### 9.8. Redemption of a portion of the Notes and redemption of some, but not all, of the Notes in a Tranche

- 9.8.1. If only a portion of a Tranche of Notes (or only a portion of any Notes in that Tranche) are to be redeemed prior to the Maturity Date (if any) in terms of this Condition 9, the Redemption Amount of each such Note shall be the Redemption Amount of that Tranche of Notes (calculated as if that Tranche of Notes were to be redeemed in whole) multiplied by that portion (expressed as a percentage) divided by the total number of Notes in that Tranche.
- 9.8.2. Where only some, but not all, of the Notes in a Tranche of Notes are to be redeemed prior to the Maturity Date (if any) in terms of this Condition 9, the Redemption Amount of each such Note shall be the Redemption Amount of that Tranche of Notes divided by the total number of Notes in that Tranche.

#### 9.9. Early redemption of Zero Coupon Notes

- 9.9.1. 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 equal to the sum of (i) the Reference Price and (ii) the product of the Accrual Yield (compounded annually) being applied

to the Reference Price from (and including) the Issue Date to (but excluding) the Redemption Date.

9.9.2. 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 which is less than a full year shall be made on the basis of the Day Count Fraction specified in the Applicable Pricing Supplement.

#### 9.10. No other redemption

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in this Condition 9 above.

#### 9.11. Purchase

##### 9.11.1. Subordinated Notes

9.11.1.1. Neither the Issuer nor any of its Subsidiaries (if any) may purchase Subordinated Notes without the prior written approval of the Prudential Authority.

9.11.1.2. If the Issuer obtains the prior written approval of the Prudential Authority for the purchase of any Subordinated Notes, the provisions of Condition 9.11.2 shall apply *mutatis mutandis* to the purchase by the Issuer of such Subordinated Notes.

9.11.1.3. No proscribed entity referred to in Regulations 38(11)(b)(iv)(E) and 38(12)(a)(iv)(F) of the Regulations Relating to Banks may purchase or acquire or hold any Subordinated Notes.

##### 9.11.2. Unsubordinated Notes

9.11.2.1. Subject to Conditions 9.11.2.2 to 9.11.2.6 inclusive, the Issuer or any of its Subsidiaries (if any) may at any time purchase Unsubordinated Notes in the open market or otherwise and at any price. In the event of the Issuer purchasing Unsubordinated Notes, such Unsubordinated Notes may (subject to the restrictions of any Applicable Law) be held, resold or, at the election of the Issuer, cancelled. Unsubordinated Notes purchased by any of the Issuer's Subsidiaries may be held or resold.

9.11.2.2. The Issuer may not purchase Unsubordinated Notes during any period where the Issuer is in possession of unpublished price sensitive information pursuant to the provisions of the Financial Markets Act, unless it is a purchase of a Tranche of Unsubordinated Notes pursuant to the exercise of an early redemption right in accordance with the Applicable Terms and Conditions. The provisions relating to the purchase of Unsubordinated Notes exclude market making activities where the Issuer provides liquidity or serves as an intermediary to facilitate transactions between buyers and sellers of Unsubordinated Notes ("**market making activities**").

9.11.2.3. Where the Issuer intends to make an offer, which is to be open to all Noteholders of Unsubordinated Notes ("**relevant Unsubordinated Noteholders**") in respect of all or part of the Unsubordinated Notes held by the relevant Unsubordinated Noteholders, to purchase any of such Unsubordinated Notes ("**Offer**"):

9.11.2.3.1. the Issuer will release an announcement of the Offer on SENS in accordance with the timetable set out in paragraph 3 of Schedule 4 (Form A4) of the JSE Debt Listings Requirements, and the Offer period so announced will be open for at least 15 (fifteen) Business Days;

9.11.2.3.2. while the Offer is being actively considered by the relevant Unsubordinated Noteholders, the Issuer will ensure that no dealings in the relevant Unsubordinated Notes are carried out by or on behalf of the Issuer or any other member of the Capitec Group or any associate or any subsidiary, until the proposal has either been submitted to the JSE or abandoned;

9.11.2.3.3. the Issuer will notify the JSE of its decision to proceed with the Offer.

9.11.2.4. Any purchases (excluding market making activities) of Unsubordinated Notes must be announced on SENS when an aggregate of 10% of the aggregate Outstanding Principal Amount of such Unsubordinated Notes has been purchased during a financial year of the Issuer and a further announcement on SENS is required for each subsequent purchase of 10% in aggregate of the aggregate Outstanding Principal Amount of such Unsubordinated Notes during the remainder of the aforementioned financial year.

9.11.2.5. The announcement referred to in Condition 9.11.2.4 must be made as soon as possible and, in any

event, by not later than 08h30 on the Business Day following the day on which the relevant threshold referred to in Condition 9.11.2.4 is reached or exceeded.

- 9.11.2.6. The announcement referred to in Condition 9.11.2.4 must state (i) the highest and lowest prices paid for the purchased Unsubordinated Notes, (ii) the number of Unsubordinated Notes purchased since the most recent announcement, (iii) the aggregate Outstanding Principal Amount of Unsubordinated Notes that remain in issue, and (iv) whether and when the Unsubordinated Notes purchased are to be cancelled (as contemplated in Condition 9.12), and the listing (if applicable) of the Unsubordinated Notes purchased on the Interest Rate Market of the JSE is to be removed.

#### 9.12. Cancellation

All Notes which are redeemed or (in the case of Unsubordinated Notes) purchased by the Issuer and, at the election of the Issuer, cancelled (as contemplated in Condition 9.11) will forthwith be cancelled and may not be re-issued or resold. Each Certificate (if any) representing any Registered Notes, and each Order Certificate representing and embodying any Order Notes, which are cancelled or, following a partial redemption, partially cancelled, shall be forwarded to the Transfer Agent for cancellation. The Transfer Agent shall notify the Central Securities Depository (if the relevant Tranche of Notes is held in the Central Securities Depository) and the JSE (if the relevant Tranche of Notes is listed on the Interest Rate Market of the JSE) of any cancellation, partial redemption or redemption of Registered Notes in the relevant Tranche of Notes so that such entity/ies can record the reduction in the aggregate Outstanding Principal Amount of the Notes in issue. Where only a portion of Registered Notes which are represented by a Certificate is redeemed, the Transfer Agent shall deliver a new Certificate, representing the balance of such Registered Notes, to the holder of such Registered Notes, as contemplated in Condition 16.1.2. The provisions of this Condition 9.12 shall, to the extent applicable, apply *mutatis mutandis* to Order Certificates and Order Notes.

#### 9.13. Beneficial Interests

The redemption of Beneficial Interests shall take place in accordance with the Financial Markets Act and the Applicable Procedures.

### 10. OCCURRENCE OF THE TRIGGER EVENT

- 10.1. This Condition 10 applies only to Subordinated Notes. Unless otherwise specified in the Applicable Pricing Supplement, Condition 10.2 to Condition 10.17 inclusive below shall apply irrespective of whether Write-Off or Conversion, as the case may be, is specified in the Applicable Pricing Supplement as being applicable to a Tranche of Subordinated Notes.
- 10.2. The provisions of this Condition 10 are based on or extracted from the relevant provisions of Regulations 38(11)(b) and 38(12) of the Regulations Relating to Banks as read with Guidance Note 06/2017. Where any of the relevant provisions of the Capital Regulations are amended, re-enacted or replaced and/or substituted from time to time by the Prudential Authority, the corresponding provisions of this Condition 10 shall, unless otherwise specified in the Applicable Pricing Supplement, automatically be deemed to have been amended to provide for such amendments, re-enactments, replacements and/or substitutions.
- 10.3. The Applicable Terms and Conditions of a Tranche of Subordinated Notes shall contain a provision that requires that Tranche of Subordinated Notes, at the occurrence of the Trigger Event (at the discretion of the Prudential Authority), to either be Written Off or Converted.
- 10.4. The Issuer will specify in the Applicable Pricing Supplement whether a Tranche of Subordinated Notes will, at the occurrence of the Trigger Event (at the discretion of the Prudential Authority), be Written Off or Converted.
- 10.5. Unless otherwise specified in the Applicable Pricing Supplement, the Trigger Event for a Tranche of Additional Tier 1 Notes which are accounted as equity (if any) and a Tranche of Tier 2 Notes, respectively, will be the occurrence of the "trigger event" specified in writing by the Prudential Authority; provided that, as a minimum, the aforesaid Trigger Event shall be the earlier of:
- 10.5.1. a decision that a write-off, without which the Issuer would become non-viable, is necessary, as determined by the Prudential Authority; or
- 10.5.2. the decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by the Prudential Authority.



- 10.6. Unless otherwise specified in the Applicable Pricing Supplement, the Trigger Event for a Tranche of Additional Tier 1 Notes which are accounted as liabilities will be the first to occur of the following events:
- 10.6.1. the occurrence of the "trigger event" specified in writing by the Prudential Authority; provided that, as a minimum, the aforesaid "trigger event" shall be the earlier of:
- 10.6.1.1. a decision that a write-off, without which the Issuer would become non-viable, is necessary, as determined by the Prudential Authority; or
- 10.6.1.2. the decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by the Prudential Authority; or
- 10.6.2. the CET 1 Ratio is equal to or falls below 5.875% of risk-weighted exposures.
- 10.7. The Prudential Authority will notify the Issuer in writing once the Prudential Authority determines that the Trigger Event has occurred.
- 10.8. The Issuer will, as soon as may be practicable after the Issuer has been notified by the Prudential Authority of the occurrence of the Trigger Event in respect of a Tranche of Subordinated Notes ("**relevant Tranche of Subordinated Notes**"), notify the Subordinated Noteholders of the relevant Tranche of Subordinated Notes ("**relevant Subordinated Noteholders**"), in accordance with Condition 19, of the occurrence of the Trigger Event and the Unpaid Amount.
- 10.9. Notwithstanding the occurrence of the Trigger Event, the Prudential Authority has a discretion to (i) take action and allow the Write-Off or Conversion to occur in order to effect an increase the CET1 Ratio such that the Issuer will be deemed by the Prudential Authority to be viable again or (ii) take no action and not require the Write-Off or Conversion to occur.
- 10.10. Write-Off or Conversion of Subordinated Notes need only occur up until the point where the Issuer is deemed by the Prudential Authority to be viable again, as specified in writing by the Prudential Authority.
- 10.11. In terms of statutory ranking, Additional Tier 1 Notes are likely to be Written Off or Converted prior to any Write-Off or Conversion of Tier 2 Notes. The Subordinated Notes to be Written Off or Converted at the occurrence of the Trigger Event (at the Discretion of the Prudential Authority) will be determined by the Prudential Authority.
- 10.12. The Prudential Authority will also determine whether, at the occurrence of the Trigger Event (at the discretion of the Prudential Authority), the entire aggregate Outstanding Principal Amount of the relevant Tranche of Subordinated Notes ("**Total Principal Amount**") or a portion of the Total Principal Amount ("**Relevant Portion of the Principal Amount**") will be Written Off or Converted, as applicable, such determination to be based on the book value of the relevant Tranche of Subordinated Notes as reflected in the Issuer's financial statements or management accounts at the relevant time (with reference to the amount required to increase the CET1 Ratio such that the Issuer will be deemed by the Prudential Authority to be viable again).
- 10.13. The "**Unpaid Amount**", in relation to the relevant Tranche of Subordinated Notes, will be the sum of the Total Principal Amount or the Relevant Portion of the Principal Amount, as the case may be, plus all accrued but unpaid interest on the Total Principal Amount or the Relevant Portion of the Principal Amount, as the case may be, as at the occurrence of the Trigger Event. The "**Relevant Portion of the Unpaid Amount**", in relation to each relevant Subordinated Noteholder, will be the Unpaid Amount multiplied by the number of Subordinated Note/s in the relevant Tranche of Subordinated Notes held by that relevant Subordinated Noteholder divided by the total number of Subordinated Notes in the relevant Tranche of Subordinated Notes.
- 10.14. Where the Unpaid Amount in respect of the relevant Tranche of Subordinated Notes is determined with reference to the Total Principal Amount, "**all of the Subordinated Notes**" means the whole of each Subordinated Note in the relevant Tranche of Subordinated Notes (and 100% of the Outstanding Principal Amount of that Subordinated Note).
- 10.15. Where the Unpaid Amount in respect of the relevant Tranche of Subordinated Notes is determined with reference to the Relevant Portion of the Principal Amount, the "**Relevant Portion of the Subordinated Notes**" means that portion of each Subordinated Note in the relevant Tranche of Subordinated Notes (and that percentage of the Outstanding Principal Amount of that Subordinated Note) as is equivalent to the proportion (expressed as a percentage) which the Relevant Portion of the Principal Amount bears to the Total Principal

Amount.

- 10.16. If the Issuer has both Tier 2 Notes and Other Tier 2 Capital Instruments in issue which are subject to Write-Off or Conversion, as applicable, the Tier 2 Notes and the Other Tier 2 Capital Instruments will be treated *pari passu*, and a partial Write-Off or Conversion may occur at the occurrence of the Trigger Event (at the discretion of the Prudential Authority), up to the point where the Issuer is deemed by the Prudential Authority to be viable again, as specified in writing by the Prudential Authority.
- 10.17. If the Issuer has both Additional Tier 1 Notes and Other Additional Tier 1 Capital Instruments in issue which are subject to Write-Off or Conversion, as applicable, the Additional Tier 1 Notes and the Other Additional Tier 1 Capital Instruments will be treated *pari passu*, and a partial Write-Off or Conversion may occur at the occurrence of the Trigger Event (at the discretion of the Prudential Authority), up to the point where the Issuer is deemed by the Prudential Authority to be viable again, as specified in writing by the Prudential Authority.

**10.18. Write-Off**

- 10.18.1. Unless otherwise specified in the Applicable Pricing Supplement, this Condition 10.18 shall apply to the relevant Tranche of Subordinated Notes where Write-Off is specified in the Applicable Pricing Supplement as being applicable.
- 10.18.2. At the occurrence of the Trigger Event (at the discretion of the Prudential Authority):
- 10.18.2.1. the Unpaid Amount in respect of the relevant Tranche of Subordinated Notes shall be Written Off without further action on the part of the Issuer, any Noteholder or any other Person;
- 10.18.2.2. the obligation that the Issuer would have had, in the absence of this Condition 10.18, to pay the Unpaid Amount to the relevant Subordinated Noteholders shall be extinguished in its entirety;
- 10.18.2.3. the Unpaid Amount shall be Written Off permanently with no provision for a write-up once the Issuer becomes viable again and shall be irrevocably lost;
- 10.18.2.4. where the Unpaid Amount is determined with reference to the Total Principal Amount, all of the Subordinated Notes shall (in consequence of the Write-Off) be cancelled, without further action on the part of the Issuer, any Noteholder or any other Person;
- 10.18.2.5. where the Unpaid Amount is determined with reference to the Relevant Portion of the Principal Amount, the Relevant Portion of the Subordinated Notes shall (in consequence of the Write-Off) be cancelled, without further action on the part of the Issuer, any Noteholder or any other Person.
- 10.18.3. If the Applicable Pricing Supplement specifies that compensation is to be paid to the relevant Subordinated Noteholders as a result of the Write-Off, such compensation shall (unless otherwise specified in the Applicable Pricing Supplement) be paid to the relevant Subordinated Noteholders in the form of Controlling Company Ordinary Shares and (unless otherwise specified in the Applicable Pricing Supplement) the provisions of Condition 10.19 (*Conversion*) shall apply *mutatis mutandis*.
- 10.18.4. If the Applicable Pricing Supplement does not specify that compensation is to be paid to the relevant Subordinated Noteholders as a result of the Write-Off, no compensation shall be paid to the relevant Subordinated Noteholders as a result of the Write-Off.

**10.19. Conversion**

- 10.19.1. Unless otherwise specified in the Applicable Pricing Supplement, this Condition 10.19 shall apply to the relevant Tranche of Subordinated Notes where Conversion is specified in the Applicable Pricing Supplement as being applicable.
- 10.19.2. At the occurrence of the Trigger Event (at the discretion of the Prudential Authority), all of the Subordinated Notes or the Relevant Portion of the Subordinated Notes, as applicable, shall be Converted into Controlling Company Ordinary Shares in the manner set out in this Condition 10.19 below.
- 10.19.3. For purposes of determining the number of Controlling Company Ordinary Shares to be received by each relevant Subordinated Noteholder, at the occurrence of the Trigger Event (at the Discretion of the Prudential Authority), the subscription price of the Controlling Company Ordinary Shares shall be the greater of:

- 10.19.3.1. the arithmetic mean (that is, the volume weighted average price) of the Controlling Company Ordinary Shares for the 5 (five) consecutive dealing days immediately prior to the occurrence of the Trigger Event, as published by the JSE; or
- 10.19.3.2. 20% of the closing value of the Controlling Company Ordinary Shares, as at the Issue Date, as published by the JSE.
- 10.19.4. The number of Controlling Company Ordinary Shares to be received by each relevant Subordinated Noteholder pursuant to the Conversion, at the occurrence of the Trigger Event (at the Discretion of the Prudential Authority) ("**Relevant Number of Controlling Company Ordinary Shares**") shall be determined with reference to the aggregate Issue Price of the Subordinated Notes held by that Subordinated Noteholder divided by the subscription price of the Controlling Company Ordinary Shares determined in accordance with the formula set out in Condition 10.19.3, and then rounding the resultant figure downward to the nearest whole number.
- 10.19.5. At the occurrence of the Trigger Event (at the Discretion of the Prudential Authority), each relevant Subordinated Noteholder shall be deemed to have subscribed for (and shall be deemed to have been issued with) the Relevant Number of Controlling Company Ordinary Shares.
- 10.19.6. The Relevant Number of Controlling Company Ordinary Shares shall be credited as fully paid and shall have the same rights as, and rank *pari passu* in all respects with, all of the Controlling Company Ordinary Shares as at the occurrence of the Trigger Event. If the Controlling Company Ordinary Shares are issued in registered certificated form, the Issuer shall procure that the certificate/s evidencing the Relevant Number of Controlling Company Ordinary Shares is/are delivered to each relevant Subordinated Noteholder.
- 10.19.7. The subscription price of the Relevant Number of Controlling Company Ordinary Shares subscribed for by each relevant Subordinated Noteholder in terms of Condition 10.19.5 shall be an amount which is equal to the Relevant Portion of the Unpaid Amount (that is, the face value of all of the Subordinated Note/s or the Relevant Portion of the Subordinated Note/s, as applicable, held by that relevant Subordinated Noteholder).
- 10.19.8. Payment of the subscription price of the Relevant Number of Controlling Company Ordinary Shares by each relevant Subordinated Noteholder shall be effected by that relevant Subordinated Noteholder (a) transferring (and having been deemed to have transferred) all of the Subordinated Note/s or the Relevant Portion of the Subordinated Note/s, as applicable, held by that relevant Subordinated Noteholder to the Controlling Company and (b) ceding (and having been deemed to have ceded) all of that relevant Subordinated Noteholder's rights and claims under the Relevant Portion of the Unpaid Amount to the Controlling Company.
- 10.19.9. In consequence of the transfer and cession referred to in Condition 10.19.8, the Controlling Company will be the Subordinated Noteholder of all of the Subordinated Notes or the Relevant Portion of the Subordinated Notes, as applicable, and the Controlling Company will have a claim against the Issuer which is equal to the Unpaid Amount (that is, the face value of all of the Subordinated Notes or the Relevant Portion of the Subordinated Notes, as applicable).
- 10.19.10. At the occurrence of the Trigger Event and forthwith after each relevant Subordinated Noteholder shall have been deemed to have been issued with the Relevant Number of Controlling Company Ordinary Shares pursuant to Condition 10.19.5, the Controlling Company shall subscribe for the Relevant Number of Issuer Ordinary Shares and the Issuer shall issue the Relevant Number of Issuer Ordinary Shares to the Controlling Company.
- 10.19.11. The Relevant Number of Issuer Ordinary Shares shall be credited as fully paid and shall have the same rights as, and rank *pari passu* in all respects with, all of the Issuer Ordinary Shares as at the occurrence of the Trigger Event. If the Issuer Ordinary Shares are issued in registered certificated form, the Issuer shall procure that the certificate/s evidencing the Relevant Number of Issuer Ordinary Shares is/are delivered to the Controlling Company.
- 10.19.12. The subscription price for the Relevant Number of Issuer Ordinary Shares shall be an amount which is equal to the Unpaid Amount (that is, the face value of all of the Subordinated Notes or the Relevant Portion of the Subordinated Notes, as applicable, held by the Controlling Company).

- 10.19.13. For purposes of determining the number of Issuer Ordinary Shares to be issued to the Controlling Company pursuant to the subscription referred to in Condition 10.19.10 ("**Relevant Number of Issuer Ordinary Shares**"), the subscription price for the Relevant Number of Issuer Ordinary Shares referred to in Condition 10.19.12 shall be divided by the market value of the Issuer Ordinary Shares as at the day of such subscription (determined by the auditors of the Issuer in accordance with Condition 10.19.14), the resultant figure being rounded downward to the nearest whole number.
- 10.19.14. The Issuer shall procure that the market value of the Issuer Ordinary Shares as at the day of the subscription referred to in Condition 10.19.10 is determined by the auditors of the Issuer. In the absence of manifest error, the market value so determined by the auditors of the Issuer shall be binding on the Controlling Company and the Issuer.
- 10.19.15. The obligation of the Controlling Company to pay the subscription price for the Relevant Number of Issuer Ordinary Shares subscribed for by it in terms of Condition 10.19.10 shall be set-off against the obligation of the Issuer to pay the Unpaid Amount under all of the Subordinated Notes or the Relevant Portion of the Subordinated Notes, as applicable, held by the Controlling Company.
- 10.19.16. In consequence of the set-off referred to in Condition 10.19.15:
- 10.19.16.1. the Issuer's obligation to pay the Unpaid Amount under all of the Subordinated Notes or the Relevant Portion of the Subordinated Notes, as applicable, shall be discharged in its entirety;
- 10.19.16.2. where the Unpaid Amount is determined with reference to the Total Principal Amount, all of the Subordinated Notes shall be cancelled, without further action on the part of the Issuer, the Controlling Company, any Noteholder or any other Person;
- 10.19.16.3. where the Unpaid Amount is determined with reference to the Relevant Portion of the Principal Amount, the Relevant Portion of the Subordinated Notes shall be cancelled, without further action on the part of the Issuer, the Controlling Company, any Noteholder or any other Person.
- 10.19.17. The arrangements contemplated in this Condition 10.19 are set out in the Conversion Agreement. The obligations of the Controlling Company under this Condition 10.19 are enforceable by the relevant Subordinated Noteholders pursuant to the Conversion Agreement and Condition 22 (*Benefits*). A copy of the Conversion Agreement will be made available, to each prospective relevant Subordinated Noteholder, at the time of finalisation of the Applicable Pricing Supplement.
- 10.19.18. The Issuer shall (and the Issuer shall procure that the Controlling Company shall) at all times (to the extent that it is within the Issuer and/or the Controlling Company's control and/or power to do so) obtain and maintain all prior authorisations (including, without limitation, all Controlling Company shareholder approvals in terms of the Companies Act and the JSE Listings Requirements applicable to the Main Board of the JSE) necessary to ensure the Conversion of the relevant Tranche of Subordinated Notes pursuant to this Condition 10.19 above. The Issuer will not issue and list a Tranche of Subordinated Notes to which Conversion is applicable unless the Controlling Company shall have secured and/or obtained the required shareholders' approval in accordance with the JSE Listings Requirements applicable to the Main Board of the JSE.
- 10.19.19. Where, at the occurrence of the Trigger Event, the Conversion of the relevant Tranche of Subordinated Notes pursuant to this Condition 10.19 above (i) cannot be undertaken for any reason or (ii) is not irrevocable or (iii) will not result in an immediate increase in the CET 1 Ratio, then the relevant Tranche of Subordinated Notes shall, instead of being Converted, be Written Off, at the occurrence of the Trigger Event (at the discretion of the Prudential Authority), *mutatis mutandis* in accordance with the provisions of Condition 10.18.2 (*Write-Off*).

#### 10.20. **Surviving Subordinated Notes**

Where the Unpaid Amount in respect of the relevant Tranche of Subordinated Notes is determined with reference to the Relevant Portion of the Principal Amount:

- 10.20.1. the balance of the relevant Tranche of Subordinated Notes not Written-Off (or, if applicable, Converted) (such balance being the "**Surviving Subordinated Notes**") shall continue to exist and, after the Write-Off (or, if applicable, Conversion), all references to "Principal Amount" in the Terms and Conditions and/or the Applicable Terms and Conditions (including, without limitation, Condition 9.2 (*Redemption for tax reasons*),

Condition 9.3 (*Redemption for regulatory reasons*) and Condition 9.4 (*Redemption at the election of the Issuer*) shall be construed as references to the Total Principal Amount less the Relevant Portion of the Principal Amount, and all references to "Subordinated Notes" and "a Tranche of Subordinated Notes" in the Terms and Conditions and/or the Applicable Terms and Conditions (including, without limitation, Condition 9.2 (*Redemption for tax reasons*), Condition 9.3 (*Redemption for regulatory reasons*) and Condition 9.4 (*Redemption at the election of the Issuer*)) shall be construed as references to the Surviving Subordinated Notes; and

- 10.20.2. without limiting the provisions of Condition 10.20.1 if, after the Write-Off (or, if applicable, Conversion), the relevant Tranche of Subordinated Notes is to be redeemed in terms of Condition 9.2 (*Redemption for tax reasons*) or Condition 9.3 (*Redemption for regulatory reasons*) or Condition 9.4 (*Redemption at the election of the Issuer*), as the case may be, the amount of principal and accrued but unpaid interest to be paid to the Noteholders of the relevant Tranche of Subordinated Notes in terms of Condition 9.2 (*Redemption for tax reasons*) or Condition 9.3 (*Redemption for regulatory reasons*) or Condition 9.4 (*Redemption at the election of the Issuer*), as the case may be, shall be irrevocably reduced by the Unpaid Amount.

#### 10.21. No Event of Default

Neither the Write-Off (nor, if applicable, the Conversion of all of the Subordinated Notes or the Relevant Portion of the Subordinated Notes, as applicable, nor the failure to pay the Unpaid Amount to the relevant Subordinated Noteholders in consequence of the Write-Off (or, if applicable, the Conversion)) shall constitute an Event of Default or any other breach of the Issuer's obligations under the relevant Tranche of Subordinated Notes or the Applicable Terms and Conditions, and the relevant Subordinated Noteholders will have no claims of whatsoever nature against the Issuer as a result of the Write-Off (or, if applicable, the Conversion).

#### 10A DISAPPLICATION OF THE NON-VIABILITY LOSS ABSORPTION CONDITION

- 10A.1 This Condition 10A applies only to Subordinated Notes. Subject to any automatic and/or compulsory disapplication of the Non-Viability Loss Absorption Condition provisions provided for in the Recovery and Resolution Legislation (once it is enacted as law), if "disapplication of the Non-Viability Loss Absorption Condition" is specified as being applicable in the relevant Applicable Pricing Supplement, Condition 10.2 to Condition 10.17 inclusive below shall apply to each Tranche of Subordinated Notes.

- 10A.2 If a Statutory Loss Absorption Regime is implemented in South Africa and such Statutory Loss Absorption Regime:

- 10A.2.1 is not applied mandatorily to the Subordinated Notes; and

- 10A.2.2 provides that the Issuer may, or otherwise allows the Issuer to, or does not restrict the ability of the Issuer to, elect to apply such Statutory Loss Absorption Regime to the Subordinated Notes;

then the Issuer may, in relation to any one or more Tranche of Subordinated Notes (each the "**relevant Tranche of Subordinated Notes**"), at any time, subject to the approval of the Prudential Authority to the extent then required, and by giving notice ("**Amendment Notice**") to the Noteholders of the relevant Tranche of Subordinated Notes (which Amendment Notice shall be irrevocable) in accordance with Condition 19, elect to apply that Statutory Loss Absorption Regime to the relevant Tranche of Subordinated Notes ("**Amendment Option**") from the date specified in the Amendment Notice (being a date no earlier than the date on which the Statutory Loss Absorption Regime takes effect) ("**Amendment Date**"), and upon such Statutory Loss Absorption Regime applying to the relevant Tranche of Subordinated Notes on and with effect from the Amendment Date, the definition of "Trigger Event" in Condition 10.5 or Condition 10.6, as applicable, shall be amended accordingly; provided that:

- A. if the Issuer does not exercise the Amendment Option, and this non-exercise (i) results in the proceeds of the issue of the relevant Tranche of Subordinated Notes being fully or partially excluded from the Tier 2 Capital or the Additional Tier 1 Capital (as applicable) of the Issuer on a solo and/or consolidated basis and (b) is the sole reason for such exclusion, then such exclusion shall not constitute a Regulatory Event (although this limited exclusion is without prejudice to any other rights the Issuer may have if a different event occurs or has occurred which is deemed to be a Regulatory Event); and
- B. notwithstanding sub-Condition (A) above, any mandatory application of the Statutory Loss Absorption Regime to the relevant Tranche of Subordinated Notes under Applicable Law which results in the proceeds

of the issue of the relevant Tranche of Subordinated Notes being fully or partially excluded from the Tier 2 Capital or the Additional Tier 1 Capital (as applicable) of the Issuer on a solo and/or consolidated basis shall constitute a Regulatory Event unless such mandatory application of the Statutory Loss Absorption Regime would not have resulted in the proceeds of the issue of the relevant Tranche of Subordinated Notes being so excluded from the Tier 2 Capital or the Additional Tier 1 Capital (as applicable) of the Issuer had the Issuer exercised the Amendment Option.

10A.3 If the Statutory Loss Absorption Regime is applied mandatorily to the relevant Tranche of Subordinated Notes under Applicable Law, the provisions of Condition 10.18 or Condition 10.9, as applicable, will (only to the extent required by the Statutory Loss Absorption Regime) cease to apply and the relevant Tranche of Subordinated Notes will be subject to such minimum requirements of the Statutory Loss Absorption Regime required to ensure that the proceeds of the issue of the relevant Tranche of Subordinated Notes continue to qualify as Tier 2 Capital or Additional Tier 1 Capital (as applicable) with effect from the date on which the Statutory Loss Absorption Regime takes effect.

10A.4 For the avoidance of doubt, if a Trigger Event occurs on or after the date on which the provisions of Condition 10.18 or Condition 10.19, as applicable, cease to apply, (a) the Issuer will notify the Noteholders of the relevant Tranche of Subordinated Notes in accordance with Condition 19, that a Trigger Event has occurred and (b) the Prudential Authority or the Issuer, following instructions from the Prudential Authority, may take such action in respect of the relevant Tranche of Subordinated Notes as is required or permitted by the Statutory Loss Absorption Regime.

## 11. PAYMENTS

### 11.1. General

11.1.1. All references in this Condition 11 to "*Settling Bank*" shall be construed as references to the Settling Bank acting on behalf of the Issuer (where the Issuer has appointed a third party entity to act as Settling Bank) or to the Issuer (where the Issuer itself acts as the Settling Bank), as the case may be.

11.1.2. Payments will be subject in all cases to any Taxation or other laws, directives and regulations applicable to such payment in the place of payment.

### 11.2. Payments - Registered Notes

#### 11.2.1. *Registered Noteholders*

11.2.1.1. Payments of all amounts due and payable in respect of Registered Notes will be made to the person named as the registered Noteholder of such Registered Notes in the Register at 17h00 (South African time) on the relevant Last Day to Register.

11.2.1.2. Only Noteholders named in the Register at 17h00 (South African time) on the relevant Last Day to Register will be entitled to payments of interest and/or principal in respect of Registered Notes.

#### 11.2.2. *Method of payment – Uncertificated Registered Notes*

11.2.2.1. The Issuer has opened the Designated Bank Account with the Settling Bank. The Designated Bank Account will be used solely for purposes of depositing (and funding) the aggregate amount (whether in respect of principal, interest or otherwise) which is due and payable, on the relevant Payment Date, in respect of a Tranche of Uncertificated Registered Notes. The Issuer will, in accordance with the CSD Procedures, furnish the Central Securities Depository with full details of the Settling Bank and the Designated Bank Account.

11.2.2.2. The Issuer will, in accordance with the CSD Procedures and by no later than the time and day stipulated in the CSD Procedures, make an irrevocable deposit, into the Designated Bank Account, of the full aggregate amount which is due and payable, on the relevant Payment Date, in respect of a Tranche of Uncertificated Registered Notes. Such amount will be deposited into the Designated Bank Account, in immediately available and freely transferable funds, in the Specified Currency.

11.2.2.3. The funds in the Designated Bank Account will be transferred to the relevant Participants, by means of the South African Multiple Option Settlement ('SAMOS') system operated by the South African Reserve Bank. The Participants will then make payment of the relevant amounts to the registered Noteholders of Uncertificated Registered Notes, in accordance with the CSD Procedures.

- 11.2.2.4. Once the funds deposited into the Designated Bank Account have been cleared and credited to the Designated Bank Account, and transferred from the Designated Bank Account to the relevant Participants, neither the Settling Bank nor the Issuer shall be responsible for the loss in transmission of any such funds. Accordingly, the irrevocable deposit of any amount into (and the clearance and crediting of such amount to) the Designated Bank Account, and the transfer of such amount from the Designated Bank Account to the relevant Participants, all in accordance with the CSD Procedures and this Condition 11.2.2, will be satisfaction *pro tanto*, to the extent of such amount, of the Issuer's obligations to the relevant registered Noteholders under the relevant Uncertificated Registered Notes, the Applicable Terms and Conditions and the Applicable Agency Agreement (if any).
- 11.2.2.5. Each of the Persons reflected in the records of the relevant Participant as the registered Noteholder of Uncertificated Registered Notes shall look solely to the relevant Participant for such Person's share of the funds deposited into the Designated Bank Account.
- 11.2.2.6. Payments of amounts due and payable in respect of Uncertificated Registered Notes will be recorded by the relevant Participant, distinguishing between interest and principal, and such record of payments by the relevant Participant shall be *prima facie* proof of such payments.
- 11.2.3. *Method of payment - Registered Notes which are represented by Certificates*
- 11.2.3.1. The Issuer will, in the case of Registered Note/s which is/are represented by a Certificate, pay all amounts which are due and payable, on a Payment Date, to the registered Noteholder/s of such Registered Note/s, in immediately available and freely transferable funds, in the Specified Currency, by electronic funds transfer, to the bank account of the Person named as the registered Noteholder of such Registered Note/s in the Register or, in the case of joint registered Noteholders, the bank account of the first one of them named in the Register in respect of such Registered Note/s.
- 11.2.3.2. If several Persons are entered into the Register as joint registered Noteholders of Registered Note/s which are represented by a Certificate then, without affecting the previous provisions of this Condition 11.2.3, payment to any one of them shall be an effective and complete discharge by the Issuer of the amount so paid, notwithstanding any notice (express or otherwise) which the Issuer may have of the right, title, interest or claim of any other Person to or in any such Registered Note/s.
- 11.2.3.3. The Issuer shall not be responsible for the loss in transmission of any funds referred to in Condition 11.2.3.1, and payment of any amount into the bank account referred to in Condition 11.2.3.1 in accordance with Condition 11.2.3.1, shall be satisfaction *pro tanto*, to the extent of such amount, of the Issuer's obligations to the Noteholders under the relevant Registered Notes, the Applicable Terms and Conditions and the Applicable Agency Agreement (if any).
- 11.2.4. *Surrender of Certificates*
- 11.2.4.1. Payments of principal in respect of any Registered Note/s which is/are represented by Certificate/s shall be made to the Noteholder/s of such Registered Note/s only if, prior to the Redemption Date, such Certificate/s shall have been surrendered to the Transfer Agent (at its Specified Office).
- 11.2.4.2. If the relevant Certificate is not surrendered to the Transfer Agent (at its Specified Office) in accordance with Condition 11.2.4.1, the amount of principal payable to the Noteholder of the Registered Notes represented by that Certificate shall be retained by the Issuer for such Noteholder, at the latter's risk, until that Certificate shall have been surrendered to the Transfer Agent (at its Specified Office), and such Noteholder will not be entitled to any interest and/or other payments in respect of any delay in payment occasioned as a result of such failure to surrender such Certificate.
- 11.3. **Payments – Order Notes**
- 11.3.1. Payments of:
- 11.3.1.1. interest in respect of Order Notes will be made to the Payee only against presentation and surrender by the Payee, or its Representative, of the relevant Coupon or (where the Order Certificate is issued without Coupons) only against presentation by the Payee, or its Representative of the Order Certificate, to the Settling Bank (at its Specified Office);
- 11.3.1.2. Instalment Amounts in respect of Order Notes will be made to the Payee only against presentation and

surrender by the Payee, or its Representative, of the relevant Receipt to the Settling Bank (at its Specified Office);

- 11.3.1.3. principal or the final Instalment Amount, as applicable, in respect of Order Notes which are to be redeemed (whether in whole or in part) pursuant to the Applicable Terms and Conditions will be made to the Payee only against presentation and surrender, by the Payee or its Representative, of the relevant Order Certificate to the Settling Bank (at its Specified Office).
- 11.3.2. Upon presentation and surrender of the Order Certificate or Coupon or Receipt, as the case may be, to the Settling Bank (at its Specified Office) in terms of Condition 11.3.1, the Payee, or its Representative, shall notify the Settling Bank in writing of the address of the Payee and the bank account (within South Africa) into which the relevant payment must be made.
- 11.3.3. Subject to Conditions 11.3.1 and 11.3.2, the Settling Bank shall pay all amounts due and payable in respect of any Order Notes, in immediately available and freely transferable funds, in the Specified Currency, by electronic funds transfer, to the bank account referred to in Condition 11.3.2. Neither the Issuer nor the Settling Bank shall be responsible for the loss in transmission of any such funds, and payment of any amount into such bank account, in accordance with this Condition 11.3.3, shall be satisfaction *pro tanto*, to the extent of such amount, of the Issuer's obligations to the relevant Payees under the relevant Order Notes, the Applicable Terms and Conditions and the Applicable Agency Agreement (if any).

#### 11.4. Business Day

Notwithstanding anything to the contrary contained in the Terms and Conditions, if the date for payment of any amount due and payable in respect of any Notes is not a Business Day then:

- 11.4.1. if a Business Day Convention is not specified in the Applicable Pricing Supplement, such date for payment shall be the following Business Day;
- 11.4.2. if a Business Day Convention is specified in the Applicable Pricing Supplement, such date for payment shall be adjusted according to such Business Day Convention,

and the Noteholder of such Notes shall not be entitled to any interest or other payment in respect of any such delay in payment.

#### 11.5. Interpretation of principal and interest

- 11.5.1. Any reference in the Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable, (i) the Redemption Amount, (ii) any additional amounts which may be payable with respect to principal under Condition 12.1 and (iii) any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes, but excluding for the avoidance of doubt, interest.
- 11.5.2. Any reference in the 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 12.1.

## 12. TAXATION

### 12.1. Gross up

- 12.1.1. All payments of principal and interest in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for or on account of any Taxes, unless the withholding or deduction is required by Applicable Law.
- 12.1.2. If any such withholding or other deduction is required by Applicable Law, the Issuer shall, subject to the Issuer's rights to redeem that Tranche of Notes following a Tax Event pursuant to Condition 9.2, 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 received by them in the absence of such withholding or deduction, provided that no such additional amounts shall be payable in respect of any Note:
- 12.1.2.1. to a Noteholder who is liable for such Taxes in respect of such Note by reason of his having some connection with South Africa other than the mere holding of such Note or the receipt of principal or interest in respect of such Note; or



- 12.1.2.2. held by or on behalf of a Noteholder which would not be liable for or subject to such 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; or
- 12.1.2.3. where such withholding or deduction is in respect of Taxes levied or imposed on interest or principal payments only by virtue of the inclusion of such payments in the "*taxable income*" (as defined in section 1 of the Income Tax Act) or "*taxable capital gain*" (as defined in paragraph 1 of Schedule 8 to the Income Tax Act) of the relevant Noteholder; or
- 12.1.2.4. where (in the case of any payment of principal and/or interest which is conditional on surrender of the relevant Certificate in accordance with the Terms and Conditions or conditional on presentation and surrender of the relevant Order Certificate, as the case may be, in accordance with the Terms and Conditions, the relevant Certificate or the relevant Order Certificate, as the case may be, is surrendered (or presented and surrendered), as applicable more than 30 (thirty) days after the due date for payment of such principal and/or interest, except to the extent that the relevant Noteholder would have been entitled to such additional amounts if it had surrendered the relevant Certificate, or presented and surrendered the relevant Order Certificate, as the case may be, on such thirtieth day; or
- 12.1.2.5. if such withholding or deduction arises through the exercise by the revenue authorities of special powers in respect of tax defaulters.

## 12.2. Taxing jurisdiction

If the Issuer is no longer a tax resident of South Africa, references in the Terms and Conditions to South Africa shall be construed as references to the jurisdiction in which the Issuer has become a tax resident.

## 13. EVENTS OF DEFAULT

### 13.1. Events of Default relating to Unsubordinated Notes

- 13.1.1. This Condition 13.1 applies only to Unsubordinated Notes.
- 13.1.2. If any of the following events occurs and is continuing:
  - 13.1.2.1. *Non-payment*  
the Issuer fails to pay any amount of principal in respect of the Unsubordinated Notes within 5 (five) days of the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within 10 (ten) days of the due date for payment thereof; or
  - 13.1.2.2. *Breach of other obligations*  
the Issuer fails to perform any of its other obligations under the Applicable Terms and Conditions of a Tranche of Unsubordinated Notes and such failure remains unremedied for 30 (thirty) consecutive days after written notice thereof from any Unsubordinated Noteholder (given in accordance with Condition 19) has been received by the Issuer; or
  - 13.1.2.3. *Cross-default of Issuer*  
the Issuer fails to pay any Material Indebtedness when due and payable or (as the case may be) within any originally applicable grace period and such failure to pay continues for more than 30 (thirty) consecutive days; or
  - 13.1.2.4. *Unsatisfied judgment*  
one or more judgment/s or order/s from which no further appeal is permissible under Applicable Law for the payment of any amount due and payable under any Material Indebtedness is rendered against the Issuer and such judgment/s or order/s continue/s unsatisfied (and is not dismissed or withdrawn) for a period of 30 (thirty) consecutive days after the date/s of such judgment/s or order/s or, if later, the date/s specified for payment in such judgment/s or order/s; or
  - 13.1.2.5. *Security enforced*  
proceedings are initiated against the Issuer such that a person takes possession of the whole or a Material Part of its undertaking, assets and revenues or an execution or attachment or other process is

levied, enforced upon, sued out or put in force against the whole or a Material Part of its undertaking, assets and revenues, as the case may be, and (i) such proceedings are not (or such execution, attachment or other process is not) withdrawn, or settled and satisfied, within 45 (forty five) consecutive days or (ii) such proceedings are not (or such execution, attachment or other process is not) contested in good faith by the Issuer within 45 (forty five) consecutive days; or

13.1.2.6. *Winding-up*

an order is made or an effective resolution is passed for the winding-up, liquidation or curatorship of the Issuer, whether voluntarily or compulsorily (otherwise than in respect of a Solvent Reconstruction); or

13.1.2.7. *Failure to take action etc.*

any action, condition or thing (including the obtaining of any consent, licence, approval or authorisation) now or hereafter necessary to enable the Issuer to comply with its obligations under the Applicable Terms and Conditions of a Tranche of Unsubordinated Notes is not taken, fulfilled or done, or any such consent, licence, approval or authorisation is revoked, modified, withdrawn or withheld or ceases to remain in full force and effect, resulting in the Issuer being unable to perform any of its obligations under the Applicable Terms and Conditions of that Tranche of Unsubordinated Notes; or

13.1.2.8. *Unlawfulness*

it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Applicable Terms and Conditions of a Tranche of Unsubordinated Notes; or

13.1.2.9. *Cessation of business*

the Issuer ceases (or through an official act of the board of directors of the Issuer, threatens to cease) to carry on the whole or a substantial part of its business (other than in Solvent Circumstances),

then any Unsubordinated Noteholder may, by written notice to the Issuer in accordance with Condition 19 (*Notices*), declare all or any of the Unsubordinated Notes held by that Unsubordinated Noteholder to be immediately due and payable, whereupon such Unsubordinated Notes shall become immediately due and payable at the Early Termination Amount without further action or formality.

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

13.2.1. This Condition 13.2 applies only to Tier 2 Notes.

13.2.2. If default shall be made in the payment of any principal or interest due on the Tier 2 Notes for a period of 5 (five) days or more after any date on which the payment of principal is due or 10 (ten) days or more after any date on which the payment of interest is due (as the case may be), any Tier 2 Noteholder may, subject as provided below, at its discretion and without further notice, institute proceedings for the winding-up of the Issuer and/or prove in any winding-up of the Issuer, but take no other action in respect of that default. In such proceedings or winding-up the claim of a Tier 2 Noteholder shall be for the Early Termination Amount in respect of the Tier 2 Notes held by that Tier 2 Noteholder.

13.2.3. Payments of principal and/or interest on the Tier 2 Notes may not be accelerated by any Tier 2 Noteholder except in the case of bankruptcy and/or liquidation of the Issuer.

13.2.4. If any step (including an application, a proposal or a convening of a meeting) is taken by any Person with a view to having the Issuer liquidated and an order is thereafter passed for the liquidation of the Issuer, all of the Tier 2 Notes shall be deemed, on the date on which such step is taken, to have been declared forthwith due and payable (whether or not due for payment and without further action or formality), at the Early Termination Amount (subject to Condition 5.2.3), on and with effect from the day preceding the date on which such order for the liquidation of the Issuer is passed.

13.2.5. Without prejudice to Condition 13.2.2 to Condition 13.2.4 inclusive, if the Issuer breaches any of its obligations under the Tier 2 Notes (other than any obligation in respect of the payment of principal or interest on such Tier 2 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 such 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

- 13.3.1. This Condition 13.3 applies only to Additional Tier 1 Notes.
- 13.3.2. *Notwithstanding any of the provisions of this Condition 13.3, the right to institute winding up proceedings is limited to circumstances where amounts under the Additional Tier 1 Notes have become due and payable. Payment of any Interest Amount in respect of Additional Tier 1 Notes will not be due if the Issuer has elected or is obliged not to pay that Interest Amount (or any portion thereof) pursuant to Condition 7.2 (Non-payment of interest).*
- 13.3.3. If default shall be made in the payment of any principal or any interest due on the Additional Tier 1 Notes for a period of 7 (seven) days or more after any date on which such principal or any interest becomes due and payable, each Additional Tier 1 Noteholder may, subject as provided below, at its discretion and without further notice, institute proceedings for the winding-up of the Issuer and/or prove in any winding-up of the Issuer, but may take no other action in respect of such default.
- 13.3.4. Without prejudice to Condition 13.3.3, if the Issuer breaches any of its obligations under the Additional Tier 1 Notes (other than any obligation in respect of the payment of principal or interest on the Additional Tier 1 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 the Additional Tier 1 Notes sooner than the same would otherwise have been payable by it.

## 14. PRESCRIPTION

Any claim for payment of any amount of principal or interest, as the case may be, in respect of any Notes will prescribe 3 (three) years after the date on which such amount first becomes due and payable under the Applicable Terms and Conditions.

## 15. EXCHANGE OF BENEFICIAL INTERESTS FOR REGISTERED NOTES WHICH ARE REPRESENTED BY A CERTIFICATE AND REPLACEMENT OF CERTIFICATES

### 15.1. Exchange of Beneficial Interests

- 15.1.1. A holder of a Beneficial Interest in Registered Note/s may, if permitted by 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 Registered Notes in definitive registered form which are represented by a Certificate ("**Exchange Notice**"). The Exchange Notice shall specify (i) the name, physical address, postal address, e-mail address and bank account details of the holder of the Beneficial Interest and (ii) the day on which such Beneficial Interest is to be exchanged for Registered Notes which are represented by a Certificate; provided that such day shall be a Business Day and shall fall not less than 30 (thirty) days after the day on which such Exchange Notice is given.
- 15.1.2. The holder's nominated Participant will, within 7 (seven) days of receipt of the Exchange Notice, through the Central Securities Depository, notify the Transfer Agent that it is required to exchange such Beneficial Interest for Registered Notes which are represented by a Certificate. The Transfer Agent will, as soon as is practicable but within 14 (fourteen) days after receiving such notice, in accordance with the Applicable Procedures, procure that a Certificate is prepared, authenticated and made available for delivery, on a Business Day falling within the aforementioned 14 day period ("**Exchange Date**"), to the holder's nominated Participant (acting on behalf of 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.
- 15.1.3. In order to effect the exchange of a Beneficial Interest in any Registered Notes (a) such Registered Notes will, prior to the Exchange Date, be surrendered (through the Central Securities Depository) to the Transfer Agent at its Specified Office and (b) the Transfer Agent will obtain the release of such Registered Notes from the Central Securities Depository in accordance with the CSD Procedures.
- 15.1.4. An Individual Certificate shall, in relation to a Beneficial Interest in any number of Registered Notes of a

particular aggregate Outstanding Principal Amount standing to the account of the holder thereof, represent that number of Registered Notes of that aggregate Outstanding 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 Outstanding Principal Amount is equivalent to a fraction of the Specified Denomination or a fraction of any multiple thereof, such Certificate shall be issued in accordance with, and be governed by, the Applicable Procedures.

## 15.2. Costs

- 15.2.1. The costs and expenses of the delivery of each Certificate and all taxes or governmental charges that may be imposed in relation to such Certificate and/or the printing, issue and delivery of such Certificate and all related insurance charges (if any) shall, unless and to the extent otherwise provided by Chapter IV of the Financial Markets Act, be borne by the Noteholder of the Registered Notes represented by that Certificate. Separate costs and expenses relating to the provision of Certificates and/or the transfer of Registered Notes represented by Certificates may be levied by other persons, such as a Participant, under the Applicable Procedures, and such costs and expenses shall not be borne by the Issuer.
- 15.2.2. The costs and expenses of the printing, issue and delivery of Order Certificates, and any Receipts and/or Coupons, shall be borne by the Issuer, save as otherwise provided in the Applicable Pricing Supplement.

## 15.3. Replacement

If any Certificate is mutilated, defaced, stolen, destroyed or lost it may be replaced at the Specified Office of the Transfer Agent, on payment by the claimant of such costs and expenses as may be incurred in connection therewith, and upon such terms as to evidence of title and the provision of such indemnity or security as the Issuer and the Transfer Agent may require. Mutilated or defaced Certificates must be surrendered at the Specified Office of the Transfer Agent before replacements will be issued.

## 15.4. Death and sequestration or liquidation of Noteholder

Any person becoming entitled to Registered Notes in consequence of the death, sequestration or liquidation of the holder of such Notes may, upon producing such evidence that he holds the position in respect of which he proposes to act under this Condition 15.4 or of his title as the Issuer and the Transfer Agent shall require, be registered himself as the holder of such Registered Notes or, subject to the Applicable Procedures, this Condition 15.4 and Condition 16.1, may transfer such Registered Notes. The Issuer, the Transfer Agent and (if applicable) the Central Securities Depository and/or the relevant Participant shall be entitled to retain any amount payable in respect of the Registered Notes to which any person is so entitled until such person shall be registered as aforesaid or shall duly transfer the Registered Notes.

## 16. TRANSFER OF NOTES

### 16.1. Transfer of Registered Notes

#### 16.1.1. *Transfer of Beneficial Interests*

- 16.1.1.1. Beneficial Interests may be transferred only in accordance with the CSD Procedures through the Central Securities Depository.
- 16.1.1.2. Transfers of Beneficial Interests to and from clients of Participants occur by way of electronic book entry in the securities accounts maintained by the Participants for their clients, in accordance with the CSD Procedures.
- 16.1.1.3. 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, in accordance with the CSD Procedures.
- 16.1.1.4. Transfers of Beneficial Interests in Registered Notes will not be recorded in the Register.

#### 16.1.2. *Transfer of Registered Notes which are represented by Certificates*

- 16.1.2.1. In order for any transfer of Registered Notes which are represented by a Certificate to be recorded in the Register, and for such transfer to be recognised by the Issuer:
- 16.1.2.1.1. the transfer of such Registered Notes must be embodied in a Transfer Form;

- 16.1.2.1.2. the Transfer Form must be signed by the registered Noteholder of such Registered Notes and the transferee, or any Representative of that registered Noteholder and/or transferee; and
- 16.1.2.1.3. the Transfer Form must be delivered to the Transfer Agent at its Specified Office together with the Certificate representing such Registered Notes for cancellation.
- 16.1.2.2. Registered Notes represented by a Certificate may be transferred, in whole or in part, in amounts of not less than the Specified Denomination or any multiple thereof.
- 16.1.2.3. Subject to this Condition 16.1.2, the Transfer Agent will, within 3 (three) Business Days of receipt by it of a valid Transfer Form (or such longer period as may be required to comply with any Applicable Laws and/or Applicable Procedures), record the transfer of Registered Notes which are represented by a Certificate (or the relevant portion of such Registered Notes) in the Register, and authenticate and deliver to the transferee at the Transfer Agent's Specified Office or, at the risk of the transferee, send by mail to such address as the transferee may request, a new Certificate which represents the Registered Notes transferred and which reflects the Outstanding Principal Amount of such Registered Notes.
- 16.1.2.4. Where a Noteholder has transferred a portion only of Registered Notes which are represented by a Certificate, the Transfer Agent will authenticate and deliver to such Noteholder at the Transfer Agent's Specified Office or, at the risk of such Noteholder, send by mail to such address as such Noteholder may request, at the risk of such Noteholder, a new Certificate which represents the balance of the Registered Notes held by such Noteholder and which reflects the Outstanding Principal Amount of such Registered Notes.
- 16.1.2.5. The transferor of any Registered Notes which are represented by a Certificate will be deemed to remain the owner thereof until the transferee is registered in the Register as the holder of such Registered Notes.
- 16.1.2.6. Before any transfer of Registered Notes which are represented by a Certificate is registered in the Register, all relevant transfer taxes (if any) must have been paid by the transferor and/or the transferee and such evidence must be furnished as the Issuer and the Transfer Agent may require as to the identity and title of the transferor and the transferee.
- 16.1.2.7. No transfer of any Registered Notes in a Tranche which are represented by a Certificate will be registered during the Register Closed Period.
- 16.1.2.8. If a transfer of any Registered Notes which are represented by a Certificate is registered in the Register, the Transfer Form and cancelled Certificate will be retained by the Transfer Agent.

## 16.2. **Transfer of Order Notes**

Order Notes may be transferred only by the negotiation of the Order Certificate which represents and embodies such Order Notes (by way of the Endorsement of such Order Certificate by the old Payee and the delivery of such Order Certificate to the new Payee), as contemplated in the Bills of Exchange Act.

## 16.3. **Prohibition on stripping**

Where so specified in the Applicable Pricing Supplement, Order Certificates which are issued with Receipts and/or Coupons attached shall be issued subject to the condition that the relevant Order Notes may only be transferred to a single transferee at a time and, accordingly, that the various rights in respect of the relevant Order Notes may not be stripped and transferred to various transferees at different times.

## 17. **REGISTER**

- 17.1. The Register will be maintained by the Transfer Agent and will be kept at the Specified Office of the Transfer Agent. The Register will reflect the number of Registered Notes issued and outstanding and the serial number of Certificate/s (if any) issued in respect of Registered Notes.
- 17.2. The registered Noteholder/s of the Uncertificated Registered Note/s will be determined in accordance with the CSD Procedures, and such registered Noteholder/s will be named in the Register as the registered holder/s of such Uncertificated Registered Note/s.
- 17.3. The Register will contain such details are required to be reflected in the Register in terms of Part E of the Companies Act including, without limitation, the name, physical address, postal address, e-mail address and

bank account details of the registered Noteholders of Registered Notes. The Register will set out the aggregate Principal Amount of Registered Notes issued to a Noteholder or the aggregate Outstanding Principal Amount of Registered Notes transferred to a Noteholder, as the case may be, the Issue Date or the date of transfer, as the case may be, and the date upon which the Noteholder became registered as such.

- 17.4. The Register will be open for inspection during the normal business hours of the Transfer Agent by any Noteholder of Registered Notes (or any Representative of such Noteholder). The Register will, in relation to a Tranche of Registered Notes, be closed during the Register Closed Period.
- 17.5. Neither the Issuer nor the Transfer Agent will be bound to enter any trust into the Register or to take any notice of or to accede to the execution of any trust (express, implied or constructive) to which any Registered Note may be subject.
- 17.6. The Transfer Agent will alter the Register in respect of any change of the name, physical address, postal address, e-mail address and/or bank account detail of any of the Noteholders of Registered Notes of which it is notified; provided that the Register will only be amended to reflect a transfer of Registered Notes if such transfer is carried out in accordance with Condition 16.1.2.

## **18. TRANSFER AGENT, ISSUER AGENT AND SETTLING BANK**

- 18.1. The Issuer is entitled to vary or terminate the appointment of any third party appointed by the Issuer as Issuer Agent and/or Settling Bank and/or Transfer Agent in accordance with the terms and conditions of the Applicable Agency Agreement governing that appointment and/or to appoint additional or other agents.
- 18.2. If the Issuer elects to appoint another entity (not being the Issuer) as Issuer Agent and/or Settling Bank and/or Transfer Agent, that other entity, on execution of an appropriate Applicable Agency Agreement or an appropriate accession letter to the Applicable Agency Agreement, as the case may be, shall serve in that capacity in respect of the Notes. The Issuer shall notify the Noteholders (in the manner set out in Condition 19) of any such appointment and, if any Registered Notes are listed on the Interest Rate Market of the JSE, the Issuer shall notify the JSE of any such appointment.
- 18.3. There will at all times be an Issuer Agent, a Settling Bank and a Transfer Agent with a Specified Office in such place as may be required by the Applicable Procedures.
- 18.4. The Issuer Agent, the Settling Bank and the Transfer Agent act solely as the agents of the Issuer and do not assume any obligation towards or relationship of agency or trust for or with any Noteholders.
- 18.5. If and to the extent that the Issuer acts as the Transfer Agent and/or the Issuer Agent and/or the Settling Bank:
  - 18.5.1. all references in the Terms and Conditions to any action, conduct or function in such role shall be understood to mean that the Issuer shall perform such action, conduct or function itself; and
  - 18.5.2. any requirements in the Terms and Conditions 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 the Transfer Agent and/or the Issuer Agent and/or the Settling Bank (as applicable) shall be disregarded to the extent that the Issuer performs such role.

## **19. NOTICES**

### **19.1. Notice to Noteholders**

- 19.1.1. All notices to Noteholders of Registered Notes shall be in writing and shall be sent by registered mail to the respective postal addresses of such Noteholders appearing in the Register or delivered by hand to the respective addresses of such Noteholders appearing in the Register or, if such Notes are listed on the Interest Rate Market of the JSE, sent by e-mail (if permitted by the JSE Debt Listings Requirements) to the e-mail address appearing in the Register. Each such notice shall be deemed to have been received by the relevant Noteholder on the date of delivery (if such notice is delivered by hand) or the tenth day after the date on which such notice is sent by registered mail (if such notice is sent by registered mail) or (if such notice is transmitted by e-mail) on the Business Day on which the e-mail is transmitted (provided that a confirmation of error free transmittal is received from the transmitting terminal), except that any e-mail transmitted after 16h30 (local time in the place of receipt) shall be deemed to have been received on the following Business Day (if such notice is transmitted by e-mail).

- 19.1.2. For so long as any Registered Notes are listed on the Interest Rate Market of the JSE, there may be substituted for the notice contemplated in Condition 19.1.1, the publication of the relevant notice on SENS or on any other electronic news service of general distribution.
- 19.1.3. All notices to Noteholders of Order Notes shall be in writing and shall be sent by registered mail to the respective postal addresses of such Noteholders appearing in the Register or delivered by hand to the respective addresses of such Noteholders appearing in the Register or sent by e-mail to the e-mail address appearing in the Register. Each such notice shall be deemed to have been received by the relevant Noteholder on the date of delivery (if such notice is delivered by hand) or the tenth day after the date on which such notice is sent by registered mail (if such notice is sent by registered mail) or (if such notice is transmitted by e-mail) on the Business Day on which the e-mail is transmitted (provided that a confirmation of error free transmittal is received from the transmitting terminal), except that any e-mail transmitted after 16h30 (local time in the place of receipt) shall be deemed to have been received on the following Business Day (if such notice is transmitted by e-mail).
- 19.1.4. All notices to holders of Beneficial Interests in Registered Notes shall be in writing and shall be delivered by hand or transmitted by e-mail to the Central Securities Depository, the JSE and the Participants, for communication by the Central Securities Depository and the Participants to the holders of Beneficial Interests in accordance with the Applicable Procedures. Each such notice will be deemed to have been received by the holders of Beneficial Interests on the date of delivery (if such notice is delivered by hand) or the Business Day on which the e-mail is transmitted (provided that a confirmation of error free transmittal is received from the transmitting terminal), except that any e-mail transmitted after 16h30 (local time in the place of receipt) shall be deemed to have been received on the following Business Day (if such notice is transmitted by e-mail).
- 19.1.5. Where any provision of the Terms and Conditions requires notice to be given to the Noteholders of any matter other than a meeting of Noteholders, such notice will be given *mutatis mutandis* as set out in this Condition 19.1, subject to compliance with any other time periods prescribed in the provision concerned.
- 19.1.6. In addition to the applicable notice requirements set out in this Condition 19.1 above, in the case of Registered Notes which are listed on the JSE, all notices of meetings of all of the Noteholders of such Registered Notes or the relevant Group/s of Noteholders (as applicable) shall be published on SENS.

## 19.2. Notice by Noteholders

- 19.2.1. All notices to be given by (i) any Noteholder of Registered Note/s or (ii) any Noteholder of Order Note/s, as the case may be, to the Issuer or the Transfer Agent, as the case may be, shall be in writing and given by delivering the notice, by hand or by registered post, together with a certified copy of that Certificate (if any) or the relevant Order Certificate, as applicable, to the Specified Office of the Issuer or the Specified Office of the Transfer Agent, as the case may be. Each such notice shall be deemed to have been received by the Issuer or the Transfer Agent, as the case may be, on the date of delivery (if such notice is delivered by hand) or the tenth day after the date on which such notice is sent by registered mail (if such notice is sent by registered mail).
- 19.2.2. All notices to be given by any holder of a Beneficial Interest to the Issuer shall be in writing and given by such holder through such holder's Participant in accordance with the CSD Procedures, and in such manner as the Issuer and the relevant Participant may approve for this purpose.

## 20. AMENDMENTS

### 20.1. Registered Notes which are listed on the JSE

- 20.1.1. This Condition 20.1 applies only to a Tranche of Registered Notes which is listed on the JSE, and all references to "Applicable Terms and Conditions", "Notes", "relevant Notes", "Noteholder" and "Noteholder" in this Condition 20.1 below shall be construed accordingly.
- 20.1.2. The Issuer may effect, without the consent of any Noteholder or the approval of the JSE, any amendment to the Applicable Terms and Conditions (including any of the Terms and Conditions) which is of a technical nature or is made to correct a manifest error or is made to comply with mandatory provisions of any Applicable Laws (including, without limitation, the amendments contemplated in Condition 10.2). Such amendments shall be provided for in a new Programme Memorandum or a supplement to the Programme

Memorandum ("**Supplement**"), as the case may be. The Issuer shall, immediately after such amendments have been made and provided for in a new Programme Memorandum or a Supplement, as the case may be, provide such new Programme Memorandum or Supplement, as the case may be, to the JSE. The Issuer shall procure that a SENS announcement is released which provides a summary of such amendments and sets out where such new Programme Memorandum or Supplement, as the case may be, will be available for inspection. Any amendments effected in terms of this Condition 20.1.2 will be binding on all of the Noteholders.

- 20.1.3. The Issuer and the Controlling Company may effect, without the consent of any Noteholder, any amendment to the Conversion Agreement and/or the Dividend Restriction Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or is made to comply with mandatory provisions of any Applicable Laws.
- 20.1.4. If any amendments to any of the Applicable Terms and Conditions (including any of the Terms and Conditions) do not fall within the provisions of Condition 20.1.2 (such amendments being "**substantive amendments**") the following provisions of Conditions 20.1.4.1 to 20.1.4.14 inclusive below shall apply:
- 20.1.4.1. Where the proposed substantive amendments are amendments to any of the Applicable Terms and Conditions (including any of the Terms and Conditions) of a Tranche of Notes that has been Rated by a Rating Agency, the Issuer shall notify the Rating Agency of the proposed substantive amendments.
- 20.1.4.2. The substantive amendments shall be provided for in a draft new Programme Memorandum or a draft supplement to the Programme Memorandum ("**draft Supplement**"), as the case may be, and the Issuer shall first use its best endeavours to obtain the conditional formal approval of the JSE to such draft new Programme Memorandum or draft Supplement, as the case may be, in accordance with the applicable provisions of the JSE Debt Listings Requirements.
- 20.1.4.3. After having obtained the approval of the JSE pursuant to Condition 20.1.4.2, the Issuer shall send a notice (in accordance with Condition 19) to (i) all of the Noteholders (where the proposed substantive amendments are amendments to any of the Applicable Terms and Conditions (including any of the Terms and Conditions) which are applicable to all of the Notes) or (ii) the relevant Group/s of Noteholders (where the proposed substantive amendments are amendments to any of the Applicable Terms and Conditions (including any of the Terms and Conditions) which are applicable only to *certain* Tranche/s of Notes), as applicable ("**relevant Noteholders**", the Notes held by the relevant Noteholders being the "**relevant Notes**") together with the draft new Programme Memorandum or draft Supplement, as the case may be, providing for the substantive amendments, requesting the approval of the substantive amendments from the relevant Noteholders by way of an Extraordinary Resolution or an Extraordinary Written Resolution.
- 20.1.4.4. If approval of the proposed substantive amendments is requested to be given by way of an Extraordinary Resolution, a proxy form shall be sent, together with the notice convening the meeting at which the Extraordinary Resolution is proposed to be passed, to each Person who is entitled to vote at such meeting and who has elected to receive such proxy form and notice of meeting.
- 20.1.4.5. If approval of the proposed substantive amendments is requested to be given by way of an Extraordinary Written Resolution, the notice to the relevant Noteholders must include the proposed Extraordinary Written Resolution, any restrictions on voting under the Terms and Conditions, the last date on which a relevant Noteholder may submit its vote (in writing) on the proposed Extraordinary Written Resolution (provided that such date shall be no later than the 20th (twentieth) Business Day after the date on which the notice was sent to the relevant Noteholders) and the address to which the vote must be submitted.
- 20.1.4.6. For the purpose of the Extraordinary Resolution or the Extraordinary Written Resolution, as the case may be, where any votes are to be excluded from the passing of that Extraordinary Resolution or that Extraordinary Written Resolution, as the case may be, any proxy appointed by a relevant Noteholder in respect of such an excluded vote shall be excluded from voting for the purposes of that Extraordinary Resolution or that Extraordinary Written Resolution, as the case may be.
- 20.1.4.7. If approval of the proposed substantive amendments is requested to be given by way of an Extraordinary Resolution, the Issuer shall, subject to Condition 20.1.4.9, procure that an announcement



on SENS is released containing details of the date, time and venue of the meeting of the relevant Noteholders, within 24 (twenty four) hours after the notice of such meeting has been given to the relevant Noteholders.

- 20.1.4.8. If approval of the proposed substantive amendments is requested to be given by way of an Extraordinary Written Resolution, the Issuer shall, subject to Condition 20.1.4.9, procure that an announcement on SENS is released containing details of the proposed Extraordinary Written Resolution within 1 (one) Business Day after notice of the proposed Extraordinary Written Resolution has been given to the relevant Noteholders.
- 20.1.4.9. If the required notice to the relevant Noteholders was given via a SENS announcement, the separate SENS announcement contemplated in Condition 20.1.4.7 or Condition 20.1.4.8, as applicable, shall not be required.
- 20.1.4.10. If approval of the proposed substantive amendments has been obtained from the relevant Noteholders, the Issuer shall procure that confirmation of such approval, as well as the executed final new Programme Memorandum or final Supplement, as the case may be, providing for the substantive amendments, is sent to the JSE.
- 20.1.4.11. The Issuer shall also provide a letter to the JSE which confirms that the executed final new Programme Memorandum or final Supplement, as the case may be, providing for the substantive amendments is identical, other than in minor respects, to the draft new Programme Memorandum or draft Supplement, as the case may be, conditionally formally approved by the JSE in terms of Condition 20.1.4.2.
- 20.1.4.12. Within 2 (two) Business Days after the meeting to consider the proposed Extraordinary Resolution has been held or after the responses on the proposed Extraordinary Written Resolution have been obtained from the relevant Noteholders, as the case may be, the Issuer shall procure that a SENS announcement is released containing details of the voting results in respect of the proposed Extraordinary Resolution or the proposed Extraordinary Written Resolution, as applicable. The announcement shall include the following:
  - 20.1.4.12.1. the proposed Extraordinary Resolution or the proposed Extraordinary Written Resolution, as applicable;
  - 20.1.4.12.2. the total number of votes exercised, in person or by proxy, by the relevant Noteholders who have elected to vote in respect of the proposed Extraordinary Resolution or the proposed Extraordinary Written Resolution, as applicable, and the proportion (expressed as a percentage) which the aggregate Outstanding Principal Amount of the Notes held by such relevant Noteholders bears to the aggregate Outstanding Principal Amount of all of the relevant Notes;
  - 20.1.4.12.3. where any of the relevant Noteholders have elected not to vote in respect of the proposed Extraordinary Resolution or the proposed Extraordinary Written Resolution, as applicable, the total number of abstained votes, and the proportion (expressed as a percentage) which the aggregate Outstanding Principal Amount of the Notes held by such relevant Noteholders bears to the aggregate Outstanding Principal Amount of all of the relevant Notes;
  - 20.1.4.12.4. where any of the relevant Noteholders have elected to vote in favour of the proposed Extraordinary Resolution or the proposed Extraordinary Written Resolution, as applicable, the total number of such votes, and the proportion (expressed as a percentage) which the aggregate Outstanding Principal Amount of the Notes held by such relevant Noteholders bears to the aggregate Outstanding Principal Amount of all of the relevant Notes;
  - 20.1.4.12.5. where any of the relevant Noteholders have elected to vote against the proposed Extraordinary Resolution or the proposed Extraordinary Written Resolution, as applicable, the total number of such votes, and the proportion (expressed as a percentage) which the aggregate Outstanding Principal Amount of the Notes held by such relevant Noteholders bears to the aggregate Outstanding Principal Amount of all of the relevant Notes.
- 20.1.4.13. The Issuer shall procure that the final new Programme Memorandum or final Supplement, as the case may be, providing for the substantive amendments is available for inspection for at least 2 (two) Business Day before the next listing of any Tranche of Notes on the Interest Rate Market of the JSE.

20.1.4.14. All substantive amendments to the Applicable Terms and Conditions (including any of the Terms and Conditions) effected in terms of this Condition 20.1.4 will be binding on all of the relevant Noteholders.

**20.2. Order Notes and Registered Notes which are not listed on the JSE**

20.2.1. This Condition 20.2 applies only to a Tranche of Order Notes and a Tranche of Registered Notes which is not listed on the JSE, and all references to "Applicable Terms and Conditions", "Notes", "relevant Notes", "Noteholder" and "Noteholder" in this Condition 20.2 below shall be construed accordingly.

20.2.2. The Issuer may effect, without the consent of any Noteholder, any amendment to the Applicable Terms and Conditions (including any of the Terms and Conditions) which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of Applicable Laws (including, without limitation, the amendments contemplated in Condition 10.2) and/or the Applicable Procedures).

20.2.3. Save as is provided in Condition 20.2.2, no amendment to any of the Applicable Terms and Conditions (including any of the Terms and Conditions) of any Tranche of Notes may be effected unless the proposed amendment is in writing and signed by or on behalf of the Issuer and:

20.2.3.1. if the proposed amendment is an amendment to any of the Applicable Terms and Conditions (including any of the Terms and Conditions) which are applicable to all of the Notes, (i) the proposed amendment is approved by an Extraordinary Resolution of all of the Noteholders (provided that the relevant Extraordinary Resolution shall be passed within 15 (fifteen) Business Days after the proposed amendment is submitted to the Noteholders in terms of Condition 20.2.5) or (ii) an Extraordinary Written Resolution containing the proposed amendment is signed by or on behalf of Noteholders holding not less than 75% of the aggregate Outstanding Principal Amount of all of the Notes (provided that the relevant Extraordinary Written Resolution shall be signed within 15 (fifteen) Business Days after the proposed amendment is submitted to the Noteholders in terms of Condition 20.2.5), as the case may be;

20.2.3.2. if the proposed amendment is an amendment to any of the Applicable Terms and Conditions (including any of the Terms and Conditions) which are applicable only to certain Tranche/s of Notes, (i) the proposed amendment is approved by an Extraordinary Resolution of the relevant Group/s of Noteholders holding such Tranche/s of Notes (provided that the relevant Extraordinary Resolution shall be passed within 15 (fifteen) Business Days after the proposed amendment is submitted to the Noteholders in terms of Condition 20.2.5) or (ii) an Extraordinary Written Resolution containing the proposed amendment is signed by or on behalf of the relevant Group/s of Noteholders holding not less than 75% of the aggregate Outstanding Principal Amount of all of the Notes in such Tranche/s of Notes (provided that the relevant Extraordinary Written Resolution shall be signed within 15 (fifteen) Business Days after the proposed amendment is submitted to the Noteholders in terms of Condition 20.2.5), as the case may be.

20.2.4. The provisions of Condition 21 will apply, *mutatis mutandis*, to each meeting of all of the Noteholders or the relevant Group/s of Noteholders (as applicable) contemplated in this Condition 20.2.

20.2.5. The Issuer shall (in the manner set out in Condition 19) notify all of the Noteholders or the relevant Group/s of Noteholders (as applicable) of a proposed amendment to the Applicable Terms and Conditions (including any of the Terms and Conditions) to be effected in terms of Condition 20.2.3. Such notice shall (i) include the Extraordinary Written Resolution setting out such proposed amendment, (ii) the restrictions on voting under the Terms and Conditions, (iii) the last date on which all of the Noteholders or the relevant Group/s of Noteholders (as applicable) should return the signed Extraordinary Written Resolution, and the address to which the signed Extraordinary Written Resolution should be sent.

20.2.6. Any amendment to the Applicable Terms and Conditions (including any of the Terms and Conditions) effected in terms of this Condition 20.2 will be binding on (as applicable) all of the Noteholders or the relevant Group/s of Noteholders, and such amendment will be notified to such Noteholders (in the manner set out in Condition 19) as soon as practicable thereafter.

20.2.7. For the avoidance of doubt, the exercise by the Issuer of its rights under Condition 18 shall not constitute an amendment to the Applicable Terms and Conditions (or the Terms and Conditions).

## 21. MEETINGS OF NOTEHOLDERS

### 21.1. Directions of Noteholders

- 21.1.1. The provisions with regard to meetings of all of the Noteholders or the relevant Group/s of Noteholders (as applicable) are set out in this Condition 21. The provisions of this Condition 21 will apply, *mutatis mutandis*, to each separate meeting of all of the Noteholders or the relevant Group/s of Noteholders (as applicable) (each, a "meeting").
- 21.1.2. Only Noteholders or the relevant Group/s of Noteholders (as applicable) named in the Register at 17h00 (South African time) on the Record Date will be entitled to receive notice of a meeting and to participate in and vote at a meeting.
- 21.1.3. "Record Date" means, in relation to a meeting, the date being 10 (ten) Business Days before the date scheduled for the holding of that meeting.
- 21.1.4. Every director or duly appointed representative of the Issuer and every other Person authorised in writing by the Issuer, may attend and speak at a meeting, but will not be entitled to vote, other than (subject to Condition 21.4.5) as a Noteholder or proxy or duly authorised representative of a Noteholder.
- 21.1.5. A meeting will have power, in addition to any powers specifically conferred elsewhere in the Terms and Conditions:
- 21.1.5.1. by Ordinary Resolution of all of the Noteholders, to give instructions to the Issuer in respect of any matter not covered by the Applicable Terms and Conditions (including any of the Terms and Conditions) (but without derogating from the powers or discretions expressly conferred upon the Issuer by the Applicable Terms and Conditions (including any of the Terms and Conditions) or imposing obligations on the Issuer not imposed or contemplated by the Applicable Terms and Conditions (including any of the Terms and Conditions) or otherwise conflicting with or inconsistent with the provisions of the Applicable Terms and Conditions (including any of the Terms and Conditions);
- 21.1.5.2. by Extraordinary Resolution of all of the Noteholders, to bind all of the Noteholders to any compromise or arrangement;
- 21.1.5.3. by Extraordinary Resolution of all of the Noteholders or the relevant Group/s of Noteholders (as applicable), to agree to any amendment to the Applicable Terms and Conditions (including any of the Terms and Conditions), subject to and in accordance with Condition 20;
- 21.1.5.4. by Extraordinary Resolution of all of the Subordinated Noteholders of Subordinated Notes to which Conversion is applicable (as contemplated in Condition 10.19), to approve any proposal by the Issuer and/or the Controlling Company for any amendment of any provision of the Conversion Agreement;
- 21.1.5.5. by Extraordinary Resolution of all of the Additional Tier 1 Noteholders, to approve any proposal by the Issuer and/or the Controlling Company for any amendment of any provision of the Dividend Restriction Agreement;
- 21.1.5.6. by Extraordinary Resolution of all of the Noteholders, to approve the substitution of any Person for the Issuer (or any previous substitute) under the Notes;
- 21.1.5.7. by Extraordinary Resolution of all of the Subordinated Noteholders of Subordinated Notes to which Conversion is applicable (as contemplated in Condition 10.19), to approve the substitution of any Person for the Controlling Company (or any previous substitute) under the Conversion Agreement;
- 21.1.5.8. by Extraordinary Resolution of all of the Noteholders or the relevant Group/s of Noteholders (as applicable), to waive any breach or authorise any proposed breach by the Issuer of its obligations under the Applicable Terms and Conditions (including any of the Terms and Conditions) or any act or omission which might otherwise constitute an Event of Default under the Notes;
- 21.1.5.9. by Extraordinary Resolution of all of the Subordinated Noteholders of Subordinated Notes to which Conversion is applicable (as contemplated in Condition 10.19), to waive any breach or authorise any proposed breach by the Issuer and/or the Controlling Company of its/their obligations under the Conversion Agreement;
- 21.1.5.10. by Extraordinary Resolution of all of the Additional Tier 1 Noteholders, to waive any breach or authorise

any proposed breach by the Issuer and/or the Controlling Company of its/their obligations under the Dividend Restriction Agreement.

- 21.1.6. Unless otherwise specified in the Terms and Conditions (and subject to Condition 21.1.5), resolutions of all of the Noteholders or the relevant Group/s of Noteholders (as applicable) shall be passed as Ordinary Resolutions.

## 21.2. Convening of meetings

- 21.2.1. The Issuer may at any time convene a meeting.
- 21.2.2. In the event that the Issuer and/or the Board receives a demand to call a meeting (which demand must describe the specific purpose for which the meeting is proposed) from Noteholders holding at least 10% of the aggregate Outstanding Principal Amount (that is, the nominal value) of all of the Notes or the relevant Group/s of Noteholders holding at least 10% of the aggregate Outstanding Principal Amount (that is, the nominal value) of all of the Notes held by the relevant Group/s of Noteholders, as applicable, the Issuer must immediately:
- 21.2.2.1. inform the JSE in writing of the meeting and describe the purpose of the meeting; and
- 21.2.2.2. release an announcement through SENS that the Issuer has received a demand to call a meeting of Noteholders or the relevant Group/s of Noteholders, as applicable, pursuant to the provisions of the JSE Debt Listings Requirements, which announcement must specify the date and time of the meeting.
- 21.2.3. The Issuer must issue a notice of meeting (which meeting may be held in person or via conference call facilities, as specified in such notice) within 5 (five) Business Days from the date of receipt of demand to call a meeting of Noteholders or the relevant Group/s of Noteholders, as applicable.
- 21.2.4. The notice of meeting referred to in Condition 21.2.3 must specify the time of the meeting referred to in Condition 21.2.3, the venue for such meeting (if applicable) and the date of such meeting (which date may not exceed the date falling 7 (seven) Business Days from the date of which such notice of meeting is issued).
- 21.2.5. The notice of meeting referred to in Condition 21.2.3 must allow for (and specify) a pre-meeting of Noteholders or the relevant Group/s of Noteholders, as applicable, without the presence of the Issuer, on the same date and at the same venue (if applicable) as the meeting referred to in Condition 21.2.3, but at a time being at least 2 (two) hours before the time scheduled for that meeting.
- 21.2.6. The Issuer must release an announcement on SENS, within 2 (two) Business Days after the date of the meeting referred to in Condition 21.2.3, regarding the outcomes of such meeting.
- 21.2.7. In the event of the liquidation or curatorship of the Issuer, the inability of the Issuer to pay its debts as they fall due or the Issuer becoming financially distressed as defined in the Companies Act, the reference to 5 (five) Business Days in Condition 21.2.3 must be reduced to 2 (two) Business Days and the reference to 7 (seven) Business Days in Condition 21.2.4 must be reduced to 5 (five) Business Days.

## 21.3. Notice of meeting

- 21.3.1. Where the Issuer is required to convene a meeting, as contemplated in Condition 21.2, and any of the provisions of Condition 21.2 conflict with any of the provisions of this Condition 21.3, the provisions of Condition 21.2 shall prevail.
- 21.3.2. Whenever the Issuer wishes (or is required) to convene a meeting, the Issuer must deliver a notice of that meeting, in the manner set out in Condition 19.1 and in the prescribed form set out in Condition 21.3.4, to all of the Noteholders or the relevant Group/s of Noteholders (as applicable) who are Noteholders as of the Record Date for that meeting, at least 15 (fifteen) Business Days before the date on which the meeting is to be held subject the Issuer wishes (or is required) to convene a meeting.
- 21.3.3. The Issuer may call a meeting with less notice than that required by Condition 21.3.2, but such meeting may proceed only if every Person who is entitled to exercise voting rights in respect of any item on the meeting agenda:
- 21.3.3.1. is present at the meeting; and
- 21.3.3.2. votes to waive the required minimum notice of the meeting.

- 21.3.4. A notice of a meeting must be in writing, and must include:
- 21.3.4.1. the date, time and place for the meeting;
  - 21.3.4.2. the Record Date for the meeting;
  - 21.3.4.3. the general purpose of the meeting, and any specific purpose for which the meeting is proposed;
  - 21.3.4.4. a reasonably prominent statement that:
    - 21.3.4.4.1. a Noteholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, participate in and vote at the meeting in the place of the Noteholder;
    - 21.3.4.4.2. a proxy need not also be a Noteholder; and
    - 21.3.4.4.3. a Person participating in the meeting (including a proxy) must present reasonably satisfactory identification, as contemplated in Condition 21.4.1.1.
- 21.3.5. If there was a material defect in the giving of the notice of a meeting, the meeting may proceed, subject to Condition 21.3.6, only if every Person who is entitled to exercise voting rights in respect of any item on the meeting agenda is present at the meeting and votes to approve the ratification of the defective notice.
- 21.3.6. If a material defect in the form or manner of giving notice of a meeting relates only to one or more particular matters on the agenda for the meeting:
- 21.3.6.1. any such matter may be severed from the agenda, and the notice remains valid with respect to any remaining matters on the agenda; and
  - 21.3.6.2. the meeting may proceed to consider a severed matter, if the defective notice in respect of that matter has been ratified in terms of Condition 21.3.5.
- 21.3.7. An immaterial defect in the form or manner of giving notice of a meeting, or an accidental or inadvertent failure in the delivery of the notice to any particular Noteholder to whom it was addressed, does not invalidate any action taken at the meeting.
- 21.3.8. A Noteholder who is present at a meeting, either in person or by proxy:
- 21.3.8.1. is regarded as having received or waived notice of the meeting, if at least the required minimum notice was given; and
  - 21.3.8.2. has a right to:
    - 21.3.8.2.1. allege a material defect in the form of notice for a particular item on the agenda for the meeting; and
    - 21.3.8.2.2. participate in the determination whether to waive the requirements for notice if less than the required minimum notice was given, or to ratify a defective notice; and
    - 21.3.8.2.3. except to the extent set out in Condition 21.3.8.2, is regarded as having waived any right based on an actual or alleged defect in the notice of the meeting.
- 21.3.9. In addition to the applicable notice requirements set out in this Condition 21.3, a meeting must be announced on SENS. The announcement must state the Record Date (that is, the date the Issuer has selected to determine which Noteholders recorded in the Register will receive notice of the meeting) and the last date by which proxy forms must be submitted.

#### 21.4. Conduct of meetings

- 21.4.1. Before any Person may attend or participate in a meeting:
- 21.4.1.1. that Person must present reasonably satisfactory identification; and
  - 21.4.1.2. the Person presiding at the meeting must be reasonably satisfied that the right of that Person to participate and vote, either as a Noteholder, or as a proxy for a Noteholder, has been reasonably verified.
- 21.4.2. Unless prohibited by the Issuer's Memorandum of Incorporation, the Issuer may provide for:

- 21.4.2.1. a meeting to be conducted entirely by electronic communication; or
- 21.4.2.2. one or more Noteholders, or proxies for Noteholders, to participate by electronic communication in all or part of a meeting that is being held in person,
- as long as the electronic communication employed ordinarily enables all Persons participating in that meeting to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the meeting.
- 21.4.3. If the Issuer provides for participation in a meeting by electronic communication, as contemplated in Condition 21.4.2:
- 21.4.3.1. the notice of that meeting must inform all of the Noteholders or the relevant Group/s of Noteholders (as applicable) of that form of participation, and provide any necessary information to enable all of the Noteholders or the relevant Group/s of Noteholders (as applicable) or their proxies to access the available medium or means of electronic communication; and
- 21.4.3.2. access to the medium or means of electronic communication is at the expense of the relevant Noteholder or proxy, except to the extent that the Issuer determines otherwise.
- 21.4.4. Registered Noteholders of Uncertificated Registered Notes must vote in accordance with the Applicable Procedures. Subject to the CSD Procedures, the registered Noteholders of Uncertificated Registered Notes must exercise their respective rights to vote through their respective Participants. Subject to the CSD Procedures, the respective Participants will vote in accordance with the respective instructions conveyed to them by the respective registered Noteholders of Uncertificated Registered Notes.
- 21.4.5. The applicable provisions of Condition 9.11 apply to the purchase or acquisition of Notes by the Issuer and its Subsidiaries. The Controlling Company will not have any voting rights in respect of any Subordinated Notes held by it. Neither the Controlling Company nor the Issuer nor any of the Issuer's Subsidiaries will have any voting rights in respect of any Notes held by them.
- 21.4.6. At a meeting of Noteholders, voting may either be by show of hands, or by polling.
- 21.4.7. If voting is by show of hands, any Person who is present at the meeting, whether as a Noteholder or as proxy for a Noteholder and entitled to exercise voting rights has 1 (one) vote, irrespective of the number of voting rights that Person would otherwise be entitled to exercise.
- 21.4.8. If voting on a particular matter is by polling, any Person who is present at the meeting, whether as a Noteholder or as proxy for a Noteholder, has 1 (one) vote for each ZAR1,000,000 (one million rand) in Principal Amount of the aggregate Outstanding Principal Amount of all of the Notes held by such Noteholder or all of the Notes in the relevant Tranche/s of Notes held by such Noteholder (as applicable).
- 21.4.9. A polled vote must be held on any particular matter to be voted on at a meeting if a demand for such a vote is made by:
- 21.4.9.1. at least 5 (five) Persons having the right to vote on that matter, either as a Noteholder or a proxy representing a Noteholder; or
- 21.4.9.2. a Person who is, or Persons who together are, entitled, as a Noteholder or proxy representing a Noteholder, to exercise at least 10% (ten percent) of the voting rights entitled to be voted on that matter.

## 21.5. Meeting quorum and adjournment

- 21.5.1. Subject to Conditions 21.5.2 to 21.5.6 inclusive below:
- 21.5.1.1. a meeting may not begin until sufficient Persons are present at the meeting to exercise, in aggregate, at least 25% (twenty five percent) of all of the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the meeting; and
- 21.5.1.2. a matter to be decided at the meeting may not begin to be considered unless sufficient Persons are present at the meeting to exercise, in aggregate, at least 25% (twenty five percent) of all of the voting rights that are entitled to be exercised on that matter at the time the matter is called on the agenda.
- 21.5.2. Despite the percentage figures set out in Condition 21.5.1, if all of the Noteholders or the relevant Group/s

of Noteholders (as applicable) comprise more than 2 (two) Noteholders, a meeting may not begin, or a matter begin to be debated, unless:

- 21.5.2.1. at least 3 (three) Noteholders are present at the meeting; and
- 21.5.2.2. the requirements of Condition 21.5.1 are satisfied.
- 21.5.3. If, within one hour after the appointed time for a meeting to begin, the requirements of Condition 21.5.1, or Condition 21.5.2 if applicable,
  - 21.5.3.1. for that meeting to begin have not been satisfied, the meeting is postponed without motion, vote or further notice, for one week;
  - 21.5.3.2. for consideration of a particular matter to begin have not been satisfied:
    - 21.5.3.2.1. if there is other business on the agenda of the meeting, consideration of that matter may be postponed to a later time in the meeting without motion or vote; or
    - 21.5.3.2.2. if there is no other business on the agenda of the meeting, the meeting is adjourned for 1 (one) week, without motion or vote.
- 21.5.4. The Person intended to preside at a meeting that cannot begin due to the operation of Condition 21.5.1.1, or Condition 21.5.2 if applicable, may extend the one-hour limit allowed in Condition 21.5.3 for a reasonable period on the grounds that:
  - 21.5.4.1. exceptional circumstances affecting weather, transportation or electronic communication have generally impeded or are generally impeding the ability of Noteholders to be present at the meeting; or
  - 21.5.4.2. one or more particular Noteholders, having been delayed, have communicated an intention to attend the meeting, and those Noteholders, together with others in attendance, would satisfy the requirements of Condition 21.5.1, or Condition 21.5.2 if applicable.
- 21.5.5. The Issuer is not required to give further notice of a meeting that is postponed or adjourned in terms of Condition 21.5.3, unless the location for the meeting is different from:
  - 21.5.5.1. the location of the postponed or adjourned meeting; or
  - 21.5.5.2. a location announced at the time of adjournment, in the case of an adjourned meeting.
- 21.5.6. If, at the time appointed in terms of this Condition 21.5 for a postponed meeting to begin, or for an adjourned meeting to resume, the requirements of Condition 21.5.1, or Condition 21.5.2 if applicable, have not been satisfied, the Noteholders present in person or by proxy will be deemed to constitute a quorum.
- 21.5.7. After a quorum has been established for a meeting, or for a matter to be considered at a meeting, the meeting may continue, or the matter may be considered, so long as at least 1 (one) Noteholder with voting rights entitled to be exercised at the meeting, or on that matter, is present at the meeting.
- 21.5.8. A meeting, or the consideration of any matter being debated at the meeting, may be adjourned from time to time without further notice, subject to Condition 21.5.9, on a motion supported by Persons entitled to exercise, in aggregate, a majority of the voting rights:
  - 21.5.8.1. held by all of the Persons who are present at the meeting at the time; and
  - 21.5.8.2. that are entitled to be exercised on at least 1 (one) matter remaining on the agenda of the meeting, or on the matter under debate, as the case may be.
- 21.5.9. An adjournment of a meeting, or of consideration of a matter being debated at the meeting, in terms of Condition 21.5.8:
  - 21.5.9.1. may be either:
    - 21.5.9.1.1. to a fixed time and place; or
    - 21.5.9.1.2. until further notice,
      - as agreed at the meeting; and
  - 21.5.9.2. requires that a further notice be given to all of the Noteholders or the relevant Group/s of Noteholders

(as applicable) only if the meeting determined that the adjournment was "until further notice", as contemplated in Condition 21.5.9.1.2.

21.5.10. A meeting may not be adjourned beyond the earlier of:

21.5.10.1. the date that is 120 (one hundred and twenty) Business Days after the Record Date; or

21.5.10.2. the date that is 60 (sixty) Business Days after the date on which the adjournment occurred.

#### 21.6. **Chairman**

The Issuer or its representative will preside as chairman at a meeting. If the aforesaid Person is not present within 15 (fifteen) 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 at the meeting. Subject to this Condition 21, the procedures to be followed at the meeting will be as determined by the chairman. The chairman of an adjourned meeting need not be the same Person as the chairman of the original meeting.

#### 21.7. **Noteholder right to be represented by proxy**

21.7.1. At any time, a Noteholder may appoint any individual, including an individual who is not a Noteholder, as a proxy to:

21.7.1.1. participate in, and speak and vote at, a meeting on behalf of the Noteholder; or

21.7.1.2. give or withhold written consent on behalf of the Noteholder to a decision contemplated in Condition 21.9.

21.7.2. A proxy appointment:

21.7.2.1. must be in writing, dated and signed by the Noteholder; and

21.7.2.2. remains valid for:

21.7.2.2.1. 1 (one) year after the date on which it was signed; or

21.7.2.2.2. any longer or shorter period expressly set out in the appointment,

unless it is revoked in a manner contemplated in Condition 21.7.6.3, or expires earlier as contemplated in Condition 21.7.10.4.

21.7.3. A Noteholder may appoint 2 (two) or more Persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to Notes in different Tranche/s and/or Series of Notes held by the Noteholder.

21.7.4. A proxy may delegate the proxy's authority to act on behalf of the Noteholder to another Person, subject to any restriction set out in the instrument appointing the proxy.

21.7.5. A copy of the instrument appointing a proxy must be delivered to the Issuer, or to any other Person on behalf of the Issuer, before the proxy exercises any rights of the Noteholder at a meeting.

21.7.6. Irrespective of the form of instrument used to appoint a proxy:

21.7.6.1. the appointment is suspended at any time and to the extent that the Noteholder chooses to act directly and in person in the exercise of any rights as a Noteholder;

21.7.6.2. the appointment is revocable unless the proxy appointment expressly states otherwise; and

21.7.6.3. if the appointment is revocable, a Noteholder may revoke the proxy appointment by:

21.7.6.3.1. cancelling it in writing, or making a later inconsistent appointment of a proxy; and

21.7.6.3.2. delivering a copy of the revocation instrument to the proxy, and to the company.

21.7.7. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the Noteholder as of the later of:

21.7.7.1. the date stated in the revocation instrument, if any; or

21.7.7.2. the date on which the revocation instrument was delivered as required in Condition 21.7.6.3.2.



- 21.7.8. If the instrument appointing a proxy or proxies has been delivered to the Issuer, as long as that appointment remains in effect, any notice that is required by the Terms and Conditions to be delivered by the Issuer to the Noteholder must be delivered by the Issuer to:
- 21.7.8.1. the Noteholder; or
  - 21.7.8.2. the proxy or proxies, if the Noteholder has:
    - 21.7.8.2.1. directed the Issuer to do so, in writing; and
    - 21.7.8.2.2. paid any reasonable fee charged by the Issuer for doing so.
- 21.7.9. A proxy is entitled to exercise, or abstain from exercising, any voting right of the Noteholder without direction, except to the extent that the instrument appointing the proxy provides otherwise.
- 21.7.10. If the Issuer issues an invitation to Noteholders to appoint one or more Persons named by the Issuer as a proxy, or supplies a form of instrument for appointing a proxy:
- 21.7.10.1. the invitation must be sent to every Noteholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
  - 21.7.10.2. the invitation, or form of instrument supplied by the Issuer for the purpose of appointing a proxy, must:
    - 21.7.10.2.1. bear a reasonably prominent summary of the rights established by this Condition 21.7;
    - 21.7.10.2.2. contain adequate blank space, immediately preceding the name or names of any Person or Persons named in it, to enable a Noteholder to write in the name and, if so desired, an alternative name of a proxy chosen by the Noteholder; and
    - 21.7.10.2.3. provide adequate space for the Noteholder to indicate whether the appointed proxy is to vote in favour of or against any resolution or resolutions to be put at the meeting, or is to abstain from voting;
  - 21.7.10.3. the Issuer must not require that the proxy appointment be made irrevocable; and
  - 21.7.10.4. the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to Condition 21.7.7.
- 21.7.11. Conditions 21.7.10.2 and 21.7.10.4 do not apply if the Issuer merely supplies a generally available standard form of proxy appointment on request by a Noteholder.

## 21.8. **Binding effect of resolutions**

A resolution passed at a meeting of all of the Noteholders or the relevant Group/s of Noteholders (as applicable) duly convened and held in accordance with the provisions of this Condition 21 is binding on all of the Noteholders or the relevant Group/s of Noteholders (as applicable), whether present or not present at any such meeting, and each of such Noteholders shall be bound to give effect thereto accordingly. The passing of any such resolution shall be conclusive evidence (unless the contrary is proved) that the circumstances of such resolution justify the passing of it.

## 21.9. **Ordinary Written Resolution and Extraordinary Written Resolution**

- 21.9.1. An Ordinary Resolution or an Extraordinary Resolution, as the case may be, that could be voted on at a meeting may instead be:
- 21.9.1.1. submitted for consideration as an Ordinary Written Resolution or an Extraordinary Written Resolution, as the case may be, to the Noteholders entitled to exercise voting rights in relation thereto; and
  - 21.9.1.2. voted on in writing by Noteholders entitled to exercise voting rights in relation thereto within 20 (twenty) Business Days after the proposed Ordinary Written Resolution or the proposed Extraordinary Written Resolution, as the case may be, was submitted to them.
- 21.9.2. An Ordinary Written Resolution or an Extraordinary Written Resolution, as the case may be, shall be as valid and effectual as an Ordinary Resolution or an Extraordinary Resolution, as the case may be, passed at a meeting duly convened and held in accordance with the provisions of this Condition 21.

#### 21.10. Minutes

The Issuer will cause minutes of all resolutions and proceedings of meetings to be duly taken. Any such minutes, if purporting to be signed by the chairman of the meeting at which such resolutions were passed or proceedings held or by the chairman of the next succeeding meeting, will be receivable in evidence without any further proof, and until the contrary is proved, a meeting of all of the Noteholders or the relevant Group/s of Noteholders (as applicable) 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.

#### 22. BENEFITS

22.1. The provisions of the Conversion Agreement which confer benefits on a Noteholder of Subordinated Notes to which Conversion into Controlling Company Ordinary Shares is applicable (as contemplated in Condition 10.19), constitute stipulations for the benefit of that Noteholder, and that Noteholder, upon its subscription for such Subordinated Notes and the issue of such Subordinated Notes to it, or upon the transfer of any of such Subordinated Notes to it, as the case may be, shall be deemed to have notice of the Conversion Agreement and shall be deemed to have accepted such benefits, and shall accordingly have the benefit of all those provisions of the Conversion Agreement which confer rights on that Noteholder and be bound by all those provisions (if any) of the Conversion Agreement which impose obligations and/or restrictions on that Noteholder.

22.2. The provisions of the Dividend Restriction Agreement which confer benefits on an Additional Tier 1 Noteholder constitute stipulations for the benefit of that Additional Tier 1 Noteholder, and that Additional Tier 1 Noteholder, upon its subscription for Additional Tier 1 Notes and the issue of Additional Tier 1 Notes to it, or upon the transfer of any Additional Tier 1 Notes to it, as the case may be, shall be deemed to have notice of the Dividend Restriction Agreement and shall be deemed to have accepted such benefits, and shall accordingly have the benefit of all those provisions of the Dividend Restriction Agreement which confer rights on that Additional Tier 1 Noteholder and be bound by all those provisions (if any) of the Dividend Restriction Agreement which impose obligations and/or restrictions on that Additional Tier 1 Noteholder.

#### 23. TAP ISSUES

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

#### 24. SEVERABILITY

Should any of the Applicable Terms and Conditions be, or become, invalid, the validity of the remaining Applicable Terms and Conditions shall not be affected in any way.

#### 25. GOVERNING LAW

The Programme Memorandum, the Notes and the Applicable Terms and Conditions are governed by, and will be construed in accordance with, the laws of South Africa.

**USE OF PROCEEDS**

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

Subject to the applicable Capital Regulation, the proceeds of the issue of a Tranche of Additional Tier 1 Notes will rank as Additional Tier 1 Capital and the proceeds of the issue of a Tranche of Tier 2 Notes will rank as Tier 2 Capital, as specified in the Applicable Pricing Supplement.

<b>DESCRIPTION OF THE ISSUER</b>
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#### **ADDITIONAL INFORMATION - DOCUMENTS INCORPORATED BY REFERENCE**

The Capitec Bank Holdings Integrated Report for the financial year ended 28 February 2021 and the Capitec Bank Integrated Report for the financial year ended 28 February 2021 ("**Current Integrated Reports**") contain further information on Capitec Group, the Issuer, its consolidated subsidiaries and their businesses.

The Capitec Bank Holdings Integrated Reports for all financial years after the Programme Date and the the Capitec Bank Integrated Reports for all financial years after the Programme Date ("**Future Integrated Reports**") may contain updated information on on Capitec Group, the Issuer, its consolidated subsidiaries and their businesses.

The Current Integrated Reports and the Future Integrated Reports are incorporated by reference into this Programme Memorandum (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*").

The Current Integrated Reports are available for inspection (and the Future Integrated Reports will be available for inspection, once the Future Integrated Reports are approved and become available), upon request, during normal office hours, at the Specified Office of the Issuer (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*").

In addition, the Current Integrated Reports are available on the Capitec Website Links. The Future Integrated Reports will be available, once the Future Integrated Reports are approved and become available) on the Capitec Website Links and/or substantially similar Capitec website links (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*").

As regards King Code Information (and updates thereto) see under "*Compliance with the King Code*" below.

As regards the Conflicts Policy and the Director Appointment Policy (and updates thereto) see under "*Policies*" below.

As regards the Current Director Statements (if and to the extent applicable) see under "*Current Director Statements*" below.

#### **REGISTRATION OF THE ISSUER AND COMPLIANCE STATEMENT**

The Issuer is registered and incorporated as a public company with limited liability in terms of the Companies Act, under registration number 1980/003695/06. The Issuer was incorporated as a public company on 19 January 1999.

The Issuer is registered as a bank in terms of the Banks Act.

As at the Programme Date, the Issuer is in compliance with the provisions of the Companies Act and is acting in conformity with its Memorandum of Incorporation.

#### **CAPTEC GROUP STRUCTURE**

The Issuer is wholly owned by Capitec Bank Holdings Limited (incorporated with limited liability in South Africa under registration number 1999/025903/06) ("**Capitec Bank Holdings**").

Capitec Bank Holdings is the "*controlling company*" (as defined in the Banks Act) of the Issuer and is listed on the JSE.

The Issuer acquired 100% of the issued share capital of Mercantile Bank Holdings Limited ("**Mercantile Holdings**") on 7 November 2019. On 12 November 2019, the assets and liabilities of Mercantile Holdings were transferred to the Issuer resulting in Mercantile Bank Limited becoming the direct, wholly owned subsidiary of the Issuer. On 1 December 2020 the assets and liabilities of Mercantile Bank Limited were transferred to the Issuer. The business of Mercantile Bank Limited is now carried on as the business banking division of the Issuer.

#### **BUSINESS OF THE ISSUER**

The Issuer carries on the business of a bank.

The Issuer is regarded as a leading South African retail bank. The Issuer focuses on essential banking services and provides innovative savings, transacting and unsecured lending products to individuals. The Issuer also has a business banking division (see "*Capitec Group Structure*" above).

Further information on the business of the Issuer as at the Programme Date can be found in the Capitec Bank

Integrated Report for the financial year ended 28 February 2021 (see under "*Additional Information - Documents Incorporated by Reference*" above).

#### **REGISTERED OFFICE OF THE ISSUER**

The registered office of the Issuer is situated at 5 Neutron Road, Techno Park, Stellenbosch, 7600, South Africa.

#### **COMPANY SECRETARY**

As at the Programme Date, the company secretary of the Issuer is Ms Yolande Mariana Mouton.

#### **DEBT OFFICER**

As at the Programme Date, the debt officer appointed pursuant to Section 7(3)(g) of the JSE Debt Listings Requirements ("**Debt Officer**") is Mr Anton Friend (Treasurer).

The contact details of Mr Anton Friend are as follows:

T +27 21 809 5964 F +27 21 880 1130 M +27 76 606 9292

5 Neutron Road, Techno Park, Stellenbosch 7600

PO Box 12451, Die Boord, Stellenbosch 7613

AntonFriend@capitecbank.co.za.

#### **BOARD OF DIRECTORS**

The board of directors of the Issuer is the same as the board of directors of Capitec Bank Holdings (each, the "**Board**" and together the "**Boards**").

The Board is responsible for the Issuer in its entirety. The Board functions within the ambit of an annually reviewed charter and instructs and oversees a management and control structure that directs and executes all functions within the Issuer. The Board also drives strategy.

For further information on the directors on the Board (each a "**Director**" and together, the "**Directors**") and Board Committees, see pages 62 to 69 inclusive of each of the Current Integrated Reports (see under "*Additional Information - Documents Incorporated by Reference*" above).

The Directors as at the Programme Date (each a "**Current Director**" and together, the "**Current Directors**") are:

##### **Non-executive directors**

#### **Michiel Scholtz du Pré le Roux (71)**

BCom LLB, DCom (hc)

Michiel was chairman of the Boards from 2007 until 31 May 2016 when he stepped down. He continues to serve on the Boards as a non-executive director. He was the Issuer's CEO until 2004. He serves as a director on the boards of Kalander Sekuriteit Proprietary Limited and Kalander Ekwiteit Proprietary Limited.

Michiel was appointed to Capitec Bank Holdings's Board on 1 March 2001 and to the Issuer's Board on 6 April 2000.

#### **Petrus Johannes Mouton (44)**

BCom (Maths)

Piet is the CEO of PSG Group. He serves as a director on the boards of various PSG Group companies, including Curro Holdings, PSG Konsult and Zeder Investments. He has been active in the investment and financial services industry since 1999.

Piet was appointed to the Boards on 5 October 2007.

#### **Chris Adriaan Otto (71)**

BCom LLB

Chris was an executive director of PSG Group since its formation and has served as a non-executive director since February 2009. He is also a director of Distell Group, Kaap Agri and Zeder Investments.

Chris was appointed to the Boards on 6 April 2000.

#### **Independent non-executive directors**

##### **Susan Louise Botha (56) BEcon (Hons)**

*Chairman of the boards and the directors' affairs committee*

Santie was appointed as the chairman of the Boards effective 1 June 2019. She served as an executive director of MTN Group (2003 to 2010) and Absa Bank (1996 to 2003). She was Chancellor of Nelson Mandela University from 2011 until 2017. She is currently the chairman of Curro Holdings and Famous Brands. Santie received a number of awards, including Business Woman of the Year (2010) and Top 100 Most Reputable Africans (2018).

Santie was appointed to the Boards on 1 June 2019.

##### **Stanislaus Alexander du Plessis (48)**

BCom (Mathematics), BComHons (Economics), MPhil (Economics), PhD (Economics), AMP

Stan is chief operating officer and professor of economics at Stellenbosch University. He is a specialist in macroeconomics and monetary policy and has been an advisor to the South African Reserve Bank and National Treasury on macroeconomic policy. He serves on various boards and committees of the University. Previous positions include economist at Prescient Securities and Old Mutual Asset Managers (UK). He is the chairman of the Bureau for Economic Research governance committee and a past president of the Economic Society of South Africa.

Stan was appointed to the Boards on 25 September 2020.

##### **Cora Hedwick Fernandez (47)**

BCom, BCompt(Hons), CA(SA)

Cora is a chartered accountant with extensive experience in investment management and private equity. She serves on various boards including Sphere Holdings, Spur Corporation and Tiger Brands. She also serves on committees of 27Four Black Business Growth Fund, Allan Gray and the National Empowerment Fund. She previously served as chief executive: institutional business at Sanlam Investment Holdings, managing director of Sanlam Investment Management and chief executive officer of Sanlam Private Equity.

Cora was appointed to the Boards on 25 September 2020.

##### **Thetele Emmarancia Mashilwane (45)**

BCom (Hons), CA(SA), RA, MBA

Emma is the cofounder and CEO of Masa Risk Advisory Services. Her previous positions include CFO at Carl Zeiss Optronics, head of internal audit at Nkonki Incorporated, senior manager at KPMG and CFO at Masana Technologies. She serves on the boards of Tiger Brands and Famous Brands.

Emma was appointed to the Boards on 6 March 2020.

##### **Vusumuzi Mahlangu (50)**

BSc (Chemical Engineering), MBA

Vusi is the co-founder and director of Tamela. He has extensive experience in finance and investment banking. He serves on the boards of Emira Property Fund, Cure Day Hospitals and Aon South Africa. Previous positions include chief executive officer (and co-founder) of Makalani Holdings, investment banker at Investec Bank and production manager at Afrox.

Vusi was appointed to the Boards on 25 September 2020.

##### **John David McKenzie (73)**

BSc (Chemical Engineering), MA

*Chairman of the risk and capital management committee and lead independent director*

Jock serves on the boards of a number of companies. He was the chairman and CEO of Caltex Petroleum Corporation until 2001. He was extensively involved in the merger of Caltex, Chevron and Texaco and was president – Asia, Middle

East and Africa of Chevron-Texaco until 2004. Between 1997 and 2003 he was a member of several advisory boards in Singapore, including the American Chamber of Commerce.

He was the founding president of the South Africa – Singapore Business Council and a member of the Singapore Economic Development Board. Since 2004 he has served as a consultant to the Energy Market Authority and Temasek Holdings in Singapore and acted as the chairman of the Commission of Inquiry into the Singapore Electricity and Gas Supply Systems. In South Africa, he has consulted for, among others, Sasol, the South African Petroleum Industry Association's investigation into the impact of the global economic crisis on the South African oil industry and other related topics. He currently serves on the board of Coronation Fund Managers and is the chairman of the Carleton Lloyd Educational Trust and the Rondebosch Schools Education Trust.

Jock was appointed to the Boards on 1 March 2012.

#### **Daniel Petrus Meintjes (64)**

BPL (Hons) (Industrial Psychology), AMP

*Chairman of the human resources and remuneration committee*

Danie served as CEO of the Mediclinic group from 2010 up to his retirement on 1 June 2018. He currently serves as a non-executive director on the board of Mediclinic International. Danie joined the Mediclinic group in 1985 as a hospital manager. He was appointed as a member of Mediclinic's executive committee in 1995 and as a director in 1996. He was seconded to serve as a senior executive of the Mediclinic group's operations in Dubai in 2006 and appointed as CEO of Mediclinic Middle East in 2007. He served as a non-executive director of the Spire Healthcare Group from 2015 up to his retirement in May 2018.

Danie was appointed to the Boards on 28 November 2018.

#### **Jean Pierre Verster (40)**

BCompt (Hons), CA(SA), CFA, CAIA

*Chairman of the audit committee*

Jean Pierre is the founder and CEO of Protea Capital Management. He partnered with Fairtree Asset Management in 2016 to launch the Protea range of hedge funds. Previous portfolio manager positions include 36ONE Asset Management from 2010 to 2016 and Melville Douglas Investment Management. Prior to that he was credit and corporate research analyst at Standard Bank's Global Markets Research division. In 2006, he gained experience as an internal auditor in the retail banking environment after he had started his career in 2005 as a financial manager in the insurance services environment.

Jean Pierre was appointed to the Boards on 23 March 2015.

#### **Executive directors**

#### **Gerhardus Metselaar Fourie (56)**

BCom (Hons), MBA

*CEO*

Gerrie was head: operations at Capitec Bank from 2000 until his appointment as CEO of Capitec and Capitec Bank effective 1 January 2014. He started his career at Stellenbosch Farmers' Winery in 1987 in the financial planning department and was later appointed as the area general manager of KwaZulu-Natal and later Gauteng. He serves on the Mastercard MEA advisory board as well as on the boards of Creamfinance and Mercantile Bank. Gerrie was named the 2019 Business Leader of the Year at the Sunday Times Top 100 Companies Awards.

Gerrie was appointed to the Boards on 20 September 2013.

#### **André Pierre du Plessis (58)**

BCom (Hons), CA(SA)

*CFO*

André joined the Issuer in 2000 as the executive: financial management. He has extensive experience in business advisory services, financial consulting and strategic and financial management. He was the chief executive of financial

management for Boland PKS and NBS Boland Group (1996 to 2000). He was a partner at Arthur Andersen, where he was employed from 1986 to 1996. He serves on the boards of Creamfinance, Mercantile Bank, Praelix and a non-profit organisation, Community Keepers.

André was appointed to the Boards on 2 May 2002.

#### **Nkosana Samuel Mashiya (44)**

MCom (Economics)

*Executive: risk management*

Nkosana joined the Issuer on 1 November 2015. He was the deputy registrar of banks at the SARB from 2011. He was responsible for the policy framework to guide the prudential supervision and regulation of the financial conglomerates in South Africa since 2014 and was acting managing director of the Co-operative Banks Development Agency since 2011. Previously he worked at the National Treasury as chief director: international finance (2010 to 2011), chief director: financial sector development (2006 to 2010) and director: banking development (2002 to 2006).

Nkosana started his career as a lecturer at the University of Johannesburg (1998 to 2001). He later moved to the University of Natal as a lecturer (2001 to 2002) before joining National Treasury.

Nkosana was appointed to the Boards on 1 June 2016.

#### **COMPLIANCE WITH THE KING CODE**

For purposes of Section 7 of the JSE Debt Listings Requirements, the Issuer is a wholly owned subsidiary of Capitec Bank Holdings. The equity shares of Capitec Bank Holdings are listed on the Main Board of the JSE. Capitec Bank Holdings is accordingly required to comply with the King Code.

The Issuer relies on the disclosure made by Capitec Bank Holdings on the basis that the Issuer is included in the Capitec Bank Holdings application of the King Code (as defined in the JSE Debt Listings Requirements).

Capitec Bank Holdings complies with the 16 applicable principles of the King Code. The table set out in the document entitled "*Summary of King IV™ Principal Disclosures*" provides a high-level summary of responses to the King IV principles with cross-references to those pages of the Capitec Bank Integrated Report for the financial year ended 28 February 2021 on which the related detailed information can be found.

The King Code Information is incorporated by reference into this Programme Memorandum (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*" under "*King Code Information*").

The King Code Information as at the Programme Date (including the relevant pages of the Capitec Bank Holdings Integrated Report for the financial year ended 28 February 2021 – see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*" under "*King Code Information*") can be accessed at the Capitec King Code Website Link and the relevant Capitec Website Link. In addition, this King Code Information is available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer.

King Code Information (including the relevant pages of the relevant Capitec Bank Holdings Integrated Report) which is updated after the Programme Date will (once such King Code Information is approved and becomes available) be available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer, and will be available on the Capitec King Code Website Link (and/or substantially similar Capitec King Code website link/s) and the relevant Capitec Website Link (and/or substantially similar Capitec website link).

#### **POLICIES**

##### **Conflicts Policy**

Directors are required to disclose matters that may potentially result in a conflict of interest. A declaration of interest is circulated for sign-off by each Director at all board meetings. No Director may offer a service, product or cooperation agreement to the Group on behalf of any organisation in which they have a direct or indirect interest at a meeting of the Board or its Committees. Such service, product or agreement may be offered to the management of the company, by the management of the related organisation. If a decision to acquire the service or product or conclude the agreement is ultimately referred to the Board, concerned directors are required to recuse themselves.

The Conflicts Policy is incorporated by reference into this Programme Memorandum (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*" under "*Policies*").



The Conflicts Policy as at the Programme Date can be accessed at the Conflicts Policy Website Link. This Conflicts Policy is also available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer.

Where the Conflicts Policy is updated after the Programme Date, the updated Conflicts Policy will (once such updated Conflicts Policy is approved and becomes available) be available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer, and will be available on the Conflicts Policy Website Link and/or substantially similar Capitec Conflicts Policy website link/s.

#### **Director Appointment Policy**

The Director Appointment Policy is incorporated by reference into this Programme Memorandum (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*" under "*Policies*").

The Director Appointment Policy as at the Programme Date can be accessed at the Director Appointment Policy Website Link. This Director Appointment Policy is also available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer.

Where the Director Appointment Policy is updated after the Programme Date, the updated Director Appointment Policy will (once such updated Director Appointment Policy is approved and becomes available) be available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer, and will be available on the Director Appointment Policy Website Link and/or substantially similar Director Appointment Policy website link/s.

#### **DIRECTOR STATEMENTS**

The Director Statements (if and to the extent applicable) are incorporated by reference into this Programme Memorandum (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*" under "*Director Statements*").

The Director Statements as at the Programme Date (if and to the extent applicable) can be accessed at the Director Statements Website Link. These Director Statements (if and to the extent applicable) are also available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer.

Where the Director Statements (if and to the extent applicable) are updated after the Programme Date, the updated Director Statements will (once such updated Director Statements are approved and becomes available) be available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer, and will be available on the Director Statements Website Link and/or substantially similar Director Statements website link/s.

#### **REGISTER OF CONFLICTS OF INTEREST AND/OR PERSONAL FINANCIAL INTERESTS**

The Issuer confirms that, as at the Programme Date, there are no recorded conflicts of interest and/or personal financial interests of the Directors and/or the executive management of the Issuer, as contemplated in the Conflicts Policy and Sections 7.5 and 7.6 of the JSE Debt Listing Requirements (as read with section 75 of the Companies Act). Accordingly, as at the Programme Date, there is no "*register of any conflicts of interest and/or personal financial interests*", as contemplated in Section 7.6 of the JSE Debt Listing Requirements.

**FINANCIAL INFORMATION****FINANCIAL STATEMENTS**

The (a) respective audited annual financial statements of the Issuer for the financial years ended 28 February 2019, 29 February 2020 and 28 February 2021, which include the independent auditor's reports in respect of such annual financial statements, and the unaudited interim financial statements of the Issuer for the 6-month period ended 31 August 2020 ("**Current Financial Statements**") and (b) the respective audited annual financial statements of the Issuer for all financial years after the Programme Date, which will include the independent auditor's reports in respect of such financial statements and, where prepared, the respective unaudited interim financial statements of the Issuer for each six-month period falling in all financial years after the Programme Date ("**Future Financial Statements**") are incorporated by reference into this Programme Memorandum (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*").

The Current Financial Statements are available for inspection (and the Future Financial Statements will be available for inspection, once the Future Financial Statements are approved and become available), upon request, during normal office hours, at the Specified Office of the Issuer (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*").

In addition, the Current Financial Statements are available on the Capitec Website Links. The Future Financial Statements will be available, once the Future Financial Statements are approved and become available) on the Capitec Website Links and/or substantially similar Capitec website links (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*").

**REPORT OF THE INDEPENDENT AUDITORS**

As at the Programme Date, the report of the independent auditors of the Issuer is included in the Current Financial Statements. The report of the independent auditors of the Issuer will, after the Programme Date, be included in the Future Financial Statements (see "*Financial Statements*" above).

**AUDITORS**

PricewaterhouseCoopers Inc. and Deloitte & Touche are the auditors of the Issuer as at the Programme Date.

For purposes of Section 6.22 of the JSE Debt Listings Requirements, PricewaterhouseCoopers Inc. and Deloitte & Touche are, as at the Programme Date, accredited audit firms specified as such in the JSE list of Auditors and Accounting Specialists.

**SETTLEMENT, CLEARING AND TRANSFERS OF REGISTERED NOTES**
**REGISTERED NOTES WHICH ARE HELD IN THE CENTRAL SECURITIES DEPOSITORY**

Subject to the Applicable Procedures and unless the context clearly otherwise indicates, references to "Registered Notes" include Beneficial Interests in Registered Notes which are held in the Central Securities Depository, and *vice versa*, and references to "Noteholders of Registered Notes" include the holders of Beneficial Interests in Registered Notes which are held in the Central Securities Depository, and *vice versa*.

**Clearing systems**

The Central Securities Depository is the operator of an electronic clearing system which matches, clears and facilitates the settlement of all transactions carried out in respect of Uncertificated Registered Notes.

Each Tranche of Uncertificated Registered Notes will be issued, cleared and transferred in accordance with the CSD Procedures through the electronic settlement system of the Central Securities Depository, and the settlement of trades in Uncertificated Registered Notes will take place in accordance with the electronic settlement procedures of the Central Securities Depository.

Tranches of Uncertificated Registered Notes will be settled through Participants who will comply with the electronic settlement procedures prescribed by the Central Securities Depository.

The Issuer will adhere to the recognised and standardised electronic clearing and settlement procedures of the Central Securities Depository.

**Participants**

The Central Securities Depository maintains central securities accounts only for Participants. As at the Programme Date, the Participants are Standard Chartered Bank Johannesburg Branch, Absa Bank Limited, Citibank N.A., South Africa Branch, FirstRand Bank Limited, Nedbank Limited, The Standard Bank of South Africa Limited and the South African Reserve Bank.

Euroclear Bank S.A/N.V., as operator of the Euroclear System ("**Euroclear**"), and Clearstream Banking, *société anonyme* ("**Clearstream**"), among others, may hold Uncertificated Registered Notes through their nominated Participant.

Participants are responsible for the settlement of scrip and payment transfers through the Central Securities Depository, the Interest Rate Market of the JSE and the South African Reserve Bank.

**Payments**

Payments of all amounts due and payable in respect of Uncertificated Registered Notes will be made in accordance with the CSD Procedures and Condition 11.2.2.

The Issuer will, in accordance with the CSD Procedures, make an irrevocable deposit, into the Designated Bank Account, of the full aggregate amount which is due and payable, on the relevant Payment Date, in respect of a Tranche of Uncertificated Registered Notes.

The funds in the Designated Bank Account will be transferred to the relevant Participants, by means of the South African Multiple Option Settlement ('SAMOS') system operated by the South African Reserve Bank. The Participants will then make payment of the relevant amounts to the registered Noteholders of Uncertificated Registered Notes, in accordance with the CSD Procedures, as contemplated in Condition 11.2.2.

Once the funds deposited into the Designated Bank Account have been cleared and credited to the Designated Bank Account, and transferred from the Designated Bank Account to the relevant Participants, neither the Settling Bank nor the Issuer will be responsible for the loss in transmission of any such funds.

Each of the persons reflected in the records of the relevant Participant as the registered Noteholder of Uncertificated Registered Notes shall look solely to the relevant Participant for such person's share of the funds deposited into the Designated Bank Account.

**Transfers and exchanges of Uncertificated Registered Notes**

The Participants will maintain records of Uncertificated Registered Notes by their clients.

Title to Uncertificated Registered Notes will pass on transfer thereof by electronic book entry in the securities accounts maintained by the relevant Participants for the registered Noteholders of such Uncertificated Registered Notes.

Uncertificated Registered Notes may be transferred only in accordance with the CSD Procedures.

Subject to the Financial Markets Act, the registered Noteholder of Beneficial Interests will only be entitled to exchange such Beneficial Interests for Registered Notes which are represented by a Certificate in accordance with Condition 15.1.

**REGISTERED NOTES WHICH ARE LISTED ON ANY OTHER FINANCIAL EXCHANGE**

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

If a Tranche of Registered Notes which is listed on any Financial Exchange (other than the Interest Rate Market of the JSE) may, in terms of the rules of that Financial Exchange and Applicable Laws, be lodged in a central securities depository and/or issued in uncertificated form, the relevant procedures (including those relating to beneficial ownership interests in that Tranche of Registered Notes) will be set out in the Applicable Pricing Supplement.

## TAXATION

*The summary in this section headed "Taxation" below is intended to deal with the more important fiscal provisions that could be relevant to the treatment of the Notes from a general fiscal perspective as at the Programme Date. The contents of this section headed "Taxation" are not intended to and do not constitute tax advice and do not purport to describe all of the considerations that may be relevant to a prospective subscriber for or holder of or purchaser of any Notes. Prospective Noteholders of Notes should consult their own professional advisers in this regard. This summary is limited to the South African taxation consequences that could be applicable to Noteholders.*

### SECURITIES TRANSFER TAX

The issue, transfer and redemption of Notes will not attract securities transfer tax under the Securities Transfer Tax Act, 2007 as the Notes do not constitute "securities" as envisaged by such legislation. Any future transfer duties and/or taxes that may be introduced in respect of (or be applicable to) the transfer of Notes will be for the account of the transferee Noteholder, even though such transfer duties and/or taxes could, in the first instance, have been payable by the regulated intermediary concerned.

### INCOME TAX

The taxation of "interest" is regulated by section 24J of the Income Tax Act, 1962 ("**Income Tax Act**") on the basis that interest must be accounted for in the hands of a Noteholder on a yield-to-maturity basis (but see under "*Tax Treatment of the Issuer*" below). For tax purposes "interest" as defined in section 24J of the Income Tax Act ("**Interest**") has a wide meaning and includes, among other things, not just interest and related finance charges, but also any discount or premium payable or receivable in terms of or in respect of a financial arrangement.

The references to Interest mean "interest" as understood in South African tax law. These references do not take account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the Applicable Terms and Conditions of a Tranche of Notes or any related documentation.

However, to the extent that a Noteholder is a "covered person" as defined in section 24JB of the Income Tax Act and it recognises the Notes in profit or loss in the statement of comprehensive income in respect of financial assets and financial liabilities of that covered person that are measured at fair value in profit or loss in terms of accounting principles, the Noteholder should consider the application of section 24JB of the Income Tax Act instead, which section mainly deals with the tax treatment of banks.

#### Original issue discount or premium

Any discount that arises pursuant to the original issue of the Notes will be treated as Interest for tax purposes, and the amount of the discount will be deemed to accrue to the Noteholder on a yield to maturity basis as if such Noteholder were to hold the Notes until the Maturity Date (if any) (but see under "*Tax Treatment of the Issuer*" below).

Any original issue premium over the Principal Amount of the Notes will also be treated as Interest for tax purposes and will be taken into account in calculating the return to the Noteholder on a yield to maturity basis as if such Noteholder were to hold the Notes until the Maturity Date (if any) (but see under "*Tax Treatment of the Issuer*" below).

Appropriate adjustments are made to the extent that the Notes are disposed of by the Noteholder prior to the Maturity Date (if any).

#### Interest on the Notes

A "resident" of South Africa (as defined in section 1 of the Income Tax Act) ("**Resident**") will, subject to any available exemptions, be taxed on its worldwide income. Accordingly, a Resident Noteholder will be liable for income tax, subject to available exemptions, on any income received or accrued in respect of the Notes held by that Resident Noteholder in the relevant year of assessment of that Resident Noteholder.

A person who or which is not a Resident ("**Non-Resident**") is taxed in South Africa under the Income Tax Act only on income from a source within or deemed to be sourced within South Africa.

Interest which, during the relevant year of assessment of a Non-Resident Noteholder, is received or accrued in respect

of Notes which are held by that Non-Resident Noteholder is regarded as being from a South African source as the Issuer is a South African tax resident.

However, Interest which, during the relevant year of assessment of a Non-Resident Noteholder, is received or accrued in respect of Notes which are held by that Non-Resident Noteholder will (subject to "*Withholding Tax*" below) be exempt from income tax under section 10(1)(h) of the Income Tax Act, unless that Non-Resident Noteholder:

- a) is a natural person who was physically present in South Africa for a period exceeding 183 calendar days in aggregate during the 12-month period preceding the date on which the Interest is received by or accrues to that Non-Resident Noteholder; or
- b) the debt from which the Interest arises is effectively connected to a permanent establishment of that Non-Resident Noteholder in South Africa.

If a Non-Resident Noteholder does not qualify for the exemption under section 10(1)(h) of the Income Tax Act, an exemption from or reduction of tax liability under the Income Tax Act may nevertheless be available under an applicable convention concluded between the Government and the relevant other contracting state for the avoidance of double taxation ("*DTA*") of which the Noteholder is a tax resident. In addition, some entities may be exempt from income tax, which would include an exemption from Interest.

Prospective Non-Resident Noteholders must consult their own professional advisers as to whether the interest income earned on Notes to be held by them will be exempt under section 10(1)(h) of the Income Tax Act or under an applicable DTA.

As regard the Withholding Tax on Interest paid to Non-Resident Noteholders, see "*Withholding Tax*" below.

#### **Re-characterisation of Interest**

Certain anti-avoidance provisions have been inserted into the Income Tax Act which have the result that interest is re-characterised as dividends. In such event, the interest is deemed to be a dividend *in specie* declared and paid by the Issuer on the last day of the year of assessment of the Issuer and not deductible in terms of the Income Tax Act.

In terms of the relevant taxation legislation, the recharacterization does not apply to the extent that the relevant instruments constitute a "tier 1 or tier 2 capital instrument" (as defined in the then applicable Regulations Relating to Banks) issued by a bank. The then applicable Regulations Relating to Banks (Government Notice No. R. 1029; *Government Gazette* No. 35950, dated 12 December 2012) came into operation on 1 January 2013 and provided, among other things, for the partial implementation of the Basel III Accord in South Africa. These Regulations Relating to Banks did not define a "tier 1 capital instrument" or "tier 2 capital instrument" (which instruments formed part of the "old" pre-Basel III capital instruments) and neither did they define the 3 "new" Basel III capital instruments (being Common Equity Tier 1 Capital instruments, Additional Tier 1 Capital Notes and Tier 2 Capital Notes), although they did refer to the 3 "new" Basel III levels of capital (being Common Equity Tier 1 Capital, Additional Tier 1 Capital and Tier 2 Capital) and the requirements with which "instruments or shares" needed to comply in order for the proceeds of the issue thereof to rank as Common Equity Tier 1 Capital, Additional Tier 1 Capital or Tier 2 Capital, as applicable. The 3 "new" Basel III capital instruments were first defined in 2013 in the Banks Amendment Act, 2013 (*Government Gazette* No. 37144; 10 December 2013) which came into force only after the then applicable Regulations Relating to Banks and the relevant taxation legislation had been promulgated as law.

Although the Issuer is a bank, because of the legislative "timing mismatch" described in the paragraph above, it is not clear whether the South African Revenue Service (or a court) would construe the reference to "tier 1 or tier 2 capital instrument" in the relevant taxation legislation as now being a reference to Additional Tier 1 Capital Notes and Tier 2 Capital Notes as the tax legislation was not updated when the Banks Amendment Act, 2013 came into force. It is therefore not certain whether or not recharacterization would apply to the extent that the Notes are Additional Tier 1 Notes or Tier 2 Notes even though they could broadly speaking still qualify as a "tier 1 capital instrument" or a "tier 2 capital instrument", as applicable.

#### **Withholding Tax**

A withholding tax on Interest paid to Non-Residents (at the rate of 15% of the amount of the Interest) ("**Withholding Tax**") applies in terms of Part IVB of the Income Tax Act.

The Issuer is entitled to request a Noteholder to confirm its tax residency and whether any withholding or reduction of the Withholding Tax rate is in fact required in terms of any applicable DTA.

Subject to any Withholding Tax relief provided for in the Income Tax Act (see the paragraph below) or an applicable DTA, the Withholding Tax will be imposed in respect of all payments of Interest from a South African source to Non-Residents unless a Non-Resident is liable to the payment of South African income tax on such Interest.

However, payments of Interest under Notes held by Non-Resident Noteholders will be exempt from Withholding Tax if (among other exemptions) such Notes are listed on a "*recognised exchange*" or are issued by a South African bank (subject to the exclusion of back to back transactions as envisaged by section 50D(2) of the Income Tax Act). The Issuer is a South African bank. The JSE is a "*recognised exchange*".

Accordingly, payments of Interest under Notes held by Non-Resident Noteholders will be exempt from Withholding Tax.

Payments of Interest under Notes held by a Non-Resident will also be exempt from the Withholding Tax if:

- a) that Non-Resident is a natural person who was physically present in South Africa for a period exceeding 183 days in aggregate during the twelve-month period preceding the date on which the Interest is paid; or
- b) the debt claim in respect of which that Interest is paid is effectively connected with a permanent establishment of that Non-Resident in South Africa, if that Non-Resident is registered as a taxpayer in South Africa.

#### **Conversion or Write-Off of Subordinated Notes**

*It should be noted that the tax consequences to the Subordinated Noteholder of the compulsory Conversion of Subordinated Notes into Controlling Company Ordinary Shares or the compulsory Write-Off of Subordinated Notes, upon the occurrence of the Trigger Event (at the Discretion of the Prudential Authority), are complicated, and a ruling in this regard may need to be obtained from the South African Revenue Service.*

*A summary of some of the possible tax consequences of the compulsory Write-Off of Subordinated Notes is set out below. Prospective subscribers for or purchasers of any Subordinated Notes must consult their professional advisers in this regard.*

#### **Conversion of Subordinated Notes**

To the extent that Subordinated Notes are Converted into Controlling Company Ordinary Shares, the Conversion may potentially be regarded as a disposal for tax purposes, resulting in a tax liability for the Noteholder of Subordinated Notes.

The "conversion" of an asset is specifically indicated in the capital gains tax provisions of the Income Tax Act to constitute a disposal. In addition, even though there may be an exemption applying to the conversion of preference shares into ordinary shares, the South African Revenue Service, in its Capital Gains Tax Guide, has specifically indicated that there will be an adjusted gain or loss pursuant to the conversion of a debenture (or a debt instrument such as the Subordinated Notes). This adjusted gain or loss is deemed to accrue in the year of transfer or redemption.

The Capital Gains Tax Guide indicates that, even if the "right" to convert a debenture (or a debt instrument such as the Subordinated Notes) into an ordinary share is acquired upfront, a capital gain or loss will have to be determined at the time of conversion. A similar consequence may arise to the extent that the Subordinated Notes are held on revenue account. To the extent that cash does not flow pursuant to the Conversion, there is also a risk that the mere Conversion may not be seen to be full discharge by the Issuer of its obligations under the Subordinated Notes.

It is noted that each Subordinated Noteholder will receive Controlling Company Ordinary Shares pursuant to the so-called "Conversion" of the Subordinated Notes. In these circumstances the Subordinated Noteholders will cede their rights under the Subordinated Notes to the Controlling Company in exchange for the issue of Controlling Company Ordinary Shares. If the Controlling Company thereafter waives its rights under the Subordinated Notes, there may be negative consequences for the Issuer. If the Subordinated Notes remain in existence and the Controlling Company enforces its rights thereunder, these negative consequences may not necessarily arise. Equally, if the Subordinated Notes are thereafter converted by the Controlling Company for Ordinary Shares in the Issuer, there may also be negative tax consequences for the Issuer if the market value of the ordinary shares issued by the Issuer to the Controlling Company is not at least equal to the face value of the Subordinated Notes. There may not be negative consequences if the debt is converted to or exchanged for shares in the debtor and the amount does not consist of or represent an amount owed by the debtor in respect of interest incurred by the debtor during any year of assessment.

### **Write-Off of Subordinated Notes**

To the extent that Subordinated Notes are Written Off (on the basis that the Issuer is no longer obliged to pay the relevant amount to the Noteholders of the Subordinated Notes) this will be a realisation which will have tax consequences. If a debt is waived or reduced as envisaged in the Income Tax Act, this may result in a loss for the Noteholders. It is generally only on revenue account for a moneylender and in most cases the loss will be on capital account for the Noteholders.

To the extent that there is merely an impairment from an accounting perspective of the Subordinated Notes in the hands of a Noteholder, that does not constitute an actual realisation, except in exceptional circumstances. It is only where there is an actual waiver or reduction that there would be tax consequences in the hands of the Noteholder. This will then depend on whether the Subordinated Notes have been held on capital or revenue account.

There may also be recoupments or capital gains tax consequences for the Issuer in the case of a waiver or reduction depending on how it used the proceeds of the Subordinated Notes.

### **Disposal of the Notes**

If a Noteholder sells or otherwise disposes of a Note, Taxes (whether income tax or capital gains tax) may be levied on such sale or disposal.

Taxes (whether income tax or capital gains tax) may be levied on the disposal or deemed disposal of any Notes held by a Resident Noteholder. In general, income tax will be leviable to the extent that a Resident Noteholder is a trader or has acquired the Notes for speculative purposes or has acquired the Notes as part of a business in carrying out a profit-making scheme. In general, capital gains tax will be leviable to the extent that the Notes have been acquired by a Resident Noteholder for investment purposes and the disposal is not part of a business in carrying out a profit-making scheme.

Any discount or premium on acquisition which has already been treated as Interest for income tax purposes under section 24J of the Income Tax Act (see "*Original issue discount or premium*" above) will not again be taken into account when determining any capital gain or loss.

Taxes (whether income tax or capital gains tax) will not be levied on the disposal or deemed disposal of Notes held by a Non-Resident Noteholder unless the profits made on the disposal or deemed disposal of such Notes are from a South African source or are attributable to a permanent establishment of that Non-Resident Noteholder in South Africa during the relevant year of assessment of that Non-Resident Noteholder. An applicable DTA may provide such Non-Resident Noteholder with relief from such Taxes.

### **VALUE-ADDED TAX**

In terms of the Value-Added Tax Act, 1991 ("**Value-Added Tax Act**"), no value-added tax ("**VAT**") is payable on the issue or transfer of the Notes. The issue, allotment or transfer of ownership of the Notes constitutes a "financial service", the supply of which is exempt from VAT in terms of section 12(a) of the Value-Added Tax Act. However, commissions or other charges that are payable on the facilitation of this "financial service" are, in principle, subject to VAT at the current standard rate of 15%, depending on the circumstances and the identity of the relevant service provider.

### **TAX TREATMENT OF THE ISSUER**

A different regime applies to the tax treatment of the Issuer compared to other taxpayers. Given the fact that the Issuer is a bank that is registered in terms of the Banks Act, it is specifically provided for in section 24JB of the Income Tax Act that amounts in respect of financial assets and financial liabilities that are recognised in profit or loss in the statement of comprehensive income in respect of financial assets and financial liabilities of the Issuer that are recognised at fair value in profit or loss in terms of accounting principles must be included in or deducted from its income, excluding certain exemptions.

However, a "Binding Private Ruling" was previously obtained by a bank that provided for a different interpretation of the Income Tax Act. The "Binding Private Ruling" dealt with the income tax consequences for a particular issuer of Additional Tier 1 Notes ("**relevant issuer**"). The "Binding Private Ruling" states generally that, provided that the proceeds of the issue of Additional Tier 1 Notes are not recognised in profit-and-loss in the statement of comprehensive income in respect of the financial assets and liabilities of the relevant issuer:

- The proceeds derived by the relevant issuer from the issue of the Additional Tier 1 Notes will not form part of



its "gross income", as defined in section 1(1).

- The periodic payments, referred to as interest in the relevant pricing supplement, to be made by the relevant issuer in terms of the Additional Tier 1 Notes constitute "interest", as defined in section 24J(1).
- Section 24J will not be applicable to the incurral of interest in respect of the Additional Tier 1 Notes.
- The interest will be deductible under section 11(a) read with section 23(g) when incurred.
- Interest will be incurred when the obligation to make the payment becomes unconditional. If a decision is made by the relevant issuer not to pay the interest as provided in the relevant pricing supplement, such "interest" will not have been incurred. The aforementioned interest expenditure will not be incurred upfront in a particular payment period or on a day-to-day basis during that particular payment period.
- To the extent that any interest is written-off by the relevant issuer that has been incurred and claimed as a deduction under section 11(a), such interest must be recouped under section 8(4)(a).
- To the extent that the capital of the Additional Tier 1 Notes is written-off, as envisaged in the relevant pricing supplement, a recoupment under section 19 and/or an adjustment under paragraph 12A of the Eighth Schedule must be made in respect of the base cost of the assets generally funded by the relevant issuer from the proceeds of the issue of the Additional Tier 1 Notes.
- Sections 8F, 8FA and 24JB will not apply to the Additional Tier 1 Notes.

If the above "Binding Private Ruling" is applied to the Additional Tier 1 Notes, then it implies that the accrual of interest in the hands of the Noteholders of the Additional Tier 1 Notes will also not take place on a yield to maturity basis, but only when the obligation to make payment becomes unconditional.

If the proceeds of the issue of Additional Tier 1 Notes are recognised in profit-and-loss in the statement of comprehensive income in respect of the financial assets and liabilities of the relevant issuer, the interpretation of section 24 JB of the Income Tax Act, as set out in the 1<sup>st</sup> paragraph under "TAX TREATMENT OF THE ISSUER" above, will apply.

#### **US TAXATION – FOREIGN ACCOUNT TAX COMPLIANCE ACT**

Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 introduced a new reporting regime, being the Foreign Account Tax Compliance Act ("**FATCA**"). FATCA imposes withholding tax of 30% on any US sourced income or US sourced gross proceeds paid to a foreign financial institution ("**FFI**") or to a "*direct reporting non-financial foreign entity*" ("**NFFE**") unless the FFI or direct reporting NFFE meets certain requirements. To meet these requirements, the FFI or direct reporting NFFE must enter into an agreement with the US Internal Revenue Service ("**IRS**") either via their respective country's government, being an Intergovernmental Agreement or independently via the IRS directly.

The South African Government and the U.S. Government signed an IGA ("**South African IGA**") in respect of FATCA on 9 June 2014. Under the South African IGA, South African FFIs will generally be able to be treated as "*deemed compliant*" with FATCA perspective.

FATCA is a particularly complex piece of legislation. The above description is based in part on U.S. Treasury regulations official guidance and the South African IGA, all of which are subject to change or may be implemented in materially different form.

Potential investors in the Notes should consult their own tax advisers to determine how these rules may apply to payments they will receive under the Notes and the potential impact of the implementation of the South African IGA and implementing legislation on them.

#### **COMMON REPORTING STANDARDS**

Common Reporting Standards ('CRS') is part of a global standard that was proposed in 2014 by the OECD (the Organisation of Economic Co-operation and Development), at the request of the G8 and the G20, for the annual cross border exchange of information on financial accounts.

Countries around the world came together and agreed to exchange tax information in an effort to prevent individuals and corporations from using banks and other financial organisations to avoid taxation on their income and assets. South Africa is a signatory to this multilateral competent authority agreement along with most other countries across the world, each of whom will now exchange tax information between each other.

South African financial institutions are thus required to submit to the South African Revenue Service information on Noteholders, including controlling persons of those Noteholders, that have tax obligations, tax liabilities or tax residencies outside of South Africa.

Noteholders may be requested to provide certain information and certifications, such as a self-certification form to the Issuer.

**SUBSCRIPTION AND SALE****ARRANGER, DEBT SPONSOR, DEALER AND PLACING ARRANGEMENTS****Arranger**

As at the Programme Date, FirstRand Bank Limited (incorporated with limited liability under registration number 1929/001225/06 in South Africa), acting through its Rand Merchant Bank division is the Arranger of the Programme.

**Debt Sponsor**

As at the Programme Date, PSG Capital Proprietary Limited (incorporated with limited liability in South Africa under registration number 2006/015817/07) is the ongoing Debt Sponsor of the Programme, and is the Debt Sponsor for purposes of procuring the approval and registration of the Programme Memorandum by the JSE and the listing of Tranche/s on Registered Notes on the Interest Rate Market of the JSE, subject to the applicable provisions of Section 2 of the JSE Debt Listings Requirements.

Section 2 of the JSE Debt Listings Requirements sets out certain requirements in relation to the appointment, and termination of appointment, of a Debt Sponsor. Among other things, if the appointment of the Debt Sponsor is terminated by the Issuer for whatever reason, such termination must be approved by the board of directors of the Issuer. Once the termination of the Debt Sponsor has been approved by the board of directors of the Issuer, the Issuer and the Debt Sponsor must submit a report to the JSE stipulating the reasons for the termination, within 48 hours of such termination.

**Dealer and placing arrangements**

A Tranche of Registered Notes may be offered by way of public auction or private placement or any other means permitted by Applicable Law, as determined by the Issuer and the relevant Dealer/s.

In terms of (and subject to) the Programme Agreement, FirstRand Bank Limited, acting through its Rand Merchant Bank division has been appointed as a Dealer for the duration of the Programme (subject to the Issuer's right to terminate the appointment of any Dealer).

The Issuer may, in terms of (and subject to) the Programme Agreement, appoint one or more additional Dealers for the duration of the Programme or to place one or more particular Tranches of Registered Notes (subject to the Issuer's right to terminate the appointment of any Dealer).

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 Registered Notes by entering into a Placement Agreement. Each Placement Agreement will be concluded in accordance with, and be supplemental to, the Programme Agreement.

A Placement Agreement will, among other things, provide for the relevant Dealer/s, subject to certain conditions set out in the Placement Agreement (as read with the Programme Agreement), to place the Registered Notes in the relevant Tranche/s of Registered Notes, and may also provide for the Dealer/s to underwrite the subscription and payment for such Registered Notes.

On the Issue Date, delivery of the Registered Notes in a Tranche of Registered Notes to the subscribers of such Registered Notes will, in accordance with the relevant Placement Agreement (as read with the Programme Agreement), be effected by the Issuer's Participant, against payment of the Issue Price, in accordance with the Applicable Procedures. The relevant Dealer/s may procure sale and purchase transactions in respect of the relevant Tranche/s of Registered Notes before the Issue Date. Such transactions will be for settlement on the Issue Date and will be subject to the condition that the relevant Placement Agreement is not terminated before the time on which such transactions are to be settled on the Issue Date.

The relevant Dealer/s may, under certain circumstances (before the issue of or payment for the relevant Tranche/s of Registered Notes) terminate their obligations to place the relevant Tranche/s of Registered Notes under the relevant Placement Agreement. The relevant Placement Agreement may, under certain circumstances (before the issue of or payment for the relevant Tranche/s of Registered Notes), automatically terminate. If the relevant Placement Agreement is terminated before the Issue Date, the transactions in the relevant Tranche/s of Registered Notes shall also terminate and no party thereto shall have any claim against any other party as a result of such termination.

The Issuer has no right to cancel the relevant Placement Agreement before the issue of or payment for the relevant Tranche/s of Registered Notes.

## **SELLING RESTRICTIONS**

### **South Africa**

Each Dealer will be required to represent and agree that it will not solicit any offers for subscription for or sale of any Notes and will not itself sell any Notes, in South Africa, in contravention of the Companies Act, the Banks Act, the Exchange Control Regulations and/or any other Applicable Laws and regulations of South Africa in force from time to time.

In particular, the Programme Memorandum does not, nor is it intended to, constitute a "*prospectus*" (as contemplated 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 such expression is defined in the Companies Act) of any Notes (whether for subscription, purchase or sale).

Notes will not be offered for subscription or sale to any single addressee for an amount of less than ZAR1,000,000 (or such other amount as is prescribed from time to time in terms of section 96(2)(a) of the Companies Act).

### **United States of America**

#### *Regulation S Category 2*

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 ("**U.S. Securities Act**"). The Notes may not be offered or sold in the United States of America or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the U.S. Securities Act or in a transaction 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 U.S. Securities Act.

Each Dealer will be required to represent and agree that it has not offered, sold, resold or delivered any Notes and will not offer, sell, resell or deliver any Notes:

- a) as part of its distribution at any time; and
- b) otherwise until 40 (forty) days after completion of the distribution of all of the Notes in the relevant Tranche/s of Notes, as determined and certified by the Dealer or, in the case of an issue of the relevant Tranche/s of Notes on a syndicated basis, the relevant Lead Manager/s, of all Notes of the Series of which the relevant Tranche/s of Notes is/are a part,

within the United States of America or to, or for the account or benefit of, U.S. persons only in accordance with Regulation S and it will send to each distributor to which it sells any Notes a confirmation or other notice setting forth the restrictions on offers and sales of such Notes within the United States of America or to, or for the account or benefit of, U.S. persons.

In addition, an offer or sale of the Notes within the United States of America by any Dealer or other distributor (whether or not participating in the offering of such Notes during the distribution compliance period described in the preceding paragraph) may violate the registration requirements of the U.S. Securities Act.

Each Dealer (and in the case of the issue of the relevant Tranche/s of Notes on a syndicated basis, the relevant Lead Manager/s) shall determine and certify to the Issuer when it has completed the distribution of the Notes in the relevant Tranche/s of Notes.

Each Dealer will be required to further represent and agree that neither it, its affiliates nor any person acting on its or their behalf has engaged or will engage in any "*directed selling efforts*" (as that term is defined in Regulation S under the U.S. Securities Act) with respect to any Notes, and it and they have complied and will comply with the offering restrictions requirements of Regulation S.

### **European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer will be required to represent and agree that, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State ("**Relevant Implementation Date**") it has not made and will not make an offer of any Notes to the public in that Relevant

Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- a) if the Applicable Pricing Supplement relating to a Tranche of Notes specifies that an offer of such Notes may be made other than pursuant to Article 3.2 of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Applicable Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Applicable Pricing Supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- c) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Dealer or Dealers nominated by the Issuer for any such offer; or
- d) at any time in any other circumstances falling within Article 3.2 of the Prospectus Directive,

provided that no such offer of Notes referred to in paragraphs (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and including any relevant implementing measure in the Relevant Member State.

### **United Kingdom**

Each Dealer will be required to represent and agree that:

- a) in relation to any of Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of Notes would otherwise constitute a contravention of Section 19 of the United Kingdom Financial Services and Markets Act, 2000 ("**FSMA**") by the Issuer;
- b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer;
- c) it has complied with and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **Changes to the above selling restrictions**

The selling restrictions set out above may in relation to any Tranche of Notes, be changed by the Issuer and the relevant Dealer/s, including following a change in, or clarification of, a relevant law, regulation, directive, request or guideline having the force of law or compliance with which is in accordance with the practice of responsible financial institutions in the country or jurisdiction concerned or any change in or introduction of any of them or in their interpretation or administration. Any such change will be set out in the Applicable Pricing Supplement relating to the relevant Tranche of Notes.

**Other selling restrictions**

Each Dealer will be required to represent and agree that:

- a) 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 any Notes or has in its possession or distributes the Programme Memorandum and/or the Applicable Pricing Supplement and will obtain any consent, approval or permission required by it for the purchase, subscription, offer or sale by it of any Notes under the laws and regulations in force in each jurisdiction to which it is subject or in which it makes such purchases, subscriptions, offers or sales; and
- b) it will comply with such other or additional restrictions as the Issuer and the Dealer agree and as are set out in the Applicable Pricing Supplement relating to the relevant Tranche of Notes.

Neither the Issuer nor the Debt Sponsor nor the Arranger nor the Dealer/s represent that this Programme Memorandum and/or any Applicable Pricing Supplement may be lawfully distributed, or that any Notes may be lawfully offered, subscribed for or sold, 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, offering, subscription or sale.

Persons into whose possession this Programme Memorandum and/or any Applicable Pricing Supplement comes are required by the Issuer, the Debt Sponsor, the Arranger and the Dealer/s to comply with all Applicable Laws and regulations in each country or jurisdiction in which they subscribe for, purchase, offer, sell, transfer or deliver Notes or have in their possession or distribute this Programme Memorandum and/or any Applicable Pricing Supplement and to obtain any consent, approval or permission required by them for the subscription, purchase, offer, sale, transfer or delivery by them of any Notes under the law and regulations in force in any country or jurisdiction to which they are subject or in which they make such subscriptions, purchases, offers, sales, transfers or deliveries, in all cases at their own expense, and none of the Issuer, the Debt Sponsor, the Arranger or the Dealer/s shall have responsibility therefor.

In accordance with the above, any Notes purchased or subscribed for by any person which it wishes to offer for sale or resale may not be offered in any country or jurisdiction in circumstances which would result in the Issuer being obliged to register this Programme Memorandum or any further prospectus or corresponding document relating to the Notes in such country or jurisdiction.

## EXCHANGE CONTROL

*The comments below are intended as a general guide to the position under the Exchange Control Regulations as at the Programme Date. The contents of this section headed "Exchange Control" do not constitute exchange control advice and do not purport to describe all of the considerations that may be relevant to a prospective subscriber for or purchaser of any Notes. Prospective subscribers for or purchasers of any Notes should consult their professional advisers in this regard.*

### PROGRAMME MEMORANDUM

This Programme Memorandum does not require the prior approval of the Exchange Control Authorities in terms of the Exchange Control Regulations.

### ISSUE OF NOTES

In general, the issue of a Tranche of Notes will not require the prior written approval of the Exchange Control Authorities in terms of the Exchange Control Regulations.

However, under certain circumstances and if so indicated in the Applicable Pricing Supplement, the issue of a particular Tranche of Notes will require the prior written approval of the Exchange Control Authorities in terms of the Exchange Control Regulations.

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

### BLOCKED RAND

Blocked Rand may be used for the subscription for or purchase of Notes. Any principal and/or other redemption amount which is payable by the Issuer in respect of such Notes subscribed for or purchased with Blocked Rand may not, in terms of the Exchange Control Regulations, be remitted out of South Africa or paid into a bank account which is outside South Africa.

### EMIGRANTS FROM THE COMMON MONETARY AREA

Any Certificate issued to a Noteholder who is an emigrant from the Common Monetary Area ("**Emigrant Noteholder**") will be restrictively endorsed "emigrant" and must be deposited with the nominated authorised dealer in foreign exchange controlling such Emigrant Noteholder's blocked assets.

Where an Uncertificated Registered Note is held by an Emigrant Noteholder through the Central Securities Depository, the securities account maintained for such Emigrant Noteholder by the relevant Participant will be designated as an "emigrant" account.

All payments of principal and/or other redemption amount payable to an Emigrant Noteholder will be deposited into such Emigrant Noteholder's Blocked Rand account, as maintained by the nominated authorised dealer in foreign exchange controlling such Emigrant Noteholder's blocked assets. Such amounts are not freely transferable from the Common Monetary Area and may only be dealt with in terms of the Exchange Control Regulations. Payments of interest due and payable in respect of such Notes to such Emigrant Noteholder need not be deposited into such Emigrant Noteholder's Blocked Rand account, and such amounts of interest are freely transferable from the Common Monetary Area.

### NON-RESIDENTS OF THE COMMON MONETARY AREA

Any Certificate issued to a Noteholder who is not resident in the Common Monetary Area ("**Non-Resident Noteholder**") will be restrictively endorsed "non-resident".

Where an Uncertificated Registered Note is held by a Non-Resident Noteholder through the Central Securities Depository, the securities account maintained for such Non-Resident Noteholder by the relevant Participant will be designated as a "non-resident" account.

It will be incumbent on a Non-Resident Noteholder to instruct its nominated authorised dealer in foreign exchange as to how payments of amounts (whether in respect of principal, interest or otherwise) payable in respect of the Notes

held by such Non-Resident Noteholder are to be dealt with. Such amounts may, in terms of the Exchange Control Regulations, be remitted abroad only if such Notes were acquired with foreign currency introduced into South Africa and provided that the relevant Certificate has been restrictively endorsed "non-resident" or the relevant securities account has been designated as a "non-resident" securities account, as the case may be.

**ORDER NOTES**

Any Order Certificates issued to Emigrant Noteholders will be endorsed in accordance with the applicable provisions of the Exchange Control Regulations. The disposal or acquisition of or dealing in any Order Notes (and Order Certificates) issued to Emigrant Noteholders will be subject to the applicable provisions of the Exchange Control Regulations.

Any Order Certificates issued to Non-resident Noteholders will be endorsed in accordance with the applicable provisions of the Exchange Control Regulations. The disposal or acquisition of or dealing in any Order Notes (and Order Certificates) issued to Non-Resident Noteholders will be subject to the applicable provisions of the Exchange Control Regulations.



## GENERAL INFORMATION

### AUTHORISATION

All corporate authorities, and all consents, approvals, authorisations or other orders of all regulatory authorities, required by the Issuer under the laws of South Africa as at the Programme Date, have been given for the establishment of the Programme and the execution of the Programme Memorandum, and for the Issuer to execute, enter into and perform its obligations under each Applicable Agency Agreement (if any) and the Programme Agreement.

All corporate authorities, and all consents, approvals, authorisations or other orders of all regulatory authorities, required by the Issuer and the Controlling Company under the laws of South Africa as at the Programme Date, have been given or will have been given (prior to the first Issue Date of the first Tranche of Subordinated Notes to which Conversion is applicable) for the execution of the Conversion Agreement and (prior to the Issue Date of the first Tranche of Additional Tier 1 Notes) for the execution of the Dividend Restriction Agreement.

All corporate authorities, and all consents, approvals, authorisations or other orders of all regulatory authorities, required by the Issuer under the laws of South Africa as at the Programme Date, will be given, prior to the Issue Date of a Tranche of Notes, for (among other things) the Issuer to issue that Tranche of Notes, to execute the Applicable Pricing Supplement relating to that Tranche of Notes, to enter into and perform its obligations under the Applicable Terms and Conditions of that Tranche of Notes, and to enter into and perform its obligations under the Relevant Dealer Agreement (if any) relating to the issue and placing of that Tranche of Notes.

### LISTING

The Programme Memorandum, dated 12 May 2021, was registered and approved by the JSE on 7 May 2021.

A Tranche of Registered Notes may be listed on the Interest Rate Market of the JSE and/or on such other Financial Exchange/s as may be determined by the Issuer and the relevant Dealer/s, subject to all Applicable Laws. Unlisted Notes may also be issued under the Programme. Unlisted Notes are not regulated by the JSE. The holders of Registered Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the JSE.

The Applicable Pricing Supplement relating to a Tranche of Registered Notes will specify whether or not the Registered Notes in that Tranche will be listed and, if so, on which Financial Exchange.

### LITIGATION

The Issuer is not aware of any legal or arbitration proceedings in which the Issuer is involved, including any proceedings that are pending or threatened, that may have or have had in the 12 (twelve) months preceding the Programme Date, a material effect on the Issuer's financial position.

### MATERIAL CHANGE

The Issuer confirms that, as at the Programme Date, save for the sale (with effect from 31 March 2021) of the shares in the insurance cell captives by the Issuer to Capitec Ins Proprietary Limited, a subsidiary of Capitec Bank Holdings (as set out in the SENS announcement dated 13 April 2021 and as contemplated in Note 45 of the audited annual financial statements of the Issuer for the financial year ended 28 February 2021), no material change in the financial or trading condition of the Issuer or any "*subsidiary*" (as defined in the Companies Act) of the Issuer has occurred since 28 February 2021 (being the end of the last financial period for which audited annual financial statements of the Issuer have been published). This statement has not been confirmed or verified or reviewed and reported on by the auditors of the Issuer.

### AUDITORS

PricewaterhouseCoopers Inc. and Deloitte & Touche are the auditors of the Issuer as at the Programme Date.

SIGNED at Stellenbosch on 12 May 2021

For: **CAPITEC BANK LIMITED**

By: 

Name of signatory: Mr Gerhardus Metselaar Fourie

Capacity: *Director (CEO)*

*duly authorised*

By: 

Name of signatory: Mr Andre Pierre du Plessis

Capacity: *Director (CFO)*

*duly authorised*

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**ARRANGER AND DEALER****FirstRand Bank Limited, acting through its Rand Merchant Bank division**

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**SETTLING BANK****FirstRand Bank Limited, acting through its RMB  
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