

Amended and Updated Programme Memorandum dated 14 December 2015



DEVELOPMENT BANK OF SOUTHERN AFRICA LIMITED

(reconstituted and incorporated in terms of section 2 of the Development Bank of Southern Africa Act, 1997)

ZAR80,000,000,000 DOMESTIC MEDIUM TERM NOTE PROGRAMME

The Development Bank of Southern Africa Limited (reconstituted and incorporated in terms of section 2 of the Development Bank of Southern Africa Act, 1997) ("**Issuer**" or "**DBSA**") has established a ZAR15,000,000,000 domestic medium term note programme ("**Programme**") under which the Issuer may from time to time issue secured, unsecured, subordinated or unsubordinated notes of any kind ("**Notes**") under the programme memorandum dated 21 January 2008 ("**Previous Programme Memorandum**").

The Previous Programme Memorandum was approved by the then Bond Exchange of South Africa Limited on or about 21 January 2008. On 15 September 2009, the Issuer increased the maximum aggregate Outstanding Principal Amount of all of the Notes that may be in issue under the Programme at any one point in time ("**Programme Amount**") from ZAR15,000,000,000 to ZAR35,000,000,000.

The Issuer has amended and updated the Previous Programme Memorandum on the basis set out in this amended and updated Programme Memorandum dated 14 December 2015 ("**Programme Memorandum**").

In addition, the Issuer has increased the Programme Amount from ZAR35,000,000,000 to ZAR80,000,000,000.

Application has been made to the JSE for the approval of this Programme Memorandum. This Programme Memorandum, dated 14 December 2015, was approved by the JSE on 14 December 2015.

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 are defined in the section of this Programme Memorandum headed "*Terms and Conditions*" ("**Terms and Conditions**"). References to any Condition in this Programme Memorandum are to that Condition of the Terms and Conditions.

On and with effect from 14 December 2015 ("**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, the Previous Programme Memorandum (including the section of the Previous Programme Memorandum headed "*Terms and Conditions of the Notes*") will remain applicable to Existing Notes. The Previous Programme Memorandum is available on the Issuer's website at www.dbsa.org.

As at the Programme Date, the Programme Amount is ZAR80,000,000,000. The aggregate Outstanding Principal Amount Notes (including Existing Notes) in issue under the Programme may not exceed ZAR80,000,000,000, 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 (or remain in issue on), and subject to, the Applicable Terms and Conditions.

The Issuer will, prior to the issue of a New Tranche of Notes, complete an Applicable Pricing Supplement based on the *pro forma* Applicable Pricing Supplement set out in the section of this Programme Memorandum headed "*Pro Forma Applicable Pricing Supplement*".

A Tranche of Notes will comprise Senior Notes or Subordinated Notes, as indicated in the Applicable Pricing Supplement. A Tranche of Notes, whether Senior Notes or Subordinated Notes, may comprise Fixed Rate Notes, Floating Rate Notes, Mixed Rate Notes, Indexed Notes (including Inflation-Linked Notes), Zero Coupon Notes, Partly Paid Notes, Instalment Notes, Exchangeable 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.

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.

As at the Programme Date, the Programme is not rated. The Applicable Pricing Supplement will reflect the Rating which has been assigned to the Issuer as well as the Rating Agency or Rating Agencies which assigned such Rating. The Issuer will procure that any change to the Rating of the Issuer that occurs after the Programme Date is announced on SENS. The Programme and/or a Tranche of Notes may, on or before the Issue Date in the case of a Rating of a Tranche of Notes, 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, if any, which has been assigned to a Tranche of Notes and/or the Programme, as well as the Rating Agency or Rating Agencies which assigned such Rating or Ratings (see the section of this Programme Memorandum headed "*General Description of the Programme*").

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.

Arranger, Debt Sponsor and Dealer:

The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division



Legal Advisers to the Issuer and the Arranger:

Clifford D. Dekker H. Hofmeyr Inc.



GENERAL NOTICE

The Issuer accepts full responsibility for the accuracy of the information contained in this Programme Memorandum, each Applicable Pricing Supplement, the annual financial reports of the Issuer and any amendments to such annual financial reports, and each supplement to this Programme Memorandum published by the Issuer from time to time (except as otherwise stated therein). The Issuer certifies that, to the best of its knowledge and belief, there are no facts the omission of 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, 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 and intentions expressed in this Programme Memorandum are honestly held.

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

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 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 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 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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DOCUMENTS INCORPORATED BY REFERENCE

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

- a) the respective annual reports of the Issuer for the financial years ended 31 March 2013, 31 March 2014 and 31 March 2015, which include the respective audited annual financial statements of the Issuer for the financial years ended 31 March 2013, 31 March 2014 and 31 March 2015 and the independent auditor's reports in respect of such audited annual financial statements;
- b) the respective annual reports of the Issuer for all financial years of the Issuer after the Programme Date, which will include the respective audited annual financial statements of the Issuer for all such financial years and the independent auditor's reports in respect of such audited annual financial statements;
- c) 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**");
- d) each supplement to this Programme Memorandum circulated by the Issuer from time to time;
- e) all information pertaining to the Issuer 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 any document which is subsequently incorporated by reference into this Programme Memorandum modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

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 circulated by the Issuer from time to time 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 Issuer's website at www.dbsa.org.

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.

The respective annual reports of the Issuer for the financial years ended 31 March 2013, 31 March 2014 and 31 March 2015 are available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer. In addition, these annual reports are available on the Issuer's website at www.dbsa.org.

The respective annual reports of the Issuer for all financial years of the Issuer after the Programme Date will (as and when such annual reports are approved and become available) be available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer. In addition, these annual reports will (as and when such annual reports are approved and become available) be available on the Issuer's website at www.dbsa.org.

Website and internet addresses in this Programme Memorandum are included for reference only and the contents of any such websites and internet sites are not incorporated by reference into, and do not form part of, this Programme Memorandum.

The Issuer will, for so long as any Notes in a Tranche remain outstanding and listed on the Interest Rate Market of the JSE, publish a new Programme Memorandum or a supplement to this Programme Memorandum, as the case may be, within six months of the financial year end of the Issuer, (a) if any of the information contained in this Programme Memorandum becomes outdated in a material respect (b) if, after the annual financial statements of the Issuer for any financial year are incorporated by reference into this Programme Memorandum (see above), any of the information contained in such annual financial statements becomes outdated in a material respect, as the case may be.

A new Programme Memorandum or a supplement to this Programme Memorandum, as the case may be, must be approved by the JSE. Any such new Programme Memorandum or Programme Memorandum as supplemented by a supplement to this Programme Memorandum, as the case may be, will be deemed to have substituted the previous Programme Memorandum from the date of issue of the new Programme Memorandum or the supplement to this Programme Memorandum, as the case may be.

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.

Regulation of the Issuer

See the section of this Programme Memorandum headed "*Description of the Issuer*" under "*Establishment and regulation of the Issuer*" for a description of the establishment and regulation of the Issuer.

Issue

Subject to the applicable provisions of the PFMA and the DBSA Act, 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 in issue under the Programme from time to time does not exceed the Programme Amount.

A Tranche of Notes will comprise Senior Notes or Subordinated Notes, as indicated in the Applicable Pricing Supplement. A Tranche of Notes, whether Senior Notes or Subordinated Notes, may comprise Fixed Rate Notes, Floating Rate Notes, Mixed Rate Notes, Indexed Notes (including Inflation-Linked Notes), Zero Coupon Notes, Partly Paid Notes, Instalment Notes, Exchangeable 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.

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 the section of this Programme Memorandum headed "*Pro Forma Applicable Pricing Supplement*".

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 Notes may also be issued under the Programme. Unlisted Notes are not regulated by the JSE. The Applicable Pricing Supplement will specify whether or not a Tranche of Notes will be listed and, if so, on which Financial Exchange.

A copy of the signed Applicable Pricing Supplement relating to a Tranche of 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 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 Notes which are listed on the Interest Rate Market of the JSE and/or held in the Central Securities Depository will take place in accordance with the electronic settlement procedures of the JSE and the Central Securities Depository.

The settlement and redemption procedures for a Tranche of Notes 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 ZAR80,000,000,000. The aggregate Outstanding Principal Amount Notes (including Existing Notes) in issue under the Programme may not exceed ZAR80,000,000,000, 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 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 such 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 Index-Linked Notes shall be calculated *mutatis mutandis* in accordance with paragraph (a) above, with reference to the aggregate Principal Amount of that Tranche of Index-Linked Notes (regardless of the Issue Price of that Tranche);
- 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.

From time to time the Issuer may wish to increase the Programme Amount. Subject to the Applicable Procedures, all Applicable Laws and the Programme Agreement, the Issuer may, without the consent of any Noteholder, increase the Programme Amount by delivering a notice thereof to the Noteholders in accordance with Condition 16 and to the relevant Financial Exchange. Upon such notices being given, 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.

Rating

As at the Programme Date, the Programme is not rated. The Applicable Pricing Supplement will reflect the Rating which has been assigned to the Issuer as well as the Rating Agency or Rating Agencies which assigned such Rating. The Issuer will procure that any change to the Rating of the Issuer that occurs after the Programme Date is announced on SENS. The Programme and/or a Tranche of Notes may, on or before the Issue Date in the case of a Rating of a Tranche of Notes, 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, if any, which has been assigned to a Tranche of Notes and/or the Programme, as well as the Rating Agency or Rating Agencies which assigned such Rating or Ratings. A Rating of a Tranche of Notes is not a recommendation to subscribe for, buy, sell or hold any Notes, and may be subject to revision, suspension or withdrawal at any time by the Rating Agency.

Exchange Control Regulations

The issue of a particular Tranche of Notes may, depending on the type of Notes in that Tranche, 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 "*Exchange Control*").

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 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.

Risks relating to the Issuer

General

The factors described below represent the inherent risks relating to the Issuer. The Issuer does not represent that the statements below regarding the risks relating to it are exhaustive. A potential investor should carefully consider the risks below and the other information in this Programme Memorandum.

The value of the Notes depends upon, amongst other things, the ability of the Issuer to fulfil its obligations under the Notes.

The financial prospects of any entity are sensitive to the underlying characteristics of its business and the nature and extent of the commercial risks to which the entity is exposed. There are a number of risks faced by the Issuer, including those that encompass a broad range of economic and commercial risks, many of which are not within its control. The performance of the Issuer's business can be influenced by external market and regulatory conditions. If the Issuer's business is affected by adverse circumstances in the same period, overall earnings would suffer significantly. These risks create the potential for the Issuer to suffer loss.

Although the Issuer has sought to play a counter-cyclical role, it has not been immune to the impact of the economic climate, particularly given its dependence on the financial markets as a source of financing. Furthermore, in recent years, the Issuer has experienced increased competition in the key areas of municipal, state-owned entity and regional infrastructure funding.

Risk categories and risk management

The Issuer, in common with other development finance institutions in South Africa and elsewhere, is exposed to commercial and market risks in its ordinary course of business, the three main categories of which are strategic risk, operational risk and business risk, further sub-divided into market risk, interest rate risk, foreign currency risk, liquidity risk, credit risk and operational risk. See, in addition, the table set out under "Summary of certain key risks" below.

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 of the Issuer.

Strategic risk

Strategic risk is the risk that unforeseen opportunities or threats may render the Issuer's strategy ineffective or uncompetitive or that events or circumstances may occur which could hinder the ability of the Issuer to implement its strategy successfully.

Operational risk

Operational risk is the risk that internal or external events and circumstances can have a disruptive impact on the reliability, continuity, quality and efficiency of the Issuer's operations, or cause damage to tangible assets of the Issuer and harm to intangible assets of the Issuer.

Business risk

Business risk is the risk that unknown events or circumstances can result in deviations from the returns expected on individual business propositions or impact on the planned outcomes of specific value-creating initiatives of the Issuer.

Market risk

Market risk is the risk that the Issuer's earnings and capital will be adversely affected by movements in the level or volatility of market rates or prices such as interest rates or prices such as interest rates and foreign exchange rates.

Market risk includes the risk of exposure to adverse changes in the value of future cash flows and/or financial instruments and/or financial assets as a result of changes in market prices or volatility, including risks arising from foreign exchange rates, interest rates, derivatives (which are subject to settlement and other risks) and the correlation of market prices and rates within and across markets.

Interest rate risk

Interest rate risk arises from a variety of sources including mismatches between the re-pricing periods of assets and liabilities. Interest rate risk refers to the susceptibility of the Issuer's financial position to adverse fluctuations in market interest rates. Variations in market interest rates impact on the cash flows and income stream of the Issuer through their net effect on interest-rate-sensitive assets and liabilities. At the same time movements in interest rates impact on the Issuer's capital through their net effect on the market value of assets and liabilities. Interest rate risk in the Issuer arises naturally as a result of its funding and lending operations, and occurs primarily in the form of re-pricing risk caused by mismatches in the amount of assets and liabilities re-pricing at any one time, and to a lesser extent, basis risk, the risk of spread compression between assets and liabilities priced off different reference rates.

Foreign currency risk

Foreign currency risk is the risk of financial loss resulting from adverse movements in foreign currency exchange rates. Currency risk in the Issuer arises primarily as a result of foreign currency denominated borrowings, foreign currency lending and foreign currency denominated equity investments in countries on the continent of Africa and elsewhere.

Liquidity risk

Liquidity risk is the risk of failure to meet all financial obligations on a timely basis, when due, and in the currency due, without incurring above normal costs. In the case of the Issuer, this risk specifically arises from the inability to honour obligations with respect to commitments to borrowers, lenders and investors and operational expenditure.

Although not a bank registered as such under the Banks Act and therefore not subject to the volatile and uncertain nature of such liabilities, the high levels of uncertainty around the level and timing of loan disbursements, coupled with the dependency on market funding, nevertheless expose the Issuer to the very real threat of a liquidity squeeze, primarily as it relates to funding asset growth.

Therefore, the major form of liquidity risk for the Issuer relates to ensuring access to funding to ensure asset growth, with contractual cash flows typically net positive over the long-term (reinvestment risk) - unlike the case with commercial banks, where liquidity risk concerns are centred primarily around the risk of liabilities being called (refinance risk).

Credit and investment risk

The Issuer is exposed to the risk of financial loss as a result of failure by a client or other counterparty to meet its contractual obligations due to a deterioration in the financial status of the client or counterparty.

The Issuer is exposed to the risk of economic loss should any of the Issuer's clients or market counterparties fail to fulfil their contractual obligations. Credit risk is inherent mainly in the Issuer's development financing and lending operations as a result of potential counterparty defaults on debt repayments. Credit risk may also arise where the downgrading of a client's rating causes the fair value of the investment in that entity to deteriorate. Credit risk is also manifested as country risk where circumstances arise in a country in which an exposure or counterparty is domiciled, resulting in a reduction of the value of assets. Settlement risk is another form of credit risk, which is the risk of a counterparty failing to deliver cash (securities) due to be delivered at a particular moment in time, following release of the corresponding cash (securities) by the Issuer in settlement of a transaction.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes the risk of inadequate or ineffective processes of internal control, risks related to people, systems and processes, regulatory compliance and legal and business continuity.

The daily operations of the Issuer may result in financial loss, adverse regulatory consequences or reputational damage due to a variety of operational risks including business decisions, technology risk (including business systems failure), fraud, compliance with legal and regulatory obligations, counterparty performance under outsourcing arrangements, business continuity planning, legal and litigation risk, data integrity and processing risk, managing conflicts of interests and key person risk.

Regulatory environment

The Issuer is subject to government regulation in South Africa. A description of certain of the applicable government regulation statutes is set out in the section of this Programme Memorandum headed "*Description of the Issuer*" under "*Establishment and regulation of the Issuer*". Changes in government policy, legislation or regulatory interpretation may adversely affect the Issuer's business and, consequently, reported results and financing requirements. No assurance can be given as to the impact of any possible judicial decision or change to such governmental regulation or related administrative practice after the Programme Date. See the section of this Programme Memorandum headed "*Description of the Issuer*" under "*Establishment and regulation of the Issuer*" for a description of the establishment and regulation of the Issuer.

Legal, regulatory, compliance and tax risk

Compliance risk is the risk (among other things) that regulatory requirements which are applicable to the Issuer are not complied with (see "*Regulatory environment*" above).

Failure to comply with legal and regulatory requirements which are applicable to the Issuer, including tax laws and regulations, or government policies, may have an adverse effect on the Issuer and its reputation among customers and regulators in the market.

The Issuer may also be adversely affected by future changes in government policy, legal, regulatory and compliance requirements. Future tax developments or changes to tax 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 have on the Issuer and its business.

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

Market conditions, including funding

Global market conditions are subject to periods of volatility and change which can negatively impact market liquidity, increase credit spreads and reduce funding availability. Since 2008 global equity and debt markets have experienced some difficult conditions. These challenging market conditions have resulted in periods of reduced liquidity, extreme volatility and declining asset prices, as well as greater counterparty credit risk, widening of credit spreads and lack of price transparency in credit and other markets.

Market conditions also led to the failure of a number of financial institutions and the intervention of government authorities and central banks around the world. Global economic conditions remain uncertain. If the economic climate worsens in the future, the Issuer's financial performance, business or strategy may be adversely affected.

Further instability in equity and debt markets may affect the Issuer's ability to access the funding necessary to grow its business. In addition, an increase in credit spreads may increase the Issuer's cost of funding. Further, volatile and deteriorating markets may reduce activity and the flow of transactions, which may adversely impact the Issuer's financial performance. Other risks associated with funding that the Issuer may face are over reliance on a particular funding source or a simultaneous increase in funding costs across a broad range of sources.

Changes in investment markets, including changes in interest rates, exchange rates and returns from any equity, listed and unlisted investment assets, property and other investments, as well as adverse economic conditions, may affect the financial performance of the Issuer.

In poor market conditions, the Issuer may be required to hold its investment assets for longer, or sell these assets at a lower price than historically expected and this may impact the Issuer's rate of return on these assets and require funding for longer periods than anticipated. This may include situations where potential buyers of the Issuer's investment assets are unable to obtain financing to purchase such assets.

Capital market volatility may require the Issuer to make write downs of its investments and loan impairment provisions.

This would impact the Issuer's financial performance.

Summary of certain key risks

The table below sets out certain key risks and their impact on the Issuer:

<i>Risk</i>	<i>Impact</i>
Strategy and execution	
Incorrect investment strategy to deliver on infrastructure funding targets	<ul style="list-style-type: none">• Failure to deliver on disbursement targets and the required development impact.
Inability to secure deals competitively on a portfolio basis	<ul style="list-style-type: none">• Failure to deliver on infrastructure disbursement targets.• Lower returns and reduction in surpluses available to support development activities.
Failure to remain financially sustainable	<ul style="list-style-type: none">• Inability to continue to deliver on mandate.• Require review and restructuring of operations.• Need for capital support from government.
Failure to deliver on non-financial mandate	<ul style="list-style-type: none">• Negative impact on relationship and reputation with mandating authorities.• Non-recovery of costs incurred.
Non-recovery of costs incurred on non-financial activities	<ul style="list-style-type: none">• Lower surpluses available to the Issuer.
Failure to adapt the business model due to changes in the business environment	<ul style="list-style-type: none">• Failure to deliver on infrastructure disbursement targets as well as non-financial programmes.
Processes and staff	
Ineffective and inefficient internal processes	<ul style="list-style-type: none">• Slow turnaround times.• Possibility of fraud and inaccurate data
Failure to recruit, develop and retain key staff	<ul style="list-style-type: none">• Impairment of the Issuer's ability to implement its strategic objectives.
Fraud and corruption	<ul style="list-style-type: none">• Financial losses incurred.
Compliance risk	
Failure to comply with legislation	<ul style="list-style-type: none">• Fines and penalties.• Reputational loss.

Information on the Issuer's risk management strategy appears in the annual report of the Issuer for the financial year ended 31 March 2014 under "*Risk Management*". The annual report of the Issuer for the financial year ended 31 March 2014 is incorporated by reference into, and forms part of, this Programme Memorandum (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*").

Shareholder support

As at the Programme Date, the Government of the Republic of South Africa ("**Government**") is the sole shareholder of the Issuer. The Government, while it is believed to remain supportive of the Issuer's long-term strategic objectives, does not in any manner whatsoever guarantee or underwrite the Issuer's obligations under the Notes.

Winding up of the Issuer

In terms of section 19 of the DBSA Act, the Issuer may not be wound up except in terms of an Act of Parliament (see the section of this Programme Memorandum headed "*Description of the Issuer*" under "*Establishment and regulation of the Issuer*").

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.

Exchange control

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

General risks relating to the Notes

Investment suitability

Investors 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, or any Applicable Pricing Supplement, 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 should:

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

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

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 (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency 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 of the Notes 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 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

As at the Programme Date, the Programme is not rated. The Applicable Pricing Supplement will reflect the Rating which has been assigned to the Issuer as well as the Rating Agency or Rating Agencies which assigned such Rating. The Issuer will procure that any change to the Rating of the Issuer that occurs after the Programme Date is announced on SENS. The Programme and/or a Tranche of Notes may, on or before the Issue Date in the case of a Rating of a Tranche of Notes, 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, if any, which has been assigned to a Tranche of Notes and/or the Programme, as well as the Rating Agency or Rating Agencies which assigned such Rating or Ratings.

A Rating of a Tranche of Notes is not 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 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.

A Rating of 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 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 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 that Tranche of Notes assigned by the Rating Agency, or such rating agency may rate a Tranche of Notes on an international scale basis which may be lower than the Rating on a national basis assigned to that Tranche of Notes by the Rating Agency. Any adverse change in the Rating of a Tranche of Notes and/or the Issuer 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.

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. 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.

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 held in the Central Securities Depository

Each Tranche of unlisted Registered Notes and each Tranche of Registered Notes which is listed on the Interest Rate Market of the JSE will be issued in registered uncertificated form and will be held in the Central Securities Depository. The Noteholders of such Registered Notes (and the the holders of Beneficial Interests in such Registered Notes) will have to rely on the CSD Procedures for transfer, payment and communication with the Issuer. Except in the circumstances described in the Terms and Conditions, the holders of Beneficial Interests in such Registered Notes will not be entitled to receive Certificates.

The Participants will maintain records of the Beneficial Interests in Registered Notes held in the Central Securities Depository. While Registered Notes are held in the Central Securities Depository, the holders of Beneficial Interests in such Registered Notes will be able to trade their Beneficial Interests only through the Central Securities Depository.

While Registered Notes are held in the Central Securities Depository, the Issuer will discharge its payment obligations under such Registered Notes by making payments to, or to the order of, the Central Securities Depository, for distribution, via the Participants, to the holders of Beneficial Interests in such Registered Notes, in accordance with the CSD Procedures. A holder of a Beneficial Interest in Registered Notes must rely on the CSD Procedures to receive payments under such Registered Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, Beneficial Interests.

Holders of Beneficial Interests in Registered Notes must vote in accordance with the CSD Procedures. Holders of Beneficial Interests in Registered Notes must exercise their respective rights to vote through their respective Participants. The respective Participants will vote in accordance with the respective instructions conveyed to them by the respective holders of Beneficial Interests in Registered Notes, in accordance with the CSD Procedures.

The holder of a Beneficial Interest will only be entitled to exchange such Beneficial Interest for Registered Notes represented by a Certificate in accordance with Condition 12.1.

Registered Notes 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, the Applicable Procedures.

A Noteholder which 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 holding 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.

Holders 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.

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, any other person.

Tax considerations

A summary of the applicable Taxation legislation in respect of 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 and/or warranty and/or undertaking is given by the Issuer (or any other person) in respect of the tax treatment of any Noteholder, and no liability and/or responsibility is assumed by the Issuer (or any other person) for

the tax treatment 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. 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 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 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.

Notes subject to optional redemption by the Issuer

The Issuer may, in terms of and subject to the applicable provisions of Condition 10, at its option, redeem a Tranche of Notes prior to the Maturity Date, as more fully described in Condition 10. These optional 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 a Noteholder 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.

Indexed Notes

The Issuer may issue Notes the terms of which provide for interest or principal payable in respect of such Notes to be determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "**Relevant Factor**") or with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- no interest may be payable on such Notes;
- payments of principal or interest on such Notes may occur at a different time or in a different currency than expected;
- the amount of principal payable at redemption of such Notes may be less than the nominal amount of such Notes or even zero;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one, or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- the timing of changes in a Relevant Factor may affect the actual yield to Noteholders, even if the average level is consistent with their expectations: in general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Partly-paid Notes

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

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.

Mixed Rate Notes

Mixed Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of Mixed Rate Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Mixed Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate may at any time be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Fixed Rate Notes.

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.

Additional risks relating to Subordinated Notes

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

The payment obligations of the Issuer under Subordinated Notes will rank behind Senior Notes (see Condition 5.2 for a full description of the subordination of the payment obligations of the Issuer under Subordinated Notes).

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 holders of Subordinated Notes in the event the Issuer is wound-up or placed under liquidation.

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 a supplement to this Programme Memorandum prior to the Issue Date of the first Tranche of such Notes to be issued under the Programme.

SUMMARY OF THE PROGRAMME

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

Approval and listing	<p>This Programme Memorandum, dated 14 December 2015, was approved by the JSE on 14 December 2015.</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.</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>
Arranger	<p>The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division subject to the Issuer's right to terminate the appointment of Standard Bank as Arranger (see the section of this Programme Memorandum headed "<i>Subscription and Sale</i>" under "<i>Arranger, Debt Sponsor, Dealer and placing arrangements</i>").</p>
Blocked Rand	<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>
Calculation Agent	<p>The Issuer, unless the Issuer elects to appoint another entity as Calculation Agent, as contemplated in Condition 15.</p>
Central Securities Depository	<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>
Clearing and settlement	<p>The Central Securities Depository is the operator of an electronic clearing system and has been appointed by the JSE to match, clear and facilitate the settlement of all transactions carried out on the Interest Rate Market of the JSE.</p> <p>Each Tranche of Registered Notes (whether listed or unlisted) will be issued in registered uncertificated form and will be held in the Central Securities Depository. Each Tranche of Notes which is held in the Central Securities Depository 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>
Cross default	<p>Senior Notes will have the benefit of a cross default as described in Condition 11.1.1.3.</p>
CSD Procedures	<p>In relation to a Tranche of Registered Notes which is listed on the Interest Rate Market of the JSE (and/or held in the Central Securities Depository), the rules and operating procedures for the time being of the Central Securities Depository and Participants.</p>

Dealers	The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division, and 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 " <i>Subscription and Sale</i> " under " <i>Arranger, Debt Sponsor, Dealer and placing arrangements</i> ").
Debt Sponsor	The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division subject to the Issuer's right to terminate the appointment of Standard Bank as Debt Sponsor (see the section of this Programme Memorandum headed " <i>Subscription and Sale</i> " under " <i>Arranger, Debt Sponsor, Dealer and placing arrangements</i> ").
Description of the Programme	The Development Bank of Southern Africa Limited ZAR80,000,000,000 Domestic Medium Term Note Programme.
Distribution	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.
Exchange control	<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>
Form of Notes	Notes will be issued in the form of Registered Notes, Order Notes or Bearer Notes as described in the section of this Programme Memorandum headed " <i>Form of the Notes</i> ".
Governing 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.
Interest	<p>Notes may be interest-bearing or non-interest bearing.</p> <p>A Tranche of interest-bearing Notes will bear interest on the aggregate Outstanding Principal Amount at the Interest Rate calculated in accordance with the applicable provisions of Condition 7 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>Zero Coupon Notes will not bear interest.</p>
Interest payments	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.
Interest Rate, Interest Commencement Date, Interest Period/s and Interest Payment Date/s	The Interest Rate, 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.

Issue Price	A Tranche of Notes may be issued on a fully-paid or a partly-paid basis and at a discount or premium to its aggregate Principal Amount, as specified in the Applicable Pricing Supplement.
Issuer	The Development Bank of Southern Africa Limited (reconstituted and incorporated in terms of section 2 of the Development Bank of Southern Africa Act, 1997).
Issue and transfer taxes	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.
JSE	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.
Maturity Date and Maturity Period	The Maturity Date of a Tranche of Notes will be specified in the Applicable Pricing Supplement. The Notes are not subject to any minimum or maximum Maturity Period.
Negative pledge	Senior Notes will have the benefit of a negative pledge as described in Condition 6.
Noteholders	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), (ii) the Bearers of Bearer Notes, and (iii) the Payees of Order Notes.
Participants	The persons accepted by the Central Securities Depository as participants in terms of the Securities Services Act (prior to 3 June 2013) or the Financial Markets Act (on and after 3 June 2013), as applicable. As at the Programme Date, the Participants are Standard Chartered Bank Johannesburg Branch, Societe Generale, 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, <i>société anonyme</i> (" Clearstream ") may hold Notes through their nominated Participant.
Paying Agent	The Issuer, unless the Issuer elects to appoint another entity as Paying Agent, as contemplated in Condition 15.
Programme Amount	As the Programme Date, the Programme Amount is ZAR80,000,000,000. The aggregate Outstanding Principal Amount Notes (including Existing Notes) in issue under the Programme may not exceed ZAR80,000,000,000, 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 " <i>General Description of the Programme</i> ".
Rating	As at the Programme Date, the Programme is not rated. The Applicable Pricing Supplement will reflect the Rating which has been assigned to the Issuer as well as the Rating Agency or Rating Agencies which assigned such Rating. The Programme and/or a Tranche of Notes may, on or before the Issue Date in the case of a Rating of a Tranche of Notes, 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, if any, which has been assigned to a Tranche of Notes and/or the Programme, as well as the Rating Agency or Rating Agencies which assigned such Rating or Ratings. A Rating is not a recommendation to subscribe for, buy, sell or hold Notes and may be subject to revision, suspension or

	<p>withdrawal at any time by the Rating Agency.</p>
Redemption at maturity	<p>Unless previously redeemed, or purchased and cancelled, pursuant to Condition 10, the Issuer will redeem a Tranche of Notes, on the Maturity Date, at the Final Redemption Amount, as described in Condition 10.1.</p> <p>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.</p>
Redemption at the option of the Issuer	<p>If the Call Option is applicable to a Tranche of Notes, the Issuer may, at its option, redeem that Tranche of Notes, in whole or in part (as specified in the Applicable Pricing Supplement), on the Optional Redemption Date (Call), at the Optional Redemption Amount (Call), as described in Condition 10.2.</p>
Redemption at the option of Noteholders	<p>If the Put Option is specified in the Applicable Pricing Supplement as being applicable to a Tranche of Senior Notes any Noteholder of Senior Note/s in that Tranche may, at its option (but subject to Condition 10.3.2) require the Issuer to redeem all or any of such Senior Note/s (as specified in the Put Option Notice), in whole or in part (as specified in the Put Option Notice), on the Optional Redemption Date (Put), at the Optional Redemption Amount (Put), as described in Condition 10.3.</p>
Redemption following a Tax Event	<p>If a Tax Event has occurred and is continuing in relation to a Tranche of Notes, the Issuer may at its option, redeem that Tranche of Notes (in whole but not in part), on the Optional Redemption Date (Tax Event), at the Optional Redemption Amount (Tax Event), as described in Condition 10.4.</p>
Redemption following a Change of Control Event	<p>Any Noteholder of any Notes in respect of which a Change of Control Event has occurred may, by written notice to the Issuer effective upon the date of receipt thereof by the Issuer, declare any or all of those Notes to be immediately due and payable, whereupon those Notes (whether or not due for payment) shall become immediately due and payable, and the Issuer shall forthwith redeem those Notes, at the Early Termination Amount), as more fully described in Condition 10.5.</p>
Register	<p>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 (it being recorded that the Issuer will, for this purpose, be deemed to be a company).</p> <p>The Register will be maintained by the Transfer Agent.</p> <p>The registered Noteholder/s of the Registered Note/s in a Tranche of Registered Notes which is held in the Central Securities Depository 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 Registered Note/s.</p> <p>Each holder of a Registered Note which is represented by a Certificate will be named in the Register as the registered Noteholder of such Registered Note.</p> <p>The holders of Beneficial Interests will not be listed in the Register.</p>
Register Closed Period	<p>The Register will, in respect of a Tranche of Registered Notes, be closed during the Register Closed Period.</p> <p>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.</p> <p>The Last Day to Register will be until 17h00 (South African time) on the 6th day or such other day as is specified in the Applicable Pricing Supplement (whether a Business Day or not) preceding each Interest</p>

	Payment Date (where applicable) and the Redemption Date.
Regulation of the Issuer	See the section of this Programme Memorandum headed " <i>Description of the Issuer</i> " under " <i>Establishment and regulation of the Issuer</i> " for a description of the establishment and regulation of the Issuer.
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 " <i>Risk Factors</i> ".
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 " <i>Subscription and Sale</i> " under " <i>Selling restrictions</i> "). 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.
Specified Currency	South African Rand (ZAR) or (subject, to the Exchange Control Regulations), any other currency specified as such in the Applicable Pricing Supplement.
Specified Denomination	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.
Status of the Notes	A Tranche of Notes may comprise Senior Notes or Subordinated Notes, as specified in the Applicable Pricing Supplement.
Status of the Senior Notes	The Senior Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 6) unsecured obligations of the Issuer and rank (a) senior to the Subordinated Notes and (b) <i>pari passu</i> without any preference or priority among themselves and, save for certain debts accorded preferential rights by law, at least <i>pari passu</i> with all other present and future unsubordinated and unsecured obligations of the Issuer which rank (or are expressed to rank) and are entitled to rank <i>pari passu</i> with the Senior Notes, as described in Condition 5.1.
Status of the Subordinated Notes	The Subordinated Notes will constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and rank (a) junior to the Senior Notes and (b) <i>pari passu</i> and without preference or priority among themselves and, save for certain debts accorded preferential rights by law, at least <i>pari passu</i> with all other present and future subordinated and unsecured obligations of the Issuer which rank (or are expressed to rank) and are entitled to rank <i>pari passu</i> with the Subordinated Notes, as described in Condition 5.2.
Taxation	A summary of the applicable Tax legislation in respect of the Notes, as at the Programme Date, is set out in the section of this Programme Memorandum headed " <i>Taxation</i> ". 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.
Terms and Conditions	The terms and conditions of the Notes are set out in the section of this Programme Memorandum headed " <i>Terms and Conditions</i> " (" 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 15.

Type of Notes

A Tranche of Notes, whether Senior Notes or Subordinated Notes, may comprise Fixed Rate Notes, Floating Rate Notes, Mixed Rate Notes, Indexed Notes (including Inflation-Linked Notes), Zero Coupon Notes, Partly Paid Notes, Instalment Notes, Exchangeable 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 from the issue of a Tranche of Notes for its general corporate purposes or as may otherwise be described in the Applicable Pricing Supplement.

Withholding tax

All payments of principal and interest in respect of the Notes will be made without withholding or deduction for or on account of any Taxes unless such withholding or deduction is required by Applicable Law. If any such withholding or other deduction is required by Applicable Law, the Issuer will, subject to the Issuer's rights to redeem that Tranche of Notes following a Tax Event pursuant to Condition 10.4 (and subject to certain exceptions as provided in 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 receivable in respect of the Notes in the absence of such withholding or deduction.

FORM OF THE NOTES

A Tranche of Notes may be issued in the form of Registered Notes (see "*Registered Notes*" below), Bearer Notes (see "*Bearer Notes*" below) or Order Notes (see "*Order Notes*" below), as specified in the Applicable Pricing Supplement.

Registered Notes

Registered Notes issued in uncertificated form

A Tranche of Registered Notes will be issued in registered uncertificated form in terms of Chapter IV of the Financial Markets Act.

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

Each Tranche of Registered Notes will be held in the Central Securities Depository (see "*Beneficial Interests in Registered Notes held in the Central Securities Depository*" below).

Beneficial Interests in Registered Notes held in the Central Securities Depository

The Participants will maintain records of the Beneficial Interests in Registered Notes held in the Central Securities Depository.

The registered Noteholder/s of the Registered Note/s in a Tranche of Registered Notes which is held in the Central Securities Depository 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 Registered Notes.

While a Tranche of Registered Notes is held in its entirety in the Central Securities Depository, the registered Noteholder/s of the Registered Note/s in that Tranche of Registered Notes, determined in accordance with the CSD Procedures, will be named in the Register as the sole Noteholder/s of such Registered Note/s.

The Central Securities Depository will hold each Tranche of Registered Notes subject to the Financial Markets Act and the Applicable Procedures. All amounts to be paid and, subject to the CSD Procedures, all rights to be exercised in respect of Registered Notes held in the Central Securities Depository 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 Registered Notes.

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

Beneficial Interests which are held by Participants will be held directly through the 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.

The Participants are in turn required to maintain securities accounts for their clients. Beneficial Interests which are held by clients of Participants will be held indirectly through such Participants, and such Participants will hold such Beneficial Interests, on behalf of such clients, through the securities accounts maintained by such Participants for such clients.

The clients of Participants may include the holders of Beneficial Interests in Registered Notes or their custodians. The clients of Participants, as the holders of Beneficial Interests in Registered Notes or as custodians for such holders, may exercise their rights in respect of their Beneficial Interests in such Registered Notes only through their Participants. Euroclear and Clearstream may hold Registered Notes through their nominated Participant.

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 of Registered Notes, 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 of such Notes standing to the account of any person shall be *prima facie* proof of such Beneficial Interest.

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

Holders of Beneficial Interests in Registered Notes must vote in accordance with the Applicable Procedures. Holders of Beneficial Interests in Registered Notes must exercise their respective rights to vote through their respective Participants. The respective Participants will vote in accordance with the respective instructions conveyed to them by the respective holders of Beneficial Interests in Registered Notes, in accordance with the CSD Procedures.

Registered Notes represented by Certificates

Subject to the Financial Markets Act, the holder of a Beneficial Interest will only be entitled to exchange such Beneficial Interest for Registered Notes represented by a Certificate in accordance with Condition 12.1.

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 represented by Certificates will pass upon registration of transfer in accordance with Condition 13.1.2.

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

Payments

Only the Central Securities Depository (in the case of Registered Notes held in the Central Securities Depository) and Noteholders named in Register at 17h00 (South African time) on the Last Day to Register (in the case of Registered Notes represented by Certificates) will be entitled to payments of interest and/or principal in respect of Registered Notes.

Payments of all amounts due and payable in respect of Registered Notes shall be made in accordance with Condition 8.2, to the Central Securities Depository (in the case of Registered Notes held in the Central Securities Depository) or to the person named as the registered Noteholder of Registered Notes in the Register at 17h00 (South African time) on the Last Day to Register (in the case of Registered Notes represented by Certificates).

Bearer Notes

A Tranche of Bearer Notes will be embodied in, and represented by, Bearer Certificate/s.

Bearer Certificates which represent and embody interest bearing Bearer Notes shall, if indicated in the Applicable Pricing Supplement, have interest Coupons attached to the relevant Bearer Certificates on issue. Bearer Certificates which represent and embody Bearer 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 Bearer Certificates on issue.

The disposal or acquisition of or dealing in Bearer Notes is subject to the prior written approval of the Minister of Finance (or a person authorised by the Minister of Finance) in accordance with Regulation 15 of the Exchange Control Regulations.

Title to Bearer Notes will pass by delivery of the relevant Bearer Certificate in accordance with Condition 13.2.

Payments of all amounts due and payable in respect of Bearer Notes will be made in accordance with Condition 8.3.

Order Notes

A Tranche of Order Notes will be embodied in, and represented by, Order Certificate/s.

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 13.3.

Payments of all amounts due and payable in respect of Order Notes will be made in accordance with Condition 8.4.

Transferability of the Notes

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

PRO FORMA APPLICABLE PRICING SUPPLEMENT

Set out below is the form of Applicable Pricing Supplement which will be completed for each Tranche of Registered 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 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 Registered Notes, each Tranche of Bearer Notes and 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.



DEVELOPMENT BANK OF SOUTHERN AFRICA LIMITED

(reconstituted and incorporated in terms of section 2 of the Development Bank of Southern Africa Act, 1997)

ZAR80,000,000,000 DOMESTIC MEDIUM TERM NOTE PROGRAMME

issue of ZAR[•] [Senior] [Subordinated] [Type of Notes] due [•] [•] [•]

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

This Applicable Pricing Supplement must be read in conjunction with the amended and updated Programme Memorandum, dated 14 December 2015 (as further amended and/or supplemented from time to time) ("**Programme Memorandum**"), prepared by the Development Bank of Southern Africa Limited (reconstituted and incorporated in terms of section 2 of the Development Bank of Southern Africa Act, 1997) ("**Issuer**" or "**DBSA**") in connection with the Development Bank of Southern Africa Limited ZAR80,000,000,000 Domestic Medium Term Note Programme ("**Programme**").

The Programme Memorandum, dated 14 December 2015, was approved by the JSE Limited ("**JSE**") on 14 December 2015.

Any capitalised terms not defined in this Applicable Pricing Supplement shall have the meanings ascribed to them in the section of the Programme Memorandum headed "*Terms and Conditions*" ("**Terms and Conditions**"). References to any Condition in this Applicable Pricing Supplement are to that Condition of the Terms and Conditions.

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

A. DESCRIPTION OF THE NOTES

- | | |
|------------------------|--|
| 1. Issuer | Development Bank of Southern Africa Limited (reconstituted and incorporated in terms of section 2 of the Development Bank of Southern Africa Act, 1997). |
| 2. Tranche number | [] |
| 3. Series number | [] |
| 4. Status of the Notes | [Senior Notes (see Condition 5.1)]
[Subordinated Notes (see Condition 5.2)] |

5.	Security	[Secured] [Unsecured]
6.	Form of the Notes	Registered Notes. The Notes in this Tranche are issued in registered uncertificated form and will be held in the Central Securities Depository.
7.	Type of Notes	[Fixed Rate Notes] [Floating Rate Notes] [Mixed Rate Notes] [Indexed Notes] [Indexed Notes - Inflation-Linked Notes] [Zero Coupon Notes] [Partly Paid Notes] [Instalment Notes] [Exchangeable Notes] [<i>specify other</i>]
8.	Issue Date/Settlement Date	[]
9.	Issue Price	ZAR[] [[]% of the Principal Amount]
10.	Interest Basis	[[]% Fixed Rate] [[specify Reference Rate] +/- []% Floating Rate] [Zero Coupon] [Index Linked Interest] [<i>specify other</i>]
11.	Redemption/Payment Basis	[Redemption at par] [Index Linked Redemption] [Instalment] [<i>specify other</i>]
12.	Change of Interest or Redemption/ Payment Basis	[Not Applicable] [<i>specify details of any provision for convertibility of the Notes into another interest or redemption/payment basis</i>]
13.	Aggregate Principal Amount	ZAR[]
14.	Specified Currency	[ZAR] [<i>specify other (subject to the Exchange Control Regulations)</i>]
15.	Specified Denomination (Nominal 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</i>]
16.	Business Day Convention	[Floating Rate Convention] [Following Business Day Convention] [Modified Following Business Day Convention] [Preceding Business Day Convention] [<i>specify other</i>]
17.	Day Count Fraction	[30/360] [Actual/Actual (ICMA)] [Actual/Actual (ISDA)] [<i>specify other</i>]
18.	Business Centre	[Johannesburg] [<i>specify other</i>]
19.	Additional Business Centre	[Not Applicable] [<i>specify</i>]
B. PROGRAMME AMOUNT		
1.	Programme Amount as at the Issue Date	[ZAR80,000,000,000] [<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 Tranche/s 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 of Notes will not cause the Issuer to exceed the Programme Amount.
C. FIXED RATE NOTES (*delete if not applicable)		
1.	Interest Rate/s	[[]% per annum [NACS] [<i>specify other</i>] for the period from and including the Interest Commencement Date to but excluding the Redemption Date] [<i>specify other</i>]
2.	Interest Commencement Date	[Issue Date] [<i>specify other</i>]
3.	Interest Payment Dates	[Semi-annually in arrear on (<i>specify date/s</i> :) [] and [] of each year for the period from and including the Interest Commencement Date to but excluding the Redemption Date] [<i>specify other</i>]
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 will commence on and include the Interest Commencement Date and the last Interest Period will end on but exclude the Redemption Date] *[specify other]*
6. Initial Broken Amount [Not Applicable] *[specify Initial Broken Amount: []]*
7. Final Broken Amount [Not Applicable] *[specify Final Broken Amount: []]*
8. Default Rate [[]% per annum] *[specify other] (see Condition 7.7)*
9. Other terms relating to the method of calculating interest for Fixed Rate Notes [Not Applicable] *[give details]*
- D. FLOATING RATE NOTES (*delete if not applicable)**
1. Interest Rate [The floating interest rate per annum [NACQ] *[specify other]* equal to the sum of the [Reference Rate] and [the Margin] *[specify other]* 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 Dates [Quarterly in arrear on *specify date/s:* [] [] [] and [] of each year for the period from and including the Interest Commencement Date to but excluding the Redemption Date] *[specify other]*
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 will commence on and include the Interest Commencement Date and the last Interest Period will end on but exclude the Redemption Date] *[specify other]*
6. Manner in which the Rate/s of Interest is/are to be determined [Screen Rate Determination] [ISDA Determination] [Other Determination - *specify*]
- 7. If Screen Rate Determination applicable:**
- (a) Reference Rate [JIBAR (being, subject to Condition 7.2.3.2, 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 Interest Determination Date, determined by the Calculation Agent in accordance with Condition 7.2.3.4) *[specify other]*
- (b) Interest Determination Dates [The first day of each Interest Period; provided that the first Interest Determination Date shall be []] *[specify other]*
- If any such date is not a Business Day, the Interest Determination Date will be first following day that is a Business Day, unless it would thereby fall into the next calendar month, in which event the Interest Determination Date will be brought forward to the first preceding Business Day.
- (c) Relevant Screen Page and Reference Code [Reuters Screen SAFEX MNY MKT page - "SFX 3M YIELD"] *[specify other]*
- (d) Relevant Time [11h00 (South African time)] *[specify other]*
- (e) Relevant Financial Centre [Johannesburg] *[specify other]*
- 8. If ISDA Determination applicable:**

- (a) Floating Rate Option []
- (b) Designated Maturity []
- (c) Reset Date []
- 9. If Other Determination applicable:** [Applicable] [Not Applicable] *(if the Floating Interest Rate to be calculated otherwise than by reference to Item D(7) or Item D(8) above, insert basis for determining the Floating Interest Rate)*
10. Margin [Not Applicable] *[specify Margin: (+/-)[]% to be added to/subtracted from the relevant [ISDA Rate] [Reference Rate] [specify other]]*
11. Minimum Rate of Interest [Not Applicable] *[specify Minimum Interest Rate: []%]*
12. Maximum Rate of Interest [Not Applicable] *[[specify Maximum Interest Rate: []%]*
13. Default Rate [[]% per annum] *[specify other] (see Condition 7.7)*
14. Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest for Floating Rate Notes [Not Applicable] *[give details]*
- E. 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 7.3, be construed as Fixed Rate Notes and have the terms set out in Item C above headed "FIXED RATE NOTES" []
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 7.3, be construed as Floating Rate Notes and have the terms set out in Item D above headed "FLOATING RATE NOTES" []
3. Other terms relating to the method of calculating interest for Mixed Rate Notes [Not Applicable] *[specify other terms]*
- F. PARTLY PAID NOTES (*delete if not applicable)**
1. Amount of each payment comprising the Issue Price []
2. Date upon which each payment is to be made by Noteholder []
3. Consequences (if any) of failure to make any such payment by Noteholder *[give details]*
4. Interest Rate to accrue on the first and subsequent instalments after the due date for payment of such instalments []% per annum
5. Other terms [Not Applicable] *[give details]*
- G. INSTALMENT NOTES (*delete if not applicable)**
1. Instalment Dates []
2. Instalment Amounts (expressed as a []%)

percentage of the aggregate Principal Amount of the Notes)

H. INDEXED NOTES (*delete if not applicable)

1. Type of Indexed Notes [Indexed Interest Notes (that is, Indexed Notes in respect of which the Interest Amount is calculated by reference to an index and/or a formula)]
[Indexed Redemption Amount Notes (that is, Indexed Notes in respect of which the Redemption Amount is calculated by reference to an index and/or a formula)]
2. Index/Formula by reference to which Interest Rate / Interest Amount / Redemption Amount is to be determined [give details]
3. Manner in which the Interest Rate / Interest Amount / Redemption Amount is to be determined [give details]
4. Provisions where calculation by reference to Index/Formula is impossible or impracticable [give details]
5. Interest Commencement Date []
6. Interest Payment Date/s []
7. First Interest Payment Date []
8. Interest Periods []
9. Minimum Rate of Interest [Not Applicable] [specify Minimum Interest Rate: []%]
10. Maximum Rate of Interest [Not Applicable] [[specify Maximum Interest Rate: []%]
11. Market Disruption or Settlement Disruption Events [Describe any market disruption or settlement disruption events that affect the Index]
12. Other terms relating to the calculation of Interest Rate / Interest Amount / Redemption Amount [Not Applicable] [give details]

I. EXCHANGEABLE NOTES (*delete if not applicable)

1. Mandatory Exchange [Applicable] [Not Applicable]
2. Noteholders' Exchange Right [Applicable] [Not Applicable]
3. Exchange Securities [give details]
4. Manner of determining the Exchange Price [give details]
5. Exchange Period []
6. Other terms [Not Applicable] [give details]

J. ZERO COUPON NOTES (*delete if not applicable)

1. Implied Yield [[]%] [specify other]
2. Reference Price []
3. Any other formula/basis of determining amount payable [Not Applicable] [give details]
4. 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] [specify other terms]

K. OTHER NOTES (*delete if not applicable)

1. If the Notes are not Fixed Rate Notes, Floating Rate Notes, Mixed Rate Notes, Indexed Notes (including Indexed Notes), Zero Coupon Notes or Partly Paid Notes, Instalment Notes or Exchangeable Notes or if the Notes are a combination of any of the foregoing, set out the relevant description and any additional terms and conditions applicable to such Notes *[give details]*
- L. REDEMPTION**
1. Maturity Date []
 2. Final Redemption Amount [The aggregate Outstanding Principal Amount of this Tranche plus interest accrued (if any) to the Maturity Date.] *[specify other]*
 3. Call Option [Applicable - (see Condition 10.2)]
[Not Applicable]
- 4. If Call Option applicable:**
- (a) Redemption in whole [Applicable] [Not Applicable]
 - (b) Redemption in part [Applicable]
If Applicable, []% []% []% []% *(Note 1: specify the percentage of the aggregate Outstanding Principal Amount of this Tranche which will be redeemed on each Optional Redemption Date (Call))*
(Note 2: if no percentage/s is/are specified above, the percentage of the aggregate Outstanding Principal Amount of this Tranche which will be redeemed on each Optional Redemption Date (Call) will be the percentage specified in the notice of redemption given by the Issuer in terms of Condition 10.2)
[Not Applicable]
 - (c) Optional Redemption Date/s (Call) [] [] [] [] *(Note 1: specify the Optional Redemption Date/s (Call) on which the Issuer will redeem this Tranche (or the relevant portion thereof) in terms of Condition 10.2)*
(Note 2: if no date is specified above, the Optional Redemption Date/s (Call) will be 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 Optional Redemption Date/s (Call) in the notice/s of redemption given by the Issuer in terms of Condition 10.2)
 - (d) Optional Redemption Amount/s (Call) [The aggregate Outstanding Principal Amount (or the relevant portion thereof) of this Tranche plus accrued interest (if any) to the Optional Redemption Date (Call)] [The aggregate amount of principal (or the relevant portion thereof) of this Tranche calculated in accordance with Condition 10.8.] *[specify other]*
5. Put Option [Applicable - see Condition 10.3] *(Note: only applicable to Senior Notes)*
[Not Applicable]
- 6. If Put Option applicable:**
- (a) Redemption in whole [Applicable] [Not Applicable]
 - (b) Redemption in part [Applicable]
If Applicable, []% []% []% []% *(Note 1: specify the percentage of the aggregate Outstanding Principal Amount of all*

or any (as specified in the Put Option Notice) of the Notes in this Tranche held by the relevant Noteholder which are subject to the Put Option ("**relevant Notes**") which (subject to Condition 10.3) the Issuer will be required to redeem on each Optional Redemption Date (Put)

(Note 2: if no percentage/s is/are specified above, the percentage of the aggregate Outstanding Principal Amount of the relevant Notes which (subject to Condition 10.3) the Issuer will be required to redeem on each Optional Redemption Date (Put) will be the percentage specified in the Put Option Notice)

[Not Applicable]

(c) Optional Redemption Date/s (Put) (Note 1: specify the Optional Redemption Date/s (Put) on which (subject to Condition 10.3) the Issuer will be required to redeem the relevant Notes (or the relevant portion thereof) in terms of Condition 10.3)

(Note 2: if no date is specified above, the Optional Redemption Date/s (Put) will be 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 Optional Redemption Date/s (Call) in the Put Option Notice)

(d) Optional Redemption Amount/s (Put) [The aggregate Outstanding Principal Amount (or the relevant portion thereof) of the relevant Notes plus accrued interest (if any) to the Optional Redemption Date (Put)] [The aggregate amount of principal (or the relevant portion thereof) of the relevant Notes calculated in accordance with Condition 10.8.] [specify other]

(e) Put Option Notice In order to exercise the Put Option, the relevant Noteholder must, not less than 30 (thirty) nor more than 60 (sixty) days before the Optional Redemption Date (Put), send the duly completed Put Option 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 to the Issuer, with a copy of the Put Option Notice to the Transfer Agent and the Paying Agent, as set out in Condition 10.3.2.

(f) *pro forma* Put Option Notice attached [Yes] [No]

7. Issuer optional early redemption following a Tax Event: Applicable – (see Condition 10.4)

(a) *Redemption in whole:* Applicable

(b) *Redemption in part:* Not Applicable

(c) Optional Redemption Date (Tax Event) [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 date for redemption of this Tranche of Notes in the notice of redemption given by the Issuer in terms of Condition 10.4.] [specify other]

(d) Optional Redemption Amount (Tax Event) [The aggregate Outstanding Principal Amount of this Tranche plus interest accrued (if any) to the Optional Redemption Date (Tax Event)] [The aggregate amount of principal of this Tranche calculated in accordance with Condition 10.8] [specify other].

8. Noteholder optional redemption following a Change of Control Event: Applicable, subject to Condition 10.5.2

- (a) Redemption in whole: Applicable
- (b) Redemption in part: Not Applicable
- (c) Early Termination Amount [The Early Termination Amount, in relation to each Note in this Tranche which has been accelerated by the Noteholder of that Note in terms of Condition 10.5.2 [the Outstanding Principal Amount of that Note plus interest accrued (if any) to the Actual Redemption Date] [the amount of principal of that Note calculated in accordance with Condition 10.8] *[specify other]*
- 9. Action following an Event of Default:**
- (a) Condition 11.1 [Applicable – *(Condition 11.1 only applicable to Senior Notes)*] [Not Applicable]
- (b) Condition 11.2 [Applicable (subject to and without derogating from the provisions of Condition 5.2) - *(Condition 11.2 only applicable to Subordinated Notes)*] [Not Applicable]
- (c) Early Termination Amount [The Early Termination Amount, in relation to each Note in this Tranche which has been accelerated by the Noteholder of that Note in terms of Condition 11.1.3 or (subject to and without derogating from the provisions of Condition 5.2) Condition 11.2.4, as the case may be is: [the Outstanding Principal Amount of that Note plus interest accrued (if any) to the Actual Redemption Date] [the amount of principal of that Note calculated in accordance with Condition 10.8] *[specify other]*
10. Other terms applicable on redemption [Not Applicable] *[give details]*
- M. AGENTS AND SPECIFIED OFFICES**
1. Calculation Agent [The Issuer] *[specify other]*
2. Specified Office of the Calculation Agent [1258 Lever Road, Headway Hill, Halfway House, 1685, Republic of South Africa] *[specify other]*
3. Paying Agent [The Issuer] *[specify other]*
4. Specified Office of the Paying Agent [1258 Lever Road, Headway Hill, Halfway House, 1685, Republic of South Africa] *[specify other]*
5. Transfer Agent [The Issuer] *[specify other]*
6. Specified Office of the Transfer Agent [1258 Lever Road, Headway Hill, Halfway House, 1685, Republic of South Africa] *[specify other]*
- N. REGISTER CLOSED**
1. Last Day to Register Up until 17h00 (South African time) on the [sixth] *[specify other]* day (whether such is a Business Day or not) preceding each Interest Payment Date (where applicable) and the Redemption Date, being in each instance, the last date on which the Transfer Agent will accept Transfer Forms and record in the Register the transfer of Notes represented by Certificates.
2. Register Closed Period The Register will be closed during the [5 (five)] *[specify other]* days preceding each Interest Payment Date (where applicable) 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 (where applicable) and the Redemption Date.
3. Books Closed Dates *[specify]*
- O. GENERAL**
1. Exchange Control Approval [Not Applicable] [Applicable]

(Note: 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 (see the section of the Programme Memorandum headed "Exchange Control"))

2.	Additional selling restrictions	[Not Applicable] <i>[give details]</i>
3.	International Securities Numbering (ISIN)	[]
4.	Stock Code Number	[]
5.	Financial Exchange	JSE Limited (Interest Rate Market)
6.	Debt Sponsor	[The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division] <i>[specify other]</i>
7.	Method of Distribution	[Private Placement] [Dutch Auction] [Dutch Auction (sealed bid without feedback)] <i>[specify other]</i>
8.	Bookbuild and Allocation Policy	[Not Applicable] [Method of Distribution set out in the Term Sheet, dated [], prepared by [] and sent to potential investors for purposes of placing the Notes in this Tranche] <i>[specify other]</i>
9.	Pricing Methodology	[Not Applicable] <i>[give details]</i>
10.	Names of Dealer/s	<i>[specify]</i>
11.	Stabilisation Manager (if applicable)	[Not Applicable] <i>[give details]</i>
12.	Governing law	The Programme Memorandum, the Notes in this Tranche and the Applicable Terms and Conditions are governed by, and shall be construed in accordance with, the laws of South Africa.
13.	Rating assigned to the Issuer as at the Issue Date, Rating Agency/ies and date on which such Rating is expected to be reviewed	<i>[give details]</i>
14.	Rating (if any) assigned to the Programme as at the Issue Date, Rating Agency/ies and date on which such Rating is expected to be reviewed	[Not Applicable] <i>[give details]</i>
15.	Rating (if any) assigned to this Tranche of Notes as at the Issue Date, Rating Agency/ies and date on which such Rating is expected to be reviewed	[Not Applicable] <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.	Other provisions	[Not Applicable] <i>[give details]</i>

The Issuer accepts full responsibility for the accuracy of the information contained in the Programme Memorandum, this Applicable Pricing Supplement, the annual financial reports of the Issuer and any amendments to such annual financial reports and each supplement to the Programme Memorandum published by the Issuer from time to time (except as otherwise stated therein).

The Issuer certifies that, to the best of its knowledge and belief, there are no facts the omission of which would make any statement contained in the Programme Memorandum false or misleading, that all reasonable enquiries to ascertain such facts have been made, and that the 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.

Application is hereby made to list Tranche [] of Series [] of the Notes on the Interest Rate Market of the JSE, as from [], pursuant to the Development Bank of Southern Africa Limited ZAR80,000,000,000 Domestic Medium Term Note Programme.

DEVELOPMENT BANK OF SOUTHERN AFRICA LIMITED

By: _____
duly authorised

By: _____
duly authorised

Date: _____

Date: _____

TERMS AND CONDITIONS

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:

"Accelerated Note" means an *"Accelerated Note"* as defined in Condition 10.5.2 or an Accelerated Senior Note or an Accelerated Subordinated Notes, as applicable;

"Accelerated Senior Notes" has the meaning given to it in Condition 11.1.3;

"Accelerated Subordinated Notes" has the meaning given to it in Condition 11.2.4;

"Acceleration Date", in the case of Senior Notes, has the meaning given to it in Condition 11.1.3 and, in the case of Subordinated Notes has the meaning given to it in Condition 11.2.4;

"Actual Redemption Date" means, in relation to each Note in a Tranche of Notes, the date upon which such Note is actually redeemed in full by the Issuer, being the date on which the full amount due and payable by the Issuer to the Noteholder of such Note is paid or, if such Note is held in the Central Securities Depository, the earlier of (i) the date on which such amount is paid to the Noteholder of such Note and (ii) the date on which such amount is paid to the Central Securities Depository's Nominee and (in the circumstances set out in Condition 7.7) notice to that effect has been given by the Issuer to the Noteholder of such Note (in the manner set out in Condition 16.1);

"Additional Business Centre/s" means, in relation to a Tranche of Notes (where applicable), the city or cities specified as such in the Applicable Pricing Supplement;

"Affiliates" means, in relation to any Person each *"subsidiary"* and each *"holding company"* (each as defined in the Companies Act) of that Person, and each other Person who directly or indirectly by whatever method controls that first-mentioned Person;

"Agency Agreement" means, if the Issuer elects to appoint another entity as Transfer Agent and/or Calculation Agent and/or Paying Agent, as contemplated in Condition 15, the written agency agreement/s entered into between the Issuer and that successor Transfer Agent and/or successor Calculation Agent and/or successor Paying Agent, as amended, novated and/or substituted from time to time in accordance with its/their terms;

"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 PFMA, the DBSA Act, the JSE Rules, 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 the section of the Programme Memorandum headed *"Pro Forma Applicable Pricing Supplement"*;

"Applicable Procedures" means, in relation to a Tranche of Registered Notes which is listed on the Interest Rate Market of the JSE (and/or held in the Central Securities Depository), 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 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 set out in the Applicable Pricing Supplement relating to that Tranche of Notes;

"Arranger" means Standard Bank, subject to the Issuer's right to terminate the appointment of Standard Bank as Arranger in terms of the written mandate providing for such appointment, as described in the section of this

Programme Memorandum headed "*Subscription and Sale*" under "*Arranger, Debt Sponsor, Dealer and placing arrangements*";

"Banks Act" means the Banks Act, 1990;

"Bearer" means the person who is the bearer of a Bearer Certificate, as contemplated in the Bills of Exchange Act;

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

"Bearer Note" means a Note payable to bearer thereof, as contemplated in the Bills of Exchange Act and, unless the context otherwise requires, the term "*Bearer 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 Bearer Certificate representing and embodying such Bearer Note;

"Beneficial Interest" means, in relation to a Tranche of Registered Notes which is held in the Central Securities Depository, the beneficial interest as co-owner of all of the 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 Registered Notes in that Tranche, is determined by reference to the proportion that the aggregate Outstanding Principal Amount of such number of Registered Notes bears to the aggregate Outstanding Principal Amount of all of the 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 Agent" means the Issuer or, if the Issuer elects to appoint another entity as Calculation Agent, as contemplated in Condition 15, that other entity, as the case may be;

"Call Option" means, in relation to a Tranche of Notes (where applicable), the option of the Issuer to redeem that Tranche of Notes (in whole or in part) in terms of Condition 10.2;

"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 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

Registered Notes for which a Beneficial Interest has been exchanged in accordance with Condition 12.1;

"Change of Control" means any event which results in the Government of the Republic of South Africa beneficially holding less than such number of shares in the share capital of the Issuer as confer on the Government of the Republic of South Africa at least one half (plus one) of the voting rights attached to all of the shares in the share capital of the Issuer;

"Change of Control Event" means an event where:

- a) a Change of Control occurs; and
- b) within the Change of Control Period and as a result of Change of Control, a Rating Downgrade occurs in relation to the Issuer and/or the Programme and/or any Tranche of Notes;

"Change of Control Period" means the period commencing 60 (sixty) Business Days prior to a Change of Control and ending 60 (sixty) Business Days after such Change of Control;

"Common Monetary Area" means, for purposes of the Exchange Control Regulations, South Africa, the Republic of Namibia, the Kingdom of Lesotho and the Kingdom of Swaziland;

"Companies Act" means the Companies Act, 2008;

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

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

"CSD Procedures" means, in relation to a Tranche of Registered Notes which is listed on the Interest Rate Market of the JSE (and/or held in the Central Securities Depository), 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;

"DBSA Act" means the Development Bank of Southern Africa Act, 1997, as amended (including, without limitation, as amended by the Development Bank of Southern Africa Amendment Act 41 of 2014, which came

into effect on 20 January 2015);

"Dealer/s" means Standard Bank and each additional Dealer appointed by the Issuer under the Programme from time to time pursuant to the Programme Agreement, which appointment may be for a specific issue or on an on-going basis, subject to the Issuer's right to terminate the appointment of any Dealer, as described in the section of this Programme Memorandum headed "*Subscription and Sale*" under "*Arranger, Debt Sponsor, Dealer and placing arrangements*";

"Debt Sponsor" means Standard Bank, subject to the Issuer's right to terminate the appointment of Standard Bank as Debt Sponsor in terms of the written mandate providing for such appointment, as described in the section of this Programme Memorandum headed "*Subscription and Sale*" under "*Arranger, Debt Sponsor, Dealer and placing arrangements*";

"Early Termination Amount" means, in respect of each Accelerated Note, (i) the Outstanding Principal Amount of that Accelerated Note plus accrued interest (if any) to the Actual Redemption Date or (ii) the amount of principal of that Accelerated Note calculated in accordance with Condition 10.8 or (iii) such other amount as may be specified in, or determined in accordance with, the Terms and Conditions or the Applicable Pricing Supplement;

"Event of Default" means:

- a) in relation to Senior Notes, any of the events described in Condition 11.1.1;
- b) in relation to Subordinated Notes, either of the events described in Condition 11.2.1 (subject to and without derogating from the provisions of Condition 5.2);

"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;

"Exchangeable Notes" means a Tranche of Notes which may be redeemed by the Issuer in the manner specified in the Applicable Pricing Supplement by the delivery to the Noteholders of cash or of so many of the Exchange Securities as is determined in accordance with the provisions of the Applicable Pricing Supplement;

"Exchange Period" means, in relation to a Tranche of Exchangeable Notes to which the Noteholders' Exchange Right applies, the period specified as such in the Applicable Pricing Supplement;

"Exchange Price" means, in relation to a Tranche of Exchangeable Notes to which the Noteholders' Exchange Right applies, the amount determined in accordance with the manner described in the Applicable Pricing Supplement, according to which the number of Exchange Securities which may be delivered in redemption of such Exchangeable Notes will be determined;

"Exchange Securities" means, in relation to a Tranche of Exchangeable Notes to which the Noteholders' Exchange Right applies, the securities specified as such in the Applicable Pricing Supplement which may be delivered by the Issuer in redemption of such Exchangeable Notes to the value of the Exchange Price;

"Existing Notes" means "*Notes*" (as defined in the section of the Previous Programme Memorandum headed "*Terms and Conditions of the Notes*") issued under the Programme, pursuant to the Previous Programme Memorandum, which remain in issue as at the Programme Date;

"Final Broken Amount" means, in relation to a Tranche of Notes (where applicable), the amount (if any) specified as such in the Applicable Pricing Supplement;

"Final Redemption Amount" means, in relation to a Tranche of Notes which is to be redeemed on the Maturity Date in terms of Condition 10.1, (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 determined in accordance with, the Terms and Conditions or 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;

"First Interest Payment Date" means, in relation to a Tranche of Notes (where applicable), the date 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 Notes" means a Tranche of Notes which will 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 Notes" means a Tranche of Notes which will bear interest at a Floating Interest Rate, as specified in the Applicable Pricing Supplement;

"Group" or **"Group of Noteholders"** means Noteholders of one or more Tranche/s of Notes or Noteholders of a Series of Notes, as applicable;

"Implied 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;

"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);

"Indexed Notes" means a Tranche of Notes, the redemption amount and/or the interest amount of which is not fixed on the Issue Date, but which is calculated with reference to such formula and/or other arrangement as is specified in the Applicable Pricing Supplement;

"Inflation-Linked Notes" means a Tranche of Indexed Notes, the redemption amount and/or the interest amount of which is calculated with reference to the inflation-linked formula specified in the Applicable Pricing Supplement;

"Insolvency Act" means the Insolvency Act, 1936;

"Instalment Amount" means, in relation to a Tranche of Instalment Notes, the amount (expressed as a percentage) of the Principal Amount of an Instalment Note, being an instalment of principal (other than the final instalment) on an Instalment Note, as specified in the Applicable Pricing Supplement;

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

"Instalment Notes" means a Tranche of Notes which is redeemable in Instalment Amounts by the Issuer on an amortised basis on different Instalment Dates, as specified in the Applicable Pricing Supplement;

"Interest Amount" means, in relation to a Tranche of Notes (where applicable), the amount of interest due and payable in respect of each Note in that Tranche, on the relevant Interest Payment Date, in respect of the relevant Interest Period, calculated by the Calculation Agent in accordance with Condition 7;

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

"Interest Payment Date" means, in relation to a Tranche of Notes (where applicable), the date specified as such in the Applicable Pricing Supplement or, if no date is specified in the Applicable Pricing Supplement, the last day of each Interest Period;

"Interest Period" means, in relation to a Tranche of Notes (where applicable), 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 the last Interest Period shall end on but exclude the Applicable Maturity Date;

"Interest Rate" means, in relation to a Tranche of Notes (where applicable), the Fixed Interest Rate and/or the Floating Interest Rate applicable to that Tranche;

"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;

"Investment Grade Rating" means a national scale rating of "Baa3za" by Moody's Investor Services Limited, "BBB-(zaf)" by Fitch Ratings Southern Africa Proprietary Limited ("**Fitch SA**"), "zaBBB-" by Standard & Poor's and "BBB-(ZA)" by Global Credit Rating Co. Proprietary Limited, or its equivalent for the time being subject, in the case of Fitch SA, to the exemption granted to Fitch SA by the Registrar of Credit Rating Agencies, effective from 4 November 2015 until 31 December 2017, which exempts Fitch SA from the registration requirements under the Credit Rating Services Act, 2012 in respect of Fitch SA sovereign ratings of (i) the Republic of South Africa, (ii) "a special purpose vehicle of the State" and (iii) "state-owned company" (as defined in the Companies Act);

"ISDA" means International Swaps and Derivatives Association Inc;

"ISDA Definitions" means the 2006 ISDA Definitions (Interest Rate and Currency Derivative Transactions) published by ISDA (as amended, supplemented, revised or republished from time to time);

"ISDA Determination" means, in relation to a Tranche of Floating Rate Notes (where applicable), the manner (set out in Condition 7.2.3.1 as read with the Applicable Pricing Supplement) in which the Floating Interest Rate applicable to that Tranche is to be determined;

"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" and **"DBSA"** means the Development Bank of Southern Africa Limited (reconstituted and incorporated in terms of section 2 of the Development Bank of Southern Africa Act, 1997);

"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 published by the JSE and set out in Bulletin 1 of 2014 (13 January 2014), as amended by Board Notice 138 of 2014 published in *Government Gazette* No. 38224 of 21 November 2014, and as further amended and/or supplemented from time to time;

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

"Last Day to Register" means, in relation to a Tranche of Notes, the sixth day or such other day as is specified in the Applicable Pricing Supplement (whether a Business Day or not) preceding each Interest Payment Date (where applicable) and the Redemption Date until 17h00 (South African time) on that day, such day being the last day on which the Transfer Agent will accept Transfer Forms and record in the Register the transfer of Notes in that Tranche represented by Certificate/s;

"Listed Indebtedness" means any Indebtedness which is in the form of any bond, note, debenture, debenture stock, loan stock, certificate or other similar security which is, or is to be, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) and having an original maturity of more than 364 days from its date of issue;

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

"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 1% 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, the date specified as such in the Applicable Pricing Supplement;

"Maturity Period" means, in relation to a Tranche of 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 will bear interest over respective periods at differing interest rates applicable to any combination of Fixed Rate Notes, Floating Rate Notes or Indexed Notes, as specified in the Applicable Pricing Supplement;

"NACA" means nominal annual compounded annually;

"NACM" means nominal annual compounded monthly;

"NACQ" means nominal annual compounded quarterly;

"NACS" means nominal annual compounded semi-annually;

"Noteholder" and **"holder"** means (i) the holders of Registered Notes which are recorded as the registered Noteholder of such Registered Notes in the Register, (ii) the Bearers of Bearer Notes and (iii) the Payees of Order Notes;

"Noteholders' Exchange Right" means, in relation to a Tranche of Exchangeable Notes (where applicable), the right of the Noteholders of such Exchangeable Notes to elect to receive delivery of the Exchange Securities *in lieu* of cash from the Issuer upon redemption of such Exchangeable Notes;

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

"Optional Redemption Amount (Call)" means, in relation to a Tranche of Notes to which the Call Option is applicable, (i) the aggregate Outstanding Principal Amount (or the relevant portion thereof) of that Tranche of Notes plus accrued interest (if any) to the Optional Redemption Date (Call) or (ii) the aggregate amount of principal (or the relevant portion thereof) of that Tranche calculated in accordance with Condition 10.8 or (iii) such other amount as may be specified in, or determined in accordance with, the Terms and Conditions or the Applicable Pricing Supplement;

"Optional Redemption Amount (Put)" means, in respect of each Note in a Tranche of Senior Notes to which the Put Option is applicable, (i) the Principal Amount (or the relevant portion thereof) of that Note plus accrued interest (if any) to the Optional Redemption Date (Put) or (ii) the amount of principal (or the relevant portion thereof) of that Note calculated in accordance with Condition 10.8 or (iii) such other amount as may be specified in, or determined in accordance with, the Terms and Conditions or the Applicable Pricing Supplement;

"Optional Redemption Amount (Tax Event)" means, in relation to a Tranche of Notes which is to be redeemed (in whole) in terms of Condition 10.4 following a Tax Event, (i) the aggregate Outstanding Principal Amount of that Tranche plus accrued interest (if any) to the Optional Redemption Date (Tax Event) or (ii) the aggregate amount of principal of that Tranche calculated in accordance with Condition 10.8 or (iii) such other amount as may be specified in, or determined in accordance with, the Terms and Conditions or the Applicable Pricing Supplement;

"Optional Redemption Date (Call)" means, in relation to a Tranche of Notes to which the Call Option is applicable, 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 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 10.2;

"Optional Redemption Date (Put)" means, in relation to each Note in a Tranche of Senior Notes to which the Put Option is applicable, 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 date for redemption of such Note (in whole or in part) in the Put Option Notice given by the Noteholder of that Note in terms of Condition 10.3;

"Optional Redemption Date (Tax Event)" means, in relation to a Tranche of Notes which is to be redeemed (in whole) in terms of Condition 10.4 following a Tax Event, 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 date for redemption of that Tranche of Notes in the notice of redemption given by the Issuer in terms of Condition 10.4;

"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) upon a poll, by not less than 51% of the votes cast on such poll;

"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 Condition 10) 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 outstanding Principal Amount of all of the 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 Securities Services Act (prior to 3 June 2013) or the Financial Markets Act (on and after 3 June 2013), as applicable;

"Partly Paid Notes" means a Tranche of Notes which is issued with the Issue Price partly paid and which Issue Price is paid up fully by the Noteholders of that Tranche in instalments, as specified in the Applicable Pricing Supplement;

"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;

"Paying Agent" means the Issuer or, if the Issuer elects to appoint another entity as Paying Agent, as contemplated in Condition 15, that other entity, as the case may;

"Permitted Security Interest" means:

- a) any Security Interest arising by operation of law or any statutory Security Interest;
- b) any Security Interest created by or on behalf of the Issuer to secure any Listed Indebtedness issued in relation to or for purposes of any Project Financing; provided that the property over which such Security Interest is granted consists solely of the assets of the project financed by that Project Financing and the revenues derived from that project;
- c) any Security Interest created by or on behalf of the Issuer to secure any Listed Indebtedness which comprises sukuk financing instruments the terms of which comply (or are intended to comply) with Islamic (Shari'a) law;
- d) any Security Interest created by or on behalf of the Issuer to secure any Listed Indebtedness where the Security Interest is created, in accordance with normal market practice, pursuant to any asset buy-and-sell back transaction (such as a repurchase agreement) which provides for the outright transfer of ownership (full title transfer) of the assets which are the subject of such buy-and-sell back transaction as collateral security for such Listed Indebtedness;
- e) in addition to any Security Interest referred to in paragraphs (a) to (c) inclusive above, any other Security Interest ("**Other Security Interest**") which is created by or on behalf of the Issuer at any time (either alone or together with any Other Security Interests in existence at that time) to secure Listed Indebtedness in an aggregate amount which, at that time, is equal to or less than 2% 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;

"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;

"PFMA" means the Public Finance Management Act, 1999;

"place" means to subscribe and pay for, or 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 Programme Memorandum, dated 21 January 2008, 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 of that Note

(being the amount equivalent to the Specified Denomination);

"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 Development Bank of Southern Africa Limited ZAR80,000,000,000 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*", dated 21 January 2008, entered into between the Issuer and, among other Dealers, Absa Bank Limited, 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 in issue under the Programme at any one point in time (being, as at the Programme Date, ZAR80,000,000,000) 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 14 December 2015;

"Programme Memorandum" means this document so entitled in respect of the Programme dated 14 December 2015; 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;

"Project Financing" means any financing of all or any part of the costs of the acquisition, construction and/or development of any project where the Person/s providing such financing expressly agree/s to limit its/their recourse to the assets of the project so financed and the revenues derived from the project so financed as the sole source of repayment for moneys advanced in relation to such financing;

"Put Option" means, in relation to a Tranche of Senior Notes (where applicable), the option of a Noteholder of Note/s in that Tranche to require the Issuer to redeem all or any of such Note/s (in whole or in part) in terms of Condition 10.3;

"Put Option Notice" means, in relation to a Tranche of Notes to which the Put Option 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 Note/s in that Tranche who wishes to exercise the Put Option in respect of all or any of such Note/s (in whole or in part) subject to and in accordance with Condition 10.3;

"R" or "Rand" or "ZAR" means the lawful currency of South Africa;

"Rate Determination Date" means, in relation to a Tranche of Notes (where applicable), the date specified as such in the Applicable Pricing Supplement or, if no date is specified in the Applicable Pricing Supplement, the day falling on the first day of each Interest Period or, if such day is not a Business Day, the first following day that is a Business Day, unless it would thereby fall into the next calendar month, in which event the Rate Determination Date shall be brought forward to the first preceding Business Day;

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

"Rating Agency/ies" means Standard & Poor's and/or Global Credit Rating Co. Proprietary Limited and/or Fitch Ratings Southern Africa Proprietary Limited ("**Fitch SA**") and/or Moody's Investor Services Limited and/or such other internationally recognised rating agency(ies) as is/are appointed by the Issuer from time to time subject, in the case of Fitch SA, to the exemption granted to Fitch SA by the Registrar of Credit Rating Agencies, effective from 4 November 2015 until 31 December 2017, which exempts Fitch SA from the registration requirements under the Credit Rating Services Act, 2012 in respect of Fitch SA sovereign ratings of (i) the Republic of South Africa, (ii) "a special purpose vehicle of the State" and (iii) "state-owned company" (as defined in the Companies Act);

"Rating Downgrade" shall, in relation to the Issuer and/or the Programme and/or any Tranche of Notes, be deemed to have occurred in respect of a Change of Control if, within the Change of Control Period, the Rating previously assigned to the Issuer and/or the Programme and/or that Tranche of Notes by any Rating Agency is:

- a) withdrawn; or
- b) in the case of an Investment Grade Rating, changed from an Investment Grade Rating to a non-Investment

Grade Rating or downgraded by any Rating Agency; or

c) in the case of a non-Investment Grade Rating, downgraded by any Rating Agency,

provided that no Rating Downgrade shall have occurred if the Rating assigned to the Issuer and/or the Programme and/or that Tranche of Notes is substituted for an Investment Grade Rating by another Rating Agency;

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

"Redemption Amount" means, in relation to all or any of the Notes in a Tranche of Notes (as applicable), the Final Redemption Amount or the Optional Redemption Amount (Call) or the Optional Redemption Amount (Put) or the Optional Redemption Amount (Tax Event) or the Early Termination Amount, as applicable;

"Redemption Date" means, in relation to all or any of the Notes in a Tranche of Notes (as applicable), the due date for redemption of all or any portion of such Note/s (as applicable) in accordance with the Terms and Conditions;

"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 Calculation Agent and approved by the Issuer) in the market that is most closely connected with the Reference Rate;

"Reference Price" means, in relation to a Tranche of Notes (where applicable), the price 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;

"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 (it being recorded that, for purposes of this definition, the Issuer shall be deemed to be a company);

"Register Closed Period" means, in relation to a Tranche of Registered Notes, the period commencing on the day following 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 period 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 uncertificated form, registered in the Register in the name of the Noteholder thereof, and transferable in accordance with Condition 13.1.1;

"Relevant Date" means, in relation to a Tranche of Notes, the earlier of (a) the date on which the full amount due and payable by the Issuer to the Noteholders of that Tranche is paid or (b) if that Tranche is held in the Central Securities Depository, the date on which such amount is paid to the Central Securities Depository;

"Relevant Financial Centre" means, in relation to a Tranche of Notes (where applicable), the centre specified as such in the Applicable Pricing Supplement;

"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 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 Paying Agent (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;

"Screen Rate Determination" means, in relation to a Tranche of Floating Rate Notes (where applicable), the manner (set out in Condition 6.2.3.2 as read with the Applicable Pricing Supplement) in which the Floating Interest Rate applicable to that Tranche is to be determined;

"Security Interest" means any mortgage, charge, pledge, lien or other security interest or arrangement creating real rights of security or other similar encumbrance securing any obligation of any Person;

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

"Securities Services Act" means the Securities Services Act, 2004;

"Senior Noteholders" means the Noteholders of Senior Notes;

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

"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);

"Solvent Circumstances" means circumstances of the Issuer not involving bankruptcy or insolvency or financial distress or any analogous circumstances;

"South Africa" means the Republic of South Africa;

"Special Resolution" means a resolution passed at a properly constituted meeting of all of the Noteholders or the relevant Group/s of Noteholders (as applicable), upon a poll, by a majority consisting of not less than 75% of the votes cast on such poll;

"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 Calculation Agent, the Paying Agent 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 16.1, as the case may be;

"Stabilisation Manager" means, in relation to the issue and placing of a Tranche of Notes (where applicable), the Issuer or the Dealer who is designated in the Applicable Pricing Supplement as the approved stabilisation manager;

"Standard Bank" means The Standard Bank of South Africa Limited (incorporated with limited liability under registration number 1962/000738/06 in South Africa), acting through its Corporate and Investment Banking division;

"Subordinated Noteholders" means the Noteholders of Subordinated Notes;

"Subordinated Notes" means Notes issued with the status and characteristics set out in Condition 5.2, as specified in the Applicable Pricing Supplement;

"Taxes" means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of South Africa or any political subdivision therein or any authority therein or thereof having power to tax;

"Tax Event" means, in relation to a Tranche of Notes, an event where, 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 for in Condition 9 and the Issuer cannot avoid the foregoing by taking measures reasonably available to it;

"Tax Law Change" means, in relation to a Tranche of Notes, a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of South Africa, or any political subdivision or any authority thereof or therein having power to tax, or any change or proposed 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, proposed change, amendment or proposed amendment is announced on or after the Issue Date of that Tranche of Notes;

"Terms and Conditions" means the terms and conditions of the Notes set out in this section of the Programme

Memorandum headed "*Terms and Conditions*";

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

"**Transfer Agent**" means the Issuer or, if the Issuer elects to appoint another entity as Transfer Agent, as contemplated in Condition 15, that other entity, as the case may be;

"**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;

"**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;

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

"**Zero Coupon Notes**" means a Tranche of Notes which will be offered and sold at a discount to its aggregate Principal Amount or at par and will 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 any agreement shall be construed as a reference to that agreement, 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, Applicable Laws and the Applicable Procedures) 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. Headings and sub-headings in the Terms and Conditions are inserted for convenience only.

1.2.5. 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.

1.2.6. The *contra proferentem* rule shall not be applied in the interpretation of the Terms and Conditions.

2. ISSUE

- 2.1. Subject to the applicable provisions of the PFMA and the DBSA Act, 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 Senior Notes or Subordinated Notes, as indicated in the Applicable Pricing Supplement.
- 3.1.3. A Tranche of Notes, whether Senior Notes or Subordinated Notes, may comprise Fixed Rate Notes, Floating Rate Notes, Mixed Rate Notes, Indexed Notes (including Inflation-Linked Notes), Zero Coupon Notes, Partly Paid Notes, Instalment Notes, Exchangeable 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. A Tranche of Notes may be issued in the form of Registered Notes, Bearer Notes or Order Notes, as specified in the Applicable Pricing Supplement.

3.2. Registered Notes

3.2.1. *Registered Notes issued in uncertificated form*

Each Tranche of Registered Notes which is listed on the Interest Rate Market of the JSE and each Tranche of unlisted 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. Registered Notes issued in uncertificated form will not be represented by any certificate or written instrument.

3.2.2. *Beneficial Interests in Registered Notes held in the Central Securities Depository*

All Registered Notes which are held in the Central Securities Depository 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 Registered Notes held in the Central Securities Depository 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 Registered Notes.

3.2.3. *Registered Notes represented by Certificates*

Subject to the Financial Markets Act, a holder of a Beneficial Interest shall be entitled to exchange such Beneficial Interest for Registered Notes represented by a Certificate in accordance with Condition 12.1.

3.3. Bearer Notes and Order Notes

Bearer Notes will be embodied in, and represented by, Bearer Certificate/s. Order Notes will be embodied in, and represented by, Order Certificate/s. Interest-bearing Bearer Notes and Order Notes may have Coupons

attached to the relevant Bearer Certificate or Order Certificate on issue. Instalment Notes which are Bearer Notes or Order Notes may have Receipts attached to the relevant Bearer Certificate or Order Certificate on issue.

4. TITLE

4.1. Registered Notes

4.1.1. *Notes issued in uncertificated form*

The registered Noteholder/s of Registered Note/s in a Tranche of Registered Notes which is held in the Central Securities Depository 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 Registered Note/s.

4.1.2. *Beneficial Interests in Notes held in the Central Securities Depository*

4.1.2.1. The Participants will maintain records of the Beneficial Interests in Registered Notes held in the Central Securities Depository.

4.1.2.2. While a Tranche of Registered Notes is held in its entirety in the Central Securities Depository, the registered Noteholder/s of the Registered Note/s in that Tranche of Registered Notes, determined in accordance with the CSD Procedures, will be named in the Register as the sole Noteholder/s of such Registered Note/s.

4.1.2.3. Beneficial Interests which are held by Participants will be held directly through the Central Securities Depository, and the Central Securities Depository will hold such Beneficial Interests, on behalf of such Participants, through the central securities accounts maintained by the Central Securities Depository for such Participants.

4.1.2.4. Beneficial Interests which are held by clients of Participants will be held indirectly through such Participants, and such Participants will hold such Beneficial Interests, on behalf of such clients, through the securities accounts maintained by such Participants for such clients. The clients of Participants may include the holders of Beneficial Interests or their custodians. The clients of Participants, as the holders of Beneficial Interests or as custodians for such holders, may exercise their rights in respect of the Registered Notes held by them in the Central Securities Depository only through their Participants.

4.1.2.5. 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 of Registered Notes, 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 of such Registered Notes standing to the account of such person shall be *prima facie* proof of such Beneficial Interest.

4.1.2.6. Beneficial Interests in Registered Notes may be transferred only in accordance with the CSD Procedures.

4.1.2.7. 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 represented by Certificates*

4.1.3.1. Each holder of Registered Notes 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 represented by a Certificate will pass upon registration of transfer in the Register in accordance with Condition 13.1.2.

4.1.4. *Register*

The Issuer, the Transfer Agent and the Paying Agent 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. Bearer Notes

4.2.1. The Issuer, the Transfer Agent and the Paying Agent may deem and treat the Bearer of any Bearer Certificate as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or

writing thereon or notice of any previous loss or theft thereof) for all purposes.

- 4.2.2. Title to Bearer Notes will pass by delivery of the relevant Bearer Certificate in accordance with Condition 13.2.
- 4.2.3. The disposal or acquisition of or dealing in Bearer Notes is subject to the prior written approval of the Minister of Finance (or a person authorised by the Minister of Finance) in accordance with Regulation 15 of the Exchange Control Regulations.

4.3. Order Notes

- 4.3.1. The Issuer, the Transfer Agent and the Paying Agent 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.
- 4.3.2. Title to Order Notes will initially pass by Endorsement and delivery of the relevant Order Certificate in accordance with Condition 13.3. 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.
- 4.3.3. 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 Paying Agent to determine or prove that the Endorsement of the Payee making such Endorsement was made by or under the authority of the person whose Endorsement it purports to be.

5. STATUS

5.1. Status of Senior Notes

The Senior Notes constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 6) unsecured obligations of the Issuer and rank (a) senior to the Subordinated Notes and (b) *pari passu* without any preference or priority among themselves and, save for certain debts accorded preferential rights by law, at least *pari passu* with all other present and future unsubordinated and unsecured obligations of the Issuer which rank (or are expressed to rank) and are entitled to rank *pari passu* with the Senior Notes.

5.2. Status of Subordinated Notes

The Subordinated Notes constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and rank (a) junior to the Senior Notes and (b) *pari passu* and without preference or priority among themselves and, save for certain debts accorded preferential rights by law, at least *pari passu* with all other present and future subordinated and unsecured obligations of the Issuer which rank (or are expressed to rank) and are entitled to rank *pari passu* with the Subordinated Notes.

6. NEGATIVE PLEDGE

So long as any Senior Note remains outstanding, the Issuer shall not create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future business, undertaking, assets or revenues (including uncalled capital) to secure any Listed Indebtedness without (a) at the same time or prior thereto securing the Senior Notes equally and rateably with such secured Listed Indebtedness or (b) providing such other security for the Senior Notes as is approved by a Special Resolution of the Senior Noteholders.

7. INTEREST

7.1. Fixed Rate Notes

- 7.1.1. A Tranche of Fixed Rate Notes will bear interest on its Outstanding Principal Amount at the Fixed Interest Rate specified in (or calculated in the manner set out in) the Applicable Pricing Supplement, for the period from (and including) the Interest Commencement Date to (but excluding) the Redemption Date.
- 7.1.2. 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 Interest Payment Date next following the Interest Commencement Date. If any Interest Payment Date falls upon a day which is not a Business Day, the provisions of Condition 8.6 shall determine the date of payment of interest due on that Interest Payment Date; provided that for the purposes of determining an Interest Period, no such adjustment will be made to an Interest Payment Date.
- 7.1.3. The interest payable in respect of a Tranche of Fixed Rate Notes in respect of any six-monthly Interest Period shall, unless otherwise specified in the Applicable Pricing Supplement, be calculated by dividing the Fixed

Interest Rate by two and multiplying the product by the Outstanding Principal Amount, provided that:

- 7.1.3.1. if an Initial Broken Amount is specified in the Applicable Pricing Supplement, the first Interest Amount shall equal that Initial Broken Amount; and
- 7.1.3.2. if a Final Broken Amount is specified in the Applicable Pricing Supplement, the final Interest Amount shall equal that Final Broken Amount.
- 7.1.4. Save as provided in the preceding paragraphs of this Condition 7.1, if interest on a Tranche of Fixed Rate Notes is required to be calculated for a period of other than one year (in the case of annual interest payments) or other than six months (in the case of semi-annual interest payments), as the case may be, such interest shall (unless otherwise specified in the Applicable Pricing Supplement) be calculated on the basis of the actual number of days in such period divided by 365 (three hundred and sixty five).

7.2. Floating Rate Notes

- 7.2.1. A Tranche of Floating Rate Notes will bear interest on its Outstanding Principal Amount at the Floating Interest Rate specified in (or calculated in the manner set out in) the Applicable Pricing Supplement, for the period from (and including) the Interest Commencement Date to (but excluding) the Redemption Date.
- 7.2.2. 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 Interest Payment Date next following the Interest Commencement Date. If any Interest Payment Date falls upon a day which is not a Business Day, the provisions of Condition 7.6 shall determine the date of payment of interest due on that Interest Payment Date; provided that for the purposes of determining an Interest Period, no such adjustment will be made to an Interest Payment Date.
- 7.2.3. 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.

7.2.3.1. *ISDA Determination*

Where ISDA Determination is specified in the Applicable Pricing Supplement as the manner in which the Rate/s of Interest is/are to be determined, the Rate of Interest 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 Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- 7.2.3.1.1. the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the Applicable Pricing Supplement;
- 7.2.3.1.2. the Designated Maturity (as defined in the ISDA Definitions) is the period specified in the Applicable Pricing Supplement; and
- 7.2.3.1.3. 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.

7.2.3.2. *Screen Rate Determination*

Where Screen Rate Determination is specified in the Applicable Pricing Supplement as the manner in which the Rate/s of Interest is/are to be determined, the Rate of Interest applicable to a Tranche of Floating Rate Notes for each Interest Period will be determined by the Calculation Agent on the following basis:

- 7.2.3.2.1. if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- 7.2.3.2.2. in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

- 7.2.3.2.3. if, in the case of Condition 6.2.3.2.1, the Reference Rate does not appear on the Relevant Screen Page or, in the case of Condition 6.2.3.2.2, fewer than two Reference Rates appear on the Relevant Screen Page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
- 7.2.3.2.3.1. request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre inter-bank market in an amount that is representative for a single transaction in that market at that time; and
- 7.2.3.2.3.2. determine the arithmetic mean of such quotations;
- 7.2.3.2.4. if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11h00 (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading banks in the Principal Financial Centre of the Specified Currency for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time, and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; provided that if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the relevant Tranche of Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the relevant Tranche of Notes in respect of the preceding Interest Period.

7.2.3.3. *Maximum or Minimum Rate of Interest*

If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the Applicable Pricing Supplement, then the Rate of Interest 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.

7.2.3.4. *Calculation of Floating Interest Rate and Interest Amount*

The Calculation Agent will, on or as soon as practicable after each Rate Determination Date or each Reset Date, as applicable, but in any event not later than 3 (three) Business Days after the Rate Determination Date or the Reset Date, as applicable, determine the Floating Interest Rate applicable to a Tranche of Floating Rate Notes for the Interest Period commencing on that Rate Determination Date or that Reset Date, as applicable, and (ii) calculate the Interest Amount payable in respect of that Tranche of Floating Rate Notes for that Interest Period. Unless otherwise specified in the Applicable Pricing Supplement, the Interest Amount in respect of a Tranche of Floating Rate Notes 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 and rounding the resultant product to the nearest cent, half a cent being rounded upwards.

7.3. *Mixed Rate Notes*

- 7.3.1. 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.
- 7.3.2. 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.
- 7.3.3. 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.

7.4. *Indexed Notes*

The Interest Rate/s applicable to a Tranche of Indexed Notes in respect of which the Interest Amount is calculated

by reference to an index and/or a formula (as indicated in the Applicable Pricing Supplement) for each Interest Period, and the Interest Amount payable for such Interest Period, shall be determined in the manner specified in the Applicable Pricing Supplement. The Interest Amount payable in respect of such Tranche of Indexed Notes for an Interest Period shall be payable in arrear on the relevant Interest Payment Date.

7.5. Partly Paid Notes

In the case of a Tranche of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue on the paid-up Principal Amount of the Partly Paid Notes and otherwise as specified in the Applicable Pricing Supplement. The Interest Amount payable in respect of such Tranche of Partly Paid Notes for an Interest Period shall be payable in arrear on the relevant Interest Payment Date.

7.6. 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).

7.7. Default interest

- 7.7.1. 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 and/or interest will bear interest at the Fixed Rate or the Floating Rate, as the case may be, applicable to that Tranche Notes on the due date for payment of such principal and/or interest, from and including such due date for payment to but excluding the Actual Redemption Date.
- 7.7.2. If payment of principal (or the relevant portion thereof) due and payable in respect of a Tranche of Zero Coupon Notes (or the relevant Notes in that Tranche) is improperly withheld or refused then, unless otherwise specified in the Applicable Pricing Supplement, the overdue principal will bear interest at the Implied Yield, from and including the due date for payment of such principal to but excluding the Actual Redemption Date.

7.8. General

7.8.1. 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 Calculation Agent, the Calculation 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.

7.8.2. Fall-back Interest Rate

Unless otherwise specified in the relevant Applicable Pricing Supplement, if the Calculation 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 6, 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).

7.8.3. Notification of Floating Interest Rate and each Interest Amount

- 7.8.3.1. The Calculation Agent will cause each Floating Rate of Interest (in the case of a Tranche of Floating Rate Notes) and each Interest Amount determined by it (and any other amount/s required to be determined by it) to be notified to the Paying Agent and (in the manner set out in Condition 16.1) the Noteholders of the relevant Tranche of Notes and, if the relevant Tranche of Notes is listed on the Interest Rate Market of the JSE, the JSE and the Central Securities Depository, 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 applicable to a Tranche of Floating Rate Notes) and not later than 3 (three) Business Days before the Interest Payment Date (in the case of the determination of the Interest Amount).
- 7.8.3.2. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. Any

such amendment will be promptly notified to the Issuer and (in the manner set out in Condition 16.1) the Noteholders and, if the relevant Tranche of Notes is listed on the Interest Rate Market of the JSE, the JSE and the Central Securities Depository. If the Interest Amount is less than the minimum Specified Denomination, the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Interest Amount in respect of a Note having the minimum Specified Denomination.

7.8.4. Certificates to be final

7.8.4.1. All communications, notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 by the Calculation Agent will (in the absence of wilful default, bad faith or manifest error or dispute as set out in Condition 7.8.4.2) be binding on the Issuer, the Calculation Agent and the Noteholders and no liability to the Issuer or the Noteholders will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to the provisions of this Condition 7.8.4.1.

7.8.4.2. If the Issuer acts as the Calculation Agent and Noteholders holding not less than 25% of the aggregate Outstanding Principal Amount of the Notes in the relevant Tranche/s of Notes deliver a notice to the Issuer (in the manner set out in Condition 16.2) objecting to any determination made by the Issuer in respect of the relevant Tranche/s of Notes, within 5 (five) Business Days of notification to the relevant Noteholders of the Interest Rate and/or Interest Amount in accordance with Condition 7.8.3.1, such determination shall not be regarded as being final and, upon receipt of such notification, the Issuer shall request the chief executive officer for the time being of the JSE to appoint an independent third party to make such determination. The Issuer shall use its best endeavours to procure that such independent third party will make such determination promptly, acting as an expert and not as an arbitrator. The determination made by such third party shall, in the absence of wilful deceit, bad faith or manifest error, be binding on the Issuer and the relevant Noteholders, and no liability to the Issuer or the relevant Noteholders shall attach to such third party in connection with the exercise or non-exercise by it of its powers, duties and discretions contemplated in this Condition 7.8.4.2. The costs of procuring and effecting the determination made by such third party shall be borne by the Issuer if such determination differs from that of the Issuer and shall be borne by the relevant Noteholders disputing the Issuer's determination if the determination made by such third party confirms that of the Issuer.

7.8.5. Failure to make determinations

If the Calculation 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 and the Paying Agent thereof and, if the relevant Notes are listed on the Interest Rate Market of the JSE, it will forthwith notify the JSE and the Central Securities Depository thereof. Any failure by the Calculation 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. PAYMENTS

8.1. General

8.1.1. All payments of all amounts (whether in respect of principal, interest or otherwise) due and payable in respect of any Notes shall be made by the Issuer (where the Issuer itself acts as Paying Agent) or the Paying Agent, on behalf of the Issuer (where the Issuer has appointed a third party to act as Paying Agent), on the terms and conditions of the Applicable Agency Agreement (if any) and this Condition 8.

8.1.2. All references in this Condition 8 to "*Paying Agent*" shall be construed as references to the Issuer (where the Issuer itself acts as Paying Agent) or the Paying Agent on behalf of the Issuer (where the Issuer has appointed a third party entity to act as Paying Agent), as the case may be.

8.1.3. 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.

8.1.4. Any reference in the Terms and Conditions to principal and/or interest in respect of the Notes shall be deemed to include any additional amounts which may be payable under Condition 9.

8.2. Payments - Registered Notes

8.2.1. Registered Noteholders

8.2.1.1. Only the Central Securities Depository (in the case of Registered Notes held in the Central Securities Depository) and Noteholders named in the Register at 17h00 (South African time) on the relevant Last Day to Register (in the case of Registered Notes represented by Certificates) will be entitled to payments

of interest and/or principal in respect of Registered Notes.

8.2.1.2. Payments of interest and/or principal in respect of Registered Notes shall be made to the Central Securities Depository (in the case of Registered Notes held in the Central Securities Depository) or to the person reflected as the registered Noteholder of Registered Notes in the Register at 17h00 (South African time) on the relevant Last Day to Register (in the case of Registered Notes represented by Certificates).

8.2.2. *Method of payment*

8.2.2.1. The Paying Agent will pay all amounts due and payable in respect of Registered Notes:

8.2.2.1.1. in the case of Registered Notes which are held in the Central Securities Depository, in immediately available and freely transferable funds, in the Specified Currency, by electronic funds transfer to the bank account of the Central Securities Depository;

8.2.2.1.2. in the case of Registered Note/s which are represented by a Certificate, in immediately available and freely transferable funds, in the Specified Currency, by electronic funds transfer, to the bank account of the person named as the registered Noteholder of such Registered Notes in the Register or, in the case of joint registered Noteholders, the bank account of the first one of them named in the Register in respect of such Registered Notes; provided that if several persons are entered into the Register as joint registered Noteholders of such Registered Notes then, without affecting the previous provisions of this Condition 8, 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 and/or the Paying Agent may have of the right, title, interest or claim of any other person to or in any such Registered Notes.

8.2.2.2. Neither the Paying Agent nor the Issuer shall be responsible for the loss in transmission of any such funds, and payment of any amount into the bank account referred to in Condition 8.2.2.1.1 or Condition 8.2.2.1.2, as the case may be, in accordance with Condition 8.2.2.1, 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).

8.2.3. *Beneficial Interests*

8.2.3.1. Following payment to the Central Securities Depository of amounts due and payable in respect of Registered Notes which are held in the Central Securities Depository pursuant to Condition 8.2.2.1.1, the relevant funds will be transferred by the Central Securities Depository, via the Participants, to the holders of Beneficial Interests in such Registered Notes, in accordance with the CSD Procedures.

8.2.3.2. Each of the persons reflected in the records of the Central Securities Depository or the relevant Participant, as the case may be, as the holders of Beneficial Interests in Registered Notes shall look solely to the Central Securities Depository or the relevant Participant, as the case may be, for such persons share of each payment so made by the Paying Agent to or for the order of the Central Securities Depository.

8.2.3.3. Neither the Paying Agent nor the Issuer will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, Beneficial Interests, or for maintaining, supervising or reviewing any records relating to Beneficial Interests.

8.2.3.4. Payments of amounts due and payable in respect of Beneficial Interests in Registered Notes will be recorded by the Central Securities Depository, distinguishing between interest and principal, and such record of payments by the Central Securities Depository shall be *prima facie* proof of such payments.

8.2.4. *Surrender of Certificates*

8.2.4.1. 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).

8.2.4.2. If the relevant Certificate is not surrendered to the Transfer Agent (at its Specified Office) in accordance with Condition 8.2.4.1, the amount of principal payable to the Noteholder of the Registered Notes represented by that Certificate shall be retained by the Paying Agent 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.

8.3. **Payments – Bearer Notes**

8.3.1. Payments of:

- 8.3.1.1. interest in respect of Bearer Notes will be made to the Bearer only against presentation and surrender, by the Bearer or its Representative, of the relevant Coupon or (where the Bearer Certificate is issued without Coupons) only against presentation, by the Bearer or its Representative, of the Bearer Certificate, to the Paying Agent (at its Specified Office);
- 8.3.1.2. Instalment Amounts in respect of Bearer Notes will be made to the Bearer only against presentation and surrender, by the Bearer or its Representative, of the relevant Receipt to the Paying Agent (at its Specified Office);
- 8.3.1.3. principal or the final Instalment Amount, as applicable, in respect of Bearer Notes which are to be redeemed (whether in whole or in part) pursuant to the Applicable Terms and Conditions will be made to the Bearer only against presentation and surrender, by the Bearer or its Representative, of the relevant Bearer Certificate to the Paying Agent (at its Specified Office).
- 8.3.2. Upon presentation and surrender of the Bearer Certificate or Coupon or Receipt, as the case may be, to the Paying Agent (at its Specified Office) in terms of Condition 8.3.1, the Bearer, or its Representative, shall notify the Paying Agent in writing of the name of the Bearer and the address (within South Africa or such Other Banking Jurisdiction as is specified in the Applicable Pricing Supplement) of the Bearer and the bank account (within South Africa) into which the relevant payment must be made.
- 8.3.3. Subject to Conditions 8.3.1 and 8.3.2, the Paying Agent shall pay all amounts due and payable in respect of any Bearer Notes, in immediately available and freely transferable funds, in the Specified Currency, by electronic funds transfer, to the bank account referred to in Condition 8.3.2. Neither the Issuer nor the Paying Agent shall be responsible for the loss in transmission of any such funds, and payment of any amount into such bank account, in accordance with this Condition 8.3.3, shall be satisfaction *pro tanto*, to the extent of such amount, of the Issuer's obligations to the relevant Bearers under the relevant Bearer Notes, the Applicable Terms and Conditions and the Applicable Agency Agreement (if any).

8.4. Payments – Order Notes

- 8.4.1. Payments of:
 - 8.4.1.1. 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 Paying Agent (at its Specified Office);
 - 8.4.1.2. 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 Paying Agent (at its Specified Office);
 - 8.4.1.3. 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 Paying Agent (at its Specified Office).
- 8.4.2. Upon presentation and surrender of the Order Certificate or Coupon or Receipt, as the case may be, to the Paying Agent (at its Specified Office) in terms of Condition 8.4.1, the Payee, or its Representative, shall notify the Paying Agent in writing of the address (within South Africa or such Other Banking Jurisdiction as is specified in the Applicable Pricing Supplement) of the Payee and the bank account (within South Africa) into which the relevant payment must be made.
- 8.4.3. Subject to Conditions 8.4.1 and 8.4.2, the Paying Agent 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 8.4.2. Neither the Issuer nor the Paying Agent shall be responsible for the loss in transmission of any such funds, and payment of any amount into such bank account, in accordance with this Condition 8.4.3, 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).

8.5. Payments by cheque

- 8.5.1. If the Paying Agent is prevented or restricted directly or indirectly from making any payment in respect of any Notes by electronic funds transfer in accordance with the preceding provisions of this Condition 8 (whether by reason of strike, lockout, fire, explosion, flood, riot, war, accident, act of God, embargo, legislation, shortage of or breakdown in facilities, civil commotion, unrest or disturbance, cessation of labour,

government interference or control or any other cause or contingency beyond the control of the Issuer) such inability to make payment will not constitute an Event of Default and the Paying Agent shall be entitled (subject to Applicable Laws and banking practice) to make such payment by cheque (or by such number of cheques as may be required in accordance with applicable banking law and practice).

- 8.5.2. Payments by cheque shall, promptly after the Paying Agent is so prevented or restricted from making payment by electronic funds transfer (as contemplated in Condition 8.5.1), be sent by post, at the risk of the relevant Noteholder (unless otherwise requested by the relevant Noteholder by notice in writing to the Paying Agent):
- 8.5.2.1. in the case of Registered Notes, to the address of the relevant Noteholder as set forth in the Register or, in the case of joint Noteholders, the address set forth in the Register of that one of them who is first named in the Register in respect of such Registered Notes;
- 8.5.2.2. in the case of Bearer Notes to the address of the Bearer referred to in Condition 8.3.2;
- 8.5.2.3. in the case of Order Notes, to the address of the Payee referred to in Condition 8.4.2.
- 8.5.3. Each cheque issued in respect of Registered Notes shall be made payable to or for the order of the Noteholder of such Registered Notes or, in the case of joint Noteholders of Registered Notes, the first one of them named in the Register in respect of such Registered Notes. Each cheque issued in respect of Bearer Notes shall be made payable to or for the order of the name of the Bearer referred to in Condition 8.3.2. Each cheque issued in respect of Order Notes shall be made payable to or for the order of the Payee. Cheques may be posted by ordinary post, provided that neither the Issuer nor the Paying Agent shall be responsible for any loss, including without limitation any loss due to theft or fraud, in transmission and the postal authorities shall be deemed to be the agent of the relevant Noteholders, Bearers or Payees, as applicable, for the purposes of all cheques posted in terms of this Condition 8.5.
- 8.5.4. Payment by cheque sent in terms of this Condition 8.5 shall be a complete discharge by the Issuer of its obligations in respect of the amount of the cheque. The relevant Noteholders, Bearers or Payees, as applicable, shall not be entitled to any interest or other payment in respect of any delay in payment of any amount in respect of the relevant Registered Notes, Bearer Notes or Order Notes, as applicable, resulting from a cheque mailed in accordance with this Condition 8.5 arriving after the due date for such payment or being lost in the mail.

8.6. **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:

- 8.6.1. if a Business Day Convention is not specified in the Applicable Pricing Supplement, such date for payment shall be the following Business Day;
- 8.6.2. 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.

9. **TAXATION**

- 9.1. 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.
- 9.2. 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 10.4, 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:
- 9.2.1. 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
- 9.2.2. 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
- 9.2.3. 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
- 9.2.4. 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 or the relevant Bearer Certificate, as the case may be, in accordance with the Terms and Conditions), the relevant Certificate or the relevant Order Certificate or the relevant Bearer Certificate, as the case may be, is surrendered (or presented and surrendered), as applicable, more than 30 (thirty) days after the Relevant Date, 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 or the relevant Bearer Certificate, as the case may be, on such thirtieth day; or
- 9.2.5. if such withholding or deduction arises through the exercise by the revenue authorities of special powers in respect of tax defaulters; or
- 9.2.6. where a Noteholder is entitled to claim a tax reduction, credit or similar benefit in respect of such withholding or deduction in terms of the domestic tax laws applicable to such Noteholder or an applicable double tax treaty;
- 9.2.7. where any withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 ("**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.
- 9.3. The payment of any Taxes by the Issuer as an agent or representative taxpayer for a Noteholder shall not constitute a withholding or deduction for the purposes of this Condition 9.

10. REDEMPTION AND PURCHASES

10.1. Redemption on the Maturity Date

Unless previously redeemed, or purchased and cancelled, pursuant to this Condition 10 below, the Issuer will redeem a Tranche of Notes, at the Final Redemption Amount, on the Maturity Date.

10.2. Call Option

- 10.2.1. If the Call Option is applicable to a Tranche of Notes, the Issuer may, at its option, having given not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Paying Agent, the Transfer Agent and (in the manner set out in Condition 16.1) the Noteholders of that Tranche of Notes, redeem that Tranche of Notes, in whole or in part (as specified in the Applicable Pricing Supplement), on the Optional Redemption Date (Call), at the Optional Redemption Amount (Call).
- 10.2.2. If the Issuer elects to redeem the relevant Tranche of Notes in terms of Condition 10.2.1, the Issuer shall redeem that Tranche of Notes, on the Optional Redemption Date (Call), at the Optional Redemption Amount (Call), subject to and in accordance with this Condition 10.2.

10.3. Put Option

- 10.3.1. If the Put Option is specified in the Applicable Pricing Supplement as being applicable to a Tranche of Senior Notes any Noteholder of Senior Note/s in that Tranche ("**relevant Noteholder**") may, at its option (but subject to Condition 9.3.2) require the Issuer to redeem all or any of such Senior Note/s (as specified in the Put Option Notice) ("**relevant Notes**"), in whole or in part (as specified in the Put Option Notice), on the Optional Redemption Date (Put), at the Optional Redemption Amount (Put).
- 10.3.2. In order to exercise the Put Option, the relevant Noteholder must, not less than 30 (thirty) nor more than 60 (sixty) days before the Optional Redemption Date (Put), send the duly completed Put Option 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 to the Issuer, with a copy of the Put Option Notice to the Transfer Agent and the Paying Agent.
- 10.3.3. No Certificate representing the relevant Notes which has been surrendered to the Transfer Agent in accordance with Condition 8.2.4 may be withdrawn; provided that if, prior to the Optional 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 shall, without prejudice to the exercise of the Put Option, be returned to the relevant Noteholder by uninsured mail (airmail if overseas) at the address specified by the relevant Noteholder in the Put Option Notice.

- 10.3.4. The Issuer shall, following receipt of the Put Option Notice, redeem the relevant Notes, on the Optional Redemption Date (Put), at the Optional Redemption Amount (Put), subject to and in accordance with this Condition 10.3.

10.4. Issuer optional redemption following a Tax Event

- 10.4.1. If a Tax Event has occurred and is continuing in relation to a Tranche of Notes, the Issuer may at its option, redeem that Tranche of Notes (in whole but not in part), on the Optional Redemption Date (Tax Event), at the Optional Redemption Amount (Tax Event), subject to the Issuer having given not less than 30 (thirty) days' notice (which notice shall be irrevocable) to the Transfer Agent, the Calculation Agent, the Paying Agent and (in the manner set out in Condition 16.1) the Noteholders of the Notes in that Tranche of Notes ("**relevant Noteholders**").
- 10.4.2. Prior to the publication of the notice referred to in Condition 10.4.1, the Issuer shall deliver to the relevant Noteholders (in the manner set out in Condition 16.1) (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) a legal opinion, addressed to the Issuer, from a reputable firm of lawyers in South Africa to the effect that a Tax Event has occurred.
- 10.4.3. If the Issuer elects to redeem the relevant Tranche of Notes in terms of and subject to Condition 10.4.1 and Condition 10.4.2, the Issuer shall redeem the relevant Tranche of Notes, on the Optional Redemption Date (Tax Event), at the Optional Redemption Amount (Tax Event), subject to and in accordance with this Condition 10.4.

10.5. Noteholder optional redemption following a Change of Control Event

- 10.5.1. The Issuer shall, upon becoming aware that a Change of Control Event has occurred, forthwith notify the Transfer Agent, the Calculation Agent, the Paying Agent and (in the manner set out in Condition 16.1) all of the Noteholders, of such Change of Control Event.
- 10.5.2. Any Noteholder of any Notes in respect of which a Change of Control Event has occurred may, by written notice to the Issuer effective upon the date of receipt thereof by the Issuer, declare any or all of those Notes ("**Accelerated Notes**") to be immediately due and payable, whereupon the Accelerated Notes (whether or not due for payment) shall become immediately due and payable, and the Issuer shall forthwith redeem the Accelerated Notes, at the Optional Redemption Amount (Change of Control Event).
- 10.5.3. The Issuer shall, forthwith following receipt of a notice contemplated in Condition 10.5.2, notify the Transfer Agent, the Calculation Agent and the Paying Agent, and the CSD (where the Accelerated Notes are Registered Notes) and the JSE (where the Accelerated Notes are listed on the Interest Rate Market of the JSE), that the Accelerated Notes have become immediately due and payable.
- 10.5.4. The provisions of Conditions 10.3.2 and 10.3.3 shall apply *mutatis mutandis* to the Certificate/s (if any) representing the Accelerated Notes or, where the Accelerated Notes are Bearer Notes or Order Notes, as the case may be, the Bearer Certificate/s or the Order Certificate/s, as the case may be.

10.6. Mandatory redemption following an Event of Default

Following an Event of Default, the Issuer shall redeem each Senior Accelerated Note or Subordinated Accelerated Note, as applicable, at the Early Termination Amount, subject to and in accordance with the applicable provisions of Condition 11.

10.7. Early redemption of Zero Coupon Notes

- 10.7.1. Unless otherwise specified in the Applicable Pricing Supplement, the amount of principal payable in respect of a Tranche of Zero Coupon Notes which has been redeemed prior to the Maturity Date shall be an amount equal to the sum of:
- 10.7.1.1. the Reference Price; and
- 10.7.1.2. the product of the Implied Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the Redemption Date.
- 10.7.2. Where any calculation is to be made in terms of this Condition 10.7 for a period which is not a whole number

of years, it shall be calculated on the basis of actual days elapsed divided by 365 (three hundred and sixty five), or such other calculation basis as may be specified in the Applicable Pricing Supplement.

10.8. Indexed Notes

A Tranche of Indexed Notes (including a Tranche of Inflation-Linked Notes) shall be redeemed in the manner set out in the Applicable Pricing Supplement, and otherwise in accordance with the provisions of this Condition 10.

10.9. Partly Paid Notes

A Tranche of Partly Paid Notes shall be redeemed in the manner set out in the Applicable Pricing Supplement, and otherwise in accordance with the provisions of this Condition 10.

10.10. Instalment Notes

A Tranche of Instalment Notes shall be redeemed at the Instalment Amounts, on the Instalment Dates, in the manner set out in the Applicable Pricing Supplement, and otherwise in accordance with the provisions of this Condition 10.

10.11. Exchangeable Notes

A Tranche of Exchangeable Notes shall be redeemed in the manner set out in the Applicable Pricing Supplement, and otherwise in accordance with the provisions of this Condition 10. If Mandatory Exchange is indicated in the Applicable Pricing Supplement as being applicable, or if the relevant Noteholders exercise the Noteholders Exchange Right, as the case may be, the relevant Exchangeable Notes will be redeemed by the Issuer delivering to the relevant Noteholders as many of the Exchange Securities as are required in accordance with the Exchange Price. The delivery by the Issuer of the Exchange Securities in the manner set out in the Applicable Pricing Supplement shall constitute the in specie redemption in full of the relevant Exchangeable Notes.

10.12. Redemption of a portion of the Notes

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 in terms of this Condition 10, 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.

10.13. Redemption of some, but not all, of the Notes in a Tranche

Where only some, but not all, of the Notes in a Tranche of Notes are to be redeemed prior to the Maturity Date in terms of this Condition 10, 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.

10.14. Purchases

The Issuer may at any time purchase Notes in the open market or otherwise and at any price. In the event of the Issuer purchasing Notes, such Notes may (subject to the restrictions of any Applicable Law) be held, resold or, at the option of the Issuer, cancelled.

10.15. Cancellation

All Notes which are redeemed or purchased by the Issuer and, at the option of the Issuer, cancelled (as contemplated in Condition 10.14) will forthwith be cancelled and may not be re-issued or resold. Each Certificate (if any) representing any Registered Notes which are cancelled or, following a partial redemption, partially cancelled, shall be forwarded to the Transfer Agent for cancellation. The Transfer Agent shall, in respect of a Tranche of Registered Notes which is listed on the Interest Rate Market of the JSE, notify the Central Securities Depository and the JSE of any cancellation, partial redemption or redemption of Registered Notes in that Tranche so that such entities can record the reduction in the aggregate Outstanding Principal Amount of the Notes in issue. Where only a portion of Registered Notes represented by a Certificate is redeemed, the Transfer Agent shall deliver a new Certificate to the holder of such Registered Notes representing the balance of such Registered Notes, as contemplated in Condition 13.1.2.

10.16. Redemption of Beneficial Interests

The redemption of Beneficial Interests shall take place in accordance with the Financial Markets Act and the Applicable Procedures.

11. EVENTS OF DEFAULT

11.1. Events of Default relating to Senior Notes

- 11.1.1. An Event of Default in respect of Senior Notes will occur upon the happening of any of the following events:
- 11.1.1.1. the Issuer fails to pay any amount (whether in respect of principal, interest or otherwise) due and payable under the Applicable Terms and Conditions of any Senior Notes on the due date for payment of such amount and such failure to pay has continued for more than 10 (ten) calendar days after the Issuer has been given written notice from any Senior Noteholder requiring such failure to pay to be remedied; or
 - 11.1.1.2. the Issuer fails to perform or observe any other obligation binding on it under the Applicable Terms and Conditions of any Senior Notes and such failure to perform or observe is not remedied within 30 (thirty) calendar days after the Issuer has been given written notice from any Senior Noteholder requiring such failure to perform or observe to be remedied; or
 - 11.1.1.3. the Issuer fails to pay any amount due and payable under any Material Indebtedness (taking into account any applicable grace period for such payment) and such failure to pay continues for more than 30 (thirty) calendar days; or
 - 11.1.1.4. any action, condition or thing (including the obtaining of any consent, licence approval or authorisation) necessary to be taken, fulfilled or done to enable the Issuer to comply with its obligations under the Applicable Terms and Conditions of any Senior Notes is not taken, fulfilled or done, or any such consent, licence, approval or authorisation is revoked, modified, withdrawn or withheld or ceases to be in full force and effect; or
 - 11.1.1.5. any bill or government paper is published (and publicly disseminated) by the Government of the Republic of South Africa that provides for, or contemplates, the winding-up of the Issuer in terms of section 19 of the DBSA Act or the Issuer is wound up in terms of section 19 of the DBSA Act; provided that the occurrence of any such event shall not constitute an Event of Default if, prior to the occurrence of such event, such event is approved by a Special Resolution of the Senior Noteholders; or
 - 11.1.1.6. the Issuer ceases or threatens to cease to carry on the whole or a material part of its business (other than in Solvent Circumstances); provided that the occurrence of any such event shall not constitute an Event of Default if, prior to the occurrence of such event, such event is approved by a Special Resolution of the Senior Noteholders;
 - 11.1.1.7. any step is taken by or under the authority of any government with a view to the seizure, compulsory acquisition, expropriation or nationalisation of the whole or a material part of the undertaking or assets of the Issuer; or
 - 11.1.1.8. the Issuer takes any action (including an application, a proposal or a convening of a meeting) (other than in Solvent Circumstances) for a readjustment or deferment of any of its obligations in respect of any Indebtedness of the Issuer or makes or attempts to make a general assignment or an arrangement or composition or compromise with or for the benefit of its creditors in respect of all or any Indebtedness of the Issuer or declares a moratorium in respect of all or any Indebtedness of the Issuer; provided that the occurrence of any such event shall not constitute an Event of Default if, prior to the occurrence of such event, such event is approved by a Special Resolution of the Senior Noteholders; or
 - 11.1.1.9. proceedings are initiated against the Issuer such that a Person takes possession of the whole or a material part of the undertaking or assets of the Issuer 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 the undertaking or assets of the Issuer.
- 11.1.2. The Issuer, upon becoming aware that an Event of Default has occurred and is continuing, shall forthwith notify (i) the Senior Noteholders (in the manner set out in Condition 16.1) of that Event of Default and (ii) the Paying Agent, the Calculation Agent, the Central Securities Depository and, if any Senior Notes are listed on the Interest Rate Market of the JSE, the JSE, in writing of that Event of Default.
- 11.1.3. Any Noteholder of Senior Notes in respect of which an Event of Default has occurred may, by written notice to the Issuer effective upon the date of receipt thereof by the Issuer, declare those Senior Notes to be immediately due and payable, whereupon those Senior Notes ("**Accelerated Senior Notes**") (whether or not due for payment) shall become immediately due and payable at the Early Termination Amount.
- 11.1.4. The Issuer shall, forthwith following receipt of a notice contemplated in Condition 11.1.3, notify the Paying Agent, the Calculation Agent, the Central Securities Depository and, if any Accelerated Senior Notes are listed on the Interest Rate Market of the JSE, the JSE that the Accelerated Senior Notes have become immediately

due and payable.

11.2. Events of Default relating to Subordinated Notes

- 11.2.1. An Event of Default in respect of Subordinated Notes will occur upon the happening of either of the following events:
- 11.2.1.1. subject to and without derogating from the provisions of Condition 5.2, the Issuer fails to pay any amount (whether in respect of principal, interest or otherwise) due and payable under the Applicable Terms and Conditions of any Subordinated Notes on the due date for payment of such amount and such failure to pay continues for more than 10 (ten) calendar days after the Issuer has been given written notice from any Subordinated Noteholder requiring such failure to pay to be remedied;
- 11.2.1.2. any bill or government paper is published (and publicly disseminated) by the Government of the Republic of South Africa that provides for, or contemplates, the winding-up of the Issuer in terms of section 19 of the DBSA Act or the Issuer is wound up in terms of section 19 of the DBSA Act; provided that the occurrence of any such event shall not constitute an Event of Default if, prior to the occurrence of such event, such event is approved by a Special Resolution of the Senior Noteholders.
- 11.2.2. The Issuer, upon becoming aware that an Event of Default has occurred and is continuing, shall forthwith notify (i) the Subordinated Noteholders (in the manner set out in Condition 16.1) of that Event of Default and (ii) the Paying Agent, the Calculation Agent, the Central Securities Depository and, if any Subordinated Notes are listed on the Interest Rate Market of the JSE, the JSE, in writing of that Event of Default.
- 11.2.3. Any Noteholder of Subordinated Notes in respect of which an Event of Default referred to in Condition 11.2.1.1 has occurred may, subject as provided below, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the relevant obligation to pay; 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 Subordinated Notes sooner than the same would otherwise have been payable by it.
- 11.2.4. Any Noteholder of Subordinated Notes in respect of which an Event of Default referred to in Condition 11.2.1.2 has occurred may, by written notice to the Issuer effective upon the date of receipt thereof by the Issuer, declare those Subordinated Notes to be immediately due and payable, whereupon those Subordinated Notes ("**Accelerated Subordinated Notes**") (whether or not due for payment) shall become immediately due and payable at the Early Termination Amount (subject to and without derogating from the provisions of Condition 5.2).
- 11.2.5. The Issuer shall, forthwith following receipt of a notice contemplated in Condition 11.2.4, notify the Paying Agent, the Calculation Agent, the Central Securities Depository and, if any Accelerated Subordinated Notes are listed on the Interest Rate Market of the JSE, the JSE that the Accelerated Subordinated Notes have become immediately due and payable.

12. EXCHANGE OF BENEFICIAL INTERESTS FOR REGISTERED NOTES REPRESENTED BY A CERTIFICATE AND REPLACEMENT OF CERTIFICATES

12.1. Exchange of Beneficial Interests

- 12.1.1. 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 represented by a Certificate ("**Exchange Notice**"). The Exchange Notice shall specify (i) the name, 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 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.
- 12.1.2. 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 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.

- 12.1.3. 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 system) 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.
- 12.1.4. 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.

12.2. Costs

- 12.2.1. 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.
- 12.2.2. The costs and expenses of the printing, issue and delivery of Bearer Certificates and Order Certificates, and any Receipts and/or Coupons, shall be borne by the Issuer, save as otherwise provided in the Applicable Pricing Supplement.

12.3. 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.

12.4. 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 12.4 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 12.4 as the Issuer, the Transfer Agent, the Central Securities Depository and/or the relevant Participant may require, be registered or recorded himself as the holder of such Notes or, subject to the Applicable Procedures, this Condition 12.4 and Condition 13.1.2, 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 upon 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.

13. TRANSFER OF NOTES

13.1. Transfer of Registered Notes

13.1.1. *Transfer of Beneficial Interests in Registered Notes held in the Central Securities Depository*

- 13.1.1.1. Beneficial Interests may be transferred only in accordance with the CSD Procedures through the Central Securities Depository.
- 13.1.1.2. 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.
- 13.1.1.3. 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.
- 13.1.1.4. Transfers of Beneficial Interests in Registered Notes will not be recorded in the Register.

13.1.2. *Transfer of Registered Notes represented by Certificates*

- 13.1.2.1. In order for any transfer of Registered Notes represented by a Certificate to be recorded in the Register, and for such transfer to be recognised by the Issuer:
- 13.1.2.1.1. the transfer of such Registered Notes must be embodied in a Transfer Form;
- 13.1.2.1.2. the Transfer Form must be signed by the registered Noteholder of such Notes and the transferee, or any Representative of that registered Noteholder and/or transferee; and
- 13.1.2.1.3. the Transfer Form must be delivered to the Transfer Agent at its Specified Office together with the Certificate representing such Registered Notes for cancellation.
- 13.1.2.2. 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.
- 13.1.2.3. Subject to this Condition 13.1.2, 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 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 representing the Registered Notes transferred reflecting the Outstanding Principal Amount of the Registered Notes transferred.
- 13.1.2.4. Where a Noteholder has transferred a portion only of Registered Notes 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 representing the balance of the Registered Notes held by such Noteholder.
- 13.1.2.5. The transferor of any Registered Notes represented by a Certificate will be deemed to remain the owner thereof until the transferee is registered in the Register as the holder thereof.
- 13.1.2.6. Before any transfer of Registered Notes 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.
- 13.1.2.7. No transfer of any Registered Notes in a Tranche represented by a Certificate will be registered during the Register Closed Period.
- 13.1.2.8. If a transfer of any Registered Notes represented by a Certificate is registered in the Register, the Transfer Form and cancelled Certificate will be retained by the Transfer Agent.

13.2. **Transfer of Bearer Notes**

Bearer Notes may be transferred only by the negotiation of the Bearer Certificate representing and embodying such Bearer Notes (by way of the delivery of such Bearer Certificate), as contemplated in the Bills of Exchange Act.

13.3. **Transfer of Order Notes**

Order Notes may be transferred only by the negotiation of the Order Certificate representing and embodying 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.

13.4. **Prohibition on stripping**

Where so specified in the Applicable Pricing Supplement, Bearer Certificates or Order Certificates, as the case may be, which are issued with Receipts and/or Coupons attached shall be issued subject to the condition that the relevant Bearer Notes or Order Notes, as the case may be, may only be transferred to a single transferee at a time and, accordingly, that the various rights in respect of the relevant Bearer Notes or Order Notes, as the case may be may not be stripped and transferred to various transferees at different times.

14. REGISTER

- 14.1. The Register will be maintained by the Transfer Agent and will be kept at the Specified Office of the Transfer Agent. The registered Noteholder/s of the Registered Note/s in a Tranche of Registered Notes which is held in the Central Securities Depository 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 Registered Note/s.

- 14.2. 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. The Register will contain the name, address and bank account details of the Central Securities Depository, and the name, address and bank account details of the registered Noteholders of Registered Notes represented by Certificates. 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.
- 14.3. 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.
- 14.4. 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.
- 14.5. The Transfer Agent will alter the Register in respect of any change of name, address or bank account number 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 13.1.2.

15. TRANSFER AGENT, CALCULATION AGENT AND PAYING AGENT

- 15.1. The Issuer is entitled to vary or terminate the appointment of any third party appointed by the Issuer as Calculation Agent and/or Paying Agent and/or Transfer Agent in accordance with the terms and conditions of the Agency Agreement governing that appointment and/or to appoint additional or other agents.
- 15.2. If the Issuer elects to appoint another entity (not being the Issuer) as Calculation Agent and/or Paying Agent and/or Transfer Agent, that other entity, on execution of an appropriate Agency Agreement or an appropriate accession letter to the 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 16.1) 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.
- 15.3. There will at all times be a Calculation Agent, a Paying Agent and a Transfer Agent with a Specified Office in such place as may be required by the Applicable Procedures.
- 15.4. The Calculation Agent, the Paying Agent 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.
- 15.5. If and to the extent that the Issuer acts as the Transfer Agent and/or the Calculation Agent and/or the Paying Agent:
 - 15.5.1. 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
 - 15.5.2. 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 Calculation Agent and/or the Paying Agent (as applicable) shall be disregarded to the extent that the Issuer performs such role.

16. NOTICES

16.1. Notice to Noteholders

- 16.1.1. All notices to Noteholders of Registered Notes represented by Certificates shall be in writing and shall be sent by registered mail to the respective postal addresses of those Noteholders appearing in the Register or delivered by hand to the respective addresses of those Noteholders 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).
- 16.1.2. For so long as any Registered Notes represented by Certificates are listed on the Interest Rate Market of the JSE, there may be substituted for the notice contemplated in Condition 16.1.1, the publication of the relevant notice on SENS or on any other electronic news service of general distribution.
- 16.1.3. Notices to Noteholders of Bearer Notes and Noteholders of Order Notes shall be published in an English

language daily newspaper of general circulation in South Africa, and such notice shall be deemed to have been received by such Noteholders on the date on which that notice is published in such newspaper.

- 16.1.4. All notices to holders of Beneficial Interest 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 date on which such notice is transmitted by e-mail (if such notice is sent by e-mail).
- 16.1.5. 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 16.1, subject to compliance with any other time periods prescribed in the provision concerned.
- 16.1.6. In addition to the applicable notice requirements set out in this Condition 16.1 above, all notices of meetings of all of the Noteholders or the relevant Group/s of Noteholders (as applicable) shall be published on SENS.

16.2. Notice by Noteholders

- 16.2.1. All notices to be given by (i) any Noteholder of Registered Note/s represented by a Certificate or (ii) any holder of Bearer Note/s or (iii) any holder 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 or the relevant Bearer Certificate 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).
- 16.2.2. 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 Applicable Procedures, and in such manner as the Issuer and the relevant Participant may approve for this purpose.

17. AMENDMENTS

- 17.1. The Issuer may effect, without the consent of any Noteholder and/or the JSE, 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 the law of South Africa (including, without limitation, all Applicable Laws and the Applicable Procedures).
- 17.2. Save as is provided in Condition 17.1, 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 (i) the proposed amendment is first approved by the JSE and, after having obtained the approval of the JSE to the proposed amendment, (ii) the proposed amendment is in writing and signed by or on behalf of the Issuer and (iii):
 - 17.2.1. 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 a Special Resolution of all of the Noteholders (provided that the relevant Special Resolution shall be passed within 15 (fifteen) Business Days after the proposed amendment is submitted to the Noteholders in terms of Condition 17.4) or (ii) the 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 written resolution shall be signed within 15 (fifteen) Business Days after the proposed amendment is submitted to the Noteholders in terms of Condition 17.4), as the case may be;
 - 17.2.2. 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 a Special Resolution of the relevant Group/s of Noteholders (provided that the relevant Special Resolution shall be passed within 15 (fifteen) Business Days after the proposed amendment is submitted to the Noteholders in terms of Condition 17.4) or (ii) the written resolution containing the proposed amendment is signed by or on behalf of Noteholders in the relevant Group/s of Noteholders holding not less than 75% of the aggregate Outstanding Principal Amount of all of the Notes in the relevant Group/s (provided that the relevant written resolution shall be signed within 15 (fifteen) Business Days after the proposed amendment is submitted to the Noteholders in terms of Condition 17.4), as the case may be.
- 17.3. The provisions of Condition 18 will apply, *mutatis mutandis*, to each meeting of all of the Noteholders or the relevant Group/s of Noteholders (as applicable) contemplated in Condition 17.2.

- 17.4. After having obtained the approval of the JSE to a proposed amendment to the Applicable Terms and Conditions (including any of the Terms and Conditions) to be effected in terms of Condition 17.2, the Issuer shall (in the manner set out in Condition 16.1) notify all of the Noteholders or the relevant Group/s of Noteholders (as applicable) of such proposed amendment. Such notice shall (i) include the 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 written resolution, and the address to which the signed written resolution should be sent.
- 17.5. Any amendment to the Applicable Terms and Conditions (including any of the Terms and Conditions) effected in terms of this Condition 17 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 16.1) as soon as practicable thereafter.
- 17.6. The Programme Memorandum, updated to reflect an amendment to the Terms and Conditions effected in terms of this Condition 17, must be submitted to the JSE, and such amendment must be published on SENS, as soon as practicable thereafter.
- 17.7. For the avoidance of doubt, the exercise by the Issuer of its rights under Condition 15 shall not constitute an amendment to the Applicable Terms and Conditions (or the Terms and Conditions).

18. MEETINGS OF NOTEHOLDERS

18.1. Directions of Noteholders

- 18.1.1. The provisions with regard to meetings of Noteholders are set out in this Condition 18. The provisions of this Condition 18 will apply, *mutatis mutandis*, to each separate meeting of all of the Noteholders or the relevant Group/s of Noteholders (as applicable) (a "**meeting**" or the "**meeting**").
- 18.1.2. Every director, the secretary of and the attorney to the Issuer and every other person authorised in writing by the Issuer, may attend and speak at a meeting, but will not be entitled to vote, other than (subject to Condition 18.10.3) as a Noteholder or proxy or duly authorised representative of a Noteholder.
- 18.1.3. A meeting will have power, in addition to all powers specifically conferred elsewhere in the Terms and Conditions:
- 18.1.3.1. 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 or imposing obligations on the Issuer not imposed or contemplated by the Applicable Terms and Conditions or otherwise conflicting with or inconsistent with the provisions of the Applicable Terms and Conditions);
- 18.1.3.2. by Extraordinary Resolution of all of the Noteholders, to bind all of the Noteholders to any compromise or arrangement;
- 18.1.3.3. 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 17;
- 18.1.3.4. 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;
- 18.1.3.5. by Extraordinary Resolution of all of the Noteholders, to approve the substitution of any person for the Issuer (or any previous substitute) as principal obligor under the Notes;
- 18.1.4. Unless otherwise specified in the Terms and Conditions (and subject to Condition 18.1.3), resolutions of all of the Noteholders or the relevant Group/s of Noteholders (as applicable) will require an Ordinary Resolution to be passed.

18.2. Convening of meeting

- 18.2.1. The Issuer may at any time convene a meeting.
- 18.2.2. The Issuer will convene (i) a meeting of all of the Noteholders upon the requisition in writing of Noteholders holding not less than 10% of the aggregate Outstanding Principal Amount of all of the Notes or (ii) a separate meeting of any Group/s of Noteholders upon the requisition in writing of the Noteholders in such Group/s

holding not less than 10% of the aggregate Outstanding Principal Amount of the Notes in such Group/s, as the case may be (each such requisition, a "**requisition notice**").

- 18.2.3. A requisition notice will state the nature of the business for which the meeting is to be held, the resolutions to be proposed and considered at the meeting and the place at which the meeting is to be held, and will be deposited at the Specified Office of the Issuer. A requisition notice may consist of several documents in like form, each signed by one or more requisitionists.

18.3. Convening of meetings by requisitionists

If the Issuer does not convene a meeting within 30 (thirty) days of the deposit of a requisition notice, the requisitionists may themselves convene the meeting, but the meeting so convened will be held within 90 (ninety) days from the date of such deposit and will be convened as nearly as possible in the same manner as that in which meetings may be convened by the Issuer. Whenever the requisitionists are about to so convene any such meeting, requisitionists shall forthwith give notice of the meeting to the Issuer and to all of the Noteholders or the relevant Group/s of Noteholders (as applicable) in accordance with Condition 18.4.1.

18.4. Notice of meeting

- 18.4.1. The Issuer will, whenever it wishes (or is required) to convene a meeting, forthwith give at least 21 (twenty one) days' written notice thereof (exclusive of the day on which the notice is given and of the day on which the meeting is held) (in the manner set out in Condition 16.1) to all of the Noteholders or the relevant Group/s of Noteholders (as applicable), specifying the place, day and time of the meeting, the nature of the business for which the meeting is to be held and the resolutions to be proposed and considered at the meeting; provided that the holders of at least 90% of the aggregate Outstanding Principal Amount of all of the Notes or the Notes in the relevant Group/s (as applicable), may agree in writing to a shorter period.

- 18.4.2. In addition to the applicable notice requirements set out in Condition 16.1, all notices of meetings of all of the Noteholders or the relevant Group/s of Noteholders (as applicable) shall be published on SENS.

18.5. Place of meeting

A meeting shall be held at such time and place as the Issuer may specify in the relevant notice of that meeting or, where the requisitionists convene a meeting, at such time and place as the requisitionists may specify in the relevant notice of that meeting.

18.6. Quorum

- 18.6.1. A quorum at a meeting shall:

18.6.1.1. for the purposes of considering an Ordinary Resolution, consist of Noteholders present in person or by proxy and holding in the aggregate not less than one-third of the Outstanding Principal Amount of all of the Notes or the Notes in the relevant Group/s (as applicable);

18.6.1.2. for the purposes of considering a Special Resolution, consist of Noteholders present in person or by proxy and holding in the aggregate not less than a clear majority of the Outstanding Principal Amount of all of the Notes or the Notes in the relevant Group/s (as applicable).

- 18.6.2. No business will be transacted at a meeting of the Noteholders unless a quorum is present at the time when the meeting proceeds to business.

18.6.3. If, within 15 (fifteen) minutes from the time appointed for the meeting, a quorum is not present, the meeting will, if it was convened on the requisition of Noteholders, be dissolved. In every other case the meeting will stand adjourned to the same day in the second week thereafter, at the same time and place, or if that day is not a Business Day, the next succeeding Business Day. If at such adjourned meeting a quorum is not present the Noteholders present in person or by proxy at such adjourned meeting will constitute a quorum for the purpose of considering any resolution, including an Ordinary Resolution and a Special Resolution.

18.7. Chairman

A person (who may, but need not, be a Noteholder) nominated in writing by the Issuer will preside as chairman at a meeting. If that person is not present within 15 (fifteen) minutes after the time fixed for the holding of the meeting, the Noteholders then present will choose one of themselves to preside as chairman. The procedures to be followed at the meeting shall be as determined by the chairman subject to this Condition 18. The chairman of an adjourned meeting need not be the same person as was the chairman of the original meeting.

18.8. Adjournment

- 18.8.1. Subject to the provisions of this Condition 18, the chairman may, with the consent of, and will if directed by,

the Noteholders then present at the meeting, adjourn the meeting from time to time and from place to place.

- 18.8.2. No business will be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- 18.8.3. At least 14 (fourteen) days' written notice of any meeting adjourned through want of a quorum will be given in the same manner as of the original meeting and such notice will state that the Noteholders present in person or by proxy at the adjourned meeting will constitute a quorum. Otherwise it shall not be necessary to give notice of an adjourned meeting.

18.9. How resolutions are decided

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

18.10. Votes

- 18.10.1. Voting of all of the Noteholders or the Noteholders in the relevant Group/s (as applicable) shall only take place on a poll and not on a show of hands. On a poll every Noteholder (subject to Condition 18.10.3), present in person or by proxy, will be entitled to that proportion of the total votes which the Outstanding Principal Amount of the Notes held by such Noteholder bears to the Outstanding Principal Amount of all of the Notes or the Notes in the relevant Group/s (as applicable).
- 18.10.2. The holders of Beneficial Interests in Registered Notes must vote in accordance with the CSD Procedures. Holders of Beneficial Interests in Registered Notes must exercise their respective rights to vote through their respective Participants. The respective Participants will vote in accordance with the respective instructions conveyed to them by the respective holders of Beneficial Interests in Registered Notes, in accordance with the CSD Procedures.
- 18.10.3. The Issuer will not have any voting rights in respect of any Notes held by it.

18.11. Proxies and representatives

- 18.11.1. Noteholders present at a meeting either in person or by proxy may vote on a poll. A Noteholder may by an instrument in writing (a "**proxy form**") signed by the Noteholder or, in the case of a juristic person, signed on its behalf by a duly authorised officer of the juristic person, appoint any person (a "**proxy**" or "**proxies**") to act on his or its behalf in connection with any meeting or proposed meeting.
- 18.11.2. A person appointed to act as proxy need not be a Noteholder.
- 18.11.3. The proxy form will be deposited at the Specified Office of the Issuer not less than 24 (twenty four) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such proxy proposes to vote.
- 18.11.4. No proxy form will be valid after the expiration of 6 (six) months from the date named in it as the date of its execution.
- 18.11.5. Notwithstanding Condition 18.11.4, a proxy form will be valid for any adjourned meeting, unless the contrary is stated thereon.
- 18.11.6. A vote given in accordance with the terms of a proxy form will be valid notwithstanding the previous death or incapacity of the principal or revocation or amendment of the proxy form or of any of the Noteholder's instructions pursuant to which the proxy form was executed or of the authority under which the proxy form was executed or the transfer of the Notes in respect of which the proxy was given, provided that no intimation in writing of such death, incapacity, revocation or amendment shall have been received by the Issuer at its Specified Office, more than, and that the transfer has been given effect to less than, 12 (twelve) hours before the commencement of the meeting or adjourned meeting at which the proxy is to be used.
- 18.11.7. Any Noteholder which is a juristic person may, by resolution of its directors or other governing body, authorise any person to act as its representative in connection with any meeting or proposed meeting. Any reference in the Terms and Conditions to a Noteholder present at a meeting in person includes the duly authorised representative of a Noteholder which is a juristic person.

18.12. 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 18 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.

18.13. Minutes

The Issuer will cause minutes of all resolutions and proceedings of meetings to be duly entered in books to be provided by the Issuer for that purpose. 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.

18.14. Signed resolution

A resolution in writing signed by or on behalf of all of the Noteholders or the relevant Group/s of Noteholders (as applicable) shall be as valid and effectual as an Ordinary Resolution or a Special Resolution, as the case may be, passed at a meeting of such Noteholders duly convened and held in accordance with the provisions contained in this Condition 18.

19. PRESCRIPTION

Any claim for payment of any amount (whether in respect of principal, interest or otherwise) in respect of any Notes will prescribe 3 (three) years after the date on which such amount becomes due and payable under the Applicable Terms and Conditions; provided that if payment of such amount is required, in accordance with the Applicable Terms and Conditions, to be made to the Central Securities Depository, any claim for payment of such amount will prescribe 3 (three) years after the date on which such amount has been received by the Central Securities Depository and provided that the three-year time period shall be 6 (six) years in the case of Order Notes and Bearer Notes.

20. 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.

21. GOVERNING LAW

The Programme Memorandum, the Notes and the Applicable Terms and Conditions are governed by, and shall be construed in accordance with, the laws of South Africa.

22. FURTHER 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 Prices, actual Issue 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.

USE OF PROCEEDS

The Issuer will use the net proceeds from the issue of a Tranche of Notes for its general corporate purposes or as is otherwise specified in the Applicable Pricing Supplement.

DESCRIPTION OF THE ISSUER

Description of business

The Issuer's mandate is the promotion of economic development and growth, human resource development, institutional capacity building, and the support of development projects and programmes in countries on the continent of Africa (see "*DBSA Regulations*" below).

A more detailed description of the Issuer and its business is set out in the annual report of the Issuer for the financial year ended 31 March 2014. This annual report is incorporated by reference into this Programme Memorandum (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*"). This annual report is available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer. In addition, this annual report is available on the Issuer's website at www.dbsa.org.

The description of the Issuer and its business may be updated from time to time in the respective annual reports of the Issuer for all financial years of the Issuer after the Programme Date. These annual reports are incorporated by reference into this Programme Memorandum (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*"). These annual reports will (as and when such annual reports are approved and become available) be available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer. In addition, these annual reports will (as and when such annual reports are approved and become available) be available on the Issuer's website at www.dbsa.org.

Establishment and regulation of the Issuer

The "Development Bank of Southern Africa" was established by treaty in 1983 ("**Development Bank of Southern Africa (1983)**") to perform an economic development function within the then constitutional dispensation. The transformation of the constitutional and economic dispensation of South Africa by virtue of the Constitution of the Republic of South Africa, 1996 necessitated the transformation of the role and function of the Development Bank of Southern Africa (1983) in order to promote economic development and growth in the Southern African region within an integrated financial development system.

It therefore became desirable to reconstitute the Development Bank of Southern Africa (1983) in order to promote, facilitate and by funding to mobilize socio-economic development in Southern Africa.

This was done in terms of section 2 of the DBSA Act which provides for the continued existence, and reconstitution, of the juristic person known as the "Development Bank of Southern Africa" as a development finance institution. In terms of section 2 of the DBSA Act, the Development Bank of Southern Africa (1983) shall "*continue to exist as a juristic person by the name the "Development Bank of Southern Africa Limited", and shall have the powers, functions and duties provided for in [the DBSA] Act, which shall be exercised, performed and carried out by the [Issuer] subject to the provisions of [the DBSA] Act*".

DBSA Act

The Issuer is regulated by the Development Bank of Southern Africa Act, 1997, as amended (including, without limitation, as amended by the Development Bank of Southern Africa Amendment Act 41 of 2014, which came into effect on 20 January 2015) ("**DBSA Act**") and the regulations to the DBSA Act ("**DBSA Regulations**").

The primary purpose of the Issuer is to promote economic development and growth, human resource development and institutional capacity building by mobilising financial and other resources from the national or international private and public sectors for sustainable development projects and programmes.

The main objects of the Issuer are set out in section 3 of the DBSA Act and include, among others, "*the promotion of economic development and growth, human resources development, institutional capacity building, and the support of development projects and programmes in the region*".

The definition of "*region*" in the DBSA Act has been amended to include, (i) the national territory of South Africa, (ii) the national territories of the countries which are member states of the Southern African Development Community; and (iii) the national territory of such other country on the African continent or an oceanic island on the African continent as the "*Minister*" (as defined in the DBSA Act) ("**Minister**") may determine by regulation, subject to certain prescribed requirements.

The Issuer has the powers set out in section 4 of the DBSA Act. These powers include (among others) the power:

- "*to appraise, approve or mobilise wholesale funding, as determined in the regulations, for, and to monitor the implementation of, development projects and programmes*";

- "to lend or advance money to any person or private or public body engaged in or proposing to engage in development projects and programmes in the region; to acquire an interest in it or to provide capital for it, or by underwriting or otherwise, to assist in the acquisition of capital for it";
- "generally, to enter into any contract or perform any act, whether within the Republic, region or elsewhere, which may promote the attainment of any of the objects of the [Issuer], or which is designed to directly or indirectly enhance the value of the services which the [Issuer] can render in relation to the development of the region".

In terms of section 13(1) of the DBSA Act, subject to sub-sections (2A) and (5), the authorised share capital of the Issuer "shall be the amount of twenty billion and two hundred million rand which shall be divided into two million and twenty thousand ordinary shares". This amount is the "authorised share capital" of the Issuer.

Section 13(2A) of the DBSA Act provides that the Minister may, after consultation with the board of directors of the Issuer ("**Board**") and by notice in the *Government Gazette*, adjust the amount of the authorised share capital of the Issuer and the number of ordinary shares.

In terms of section 13(5) of the DBSA Act, "the [B]oard may from time to time, with the approval of the shareholders previously given at a meeting of shareholders, increase the issued share capital of the [Issuer] to such extent as it may deem expedient, by the creation and issue of ordinary or preference shares, or shares of such other class as it may determine, which shares may be issued upon such terms and conditions as the [B]oard may determine, including conditions as to the voting rights which may be exercised by the holders thereof, in the case of preference shares, or that the holders thereof shall not be entitled to vote".

The "issued share capital" of the Issuer is defined as "the portion of the authorised share capital which the [Issuer] has issued" and the "callable capital" of the Issuer is defined as "the authorised share capital less the issued share capital".

As at the Programme Date, the authorised share capital of the Issuer is R20 200 000 000 (twenty billion and two hundred million rand) divided into 2 020 000 (two million and twenty thousand) ordinary shares, callable capital (authorised but unissued share capital) of the DBSA is 2,000,000 ordinary shares (2014: 480 000) at par value of R10 000 each and issued capital of the Issuer is 20 000 ordinary shares (2014: 20 000) at par value of R10 000 each.

As at the Programme Date, the Government of the Republic of South Africa is the sole shareholder of the Issuer.

In terms of section 19 of the DBSA Act, the Issuer "shall not be wound up except in terms of an Act of Parliament".

In terms of section 21 of the DBSA Act, the Minister may, by notice in the *Government Gazette*, apply to the Issuer any provision of:

- the Companies Act;
- the Banks Act; or
- any other appropriate legislation,

in so far as such provision is not inconsistent with the provisions of the DBSA Act, with such modifications as the Minister may consider necessary and specify in that notice.

As at the Programme Date, no such notice has been published.

DBSA Regulations

The DBSA Regulations provide, among other things, for certain provisions that one would commonly expect to find in the memorandum of incorporation of a company which is registered under the Companies Act.

The DBSA Regulations regulate, among other things, the election and appointment of directors and officers of the Issuer, meetings of the board and the procedure thereat, including the minutes to be kept of such meetings, the taking of decisions by shareholders and directors without holding a meeting, the meetings of shareholders, the matters to be dealt with and the procedures to be followed thereat, including the minutes to be kept thereof, the annual submission of a balance sheet and accounts to a meeting of shareholders and the determination of the national territories which constitute the region.

In terms of the DBSA Regulations, "without detracting from the provisions of section 21 of the [DBSA] Act, and subject to the provisions thereof, for the purposes of the interpretation and implementation of these regulations, all principles of company law shall be applicable to the [Issuer] as if the [Issuer] had been incorporated in terms of the Companies Act".

Companies Act

In terms of section 19 of the DBSA Act, "[t]he Registrar of Companies shall enter the name of the [Issuer] in the register kept in terms of the Companies Act ..., and shall issue to the [Issuer] a certificate to that effect".

No notice regarding the application of the Companies Act to the Issuer has been published by the Minister in terms of section 21 of the DBSA Act (see "DBSA Act" above")

As at the Programme Date, the provisions of the Companies Act do not apply to the Issuer.

Banks Act

In terms of section 2 of the Banks Act, "[e]xcept where expressly stated otherwise, the provisions of [the Banks] Act, in so far as they impose requirements with which any institution must comply - (a) before it may carry on the business of a bank; or (b) in the lawful carrying on of the business of a bank, shall not apply to – [among others] the Development Bank of Southern Africa".

No notice regarding the application of the Companies Act to the Issuer has been published by the Minister in terms of section 21 of the DBSA Act (see "DBSA Act" above")

As at the Programme Date, the provisions of the Banks Act do not apply to the Issuer and, when the Issuer accepts the subscription proceeds of a Tranche of Notes issued under the Programme, neither the Issuer nor the issue of that Tranche of Notes is required to comply with any exemptions to "*the business of a bank*" promulgated under the Banks Act.

PFMA

The Issuer is a "*public entity*" listed in Schedule 2 of the PFMA and is subject to the provisions of the PFMA.

In terms of section 66(1) of the PFMA, an institution to which the PFMA applies may not "*borrow money or issue a guarantee, indemnity or security, or enter into any other transaction that binds or may bind that institution or the Revenue Fund to any future financial commitment*", unless such borrowing, guarantee, indemnity, security or other transaction (a) is authorised by the PFMA and (b) in the case of "*public entities*", is also authorised by other legislation not in conflict with the PFMA.

In terms of section 66(3)(a) of the PFMA, a "*public entity*" which is listed in Schedule 2 of the PFMA may only borrow money, or issue a guarantee, indemnity or security, or enter into any other transaction that binds or may bind that "*public entity*" to any future financial commitment, through its "*accounting authority*".

In terms of section 66(6) of the PFMA, among other things, the "*accounting authority*" of a "*public entity*" which is listed in Schedule 2 of the PFMA may not delegate a power conferred in terms of section 66(3)(a) of the PFMA (see the paragraph above), except with the prior written approval of the Minister of Finance.

In terms of section 49(2)(a) of the PFMA, if a "*public entity*" has a board or other controlling body, that board or controlling body is the "*accounting authority*" for that "*public entity*".

The Issuer is a "*public entity*" which is listed in Schedule 2 of the PFMA and has a board of directors. Accordingly, the "*accounting authority*" of the Issuer is its board of directors.

Where the Issuer is authorised through, its "*accounting authority*" (that is, its board of directors) to borrow money, the Issuer must, on an annual basis, submit a "*borrowing Programme*" for the relevant year to the Minister of Finance.

The Government of the Republic of South Africa is the sole shareholder of the Issuer (see "DBSA Act" above). Accordingly, for purposes of section 66(7)(b) of the PFMA, the Issuer is not subject to the prescribed restrictions on borrowing money in a foreign currency.

Taxation laws

The Issuer is a "*resident*" (as defined in the Income Tax Act) of South Africa for tax purposes. However, the Issuer is exempt from normal taxation in terms of section 10(1)(t)(x) of the Income Tax Act. The Issuer is subject to all other Taxes, including employees' tax and VAT.

Registered office and company secretary

The registered office of the Issuer is situated at 1258 Lever Road, Headway Hill, Midrand, Gauteng, Republic of South Africa.

The company secretary of the Issuer is Ms Bathobile Sowazi. The registered office of the company secretary of the Issuer is situated at 1258 Lever Road, Headway Hill, Midrand, Gauteng, Republic of South Africa.

Directors

The directors of the Issuer as at the Programme Date ("**Board**") are:

Mr Phillip Jabulani Moleketi (*Non-Executive Chairman*)

Mr Patrick Khulelani Dlamini (*Chief Executive Officer*)
Ms Thembisa Dingaana (*Non-Executive and Independent Director*)
Mr Frans Msokoli Baleni (*Non-Executive and Independent Director*)
Dr Lungile Bhengu-Baloyi (*Non-Executive and Independent Director*)
Ms Busisiwe Abigail Mabuza (*Non-Executive and Independent Director*)
Ms Kameshni Naidoo (*Chief Financial Officer*)
Ms Mary Vilakazi (*Non-Executive and Independent Director*)
Ms Dawn Marole (*Non-Executive and Independent Director*)
Mr Mabotha Arthur Moloto (*Non-Executive and Independent Director*)
Prof Mark Swilling (*Non-Executive and Independent Director*)
Ms Nomagugu Vivian Mtetwa (*Non-Executive and Independent Director*)
Ms Anuradha Sing (*Non-Executive and Independent Director*)
Ms Martie Jacoba Janse van Rensburg (*Non-Executive Director*)
Ms Malijeng Theresa Ngqaleni (*Non-Executive Director*)

In terms of the DBSA Act, the Board must control the business of the Issuer and must direct the operations of the Issuer. The Board may exercise all such powers of the Issuer as are not in terms of the DBSA Act required to be exercised by the shareholder/s of the Issuer at a meeting of shareholder/s.

The chief executive officer is the executive officer and legal representative of the Issuer and is responsible for the management of the operations of the Issuer.

The powers of the Board may be delegated to the chief executive officer who in turn may delegate such powers to the staff, committees or other structures of the Issuer.

The DBSA Regulations regulate, among other things, the election and appointment of directors and officers of the Issuer.

Corporate governance

The Issuer's approach to corporate governance is based on a set of values and principles that underpin the day-to-day activities of the organisation which include responsiveness, collaboration, transparency, integrity and accountability.

This approach encompasses a commitment to excellence in governance standards, which are seen as fundamental to the sustainability of the Issuer's performance. The Board and senior management of the Issuer are acutely aware that the Issuer must not only focus on its core mandate, as required by the shareholder, but that it must also deal with the expectations of all stakeholders. In addition, its activities are set against the backdrop of sustainability, ethics and environmental and social responsibility

The Board is committed to applying the recommendations of the King Report on Corporate Governance for South Africa 2009 ("**King III**") and complying with legislation, chief among these being the DBSA Act and the PFMA. The Board continually assesses the governance landscape of the Issuer and is satisfied that it has adequately discharged its responsibilities with regard to the different legislative requirements as well as the main recommendations of King III.

The Issuer is aligned with and supports all the relevant legislation in South Africa and in the SADC region that applies the Issuer's activities. The Issuer is also aligned with international development finance best practice and subscribes to the Corporate Governance Development Framework for integrated corporate governance into investment operations as well as the Association of African Development Finance Institutions ('AADFI') Prudential Standards Guidelines and Rating system. Due to organisational review, the Issuer did not participate in the 2013 review but will participate again in the 2014 review which is expected during the first half of the new financial year. The Issuer was awarded an A-rating during the 2012 assessment.

Partnerships with other initiatives provide a good mechanism for entities to support activities and form a platform for promoting accountability and good practices. Key partnerships include:

SADC Development Finance Resource Centre ('DFRC')

Together with the Industrial Development Corporation of South Africa Limited ('IDC'), the Issuer is one of the main supporters of the SADC/DFRC, a resource centre for development finance, which provides significant support to the network of development finance institutions in SADC.

Association for African Development Finance Institutions ('AADFI')

The main activities of the AADFI are the provision of information and training in the techniques of banking and finance, as well as policy development advice to African bankers and finance officers. The AADFI is a strategy network and resource base for the Issuer's interactions with other development finance institutions on the African continent.

During the year, the Board continued to focus on the organisational review process, which entailed reviewing the strategic and operational direction of the Issuer to position it as a centre of excellence in infrastructure development.

Part of the exercise involved the Board also looking at itself, to see how it could be better positioned to assist the Issuer in delivering on the objectives agreed with the Issuer's shareholder. Board committees were restructured and governance structures were reviewed to ensure that they fall within the broad objectives of the Issuer's strategy. As a result, the Board committee structures, mandates and membership were reviewed and the number of committees reduced from six to four. The mandate of the Finance Committee was collapsed into the mandate of the Audit and Risk Committee, and the Infrastructure Development and Knowledge Committee was given oversight of the planning, development and strategic mandates. In line with the recommendations of King III, the social and ethics mandate was introduced and linked to the Human Capital, Remuneration and Nominations Committee.

The terms of reference were reviewed to ensure that all the mandates are captured correctly and an annual plan was developed for each committee. The membership of the committees was also changed to ensure that there is a match of appropriate skills to each committee.

Similarly, changes were effected to the management committees to align with the Board changes. Mandates were reviewed and terms of references drawn up. Clear delegation frameworks were developed to ensure that decisions are being taken at the right levels. The effectiveness of these changes will be reviewed and reported on.

Further information relating to the Issuer's compliance with King III appears in the annual report of the Issuer for the financial year ended 31 March 2014 under "*Corporate Governance*". The annual report of the Issuer for the financial year ended 31 March 2014 is incorporated by reference into, and forms part of, this Programme Memorandum (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*").

The Issuer adheres to King III subject to the following exception: with regard to the appointment of the Chief Executive Officer, the Board is involved with the nomination of the preferred candidates and recommends the preferred candidates to the Issuer's shareholder/s. The reason for this non-adherence with the King III Code is firstly it is a requirement of the DBSA Act that the Chief Executive is appointed by the Shareholder, but most importantly, it is the Board's view that this non-adherence does not have a significantly negative impact on good governance, because the Board is still responsible for monitoring the performance of the Chief Executive Officer and the accountability lines are clear.

FINANCIAL INFORMATION

Financial information

The respective annual reports of the Issuer for the financial years ended 31 March 2013, 31 March 2014 and 31 March 2015, which include the respective audited annual financial statements of the Issuer for the financial years ended 31 March 2013, 31 March 2014 and 31 March 2015 and the independent auditor's reports in respect of such audited annual financial statements, are incorporated by reference into this Programme Memorandum (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*"). These annual reports are available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer. In addition, these annual reports are available on the Issuer's website at www.dbsa.org.

The respective annual reports of the Issuer for all financial years of the Issuer after the Programme Date, which will include the respective audited annual financial statements of the Issuer for such financial years and the independent auditor's reports in respect of such audited annual financial statements, are incorporated by reference into this Programme Memorandum (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*"). These annual reports will (as and when such annual reports are approved and become available) be available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer. In addition, these annual reports will (as and when such annual reports are approved and become available) be available on the Issuer's website at www.dbsa.org.

Report of the independent auditors

The reports of the independent auditors of the Issuer are (or will be) included with the audited annual financial statements of the Issuer (see "*Financial information*" above).

Auditors

Nkonki Inc. are the auditors of the Issuer as at the Programme Date.

SETTLEMENT, CLEARING AND TRANSFERS OF REGISTERED NOTES

Registered Notes held in the Central Securities Depository

Clearing systems

Each Tranche of Registered Notes which is listed on the Interest Rate Market of the JSE and each Tranche of unlisted Registered Notes will be held in the Central Securities Depository. The Central Securities Depository is the operator of an electronic clearing system and has been appointed by the JSE to match, clear and facilitate the settlement of transactions concluded on the Interest Rate Market of the JSE.

Each Tranche of Registered Notes which is held in the Central Securities Depository will be issued, cleared and transferred in accordance with the Applicable Procedures through the electronic settlement system of the Central Securities Depository. Each such Tranche of Registered Notes will be settled through Participants who will comply with the electronic settlement procedures prescribed by the JSE and the Central Securities Depository. Registered Notes may be accepted for clearance through any additional clearing system as may be agreed between the JSE, the Issuer and the Dealer/s.

Participants

The Central Securities Depository maintains accounts only for Participants. As at the Programme Date, the Participants are the South African Reserve Bank, Standard Chartered Bank Johannesburg Branch, Societe Generale, Citibank N.A., South Africa Branch, FirstRand Bank Limited, Nedbank Limited and The Standard Bank of South Africa Limited. Euroclear and Clearstream will settle offshore transfers 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 in respect of a Tranche of Registered Notes which is held in the Central Securities Depository will be made to the Central Securities Depository, which in turn will transfer such funds, via the Participants, to the holders of Beneficial Interests in such Registered Notes, in accordance with the CSD Procedures.

Each of the persons reflected in the records of the Central Securities Depository or the relevant Participant, as the case may be, as the holders of Beneficial Interests in Registered Notes shall look solely to the Central Securities Depository or the relevant Participant, as the case may be, for such person's share of each payment so made by (or on behalf of) the Issuer to, or for the order of, the Central Securities Depository.

Transfers and exchanges of Beneficial Interests

The Participants will maintain records of the Beneficial Interests in Registered Notes held in the Central Securities Depository.

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

Beneficial Interests may be transferred only in accordance with the CSD Procedures.

Subject to the Financial Markets Act, Beneficial Interests may be exchanged for Registered Notes represented by Certificates in accordance with Condition 12.1.

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

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 comments below are intended as a general guide to the relevant tax laws of South Africa as at the Programme Date. The contents of this section headed "Taxation" 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 purchaser of any Notes. Prospective subscribers for or purchasers of any Notes should consult their professional advisers in this regard.

Securities transfer tax

The issue, transfer and redemption of Notes will not attract securities transfer tax under the Securities Transfer Tax Act. Any future transfer duties and/or taxes that may be introduced in respect of (or be applicable to) the transfer and/or redemption of Notes will be for the account of Noteholders.

Income tax - treatment of premium and/or discount as well as interest on the Notes

The taxation of "interest" is regulated by section 24J of the Income Tax Act, 1962 ("**Income Tax Act**"). 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. However, to the extent that a Noteholder is a "covered person" as defined in section 24JB of the Income Tax Act, the Noteholder should apply the provisions of section 24JB of the Income Tax Act instead.

A different treatment applies in the hands of the Issuer as the Issuer must account for financial instruments on a mark-to-market basis consistent with accounting principles as set out in section 24JB of the Income Tax Act.

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.

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.

Interest on the Notes

A "*resident*" (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, subject to any relief available in any applicable convention concluded between the Government of the Republic of South Africa and the relevant other contracting state for the avoidance of double taxation ("**DTA**").

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 may be regarded as being from a South African source.

However, Interest which, during the relevant year of assessment of a Non-Resident Noteholder, is received or accrued in respect of the Notes which are held by that Non-Resident Noteholder should be exempt from income tax under section 10(1)(h) of the Income Tax Act (see, however, the Withholding Tax on Interest paid to a Non-Resident under "*Withholding tax*" below).

The section 10(1)(h) exemption will not apply to a Non-Resident Noteholder if:

- a) that Non-Resident Noteholder is a natural person who was physically present in South Africa for a period exceeding 183 calendar days in aggregate during the relevant year of assessment;
- 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, (a) that Non-Resident Noteholder should be exempt from the Withholding Tax on Interest paid to Non-Residents (see "*Withholding tax*" below), (b) an exemption from or reduction of tax liability under the Income Tax Act may be available

under an applicable DTA and (c) certain entities may, in any event, be exempt from income tax.

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 regards the Withholding Tax on Interest paid to Non-Resident Noteholders, see "*Withholding tax*" below.

Withholding tax

In terms of Part IVB of the Income Tax Act, a withholding tax on Interest paid to Non-Residents (at a rate of 15% of the amount of the Interest) ("**Withholding Tax**") came into effect on 1 March 2015.

Interest which, during the relevant year of assessment of a Non-Resident Noteholder, is received or accrued in respect of SA Notes which are held by that Non-Resident Noteholder may be regarded as being from a South African source.

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 to Non-Residents (other than payments of Interest to a Non-Resident who is not entitled to the section 10(1)(h) exemption referred to under "*Income tax - treatment of premium and/or discount as well as interest on the Notes*" above and which Non-Resident is therefore liable for the payment of 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 the DBSA (as contemplated in section 50D(1)(a) of the Income Tax Act). The Issuer is the DBSA. The JSE is a "*recognised exchange*".

Payments of Interest under Notes held by Non-Resident Noteholders will accordingly be exempt from Withholding Tax.

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.

Generally, income tax will be leviable to the extent that a Resident Noteholder is a trader or has acquired the Notes for speculative purposes. 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 regarded as part of a profit-making transaction, even though the South African Revenue Service has generally taken the view that these types of transactions would generally be on revenue account.

Any discount or premium on acquisition of the Notes which has already been treated as Interest for income tax purposes under section 24J of the Income Tax Act (see "*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, no VAT is payable on the issue or transfer of the Notes. The issue, allotment or transfer of ownership of the Notes will constitute 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 14%, depending on the circumstances and the identity of the relevant service provider.

SUBSCRIPTION AND SALE

Arranger, Debt Sponsor, Dealer and placing arrangements

Arranger

In terms of the written mandate agreement entered into between the Issuer and Standard Bank ("**Arranger Mandate**"), Standard Bank has been appointed by the Issuer as the Arranger of the Programme, subject to the terms as to termination of such appointment set out in the Arranger Mandate.

Debt Sponsor

In terms of a separate written mandate entered into between the Issuer and Standard Bank ("**Debt Sponsor Mandate**"), Standard Bank has also been appointed by the Issuer as the ongoing Debt Sponsor of the Programme, subject to the terms as to termination of such appointment set out in the Debt Sponsor Mandate. In terms of the Debt Sponsor Mandate, Standard Bank has been appointed by the Issuer as the Debt Sponsor for purposes of procuring the approval of the Programme Memorandum by the JSE and the listing of Tranche/s on Notes on the JSE, subject to sections 2.5 and 2.6 of the JSE Debt Listings Requirements (as read with the terms and conditions of the Debt Sponsor Mandate).

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 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 and specified in the Applicable Pricing Supplement.

Standard Bank has acceded to the Programme Agreement as a New 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 other Dealers to place one or more Tranches of Notes or on an on-going basis for the Programme (subject to the Issuer's right to terminate the appointment of any Dealer).

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 Notes in the relevant Tranche/s of Notes, and may also provide for the relevant Dealer/s to underwrite the subscription and payment for such Notes.

On the Issue Date, delivery of the Notes in the relevant Tranche/s of Notes which is/are listed on the Interest Rate Market of the JSE and/or held in the Central Securities Depository to the subscribers of such Notes will 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 Notes before the Issue Date. Such transactions will be for settlement on the Issue Date and will be subject to the condition that the 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 Notes) terminate their obligations to place the relevant Tranche/s of 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 Notes), automatically terminate. If the relevant Placement Agreement is terminated before the Issue Date, the transactions in the relevant Tranche/s of Notes will 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 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 DBSA Act, the PFMA, 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 relevant 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 relevant 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 any of the Dealers represent that Notes may at any time lawfully be subscribed for or sold in compliance with any applicable registration or other requirements in any jurisdiction or pursuant to any exemption available thereunder or assume any responsibility for facilitating such subscription or sale.

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

The 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 (see the paragraph below) 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.

In particular, in terms of Rule 3.20(c) of the JSE Debt Listings Requirements, *"where the ... Issuer issues listed [Notes] that will pay higher than the interest rate to be paid/discounted in terms of exchange control policy, and where there will be foreign participation cross-border funding, the ... Issuer is required to obtain prior [Exchange Control Authorities] approval/directive in respect of the issue. Exchange control policy allows interest to be paid up to the prime overdraft rate (predominant rate) plus 3% per annum or as amended from time to time"*.

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 a Beneficial Interest 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 a Beneficial Interest 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.

Bearer Notes

The disposal or acquisition of or dealing in Bearer Notes is subject to the prior written approval of the Minister of Finance (or a person authorised by the Minister of Finance) in accordance with Regulation 15 of the Exchange Control Regulations.

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 execution of the Programme Memorandum and the Programme Agreement, and the increase in the Programme Amount from ZAR35,000,000,000 to ZAR80,000,000,000.

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 Placement Agreement relating to the issue and placing of that Tranche of Notes.

Listing

This Programme Memorandum, dated 14 December 2015, was approved by the JSE on 14 December 2015. Registered Notes issued under the Programme may be listed on the Interest Rate Market of the JSE or on such other or further Financial Exchange/s as may be determined by the Issuer 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.

Material change

The Issuer hereby confirms that, as at the Programme Date, no material change in the financial or trading condition of the Issuer has occurred since 31 March 2015, being the end of the last financial period for which audited 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.

For purposes of the paragraph above "**material**" shall have the meaning ascribed to it in the JSE Listings Requirements applicable to the Main Board of the JSE.

The statement above is made pursuant to Rule 4.16(b)(i) of the JSE Debt Listings Requirements.

Auditors

Nkonki Inc. are the auditors of the Issuer as at the Programme Date.

SIGNED at Halfway House on 14 December 2015

For: DEVELOPMENT BANK OF SOUTHERN AFRICA LIMITED

By: _____

Name: Mr Patrick Khulelani Dlamini

Capacity: *Director (Chief Executive Officer)*

duly authorised

By: _____

Name: Ms Kameshni Naidoo

Capacity: *Director (Chief Financial Officer)*

duly authorised

ISSUER

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(reconstituted and incorporated in terms of section 2 of the Development Bank of Southern Africa Act, 1997)

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E-mail: Zoya.Sisulu@standardbank.co.za

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E-mail: Zoya.Sisulu@standardbank.co.za

CALCULATION AGENT, PAYING AGENT AND TRANSFER AGENT

Development Bank of Southern Africa Limited

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