



BANK WINDHOEK LIMITED

(Incorporated with limited liability under Registration Number 79/081 in the Republic of Namibia)

ZAR5,000,000,000 / NAD5,000,000,000 Note Programme

On 28 June 2010, Bank Windhoek Limited (the **Issuer**), established a NAD1,000,000,000 Note Programme (the **Programme**) pursuant to a programme memorandum dated 28 June 2010 (the **Previous Programme Memorandum**) for the issuance of notes. This Programme Memorandum (as defined herein) will apply to all Notes (as defined herein) issued under the Programme on or after 12 November 2013 (the **Programme Date**) and will in respect of such Notes, supersede and replace the Previous Programme Memorandum in its entirety. This Programme Memorandum will not apply to any Notes issued under the Programme before the Programme Date and the Previous Programme Memorandum will continue to apply to those Notes issued thereunder.

Under this Programme, the Issuer may from time to time issue notes (the **Notes**), which expression shall include Senior Notes and Subordinated Notes (each as defined herein) denominated in any currency agreed by the Issuer and the relevant Dealer(s) (as defined herein) and further subject to all Applicable Laws (as defined herein) and, in the case of Notes listed on the Interest Rate Market of the JSE (as defined herein), the debt listings requirements of the JSE, in respect of Notes listed on the NSX (as defined herein), the listing requirements of the NSX or in respect of Notes listed on any other Financial Exchange(s), the rules and regulations of such other Financial Exchange(s) (as defined herein) as may be determined by the Issuer and the relevant authority, that are subject to the terms and conditions (the **Terms and Conditions**) contained in this Programme Memorandum. Any other terms and conditions not contained in the Terms and Conditions that are applicable to any Notes, replacing or modifying the Terms and Conditions, will be set forth in a pricing supplement (the **Applicable Pricing Supplement**).

Capitalised terms used in this Programme Memorandum are defined in the section of this Programme Memorandum headed "*Terms and Conditions of the Notes*", unless separately defined, and/or in relation to a Tranche of Notes, in the Applicable Pricing Supplement.

As at the Programme Date, the Programme Amount is ZAR5,000,000,000 / NAD5,000,000,000, respectively. This Programme Memorandum will apply to the Notes issued under the Programme in an aggregate outstanding Nominal Amount which will not exceed ZAR5,000,000,000 / NAD5,000,000,000 in respect of both SA Notes and NAM Notes, unless such amount is increased by the Issuer as described more fully in the section of this Programme Memorandum headed "*General Description of the Programme*".

The Notes may comprise, without limitation, Fixed Rate Notes, Floating Rate Notes, Mixed Rate Notes, Zero Coupon Notes, Index-Linked Notes, Credit-Linked Notes and/or such combination of the foregoing Notes and/or such other type of Notes as may be determined by the Issuer and the relevant Dealer(s) and specified in the Applicable Pricing Supplement. Subordinated Notes with terms capable of qualifying the proceeds of such Notes as Regulatory Capital may also be issued under the Programme. Notes will be issued in individual Tranches which, together with other Tranches, may form a Series of Notes. A Tranche of Notes will be issued on, and subject to, the Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions of that Tranche of Notes set out in the Applicable Pricing Supplement.

This Programme Memorandum has been approved by the JSE and by the NSX, respectively. A Tranche of Notes may be listed on the Interest Rate Market of the JSE, the NSX or on such other Financial Exchange(s) as may be determined by the Issuer, subject to all Applicable Laws. Unlisted Notes may also be issued under the Programme subject to the Applicable Laws. In respect of SA Notes, claims against the BESA Guarantee Fund Trust, may only be made in respect of the trading of SA Notes listed on the Interest Rate Market of the JSE in accordance with the rules of the BESA Guarantee Fund Trust. The holders of the SA Notes that are not listed on the JSE will have no recourse against the JSE or the BESA Guarantee Fund Trust, as the case may be. Unlisted Notes are not regulated by the JSE or the NSX.

A copy of the Applicable Pricing Supplement relating to a Tranche of Notes which is to be listed on the Interest Rate Market of the JSE or the NSX, as the case may be, will be delivered to the JSE or the NSX, as the case may be, and in respect of SA Notes, the CSD, before the Issue Date, and the Notes in that Tranche may be traded by or through members of the JSE or the NSX, as the case may be, from the date on which the Notes are listed on the Interest Rate Market of the JSE or the NSX, as the case may be, in accordance with the Applicable Procedures. The settlement of trades on the Interest Rate Market of the JSE or the NSX, as the case may be, will take place in accordance with the settlement procedures of the JSE or the NSX, as the case may be. The placement of a Tranche of unlisted SA Notes may, subject to Applicable Laws (at the sole discretion of the Issuer) be reported through the JSE reporting system, in which event the settlement of trades in such SA Notes will take place in accordance with the electronic settlement procedures of the JSE and/or the CSD for all trades done through the JSE. The settlement and redemption procedures for a Tranche of Notes listed on any other Financial Exchange(s) (other than or in addition to the JSE and the NSX) will be specified in the Applicable Pricing Supplement.

The Notes may be issued on a continuing basis and be placed by one or more of the Dealers specified under the section headed "*Summary of Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue or on an ongoing basis. References in this Programme Memorandum to the **relevant Dealer** shall, in the case of Notes being (or intended to be) placed by more than one Dealer, be to all Dealers agreeing to place such Notes.

An investment in Notes issued under the Programme involves certain risks. Noteholders should be aware of the risks and considerations set out in the "*Investor Considerations*" section as well as the "*Taxation*" section of this Programme Memorandum.

As at the Programme Date, the Issuer is rated. The Programme is not rated as at the Programme Date, but may be rated by a Rating Agency, on a national or international scale after the Programme Date. A Tranche of Notes may, on or before the Issue Date, be rated by a Rating Agency on a national scale or international scale. Unrated Tranches of Notes may also be issued. The Applicable Pricing Supplement will reflect the Rating, if any, which has been assigned to the Issuer and/or the Programme and/or a Tranche of Notes, as the case may be, as well as the Rating Agency or Rating Agencies which assigned such Rating(s).

Lead Arranger and Dealer
Investec Bank Limited
Co-Arranger and Dealer
PSG Capital Proprietary Limited
Dealer
Bank Windhoek Limited
JSE Debt Sponsor
PSG Capital Proprietary Limited
NSX Sponsor

PSG Wealth Management (Namibia) (Proprietary) Limited (Member of the NSX)

GENERAL

Capitalised terms in this section headed "General" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or it is clearly inappropriate from the context.

The Issuer accepts full responsibility for the accuracy of the information contained in this Programme Memorandum and all documents incorporated by reference (see section headed "*Documents Incorporated by Reference*"). To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case) the information contained in this Programme Memorandum is in accordance with the facts and does not omit anything which would make any statement false or misleading and all reasonable enquiries to ascertain such facts have been made. This Programme Memorandum contains all information required by the Applicable Laws and the debt listings requirements of the JSE and the listing requirements of the NSX, respectively.

The JSE and the NSX take no responsibility for the contents of this Programme Memorandum, any Applicable Pricing Supplements, or the annual reports of the Issuer (as amended or restated from time to time), make no representation as to the accuracy or completeness of any of the foregoing documents and expressly disclaim any liability for any loss arising from or in reliance upon the whole or any part of this Programme Memorandum, the Applicable Pricing Supplements, or the annual report (as amended or restated from time to time). The Issuer shall accept full responsibility for the accuracy of the information contained in this Programme Memorandum, the Applicable Pricing Supplements, and the annual report (as amended or restated from time to time), except as otherwise stated herein.

The Issuer, having made all reasonable enquiries, confirms that this Programme Memorandum contains or incorporates all information which is material in the context of the issue and the offering of Notes, that the information contained or incorporated in this Programme Memorandum is true and accurate in all material respects and is not misleading, that the opinions and the intentions expressed in this Programme Memorandum are honestly held and that there are no other facts, the omission of which would make this Programme Memorandum or any such information or expression of any such opinions or intentions misleading in any material respect.

This Programme Memorandum is to be read and construed with any amendment or supplement thereto and in conjunction with any other documents which are deemed to be incorporated herein by reference (see the section headed "*Documents Incorporated by Reference*") and, in relation to any Tranche (as defined herein) of Notes, should be read and construed together with the Applicable Pricing Supplement. This Programme Memorandum shall be read and construed on the basis that such documents are incorporated into and form part of this Programme Memorandum.

Investec Bank Limited (the **Lead Arranger**), PSG Capital Proprietary Limited (the **Co Arranger**) (collectively the **Arrangers**), Bank Windhoek Limited (together with the Arrangers, the **Dealers**), the JSE Debt Sponsor, the NSX Sponsor, or any of their respective subsidiaries or holding company or a subsidiary of their holding company (**Affiliates**), other professional advisers named herein and the JSE and the NSX have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Arrangers, the Dealers, the JSE Debt Sponsor, the NSX Sponsor or any of their Affiliates or other professional 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. The Arrangers, the Dealers, the JSE Debt Sponsor, the NSX Sponsor and other professional advisers do not accept any liability in relation to the information contained in this Programme Memorandum or any other information provided by the Issuer in connection with the Programme.

No Person has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Programme Memorandum or any other document entered into in relation to the Programme or any other information supplied by the Issuer in connection with the Programme and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arrangers, the Dealers, the JSE Debt Sponsor, the NSX Sponsor or other professional advisers.

Neither this Programme Memorandum nor any other information supplied in connection with the Programme is intended to provide a basis for any credit or other evaluation, or should be considered as a recommendation by the Issuer, the Arrangers, the Dealers, the JSE Debt Sponsor, the NSX Sponsor and other professional advisers that any recipient of this Programme Memorandum

or any other information supplied in connection with the Programme should subscribe for, or purchase, any Notes.

Each Person contemplating the subscription for, or purchase of, any Notes should determine for itself the relevance of the information contained in this Programme Memorandum and should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and its subscription for, or purchase of, Notes should be based upon any such investigation as it deems necessary. Neither this Programme Memorandum nor any Applicable Pricing Supplement nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of the Issuer, the Arrangers, any of the Dealers, the JSE Debt Sponsor or the NSX Sponsor to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Programme Memorandum nor any Applicable Pricing Supplement nor the offering, sale or delivery of any Note shall at any time imply that the information contained herein is correct at any time subsequent to the date hereof or that any other financial statements or other information supplied in connection with the Programme is correct at any time subsequent to the date indicated in the document containing the same. The Arrangers, the Dealers, the JSE Debt Sponsor, the NSX Sponsor and other professional advisers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme. Investors should review, *inter alia*, the most recent financial statements, if any, of the Issuer, when deciding whether or not to subscribe for, or purchase, any Notes.

Neither this Programme Memorandum nor any Applicable Pricing Supplement constitutes an offer to sell or the solicitation of an offer to buy or an invitation by the Issuer to subscribe for or purchase any Notes. The distribution of this Programme Memorandum and any Applicable Pricing Supplement and the issue, sale or offer of Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Programme Memorandum or any Applicable Pricing Supplement or any Notes come are required by the Issuer, the Arrangers, the Dealers, the JSE Debt Sponsor, the NSX Sponsor and other professional advisers to inform themselves about, and observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Programme Memorandum or any Applicable Pricing Supplement and other offering materially relating to the Notes, see the section headed "*Subscription and Sale*".

None of the Issuer, the Arrangers, the Dealers, the JSE Debt Sponsor, the NSX Sponsor, other professional advisers nor the JSE or NSX represents that this Programme Memorandum may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arrangers, the Dealers, the JSE Debt Sponsor, the NSX Sponsor, other professional advisers or the NSX or the JSE which would permit a public offering of any Notes or distribution of this Programme Memorandum in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Programme Memorandum nor any advertisement nor other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any Applicable Laws and regulations.

The Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "Securities Act"). Notes may not be offered, sold or delivered within the United States or to U.S. Persons except in accordance with Regulation S under the Securities Act.

In connection with the issue and distribution of any Tranche of Notes under the Programme, the relevant Dealer(s), if any, that is specified in the Applicable Pricing Supplement as the Stabilising Manager (or any Person acting for the Stabilising Manager) may, if specified in the Applicable Pricing Supplement and only if such stabilising is permitted by the debt listings requirements of the JSE or the listing requirements of the NSX, as the case may be, and approved by the JSE or the NSX, as the case may be, over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Manager (or any agent of the Stabilising Manager) to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall be in compliance with all Applicable Laws, regulations and rules.

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DOCUMENTS INCORPORATED BY REFERENCE

Capital terms in this section headed "Documents Incorporated by Reference" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or clearly inappropriate from the context.

The following documents shall be deemed to be incorporated in, and to form part of, this Programme Memorandum:

- (a) all amendments and/or supplements to this Programme Memorandum prepared and circulated by the Issuer from time to time;
- (b) in respect of any issue of Notes under the Programme, the consolidated audited annual financial statements of the Issuer, for the financial years ended 30 June 2011, 30 June 2012 and 30 June 2013 together with such statements, reports and notes attached to or intended to be read with such financial statements, and in respect of any issue of Notes after the Programme Date, the published audited annual financial statements, and notes thereto, of the Issuer in respect of further financial years, as and when same become available;
- (c) as at the Programme Date, the published annual report of the Issuer (incorporating the Issuer's audited annual financial statements, together with reports and the notes thereto) attached to or intended to be read with such financial statements of the Issuer for the financial years ended 30 June 2011, 30 June 2012 and 30 June 2013 and in respect of any issue of Notes after the Programme Date the published annual report of the Issuer in respect of further financial years, as and when such published annual report becomes available;
- (d) each Applicable Pricing Supplement relating to any Tranche of Notes issued under the Programme;
- (e) in respect of any SA Notes, all information pertaining to the Issuer which is relevant to the Programme and/or this Programme Memorandum which is electronically submitted through the South African Securities Exchange News Service (**SENS**) established by the JSE, to SENS subscribers, if required; and
- (f) in respect of any NAM Notes, all information pertaining to the Issuer which is relevant to the Programme and/or this Programme Memorandum which is electronically submitted through the electronic news service (**NENS**) operated by the NSX, to NENS subscribers, if required,

save that any statement contained in this Programme Memorandum or in any of the documents incorporated by reference in and forming part of this Programme Memorandum shall be deemed to be modified or superseded for the purpose of this Programme Memorandum to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

The Issuer will, for so long as any Note remains Outstanding under the Programme, provide at the registered office of the Issuer and the JSE Debt Sponsor as set out at the end of this Programme Memorandum, without charge, to any Person, upon request of such Person, a copy of this Programme Memorandum and any or all of the documents which are incorporated herein by reference, unless such documents have been modified or superseded, in which case the modified or superseded documentation will be provided, including the most recently obtained beneficial disclosure report made available by the Relevant Participant to the CSD in respect of SA Notes. Requests for such documents should be directed to the Issuer and to the JSE Debt Sponsor and the NSX Sponsor at their respective registered offices as set out at the end of this Programme Memorandum. In addition, the constitutive documents of the Issuer will be available at the registered office of the Issuer as set out at the end of this Programme Memorandum.

This Programme Memorandum, any amendments and/or supplements thereto, the Applicable Pricing Supplements relating to any issue of listed Notes and the audited annual financial statements of the Issuer are also available on the Issuer's website <http://www.bankwindhoek.com.na>. In addition, this Programme Memorandum, any amendments and/or supplements thereto and the Applicable Pricing Supplement relating to any issue of listed Notes and the audited financial statements of the Issuer will be filed with the JSE and/or the NSX respectively, which, in the case of the JSE, will publish such documents on its website at <http://www.jse.co.za>. **This Programme Memorandum does not constitute an offer or invitation by or on behalf of the Issuer, the Arrangers, the Dealers or**

their Affiliates, the JSE Debt Sponsor, the NSX Sponsor, the JSE or NSX or professional advisors to any Person in any jurisdiction to subscribe for or to purchase any Notes.

The Issuer will, for so long as any Note remains outstanding and listed on the Interest Rate Market of the JSE and/or the NSX, publish a new Programme Memorandum or a supplement to this Programme Memorandum, as the case may be, if:

- (a) a change in the condition (financial or trading position) of the Issuer has occurred which is material in the context of the Notes so listed and/or the Issuer's payment obligations thereunder; or
- (b) an event has occurred which affects any matter contained in this Programme Memorandum, the disclosure of which would reasonably be required by Noteholders and/or potential investors in the Notes; or
- (c) any of the information contained in this Programme Memorandum becomes outdated in a material respect; or
- (d) this Programme Memorandum no longer contains all the material correct information required by the Applicable Procedures,

provided that, in the circumstances set out in paragraphs (c) and (d) above, no new Programme Memorandum or supplement to this Programme Memorandum, as the case may be, is required in respect of the Issuer's audited annual financial statements if such audited annual financial statements are incorporated by reference into this Programme Memorandum and such audited annual financial statements are published, as required by the Namibian Companies Act, and submitted to the JSE and the NSX.

GENERAL DESCRIPTION OF THE PROGRAMME

Capital terms used in this section headed “General Description of the Programme” shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or it is clearly inappropriate from the context.

The Issuer may from time to time issue one or more Tranches of Notes under the Programme, pursuant to this Programme Memorandum, provided that the aggregate outstanding Nominal Amount of all of the Notes issued under the Programme (including Notes issued under the Programme pursuant to the Previous Programme Memorandum) from time to time does not exceed the Programme Amount.

A Tranche of Notes may be listed on the Interest Rate Market of the JSE, the NSX or on such other Financial Exchange(s) as may be determined by the Issuer, subject to Applicable Laws. Unlisted Notes may also be issued under the Programme subject to Applicable Laws. The Applicable Pricing Supplement will specify whether or not a Tranche of Notes will be listed and, if so, on which Financial Exchange. If the Issuer issues a Tranche of unlisted Notes or a Tranche of Notes is listed on any Financial Exchange(s) other than (or in addition to) the JSE and/or the NSX, the Issuer will, by no later than the last day of the month of the issue of that Tranche of Notes, inform the JSE and the NSX in writing of the aggregate Nominal Amount and the Maturity Date (if any) of that Tranche of Notes.

This Programme Memorandum and any supplement will only be valid for the issue of Notes in an aggregate Nominal Amount which, when added to the aggregate Nominal Amount then outstanding of all the Notes previously or simultaneously issued under the Programme, does not exceed the Programme Amount or its equivalent in other currencies. For the purpose of calculating the ZAR or the NAD equivalent, as the case may be, of the aggregate Nominal Amount of the Notes issued under the Programme from time to time, the ZAR or NAD equivalent, as the case may be, of the Notes denominated in another Specified Currency (as specified in the Applicable Pricing Supplement) shall be determined as of the date of issue of such Notes (the **Agreement Date**) on the basis of the spot rate for the sale of the ZAR or NAD, as the case may be, against the purchase of such Specified Currency in the South African or Namibian foreign exchange market, as the case may be, quoted by any leading bank selected by the Issuer on the Agreement Date (the **Conversion Rate**) and in respect of:

- (a) Zero Coupon Notes and other Notes, the Conversion Rate shall be applied to net subscription proceeds received by the Issuer for the relevant issue; and
- (b) Partly-Paid Notes and Index-Linked Notes, the Conversion Rate shall be applied to the Nominal Amount regardless of the amount paid up on such Notes.

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 (as defined in the section headed “*Subscription and Sale*”), the Issuer may, without the consent of Noteholders, increase the Programme Amount by delivering a notice thereof to the Noteholders in accordance with Condition 18 (*Notices*), and to the Arrangers, the Dealers, the JSE and the NSX. Upon such notice being given to the Noteholders and the conditions set out in the Programme Agreement to the exercise of this right having been met, all references in this Programme Memorandum (and each agreement, deed or document relating to the Programme and/or this Programme Memorandum) to the Programme Amount will be, and will be deemed to be, references to the increased Programme Amount set out in such notice.

As at the Programme Date the Issuer is rated. The Programme is not rated as of the Programme Date, but may be rated by a Rating Agency, on a national or international scale after the Programme Date. A Tranche of Notes may, on or before the Issue Date, be rated by a Rating Agency on a national or international scale. Unrated Tranches of Notes may also be issued. The Applicable Pricing Supplement will reflect the Rating, if any, which has been assigned to the Issuer and/or the Programme and/or a Tranche of Notes, as the case may be as well as the Rating Agency which assigned such Rating(s).

This Programme Memorandum will only apply to Notes issued under the Programme on or after the Programme Date.

A summary of the Programme and the Terms and Conditions appears below.

SUMMARY OF THE PROGRAMME

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Programme Memorandum and, in relation to the Terms and Conditions of any particular Tranche of Notes, the Applicable Pricing Supplement. Capitalised terms defined in the Terms and Conditions shall have the same meanings in this summary.

PARTIES

Issuer	Bank Windhoek Limited (Registration Number 79/081), a public company with limited liability duly incorporated in accordance with the company laws of the Republic of Namibia.
Arrangers	(a) Investec Bank Limited (Registration Number 1969/004763/06), a public company with limited liability duly incorporated in accordance with the laws of South Africa, as Lead Arranger (Investec Bank); and (b) PSG Capital Proprietary Limited (Registration Number 2006/015817/07), a private company incorporated in accordance with the laws of South Africa, as Co-Arranger (PSG Capital).
Dealers	the Issuer, Investec Bank, PSG Capital and any/or additional Dealer appointed under the Programme by the Issuer from time to time, which appointment may be for a specific issue or on an ongoing basis.
relevant Transfer Agent	In respect of SA Notes or NAM Notes, Bank Windhoek Limited; or such other entity appointed by the Issuer as relevant Transfer Agent, in which event that other entity will act as Transfer Agent, as specified in the Applicable Pricing Supplement.
Paying Agent	Nedbank Investor Services, a division of Nedbank Limited, or such other entity appointed by the Issuer as Paying Agent, in which event that other entity will act as Paying Agent, as specified in the Applicable Pricing Supplement.
Calculation Agent	The Issuer, or such other entity appointed by the Issuer as Calculation Agent, in which event that other entity will act as Calculation Agent, as specified in the Applicable Pricing Supplement.
JSE Debt Sponsor	In respect of SA Notes, PSG Capital, or such other entity appointed by the Issuer from time to time as JSE Debt Sponsor in which event that other entity will act as JSE Debt Sponsor, as specified in the Applicable Pricing Supplement.
NSX Sponsor	In respect of the NAM Notes, PSG Wealth Management (Namibia) (Proprietary) Limited (Registration Number 98/528) or such entity appointed by the Issuer from time to time as NSX Sponsor in which event such entity will act as NSX Sponsor, as specified in the Applicable Pricing Supplement.
CSD	In respect of SA Notes, Strate Limited (Registration Number 1998/022242/06), a public company with limited liability duly incorporated in accordance with the laws of South Africa, registered as a central securities depository in terms of the South African Financial Markets Act; or such additional, alternative or successor central securities depository as may be agreed between the Issuer and the relevant

Dealer(s).

JSE

The JSE Limited (Registration Number 2005/022939/06), a public company with limited liability duly incorporated in accordance with the laws of South Africa and a licensed financial exchange in terms of the South African Financial Markets Act or any exchange which operates as a successor exchange to the JSE.

NSX

The Namibian Stock Exchange, which is licensed as an exchange in terms of the Namibian Stock Exchanges Control Act, 1985 or any stock exchange which operates as a successor exchange to the NSX.

GENERAL

Blocked Namibia Dollar

Blocked Namibia Dollars (that term having the meaning contemplated under section 4 of the Namibian Exchange Control Regulations) may be used to subscribe for, or purchase NAM Notes, subject to the Namibian Exchange Control Regulations.

Blocked Rand

Rands standing to the credit of an account to which exchange control restrictions have been applied in terms of the South African Exchange Control Regulations (**Blocked Rands**) may be used to subscribe for, or purchase, SA Notes, subject to the South African Exchange Control Regulations.

Clearing and Settlement

Each Tranche of SA 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 CSD. Each Tranche of SA Notes which is held in the CSD will be issued, cleared and settled in accordance with the Applicable Procedures through the electronic settlement system of such CSD. The CSD acts as the approved electronic clearing house, and carries on the role of matching, clearing and facilitation of settlement of all transactions listed on the JSE.

Each Tranche of unlisted SA Notes which is held in the CSD will be cleared by Relevant Participants who will follow the electronic settlement procedures prescribed by the JSE and the CSD.

Each Tranche of NAM Notes which is listed on the NSX will be issued, cleared and settled in accordance with the Applicable Procedures of the NSX (see the section of this Programme Memorandum headed "*Settlement, Clearing and Transfers of Notes*").

Each Tranche of unlisted SA Notes not settled through the electronic settlement system of the CSD and each Tranche of unlisted NAM Notes will be issued, cleared and settled by the Relevant Participants.

Cross-Default

The terms of the Senior Notes will contain a cross-default as further described in Condition 16.1.4 (*Cross Default*).

Denomination

Notes will be issued in such denominations as may be agreed by the Issuer and the relevant Dealer(s) and as indicated in the Applicable Pricing Supplement, save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the central bank or regulator or any laws or regulations applicable to

	the Notes.
Description of Programme	Bank Windhoek Limited ZAR5000,000,000 / NAD5,000,000,000 Note Programme.
Distribution	Notes may be distributed by way of private placement, auction, or bookbuild or any other means permitted under South African law or Namibian law, as the case may be, and in each case on a syndicated or non-syndicated basis as may be determined by the Issuer and the relevant Dealer(s) and reflected in the Applicable Pricing Supplement.
Form of Notes	<p>Each Tranche of SA Notes which is listed on the Interest Rate Market of the JSE and each Tranche of unlisted SA Notes which will be settled through the CSD will be issued in uncertificated form and will be held by the CSD. The holder of a Beneficial Interest may exchange such Beneficial Interest for SA Notes in certificated form represented by an Individual Certificate (see the section of this Programme Memorandum headed “<i>Form of the Notes</i>”).</p> <p>Each Tranche of unlisted SA Notes which will not be settled through the CSD, will be issued in certificated registered form, represented by an Individual Certificate and will be registered in the name of the Noteholder.</p> <p>Each Tranche of NAM Notes will be issued in certificated registered form only, represented by an Individual Certificate registered in the name of the registered holder thereof.</p> <p>The Notes may not be issued in bearer form.</p>
Governing Law	The Terms and Conditions and the Notes will be governed by and construed in accordance with the laws of Namibia in force from time to time.
Interest	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked, and the method of calculating interest will be specified in the Applicable Pricing Supplement.
Interest Period(s)/Interest Payment Date(s)	The Interest Rate, Interest Payment Date(s) and Interest Period(s), if any, applicable to a Tranche of Notes will be specified in the Applicable Pricing Supplement.
Issue and Transfer Taxes	<p><i>Namibia</i></p> <p>The Issuer will be required to pay stamp duties on the original issue of SA Notes and NAM Notes. No securities transfer tax, stamp duty or any similar tax is payable in respect of the transfer or redemption of the NAM Notes, but stamp duties will be payable on the transfer of SA Notes on the value of SA Notes.</p> <p><i>South Africa</i></p> <p>As at the Programme Date, no securities transfer tax, stamp duty or any similar tax is payable in respect of the transfer or redemption of SA Notes.</p> <p>Any future transfer duties and/or taxes that may be introduced in respect of (or may be applicable to) the transfer of SA Notes or NAM Notes, as the case may be,</p>

will be for the account of Noteholders (see further the section of this Programme Memorandum headed “Taxation”).

Issue Price

Notes may be issued on a fully paid or a partly paid basis and at their Nominal Amount or at a discount or premium to their Nominal Amount as specified in the Applicable Pricing Supplement.

Listing

This Programme Memorandum has been approved by the JSE and the NSX. Notes issued under the Programme may be listed on the Interest Rate Market of the JSE, the NSX or on such other Financial Exchange(s) as may be determined by the Issuer and the Dealer(s), subject to all Applicable Laws. Unlisted Notes may also be issued under the Programme subject to all Applicable Laws. Unlisted Notes are not regulated by the JSE or the NSX, as the case may be. The Applicable Pricing Supplement will specify whether or not a Tranche of Notes will be listed and, if so, on which Financial Exchange(s).

Maturities of Notes

Such maturity(ies) as specified in the Applicable Pricing Supplement. The Notes are not subject to any minimum or maximum maturity.

Negative Pledge

Senior Notes will have the benefit of a negative pledge as described in Condition 7 (*Negative Pledge*) of the Terms and Conditions.

Notes

Notes may comprise:

Fixed Rate Notes

Fixed Rate interest will be payable in arrears on such date or dates as may be agreed between the Issuer and the relevant Dealer(s), as indicated in the Applicable Pricing Supplement and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s).

Floating Rate Notes

Floating Rate Notes will bear interest calculated at a rate determined: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions; or (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quoting service; or (iii) on such other basis as may be agreed between the Issuer and the relevant Dealer(s) as indicated in the Applicable Pricing Supplement.

The Margin (if any) relating to such Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) for each issue of Floating Rate Notes as indicated in the Applicable Pricing Supplement.

Floating Rate Notes may also have a

maximum Interest Rate, a minimum Interest Rate or both, as indicated in the Applicable Pricing Supplement.

The Interest Period for Floating Rate Notes may be 1 (one), 2 (two), 3 (three), 6 (six), or 12 (twelve) months or such other period as the Issuer and the relevant Dealer(s) may agree as indicated in the Applicable Pricing Supplement.

Zero Coupon Notes

Zero Coupon Notes will be issued at a discount to their Nominal Amount and will not bear interest (except in the case of late payment as specified).

Index-Linked Notes

Payments (whether in respect of interest on Indexed Interest Notes or in respect of principal on Indexed Redemption Amount Notes and whether at maturity or otherwise) will be calculated by reference to such index and/or formula as the Issuer and the relevant Dealer(s) may agree, as indicated in the Applicable Pricing Supplement.

Dual Currency Notes

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer(s) may agree, as indicated in the Applicable Pricing Supplement.

Mixed Rate Notes

Mixed Rate Notes will bear interest over respective periods at the rates applicable for any combination of Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Index-Linked Notes, Dual Currency Notes or Other Notes, each as specified in the Applicable Pricing Supplement.

Instalment Notes

The Applicable Pricing Supplement will set out the dates on which, and the amounts in which, Instalment Notes may be redeemed.

Partly Paid Notes

The Issue Price will be payable in two or more instalments as set out in the Applicable Pricing Supplement.

Exchangeable Notes

Exchangeable Notes may be redeemed by the Issuer in cash or by the delivery of securities, as specified in the Applicable Pricing Supplement.

Credit-Linked Notes

Credit-Linked Notes are credit derivative instruments which reference one or more Reference Obligation/s of one or

more Reference Entity/ies, as specified in the Applicable Pricing Supplement.

Other Notes Terms applicable to any other type of Notes that are approved by the JSE or the NSX, or their respective successors, or such other or further Financial Exchange as may be selected by the Issuer in relation to an issue of listed Notes, or as agreed between the Issuer and the relevant Dealer(s) in respect of unlisted Notes, will be set out in the Applicable Pricing Supplement.

Noteholders The holders of SA Notes or NAM Notes will be recorded as the registered Noteholders of those Notes in the respective Registers. In respect of SA Notes issued in uncertificated form, the CSD's Nominee will be named in the relevant Register as the registered Noteholder of each Tranche of Notes which is held in the CSD. Each holder of Notes which is represented by an Individual Certificate will be named in the respective relevant Register as the registered Noteholder of such Notes.

Rating As at the Programme Date the Issuer is rated. The Programme is not rated as of the Programme Date, but may be rated by a Rating Agency, on a national or international scale after the Programme Date. A Tranche of Notes may, on or before the Issue Date, be rated by a Rating Agency on a national or international scale. Unrated Tranches of Notes may also be issued. The Applicable Pricing Supplement will reflect the Rating, if any, which has been assigned to the Issuer and/or the Programme and/or a Tranche of Notes, as the case may be as well as the Rating Agency which assigned such Rating(s). A Rating is not a recommendation to subscribe for, buy, sell or hold Notes and may be subject to revision, suspension or withdrawal at any time by the Rating Agency. Any adverse change in the Rating of the Issuer and/or the Programme and/or a Tranche of Notes, as the case may be, could adversely affect the trading price of all or any of the Notes.

Redemption A Tranche of Notes will, subject to the Applicable Pricing Supplement, be redeemed on the Maturity Date, as set out in Condition 10 (*Redemption and Purchase*).

If none of the Credit Events applicable to a Tranche of Credit-Linked Notes occur on or prior to the Maturity Date, that Tranche of Credit-Linked Notes will (unless previously redeemed or purchased and cancelled), be redeemed by the Issuer, on the Maturity Date, at the Final Redemption Amount, in terms of Condition 10.1.2(a).

If so specified in the Applicable Pricing Supplement, the Issuer may redeem the Notes of any Tranche at any time prior to the Maturity Date following the occurrence of a change in law and/or for tax reasons as set out in Condition 10.2 (*Redemption for Tax Reasons*).

If "*Early Redemption at the option of the Issuer*" is specified as applicable in the Applicable Pricing Supplement or pursuant to Condition 10.3 (*Redemption at the option of the Issuer*), the Issuer may, having given not less than 30

(thirty) days' nor more than 60 (sixty) days' irrevocable notice (or such other period of notice as may be specified in the Applicable Pricing Supplement) to the Noteholders in accordance with Condition 18 (*Notices*) redeem the Tranche of Notes on any Optional Redemption Date(s).

If "*Redemption at the option of the Senior Noteholders*" is specified as applicable in the Applicable Pricing Supplement, the Noteholders of any Tranche of Notes may, having given not less than 30 (thirty) days' nor more than 60 (sixty) days' notice (or such other period of notice as may be specified in the Applicable Pricing Supplement) require the Issuer to redeem the Notes on any Optional Redemption Date in the manner specified in Condition 10.4 (*Redemption at the option of the Senior Noteholders*) and the Applicable Pricing Supplement.

If "*Early Redemption in the event of a Change of Control*" is specified as applicable in the Applicable Pricing Supplement and (i) a Change of Control (as defined below) occurs and (ii) within the Change of Control Period (as defined below) (A) a Rating Downgrade (as defined below) occurs in relation to the Issuer, and/or the Programme, and/or any Tranche of Notes rated by a Rating Agency, as the case may be, or (B) if, at the time the Change of Control occurs the Issuer and/or the Programme and/or any Tranche of Notes are not so rated, a Negative Rating Event (as defined below) in respect of that Change of Control occurs, (in either case, a **Change of Control Event**) and (C) the Noteholders resolve by way of an Extraordinary Resolution to have their Notes redeemed by the Issuer, then each Noteholder in that Class of Noteholders shall have the option to require the Issuer to redeem each Note in that Tranche of Notes held by that Noteholder at its Early Redemption Amount together with accrued interest (if any) within 15 (fifteen) days after the delivery by that Noteholder of a Change of Control Redemption Notice (as defined below), or unless otherwise set out in the Applicable Pricing Supplement.

If "*Redemption in the event of a failure to maintain JSE listing, NSX listing and/or Rating*" is specified as applicable in the Applicable Pricing Supplement, the Noteholders of any Tranche of Notes may, after having been notified by the Issuer in accordance with Condition 18 (*Notices*), require the Issuer to redeem Notes on any Optional Redemption Date in the manner specified in Condition 10.6 (*Redemption in the event of failure to maintain JSE listing, NSX listing and/or Rating*) and the Applicable Pricing Supplement.

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 United Kingdom, the European Economic Area, Namibia and South Africa (see the section of this Programme Memorandum headed "*Subscription and Sale*"). Any other or additional 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.

Size of the Programme

As at the Programme Date, the Programme Amount in respect of both SA Notes and NAM Notes is the equivalent of the aggregate of ZAR5,000,000,000 or NAD5,000,000,000. This Programme Memorandum will only apply to Notes issued under the Programme in an aggregate outstanding Nominal Amount which does not exceed the Programme Amount. The Issuer may increase the Programme Amount as described more fully in the section of this Programme Memorandum headed “*General Description of the Programme*”. The Programme Amount at the time of the issue of any Tranche of Notes will be set out in the Applicable Pricing Supplement.

Specified Currency

South African Rand or Namibia Dollar, as the case may be, or, subject to all Applicable Laws, such currency as is specified in the Applicable Pricing Supplement.

Status of Senior Notes

The Senior Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* and rateably without any preference among themselves and (subject to Condition 7 (*Negative Pledge*)) and save for certain debts required to be preferred by law) equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding.

Status and Characteristics relating to Subordinated Notes and Capital Regulations

The Subordinated Notes constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and will rank *pari passu* among themselves and will rank at least *pari passu* with all other present and future unsecured and subordinated obligations of the Issuer.

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

Subject to Applicable Law, in the event of the dissolution of the Issuer or if the Issuer is placed into liquidation or wound up or is subject to business rescue proceedings (or judicial management (if applicable)), then and in any such event the claims of the persons entitled to be paid amounts due in respect of the Subordinated Notes shall be subordinated to all other claims in respect of any other indebtedness of the Issuer except for other Subordinated Indebtedness of the Issuer, to the extent that, in any such event, and provided as aforesaid, no amount shall be eligible for setting-off or shall be payable to any or all of the persons entitled to be paid amounts due in respect of the Subordinated Notes in respect of the obligations of the Issuer thereunder until all

other indebtedness of the Issuer which is admissible in any such dissolution, liquidation, winding-up or business rescue proceedings (or judicial management (if applicable)) (other than Subordinated Indebtedness) has been paid or discharged in full.

Stabilisation

In connection with the issue and distribution of any Tranche of Notes under the Programme, the Dealer(s), if any, that is specified in the Applicable Pricing Supplement as the Stabilising Manager (or any person acting for the Stabilising Manager) may, if specified in that Applicable Pricing Supplement and only if such stabilising is permitted by the listings requirements of the JSE or the NSX, as the case may be, and approved by the JSE and the NSX, as the case may be, over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Manager (or any agent of the Stabilising Manager) to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall be in compliance with all Applicable Laws, regulations and rules.

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 "*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.

Terms and Conditions

The terms and conditions of the Notes are set out in the section headed "*Terms and Conditions of the Notes*". The Applicable Pricing Supplement may specify other 'terms and conditions' which may replace, modify or supplement the Terms and Conditions in relation to specific terms and conditions of the Notes of any Tranche of Notes issued.

Use of Proceeds

The Issuer will use the issue proceeds of the Notes to fund loans and advances to its customers and for its general corporate purposes, including but not limited to liquidity and capital management, the rearrangement of the term structure of funding in line with the Asset Liability Committee (**ALCO**) strategy and to comply with regulatory long term funding requirements, or as may otherwise be described in the Applicable Pricing Supplement.

Withholding Taxes

As at the Programme Date, 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 levied in South Africa or in Namibia. In the event that withholding tax or such other deduction is required by Applicable Law, then the Issuer will, subject to certain exceptions as provided in Condition 11 (*Taxation*), 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 (see additional section headed

"Taxation").

FORM OF THE NOTES

Words used in this section headed "Form of the Notes" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or clearly inappropriate from the context.

Notes issued in certificated form

All certificated Notes, will be represented by Individual Certificate issued in definitive registered form and will be registered in the relevant Register in the name of the individual Noteholders of such Notes.

Subject to the Applicable Laws, title to Notes represented by Individual Certificates will be freely transferable and will pass upon registration of transfer in accordance with Condition 14.2 (*Transfer of Notes represented by Individual Certificates*) of the Terms and Conditions.

The Issuer shall regard the relevant Register as the conclusive record of title to the Notes represented by Individual Certificates.

Payments of all amounts due and payable in respect of Notes represented by Individual Certificates will be made in accordance with Condition 9 (*Payments*) to the Person reflected as the registered Noteholder of such Notes in the relevant Register at 17h00 (Johannesburg time or Windhoek time, as the case may be) on the Last Day to Register, and the payment obligations of the Issuer will be discharged by proper payment to or to the order of such registered holder in respect of each amount so paid.

SA Notes issued in uncertificated form

A Tranche of SA Notes if listed on the Interest Rate Market of the JSE will, subject to Applicable Laws and Applicable Procedures, be issued in uncertificated form in terms of section 33 of the South African Financial Markets Act.

SA Notes issued in uncertificated form will not be represented by any certificate or written instrument. A Tranche of SA Notes issued in uncertificated form, whether listed on the Interest Rate Market of the JSE or not, will be held by the CSD, and the CSD's Nominee will be named in the relevant Register as the registered Noteholder of that Tranche of SA Notes.

Payments of all amounts due and payable in respect of SA Notes in uncertificated form will be made in accordance with Condition 9 (*Payments*) of the Terms and Conditions to the person reflected as the registered Noteholder of such SA Notes in the relevant Register at 17h00 (Johannesburg time) on the Last Day to Register, and the payment obligations of the Issuer will be discharged by proper payment to or to the order of such registered holder in respect of each amount so paid.

Beneficial Interests in SA Notes held in the CSD

A Tranche of SA Notes which is listed on the Interest Rate Market of the JSE will be issued in uncertificated form and held in the CSD. A Tranche of unlisted SA Notes may also be held in the CSD. While a Tranche of SA Notes is held in the CSD, the CSD's Nominee will be named in the relevant Register as the sole Noteholder of the SA Notes in that Tranche.

The CSD will hold each Tranche of SA Notes subject to the Applicable Laws and the Applicable Procedures. All amounts to be paid and all rights to be exercised in respect of SA Notes held in the CSD will be paid to and may be exercised only by the CSD's Nominee, for the holders of Beneficial Interests in such SA Notes.

The CSD maintains central securities accounts only for Relevant Participants. As at the Programme Date, the Relevant Participants are Absa Bank Limited, Citibank N.A. South Africa Branch, FirstRand Bank Limited, Nedbank Limited, Société Générale Johannesburg Branch, The Standard Bank of South Africa Limited, Standard Chartered Bank Johannesburg and the South African Reserve Bank. Beneficial Interests which are held by Relevant Participants will be held directly through the CSD, and the CSD will hold such Beneficial Interests, on behalf of such Relevant Participants, through the central securities accounts maintained by the CSD for such Relevant Participants.

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

SA Notes or their custodians. The clients of Relevant Participants, as the holders of Beneficial Interests or as custodians for such holders, may exercise their rights in respect of the SA Notes held by them in the CSD only through their respective Relevant Participants. Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, société anonyme, (Clearstream Luxembourg) (**Clearstream**) may hold SA Notes through their respective Relevant Participant.

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

Subject to the Applicable Laws, title to Beneficial Interests held by Relevant Participants directly through the CSD will be freely transferable and will pass on transfer thereof by book entry (whether electronic or otherwise) in the central securities accounts maintained by the CSD for such Relevant Participants. Subject to Applicable Laws, title to Beneficial Interests held by clients of Relevant Participants indirectly through such Relevant Participants will be freely transferable and will pass on transfer thereof by book entry (whether electronic or otherwise) in the security accounts maintained by such Relevant Participants for such clients. Beneficial Interests may be transferred only in accordance with the Applicable Procedures. Holders of Beneficial Interests vote in accordance with the Applicable Procedures.

The holder of a Beneficial Interest will only be entitled to exchange such Beneficial Interest for SA Notes represented by an Individual Certificate in accordance with Condition 12 (*Exchange of Beneficial Interests in relation to SA Notes and Replacement of Individual Certificates*) of the Terms and Conditions.

PRO FORMA APPLICABLE PRICING SUPPLEMENT

Set out below is the form of Applicable Pricing Supplement that will be completed for each Tranche of Notes issued under the Programme:

**BANK WINDHOEK LIMITED**

(Incorporated with limited liability under Registration Number 79/081 in the Republic of Namibia)

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
Under its ZAR5,000,000,000 / NAD 5,000,000,000 Note Programme**

This Applicable Pricing Supplement must be read in conjunction with the Programme Memorandum, dated 12 November 2013, prepared by Bank Windhoek Limited in connection with the Bank Windhoek Limited ZAR5,000,000,000 / NAD5,000,000,000 Note Programme, as amended and/or supplemented from time to time (the **Programme Memorandum**).

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 of the Notes*”.

This document constitutes the Applicable Pricing Supplement relating to the issue of Notes described herein. The Notes described herein are issued on and subject to the Terms and Conditions as amended and/or supplemented by the Terms and Conditions contained in this Applicable Pricing Supplement. To the extent that there is any conflict or inconsistency between the contents of this Applicable Pricing Supplement and the Programme Memorandum, the provisions of this Applicable Pricing Supplement shall prevail.

PARTIES

1.	Issuer	Bank Windhoek Limited
2.	Dealer(s)	[]
3.	Managers	[]
4.	JSE Debt Sponsor	[]
5.	NSX Sponsor	[]
6.	Paying Agent	[]
	Specified Office	[]
7.	Calculation Agent	[]
	Specified Office	[]
8.	Transfer Agent [in Namibia/in South Africa]	[]
	Specified Office	[]
9.	Additional Financial Centre	[]

PROVISIONS RELATING TO THE NOTES

10.	Status of Notes	[Senior/Subordinated] [Secured/Unsecured]
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11.	Form of Notes	[Listed/Unlisted] [registered SA Notes issued in uncertificated form to be held by the CSD][registered [SA]/[NAM] Notes issued in certificated form represented by one or more Individual Certificates]
12.	Series Number	[]
13.	Tranche Number	[]
14.	Aggregate Nominal Amount:	
	(a) Series	[]
	(b) Tranche	[]
15.	Interest	[Interest-bearing/Non-interest-bearing]
16.	Interest Payment Basis	[[Fixed Rate/Floating Rate/Zero Coupon/Index-Linked/Dual Currency/Partly Paid /Instalment Notes/Credit Linked Note /[Mixed Rate]/Other Notes]
17.	Automatic/Optional Conversion from one Interest/Redemption/Payment Basis to another	[Insert details including date for conversion]
18.	Issue Date	[]
19.	Specified Denomination	[]
20.	Specified Currency	[]
21.	Issue Price	[]
22.	Interest Commencement Date	[]
23.	Maturity Date	[]
24.	Applicable Business Day Convention	[Floating Rate Business Day / Following Business Day / Modified Following Business Day / Preceding Business Day / other convention – <i>insert details</i>]
25.	Final Redemption Amount	[]
26.	Last Day to Register	[]
27.	Books Closed Period(s)	The relevant Register will be closed from [...] to [...] and from [...] to [...] (all dates inclusive) in each year until the Maturity Date
28.	Default Rate	[]

PROVISIONS RELATING TO INTEREST (IF ANY PAYABLE)

FIXED RATE NOTES

		[Applicable/ Not Applicable]
29.	(a) Fixed Rate of Interest	[] percent per annum [payable [annually/semi-annually/quarterly] in arrear]
	(b) Fixed Interest Payment Date(s)	[] in each year up to and including the Maturity Date/other
	(c) Fixed Coupon Amount(s)	[] per [] in Nominal Amount
	(d) Initial Broken Amount	[]
	(e) Final Broken Amount	[]
	(f) Interest Rate Determination	[] in each year

	Date(s)	
(g)	Day Count Fraction	[]
(h)	Any other terms relating to the particular method of calculating interest	[]
FLOATING RATE NOTES		[Applicable/Not Applicable]
30.	(a) Floating Interest Payment Date(s)	[]
	(b) Interest Period(s)	[]
	(c) Definition of Business Day (if different from that set out in Condition 1) (<i>Interpretation</i>)	[]
	(d) Minimum Rate of Interest	[] percent per annum
	(e) Maximum Rate of Interest	[] percent per annum
	(f) Other terms relating to the method of calculating interest (e.g.: Day Count Fraction, rounding up provision)	[]
31.	Manner in which the Rate of Interest is to be determined	[ISDA Determination / Screen Rate Determination/other – insert details]
32.	Margin	[(...) basis points to be added to/subtracted from the relevant ISDA Rate / Reference Rate]
33.	If ISDA Determination:	
	(a) Floating Rate	[]
	(b) Floating Rate Option	[]
	(c) Designated Maturity	[]
	(d) Reset Date(s)	[]
	(e) ISDA Definitions to apply	[]
34.	If Screen Rate Determination:	
	(a) Reference Rate (including relevant period by reference to which the Rate of Interest is to be calculated)	[]
	(b) Interest Rate Determination Date(s)	[]
	(c) Relevant Screen Page and Reference Code	[]
35.	If Rate of Interest to be calculated otherwise than by ISDA Determination or Screen Rate Determination, insert basis for determining Rate of Interest/Margin/Fallback provisions	[]
36.	Calculation Agent responsible for calculating amount of principal and interest	[]

ZERO COUPON NOTES

[Applicable/Not Applicable]

37. (a) Implied Yield [] percent [NACA] [NACM] [NACQ] [NACS]
[other method of compounding]
- (b) Reference Price [] percent
- (c) Any other formula or basis for determining amount(s) payable []

PARTLY PAID NOTES

[Applicable/Not Applicable]

38. (a) Amount of each payment comprising the Issue Price []
- (b) Dates upon which each payment is to be made by Noteholder []
- (c) Consequences (if any) of failure to make any such payment by Noteholder []
- (d) Interest Rate to accrue on the first and subsequent instalments after the due date for payment of such instalments [] percent per annum

INSTALMENT NOTES

[Applicable/Not Applicable]

39. (a) Instalment Dates []
- (b) Instalment Amounts (expressed as a percentage of the aggregate Nominal Amount of the Notes) []

MIXED RATE NOTES

[Applicable/Not Applicable]

40. Period(s) during which the Interest Rate for the Mixed Rate Notes will be (as applicable) that for:
- (a) Fixed Rate Notes []
- (b) Floating Rate Notes []
- (c) Index-Linked Notes []
- (d) Dual Currency Notes []
- (e) Other Notes []

41. The Interest Rate and other pertinent details are set out under the headings relating to the applicable forms of Notes

INDEX-LINKED NOTES

[Applicable/Not Applicable]

42. (a) Type of Index-Linked Notes [Indexed Interest Notes/Indexed Redemption Amount Notes]
- (b) Index/Formula by reference to which Interest Rate / Interest Amount is to be determined []
- (c) Manner in which the Interest Rate / Interest Amount is to be []

determined

- (d) Interest Period(s) []
- (e) Interest Payment Date(s) []
- (f) Provisions where calculation by reference to Index and/or Formula is impossible or impracticable []
- (g) Definition of Business Day (if different from that set out in Condition 1 (*Interpretation*)) []
- (h) Minimum Rate of Interest [] percent per annum
- (i) Maximum Rate of Interest [] percent per annum
- (j) Other terms relating to the method of calculating interest (e.g.: Day Count Fraction, rounding up provision) []

DUAL CURRENCY NOTES

[Applicable/Not Applicable]

- 43. (a) Type of Dual Currency Notes [Dual Currency Interest/Dual Currency Redemption Amount] Notes
- (b) Rate of Exchange/method of calculating Rate of Exchange []
- (c) Provisions applicable where calculation by reference to Rate of Exchange is impossible or impracticable []
- (d) Person at whose option Specified Currency(ies) is/are payable []

EXCHANGEABLE NOTES

[Applicable/Not Applicable]

- 44. (a) Mandatory Exchange applicable [Yes/No]
- (b) Noteholders' Exchange Right applicable [Yes/No]
- (c) Exchange Securities []
- (d) Manner of determining Exchange Price []
- (e) Exchange Period []
- (f) Other []

CREDIT LINKED NOTES

[Applicable/Not Applicable]

A. INCORPORATION OF THE ISDA CREDIT DERIVATIVES DEFINITIONS

- 45. (a) ISDA Credit Derivatives Definitions Save (and to the extent) expressly otherwise provided in this Applicable Pricing Supplement, the ISDA Credit Derivatives Definitions (as defined in Condition 1) (as at [the Issue Date] [*specify other*]) are incorporated by reference into and form part of this Applicable Pricing Supplement and the applicable Terms and Conditions of this Tranche of Credit-Linked

Notes.

In principle, the ISDA Credit Derivatives Definitions (subject to the paragraph below) comprise the 2003 ISDA Credit Derivatives Definitions published by the International Swaps and Derivatives Association Inc. (**ISDA**), as supplemented by (i) the May 2003 Supplement (published by ISDA) to the aforesaid 2003 ISDA Credit Derivatives Definitions, (ii) the 2009 ISDA Credit Derivatives Determinations Committee and Auction Settlement Supplement (published by ISDA) to the aforesaid 2003 ISDA Credit Derivatives Definitions, and (iii) each other Supplement (published by ISDA from time to time) to the aforesaid 2003 ISDA Credit Derivatives Definitions.

Save (and to the extent) expressly otherwise provided in this Applicable Pricing Supplement, if any of the provisions of the ISDA Credit Derivatives Definitions are amended and/or updated and/or supplemented at any time after [the Issue Date] [*specify other*] then, to the extent only that any such amendment and/or update and/or supplement is of a formal, minor or technical nature or is made to correct a manifest error or is made in order to clarify existing provisions of the ISDA Credit Derivatives Definitions, the ISDA Credit Derivatives Definitions (and the corresponding provisions of this Part B) shall be deemed to have been amended and/or updated and/or supplemented in like fashion.

(b) Definitions

Subject to Condition 10.7.2, save (and to the extent) expressly otherwise provided in this Applicable Pricing Supplement, capitalised terms and expressions used in this Part B which are not defined in Condition 1 shall have the meanings given to such terms and expressions in the ISDA Credit Derivatives Definitions; provided that all references in the ISDA Credit Derivatives Definitions to:

- (a) **Fixed Rate Day Count Fraction** shall be construed as references to the Day Count Fraction;
- (b) **Fixed Rate Payer** shall be construed as references to the Issuer;
- (c) **Fixed Rate Payer Calculation Amount** shall be construed as references to the amount specified as such in this Applicable Pricing Supplement or, if no such amount is specified in this Applicable Pricing Supplement, the amount which is equivalent to the Floating Rate Payer Calculation Amount;
- (d) **Fixed Rate Payer Calculation Period**

shall be construed as references to an Interest Period;

- (e) **Floating Rate Payer Calculation Amount** shall be construed as references to the aggregate Principal Amount of this Tranche of Credit-Linked Notes;
- (f) **Floating Rate Payer** shall be construed as references to the Noteholders of the Notes in this Tranche of Credit-Linked Notes;
- (g) **Scheduled Termination Date** shall be construed as references to the Maturity Date.

B. GENERAL

46. (a) Reference Entity/ies
- (b) Reference Obligation/s *(Note: specify if required. A Reference Obligation must be specified where Cash Settlement is applicable. If a Reference Obligation is specified where Physical Settlement is applicable then, subject to the applicable provisions of the ISDA Credit Derivatives Definitions, such Reference Obligation is a Deliverable Obligation even though at the time of Delivery it does not fall into the Obligation Category or lacks any or all Deliverable Obligation Characteristics)*
- The obligation(s) identified as follows:
- Primary Obligor:
- Guarantor:
- Maturity:
- Coupon:
- ISIN:
- (c) All Guarantees Applicable [Yes] [No]
- (d) Reference Price % *(Note: If a percentage is not so specified, the Reference Price will be 100%)*

C. CONDITIONS TO SETTLEMENT

47. (a) Credit Event Notice
- (b) Notice of Physical Settlement *(Note: a Notice of Physical Settlement is a required Condition to Settlement where Physical Settlement is applicable. It is not required where Cash Settlement is applicable)*
- (c) Notice of Publicly Available Information
- (i) Public Sources(s): [Yes] [No]
- Standard International Public Sources Applicable

- Standard Namibia Public Sources Applicable [Yes] [No]
- Additional Public Sources []
- (ii) Specified Number [] *(Note: If a number of Public Sources is not specified, the Specified Number will be two)*
- (d) Credit Event Notice after Restructuring []
- (i) Terms of Credit Event Notice following the occurrence of a Restructuring Credit Event if different from the applicable provisions of the ISDA Credit Derivatives Definitions [Not Applicable] *[give details]*

D. CREDIT EVENTS AND OBLIGATIONS *(*delete any provisions of this Item D below that are not applicable)*

48. (a) Credit Events The following Credit Event(s) shall apply:
- (i) Bankruptcy [Yes; provided that the definition of “*Bankruptcy*” in the ISDA Credit Derivatives Definitions shall, where any Reference Entity listed in Item B(1) above is incorporated in South Africa, be amended by the addition of the following new sub-paragraph (cc): “(cc) *institutes or has instituted against it any business rescue proceedings as contemplated in Chapter VI of the South African Companies Act, 2008;*”]
 - (ii) Failure to Pay [Yes] [No]
 - Grace Period Extension Applicable [Yes] [No] *(Note: specify whether the parties intend Grace Period Extension to apply. If Grace Period Extension is not specified here as being applicable, Grace Period Extension will not apply)*
 - Grace period [] Business Days *(Note: If Grace Period Extension is applicable, specify the number of Business Days in the Grace Period)*
 - Payment Requirement []
 - (iii) Obligation Default [Yes] [No]
 - Default Requirement []
 - (iv) Obligation Acceleration [Yes] [No]
 - Default Requirement []
 - (v) Repudiation/Moratorium [Yes] [No]
 - Default Requirement []

- (vi) Restructuring [Yes] [No]
 - Multiple Holder Obligation [Applicable] [Not Applicable] *(Note: unless not applicable is specified, Restructurings are limited to Multiple Holder Obligations)*
 - Default Requirement []
 Permitted Currency/ies []
- (b) Obligations
- (i) Obligation Category: *(Note: select only one)*
- Payment [Yes] [No]
 - Borrowed Money [Yes] [No]
 - Reference Obligations Only [Yes] [No]
 - Bond [Yes] [No]
 - Loan [Yes] [No]
 - Bond or Loan [Yes] [No]
- (ii) Obligation Characteristics
(Note: select all that apply)
- Not Subordinated [Yes] [No]
 - Specified Currency [Yes] [No]
 - Not Sovereign Lender [Yes] [No]
 - Not Domestic Currency [Yes] [No]
 - Not Domestic Law [Yes] [No]
 - Listed [Yes] [No]
 - Not Domestic Issuance [Yes] [No]
- (iii) Additional Obligations []
 (iv) Excluded Obligation(s) []
(Note: unless specified here as an Excluded Obligation the Reference Obligation will be an Obligation)
- (c) Specified Currency []
 (d) Domestic Currency []

E. SETTLEMENT METHOD

49. (a) Cash Settlement [Yes] [No] *(Note: see Item F (Terms Relating to Cash Settlement) below)*
- (b) Physical Settlement [Yes] [No] *(Note: see Item G (Terms Relating to Physical Settlement) below)*
- (i) Cash Settlement election []
(Note 1: see Item F (Terms Relating to Cash Settlement) below)
(Note 2: if specified as applicable then (provided

that the Issuer shall have completed Item F (Terms Relating to Cash Settlement) below), even if Physical Settlement is specified as the applicable Settlement Method in this Pricing Supplement, if the Issuer elects to apply Cash Settlement as the applicable Settlement Method, then Cash Settlement will be deemed to apply to this Tranche with respect to such of the Reference Obligation/s (all or any of them) as are selected by the Issuer. In this event, the relevant Noteholders will, on the Cash Settlement Date, receive the Cash Settlement Amount)

(ii) Partial Cash Settlement Terms

[]

(Note 1: see Item H (Partial Cash Settlement Terms) below)

(Note 2: if specified as applicable then (provided that the Issuer shall have completed Item H (Partial Cash Settlement Terms) below), even if Physical Settlement is specified as the applicable Settlement Method in this Pricing Supplement (and, if Cash Settlement election is specified as applicable in the Pricing Supplement, the Issuer does not elect to apply Cash Settlement as the applicable Settlement Method) then if, among other things, it becomes impossible or illegal for the Issuer to deliver all or any of the Deliverable Obligation/s, Cash Settlement pursuant to the Partial Cash Settlement Terms will be deemed to apply to the Tranche of Credit-Linked Notes with respect to those Deliverable Obligation/s that cannot be delivered to the relevant Noteholders. In this event, the relevant Noteholders will receive those Deliverable Obligation/s that can be delivered and/or a Cash Settlement Amount in respect)

(iii) Delivery of Deliverable Obligations

Applicable (subject to sub-paragraphs (a) and (b) above)

(c) Auction Settlement

[Yes] [No] (Note: see Item I below)

F. TERMS RELATING TO CASH SETTLEMENT (*delete any provisions of this Item F below that are not applicable)

50. (a) Cash Settlement Amount
(Note: See Condition 10.7)

[Condition 10.7.2(a) applicable] [specify other]

(b) Credit Event Redemption Date

[Condition 10.7.2(c) applicable] [specify other]
(Note: See Condition 10.7)

(c) Cash Settlement Date

[[] Business Days following the calculation of the Final Price (Note: if a number of Business Days is not specified, the number of Business Days will be three)] [specify other]

(d) Settlement Currency

[]

(Note: if no currency is specified, the Settlement Currency will be the currency of denomination of the Floating Rate Payer Calculation Amount)

- (e) Valuation *(Note: include if the Cash Settlement Amount is not a fixed amount)*
- (i) Valuation Date *(Note: if neither Single Valuation Date nor Multiple Valuation Dates is specified, Single Valuation Date will apply)*
- Single Valuation Date [] Business Days
(Note: if the number of Business Days is not specified, the number of Business Days will be five)
 - Multiple Valuation Dates [] Business Days
*(Note: if the number of Business Days is not specified, the number of Business Days will be three) and each [] Business Days thereafter
(Note: if the number of Business Days is not specified, the number of Business Days will be three)*
 - Specify number of Valuation Date []
- (ii) Valuation Time []
- (iii) Valuation Method
- one Reference Obligation and one Valuation Date [Market] [Highest]
 - one Reference Obligation and more than one Valuation Date [Average Market] [Highest] [Average Highest]
 - more than one Reference Obligation and one Valuation Date [Blended Market] [Blended Highest]
 - more than one Reference Obligation and more than one Valuation Date [Average Blended Market] [Average Blended Highest]
- (f) Quotation *(Note: include if the Cash Settlement Amount is not a fixed amount)*
- (i) Quotation Method [Bid] [Offer] [Mid-market] *(Note: if no Quotation Method is specified, Bid will apply)*
- (ii) Quotation Amount []
[Representative Amount] *(Note: specify either an amount in a currency or the Representative Amount. If no Quotation Amount is specified, the Quotation Amount will be the Floating Rate Payer Calculation Amount)*
- (iii) Minimum Quotation Amount [specify]
- (iv) Quotations [Include Accrued Interest] [Exclude Accrued Interest] *(Note: if neither Include Accrued Interest nor Exclude Interest is specified with respect to Quotations, the Calculation Agent will determine (after consultation with the Issuer (if the Issuer is not the Calculation Agent)), based on then current market practice in the market of the Reference Obligation, whether such Quotations*

shall include or exclude accrued but unpaid interest)

- (g) Reference Dealer(s) (Note: include if the Cash Settlement Amount is not a fixed amount.)
- (i) Specify the Reference Dealer(s) [] (Note: specify the Reference Dealers. If no Reference Dealers are specified, the Calculation Agent will select the Reference Dealers (in consultation with the Issuer (if the Issuer is not the Calculation Agent); provided that in the case of Item H(5) below, the Noteholders will select the Reference Dealers)
- (ii) Capacity of the Reference Dealer(s) – specify whether a Reference Dealer may be:
- the Issuer [Yes] [No]
 - any Affiliate of the Issuer [Yes] [No]
 - the Noteholders [Yes] [No]
 - any Affiliates of the Noteholders [Yes] [No]

G. TERMS RELATING TO PHYSICAL SETTLEMENT (*delete any provisions of this Item G below that are not applicable)

51. (a) Physical Settlement Period [] Business Days (Note: if a number of Business Days is not specified, the Physical Settlement Period will be, with respect to a Deliverable Obligation, the longest number of Business Days for settlement in accordance with then current market practice of such Deliverable Obligation, as determined by the Calculation Agent, after consultation with the Issuer (if the Issuer is not the Calculation Agent))
- (b) Credit Event Redemption Date [Condition 10.7.2(c) applicable] [specify other] (Note: See Condition 10.7)
- (c) Physical Settlement Date [The last day of the longest Physical Settlement Period following the satisfaction of all applicable Conditions to Settlement] [specify other]
- (d) Physical Settlement Amount Not Applicable (Note: see Condition 10.7)
- (e) Deliverable Obligations [Include Accrued Interest] [Exclude Accrued Interest] (Note: specify whether, in respect of Deliverable Obligations with an outstanding principal balance, the Deliverable Obligation is to include or exclude accrued but unpaid interest. If neither Include Accrued Interest nor Exclude Interest is specified, the Deliverable Obligations shall exclude accrued but unpaid interest)
- (f) Deliverable Obligation Category (Note: select only one)
- (i) Payment [Yes][No]
 - (ii) Borrowed Money [Yes][No]
 - (iii) Reference Obligations Only [Yes] [No] (Note: if Reference Obligations Only is

specified as the Deliverable Obligation Category, no Deliverable Obligation Characteristic should be specified)

- | | | | |
|--------|--|-------------|-----------|
| (iv) | Bond | | [Yes][No] |
| (v) | Loan | | [Yes][No] |
| (vi) | Bond or Loan | | [Yes][No] |
| (g) | Deliverable Obligation Characteristics | | |
| | <i>(Note: select all that apply)</i> | | |
| (i) | Not Subordinated | | [Yes][No] |
| (ii) | Specified Currency | | [Yes][No] |
| (iii) | Not Sovereign Lender | | [Yes][No] |
| (iv) | Not Domestic Currency | | [Yes][No] |
| (v) | Not Domestic Law | | [Yes][No] |
| (vi) | Listed | | [Yes][No] |
| (vii) | Not Contingent | | [Yes][No] |
| (viii) | Not Domestic Issuance | | [Yes][No] |
| (ix) | Assignable Loan | | [Yes][No] |
| (x) | Consent Required Loan | | [Yes][No] |
| (xi) | Direct Loan Participation | | [Yes][No] |
| (xii) | Transferable | | [Yes][No] |
| (xiii) | Maximum Maturity | | [Yes][No] |
| (xiv) | Accelerated or Matured | | [Yes][No] |
| (xv) | Not Bearer | | [Yes][No] |
| (h) | Additional Obligations | Deliverable | [] |
| (i) | Excluded Obligations | Deliverable | [] |

(Note: unless specified as an Excluded Deliverable Obligation, the Reference Obligation will, subject to the applicable provisions of the ISDA Credit Derivatives Definitions, be a Deliverable Obligation even though at the time of delivery it does not fall into the Obligation Category or lacks any or all of the Deliverable Obligation Characteristics)

- | | | | |
|-----|---------------------------------|--|-----|
| (j) | Qualifying Participation Seller | | [] |
|-----|---------------------------------|--|-----|

(Note: if Direct Loan Participation is specified as a Deliverable Obligation Characteristic, specify any requirements for the Qualifying Participation Seller here. If no requirements are so specified, there will be no Qualifying Participation Seller with the result that only a participation pursuant to a participation agreement between the Issuer and the Noteholders will constitute a Direct Loan Participation)

- (k) Maximum Maturity []
(Note: if Maximum Maturity is specified as a Deliverable Obligation Characteristic, specify the maximum remaining period to maturity from the Physical Settlement Date)
- (i) Designator
 - Affiliate of Issuer []
 - Affiliate of Noteholder []
- (ii) Designatee
 - Affiliate of Issuer []
 - Affiliate of Noteholder []

H. PARTIAL CASH SETTLEMENT TERMS (**delete any provisions of this Item H below that are not applicable*)

52. (a) Partial Cash Settlement of Consent Required Loans Applicable [Yes] [No] (*Note: include if the parties intend that the Partial Cash Settlement Terms are to be applicable in relation to Consent Required Loans*)
- (b) Partial Cash Settlement of Assignable Loans Applicable [Yes] [No] (*Note: include if the parties intend that the Partial Cash Settlement Terms are to be applicable in relation to Assignable Loans*)
- (c) Partial Cash Settlement of Participations Applicable [Yes] [No] (*Note: include if the parties intend that the Partial Cash Settlement Terms are to be applicable in relation to Direct Loan Participations*)
- (d) Partial Cash Settlement Terms []
- (i) Valuation
- (ii) Partial Cash Settlement Terms if different from those set out in the applicable provisions of the ISDA Credit Derivatives Definitions [Not Applicable] [*give details*]
- (iii) Buy-in of Bonds not Delivered []

I. TERMS RELATING TO AUCTION SETTLEMENT (**delete any provisions of this Item H below that are not applicable*)

53. (a) Fallback Settlement Method [Cash Settlement] [Physical Settlement]
- (b) Auction Settlement Amount [Condition 10.7.2(b) applicable] [*specify other*]
- (c) Credit Event Redemption Date [Condition 10.7.2(c) applicable] [*specify other*] (*Note: see Condition 10.7*)
- (d) Auction Final Price Determination Date The day, if any, on which the Auction Final Price is determined
- (e) Auction Settlement Date [The date that is [] Business Days following the Auction Final Price Determination Date (*Note: if a number of Business Days is not specified, the number of Business Days will be five*)] [*specify other*]
- (f) ISDA Credit Derivatives Auction Settlement Terms if different from those set out in [Not Applicable] [*give details*]

the applicable provisions of the
ISA Credit Derivatives
Definitions

J. OTHER TERMS (**delete if not applicable*)

54. (a) Specify any other terms which modify or supplement this Part B [specify]

OTHER NOTES

[Applicable/Not Applicable]

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

**PROVISIONS REGARDING
REDEMPTION/MATURITY**

56. Prior consent of the Bank of Namibia required for any redemption prior to the Maturity Date? [Yes/No]
(N.B. Only relevant where the Notes are Subordinated Notes that are also Capital Notes)
57. Redemption at the option of the Issuer: [Yes/No]
If yes:
- (a) Optional Redemption Date(s) []
 - (b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s) []
 - (c) Minimum period of notice (if different from Condition 10.3 *(Redemption at the option of the Issuer)*) []
 - (d) If redeemable in part: []
Minimum Redemption Amount(s) []
Higher Redemption Amount(s) []
 - (e) Other terms applicable on redemption
58. Redemption at the option of the Senior Noteholders: [Yes/No]
If yes:
- (a) Optional Redemption Date(s) []
 - (b) Optional Redemption Amount(s) []
 - (c) Minimum period of notice (if

different from Condition 10.4
(*Redemption at the option of the Senior Noteholders*)

- (d) If redeemable in part:
- Minimum Redemption Amount(s) []
- Higher Redemption Amount(s) []
- (e) Other terms applicable on redemption []
- (f) Attach *pro forma* put notice(s)
59. Redemption in the event of a Change of Control at the election of the Noteholders pursuant to Condition 10.5 (*Redemption in the event of a Change of Control*) or any other terms applicable to a Change of Control [Yes/No]
60. Redemption in the event of a failure to maintain JSE listing and/or Rating at the election of Noteholders pursuant to Condition 10.6 (*Redemption in the event of a failure to maintain JSE listing, NSX listing and/or Rating*) [Yes/No]
61. Early Redemption Amount(s) payable on redemption for taxation reasons or on Event of Default (if required). [Yes/No]
- If no:
- (a) Amount payable; or []
- (b) Method of calculation of amount payable []
- GENERAL**
62. Financial Exchange [Interest Rate Market of the JSE]/[NSX]/[Other Financial Exchange]
63. Additional selling restrictions []
64. ISIN []
65. Stock Code []
66. Stabilising manager []
67. Provisions relating to stabilisation []
68. Method of distribution [Private Placement/Auction/Bookbuild]
69. Credit Rating assigned to the [Issuer]/[Programme]/[Notes] [], assigned on [●] and due for renewal on [●]
70. Applicable Rating Agency []
71. Governing law (if the laws of Namibia are not applicable) []
72. Use of proceeds []
73. Other provisions [*Other Events of Default in addition to the Events of Default referred to in Condition 16 (Events of*

Default]

[Other covenants, provisions]

(For Subordinated Notes that are also Capital Notes, specify the Additional Conditions (if any) prescribed by the Bank of Namibia and those of the applicable Capital Regulations (if any) which are not set out in the Terms and Conditions and/or this Applicable Pricing Supplement.)

DISCLOSURE REQUIREMENTS IN TERMS OF PARAGRAPH 3(5) OF THE SA COMMERCIAL PAPER REGULATIONS IN RELATION TO THE ISSUE OF SA NOTES

74. Paragraph 3(5)(a)

The “ultimate borrower” (as defined in the Commercial Paper Regulations) is the [Issuer].

75. Paragraph 3(5)(b)

The Issuer is a going concern and can in all circumstances be reasonably expected to meet its commitments under the SA Notes.

76. Paragraph 3(5)(c)

The auditor of the Issuer is [Insert].

77. Paragraph 3(5)(d)

As at the date of this issue:

- (i) the Issuer has issued [ZAR●,000,000,000] Commercial Paper (as defined in the Commercial Paper Regulations) and
- (ii) the Issuer estimates that it may issue [ZAR●,000,000,000] of Commercial Paper during the current financial year, ending [date].

78. Paragraph 3(5)(e)

All information that may reasonably be necessary to enable the investor to ascertain the nature of the financial and commercial risk of its investment in the SA Notes is contained in the Programme Memorandum and the Applicable Pricing Supplement.

79. Paragraph 3(5)(f)

There has been no material adverse change in the Issuer’s financial position since the date of its last audited financial statements.

80. Paragraph 3(5)(g)

The SA Notes issued will be [listed/unlisted].

81. Paragraph 3(5)(h)

The funds to be raised through the issue of the SA Notes are to be used by the Issuer for its [general corporate purposes/funding of its business operations/other].

82. Paragraph 3(5)(i)

The obligations of the Issuer in respect of the SA Notes are unsecured.

83. Paragraph 3(5)(j)

[Insert], the statutory auditors of the Issuer, have confirmed that [their review did not reveal anything which indicates / nothing has come to their attention to cause them to believe] that this issue of the SA Notes issued under the Programme does not comply in all respects with the relevant provisions of the Commercial Paper Regulations.

Responsibility:

The Issuer accepts full responsibility for the information contained in this Applicable Pricing Supplement except as otherwise stated herein. To the best of the knowledge and belief of the Issuer

the information contained in this Applicable Pricing Supplement is in accordance with the facts and does not omit anything which would make any statement false or misleading and all reasonable enquiries to ascertain such facts have been made. This Applicable Pricing Supplement contains all information required by Applicable Law and the **[debt listings requirements of the JSE]/[listing requirements of the NSX]**.

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

SIGNED at _____ on this _____ day of _____
20[●●]

For and on behalf of

BANK WINDHOEK LIMITED

Name:

Capacity: Director

Who warrants his/her authority hereto

Name:

Capacity: Director

Who warrants his/her authority hereto

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes to be issued by the Issuer which will be incorporated by reference into each Note. A Tranche of Notes will be issued on, and subject to, the below 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.

Before the Issuer issues any Tranche of listed Notes, the Issuer shall complete, sign and deliver to the JSE, NSX or such other Financial Exchange(s) and the CSD, as applicable, a pricing supplement based on the *pro forma* Applicable Pricing Supplement included in the Programme Memorandum setting out details of such Notes. The Issuer may determine that particular Notes will not be listed on the Interest Rate Market of the JSE or NSX or such other Financial Exchange(s) and, in that case, no Applicable Pricing Supplement will be delivered to the JSE, the NSX or such other or further Financial Exchange(s).

If there is any conflict or inconsistency between provisions set out in the Applicable Pricing Supplement and the provisions set out in these Terms and Conditions of the Notes, then the provisions in the Applicable Pricing Supplement will prevail.

Words and expressions used in the Applicable Pricing Supplement shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated. Any reference to legislation or a statute shall be to such legislation or statute as amended, varied or re-enacted from time to time.

1. INTERPRETATION

In these Terms and Conditions, unless inconsistent with the context or separately defined in the Applicable Pricing Supplement, the following expressions shall have the following meanings:

Additional Conditions	in relation to any issue of Notes, the proceeds of which are intended by the Issuer to qualify as Regulatory Capital, such conditions in addition to the conditions specified in the applicable Capital Regulations, as may be prescribed by the Bank of Namibia for the proceeds of the issue of such Notes to qualify as Regulatory Capital, as specified in the Applicable Pricing Supplement;
Affiliate	in relation to any Person, a Subsidiary of that Person or a Holding Company of that Person or any other Subsidiary of that Holding Company;
Applicable Laws	in relation to any Person, all and any statutes and subordinate legislation and common law, regulations, ordinances and by-laws, directives, codes of practice, circulars, guidance notices, judgments and decisions of any competent authority, or any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation and other similar provisions, from time to time, compliance with which is mandatory for that Person;
Applicable Pricing Supplement	in relation to a Tranche of Notes, the pricing supplement completed and signed by the Issuer in relation to that Tranche of Notes, setting out the additional and/or other terms and conditions as are applicable to that Tranche of Notes, based upon the <i>pro forma</i> pricing supplement which is set out in the section of the Programme Memorandum headed " <i>Pro Forma Applicable Pricing Supplement</i> ";
Applicable Procedures	(a) in respect of the SA Notes, the rules and operating procedures for the time being of the CSD, the Relevant Participants and the debt listings requirements of the JSE; or (b) in respect of the NAM Notes, the rules, operating procedures and listing requirements of the NSX; or (c) in respect of Notes issued and listed on any other Financial Exchange(s), the rules, operating procedures and listing requirements of such other Financial Exchange(s);

Beneficial Interest	in relation to a Tranche of SA Notes which is held in the CSD, the beneficial interest as owner or co-owner of an undivided share of all of the SA Notes in that Tranche, the nominal value of which beneficial interest, in relation to any number of SA Notes in that Tranche, is determined by reference to the proportion that the aggregate outstanding Nominal Amount of such number of SA Notes bears to the aggregate outstanding Nominal Amount of all of the SA Notes in that Tranche;
BESA Guarantee Fund Trust	in respect of the SA Notes, the guarantee fund trust established and operated by the JSE as a separate guarantee fund, in terms of sections 8(1)(h) and 17(2)(w) of the South African Financial Markets Act or any successor fund;
Books Closed Period	in relation to a Tranche of Notes, the period, as specified in the Applicable Pricing Supplement, commencing after the Last Day to Register, during which transfer of the Notes will not be registered, or such shorter period as the Issuer may decide in order to determine those Noteholders entitled to receive principal and/or interest;
Business Day	<p>(a) in respect of the SA Notes, a day (other than a Saturday or Sunday or public holiday within the meaning of the Public Holidays Act, 1994) on which commercial banks settle ZAR payments in Johannesburg; or</p> <p>(b) in respect of NAM Notes, a day (other than a Saturday or Sunday or public holiday within the meaning of the Public Holidays Act, 1990) on which commercial banks settle NAD payments in Windhoek,</p> <p>save that if the Specified Currency is not ZAR or NAD, then “Business Day” shall mean a day (other than a Saturday or Sunday) which is a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the Specified Currency in each Additional Financial Centre (if any), save further that if the Applicable Pricing Supplement so provides, “Business Day” shall include a Saturday;</p>
Calculation Agent	the Issuer, unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Notes, another entity as Calculation Agent in respect of that Tranche or Series of Notes, as indicated in the Applicable Pricing Supplement;
Capital Notes	Subordinated Notes the proceeds of which are intended to qualify as Regulatory Capital in accordance with the relevant Capital Regulations;
Capital Regulation	at any time, any legislation, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in Namibia in relation to banks registered under the Namibian Banking Institutions Act and licensed to conduct the business of a bank in Namibia (including the Additional Conditions (if any)) (or if the Issuer becomes domiciled in a jurisdiction other than Namibia, any legislation, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in such other jurisdiction in relation to banks registered in, and licensed to conduct the business of a bank in, such other jurisdiction);
Class of Noteholders	the holders of a Series of Notes or, where appropriate, the holders of different Series of Notes;
Credit Event	in relation to a Tranche of Credit-Linked Notes, each event specified as such in the Applicable Pricing Supplement (as read with the ISDA Credit Derivatives Definitions);

Credit-Linked Notes	a Tranche of Notes (being credit derivative instruments) which references one or more Reference Obligation(s) of one or Reference Entity/ies, as indicated in the Applicable Pricing Supplement;
CSD	Strate Limited (Registration Number 1998/022242/06), a public company with limited liability incorporated in accordance with the laws of South Africa and a registered central depository in terms of the South African Financial Markets Act, or its nominee, licensed as a central securities depository in terms of the South African Financial Markets Act or any successor depository, or any additional or alternate depository approved by the Issuer;
CSD Nominee	a Wholly Owned Subsidiary of the CSD approved by the South African Registrar of Securities Services in terms of the South African Financial Markets Act, and any reference to “CSD’s <i>Nominee</i> ” shall, whenever the context permits, be deemed to include any successor nominee operating in terms of the South African Financial Markets Act;
Day Count Fraction	<p>in relation to a Tranche of Notes (where applicable) and the calculation of an amount for any period of time (the Calculation Period), the day count fraction specified as such in the Terms and Conditions or the Applicable Pricing Supplement and:</p> <p>(a) if Actual/365 or Act/365 is so specified, means 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);</p> <p>(b) if Actual/Actual (ICMA) is so specified, means:</p> <p>(i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and</p> <p>(ii) where the calculation Period is longer than one Regular Period, the sum of:</p> <p>a. the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and</p> <p>b. the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year;</p> <p>(c) if Actual/Actual or Actual/Actual (ISDA) is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);</p>

- (d) if **Actual/365 (Fixed)** is so specified, means the actual number of days in the Calculation Period divided by 365;
- (e) if **Actual/360** is so specified, means the actual number of days in the Calculation Period divided by 360;
- (f) if **30/360, 360/360** or **Bond Basis** is so specified, means the number of days in the Calculation period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y₁ is the year, expressed as a number, in which the first day of the Calculation Period falls;

Y₂ is the year, expressed as a number, in which the first day immediately following the last day included in the Calculation Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

M₂ is the calendar month, expressed as a number, in which the first day immediately following the last day included in the Calculation Period falls;

D₁ is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (g) if **30E/360** or **Eurobond Basis** is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y₁ is the year, expressed as a number, in which the first day of the Calculation Period falls;

Y₂ is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

D₁ is the first calendar day, expressed as a number, of the Calculation Period unless such number would be 31, in which case D₁ will be 30; and

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period unless such number would be 31, in which case **D₂** will be 30;

- (h) if **30E/360 (ISDA)** is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y₁ is the year, expressed as a number, in which the first day of the Calculation Period falls;

Y₂ is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

D₁ is the first calendar day, expressed as a number, of the Calculation Period unless (i) that day is the last day of February or (ii) such number would be 31, in which case **D₁** will be 30; and

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case **D₂** will be 30;

Dealers	the Issuer, Investec Bank, PSG Capital and/or any other entity appointed as Dealer by the Issuer, which appointment may be for a specific issue or on an ongoing basis;
Default Rate	in relation to a Tranche of Notes, the default rate referred to in Condition 8.5 (<i>Accrual of Interest</i>) and specified as such in the Applicable Pricing Supplement;
Dual Currency Notes	Notes which pay interest and/or principal in a base currency and in a non-base currency, as indicated in the Applicable Pricing Supplement;
Early Redemption Amount	in relation to a Tranche of Notes, the amount, as set out in Condition 10.8 (<i>Early Redemption Amounts</i>), at which the Notes will be redeemed by the Issuer, pursuant to the provisions of Conditions 10.2 (<i>Redemption for Tax Reasons</i>), 10.3 (<i>Redemption at the option of the Issuer</i>), 10.4 (<i>Redemption at the option of the Senior Noteholders</i>), 10.5 (<i>Redemption in the event of a Change of Control</i>), Condition 10.6 (<i>Redemption in the event of a failure to maintain JSE listing, NSX listing and/or Rating</i>), and/or Condition 16 (<i>Events of Default</i>);
EBITDA	the consolidated operating profit of the Group as set out in the audited annual financial statements of the Group: <ul style="list-style-type: none"> (a) before deducting any interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments whether paid, payable or capitalised by any member

of the Group;

- (b) not including any accrued interest owing to any member of the Group;
- (c) before taxation; and
- (d) after adding back any amount attributable to the amortisation or depreciation of assets of members of the Group,

in each case, to the extent added, deducted or taken into account, as the case may be;

Encumbrances	any mortgage, pledge, lien, hypothecation, assignment, cession <i>in securitatem debiti</i> , deposit by way of security or any other agreement or arrangement (whether conditional or not and whether relating to existing or to future assets), having the effect of providing a security interest to a creditor or any agreement or arrangement to give any form of a secured claim to a creditor but excluding statutory preferences, any security interest arising by operation of law and for the avoidance of doubt, any guarantee;
Event of Default	in relation to a Series of Notes, any of the events described in Condition 16 (<i>Events of Default</i>);
Exchangeable Notes	Notes which may be redeemed by the Issuer in the manner indicated in the Applicable Pricing Supplement by the delivery to the Noteholders of cash or of so many of the Exchange Securities as is determined in accordance with the Applicable Pricing Supplement;
Exchange Period	in relation to a Tranche of Exchangeable Notes, in respect of Exchangeable Notes to which the Noteholders' Exchange Right applies (as indicated in the Applicable Pricing Supplement), the period indicated in the Applicable Pricing Supplement during which such right may be exercised;
Exchange Price	in relation to a Tranche of Exchangeable Notes, 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 an Exchangeable Note will be determined;
Exchange Securities	in relation to a Tranche of Exchangeable Notes, the securities indicated in the Applicable Pricing Supplement which may be delivered by the Issuer in redemption of the Exchangeable Notes to the value of the Exchange Price;
Extraordinary Resolution	a resolution passed at a meeting (duly convened) of the Noteholders, as contemplated in Condition 20 (<i>Meetings of Noteholders</i>) or, as the case may be, by a majority consisting of not less than 75% (seventy five percent) of the Persons voting at such meeting upon a show of hands or if a poll be duly demanded then by a majority consisting of not less than 75% (seventy five percent) of the votes given on such poll;
Final Broken Amount	in relation to a Tranche of Fixed Rate Notes, the final broken amount specified as such in the Applicable Pricing Supplement;
Final Redemption Amount	in relation to a Tranche of Notes, the amount of principal specified in the Applicable Pricing Supplement payable in respect of such Tranche of Notes upon the Maturity Date;
Financial Exchange	the JSE, the NSX and/or such other Financial Exchange(s) as may be determined by the Issuer and the relevant Dealer(s), subject to Applicable Laws, and upon which the Notes are listed as specified in

	the Applicable Pricing Supplement;
Financial Indebtedness	means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of: <ul style="list-style-type: none"> (a) before deducting any interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments whether paid, payable or capitalised by any member of the Group; (b) amounts raised by acceptance under any acceptance credit facility; (c) amounts (raised under any note purchase facility); (d) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with the applicable law and generally accepted accounting principles, be treated as finance and capital leases; (e) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 90 (ninety) days; and (f) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;
Fixed Coupon Amount	in relation to a Tranche of Fixed Rate Notes (where applicable), the amount specified as such in the Applicable Pricing Supplement;
Fixed Interest Payment Date	in relation to a Tranche of Fixed Rate Notes, the date(s) specified as such in the Applicable Pricing Supplement;
Fixed Interest Period	in relation to a Tranche of Fixed Rate Notes, the period from (and including) a Fixed Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Fixed Interest Payment Date or as otherwise indicated in the Applicable Pricing Supplement;
Fixed Rate Notes	Notes which will bear interest at the Fixed Rate of Interest, as indicated in the Applicable Pricing Supplement;
Fixed Rate of Interest	in relation to a Tranche of Fixed Rate Notes, the fixed rate of interest specified as such in the Applicable Pricing Supplement;
Floating Rate Notes	Notes which will bear interest at a Floating Rate as indicated in the Applicable Pricing Supplement and more fully described in Condition 8.2 (<i>Floating Rate Notes and Indexed Interest Notes</i>);
Floating Rate	in relation to a Tranche of Floating Rate Notes, the floating rate of interest specified as such in the Applicable Pricing Supplement;
Group	the Issuer and each of its Subsidiaries and any other company or entity from time to time whose financial results are consolidated with the financial results of the Issuer in accordance with IFRS;
Higher Redemption Amount	in relation to a Tranche of Notes, the higher redemption amount specified as such in the Applicable Pricing Supplement;
Holding Company	in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary;
IFRS	the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended, supplemented or re-issued

	from time to time);
Implied Yield	in relation to a Tranche of Zero Coupon Notes, the yield accruing on the Issue Price of such Notes, as specified in the Applicable Pricing Supplement;
Indexed Interest Notes	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;
Index-Linked Notes	Indexed Interest Notes and/or Indexed Redemption Amount Notes, as applicable and as indicated in the Applicable Pricing Supplement;
Indexed Redemption Amount Notes	Notes in respect of which the Final Redemption Amount is calculated by reference to an index and/or a formula as may be indicated in the Applicable Pricing Supplement;
Individual Certificate	a Note in the definitive registered form of a single certificate and being a certificate exchanged for Beneficial Interest in accordance with Condition 12 (<i>Exchange of Beneficial Interests in relation to SA Notes and Replacement of Individual Certificates</i>) and any further certificate issued in consequence of a transfer thereof;
Initial Broken Amount	in relation to a Tranche of Fixed Rate Notes, the initial broken amount specified as such in the Applicable Pricing Supplement;
Instalment Amount	in relation to a Tranche of Instalment Notes, the amount expressed (in the Applicable Pricing Supplement) as a percentage of the Nominal Amount of an Instalment Note, being an instalment of principal (other than the final instalment) on an Instalment Note;
Instalment Notes	Notes issued on the same date but redeemed in Instalment Amounts by the Issuer on an amortised basis on different Instalment Dates, as indicated in the Applicable Pricing Supplement;
Instalment Dates	in relation to a Tranche of Instalment Notes, the dates specified as such in the Applicable Pricing Supplement;
Interest Amount	in relation to a Tranche of Notes, the amount of interest payable in respect of the Nominal Amount of Notes, other than Zero Coupon Notes, as determined by the Calculation Agent in accordance with Condition 8 (<i>Interest</i>);
Interest Commencement Date	in relation to a Tranche of Notes (where applicable) the first date from which interest on the Notes, other than Zero Coupon Notes, will accrue, as specified in the Applicable Pricing Supplement;
Interest Determination Date	in relation to a Tranche of Notes, the date specified as such in the Applicable Pricing Supplement;
Interest Payment Date	in relation to a Tranche of Notes, the Interest Payment Date(s) specified in the Applicable Pricing Supplement or, if no express Interest Payment Date(s) is/are specified in the Applicable Pricing Supplement, the last day of the Interest Period commencing on the preceding Interest Payment Date, or, in the case of the first Interest Payment Date, commencing on the Interest Commencement Date;
Interest Period	in relation to a Tranche of Notes, each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;
Interest Rate and Rate of Interest	in relation to a Tranche of Notes, the rate or rates of interest applicable to Notes other than Zero Coupon Notes as indicated in the Applicable Pricing Supplement;
Interest Rate Market of the JSE	the separate platform or sub-market of the JSE designated as the " <i>Interest Rate Market</i> ", or such other platform or submarket designated by the JSE from time to time, and on which Notes (and

	other debt securities) may be listed;
Investec Bank	Investec Bank Limited (Registration Number 1969/004763/06), a public company with limited liability duly incorporated in accordance with the laws of South Africa;
ISDA	the International Swaps and Derivatives Association Inc.;
ISDA Credit Derivatives Definitions	in relation to a Tranche of Credit-Linked Notes (subject to Part B Item A (<i>Incorporation of the ISDA Credit Derivatives Definitions</i>) subparagraph 1 of the Applicable Pricing Supplement), the 2003 ISDA Credit Derivatives Definitions published by ISDA, as supplemented by (i) the May 2003 Supplement (published by ISDA) to the aforesaid 2003 ISDA Credit Derivatives Definitions, (ii) the 2009 ISDA Credit Derivatives Determinations Committee and Auction Settlement Supplement (published by ISDA) to the aforesaid 2003 ISDA Credit Derivatives Definitions, and (iii) each other Supplement (published by ISDA from time to time) to the aforesaid 2003 ISDA Credit Derivatives Definitions;
ISDA Definitions	the 2006 ISDA Definitions published by ISDA (as amended, supplemented, revised or republished from time to time) as specified in the Applicable Pricing Supplement;
ISIN	the International Securities Identification Number as specified in the Applicable Pricing Supplement;
Issue Date	in relation to a Tranche of Notes, the date specified as such in the Applicable Pricing Supplement;
Issue Price	in relation to a Tranche of Notes, the price specified as such in the Applicable Pricing Supplement;
Issuer	Bank Windhoek Limited (Registration Number 79/081), a public company with limited liability duly incorporated in accordance with the company laws of the Republic of Namibia;
JSE	the JSE Limited (Registration Number 2005/022939/06), a public company with limited liability incorporated in accordance with the laws of South Africa and a licensed financial exchange in terms of the South African Financial Markets Act or any exchange which operates as a successor exchange to the JSE;
Last Day to Register	with respect to a particular Tranche of Notes (as specified in the Applicable Pricing Supplement), the last date or dates preceding a Payment Day on which the Transfer Agent will accept Transfer Forms and record the transfer of Notes may be recorded in the relevant Register for that particular Tranche of Notes and whereafter the Register is closed for further transfers or entries until the Payment Day;
Mandatory Exchange	in relation to a Tranche of Exchangeable Notes, the mandatory exchange specified as such in the Applicable Pricing Supplement;
Margin	in relation to a Tranche of Notes (where applicable), the margin specified as such in the Applicable Pricing Supplement;
Material Subsidiary	any Subsidiary (i) of which the Issuer owns more than 50% (fifty percent) of the ordinary shares and (ii) which represents at least 10% (ten per cent.) of the total assets of the Issuer or which contributes towards at least 10% (ten per cent.) of the Group's EBITDA as published in the Issuer's latest audited financial statements;
Maturity Date	in relation to a Tranche of Notes, the date specified as such in the Applicable Pricing Supplement;
Minimum	in relation to a Tranche of Notes, the minimum redemption amount

Redemption Amount	specified as such in the Applicable Pricing Supplement;
Mixed Rate Notes	Notes which will bear interest over respective periods at differing Interest Rates applicable to any combination of Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Index-Linked Notes or Other Notes, each as indicated in the Applicable Pricing Supplement and as more fully described in Condition 8.4 (<i>Mixed Rate Notes</i>);
NACA	nominal annual compounded annually;
NACM	nominal annual compounded monthly;
NACQ	nominal annual compounded quarterly;
NACS	nominal annual compounded semi-annually;
NAD	the lawful currency of Namibia, being the Namibia Dollar, or any successor currency;
Namibia	the Republic of Namibia;
Namibian Banking Institutions Act	the Namibian Banking Institutions Act, 1998;
Namibian Companies Act	the Namibian Companies Act, 2004;
Namibian Exchange Control Regulations	the Namibian Exchange Control Regulations, 1961;
Namibian Income Tax Act	the Namibian Income Tax Act, 1981;
NAM Notes	secured or unsecured, listed or unlisted notes issued under the Programme in Namibia;
Nominal Amount	in relation to any Note, the total amount, excluding interest and any adjustments on account of any formula, owing by the Issuer under the Note as determined on Issue Date;
Noteholders	the registered holders of the Notes as recorded in the relevant Register;
Noteholders' Exchange Right	in relation to a Tranche of Exchangeable Notes, if indicated as applicable in the Applicable Pricing Supplement, the right of Noteholders of Exchangeable Notes to elect to receive delivery of the Exchange Securities in lieu of cash from the Issuer upon redemption of such Notes;
Notes	SA Notes and/or NAM Notes in the form of Senior or Subordinated Notes;
Outstanding	in relation to the Notes, all the Notes issued under the Programme (including all Notes issued under the Programme pursuant to the Previous Programme Memorandum) other than: <ul style="list-style-type: none"> (a) those which have been redeemed in full; (b) those in respect of which the date for redemption in accordance with the Terms and Conditions has occurred and the redemption moneys wherefor (including all interest (if any) accrued thereon to the date for such redemption and any interest (if any) payable under the Terms and Conditions after such date) remain available for payment against presentation of Individual Certificates (if any); (c) those which have been purchased and cancelled as provided in Condition 10 (<i>Redemption and Purchase</i>); (d) those which have become prescribed under Condition 15

(Prescription);

- (e) those represented by mutilated or defaced Individual Certificates which have been surrendered in exchange for replacement Individual Certificates pursuant to Condition 12 (*Exchange of Beneficial Interests in relation to SA Notes and Replacement of Individual Certificates*);
- (f) (for the purpose only of determining how many Notes are Outstanding and without prejudice to their status for any other purpose) those Notes represented by Individual Certificates alleged to have been lost, stolen or destroyed and in respect of which replacement Individual Certificates have been issued pursuant to Condition 12 (*Exchange of Beneficial Interests in relation to SA Notes and Replacement of Individual Certificates*),

provided that for each of the following purposes:

- (i) the right to attend and vote at any meeting of the Noteholders; and
- (ii) the determination of how many and which Notes are for the time being Outstanding for the purposes of Conditions 19 (*Amendment of these Conditions*) and 20 (*Meetings of Noteholders*),

all Notes (if any) which are for the time being held by the Issuer (subject to any Applicable Law) or by any person for the benefit of the Issuer and not cancelled shall (unless and until ceasing to be so held) be deemed not to be Outstanding;

Optional Redemption Amount	in relation to a Tranche of Notes, the optional redemption amount specified as such in the Applicable Pricing Supplement;
Partly Paid Notes	Notes which are issued with the Issue Price partly paid and which Issue Price is paid up fully by the Noteholder in instalments as indicated in the Applicable Pricing Supplement;
Paying Agent	Nedbank Investor Services, unless the Issuer elects to appoint another entity as Paying Agent, in which event that other entity shall act as a Paying Agent in respect of that Tranche or Series of Notes, as indicated in the Applicable Pricing Supplement;
Payment Day	any day which is a Business Day and upon which a payment is due by the Issuer in respect of the Notes;
Permitted Encumbrance	<ul style="list-style-type: none">(a) any Encumbrance existing as at the date of the Applicable Pricing Supplement; or(b) any Encumbrance with regard to receivables of the Issuer or a Material Subsidiary which is created pursuant to any securitisation scheme, asset-backed financing or like arrangement in accordance with normal market practice and whereby the Indebtedness is limited to the value of such receivable; or(c) any Encumbrance created over any asset to be acquired, purchased, developed or constructed by the Issuer after the Programme Date (including any Encumbrance over shares or other ownership interests in, or securities of, any Person, acquired, subscribed for by the Issuer after the Programme Date, or the assets of such company or Person), if such Encumbrance was created for the purpose of financing or refinancing that asset by the Issuer, provided that the

	<p>Indebtedness so secured shall not exceed the <i>bona fide</i> arm's length market value (on or about the date of the creation of such Encumbrance) of that asset or the cost of the acquisition, purchase, development or construction of that asset by the Issuer (including all interest and other finance charges, adjustments due to changes in circumstances and other charges reasonably incidental to such cost, whether contingent or otherwise) and where such market value and such cost both apply, the higher of the two; or</p> <p>(d) any Encumbrance over deposit accounts securing a loan equal to the amounts standing to the credit of such deposit accounts, including any cash management system; or</p> <p>(e) any Encumbrance created in the ordinary course of business; or</p> <p>(f) in addition to any Encumbrance referred to in (a) to (e) above, any Encumbrance securing in aggregate not more than an amount equal to 10% (ten percent) of the total assets of the Issuer as published in the latest audited financial statements of the Issuer at any time;</p>
Person	shall be construed as a reference to any Person, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing;
Previous Programme Memorandum	the programme memorandum dated 28 June 2010 in relation to the Programme;
Programme	Bank Windhoek Limited ZAR5,000,000,000 / NAD5,000,000,000 Note Programme under which the Issuer may from time to time issue Notes;
Programme Amount	the maximum aggregate outstanding Nominal Amount of all of the Notes that may be issued under the Programme at any one point in time being is the equivalent of ZAR5,000,000,000 or NAD5,000,000,000 in respect of both SA Notes and NAM Notes or such increased amount as is determined by the Issuer from time to time, subject to the Applicable Procedures, Applicable Laws and the Programme Agreement, as set out in the section of this Programme Memorandum headed " <i>General Description of the Programme</i> ";
Programme Date	the date of this Programme Memorandum being 12 November 2013;
PSG Capital	PSG Capital Proprietary Limited (Registration Number 2006/015817/07), a private company incorporated in accordance with the laws of South Africa;
Rating	in relation to the Issuer and/or the Programme and/or a Tranche of Notes (where applicable), as the case may be, the rating of the Issuer and/or the Programme and/or the Tranche of Notes, as the case may be, by the Rating Agency, specified in the Applicable Pricing Supplement;
Rating Agency	Global Credit Rating Co. Proprietary Limited (GCR), Standard & Poor's Ratings Services (S&P), Moody's Investors Service Limited (Moody's) or Fitch Southern Africa Proprietary Limited (Fitch), as the case may be, and their successors or any other rating agency of equivalent international standing, as the case may be, and as specified in the Applicable Pricing Supplement (if applicable) and/or notified to Noteholders pursuant to Condition 18 (<i>Notices</i>);
Redemption Date	in relation to a Tranche of Notes, the date upon which the Notes are redeemed by the Issuer, whether by way of redemption or maturity in

	terms of Condition 10.1 (<i>Redemption at Maturity</i>) or redemption for tax reasons in terms of Condition 10.2 (<i>Redemption for Tax Reasons</i>), as the case may be;
Reference Banks	(a) in respect of SA Notes, the leading banks in the South African inter-bank market selected by the Calculation Agent; or (b) in respect of NAM Notes, the leading banks in the Namibia inter-bank market selected by the Calculation Agent;
Reference Entity	as specified in the Applicable Pricing Supplement in relation to Credit-Linked Notes;
Reference Obligation	as specified in the Applicable Pricing Supplement in relation to Credit-Linked Notes;
Reference Price	in relation to a Tranche of Zero Coupon Notes (where applicable), the price specified as such in the Applicable Pricing Supplement;
Reference Rate	in relation to a Tranche of Floating Rate Notes (where applicable), the rate specified as such in the Applicable Pricing Supplement;
Regulatory Capital	"Tier 1 Capital" (also known as "core capital" or "primary capital"), "Tier 2 Capital" (also known as "supplementary capital"), "Tier 3 Capital" (also known as "tertiary capital") each as defined in the regulations made under the Namibian Banking Institutions Act, 1998, or as may otherwise apply from time to time;
Regular Period	(a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date; (b) in the case Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "Regular Date" means the day and the month (but not the year) on which any Interest Payment Date falls; and (c) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "Regular Date" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;
Relevant Date	in relation to a Tranche of Notes, the date on which such payment first becomes due, except that, in relation to monies payable to the CSD in accordance with these Terms and Conditions, it means the first date on which (i) the full amount of such monies have been received by the CSD, (ii) such monies are available for payment to the holders of Beneficial Interests and (iii) notice to that effect has been duly given to such holders in accordance with the Applicable Procedures;
Relevant Debt	any present or future indebtedness of the Issuer in the form of, or represented by any bond, note or debenture issued by the Issuer and listed on a financial or stock exchange but excluding: (a) any indebtedness incurred pursuant to any securitisation scheme or like arrangement; or

	(b) any option or warrant in respect of any share or index; or
	(c) any written acknowledgement of indebtedness issued by the Issuer to the SARB;
Relevant Participant	in respect of the SA Notes, a person authorised by the CSD as a participant in terms of section 31 of the South African Financial Markets Act or in relation to NAM Notes, a person who is approved by the NSX in terms of the listing requirements of the NSX as a Settlement Agent to perform settlement of funds and scrip;
relevant Register	the relevant register of Noteholders in respect of the SA Notes or NAM Notes, as the case may be, maintained by the relevant Transfer Agent in terms of Condition 13 (<i>Register</i>), including any Uncertificated Securities Register, as the case may be;
Relevant Screen Page	in relation to a Tranche of Floating Rate 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 Transfer Agent	in respect of SA Notes or NAM Notes, Bank Windhoek Limited or such other entity appointed by the Issuer as the relevant Transfer Agent in which event that other entity shall act as a Transfer Agent, as specified in the Applicable Pricing Supplement;
Representative	a Person duly authorised to act on behalf of a Noteholder, the relevant Transfer Agent or the Paying Agent, as the case may be, who may be regarded by the Issuer (acting in good faith) as being duly authorised based upon the tacit or express representation thereof by such Representative, in the absence of express notice to the contrary from such Noteholder, the relevant Transfer Agent and the Paying Agent;
SA Notes	secured or unsecured, listed or unlisted notes issued under the Programme in South Africa;
Senior Noteholders	the Noteholders of Senior Notes;
Senior Notes	Notes issued with the status and characteristics set out in Condition 5 (<i>Status of Senior Notes</i>), as indicated in the Applicable Pricing Supplement;
Series	a Tranche of Notes together with any further Tranche or Tranches of Notes which are: <ul style="list-style-type: none"> (a) expressed to be consolidated and form a single series; and (b) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices;
Settlement Agent	a Relevant Participant, approved by the JSE or NSX, as the case may be, in terms of the debt listings requirements of the JSE or the listing requirements of the NSX, as the case may be, to perform settlement of both funds and scrip on behalf of market participants;
South Africa	the Republic of South Africa;
South African Banks Act	the South African Banks Act, 1990;
South African	in relation to SA Notes, the South African Commercial Paper

Commercial Paper Regulations	Regulations of 14 December 1994 issued pursuant to paragraph (cc) of the definition of “ <i>the business of a bank</i> ” in the SA Banks Act, set out in Government Notice 2172 and published in Government Gazette 16167 of 14 December 1994;
South African Exchange Control Regulations	the South African Exchange Control Regulations, 1961, promulgated pursuant to the South African Currency and Exchanges Act, 1933;
South African Financial Markets Act	the South African Financial Markets Act, 2012;
South African Income Tax Act	South African Income Tax Act, 1962;
Specified Currency	in relation to each Note in a Tranche of Notes, subject to all Applicable Laws, the currency specified in the Applicable Pricing Supplement;
Specified Denomination	in relation to each Note in a Tranche of Notes, the amount specified as such in the Applicable Pricing Supplement;
Specified Office	the office of the Transfer Agent, the Paying Agent and/or the Calculation Agent as specified in the Applicable Pricing Supplement;
Subordinated Indebtedness	in the event of the dissolution of the Issuer or if the Issuer is wound up or placed in liquidation, or is subject to business rescue proceedings (or judicial management (if applicable)), any indebtedness of the Issuer, including any guarantee by the Issuer, under which the right of payment of the person(s) entitled thereto is, or is expressed to be, or is required by any present or future agreement of the Issuer to be, subordinated to the rights of all unsubordinated creditors of the Issuer;
Subordinated Notes	Notes issued with the status and characteristics set out in Condition 6 (<i>Status and Characteristics of Subordinated Notes</i>), as indicated in the Applicable Pricing Supplement;
Subsidiary	(a) in respect of SA Notes, a subsidiary company as defined in section 1(3) of the South African Companies Act; and/or (b) in respect of the NAM Notes, a subsidiary company as defined in section 1(3) of the Namibian Companies Act;
Sub-unit	with respect to any currency, the lowest amount of such currency that is available as legal tender in the country of such currency;
Terms and Conditions	the terms and conditions incorporated in this section headed “ <i>Terms and Conditions of the Notes</i> ” and in accordance with which the Notes will be issued;
Tranche	in relation to any particular Series, all Notes which are identical in all respects (including as to listing);
Transfer Form	the written form for the transfer of a Note, in the form approved by the relevant Transfer Agent, and signed by the transferor and transferee;
Uncertificated Securities Register	in respect of SA Notes, an uncertificated securities register as contemplated in section 1 of the South African Companies Act;
Wholly Owned Subsidiary	a wholly owned subsidiary as defined in Section 3(1) of the South African Companies Act and 1(7) of the Namibian Companies Act;
ZAR	the lawful currency of South Africa, being South African Rand, or any successor currency;
ZAR-JIBAR-SAFEX	in respect of SA Notes, the mid-market rate for deposits in ZAR for a period of the Designated Maturity (as indicated in the Applicable

Pricing Supplement) that appears on the Reuters Screen SAFEX Page as at 11h00, Johannesburg time on the relevant date; and

Zero Coupon Notes

Notes which will be offered and sold at a discount to their Nominal Amount or at par and will not bear interest other than in the case of late payment, as indicated in the Applicable Pricing Supplement.

2. ISSUE

- 2.1. Subject to the prior consent of the Bank of Namibia (to the extent required), 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 pursuant to the Programme, provided that the aggregate Outstanding Nominal Amount of all of the Notes issued under the Programme from time to time (including all Notes issued under the Programme pursuant to the Previous Programme Memorandum) 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 a Tranche of Notes which are the Terms and Conditions, as revoked, amended and/or supplemented by the terms and conditions of that Tranche of Notes set out in the Applicable Pricing Supplement relating to that Tranche of Notes.
- 2.3. Each Note, may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index-Linked Note, a Dual Currency Note, a Mixed Rate Note, a Credit Linked Note or such combination of any of the foregoing or such other type of Note as may be determined by the Issuer and specified in the relevant Applicable Pricing Supplement.
- 2.4. All payments in relation to the Notes will be made in the Specified Currency. Each Note will be issued in the Specified Denomination.
- 2.5. The Terms and Conditions of a Tranche of Notes are incorporated by reference into the Individual Certificate(s) (if any) representing the Notes in that Tranche. The Applicable Pricing Supplement relating to a Tranche of Notes issued in certificated form will be attached to the Individual Certificate(s) representing the Notes in that Tranche.

3. FORM AND DENOMINATION

3.1. General

- 3.1.1 A Tranche of Notes may be issued in the form of listed or unlisted registered Notes, as specified in the Applicable Pricing Supplement.
- 3.1.2 A Tranche of SA Notes may be listed on the Interest Rate Market of the JSE or on such other Financial Exchange(s) as may be determined by the Issuer and the Dealer(s), subject to any Applicable Laws and Applicable Procedures.
- 3.1.3 A Tranche of NAM Notes may be listed on the NSX or on such other Financial Exchange(s) as may be determined by the Issuer and the Dealer(s), subject to any Applicable Laws and Applicable Procedures.
- 3.1.4 Unlisted Notes may also be issued under the Programme subject to the Applicable Laws. The Applicable Pricing Supplement will specify whether or not a Tranche of Notes will be listed and, if so, the Financial Exchange on which such Tranche of Notes will be listed.

3.2. Registered Notes

- 3.2.1. A Tranche of Notes will be issued in certificated form or in the case of SA Notes uncertificated form, as contemplated in Condition 3.2.2 (*Notes issued in certificated form*) and Condition 3.2.3 (*SA Notes issued in uncertificated form*) as specified in the Applicable Pricing Supplement. Each Tranche of SA Notes which is listed on the Interest Rate Market of the JSE whether issued in certificated form or uncertificated form, will be held in the CSD, as contemplated in Conditions 3.2.2 (*Notes issued in certificated form*) and Condition 3.2.3 (*SA Notes issued in uncertificated form*) respectively. A Tranche of unlisted SA Notes may also be held in the CSD, as contemplated in Condition 3.2.4 (*Beneficial Interests in SA Notes held in the CSD*).

3.2.2. *Notes issued in certificated form*

All unlisted SA Notes or NAM Notes, as the case may be, issued in certificated form will be represented by Individual Certificates.

3.2.3. *SA Notes issued in uncertificated form*

A Tranche of SA Notes which is listed on the Interest Rate Market of the JSE may, subject to Applicable Laws and Applicable Procedures, be issued in uncertificated form in terms of section 33 of the South African Financial Markets Act. SA Notes issued in uncertificated form will be held in the CSD. SA Notes issued in uncertificated form will not be represented by any certificate or written instrument. A SA Note which is represented by an Individual Certificate may be replaced by uncertificated securities in terms of section 33 of the South African Financial Markets Act.

3.2.4. *Beneficial Interests in SA Notes held in the CSD*

- (a) A Tranche of SA Notes which is listed on the Interest Rate Market of the JSE will be issued in uncertificated form and held in the CSD. A Tranche of unlisted SA Notes may also be held in the CSD.
- (b) The CSD will hold SA Notes subject to the Applicable Laws and the Applicable Procedures.
- (c) All amounts to be paid and all rights to be exercised in respect of SA Notes held in the CSD will be paid to and may be exercised only by the CSD's Nominee, for the holders of Beneficial Interests in such SA Notes.
- (d) A holder of a Beneficial Interest shall only be entitled to exchange such Beneficial Interest for SA Notes represented by an Individual Certificate in accordance with Condition 12 (*Exchange of Beneficial Interests in relation to SA Notes and Replacement of Individual Certificates*).

3.2.5. ***Recourse to the BESA Guarantee Fund Trust***

The holders of SA Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the JSE or the BESA Guarantee Fund Trust. Claims against the BESA Guarantee Fund Trust may only be made in respect of the trading of SA Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the BESA Guarantee Fund Trust. Unlisted Notes, whether SA Notes or NAM Notes, are not regulated by the JSE.

4. TITLE

4.1. Notes issued in certificated form

- 4.1.1. Each holder of Notes represented by an Individual Certificate will be named in the relevant Register as the registered holder of such Notes
- 4.1.2. Title to Notes represented by an Individual Certificate will pass upon registration of transfer in the relevant Register in accordance with Condition 14.2 (*Transfer of Notes represented by Individual Certificates*).
- 4.1.3. The Issuer, the relevant Transfer Agent and the Paying Agent shall recognise a Noteholder as the sole and absolute owner of the Notes registered in that Noteholder's name in the relevant 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 relevant Register or to take notice of or to accede to the execution of any trust, express, implied or constructive, to which any Note may be subject.

4.2. **SA Notes issued in uncertificated form**

The CSD's Nominee will be named in the relevant Register as the registered holder of each Tranche of SA Notes which is issued in uncertificated form.

4.3. **Beneficial Interests in SA Notes held in the CSD**

- 4.3.1. While a Tranche of SA Notes is held in the CSD, the CSD's Nominee (in respect of SA Notes), will be named in the relevant Register as the sole Noteholder of the SA Notes in that Tranche.
- 4.3.2. Beneficial Interests which are held by Relevant Participants will be held directly through the CSD, and the CSD will hold such Beneficial Interests, on behalf of Relevant Participants, through the central securities accounts maintained by the CSD for Relevant Participants.
- 4.3.3. Beneficial Interests which are held by clients of Relevant Participants will be held indirectly through Relevant Participants, and Relevant Participants will hold such Beneficial Interests, on behalf of such clients, through the securities accounts maintained by Relevant Participants for such clients. The clients of Relevant Participants may include the holders of Beneficial Interests or their custodians. The clients of Relevant Participants, as the holders of Beneficial Interests or as custodians for such holders, may exercise their rights in respect of the SA Notes held by them in the CSD only through their Relevant Participants.
- 4.3.4. In relation to each Person shown in the records of the CSD or the Relevant Participant, as the case may be, as the holder of a Beneficial Interest in a particular Nominal Amount of SA Notes, a certificate or other document issued by the CSD or the Relevant Participant, as the case may be, as to the aggregate Nominal Amount of such SA Notes standing to the account of such Person shall be prima facie proof of such Beneficial Interest. The CSD's Nominee or (as the registered holder of such SA Notes named in the relevant Register), will be treated by the Issuer, the Paying Agent, the relevant Transfer Agent and the Relevant Participant as the holder of that aggregate Nominal Amount of such SA Notes for all purposes.
- 4.3.5. Beneficial Interests in SA Notes may be transferred only in accordance with the Applicable Procedures. Such transfers will not be recorded in the relevant Register and the CSD's Nominee will continue to be reflected in the relevant Register as the registered holder of such SA Notes, notwithstanding such transfers.
- 4.3.6. Any reference in the Terms and Conditions to the Relevant Participant shall, in respect of a Beneficial Interest, be a reference to the Relevant Participant appointed to act as such by the holder of such Beneficial Interest.

5. **STATUS OF SENIOR NOTES**

Senior Notes are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* and rateably without any preference among themselves and (save for certain debts required to be preferred by law) equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding.

6. **STATUS AND CHARACTERISTICS OF SUBORDINATED NOTES**

- 6.1. Subordinated Notes constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and subject to Conditions 8.1.2 (*Fixed Rate Notes*) and 8.2.2 (*Deferral of Principal and Interest in respect of Capital Notes*) as applicable, and subject to the Capital Regulations applicable to the relevant Capital Notes, rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and subordinated obligations of the Issuer, save for those which have been accorded preferential rights by law, or as otherwise set out in the Applicable Pricing Supplement. The payment obligations of the Issuer in respect of Subordinated Notes the proceeds of which are intended to qualify as Regulatory Capital shall rank in accordance with the provisions of the regulations made under the Namibian Banking Institutions Act as set out in the Applicable Pricing Supplement relating to such Notes.

6.2. Subject to Applicable Law, in the event of the dissolution of the Issuer or if the Issuer is placed into liquidation or wound-up, the claims of the persons entitled to payment of amounts due in respect of the Subordinated Notes, shall be subordinated to all other claims in respect of any other indebtedness of the Issuer except for other Subordinated Indebtedness, to the extent that, in any such event, and provided as aforesaid, no amount shall be eligible for setting-off or shall be payable to any or all of the persons entitled to payment of amounts due in respect of the Subordinated Notes in respect of the obligations of the Issuer thereunder until all other indebtedness of the Issuer which is admissible in any such dissolution, insolvency, winding-up or business rescue (or judicial management (if applicable)) (other than Subordinated Indebtedness) has been paid or discharged in full.

6.3. **Capital Regulations and Additional Conditions**

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

7. NEGATIVE PLEDGE

7.1. For as long as any Tranche of the Senior Notes remains Outstanding, the Issuer undertakes that it, and any Material Subsidiary, shall not create or permit the creation of any Encumbrances other than Permitted Encumbrances over any of their present or future business undertakings, assets or revenues to secure any present or future Relevant Debt (save for those that have been accorded a preference by law) without at the same time securing all Senior Notes equally and rateably with such Relevant Debt or providing such other security or arrangement as may be approved by Extraordinary Resolution of the Senior Noteholders, unless the provision of any such security is waived by an Extraordinary Resolution of the Senior Noteholders.

7.2. The Issuer shall be entitled, but not obliged, to form, or procure the formation of, a trust or special purpose company (or more than one), or appoint, or procure the appointment of, an agent or agents to hold any such rights of security for the benefit or on behalf of such Noteholders.

8. INTEREST

8.1. **Fixed Rate Notes**

8.1.1. Each Fixed Rate Note bears interest on its outstanding Nominal Amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date to (and excluding) the next Fixed Interest Payment Date as specified in the Applicable Pricing Supplement at the rate(s) per annum equal to the Fixed Rate of Interest so specified in the Applicable Pricing Supplement, payable in arrears on the Fixed Interest Payment Dates in each year up to and including the Maturity Date.

8.1.2. In accordance with the Capital Regulations applicable to Capital Notes, the Issuer may have the right to defer the due date for payment of capital and/or interest in relation to Subordinated Notes the proceeds of which are intended to qualify as Regulatory Capital and the Issuer may have the right to elect not to pay interest in relation to Subordinated Notes the proceeds of which intended to qualify as Regulatory Capital, as further set out in the Applicable Pricing Supplement.

8.1.3. The first payment of interest will be made on the Fixed Interest Payment Date immediately following the Interest Commencement Date.

8.1.4. Except as provided in the Applicable Pricing Supplement, the amount of interest payable per Note on each Fixed Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount, provided that:

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

8.1.5. If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Fixed Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, as specified in the Applicable Pricing Supplement, and rounding the resultant figure to the nearest Sub-unit of the relevant Specified Currency, half such Sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

8.2. **Floating Rate Notes and Indexed Interest Notes**

8.2.1. *Interest Payment Dates*

Each Floating Rate Note and Indexed Interest Note bears interest on its outstanding Nominal Amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date specified in the Applicable Pricing Supplement, and such interest will be payable in arrears on the Interest Payment Date(s) in each year specified in the Applicable Pricing Supplement. Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

8.2.2. *Deferral of Principal and Interest in respect of Capital Notes*

In accordance with the Capital Regulations applicable to Capital Notes, the Issuer may have the right to defer the due date for payment of capital and/or interest in relation to Subordinated Notes the proceeds of which are intended to qualify as Regulatory Capital and the Issuer may have the right to elect not to pay interest in relation to Subordinated Notes the proceeds of which are intended to qualify as Regulatory Capital, as further set out in the Applicable Pricing Supplement.

8.2.3. *Rate of Interest*

The Rate of Interest payable from time to time in respect of the Floating Rate Notes and Indexed Interest Notes will be determined in the manner specified in the Applicable Pricing Supplement.

8.2.4. *Minimum and/or Maximum Rate of Interest*

If the Applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of any such Interest Period determined in accordance with the above provisions is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest. If the Applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of any such Interest Period determined in accordance with the above provisions is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

8.2.5. *Determination of Rate of Interest and Calculation of Interest Amount*

The Calculation Agent, in the case of Floating Rate Notes and Indexed Interest Notes will at, or as soon as is practicable after, each time at which the Rate of Interest is to be determined, determine the Rate of Interest and calculate the Interest Amount payable in respect of each Floating Rate Note and Indexed Interest Note in respect of each Specified Denomination for the relevant Interest Period, and the Calculation Agent shall notify the Issuer of the Rate of Interest for the relevant Interest Period as soon as is practicable after calculating the same. Each Interest Amount shall be calculated by applying the Rate of Interest to the Specified Denomination, multiplying such sum by the applicable Day Count Fraction and rounding the resultant figure to the nearest Sub-unit

of the relevant Specified Currency, half a Sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

8.2.6. *Interest Determination, Screen Rate Determination including Fallback Provisions*

Where ISDA Determination is specified in the Applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the Applicable Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph, **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by such agent as is specified in the Applicable Pricing Supplement under an interest rate swap transaction if that agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the most recent ISDA Definitions and under which:

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

For the purposes of the above sub-paragraph **Floating Rate, Floating Rate Option, Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions specified in the Applicable Pricing Supplement.

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

- (a) if the Relevant Screen Page is available,
 - (i) the offered quotation (if only one quotation appears on the Relevant Screen Page); or
 - (ii) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage per annum) for the Reference Rate which appears on the Relevant Screen Page as at 11h00 (or as otherwise specified in the Applicable Pricing Supplement) (Johannesburg time or Windhoek, as the case may be) on the Interest Rate Determination Date in question plus or minus (as indicated in the Applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations; or

- (b) if the Relevant Screen Page is not available or if, in the case of (i) above, no such offered quotation appears or, in the case of (ii) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph, the Calculation Agent shall request the principal Johannesburg or Windhoek office (as the case may be) of each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11h00 (Johannesburg time or Windhoek time, as the case may be) on the Interest Rate Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent; or

- (c) if the Rate of Interest cannot be determined by applying the provisions of (a) and (b) above, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks offered, at approximately 11h00 (Johannesburg time or Windhoek time, as the case may be) on the relevant Interest Rate Determination Date, deposits in an amount approximately equal to the Nominal Amount of the Notes of the relevant Series, for a period equal to that which would have been used for the Reference Rate to prime banks in the Johannesburg or Windhoek (as the case may be) inter-bank market plus or minus (as appropriate) the Margin (if any). If fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the Rate of Interest for the relevant Interest Period will be determined by the Calculation Agent as the arithmetic mean (rounded as provided above) of the rates for deposits in an amount approximately equal to the Nominal Amount of the Notes of the relevant Series, for a period equal to that which would have been used for the Reference Rate, quoted at approximately 11h00 (Johannesburg time or Windhoek time, as the case may be) on the relevant Interest Rate Determination Date, by the Reference Banks plus or minus (as appropriate) the Margin (if any). If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 8.2 (*Floating Rate Notes and Indexed Interest Notes*), the Rate of Interest shall be determined as at the last preceding Interest Rate Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

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

8.2.7. *Notification of Rate of Interest and Interest Amount*

The Issuer will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the JSE or the NSX, as the case may be, and the CSD and/or every other relevant exchange or authority as soon as possible after their determination but in any event no later than the 4th (fourth) Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to the JSE or the NSX, as the case may be, the CSD and/or every other relevant exchange or authority and to the Noteholders in accordance with Condition 18 (*Notices*).

8.2.8. *Certificates to be Final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 8.2 (*Floating Rate Notes and Indexed Interest Notes*), by the Calculation Agent shall (in the absence of wilful deceit, bad faith or manifest error or proven error) be binding on the Issuer and all Noteholders and in the absence as aforesaid no liability to the Issuer or the Noteholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

8.3. **Dual Currency Interest Notes**

In the case of Dual Currency Interest Notes, the Interest Rate or Interest Amount payable shall be determined in the manner specified in the Applicable Pricing Supplement.

8.4. **Mixed Rate Notes**

The Interest Rate payable from time to time on Mixed Rate Notes shall be the Interest Rate payable on the form of interest-bearing Note (be it a Fixed Rate Note, Floating Rate Note, Index-Linked Note, Dual Currency Note or Other Note) specified for each respective period, each as specified in the Applicable Pricing Supplement. During each such applicable period, the Interest Rate on the Mixed Rate Notes shall be determined and fall due for payment on the basis that such Mixed Rate Notes are Fixed Rate Notes, Floating Rate Notes, Index-Linked Notes, Dual Currency Notes or Other Notes, as the case may be.

8.5. **Accrual of Interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date of its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue at the Default Rate specified in the Applicable Pricing Supplement until the date on which all amounts due in respect of such Note have been paid, or, in respect of uncertificated SA Notes, the date on which the full amount of the money payable has been received by the CSD and/or the Relevant Participants and notice to that effect has been given to Noteholders in accordance with Condition 18 (*Notices*).

8.6. **Business Day Convention**

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

- (a) the **Floating Rate Business Day Convention**, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event: (i) such Interest Payment Date (or other date) shall be brought forward to the first preceding Business Day and (ii) each subsequent Interest Payment Date (or other date) shall be the last Business Day in the month which falls the number of months, or other period specified as the Interest Period in the Applicable Pricing Supplement, after the preceding applicable Interest Payment Date (or other date) has occurred; or
- (b) the **Following Business Day Convention**, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or
- (c) the **Modified Following Business Day Convention**, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date (or other such date) shall be brought forward to the first preceding Business Day; or
- (d) the **Preceding Business Day Convention**, such Interest Payment Date (or other date) shall be brought forward to the first preceding Business Day.

9. **PAYMENTS**

9.1. **General**

Payments of principal and/or interest on an Individual Certificate shall be made to the registered holder of such Note whether a SA Note or NAM Note, as the case may be, as set forth in the relevant Register on the close of business on the Last Day to Register (as specified in the Applicable Pricing Supplement). In addition to the above, in the case of a final redemption payment, the holder of the Individual Certificate shall be required, on or before the Last Day to Register prior to the Maturity Date, to surrender such Individual Certificate at the offices of the relevant Transfer Agent.

Payments of principal and/or interest in respect of uncertificated SA Notes will be made to the CSD in the name of and for the account of the CSD's Nominee / or the Relevant Participants, as shown in the relevant Register on the Last Day to Register, and the Issuer will be discharged of its payment obligations by proper payment in the name of and for the account of the CSD's Nominee / or the Relevant Participants, in respect of each amount so paid. Each

of the Persons shown in the records of the CSD and the Relevant Participants, as the case may be, shall look solely to the CSD or the Relevant Participant, as the case may be, for his share of each payment so made by the Issuer to the registered holder of such uncertificated SA Notes.

9.2. Method of Payment

Payments will be made in the Specified Currency by credit or transfer, by means of electronic settlement, to the Noteholder.

Payments will be subject in all cases to any fiscal or other laws, directives and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*).

If the Issuer is prevented or restricted directly or indirectly from making any payment by electronic funds transfer in accordance with the preceding paragraph (whether by reason of strike, lockout, fire, explosion, floods, riot, war, accident, act of God, embargo, legislation, shortage of or breakdown in facilities, civil commotion, unrest or disturbances, cessation of labour, Government interference or control or any other cause or contingency beyond the control of the Issuer), the Issuer shall make such payment by cheque marked "*not transferable*" (or by such number of cheques as may be required in accordance with applicable banking law and practice to make payment of any such amounts). Such payments by cheque shall be sent by post to the address of the Noteholder as set forth in the relevant Register or, in the case of joint Noteholders, the address set forth in the relevant Register of that one of them who is first named in the relevant Register in respect of that Note.

Each such cheque shall be made payable to the relevant Noteholder or, in the case of joint Noteholders, the first one of them named in the relevant Register. Cheques may be posted by ordinary post, provided that neither the Issuer, nor the Paying Agent shall be responsible for any loss in transmission and the postal authorities shall be deemed to be the agent of the Noteholders for the purposes of all cheques posted in terms of this Condition 9.2 (*Method of Payment*).

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

Payment will be subject in all cases to any fiscal or other laws, directives and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*).

9.3. Payment Day

If the date for payment of any amount in respect of any Note is not a Business Day and is not subject to adjustment in accordance with a Business Day Convention, the holder thereof shall not be entitled to payment until the next following Business Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

9.4. Interpretation of Principal and Interest

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- 9.4.1. any additional amounts which may be payable with respect to principal under Condition 11 (*Taxation*);
- 9.4.2. the Final Redemption Amount of the Notes or the Early Redemption Amount of the Notes, as the case may be;
- 9.4.3. the Optional Redemption Amount(s) (if any), as specified in the Applicable Pricing Supplement, of the Notes;
- 9.4.4. in relation to Instalment Notes, the Instalment Amounts;
- 9.4.5. in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 10.8.3); and

- 9.4.6. any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes, but excluding for the avoidance of doubt, interest.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 11 (*Taxation*).

10. REDEMPTION AND PURCHASE

10.1. Redemption at Maturity

10.1.1. *Redemption on the Maturity Date*

Subject, in the case of a Tranche of Credit-Linked Notes, to Condition 10.1.2 below, unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer in the Specified Currency at its Final Redemption Amount specified in, or determined in the manner specified in, the Applicable Pricing Supplement on the Maturity Date.

10.1.2. *Redemption of Credit-Linked Notes on the Maturity Date*

- (a) If, in relation to a Tranche of Credit-Linked Notes, a Credit Event or (if Grace Period Extension is specified in the Applicable Pricing Supplement) a Potential Failure to Pay, as the case may be, does not occur prior to the Maturity Date, that Tranche of Credit-Linked Notes will, unless previously redeemed or purchased and cancelled, be redeemed by the Issuer, at the Final Redemption Amount, on the Maturity Date.
- (b) If, in relation to a Tranche of Credit-Linked Notes, (A) a Credit Event (of which the Issuer is unaware) occurs on or prior to the Maturity Date or (B) (if Grace Period Extension is specified as applicable in the Pricing Supplement) a Potential Failure to Pay (of which the Issuer is unaware) occurs on or prior to the Maturity Date, as the case may be, and (C) the Issuer has paid the Final Redemption Amount to the relevant Noteholders, as contemplated in Condition 10.1.2 (*Redemption of Credit-Linked Notes on the Maturity Date*), the relevant Noteholders shall, forthwith upon demand by the Issuer, repay the Final Redemption Amount to the Issuer.
- (c) Capitalised terms and expressions used in this Condition 10.1.2 (*Redemption of Credit-Linked Notes on the Maturity Date*) which are not defined in Condition 1 (*Interpretation*) shall have the meanings given to such terms and expressions in the ISDA Credit Derivatives Definitions (as defined in Condition 1 (*Interpretation*)).

10.2. Redemption for Tax Reasons

- 10.2.1. Notes may be redeemed at the option of the Issuer at any time (in the case of Notes other than Floating Rate Notes, Indexed Interest Notes or Mixed Rate Notes having an Interest Rate then determined on a floating or indexed basis) or on any Interest Payment Date (in the case of Floating Rate Notes, Indexed Interest Notes or Mixed Rate Notes), on giving not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Noteholders and the Bank of Namibia prior to such redemption, in accordance with Condition 18 (*Notices*) (which notice shall be irrevocable certified by 2 (two) authorised directors of the Issuer and include particulars of the relevant change pursuant to Conditions 10.2.1 and 10.2.3 below), if the Issuer, immediately prior to the giving of such notice, is of the reasonable opinion that:

- (a) as a result of any change in, or amendment to, the laws or regulations of South Africa or Namibia, as the case may be, or any political sub-division of, or any authority in, or of, South Africa or Namibia, as the case may be, having power to tax, or any change or amendment which becomes effective after the relevant Issue Date, the Issuer is or would be required to pay additional amounts as provided or referred to in Condition 11 (*Taxation*); and
- (b) the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 (ninety) days prior to the earliest date on which the Issuer would be obliged to pay or may become

subject to the payment of such additional amounts were a payment in respect of the Notes then due. Notes may be redeemed by the Issuer in accordance with this Condition 10.2 (*Redemption for Tax Reasons*) in whole or in part. A redemption in part may be effected by the Issuer:

- (c) notwithstanding that such partial redemption may not entirely avoid such obligation to pay additional amounts as provided for or referred to in Condition 11 (*Taxation*); and
- (d) *mutatis mutandis* in the manner described in Condition 10.3 (*Redemption at the option of the Issuer*), provided that the references to the giving of notice therein and to the Minimum Redemption Amount and the Higher Redemption Amount (both as specified in the Applicable Pricing Supplement) therein shall be disregarded for such purposes.

10.2.2. From the date of publication of the notice to Noteholders of the redemption referred to in clause Condition 10.2.1, the Issuer shall deliver to the Transfer Agent and the Paying Agent at their Specified Offices, for inspection by the relevant Noteholders (i) a certificate signed by two authorised signatories 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 to effect such redemption have occurred and (ii) a copy of a legal opinion from independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

10.2.3. Notes redeemed for tax reasons pursuant to this Condition 10.2 (*Redemption for Tax Reasons*) will be redeemed at their Early Redemption Amount referred to in Condition 10.8 (*Early Redemption Amounts*), together (if appropriate) with interest accrued from (and including) the immediately preceding Interest Payment Date to (but excluding) the date of redemption or as specified in the Applicable Pricing Supplement.

10.3. Redemption at the option of the Issuer

10.3.1. If the Issuer is specified in the Applicable Pricing Supplement as having an option to redeem, the Issuer may, having given not less than 30 (thirty) nor more than 60 (sixty) days' irrevocable notice to the Noteholders in accordance with Condition 18 (*Notices*) or unless otherwise specified in the Applicable Pricing Supplement, redeem all or some of the Notes (to which such Applicable Pricing Supplement relates) then Outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the Applicable Pricing Supplement, together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).

10.3.2. Any such redemption must be of a Nominal Amount equal to the Minimum Redemption Amount or a Higher Redemption Amount, both as indicated in the Applicable Pricing Supplement.

10.3.3. In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by Individual Certificates, and in accordance with the Applicable Procedures in the case of Redeemed Notes which are uncertificated SA Notes, and in each case not more than 30 (thirty) days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**).

10.3.4. In the case of Redeemed Notes represented by Individual Certificates, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 18 (*Notices*) not less than 30 (thirty) days prior to the date fixed for redemption. The aggregate Nominal Amount of Redeemed Notes represented by Individual Certificates shall bear the same proportion to the aggregate Nominal Amount of all Redeemed Notes as the aggregate Nominal Amount of Individual Certificates outstanding bears to the aggregate Nominal Amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned Nominal Amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination and the aggregate Nominal Amount of Redeemed Notes which are uncertificated SA Notes shall be equal to the balance of the Redeemed Notes. No exchange of the relevant

uncertificated SA Notes will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this subparagraph, and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 18 (*Notices*) at least 10 (ten) days prior to the Selection Date.

- 10.3.5. Holders of Redeemed Notes shall surrender the Individual Certificates, if any, representing the Notes in accordance with the provisions of the notice given to them by the Issuer as contemplated above. Where only a portion of the Notes represented by such Individual Certificates are redeemed, the relevant Transfer Agent shall deliver new Individual Certificates to the CSD or such Noteholders, as the case may be, in respect of the balance of the Notes.

10.4. Redemption at the option of the Senior Noteholders

- 10.4.1. If Senior Noteholders are specified in the Applicable Pricing Supplement as having an option to request the redemption of certificated Notes, such Senior Noteholders may exercise such option in respect of such Notes by delivering to the relevant Transfer Agent, in accordance with Condition 18 (*Notices*), a duly executed notice (**Put Notice**), at least 30 (thirty) days but not more than 60 (sixty) days, prior to the Optional Redemption Date.
- 10.4.2. For redemption in part, the redemption amount specified in such Put Notice in respect of any such Note must be of a principal amount equal to or greater than the Minimum Redemption Amount or equal to or less than the Higher Redemption Amount, each as indicated in the Applicable Pricing Supplement.
- 10.4.3. The redemption by the Senior Noteholders of uncertificated SA Notes shall take place in accordance with the Applicable Procedures.
- 10.4.4. The Issuer shall proceed to redeem the Notes in respect of which such option has been exercised in accordance with the terms of the Applicable Pricing Supplement, at the Optional Redemption Amount and on the Optional Redemption Date, together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).
- 10.4.5. In the event that the redeeming Noteholder is the holder of an Individual Certificate, then such Noteholder shall (attached to the Put Notice) deliver the Individual Certificate to the relevant Transfer Agent for cancellation. A holder of an Individual Certificate shall, in that holder's Put Notice, specify a bank account into which the redemption payment amount is to be paid.
- 10.4.6. The delivery of Put Notices shall be required to take place during normal office hours to the Issuer and relevant Transfer Agent. Put Notices shall be available for inspection at the Specified Offices of the relevant Transfer Agent.
- 10.4.7. Any Put Notice given by a holder of any Senior Note pursuant to this paragraph shall be irrevocable except where after giving the notice but prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such Noteholder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Senior Note forthwith due and payable pursuant to Condition 16 (*Events of Default*).
- 10.4.8. The Issuer shall have no liability to remedy any defects in any Put Notice or bring any such defects to the attention of any Noteholder.

10.5. Redemption in the event of a Change of Control

- 10.5.1. The provisions of this Condition 10.5 (*Redemption in the event of a Change of Control*) shall apply if specified as applicable in the Applicable Pricing Supplement.
- 10.5.2. A **Change of Control Event** shall occur if at any time while any Note remains Outstanding:
- (a) a Change of Control occurs; and
 - (b) within the Change of Control Period and in respect of that Change of Control:
 - (i) a Rating Downgrade occurs in relation to the Issuer and/or the Programme and/or any Notes rated by a Rating Agency, as the case may be; or

- (ii) if, at the time the Change of Control occurs, the Issuer and/or the Programme and/or the Notes, as the case may be, are not so rated, a Negative Rating Event occurs.
- 10.5.3. Promptly upon the Issuer becoming aware that a Change of Control Event has occurred, the Issuer shall give a notice (a **Change of Control Notice**) to the relevant Class of Noteholders in accordance with Condition 18 (*Notices*) specifying the nature of the Change of Control Event and the circumstances giving rise to it and the procedure for exercising the option contained in this Condition 10.5 (*Redemption in the event of a Change of Control*).
- 10.5.4. If a Change of Control Event occurs at any time while any Note remains Outstanding, then provided the Noteholders have:
- (a) in terms of Condition 20 (*Meeting of Noteholders*) convened a meeting of Noteholders within 30 (thirty) days of the notification set out in Condition 10.5.2 above; and
 - (b) resolved in terms of Condition 20 (*Meeting of Noteholders*) by way of Extraordinary Resolution to require the redemption of the Notes of that Class of Noteholders in these circumstances,
- the Issuer shall redeem all Notes held by that Class of Noteholders at its Early Redemption Amount together with accrued interest (if any) within 15 (fifteen) days of having received a written notice from that Class of Noteholders to redeem such Note.
- 10.5.5. Such option shall be exercisable by a Class of Noteholders by the delivery of a written notice (a **Change of Control Redemption Notice**) to the Issuer at its registered office within 60 (sixty) days after the occurrence of a Change of Control Event, unless prior to the delivery by that Noteholder of its Change of Control Redemption Notice the Issuer gives notice to redeem the Notes.
- 10.5.6. For the purposes of this Condition 10.5 (*Redemption in the event of a Change of Control*):
- (a) **Acting in Concert** means a group of Persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition of shares in the Issuer by any of them, either directly or indirectly, to obtain or consolidate Control of the Issuer;
 - (b) a **Change of Control** shall be deemed to have occurred at each time (whether or not approved by the senior management or board of directors of the Issuer) that any Person (**Relevant Person**) or Person Acting in Concert or any Person or Persons acting on behalf of such Person(s), at any time directly or indirectly has unconditionally acquired Control of the Issuer, provided that a Change of Control shall not be deemed to have occurred if the shareholders of the Relevant Person are also, or immediately prior to the event which would otherwise constitute a Change of Control, were all of the shareholders of the Issuer;
 - (c) **Change of Control Period** means, in relation to a Change of Control of the Issuer, the period commencing 60 (sixty) days prior to such Change of Control and ending 60 (sixty) days after such Change of Control;
 - (d) **Control** of the Issuer means (A) the holding beneficially of more than 50% (fifty percent) of the issued share capital of the Issuer (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital), or (B) the power to cast, or control the casting of votes in respect of such number of the shares in the issued share capital of the Issuer carrying more than 50% (fifty percent) of the total number of votes that may be cast at a general meeting of the members of the Issuer;
 - (e) **Investment Grade Rating** means a national scale rating of **BBB_(ZA)** or **BBB_(NA)** by GCR or its equivalent for the time being, or better by any other Rating Agency;
 - (f) a **Negative Rating Event** shall, in relation to Notes that are unrated and/or where no Rating is assigned to the Issuer and/or the Programme, as the case may be, by

a Rating Agency at the time a Change of Control occurs, be deemed to have occurred if:

- (i) the Issuer does not on or before the 60th (sixtieth) Business Day after the commencement of the Change of Control Period seek, and use all reasonable endeavours to obtain from a Rating Agency, a Rating in respect of itself and/or the Programme and/or the Notes, as the case may be, that are not rated; and
 - (ii) if it does so seek and use such endeavours, it has not at the expiry of the Change of Control Period and as a result of such Change of Control obtained an Investment Grade Rating in respect of itself and/or the Programme and/or such Notes, as the case may be;
- (g) a **Rating Downgrade** shall, in relation to the Issuer and/or the Programme and/or where any Notes are rated by a Rating Agency, as the case may be, 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 such Notes, as the case may be, by any Rating Agency is:
- (i) withdrawn; or
 - (ii) changed from an Investment Grade Rating to a non-Investment Grade Rating; or
 - (iii) in the case of a non-Investment Grade Rating, downgraded by any Rating Agency by one or more Rating Notches;

provided that no Rating Downgrade shall have occurred if the Rating assigned to the Issuer and/or the Programme and/or the Notes, as the case may be, is substituted for an Investment Grade Rating by another Rating Agency and

- (h) **Rating Notch** means the difference between one Rating and the Rating immediately below it, for example from “BB+” to “BB” by the Rating Agency or such similar lower or equivalent Rating.

10.6. **Redemption in the event of a failure to maintain JSE listing, NSX listing and/or Rating**

The provisions of this Condition 10.6 (*Redemption in the event of a failure to maintain JSE listing, NSX listing and/or Rating*) shall apply if specified in the Applicable Pricing Supplement.

10.6.1. The Issuer shall, for as long as listed Notes remain Outstanding:

- (a) ensure that those Notes are listed on the Interest Rate Market of the JSE or the NSX; and
- (b) maintain a Rating in respect of the Issuer, the Notes or the Programme, as the case may be;

10.6.2. If a breach of any of the undertakings in Condition 10.6.1 above occurs, then the Issuer shall within 3 (three) Business Days of such breach, and in accordance with Condition 18 (*Notices*), give notice (the **Issuer Redemption Notice**) to the Noteholders of such breach and the procedure for exercising the option set out in Condition 10.6.3 below.

10.6.3. Each Noteholder may within the period ending 15 (fifteen) Business Days of receipt of the Issuer Redemption Notice (the **Election Period**), require the Issuer to redeem its Notes on:

- (a) the Interest Payment Date immediately following the Election Period; or
- (b) if the Election Period expires within a Books Closed Period, the next Interest Payment Date falling after the Interest Payment Date at the end of the Election Period,

by delivery to the Issuer of a notice (the **Noteholder Redemption Notice**) in accordance with Condition 18 (*Notices*).

10.6.4. The Issuer shall, in accordance with Condition 10.6.3 above, redeem the Notes relevant to each Noteholder Redemption Notice at the Early Redemption Amount calculated in accordance with Condition 10.8 (*Early Redemption Amounts*), together with accrued interest (if any).

10.7. Redemption of Credit-Linked Notes following a Credit Event

10.7.1. If, in relation to a Tranche of Credit-Linked Notes, (A) a Credit Event or (if Grace Period Extension is specified as applicable in the Applicable Pricing Supplement) a Potential Failure to Pay, as the case may be, occurs on or prior to the Maturity Date or (B) (if Grace Period Extension is specified as applicable in the Applicable Pricing Supplement) (i) a Potential Failure to Pay occurs on or prior to the Maturity Date and (ii) a Failure to Pay occurs after the Maturity Date, as the case may be, and (C) the Conditions to Settlement are satisfied, the Issuer's obligation to redeem that Tranche of Credit-Linked at the Final Redemption Amount, on the Maturity Date, shall cease and shall be replaced by an obligation to redeem that Tranche of Credit-Linked Notes:

- (a) by payment of the Cash Settlement Amount on the Credit Event Redemption Date (if Cash Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement); or
- (b) by payment of the Auction Settlement Amount on the Credit Event Redemption Date (if Auction Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement); or
- (c) subject to the Partial Cash Settlement Terms (if applicable and where specified in the Pricing Supplement), by Delivery of the Deliverable Obligation(s) on the Credit Event Redemption Date (if Physical Settlement is specified as the applicable Settlement Method in the Pricing Supplement), as the case may be and, upon discharge by the Issuer of such payment or Delivery,

as the case may be, on the Credit Event Redemption Date, the Issuer's obligations in respect of that Tranche of Credit-Linked Notes shall have been fully discharged.

10.7.2. For purposes of this Condition 10.7:

- (a) **Cash Settlement Amount** means, in relation to a Tranche of Credit-Linked Notes in respect of which Cash Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement, (i) the amount specified as such in the Applicable Pricing Supplement or (ii) if no amount is so specified, the amount calculated by the Calculation Agent in accordance with the formula specified for this purpose in the Applicable Pricing Supplement or (iii) if no such amount and no such formula are specified in the Applicable Pricing Supplement, the amount being the product of (a) the Outstanding Principal Amount of that Tranche of Credit-Linked Notes and (b) the Final Price divided by the Reference Price;
- (b) **Auction Settlement Amount** means, in relation to a Tranche of Credit-Linked Notes in respect of which Auction Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement, (i) the amount specified as such in the Pricing Supplement or (ii) if no amount is so specified, the amount calculated by the Calculation Agent in accordance with the formula specified for this purpose in the Applicable Pricing Supplement or (iii) if no such amount and no such formula are specified in the Applicable Pricing Supplement, the amount being the product of (a) the Outstanding Principal Amount of that Tranche of Credit-Linked Notes and (b) the Auction Final Price divided by the Reference Price;
- (c) **Credit Event Redemption Date** means, in relation to a Tranche of Credit-Linked Notes, the date determined in accordance with paragraphs (i) or (ii) below, which date may occur before, on or after the Maturity Date:
 - (i) if a Credit Event occurs on or prior to the Maturity Date and Grace Period Extension is not specified as applicable in the Applicable Pricing Supplement, the applicable date set out below:
 - (A) if Cash Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement, the Cash Settlement Date; or

- (B) if Auction Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement, the Auction Settlement Date; or
 - (C) if Physical Settlement is specified as the applicable Settlement Method in the Applicable Pricing Supplement, (subject to paragraph (D) below) the Physical Settlement Date; or
 - (D) if Partial Cash Settlement (as specified in the Applicable Pricing Supplement) is or becomes applicable to that Tranche of Credit-Linked Notes (as specified in the Applicable Pricing Supplement), the Latest Permissible Physical Settlement Date;
- (ii) if a Potential Failure to Pay occurs on or prior to the Maturity Date and Grace Period Extension is specified as applicable in the Applicable Pricing Supplement, the date that is the latest to occur of the dates set out in paragraphs (i)(A) to (D) inclusive above (as applicable) and the Grace Period Extension Date; provided that:
- (A) if no Failure to Pay occurs on or before the Grace Period Extension Date and the Grace Period Extension Date is a date on or prior to the Maturity Date, no Credit Event Redemption Date shall occur; and
 - (B) if no Failure to Pay occurs on or before the Grace Period Extension Date and the Grace Period Extension Date is a date later than the Maturity Date, the Grace Period Extension Date shall be deemed to be the Maturity Date.

10.7.3. Subject to Condition 10.7.2, capitalised terms and expressions used in this Condition 10.7 which are not defined in Condition 1 shall have the meanings given to such terms and expressions in the ISDA Credit Derivatives Definitions (as defined in Condition 1).

10.8. **Early Redemption Amounts**

For the purpose of Conditions 10.2 (*Redemption for Tax Reasons*), 10.3 (*Redemption at the option of the Issuer*), 10.4 (*Redemption at the option of Senior Noteholders*), Condition 10.5 (*Redemption in the event of a Change of Control*), Condition 10.6 (*Redemption in the event of failure to maintain JSE listing and/or Rating*) and/or Condition 16 (*Events of Default*), the Notes will be redeemed at the Early Redemption Amount calculated as follows:

- 10.8.1. in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- 10.8.2. in the case of Notes (other than Zero Coupon Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price, at the amount specified in, or determined in the manner specified in, the Applicable Pricing Supplement or, if no such amount or manner is so specified in the Pricing Supplement, at their Nominal Amount; or
- 10.8.3. in the case of Zero Coupon Notes, at an amount (the **Amortised Face Amount**) equal to the sum of: (i) the Reference Price; and (ii) the product of the Implied Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable, or such other amount or method of calculation of the amount payable as is provided in the Applicable Pricing Supplement.

Where such calculation is to be made 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.

10.9. **Instalment Notes**

Instalment Notes will be redeemed at the Instalment Amounts and on the Instalment Dates. In the case of early redemption in accordance with Conditions 10.2 (*Redemption for Tax Reasons*), Condition 10.5 (*Redemption in the event of a Change of Control*) and Condition 10.6 (*Redemption in the event of failure to maintain JSE listing and/or Rating*) or

Condition 16 (*Events of Default*), the Early Redemption Amount will be determined pursuant to Condition 10.4 (*Redemption at the option of Senior Noteholders*).

10.10. **Partly Paid Notes**

If the Notes are Partly Paid Notes, they will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 10 (*Redemption and Purchase*) and the Applicable Pricing Supplement. In the case of early redemption in accordance with Conditions 10.2 (*Redemption for Tax Reasons*) and 10.5 (*Redemption in the event of a Change of Control*) or Condition 16 (*Events of Default*), the Early Redemption Amount will be determined pursuant to Condition 10.4 (*Redemption at the option of the Senior Noteholders*).

10.11. **Exchangeable Notes**

If the Notes are Exchangeable Notes, they will be redeemed, whether at maturity, early redemption or otherwise, in the manner indicated in the Applicable Pricing Supplement. Exchangeable Notes in respect of which Mandatory Exchange is indicated in the Applicable Pricing Supplement as applying, or upon the exercise by the Noteholder of the Noteholder's Exchange Right (if applicable), will be redeemed by the Issuer delivering to each Noteholder 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 such Notes.

10.12. **Purchases**

The Issuer or any of its Subsidiaries may at any time purchase Notes (in the open market or in privately negotiated transactions with any Noteholders) at any price in the open market or otherwise. Such Notes may, subject to Applicable Law, be held, resold, or, at the option of the Issuer, surrendered to the relevant Transfer Agent for cancellation.

10.13. **Cancellation**

All Notes which have been redeemed will forthwith be cancelled. All Notes so cancelled shall be forwarded to the Issuer and cannot be re-issued or resold. Where only a portion of Notes represented by an Individual Certificate are cancelled, the relevant Transfer Agent shall deliver an Individual Certificate to such Noteholder in respect of the balance of the Notes.

10.14. **Late Payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 10 (*Redemption and Purchase*) or upon its becoming due and repayable as provided in Condition 16 (*Events of Default*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 10.8.3 as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of: (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and (ii) 5 (five) days after the date on which the full amount of the moneys payable has been received by the CSD, and notice to that effect has been given to the Noteholder in accordance with Condition 18 (*Notices*).

10.15. **Applicable Procedures**

The redemption and partial redemption of Beneficial Interests shall take place in accordance with the Applicable Procedures and the Applicable Laws.

11. **TAXATION**

11.1. All payments of principal and interest in respect of the Notes by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of South Africa, Namibia or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law.

11.2. The Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal

the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, as the case may be, in the absence of such withholding or deduction, except that no such additional amounts shall be payable with respect to any Note:

- 11.2.1. held by or on behalf of a Noteholder who is liable for such taxes or duties in respect of such Note by reason of his having some connection with South Africa or Namibia, as the case may be, other than the mere holding of such Note or the receipt of principal or interest in respect thereof; or
 - 11.2.2. presented for payment by or on behalf of, or held by, a Noteholder who could lawfully avoid (but has not so avoided) such withholding or deduction by complying with any statutory requirement in force at the present time or in the future by making a declaration of non-residence or other similar claim or filing for exemption to which it is entitled to the relevant tax authority or Paying Agent (the effect of which is not to require the disclosure of the identity of the relevant Noteholder); or
 - 11.2.3. in relation to SA Notes 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 South African Income Tax Act) or taxable capital gain (as defined in paragraph 1 of Schedule 8 to the South African Income Tax Act) of any Noteholder; or
 - 11.2.4. where (in the case of payment of principal and/or interest which is conditional on surrender and/or presentation of the relevant Individual Certificate in accordance with the Terms and Conditions) the relevant Individual Certificate is surrendered and/or presented more than 30 (thirty) days after the Relevant Date, except to the extent that the Noteholder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day; or
 - 11.2.5. if such withholding or deduction arises through the exercise by revenue authorities of special powers in respect of tax defaulters; or
 - 11.2.6. where the Noteholder is entitled to claim a tax reduction, credit or similar benefit in respect of such withholding or deduction in terms of the Noteholder's domestic tax laws or applicable double tax treaty, and such tax reduction, credit or similar benefit is actually granted to the Noteholder.
- 11.3. Any reference in these Terms and Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under these Terms and Conditions or under any undertakings given in addition to, or in substitution for, these Terms and Conditions.

12. EXCHANGE OF BENEFICIAL INTERESTS IN RELATION TO SA NOTES AND REPLACEMENT OF INDIVIDUAL CERTIFICATES

12.1. Exchange of Beneficial Interests

- 12.1.1. The holder of a Beneficial Interest in SA Notes may, in terms of the Applicable Procedures and Applicable Laws, by written notice to the holder's nominated Relevant Participant (or, if such holder is a Relevant Participant and subject to section 42 of the South African Financial Markets Act, the CSD), request that such Beneficial Interest be exchanged for SA Notes in definitive form represented by an Individual Certificate (the 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 an Individual 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 Relevant Participant will, within 5 (five) Business Days following receipt of the Exchange Notice, through the CSD, notify the relevant Transfer Agent that it is required to exchange such Beneficial Interest for SA Notes represented by an Individual Certificate. The relevant Transfer Agent will, as soon as is practicable but within 10 (ten) Business Days (or 20 (twenty) Business Days in the case of a Noteholder who is not resident within South Africa) after receiving such notice, in accordance with the Applicable Procedures, procure that an Individual Certificate is prepared,

authenticated and made available for delivery, on a Business Day falling within the aforementioned 10 (ten) Business Day period (or 20 (twenty) Business Day period, as the case may be) (the **Exchange Date**), to the holder of the Beneficial Interest at the Specified Office of the relevant Transfer Agent; provided that joint holders of a Beneficial Interest shall be entitled to receive only one Individual Certificate in respect of that joint holding, and the delivery to one of those joint holders shall be delivery to all of them.

12.1.3. In the case of the exchange of a Beneficial Interest in SA Notes issued in uncertificated form:

- (a) the CSD's Nominee shall, prior to the Exchange Date, surrender (through the CSD system) such uncertificated SA Notes to the relevant Transfer Agent at its Specified Office; and
- (b) the relevant Transfer Agent will obtain the release of such uncertificated SA Notes from the CSD in accordance with the Applicable Procedures.

12.1.4. An Individual Certificate shall, in relation to a Beneficial Interest, in any number of SA Notes issued in uncertificated form of a particular aggregate Nominal Amount standing to the account of the holder thereof, represent that number of SA Notes of that aggregate Nominal Amount, as the case may be, and shall otherwise be in such form as may be agreed between the Issuer and the relevant Transfer Agent; provided that if such aggregate Nominal Amount is equivalent to a fraction of the Specified Denomination or a fraction of any multiple thereof, such Individual Certificate shall be issued in accordance with, and be governed by, the Applicable Procedures.

12.2. **Replacement**

If any Individual Certificate is worn out, mutilated, defaced, stolen, destroyed or lost it may be replaced at the Specified Office of the relevant Transfer Agent, on payment by the claimant of such costs and expenses as may be incurred in connection therewith and the provision of such indemnity as the Issuer and the relevant Transfer Agent may reasonably require. Worn out, mutilated or defaced Individual Certificates must be surrendered at the Specified Office of the relevant Transfer Agent before replacements will be issued.

12.3. **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 evidence to the satisfaction of the Issuer that he holds the position in respect of which he proposes to act under this Condition 12.3 (*Death and sequestration or liquidation of Noteholder*), or of his title as the Issuer and the relevant Transfer Agent shall require, be registered himself as the holder of such Notes or, subject to the Applicable Procedures, this Condition 12.3 (*Death and sequestration or liquidation of Noteholder*) and Condition 14.2 (*Transfer of Notes represented by Individual Certificates*), may transfer such Notes. The Issuer and (if applicable) the CSD and the Relevant Participant shall be entitled to retain any amount payable upon the Notes to which any Person is so entitled until such Person shall be registered as aforesaid or until such time such Notes are duly transferred.

12.4. **Costs**

The costs and expenses of the printing, issue and delivery of each Individual Certificate and all taxes and governmental charges that may be imposed in relation to such Individual Certificate and/or the printing, issue and delivery of such Individual Certificate shall be borne by the holder of the Notes represented by that Individual Certificate. Separate costs and expenses relating to the provision of Individual Certificates and/or the transfer of Notes may be levied by other Persons, such as a Relevant Participant, under the Applicable Procedures, and such costs and expenses shall not be borne by the Issuer. The costs and expenses of the delivery of Individual Certificates and all taxes or governmental charges or insurance charges that may be imposed in relation to such mode of delivery shall be borne by the Noteholder.

13. REGISTER

- 13.1. The relevant Register of Noteholders:
- 13.1.1. shall be kept at the Specified Office of the relevant Transfer Agent and a copy thereof shall be made available for inspection at the registered office of the Issuer (as set out at the end of the Programme Memorandum) or such other person as may be appointed for the time being by the Issuer to maintain the relevant Register;
 - 13.1.2. shall contain the names, addresses and bank account numbers of the registered Noteholders;
 - 13.1.3. shall show the total Nominal Amount of the Notes held by Noteholders;
 - 13.1.4. shall show the dates upon which each of the Noteholders was registered as such;
 - 13.1.5. shall show the serial numbers of the Individual Certificates and the dates of issue thereof;
 - 13.1.6. shall be open for inspection at all reasonable times during business hours on Business Days by any Noteholder or any Person authorised in writing by a Noteholder; and
 - 13.1.7. shall be closed during the Books Closed Period.
- 13.2. The relevant Transfer Agent shall alter the relevant Register in respect of any change of name, address or account number of any of the Noteholders of which it is notified.
- 13.3. Except as provided for in these Terms and Conditions or as required by law, in respect of Notes, the Issuer will only recognise a Noteholder as the owner of the Notes registered in that Noteholder's name as per the relevant Register.
- 13.4. Except as provided for in these Terms and Conditions or as required by law, the Issuer shall not be bound to enter any trust in the relevant Register or to take notice of or to accede to the execution of any trust (express, implied or constructive) to which any Individual Certificate may be subject.

14. TRANSFER OF NOTES

14.1. Transfer of Beneficial Interests in SA Notes held in the CSD

- 14.1.1. Beneficial Interests may be transferred only in accordance with the Applicable Procedures through the CSD.
- 14.1.2. Transfers of Beneficial Interests to and from clients of Relevant Participants occur by way of electronic book entry in the securities accounts maintained by the Relevant Participants for their clients, in accordance with the Applicable Procedures.
- 14.1.3. Transfers of Beneficial Interests among Relevant Participants occur through electronic book entry in the central securities accounts maintained by the CSD for the Relevant Participants, in accordance with the Applicable Procedures.
- 14.1.4. Transfers of Beneficial Interests in SA Notes will not be recorded in the relevant Register and the CSD's Nominee, will continue to be reflected in the relevant Register as the Noteholder of such SA Notes notwithstanding such transfers.

14.2. Transfer of Notes represented by Individual Certificates

- 14.2.1. In order for any transfer of Notes represented by an Individual Certificate to be recorded in the relevant Register, and for such transfer to be recognised by the Issuer:
- (a) the transfer of such Notes must be embodied in a Transfer Form;
 - (b) the Transfer Form must be signed by the registered Noteholder of such Notes and the transferee, or any Representatives of that registered Noteholder or transferee; and
 - (c) the Transfer Form must be delivered to the relevant Transfer Agent at its Specified Office together with the Individual Certificate representing such Notes for cancellation.

- 14.2.2. Notes represented by an Individual Certificate may only be transferred, in whole or in part, in amounts of not less than the Specified Denomination (or any multiple thereof).
- 14.2.3. Subject to this Condition 14.2 (*Transfer of Notes represented by Individual Certificates*), the relevant 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 Notes represented by an Individual Certificate (or the relevant portion of such Notes) in the Register, and authenticate and deliver to the transferee at the relevant 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 Individual Certificate in respect of the Notes transferred reflecting the outstanding Nominal Amount of the Notes transferred.
- 14.2.4. Where a Noteholder has transferred a portion only of Notes represented by an Individual Certificate, the relevant Transfer Agent will authenticate and deliver to such Noteholder at the relevant 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 Individual Certificate representing the balance of the Notes held by such Noteholder.
- 14.2.5. The transferor of any Notes represented by an Individual Certificate will be deemed to remain the owner thereof until the transferee is registered in the relevant Register as the holder thereof.
- 14.2.6. Before any transfer of Notes represented by an Individual Certificate is registered in the relevant 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 relevant Transfer Agent may reasonably require as to the identity and title of the transferor and the transferee.
- 14.2.7. No transfer of any Notes represented by an Individual Certificate will be registered whilst the relevant Register is closed as contemplated in Condition 13 (*Register*).
- 14.2.8. If a transfer of any Notes represented by an Individual Certificate is registered in the relevant Register, the Transfer Form and cancelled Individual Certificate will be retained by the relevant Transfer Agent.
- 14.2.9. If a transfer is registered then the Transfer Form and cancelled Individual Certificate will be retained by the relevant Transfer Agent.
- 14.2.10. In the event of a partial redemption of Notes under Condition 10.3 (*Redemption at the option of the Issuer*), the relevant Transfer Agent shall not be required in terms of Condition 10.3 (*Redemption at the option of the Issuer*), to register the transfer of any Notes during the period beginning on the tenth day before the date of the partial redemption and ending on the date of the partial redemption (both inclusive).

15. **PRESCRIPTION**

The SA Notes and/or the NAM Notes, as the case may be, will become void unless presented for payment of principal within a period of three years after their Redemption Date.

16. **EVENTS OF DEFAULT**

16.1. **Senior Notes**

If, for any particular Series of Notes, one or more of the following events (**Events of Default**) shall have occurred and be continuing:

16.1.1. *Non Payment*

the Issuer fails to pay any principal or interest due under the Senior Notes on its due date for payment thereof and any such failure continues for a period of 7 (seven) Business Days, after receiving written notice from any of the Senior Noteholders demanding such payment; or

16.1.2. *Breach of Material Obligations*

the Issuer fails to perform or observe any of its other material obligations or undertakings (not specifically covered elsewhere in this Condition 16.1) under or in respect of any of the Notes and such failure continues for a period of 15 (fifteen) Business Days after receipt by the Issuer of a notice from the Noteholders (in accordance with Condition 18 (*Notices*)) in respect of such failure specifying the failure and requesting the Issuer to remedy same; or

16.1.3. *Negative Pledge*

the Issuer or any Material Subsidiary fails to remedy a breach of Condition 7 (*Negative Pledge*) within 21 (twenty one) Business Days of receiving written notice from the Senior Noteholders demanding such remedy; or

16.1.4. *Cross Default*

- (a) any Financial Indebtedness of the Issuer is not paid when due or (as the case may be) within any originally applicable grace period; or
- (b) any such Financial Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer or (provided that no event of default, howsoever described, has occurred) any Person entitled to such Financial Indebtedness; or
- (c) the Issuer fails to pay when due any amount payable by it under any guarantee of Financial Indebtedness;

provided that the amount of Financial Indebtedness referred to in sub-paragraph (a) and/or sub-paragraph (b) above and/or the amount payable under any guarantee referred to in sub-paragraph (c) above individually or in the aggregate exceeds the greater of (i) ZAR100,000,000 (One Hundred Million Rand); or (ii) an amount equal to 0.5% (zero point five percent) of the total assets of the Issuer as published in the latest audited financial statements of the Issuer (or its equivalent in other currencies at the time of the occurrence of an Event of Default); or

16.1.5. *Authorisation and Consents*

any action, condition or thing, including obtaining any consent, licence, approval or authorisation now or in the future necessary to enable the Issuer to comply with its respective obligations under the 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, resulting in the Issuer being unable to perform any of its respective payment or other obligations in terms of the Notes and the Issuer fails to take reasonable steps to remedy such circumstances within 15 (fifteen) Business Days of receiving written notice from the Noteholders demanding such remedy; or

16.1.6. *Insolvency, etc*

an order by any court of competent jurisdiction or authority for the liquidation, winding-up, dissolution, business rescue proceedings (or judicial management (if applicable)) or placement under supervision and commencement of business rescue proceedings (or judicial management (if applicable)) of the Issuer is made whether provisionally (and not dismissed or withdrawn within 30 (thirty) days thereof) or finally, or the Issuer is placed under voluntary liquidation or curatorship or a meeting is convened to consider the passing of a resolution, or a resolution is passed, to authorise the implementation of any business rescue proceedings (or judicial management (if applicable)) in respect of the Issuer provided that no liquidation, curatorship, winding-up, dissolution or business rescue proceedings (or judicial management (if applicable)) shall constitute an Event of Default if (i) the liquidation, winding-up, dissolution or business rescue proceedings (or judicial management (if applicable)) is for the purposes of effecting an amalgamation, merger, demerger, consolidation, reorganisation or other similar arrangement within the Group with any third party; or (ii) the liquidation, winding-up, dissolution or business rescue proceedings (or judicial management (if applicable)) is for the purposes of effecting an amalgamation, merger, demerger, consolidation, reorganization or other similar arrangement, the terms of which were approved by an Extraordinary Resolution

of Noteholders before the date of the liquidation, winding-up, dissolution or business rescue proceedings (or judicial management (if applicable)); or

16.1.7. *Insolvency Proceedings*

the Issuer initiates or consents to judicial proceedings relating to itself under any applicable compromise with creditors, liquidation, winding-up, business rescue (or judicial management (if applicable)) or insolvency or other similar laws or compromises or attempts to compromise, with its creditors generally (or any significant class of creditors) or any meeting of creditors is convened by the Issuer to consider a proposal for an arrangement or compromise with its creditors generally (or any significant class of its creditors), save for any such initiation, consent, attempt or convening of a meeting which relates to the Issuer and is for the purposes of an internal reconstruction or reorganisation within the Group; or

16.1.8. *Enforcement Proceedings*

if a Person validly attaches in execution the whole or a material part of the undertaking or assets of the Issuer or an execution or attachment or other process is validly levied, enforced upon, sued out or put in force against the whole or a material part of the undertaking or assets of any of them in both instances following a judgement against the Issuer by a court of competent jurisdiction and such is not discharged within 15 (fifteen) Business Days; or

16.1.9. *Disposal of a material part of the business*

the Issuer ceases or threatens to cease to carry on all or greater part of its business, provided that no merger, amalgamation, consolidation, reconstruction or reorganisation shall constitute an Event of Default if the merger, amalgamation, consolidation, reconstruction or reorganisation is for purposes of effecting a merger, amalgamation, consolidation, reconstruction or reorganisation within the Group; or

16.1.10. *Nationalisation, etc*

any step is taken by or under any authority with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or any of the Issuer or any of the securities issued by the Issuer or a material part of the assets of the Issuer; or

16.1.11. *Other*

any other Event of Default provided for such Series, as specified in the Applicable Pricing Supplement.

then any Noteholder may, by written notice to the Issuer at the registered office of the Issuer, effective upon the date of receipt thereof by the Issuer, declare the Notes held by the Noteholder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 10.8 (*Early Redemption Amounts*)), together with accrued interest (if any) to the date of repayment, or as specified in the Applicable Pricing Supplement, provided that, notwithstanding the taking of such action, although an amount will be due, it may not be payable if the Issuer withholds or refuses to make such payment in order to comply with any law or regulation of South Africa or Namibia or to comply with any order of a court of competent jurisdiction.

16.2. **Subordinated Notes**

16.2.1. If the Issuer defaults in relation to Subordinated Notes in the payment of any amount payable in respect of such Notes, and such default continues for a period of 7 (seven) Business Days after receiving written notice from any of the holders of Subordinated Notes, or if an Event of Default as contemplated in Condition 16.1.6 (*Insolvency*) occurs, any holder of a Subordinated Note may, subject as provided below, at its discretion and without notice, institute such proceedings against the Issuer as it may think fit to enforce the obligations of the Issuer under such Subordinated Notes, provided that the Issuer shall not be obliged, save in the case of liquidation, winding up or business rescue proceedings (or judicial management (if applicable)), to pay any sum or sums sooner than the same would otherwise have been payable by it.

- 16.2.2. In the event of the winding-up or liquidation, whether finally or provisionally, of the Issuer, otherwise than for the purposes of an amalgamation, merger, consolidation or re-organisation not involving liquidation, winding-up, bankruptcy or business rescue (or judicial management (if applicable)), then any holder of Subordinated Notes issued by the Issuer may by written notice to the Issuer at its registered office, require that its Subordinated Notes are immediately due and repayable at their Early Redemption Amount together with the accrued interest to the date of payment, save that the Noteholders of Subordinated Notes may only receive payment once all the other creditors of the Issuer have been paid in full.

16.3. **Notification of Event of Default**

If the Issuer becomes aware of the occurrence of any Event of Default, the Issuer shall forthwith notify all Noteholders in accordance with Condition 18 (*Notices*), the Dealers, the JSE and the NSX in writing.

17. **CALCULATION AGENT, TRANSFER AGENT AND PAYING AGENT**

Any third party appointed by the Issuer as Calculation Agent, Transfer Agent, Paying Agent or otherwise shall act solely as the agents of the Issuer and does not assume any obligation towards or relationship of agency or trust for or with any Noteholders. The Issuer is entitled to vary or terminate the appointment of such agents and/or appoint additional or other agents and/or approve any change in the Specified Office through which any agent acts.

18. **NOTICES**

- 18.1. All notices to Noteholders of Notes represented by Individual Certificates shall be in writing and shall be sent by registered mail to the respective postal addresses of those Noteholders appearing in the relevant Register or delivered by hand to the respective addresses of those Noteholders appearing in the relevant 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).
- 18.2. Notwithstanding the provisions of Condition 18.1, for so long as all of the SA Notes in a Tranche are held in their entirety in the CSD, they may be substituted for the notice contemplated in Condition 18.1, the delivery of the relevant notice to the CSD's Nominee (in respect of SA Notes) as the registered holder of such SA Notes, the Relevant Participants and the JSE for communication by them to the holders of Beneficial Interests in such SA Notes in accordance with the Applicable Procedures. Each such notice will be deemed to have been received by the holders of Beneficial Interests within 24 hours of the day of delivery of such notice to the CSD's Nominee.
- 18.3. Any notice to the Issuer shall be deemed to have been received by the Issuer, if delivered to the registered office of the Issuer, on the date of delivery, and if sent by registered mail, on the seventh day after the day on which it is sent. The Issuer may change its registered office upon prior written notice to Noteholders specifying such new registered office.
- 18.4. For so long as any of the SA Notes are uncertificated, notice may be given by any holder of an uncertificated SA Note to the Issuer via the relevant Settlement Agent in accordance with the Applicable Procedures, in such manner as the Issuer and the Relevant Participants may approve for this purpose.

19. **AMENDMENT OF THESE CONDITIONS**

- 19.1. These Terms and Conditions set out all the rights and obligations relating to the Notes and, subject to the further provisions of this Condition 19 (*Amendment of these Conditions*), no addition, variation or consensual cancellation of these Terms and Conditions shall be of any force or effect unless reduced to writing and signed by or on behalf of the Issuer and the Noteholders.
- 19.2. The Issuer may effect, without the consent of the relevant Class of Noteholders, any modification 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 the jurisdiction in which the Issuer is established, provided that the JSE and the NSX shall be notified. Any such modification shall be binding on the relevant Class of Noteholders and

any such modification shall be communicated to the relevant Class of Noteholders in accordance with Condition 18 (*Notices*) as soon as is practicable thereafter.

- 19.3. The Issuer may with the prior sanction of an Extraordinary Resolution of Noteholders or with the prior written consent of Noteholders holding not less than 75% (seventy five percent) in Nominal Amount of the Notes Outstanding from time to time, amend these Terms and Conditions, provided that no such amendment shall be of any force or effect unless notice of the intention to make such amendment shall have been given to all Noteholders in terms of Condition 18 (*Notices*).
- 19.4. Any modification of these Terms and Conditions which may have a direct effect on compliance with the debt listings requirements of the JSE, the listing requirements of the NSX or such other Financial Exchange(s), as the case may be, will require the approval of the JSE, the NSX or such other Financial Exchange(s), as the case may be.

20. MEETINGS OF NOTEHOLDERS

20.1. Convening of meetings

- 20.1.1. The Issuer may at any time convene a meeting of Noteholders (a **meeting** or **the meeting**).
- 20.1.2. The Issuer shall convene a meeting upon the requisition in writing of the holders of at least 25% (twenty five percent) of the aggregate Nominal Amount Outstanding of the Notes (requisition notice).
- 20.1.3. Whenever the Issuer wishes or is required to convene a meeting, it shall forthwith give notice in writing to the Noteholders of the place, day and hour of the meeting and of the nature of the business to be transacted at the meeting.
- 20.1.4. All meetings of Noteholders shall be held in Johannesburg in the case of SA Notes and Windhoek in the case of NAM Notes.
- 20.1.5. Any director or duly authorised representative of the Issuer, and any other person authorised in writing by the Issuer, may attend and speak at a meeting of Noteholders, but shall not be entitled to vote, other than as a proxy (as defined below) or duly authorised representative of a Noteholder.

20.2. Requisition

- 20.2.1. A requisition notice shall state the nature of the business for which the meeting is to be held and shall be deposited at the registered office of the Issuer.
- 20.2.2. A requisition notice may consist of several documents in like form, each signed by one or more requisitionists.

20.3. Convening of meetings by requisitionists

If the Issuer does not proceed to cause a meeting to be held by sending notice thereof in terms of Condition 20.4 below, within 10 (ten) days of the deposit with the company secretary of the Issuer of a requisition notice, requisitionists who together hold not less than 25% (twenty five percent) of the aggregate Nominal Amount outstanding of the Notes for the time being, may themselves convene the meeting, but the meeting so convened shall be held within 60 (sixty) Days from the date of such deposit and shall be convened as nearly as possible in the same manner as that in which meetings may be convened by the Issuer. Notice of the meeting shall be required to be given to the Issuer.

20.4. Notice of meeting

- 20.4.1. Unless the holders of at least 90% (ninety percent) of the aggregate Nominal Amount outstanding of the Notes agree in writing to a shorter period, at least 21 (twenty one) calendar days written notice specifying the place, day and time of the meeting and the nature of the business for which the meeting is to be held shall be given by the Issuer to Noteholders. Such notice is required to be given in accordance with Condition 18 (*Notices*).
- 20.4.2. The accidental omission to give such notice to any Noteholder or the non-receipt of any such notice, shall not invalidate the proceedings at a meeting.

20.5. **Quorum**

20.5.1. A quorum at a meeting shall for the purposes of considering:

- (a) an ordinary resolution generally, consist of Noteholders present in person or by proxy and holding in the aggregate not less than one-third of the aggregate Nominal Amount outstanding of the Notes; and
- (b) an Extraordinary Resolution, consist of Noteholders present in person or by proxy and holding in the aggregate not less than 50.1% (fifty point one percent) of the aggregate Nominal Amount outstanding of the Notes.

20.5.2. No business shall be transacted at a meeting of the Noteholders unless a quorum is present at the time when the meeting proceeds to business.

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

20.6. **Chairman**

The chairman of the meeting shall be appointed by the Issuer.

20.7. **Adjournment**

20.7.1. Subject to the provisions of this Condition 20 (*Meetings of Noteholders*) the chairman may, with the consent (which consent shall not be unreasonably withheld and/or delayed) of, and shall on the direction of the Issuer, adjourn the meeting from time to time and from place to place.

20.7.2. No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

20.7.3. At least 14 (fourteen) days written notice of the place, day and time of an adjourned meeting shall be given by the Issuer to each Noteholder. In the case of a meeting adjourned in terms of Condition 20.11.2, the notice shall state that the Noteholders present in person or by proxy at the adjourned meeting will constitute a quorum.

20.8. **How questions are decided**

20.8.1. At a meeting, a resolution put to the vote shall be decided on a show of hands unless, before or on the declaration of the result of the show of hands, a poll is demanded by the chairman or by any one of the Noteholders present in person or by proxy.

20.8.2. Unless a poll is demanded, a declaration by the chairman that on a show of hands a resolution has been carried, or carried by a particular majority, or lost, shall be conclusive evidence of that fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.

20.8.3. A poll demanded on the election of a chairman or on the question of the adjournment of a meeting shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs and the result of such poll shall be deemed to be the resolution of the meeting.

20.8.4. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall not be entitled to a casting vote in addition to the vote, if any, to which he is entitled.

20.9. **Votes**

20.9.1. On a show of hands every Noteholder present in person shall have one vote. On a poll every Noteholder, present in person or by proxy, shall have one vote for each ZAR1,000,000 (One Million Rand) or NAD1,000,000 (One Million Namibian Dollars), as the case may be, of the Nominal Amount outstanding of the Notes held by him. The joint holders of Notes shall have only one vote on a show of hands and one vote on a poll for

each ZAR1,000,000 (One Million Rand) or NAD1,000,000 (One Million Namibian Dollars) as the case may be, of the Nominal Amount outstanding of the Notes of which they are the registered holder and the vote may be exercised only by that holder present whose name appears first on the relevant Register in the event that more than one of such joint holders is present in person or by proxy at the meeting. The Noteholder in respect of uncertificated SA Notes shall vote at any such meeting on behalf of the holders of Beneficial Interests in such Notes in accordance with the instructions to the CSD or its nominee from the holders of Beneficial Interests conveyed through the Settlement Agents in accordance with the Applicable Procedures.

20.9.2. Notwithstanding anything to the contrary contained herein, any Noteholder that is the Issuer or any of its Subsidiaries shall not be entitled to vote.

20.10. Proxies and representatives

20.10.1. Noteholders may:

- (a) Present in person; or
- (b) through any appointed Person (a proxy), by an instrument in writing (a form of proxy), signed by the holder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney of a duly authorised officer of the corporation,

vote on a poll.

20.10.2. A Person appointed to act as proxy need not be a Noteholder.

20.10.3. The form of proxy shall be deposited at the registered office of the Issuer or at the office where the relevant Register is kept or at such other office as the Issuer may determine 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 form of proxy proposes to vote, and in default, the proxy shall be invalid.

20.10.4. No form of proxy shall be valid after the expiration of 6 (six) months from the date named in it as the date of its execution.

20.10.5. A proxy shall have the right to demand or join in demanding a poll.

20.10.6. Notwithstanding Condition 20.10.4 the form of proxy shall be valid for any adjourned meeting, unless the contrary is stated thereon.

20.10.7. A vote given in accordance with the terms of a proxy shall be valid notwithstanding the previous death or incapacity of the principal or revocation of the proxy or of the authority under which the form of proxy was executed or the transfer of Notes in respect of which the proxy was given, provided that no intimation in writing of such death, incapacity or revocation shall have been received by the Issuer at the office of the relevant Transfer Agent 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.

20.10.8. Any Noteholder which is a corporation 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 of Noteholders. Any reference in this Condition 20 (*Meetings of Noteholders*) to a Noteholder present in person includes such a duly authorised representative of a Noteholder.

20.11. Minutes

20.11.1. The Issuer shall cause minutes of all resolutions and proceedings of meetings to be duly entered in the minute books of the Issuer within 5 (five) Business Days of the relevant meeting.

20.11.2. Any such minutes as aforesaid, 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, shall be receivable in evidence without any further proof, and until the contrary is proved, a meeting of Noteholders in respect of the proceedings of which minutes have been so made shall be deemed to have been duly held and

convened and all resolutions passed thereat, or proceedings held, to have been duly passed and held.

20.12. **Mutatis mutandis application**

The provisions of this Condition 20 (*Meetings of Noteholders*) shall apply *mutatis mutandis* to the calling and conduct of meetings on an individual Tranche, Series or Class of Noteholders, as the case may be.

21. **FURTHER ISSUES**

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

22. **GOVERNING LAW**

These Terms and Conditions and all rights and obligations to the Notes are governed by, and shall be construed in accordance with, the laws of Namibia in force from time to time.

23. **JURISDICTION**

The Issuer irrevocably and unconditionally agrees, for the benefit of the Noteholders, that the High Court of Namibia (or any successor to that division) will have non-exclusive jurisdiction to settle any disputes which arise out of or in connection with the Notes and accordingly submits to the non-exclusive jurisdiction of the Namibian courts.

For and on behalf of

BANK WINDHOEK LIMITED

Name:
Capacity: Director
Who warrants his/her authority hereto

Name:
Capacity: Director
Who warrants his/her authority hereto

USE OF PROCEEDS

Words used in this section headed "Use of Proceeds" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

For purposes of the South African Commercial Paper Regulations it is recorded that the "*Ultimate Borrower*", as defined in the South African Commercial Paper Regulations, of the net proceeds from each Tranche of SA Notes will be the Issuer, unless otherwise indicated in the Applicable Pricing Supplement.

The proceeds from each issue of Notes will be applied by the Issuer to fund loans and advances to its customers and for its general corporate purposes, including but not limited to liquidity and capital management, the rearrangement of the term structure of funding in line with the Asset Liability Committee (**ALCO**) strategy and to comply with regulatory long term funding requirements, or as may otherwise be described in the Applicable Pricing Supplement.

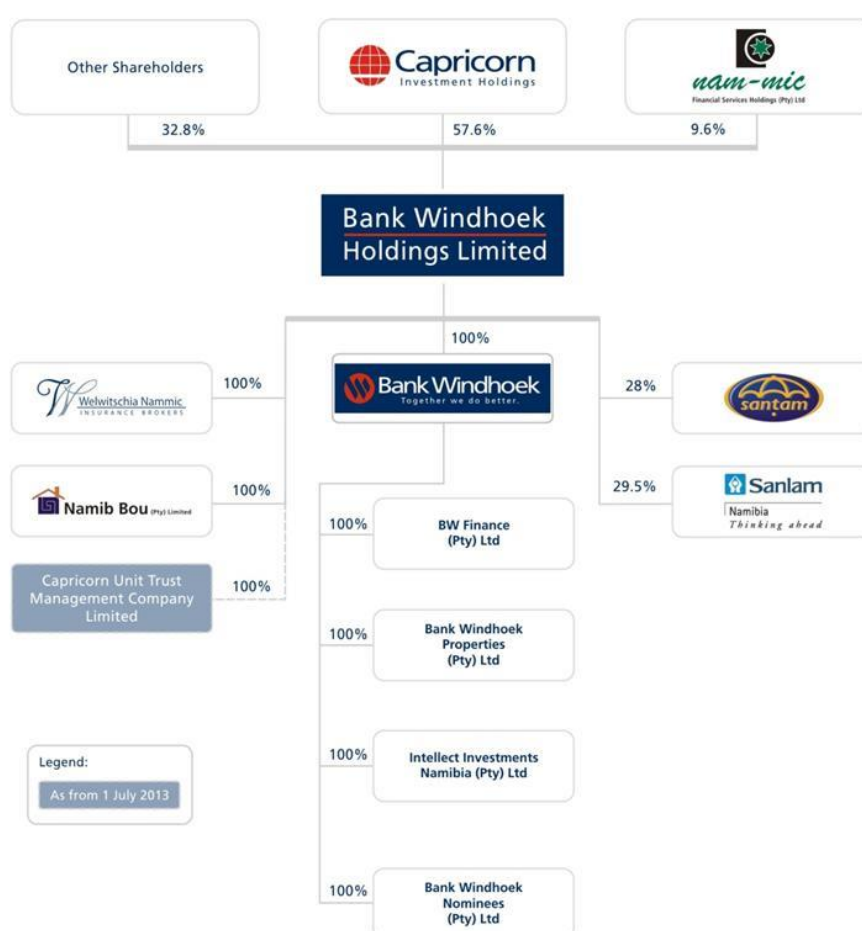
DESCRIPTION OF BANK WINDHOEK LIMITED

Words used in this section headed "Description of Bank Windhoek Limited" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

1. INTRODUCTION

- 1.1. The Issuer is a wholly-owned subsidiary of Bank Windhoek Holdings Limited (**BWH**), an investment holding company with interests in various companies in the financial sector industry of Namibia.
- 1.2. As at the Programme Date, BWH's group structure can be diagrammatically depicted as follows:

Group Structure



- 1.3. The Issuer is the main subsidiary and the flagship of BWH. At 30 June 2013 the Issuer contributed 89% to the BWH Group's net profit after tax and 88% to the net asset value of the BWH Group.
- 1.4. The Issuer has established itself as one of the leaders in the financial services industry in Namibia with total assets of NAD20.6 billion as at 30 June 2013 and a national retail branch network of 53 branches and agencies, as well as specialist branches for Emerging Small and Medium Enterprises, which includes Small and Medium Enterprises (**ESME**) Finance, Vehicle & Asset Finance, Property Finance and Microfinance. The Issuer also has a Corporate and Executive Banking Division with offices in Windhoek, Oshakati and Walvis Bay and offers foreign exchange services through its own branches and through a joint venture with American Express.

- 1.5. The Issuer further has 90 ATMs and in addition, a total of 236 Bank Windhoek Cash Express ATMs installed at merchants across Namibia in partnership with ATM Solutions Namibia.

2. BACKGROUND AND HISTORY

- 2.1. The Issuer was established in 1982, when a group of local businessmen acquired the operations of Volkskas Bank in Namibia. The objective was to establish a bank controlled and managed in Namibia with a uniquely Namibian ethos and local insight.

- 2.2. Since 1982, the Issuer has stayed true to its vision of providing banking services for all Namibians and its business philosophy of building long-lasting relationships with its stakeholders. The Issuer's existence has always been characterised by a strong commitment to understanding the individual banking needs of all Namibians and by fulfilling its role as a partner in the development, economic growth and prosperity of Namibia.

- 2.3. Highlights of the Issuer over the past 30 years:

- | | |
|----------|--|
| 1982 | The Issuer acquired the business of Volkskas Bank in Namibia. |
| 1990 | The Issuer amalgamated with the local branches of Trust Bank and Boland Bank in an effort to rationalise their banking services in Namibia. |
| 1996 | The Issuer merged with Namib Building Society. |
| 2000 | The Issuer became the first bank in Namibia to establish a dedicated SME branch to provide financing for emerging small and medium enterprises. |
| 2001 | Recognising its role as a responsible corporate citizen, the Issuer established its Social Investment Fund. The focus areas of support were (and still are) education and job creation. |
| Apr 2001 | The Issuer successfully converted to its new client centric banking system and became the first bank in Namibia to localise its systems, which included internet banking. |
| 2003 | The Issuer's holding company was one of the forerunners in broad based economic empowerment, with an empowerment transaction which saw Nam-mic Financial Services Holdings (Pty) Limited (Nam-mic) acquiring a 7.1% stake in BWH. This transaction demonstrated the Group's commitment towards socioeconomic transformation and economic empowerment. Over time, Nam-mic's shareholding increased to 10.5%. |
| 2003 | The Issuer was awarded a grant from the Financial Deepening Challenge Fund, sponsored by the British Government's Department for International Development (DFID). This enabled the Issuer to fast track its expansion into unbanked communities. |
| 2003 | The transformation of the Bank Windhoek brand with the unveiling of the new modernised corporate identity and slogan 'Together we do better'. |
| Nov 2006 | Capricorn Investment Holdings Limited (CIH) and others acquired Absa's entire shareholding in BWH, making the Issuer a 100% Namibian owned and controlled bank. |
| 2006 | The Issuer was the first bank in Namibia to introduce Cell Phone Banking to the Namibian market, a major achievement for the Issuer. |
| 2006 | The Issuer and ATM Solutions Namibia signed an agreement and the first Bank Windhoek Cash Express ATM was installed. |
| 2007 | The Issuer successfully completed the rollout of its community banking programme with ten community branches in Noordoewer, Outapi, Eenhana, Opuwo, Aranos, Aminuis, Ongwediva, Okakarara, Oshakati-North and Nkurenkuru. |
| 2009 | The international EMEA Finance Magazine recognised the Issuer as the best bank in Namibia, an accolade the Issuer has retained for four consecutive years. |

- 2009 With the implementation of the Namswitch project, the Issuer started its card acquiring business with the rollout of Bank Windhoek Point-of-Sale devices. This Point-of-Sale network has since been expanded to more than 1,280 devices.
- Sep 2010 The Issuer became the second-largest bank in Namibia in terms of assets.
- Jun 2012 The Issuer became the largest bank in Namibia based on loans and advances.
- Jun 2013 BWH successfully listed on the Namibian Stock Exchange on 20 June 2013. With the listing of BWH, the group created an investment opportunity for Namibians and in the process further broadened Namibian ownership in BWH and aided the development of the Namibian capital market. The key highlights of the listing process was that 5,771 applications to the value of N\$1.34bn were received and the listing was 3,5 times oversubscribed.

3. SUBSIDIARIES

The Issuer has the following subsidiaries:

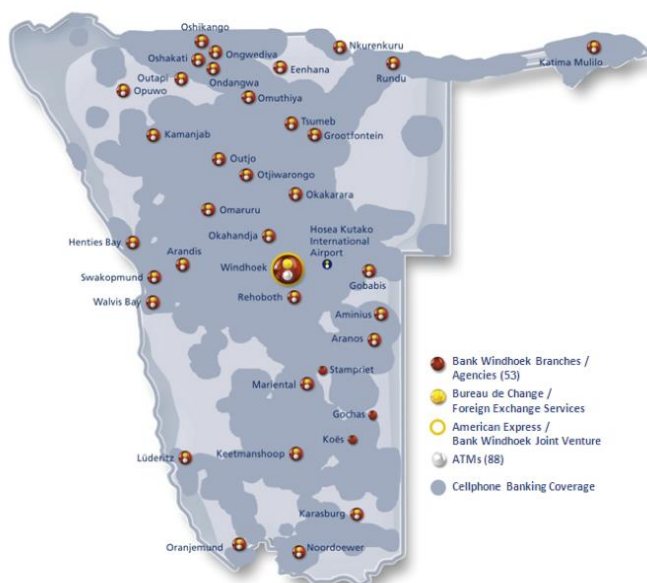
- 3.1. BW Finance (Pty) Limited (**BW Finance**) is the vehicle through which the Issuer does its micro lending business in partnership with Nam-mic. The partnership was established in 2002. The net loan book of BW Finance has grown to NAD320 million as at end of December 2012 with a total number of 23,400 loans.
- 3.2. Bank Windhoek Properties (Pty) Limited (**Bank Windhoek Properties**) owns the Bank Windhoek main building situated at 262 Independence Avenue, Windhoek. On 25 June 2012 a professional valuator valued the property at NAD80.8 million.
- 3.3. Bank Windhoek Nominees (Pty) Limited (**Bank Windhoek Nominees**) is a nominee company, acting as agent for third party principals to facilitate banking and investment transactions.
- 3.4. Intellect Investments Namibia (Pty) Limited (**Intellect Investments Namibia**) was incorporated to house certain Bank Windhoek trademarks (with all the other trademarks being held by the Issuer).

4. REVIEW OF OPERATIONS AND DESCRIPTION OF BUSINESS

4.1. Distribution Network

As set out in the graphical illustration below, the Issuer has an extended distribution network covering the entire country of Namibia.

BANK WINDHOEK DISTRIBUTION NETWORK



4.2. Products and Services

The Issuer offers a wide range of financial services and products and is continuously looking for opportunities to expand and improve its product and services offering.

4.2.1. *Personal Banking*

Personal banking products include various saving and transaction accounts for clients from all age and income groups. The products offered include the Solo account for clients of 18 years and younger, the EasySave account which caters for the lower income group and the SeniorSave account for clients of 55 years and older. Some of these products can be used in conjunction with other products of the Issuer such as a cheque account, cell phone banking, internet banking, investments and loans.

4.2.2. *Cheque Accounts*

The Issuer offers a range of cheque accounts to private and business clients. From standard cheque accounts that satisfy the transactional needs of individual or business clients to various exclusive cheque accounts that offer clients guaranteed cheques and other premium client services. The exclusive cheque accounts offered are the Bank Windhoek Selekt 1 000, 2 000, 5 000 and 10 000 accounts.

4.2.3. *Agricultural Packages*

The Issuer is committed to offering its banking services to farming communities and as a result has created an agricultural product range to address the specific needs of its farming clients.

4.2.4. *Savings and Investments*

The Issuer offers a wide range of saving products, from call deposits to fixed and notice deposits. The products are offered to individual, business and corporate clients. Notice deposits offer clients notice periods of 7, 14, 21, 32, 60 and 88 days. Fixed deposits are offered at a fixed rate for a fixed period of time, varying from 4 to 60 months.

4.2.5. *Loan Products*

The Issuer has a wide range of loan products to cater for the needs of clients, from unsecured to secured loan options including but not limited to personal loans to individuals on structured terms, overdraft facilities, student loans, home loans, building loans, vehicle and asset finance, micro loans and commercial loans.

4.2.6. *Financial Advice and Planning*

The Issuer offers financial advice relating to clients' finances for retirement. This includes advice on life insurance, short-term insurance, wills and trusts.

Through the BWH Group's bancassurance strategy, insurance products, both short-term and life insurance are offered to the customer base of the BWH Group. The strategy is implemented jointly by the Issuer, Welwitschia Nammic Insurance Brokers (**WNIB**) and BW Financial Advisors (Pty) Limited (**BWFA**). Santam Namibia and Sanlam Namibia (including Namlife) serve as the preferred product providers in terms of the bancassurance strategy.

4.2.7. *Electronic Banking Channels*

The Issuer's internet banking services offer clients access to their bank account wherever they have access to the Internet. This includes the Bureau File Facility for the bulk transfer of funds, typically for payroll or debit order processing.

The Issuer's cell phone banking services can be linked with any savings, cheque and transactional account, allowing clients to do banking using a cell phone anywhere in the world where there is cellphone coverage, via the MTC network. Clients can choose to register for full or limited access.

4.2.8. *International Banking Services*

The Issuer's international banking services enable clients to send and receive funds internationally in all major currencies. Clients are offered a wide range of border trade

and logistics management products to manage cross-border physical and financial supply chains better. A range of products to protect the interests of buyers and sellers is available and both importers and exporters are assisted to ensure optimal solutions for the needs of clients. Foreign currency accounts that function on the same basis as an ordinary call deposit account are also offered in some of the major currencies.

Through its international treasury solutions, the Issuer offers a wide range of solutions to corporate and business clients. Investment products, buying and selling of foreign currency and hedging strategies to limit exchange rate risk are some of the services offered.

Foreign exchange services are offered through the retail branch network and through the joint venture with American Express.

4.2.9. *ESME Finance*

The Issuer assists existing and prospective business owners to obtain finance that will enable them to start up or develop their businesses. Financing options available to ESMEs include residential building loans, vehicle and asset finance and commercial loans.

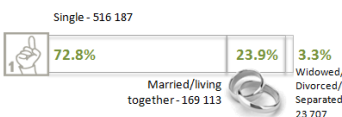
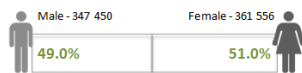
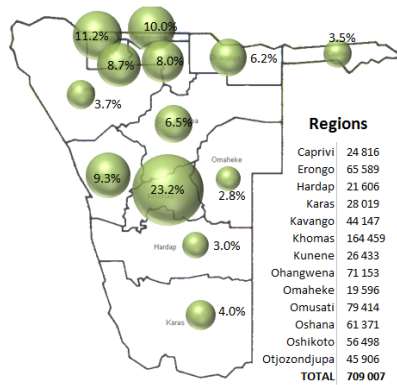
4.2.10. *Corporate and Business Banking*

Corporate banking advisors manage the banking business and relationship with corporate and business clients of the Issuer. This division also provides customer-centred services and solutions to government, parastatals, international organisations, multinationals, Namibian corporate and qualifying high net worth individuals.

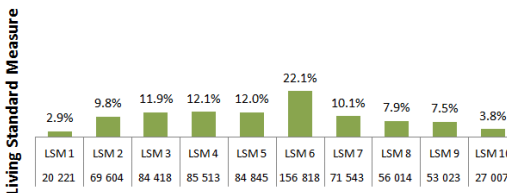
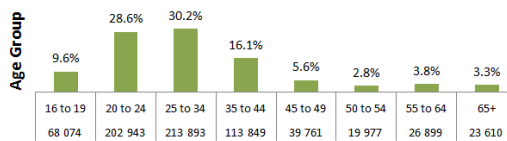
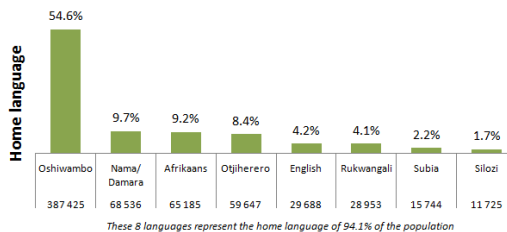
4.3. **Client Profile and Demographics**

4.3.1. The Issuer's client base includes international and multinational companies, state owned enterprises, leading Namibian companies, large municipalities, high net worth individuals, ESMEs and private individuals, including students and scholars.

4.3.2. Below is the demographic profile of the Issuer's clients as at December 2012:



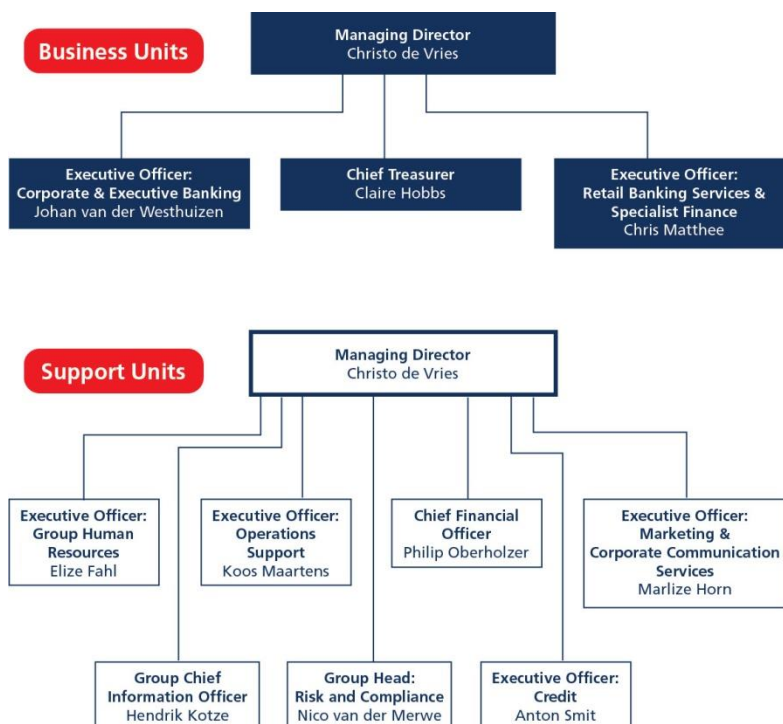
Demographic profile



Results based on sample of 1384

5. MANAGEMENT STRATEGY

5.1. Organogram and Structure



5.2. Staff Complement and Training

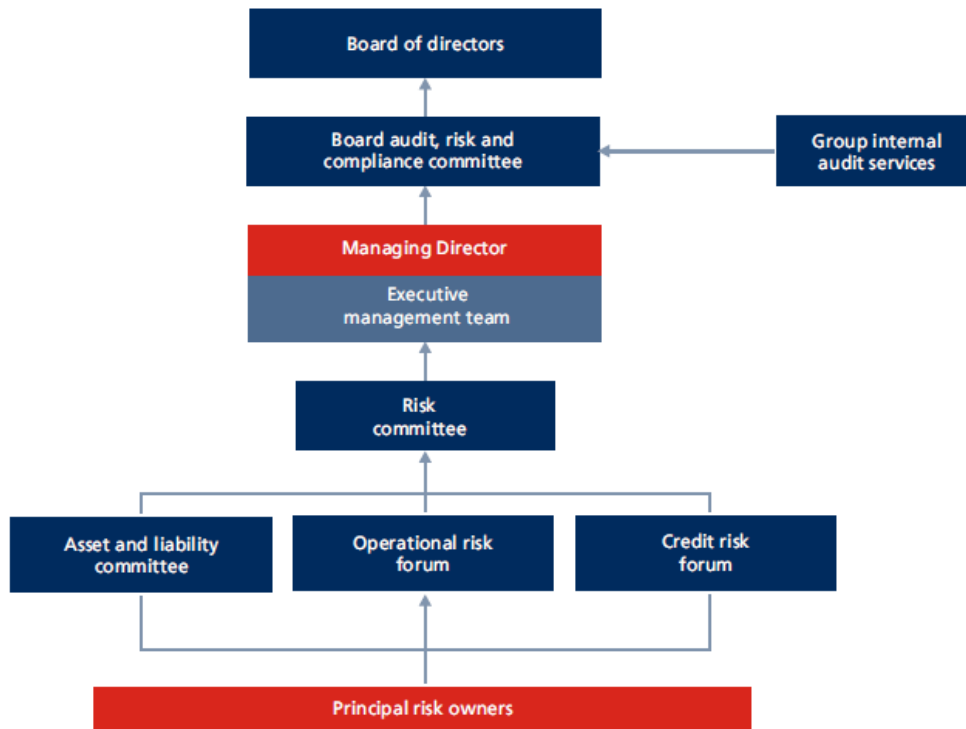
- 5.2.1. The Issuer has a stable and committed workforce and continues its efforts to attract the best talent available. The Issuer currently employs more than 1,300 staff members of whom only 22 are non-Namibian employees.
- 5.2.2. The continuous development of its employees' knowledge, skills and abilities forms a vital part of the Issuer's overall business strategy to meet the challenge of growing the business and servicing its clients. The Accelerated Training Programme of the Issuer was developed in 2008 to fast track the development of talented employees in key areas where skills shortages exist. All employees are given the opportunity to participate in the Issuer's various training and development programmes, which include operational training, skills training and assistance to obtain qualifications through the Institute of Bankers. The Issuer, through its Bursary Scheme, assists Namibian students studying at institutions of higher learning as well as students learning at other vocational and academic institutions.
- 5.2.3. The Issuer's Learning and Development Centre is a highly effective educational facility established for the training and educational requirements of its employees and the employees of CIH and all its Subsidiaries (**CIH Group**).

6. RISK MANAGEMENT

6.1. Risk management governance

- 6.1.1. The board of directors of the Issuer is ultimately accountable for any financial loss or reduction in shareholders' value, and therefore has a duty to make the necessary enquiries to ensure that the requisite systems, practices and culture are in place to manage all risks to which the Issuer is exposed. This risk management/control responsibility in respect of the Issuer has primarily been delegated to the Board Audit, Risk and Compliance Committee (**BARC**), a board committee established by the board of directors of the Issuer, which committee reports back to the board of directors. The BARC is governed by formal, written terms of reference and the board of directors of the Issuer is satisfied that the BARC has complied with its responsibilities under the mandate.

The BARC places substantial reliance on the risk management structure as set out below:



The BARC, whose chairman is an independent non-executive director of the Issuer, was established to ensure the Issuer's compliance with the requirements of the Banking Institutions Act and, more specifically, to oversee sound risk management, accounting, internal audit, management assurance, internal control, compliance, forensics and ethics structures. The external auditors have unrestricted access to this committee, which ensures that its independence is in no way impaired.

- 6.1.2. During recent years and with the implementation of BASEL requirements by the Bank of Namibia, risk management within the Issuer has become a focal point. To assist the BARC in monitoring exposures to risks in the day-to-day operations, a risk committee comprising members of the executive management team and senior management of the Issuer was established. The primary responsibility of this team is to evaluate the risk management model employed by the Issuer and to provide recommendations to manage identified, unidentified and potential risks.
- 6.1.3. The risk management function, including operational risk analysis, market risk analysis and credit risk analysis, provides independent risk oversight. The compliance function also reports to this unit and has a primary function of setting bank-wide standards for achieving compliance with the relevant laws, regulations and supervisory requirements, as well as industry and international best practice. The risk management function is headed by the Executive Officer: Risk, who is a member of the executive management team of the Issuer. The Executive Officer: Risk, who has unrestricted access to the chairman of the BARC, reports directly to the managing director of the Issuer. The risk management function is responsible for establishing and driving the implementation of the risk management framework (Group Risk Internal Control and Assurance Framework), which includes policies, procedures, standards, methodology and processes.

6.2. Risk Management Framework

- 6.2.1. The Issuer has set in place a risk management framework to receive information on the effectiveness of measures to identify and address significant internal risks arising from the operations of the Issuer, as well as external risks arising from the external

environment in which the Issuer operates, including the design and operating effectiveness of internal control procedures to mitigate the identified risks.

- 6.2.2. The risk management approach of the Issuer is to ensure that all risks that may have a significant or potential negative impact on the Issuer are identified and managed. The risk management policies, approved by the BARC, define the major risks that the Issuer is exposed to, as well as how the identified risks should be assessed, monitored, controlled/mitigated and reported. The framework also establishes and quantifies the risk appetites for each category of principal risk the Issuer is exposed to.
- 6.2.3. In order for the Issuer to determine the extent to which potential events have an impact on the achievement of its objectives, a risk assessment process is followed. Within this process, risks identified are subject to the assessment of the likelihood of occurrence, the magnitude of impact and its risk rating. Each risk is required to have a risk response, representing the Issuer's response to mitigate or accept the risk.
- 6.2.4. As operational risk events continuously evolve arising from external market changes and other environmental factors, as well as from new products, activities and/or systems, the ongoing review of the operational risk management framework is a crucial link in the risk management process. Risk management procedures enhanced during the year include refining the risk registers/risk and control self-assessments and the implementation of key risk indicators.

6.3. **Internal Control**

- 6.3.1. The Issuer maintains systems of internal control over financial reporting and over the safeguarding of assets against unauthorised acquisition, use or disposition. These are designed to provide reasonable assurance to the Issuer and each subsidiary of the Issuer's management and board of directors regarding the preparation of reliable published financial statements and the safeguarding of the Issuer's assets. An approved Business Continuity Plan is in place, which is tested annually. The entities over which the Issuer does not have control, and which are not included in the Business Continuity Plan, are not significant to the operations of the Issuer. The directors will however seek assurance that significant risks pertaining to these entities are managed and that any system of internal control is operating effectively.
- 6.3.2. The systems include a documented organisational structure and division of responsibility, established policies and procedures which are communicated throughout the Issuer's business, and the proper training and development of its people.
- 6.3.3. The internal audit function is an objective review and consulting function created to add value and improve systems of internal control. It helps the Issuer to accomplish its objectives by systematically reviewing current processes, using a disciplined approach to establish the appropriateness of controls, the risk management process, the management control process and the governance process.

6.4. **External Auditor**

The external audit policy, as approved by the BARC, ensures that the independence of the external auditors is in no way impaired and consequently also governs non-audit services performed by the external auditor. The BARC approves the external auditor's terms of engagement, agrees to the scope of work and the annual audit plan.

7. **BOARD OF DIRECTORS**

7.1. **Directors:**

As at the date of the Programme Memorandum, the following individuals serve as directors on the board of directors of the Issuer:

J C Brandt (Chairman)

J J Swanepoel (Vice-Chairman)

C P de Vries (Managing Director)

K B Black

G Nakazibwe-Sekandi

F J du Toit

E Knouwds

M K Shikongo

7.2. **Executive Management Team of the Issuer:**

The executive management team of the Issuer consists of the following members:

Marlize Horn (39), National Diploma, PRISA

Executive Officer: Marketing and Corporate Communication Services.

Johan van der Westhuizen (49), BCom, HDE, Postgraduate Diploma in Financial Planning

Executive Officer: Corporate and Executive Banking.

Anton Smit (53), BCom CAIB

Executive Officer: Credit.

Christiaan Beyers Mathee (47), BComm (Hons)

Executive Officer: Retail Banking Services.

André Smit (40), BCompt (Hons), C.A. (S.A.), C.A. (Nam)

Risk Management Department- Head of Non Financial Risk and Compliance

Nico Johannes van der Merwe (42) *, BCom (Law), MBA (Finance)

CIH Group Head of Risk and Compliance.

Hendrik Bruyns Kotzé (48) *, BCom (Commercial Computer Science)

CIH Group as Chief Information Officer.

Jacobus Tredoex Maartens (58), Matric

Executive Officer: Operations Support.

Claire Hobbs (49), BComm CAIBSA

Chief Treasurer.

Philip Oberholzer (43), BComm (Management Accounting), BCompt (Hons)

Compliance Officer and Financial Manager.

Elize Fahl (53) *, Personnel Certificate

Group Human Resources Advisor of CIH.

* These executive management team members are currently employed by CIH and assigned to the Issuer.

8. **CORPORATE GOVERNANCE AND REGULATORY FRAMEWORK**

8.1. BWH group (including the Issuer) and their directors are committed to the principles of effective corporate governance, the application of the highest ethical standards in the conduct of its business and affairs and the principles of employment equity throughout its operations.

8.2. The board of directors has appointed the following committees:

8.2.1. BARC;

8.2.2. Group Board Human Resources Committee;

8.2.3. Asset and Liability Committee (ALCO)

8.2.4. Board Credit Committee and Board Lending Committee

8.2.5. Risk Committee

8.2.6. Credit Risk Forum

- 8.2.7. Operational Risk Forum and
- 8.2.8. Group Board Nominations and Remunerations Committee.

8.3. **The BWH group's approach to good corporate governance**

- 8.3.1. The BWH group is committed to the principles of corporate governance which is characterised by discipline, transparency, independence, accountability, responsibility, fairness and social responsibility. By subscribing to these principles, the BWH group believes all stakeholders' interests are promoted, including the creation of long-term shareholder value.
- 8.3.2. The board and its sub-committees are responsible to ensure the appropriate application of governance practices and principles contained in the King II Report on Corporate Governance (King II). The board manages corporate governance through the Board Audit Risk and Compliance Committee, which monitors the Issuer's compliance with relevant corporate governance principles and reports any findings directly to the board.
- 8.3.3. The King Report on Governance for South Africa and the King Report and Code of Governance Principles (the **King III Code**) apply to entities incorporated and resident in South Africa. The Issuer is incorporated in Namibia and accordingly, the King III Code is not applicable to the Issuer and the Issuer does not comply with the King III Code.

8.4. **The Board of Directors of the Issuer**

- 8.4.1. The board plays a pivotal role in the Issuer's corporate governance system. An overriding principle in regard to the board's deliberations and approach to corporate governance will be that of intellectual honesty.
- 8.4.2. The board, as constituted by the Namibian Companies Act, is governed by the board charter. The purpose of this board charter is to regulate how business is to be conducted by the board in accordance with the principles of good corporate governance. The board charter sets out the specific responsibilities to be discharged by the board members collectively and the individual roles expected from them.

8.5. **Role of the board of the Issuer**

- 8.5.1. An important role of the board is to define the purpose of the Issuer, which is its strategic intent and objectives as a business enterprise, and its values, which is its organisational behaviour and norms to achieve its purpose. Both the purpose and the values should be clear, concise and achievable. The board should also ensure that procedures and practices are in place to protect the Issuer's assets and reputation. The Issuer's strategy is considered and agreed annually, prior to the approval of the annual budget.
- 8.5.2. Responsibilities of the board include the establishment, review and monitoring of strategic objectives, approval of major acquisitions, disposals and capital expenditure and overseeing the Issuer's systems of internal control, governance and risk management. A schedule of matters reserved for the board's decision details key aspects of the Issuer's affairs that the board does not delegate, including, among other things, approval of business plans and budgets, material expenditure and alterations to share capital.

8.6. **Appointments**

Procedures for appointments to the board are formal and transparent. Members of the board are recommended by the Group board nominations and remuneration committee which is chaired by an independent non-executive director of the Issuer, and the majority of members are non-executive. Casual vacancies will only hold office until the next annual general meeting at which time they will retire and become available for election. Executive directors will be engaged on employment contracts, subject to short-term notice periods, unless longer periods are approved by the board.

8.7. **Board Audit Risk and Compliance Committee**

- 8.7.1. The BARC, whose chairman is an independent non-executive director, was established to oversee sound risk management, accounting, internal audit, management assurance, internal control, compliance, forensics and ethics structures, and to liaise with the

external auditors. Both the internal and external auditors have unrestricted access to this committee, which ensures that their independence is in no way impaired. The BARC is governed by formal, written terms of reference.

- 8.7.2. During recent years and with the implementation of BASEL requirements by the Bank of Namibia, risk management by the Issuer has become a focal point. To assist the BARC in monitoring exposures to risks in the day-to-day operations, a risk committee comprising of members of the executive management team and senior management, was established at the Issuer level. The primary responsibility of this team is to evaluate the risk management model employed by the Issuer and to provide recommendations to manage identified, unidentified and potential risks.

8.8. Company Secretary

Hellmut von Ludwiger (45), BCom (Hons), C.A. (Nam), ACIS joined the Issuer as Chief Financial Officer in January 2003 and was appointed Group Company Secretary in February 2004. He is located at the following address 5th Floor, CIH House, Kasino Street, Windhoek, Namibia

8.9. Group Board Human Resources Committee

The purpose of the Group board human resources committee is to ensure that the Group is appropriately staffed in terms of skills levels and ethnic diversity to meet the challenges of the future. Programmes related to this are ratified by the committee. In addition, the committee ensures that management and staff is remunerated appropriately and that the remuneration scales, including incentive and share schemes, and conditions of employment of Group companies, are market related.

8.10. Group Board Nominations and Remuneration Committee

The Group board nominations and remuneration committee is responsible for the evaluation of new board appointees in the Group and ensures that board members remain competent to fulfil their duties. The committee furthermore considers and recommends to the boards of Group companies appropriate remuneration for non-executive and executive directors as well as executive management. The Group board nominations and remuneration committee is chaired by an independent non-executive director.

8.11. Board Credit and Board Lending committees

The board credit and board lending committees of the Issuer play a very important role in the monitoring, granting and management of credit, especially with regard to large exposures.

8.12. Internal control

- 8.12.1. The Issuer maintains systems of internal control over financial reporting and over the safeguarding of assets against unauthorised acquisition, use or disposition. These are designed to provide reasonable assurance to the Issuer and board of directors regarding the preparation of reliable published financial statements and the safeguarding of the Issuer's assets. An approved business continuity plan is in place which is tested annually.
- 8.12.2. The systems include a documented organisational structure and division of responsibility, established policies and procedures which are communicated, and the proper training and development of its people.
- 8.12.3. The internal audit function is an objective review and consulting function, provided by CIH, created to add value and improve systems of internal control. It helps the Issuer to accomplish its objectives by systematically reviewing current processes, using a disciplined approach to establish the appropriateness of controls, the risk management process, the management control process and the governance process.
- 8.12.4. There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable, and not absolute, assurance with respect to financial statement preparation and the safeguarding of assets. Furthermore, the effectiveness of an internal control system can change with circumstances.

8.13. **External auditor**

The external audit policy, as approved by the BARC, ensures that the independence of the external auditors is in no way impaired and consequently also governs non-audit services performed by the external auditor. The BARC approves the external auditor's terms of engagement, agrees to the scope of work and the annual audit plan.

8.14. **Environment Responsibilities**

- 8.14.1. The Issuer is committed to creating and maintaining a congenial, safe and healthy working environment for its employees while contributing to a healthy environment for the wider community, especially for communities located near its operations.
- 8.14.2. The Issuer's business units are committed to the responsible care of the natural environment in all areas in which they operate. The diversified and decentralised nature of the Issuer's operations creates a special challenge as it is difficult to identify the full extent of environmental risks. As a responsible corporate citizen, the Issuer is determined to address this challenge.

INVESTOR CONSIDERATIONS

Capitalised terms used in this section headed “Investor Considerations” shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

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 on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it, or which it may not currently be able to anticipate. Accordingly, the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive.

Prospective investors should also read the detailed information set out elsewhere in this Programme Memorandum to reach their own views prior to making any investment decision.

References below to the “*Terms and Conditions*”, in relation to Notes, shall mean the “*Terms and Conditions of the Notes*” set out under the section of this Programme Memorandum headed “*Terms and Conditions of the Notes*”.

Factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme

Risks Relating to the Notes

The Notes may not be a suitable investment for all investors

Each potential investor in any Notes must determine the suitability of investment in the Notes 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.

There may not be an active trading market for the Notes

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the 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. There is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

The Notes may be redeemed prior to maturity

Unless in the case of any particular Tranche of Notes the Applicable Pricing Supplement specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the government of South Africa, Namibia or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

In addition, if in the case of any particular Tranche of Notes the Applicable Pricing Supplement specifies that the Notes are redeemable at the Issuer's option in certain other circumstances, the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

Because uncertificated SA Notes are held by or on behalf of the CSD, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

SA Notes issued under the Programme which are listed on the Interest Rate Market of the JSE or such other or additional Financial Exchange(s) and/or held in the CSD may, subject to Applicable Laws and the Applicable Procedures, be issued in uncertificated form. Unlisted SA Notes may also be held in the CSD in uncertificated form. SA Notes held in the CSD will be issued, cleared and settled in accordance with the Applicable Procedures through the electronic settlement system of the CSD. Except in the limited circumstances described in the Terms and Conditions, investors will not be entitled to receive Individual Certificates. The CSD will maintain records of the Beneficial Interests in SA Notes in respect of SA Notes, issued in uncertificated form, which are held in the CSD (whether such Notes are listed or unlisted). Investors will be able to trade their Beneficial Interests only through the CSD and in accordance with the Applicable Procedures.

Payments of principal and/or interest in respect of uncertificated SA Notes will be made to the CSD's Nominee / or the Relevant Participants and the Issuer will discharge its payment obligations under the SA Notes by making payments to or to the order of the CSD's Nominee / or the Relevant Participants for distribution to their account holders. A holder of a Beneficial Interest in uncertificated SA Notes, whether listed or unlisted, must rely on the procedures of the CSD to receive payments under the relevant Notes. Each investor shown in the records of the CSD and/or the Relevant Participants, as the case may be, shall look solely to the CSD or the Relevant Participant, as the case may be, for his share of each payment so made by the Issuer to the registered holder of such uncertificated SA Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, such Beneficial Interests.

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

Recourse to the BESA Guarantee Fund Trust

The holders of SA Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the BESA Guarantee Fund Trust. Claims against the BESA Guarantee Fund Trust may only be made in respect of the trading of SA Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the BESA Guarantee Fund Trust. Unlisted SA Notes are not regulated by the JSE.

Credit Rating

Tranches of Notes issued under the Programme, the Issuer and/or the Programme, as the case may be, may be rated or unrated. A Rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning Rating Agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes issued under the Programme.

Risks related to the structure of the particular issue of Notes

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

Notes subject to optional redemption by the Issuer

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

Index-Linked and Dual Currency Notes

The Issuer may issue Notes the terms of which provide for interest or principal payable in respect of such Note 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 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 is likely to be magnified; and
- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

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.

Notes issued at a substantial discount or premium

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

Variable Rate Notes with a multiplier or other leverage factor

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

Fixed/Floating Rate Notes

Fixed/Floating 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 such 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 Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate 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 Notes.

Notes where denominations involve integral multiples: Individual Certificates

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive an Individual Certificate in respect of such holding and would need to purchase a Nominal Amount of Notes such that its holding amounts to a minimum Specified Denomination.

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

Credit-Linked Notes

Credit Events – Credit Exposure to Reference Entity/ies

Credit-Linked Notes are credit derivative instruments which reference one or more Reference Obligation(s) of one or more Reference Entity/ies, as indicated in the Applicable Pricing Supplement. The amount payable under a Tranche of Credit-Linked Notes may be dependent in part upon whether or not a Credit Event has occurred. A Credit Event may be related to various credit-related events occurring in respect of one or more Reference Obligation/s of one or more Reference Entity/ies, as specified in the Applicable Pricing Supplement.

If none of the Credit Events applicable to a Tranche of Credit-Linked Notes (specified in the Applicable Pricing Supplement) occur on or prior to the Maturity Date, the interest on the Credit-Linked Notes will be paid over the life of the Credit-Linked Notes in accordance with the applicable provisions of Condition 8 (*Interest*) (where the Credit-Linked Notes are interest-bearing Notes), and the Tranche of Credit-Linked Notes will (unless previously redeemed or purchased and cancelled), be redeemed on the Maturity Date, at the Final Redemption Amount, in terms of Condition 10.7.2.

Following the occurrence of a Credit Event applicable to a Tranche of Credit-Linked Notes and satisfaction of all of the Conditions to Settlement, the Issuer's obligation to redeem that Tranche of Credit-Linked Notes, on the Maturity Date, at the Final Redemption Amount, will cease and will be replaced by an obligation to redeem that Tranche of Credit-Linked Notes with the applicable Settlement Method specified in the Applicable Pricing Supplement.

The Cash Settlement Amount or the Auction Settlement Amount or the Market Value of the Deliverable Obligations (or any similar or related amount) may be less than the Principal Amount of a Tranche of Credit-Linked Notes or zero. Accordingly, Noteholders may be exposed to the credit of the Reference Entity/ies to the full extent of their investment in Credit-Linked Notes.

Reliance on creditworthiness of the Issuer and the Reference Entity/ies

The Noteholders of Credit-Linked Notes are, in effect, taking on the credit risk of the Reference Entity/ies and the credit risk of the Issuer through their investment in the Credit-Linked Notes.

Consequently, Noteholders of Credit-Linked Notes are relying not only on the creditworthiness of the Issuer but also on the creditworthiness of the Reference Entity/ies.

Exchange Control Regulations

Any Listed Deliverable Obligations due to a non-resident Noteholder of Credit-Linked Notes may be Delivered to such non-resident Noteholder, and any distributions under such Deliverable Obligations and any proceeds due to such non-resident Noteholder on the sale at market value of such Deliverable Obligations may be remitted from the Common Monetary Area. The delivery of any other Deliverable Obligations to a non-resident Noteholder may require the prior approval of the Exchange Control Authorities in terms of the Exchange Control Regulations (see the section headed “*Exchange Control*”).

The issue of a Tranche of Credit-Linked Notes (or any other Tranche of Notes) which references one or more foreign Reference Entity/ies and/or foreign Reference Obligation/s and/or other foreign asset/s requires the prior written approval of the Exchange Control Authorities in terms of the Exchange Control Regulations (see the section headed “*Exchange Control*”).

Conflict of interest

The Issuer is also acting as Calculation Agent (unless the Issuer elects to appoint another entity as Calculation Agent, as contemplated in the Terms and Conditions), and will be responsible for determining whether a Credit Event has occurred, calculating the payments to be made in respect of a Tranche of Credit-Linked Notes, and determining the dates of such payments in accordance with the Terms and Conditions. The Issuer may also deal in Credit-Linked Notes.

The Issuer may have business or other relationships with any Reference Entity and may hold debt obligations (whether or not constituting Reference Obligations) of, or otherwise have credit exposure to, any Reference Entity. Nothing contained in this Programme Memorandum must be construed as restricting or imposing any liability, duty or restriction on the Issuer, the Group and or any of the officers or directors of the Issuer or the Group, in respect of dealing with, or otherwise extending credit to or advising any Reference Entity. Performance of the Terms and Conditions will be determined without regard to any credit exposure or actual loss the Issuer, or any other person, may have incurred with respect to any Reference Entity.

Modification and waivers and substitution

The 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 did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Change of law

The SA Notes and NAM Notes are governed by, and will be construed in accordance with the laws of Namibia in effect as at the Programme Date. No assurance can be given as to the impact of any possible judicial decision or change to the laws of South Africa and the laws of Namibia or administrative practice in either such jurisdiction after the Programme Date.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Foreign Exchange Movements

The Issuer maintains its accounts, and reports its results, in NAD. Namibian dollars have been pegged as a fixed exchange rate to South African Rands since 1993. However, there can be no assurance that Namibian dollars will not be de-pegged in the future or that the existing peg will not be adjusted.

Capital adequacy requirements

General

The Issuer is subject to the capital adequacy requirements set out in the Capital Regulations, which provide for a minimum target ratio of capital to risk-adjusted assets, which could limit its operations. Capital adequacy is measured in terms of the Banking Institutions Act and determinations made by the Governor from time to time in terms of section 71(3) of the Namibian Banking Institutions Act, under which the Issuer must maintain a minimum level of capital based on risk-adjusted assets and off-balance-sheet exposures. Until 31 December 2009, the Issuer was subject to regulatory capital adequacy requirements under Basel I, which changed to Basel II on 1 January 2010.

At the Issuer, capital adequacy is measured via two risk based ratios: Tier 1 capital and total risk based capital. Total capital is a function of core capital and non-core capital, encompassing non-redeemable non-cumulative preference shares and hybrid capital. Risk weighted assets are measured in terms of Basel II under the standardised approach (see "Basel II" below). The Banking Institutions Act requires the Issuer to maintain a minimum level of capital based on the Issuer's risk weighted assets. These minimum requirements are a Tier 1 capital ratio of 7.0% and a total risk-based capital ratio of 10%. Subordinated term debt is limited to 50% of Tier 1 capital.

Any failure by the Issuer to maintain its capital adequacy ratios may result in sanctions against the Issuer which may in turn impact on its ability to fulfil its obligations under the Notes. In addition, it is difficult for the Issuer to predict the precise effects of the changes that may result from the implementation of Basel II on the Issuer's calculations of capital, the impact of these revisions on other aspects of its operations or the impact on the pricing of the Notes.

Basel II

The Basel II Framework (**Basel II**) was introduced by the Basel Committee on Banking Supervision (**BCBS**) in June 2004 to replace the 1988 Capital Accord (**Basel I**). Following the decision to implement Basel II by 2010, the Banking Supervision Department of the Bank of Namibia, together with the commercial banks in Namibia, formed a Basel II project implementation team.

Under Basel II banks are permitted to choose between two methodologies for calculating their respective capital requirements. One alternative is to measure credit, operational and market risks in a standardised manner, supported by external credit assessments. The other alternative, which is subject to the explicit approval of the relevant central bank regulator, is to allow banks to use their respective internal ratings systems. The Bank of Namibia has elected to implement the standardised approach.

Basel III proposals

The Basel III proposals, which have been agreed by the Governors of the relevant central banks and the Heads of the Basel Committee on Banking Supervision, and endorsed by the G20 leaders at their November 2010 Seoul summit, are to be adopted in the domestic regulatory framework and will need to be implemented commencing in 2013 with various phase-ins and transitional arrangements through to 2019. There can be no assurance as to what approach the Bank of Namibia will take in the implementation of the Basel III proposals.

Risks Relating to the Issuer

Risks related to the macroeconomic, regulatory and market environments in Namibia

Recent volatility in the international capital markets and the global economy could have an adverse effect on the Namibian economy as a whole and the Issuer's business, financial condition and results of operations

- The financial services industry generally prospers in conditions of economic growth, stable geopolitical conditions, capital markets that are transparent, liquid and buoyant and which feature positive investor sentiment. The Issuer is affected by general economic and financial market conditions in Namibia, which can cause its financial condition and results of operations to fluctuate in the short-term as well as on a long-term basis.
- In recent years there has been significant volatility in the financial markets around the world. Volatility in global financial markets since 2008 and its after-effects on the global economy have led to generally more difficult earning conditions for the financial sector and resulted in the

failures of a number of financial institutions around the globe and unprecedented action by governmental authorities, regulators and central banks internationally.

- According to the Bank of Namibia (**BoN**), between 2001 and 2011, real GDP increased on average by 5.2% per year in Namibia. The global economic and financial crisis that began in 2008 contributed to a domestic recession in 2009, with a contraction in real GDP of 1.1% that year. Following the 1.1% contraction in 2009, the economy emerged from recession in 2010, led by a strong recovery in mining, specifically diamond mining and construction. After having expanded by 6.6% in 2010, real GDP growth slowed to 4.8% in 2011.
- A significant decline in the economic growth of any of Namibia's major trading partners, such as the European Union, could have an adverse impact on Namibia's balance of trade and could adversely affect Namibia's economic growth. The European Union is Namibia's largest export market. A decline in demand for imports from the European Union in particular could have an adverse effect on Namibian exports and its economic growth. Further, continued turbulence in the global economy could impact Namibia's economy, leading to reduced per capita income and consumer spending.
- Further, although Namibian banks have largely been shielded from direct exposure to the global and economic financial crisis, the uncertainty of Namibian and global growth prospects, together with potential changes to the global regulatory environment for banks, may impact the international interbank and capital markets and result in reduced liquidity and an increase in the cost of funding for banks. While the Issuer has put in place a comprehensive and robust liquidity risk management framework, reduced liquidity will inevitably restrict growth in assets and result in pressure on the achievement of forecasted results.

The Issuer is exposed to the political and economic conditions in Namibia

- Namibia is generally considered to be a developing economy. Investors in developing economies such as Namibia should be aware that these markets are subject to greater risk than more developed markets. These risks include potential economic instability as well as legal, political and social risks.
- The high unemployment rate in Namibia remains one of the biggest challenges to economic growth and causes a threat to social and political stability in the country, despite comprehensive social protection measures set in place by government.

The Issuer's business, financial condition and results of operations could be adversely affected by volatility in interest rates and foreign currency

- The Issuer earns interest on loans and other assets and pays interest to its depositors and other creditors. Net interest income (after impairment charges on loans and advances) represented 65.2% of the Issuer's income from operations for the 2013 financial year (2012: 65.1%). This ratio is forecasted to be 65.3% and 65.1% respectively in the 2014 and 2015 financial years. The Issuer's net interest margin, which is the difference between the yield on its interest-bearing assets and the cost of its interest-bearing liabilities, varies according to prevailing interest rates and is a significant factor in determining the profitability of the Issuer. Net interest margins tend to get compressed in a low interest rate environment. Reductions in interest rates or compression of the interest rate spread will inevitably result in a decrease in interest margins and consequently a lower than anticipated amount of net interest income generated by the Issuer. Conversely, a rising or high interest rate environment may cause financial stress to customers and higher defaults on the repayment of debt, increasing the Issuer's bad debt losses. Higher interest rates could also reduce affordability of credit for certain clients, thereby potentially reducing the Issuer's ability to grow its advances book.
- Furthermore, the Issuer is subject to foreign currency fluctuations and such fluctuations may have an effect on the Issuer's business, financial position and results. The risk may lead to losses in on and off-balance sheet transactions of the Issuer. The Issuer has, however, implemented systems and controls to mitigate currency risk, including the strict enforcement of limits on the level of exposure to foreign currencies for both overnight and intra-day positions, which are monitored continuously.

The Issuer operates in a highly regulated environment and any change in enforcement or the implementation of existing regulations, as well as proposed or future regulations, could have an adverse effect on its business, financial condition and results of operations

- The Issuer conducts its business subject to ongoing regulation and associated regulatory risks, and Namibian regulatory agencies have broad control over many aspects of the Issuer's business.
- The Issuer could also be adversely affected by future changes in legal, regulatory and compliance requirements. In particular, any change in regulation of the Issuer to increase the requirements for capital adequacy or liquidity, or a material change in accounting standards, could have an adverse effect on the Issuer's businesses.
- The Issuer is subject to the capital adequacy requirements set out in the Banking Institutions Act and related regulations, which provide for a minimum target ratio of capital to risk-adjusted assets. Increases in these requirements could result in a slowdown of growth for the Issuer.
- Following the global economic and financial crisis, the regulation and supervision of the global financial system have been and continue to be priorities for governments and supranational organisations. Specifically, the Basel Committee on Banking Supervision (**BCBS**) issued revised minimum global standards for banks in December 2010, revised in July 2011 – the Basel III proposals, which among other matters, places enhanced emphasis on the consistency and quality of capital and on curtailing liquidity risk.
- The Issuer is unable to predict what regulatory changes may be imposed in the future or to estimate, with accuracy, the impact that any currently proposed regulatory changes may have on its business, the products and services it offers and the values of its assets. There have been continuous regulatory changes, both in the Namibian regulatory environment and the international regulatory environment, with specific focus on anti-money laundering; data security standards as laid down by the card associations; and capital requirements as laid down by the BCBS. The Issuer maintains a proactive approach to regulation and takes an uncompromising stance to ensure compliance with regulatory requirements.

Increased competition in the lending market could have an adverse effect on the Issuer's business, financial condition and results of operations

- The Issuer faces competition from the other Namibian commercial banks, namely First National Bank Namibia Limited, Nedbank Namibia Limited and Standard Bank Namibia Limited. In addition, there are non-bank credit providers that compete in the lending market. These organisations operating in the same market as the Issuer and compete to a large extent for the same clients as the Issuer.
- An increase in competition may reduce the Issuer's market share. Any increase in the cost of client acquisition and retention; a reduced deposit activity; reduced lending; increased pressures on the pricing of loans and deposits; and any greater pressure on the Issuer to recruit and retain high calibre staff, could have an adverse effect on the Issuer's business, financial condition and results of operations.

Risks related to the Issuer's operations and business strategy

The Issuer relies on client deposits to fund a substantial portion of its assets and any loss of reputation or client confidence could result in unexpectedly high levels of client deposit withdrawals

- Growth in the Issuer's lending activities (consistent with applicable regulatory requirements) will depend, in part, on the availability of client deposits on appropriate terms. The Issuer will continue to rely on client deposits to fund loans and advances. Increased competition for client deposits will increase the cost of deposits, thereby negatively impacting on the Issuer's net interest margins and profit.

Future expected growth in loan advances may not be in line with historical growth rates, which could restrict the Issuer's ability to meet its financial targets

- The Issuer's ability to increase lending to clients that meet its credit quality standards in line with historical growth rates may be limited by competitive factors, economic conditions which limit the pool of credit-worthy borrowers and barriers experienced by customers to change banks.

Net impairment charges may increase as a result of economic deterioration

- Weakness in Namibia's economy may have an adverse effect on the credit quality of the Issuer's loan portfolio and cause loan impairment charges and loan losses to increase, which in turn could have an adverse effect on the Issuer's business and results of operations.

The Issuer's business model and strategy expose it to credit and related risks

- The Issuer's business is subject to inherent risks regarding borrower credit quality and the recoverability of loans. Changes in the credit quality of the Issuer's borrowers or arising from systemic risk in the financial systems could reduce the value of the Issuer's assets and result in increased charges for bad debts and impaired loans. In addition, market turmoil, economic recession and increasing unemployment, coupled with declining consumer spending, could adversely affect the liquidity, business or financial conditions of the Issuer's clients, which in turn could further increase the Issuer's non-performing loans. Also, if the Issuer's borrowers default and fail to pay their loans, recourse to borrower assets to satisfy outstanding loan amounts is a timeous and demanding process.
- The Issuer's growth may place demands and strains on its systems, internal controls and employees. Management of growth requires, among other things:
 - the continued development of financial and management controls, including credit quality management and IT systems;
 - the implementation of additional or updated internal controls, including financial and other reporting procedures;
 - effective coordination among management, customer care and finance teams;
 - personnel training and the hiring of new personnel; and
 - continued access to financing.
- Further, the growth in the Issuer's business has also required increased investments in management and controls relating to credit risk, capital and funding to provide for further growth.
- If the Issuer is unable to successfully implement its growth strategy and integrate new personnel or systems, or otherwise fails to successfully manage its expected growth, it could adversely affect the Issuer's business operations.

Credit ratings are important to its business

- The Issuer's credit ratings are important to its business. The Issuer's long- and short-term national-scale credit ratings from Global Credit Rating Co. are AA and A1+ respectively, both with a stable outlook. A downgrade of the Issuer's credit ratings or a change in outlook could also result in reputational damage and lead to a loss of clients, which could have an adverse effect on the Issuer's business.

The Issuer's success depends upon its ability to recruit and retain executive management and other key employees

- The Issuer's future operating results depend to a large extent on the continued contributions of senior management. The Issuer does have appropriate succession planning in place, but with the scarcity of top level skills, the simultaneous loss of some of the top management skills may pose a risk.
- In addition, the Issuer depends largely on its ability to attract, train, retain and motivate highly skilled executive management and employees. There is, however, significant competition for employees with the level of experience and qualifications that the Issuer depends upon.
- In order to recruit qualified and experienced employees and to minimise the possibility of their departure to other companies, the Issuer provides compensation packages that it believes are consistent with the standards of the labour markets in which the Issuer operates, and as a result may encounter higher operational costs.

Operational risks could have an adverse effect on the Issuer's business, financial condition and results of operations

- The Issuer is exposed to operational risks in the form of possible losses resulting from inappropriate or inadequate internal procedures, human or system errors, failures or insufficient performance by third-party partners and service providers or external events. Operational risks include legal risks and are often associated with one-off events, such as the failure to observe business or working procedures, defects or breakdowns of the technical infrastructure, criminal acts, fire and storm damage and litigation. The failure to manage these risks could have an adverse effect on the Issuer's business, financial condition and results of operations.

The Issuer relies on the performance, reliability and integrity of key information technology systems and the maintenance of certain key regulatory provisions

- The Issuer's banking platform is enabled and supported by an IT system that was designed for the Issuer's client-focused business model, and which is a core element of the Issuer's credit management process. IT platforms are however vulnerable to a number of problems, such as computer virus infections, malicious hacking, physical damage to vital IT centres and software or hardware malfunctions. Any incidents of malicious hacking of confidential client data could result in additional costs and losses to the Issuer and damage to its reputation. Any failure in the Issuer's IT platform, a general failure of electronic financial systems in Namibia or greater-than-expected IT costs could significantly affect the Issuer's operations and the quality of client service and could have an adverse effect on its business, financial condition and results of operations.

Catastrophic events, terrorist attacks, hostilities and pandemics could have an adverse effect on the Issuer's business, financial condition and results of operations

- Catastrophic events, terrorist attacks, acts of war or hostilities, pandemic diseases and other similar unpredictable events, and responses to those events or acts, may create economic and political uncertainties which could have a negative impact on the economic conditions in Namibia and, more specifically, could interrupt the Issuer's business and result in substantial losses. Such events or acts and losses resulting therefrom are difficult to predict and may relate to property, financial assets or key employees. If the Issuer's business continuity plans do not fully address such events or cannot be implemented under the circumstances, such losses may increase. Unforeseen events can also lead to additional operating costs, such as higher insurance premiums and the implementation of back-up systems. Insurance coverage for certain unforeseeable risks may also be unavailable and thus increase the Issuer's risks. If the Issuer fails to effectively manage these risks, such failure could have an adverse effect on the Issuer's business, financial condition and results of operations.

Credit risk

- The Issuer takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred at the reporting date. Significant changes in the economy, or in the health of a particular industry segment that represents a concentration in the Issuer's portfolio, could result in losses that are different from those provided for at the reporting date. Credit risk, together with large exposures, are monitored by the Board Credit and Board Lending Committee.
- In addition to credit risk through a loan, the Issuer is exposed to counterparty credit risk, which is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. Unlike credit exposures to a loan, exposures to counterparty credit could result in a positive or negative impact to the financial performance of the Issuer, depending on the underlying market factors. Such risk is associated primarily with derivative transactions.

Market risk

- The Issuer takes on exposure to market risks. Market risks arise from open positions in interest rate and currency products, all of which are exposed to general and specific market movements. It is the Issuer's policy not to enter into long-term, unhedged fixed interest rate contracts for loans and advances. Interest rate structures of deposits reflect the interest rate view and strategy of the Asset and Liability Committee (**ALCO**) and maturity structures of term deposits are in line with the ALCO policy. Interest rate structures are discussed on a monthly

basis by the interest rate subcommittee and external market resources are used to recommend interest rate views to ALCO.

Market risk measurement techniques

- The Issuer employs several measurement techniques to assess potential exposures to market change. Sensitivity analysis is applied to measure the impact of changes in interest rates. This measure is of importance in assessing the exposure of the Issuer's trading portfolio and the effect of such changes on the interest margin.
- Other measurement techniques include comprehensive analysis of maturities, both from the advance and funding perspective.

Foreign exchange risk

- The Issuer takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The board sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

Interest rate risk

- Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Issuer takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The board sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored monthly.

Price risk

- The Issuer is exposed to equity securities price risk because of investments held by the Issuer and classified either as available-for-sale or fair value through profit or loss. These securities are listed on the London Stock Exchange and NYSE.
- The Issuer generally does not undertake equity exposure. The current exposures partly arose due to the realisation of securities upon the winding up of an impaired loan. The remainder and major part of the equity holdings was established through the conversion of a membership holding in VISA to shareholding when VISA was converted to a company.

Liquidity risk

- Liquidity risk is the risk that the Issuer is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn.
- Liquidity risk is inherent in the Issuer's business endeavours and represents the ability of the Issuer to fund increases in assets and meet its financial obligations in a timely manner as they come due without incurring excessive costs, while complying with all statutory and regulatory requirements. The Liquidity Risk Management Policy sets out the minimum liquidity risk management requirements for the Issuer. Under the policy, the Issuer is required to manage current and future liquidity positions in a prudent manner. This policy formalises the liquidity risk management process of the Issuer, the goal of which is to:
 - maintain liquidity risk at a manageable level through assessment and monitoring;
 - assess and advise against any permanent or temporary adverse changes to the liquidity position of the Issuer;
 - set and monitor limits for funding mix, investment products and client exposures;
 - monitor all applicable financial and statutory ratios; and
 - identify those liquidity triggers that may entail the activation of the Contingency Funding Plan to deal with any liquidity crises, as is required in terms of the Bank of Namibia Determination on Minimum Liquid Assets (BID6)
- The policy sets out rules to effectively control liquidity risk within the risk-return parameters dictated by the board of directors' risk appetite.

- The policy aims to protect depositors, creditors, shareholders and other stakeholders of the Issuer by establishing rules and directions for identifying and managing the resolution of possible serious liquidity problems.
- Asset liquidity risk represents the availability of sufficient assets in liquid form to meet pressing obligations. In situations where liquid assets on hand could be utilised to earn a higher return instead of paying current obligations, the opportunity cost also plays a role (i.e. potential higher return less the cost of obtaining replacement liquidity). Liquidity management must attempt to match the most appropriate available liquidity to the most appropriate maturing liabilities.
- Funding liquidity risk relates to an enterprise's capability to generate funding at short notice at reasonable expense to meet pressing liquidity requirements.
- The Issuer's liquidity management process is outlined in the liquidity policy which includes, inter alia, the Issuer's funding strategy. Procedures, as set out in this policy, include the:
 - daily monitoring of liquid assets;
 - proactive identification of liquidity requirements and maturing assets;
 - liquid asset minimum limit;
 - proactive identification of short, medium and long-term liquidity requirements; and
 - relationship management with other financial institutions.
- In general the Issuer does not engage in complex activities or structures and therefore it is considered unnecessary to employ sophisticated and expensive models when determining liquidity needs under various scenarios. A basic but thorough forward looking analysis is conducted in the day-to-day, as well as monthly analysis of liquidity positions, needs and risks. Limits and rules stipulated in the Liquidity Risk Management Policy and by ALCO forms the basis for daily quotes on deposits to ensure optimal mix and concentrations are maintained.
- The Issuer must at all times hold an adequate liquid asset surplus which:
 - includes a buffer portion;
 - is additional to credit lines;
 - is adequate to cater for unexpected outflows; and
 - is simultaneously limiting the effect this surplus has on interest margins.

SETTLEMENT, CLEARING AND TRANSFER OF NOTES

Capitalised terms in this section headed "Settlement, Clearing and Transfer of Notes" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or clearly inappropriate from the context.

Listed SA Notes

Notes listed on the Interest Rate Market of the JSE, and/or held in the CSD

Each Tranche of SA Notes which is listed on the Interest Rate Market of the JSE in uncertificated form will be held in the CSD. A Tranche of unlisted SA Notes may also be held in the CSD.

Clearing systems

Each Tranche of SA Notes listed on the Interest Rate Market of the JSE, will be issued, cleared and settled in accordance with the Applicable Procedures for the time being of the JSE and the CSD through the electronic settlement system of the CSD. Such SA Notes will be cleared by the Relevant Participants who will follow the electronic settlement procedures prescribed by the JSE and the CSD.

The CSD has, as the operator of an electronic clearing system, been appointed by the JSE, to match, clear and facilitate the settlement of transactions concluded on the JSE. Subject as aforesaid each Tranche of SA Notes which is listed on the Interest Rate Market of the JSE will be issued, cleared and transferred in accordance with the Applicable Procedures and the Terms and Conditions, and will be settled through Relevant Participants who will comply with the electronic settlement procedures prescribed by the JSE and the CSD. The SA 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 CSD maintains accounts only for Relevant Participants. As at the date of the Programme Memorandum, the Relevant Participants which are approved by the JSE, as Settlement Agents to perform electronic settlement of funds and scrip are in respect of SA Notes, Absa Bank Limited, Citibank N.A., South Africa Branch, FirstRand Bank Limited, Nedbank Limited, Société Générale Johannesburg Branch, Standard Chartered Bank, South Africa Branch, The Standard Bank of South Africa Limited and the South African Reserve Bank. Euroclear, and Clearstream, Luxembourg will settle off-shore transfers in the SA Notes, through their respective Relevant Participants.

Settlement and clearing

The Relevant Participants will be responsible for the settlement of scrip and payment transfers through the CSD, the JSE and the South African Reserve Bank.

While a Tranche of SA Notes is held in the CSD, the CSD's Nominee, a Wholly Owned Subsidiary of the CSD approved by the Registrar of Securities Services in terms of the South African Financial Services Act, and any reference to "CSD's Nominee" shall, whenever the context permits, be deemed to include any successor nominee operating in terms of the South African Financial Markets Act, will be named in the relevant Register as the sole Noteholder of the SA Notes in that Tranche. All amounts to be paid and all rights to be exercised in respect of SA Notes held in the CSD will be paid to and may be exercised only by the CSD's Nominee (in respect of SA Notes), for the holders of Beneficial Interests in such SA Notes.

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

Payments of all amounts in respect of a Tranche of SA Notes which is listed on the Interest Rate Market of the JSE and/or held in uncertificated form, will be made to the CSD's Nominee, as the registered Noteholder of such SA Notes, which in turn will transfer such funds, via the Relevant Participants, to the holders of Beneficial Interests. Each of the persons reflected in the records of the CSD or the Relevant Participant, as the case may be, as the holders of Beneficial Interests in SA Notes shall look solely to the CSD 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 CSD's Nominee, as the registered Noteholder of such SA Notes.

Payments of all amounts in respect of a Tranche of SA Notes which is listed on the Interest Rate Market of the JSE and/or held in uncertificated form will be recorded by the CSD's Nominee, as the registered Noteholder of such SA Notes, distinguishing between interest and principal, and such record of payments by the CSD's Nominee, as the registered Noteholder of such SA Notes, shall be *prima facie* proof of such payments.

Transfers and exchanges

Subject to the Applicable Laws, title to Beneficial Interest held by clients of Relevant Participants indirectly through such Relevant Participants will be freely transferable and will pass on transfer thereof by book entry (whether electronic or otherwise) in the securities accounts maintained by such Relevant Participants for such clients. Subject to the Applicable Laws, title to Beneficial Interests held by Relevant Participants directly through the CSD will be freely transferable and will pass on transfer thereof by book entry (whether electronic or otherwise) in the central securities accounts maintained by the CSD for such Relevant Participants. Beneficial Interests may be transferred only in accordance with the Applicable Procedures.

Beneficial Interests may be exchanged for SA Notes represented by Individual Certificates in accordance with Condition 14.2 (*Transfer of Notes represented by Individual Certificates*).

Records of payments, trust and voting

Neither the Issuer nor the Paying Agent 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. Neither the Issuer nor the Paying Agent nor the relevant Transfer Agent will be bound to record any trust in the relevant Register or to take notice of or to accede to the execution of any trust (express, implied or constructive) to which any Note may be subject. Holders of Beneficial Interests vote in accordance with the Applicable Procedures.

Listed NAM Notes

Notes listed and settled on the NSX

Each Tranche of NAM Notes which is listed on the NSX will be issued, cleared and settled, in accordance with the NSX listing requirements and settlement procedures, by the Issuer (who will act as Settlement Agent) in conjunction with the NSX Sponsor and the relevant Transfer Agent.

Where a Tranche of Notes is to be listed on the NSX pursuant to the NSX listing requirements and settlement procedures:

- (a) prior to the Issue Date:
 - (i) submit an application for the allotment of an ISIN code;
 - (ii) the Issuer or the relevant Transfer Agent will cause the Individual Certificate(s) representing the Notes to be executed, issued and delivered to the Settlement Agent; and
 - (iii) the Issuer and the relevant Dealer will provide the Settlement Agent with delivery and receipt instructions for the subscription and payment for the Notes;
- (b) on the Issue Date:
 - (i) the Settlement Agent will deliver the Individual Certificate to the Noteholder against payment of the Issue Price; and
 - (ii) the relevant Transfer Agent will reflect the Noteholder's name in the relevant Register on receipt of the payment of the Issue Price.

Unlisted SA Notes and/or NAM Notes

Each Tranche of unlisted Notes will be issued in registered certificated form and will be represented by one or more Individual Certificates. Unlisted Notes will be settled by the relevant Settlement Agent in conjunction with the relevant Transfer Agent, if applicable.

- (a) Where a Tranche of unlisted Notes is to be issued:

- (i) prior to the Issue Date:
 - (ii) the Issuer or the relevant Transfer Agent will cause the Individual Certificate(s) representing the Notes to be executed, issued and delivered to the relevant Settlement Agent;
 - (iii) the Issuer and the relevant Dealer will provide the relevant Settlement Agent with delivery and receipt instructions for the subscription and payment of the Notes;
- (b) on the Issue Date:
- (i) the relevant Settlement Agent will deliver the Individual Certificate to the Noteholder against payment of the Issue Price;
 - (ii) the relevant Transfer Agent will reflect the Noteholder's name in the relevant Register on receipt of the payment of the Issue Price.

Payments of all amounts payable in respect of the Notes will be made to the person named as the registered Noteholder of such Notes in the Register at 17h00 (Johannesburg time or Windhoek time, as the case may be) on the Last Day to Register. Title to Notes represented by Individual Certificates will pass upon registration of transfer in accordance with Condition 14.2 (*Transfer of Notes represented by Individual Certificates*).

BESA Guarantee Fund Trust

The holders of SA Notes that are not listed on the JSE will have no recourse against the JSE or the BESA Guarantee Fund Trust. Claims against the BESA Guarantee Fund Trust may only be made in respect of the trading of the SA Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the BESA Guarantee Fund Trust. Unlisted SA Notes and or NAM Notes are not regulated by the JSE.

Notes listed on any Financial Exchange(s) other than (or in addition to) the Interest Rate Market of the JSE or the NSX, as the case may be.

Each Tranche of Notes which is listed on any Financial Exchange(s) other than (or in addition to) the Interest Rate Market of the JSE and/or the NSX 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 Notes which is listed on any Financial Exchange(s) (other than or in addition to the Interest Rate Market of the JSE or the NSX, as the case may be) will be specified in the Applicable Pricing Supplement.

SUBSCRIPTION AND SALE

Capitalised terms in this section headed "Subscription and Sale" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or clearly inappropriate from the context.

The Dealers have in terms of the programme agreement dated 12 November 2013, as may be amended, supplemented or restated from time to time (the **Programme Agreement**), agreed with the Issuer a basis upon which they may from time to time agree to subscribe for Notes or procure the subscription of the Notes.

Selling restrictions

South Africa

The Dealer(s) has (or will have) represented, warranted and agreed that it (i) will not offer Notes for subscription, (ii) will not solicit any offers for subscription for or sale of the Notes, and (iii) will itself not sell or offer the Notes in South Africa in contravention of the South African Companies Act, South African Banks Act, South African Exchange Control Regulations and/or any other Applicable Laws and regulations of South Africa in force from time to time.

Prior to the issue of any Tranche of Notes under the Programme, the Dealer(s) who has (or will have) agreed to place that Tranche of Notes will be required to represent and agree that it will not make an "offer to the public" (as such expression is defined in the South African Companies Act, and which expression includes any section of the public) of Notes (whether for subscription, purchase or sale) in South Africa. This Programme Memorandum does not, nor is it intended to, constitute a prospectus prepared and registered under the South African Companies Act.

Offers not deemed to be offers to the public

Offers for subscription for, or sale of, Notes are not deemed to be offers to the public if:

- (a) made to certain investors contemplated in section 96(1)(a) of the South African Companies Act; or
- (b) the total contemplated acquisition cost of Notes, for any single addressee acting as principal, shall be equal to or greater than ZAR1,000,000, or such higher amount as may be promulgated by notice in the Government Gazette of South Africa pursuant to section 96(2)(a) of the South African Companies Act.

Information made available in this Programme Memorandum should not be considered as "advice" as defined in the South African Financial Advisory and Intermediary Services Act, 2002.

Namibia

Each Dealer has (or will have) represented, warranted and agreed that it (i) will not offer Notes for subscription, (ii) will not solicit any offers for subscription for or sale of the Notes, and (iii) will itself not sell or offer the Notes in Namibia in contravention of the Namibian Companies Act, the Namibian Banking Institutions Act, the Namibian Exchange Control Regulations and any other Applicable Laws of Namibia in force from time to time. This Programme Memorandum does not, nor is it intended to, constitute a "prospectus" (as contemplated in the Namibian Companies Act) and each relevant Dealer will represent and agree that, in relation to the placing of the relevant Tranche(s) of Notes, it will not make an "offer to the public" (as such expression is defined in the Namibian Companies Act) of any such Notes (whether for subscription, purchase or sale).

In terms of the Namibian Stock Exchanges Control Act, 1985 (the **Stock Exchanges Control Act**), no Person may carry on the business of buying and selling securities in Namibia unless such Person is either a registered banking institution (within the meaning of the Namibian Banking Institutions Act) or a registered stock broker. The term "securities" includes debentures and treasury bills issued by the Republic of Namibia. Accordingly, any Person engaging in the business of buying or selling the Notes in Namibia may be required to register as a stock broker in terms of the Stock Exchanges Control Act.

United States

The Notes have not been and will not be registered under the United States Securities Act of 1933, (the **Securities Act**) and may not be offered or sold within the United States or to, or for the account of or benefit of, U.S. Persons except in certain transactions exempt from the registration requirements

of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Prior to the issue of any Tranche of Notes under the Programme, each Dealer who has (or will have) agreed to place that Tranche of Notes will be required to represent and agree that:

- (a) the Notes in that Tranche have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account of or benefit of, U.S. Persons except in certain transactions exempt from the registration requirements of the Securities Act;
- (b) it has not offered, sold or delivered any Notes in that Tranche and will not offer, sell or deliver any Notes in that Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 (forty) days after completion of the distribution, as determined and certified by the Dealer or, in the case of an issue of such Notes on a syndicated basis, the relevant Lead Manager, of all Notes of the Series of which that Tranche of Notes is a part, within the United States or to, or for the account or benefit of, U.S. Persons;
- (c) it will send to each dealer to which it sells any Notes in that Tranche during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of such Notes within the United States or to, or for the account or benefit of, U.S. Persons; and
- (d) it, its Affiliates and any Persons acting on its or any of its Affiliates behalf have not engaged and will not engage in any directed selling efforts in the United States (as defined in Regulation S under the Securities Act) with respect to the Notes in that Tranche and it, its Affiliates and any Persons acting on its or any of its Affiliates' behalf have complied and will comply with the offering restrictions requirements of Regulation S.

Until 40 (forty) days after the commencement of the offering of a Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the Securities Act.

European Economic Area

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

- (a) in the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Relevant Member State in accordance with the Prospectus Directive and/or, where appropriate, published in another Relevant Member State and notified to the competent authority in that Relevant Member State in accordance with Article 18 of the Prospectus Directive and ending on the date which is 12 (twelve) months after the date of such publication;
- (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 (one hundred) or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 (one hundred and fifty), natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "*offer of Notes to the public*" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of

sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “*Prospectus Directive*” means Directive 2003/71/EC (and amendments thereto including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression “*2010 PD Amending Directive*” means Directive 2010/73/EU.

United Kingdom

Prior to the issue of any Tranche of Notes under the Programme, each Dealer who has (or will have) agreed to place that Tranche of Notes will be required to represent and agree that:

- (a) in relation to any of the Notes in that Tranche 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 of such 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 such Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act, 2000 (the **FSMA**) by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an 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 of the Notes in that Tranche in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any of the Notes in that Tranche in, from or otherwise involving the United Kingdom.

General

Prior to the issue of any Tranche of Notes under the Programme, each Dealer who has (or will have) agreed to place that Tranche of Notes will be required to agree that:

- (a) it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in each jurisdiction in which it purchases, subscribes or procures the subscription for, offers or sells Notes in that Tranche or has in its possession or distributes the Programme Memorandum and will obtain any consent, approval or permission required by it for the purchase, subscription, offer or sale by it of Notes in that Tranche under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, subscription, offers or sales;
- (b) it will comply with such other or additional restrictions as the Issuer and such Dealer agree and as are set out in the Applicable Pricing Supplement.

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

TAXATION

Capitalised words used in this section headed "Taxation" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or clearly inappropriate from the context.

The comments below are intended as a general guide to the relevant tax laws of South Africa and Namibia 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.

South Africa

Withholding Tax

Under current taxation law in South Africa, all payments made under the SA Notes to resident and non-resident Noteholders will be made free of withholding or deduction for or on account of any taxes, duties, assessments or governmental charges in South Africa.

The withholding tax on interest was introduced into the South African Income Tax Act by the South African Taxation Laws Amendment Act, 2010 (the **TLAA**) and, in terms of the TLAA, withholding tax on interest was to come into effect on 1 July 2013 and will be applicable in respect of interest that accrues, or interest that was paid or that becomes due and payable on or after 1 July 2013. It is proposed in the TLAA that the withholding tax will be imposed at the rate of 15 (fifteen) percent of the amount of any interest that is paid by any person to or for the benefit of any foreign person to the extent that such amount of interest is from a South African source in terms of the South African Income Tax Act. For the purposes of withholding tax, a "foreign person" is defined as any person that is not a resident. Accordingly, to the extent that any interest is paid to Noteholders who are South African tax residents, withholding tax will not apply.

In the 2013 Budget Speech, the South African Minister of Finance announced that the effective date for the introduction of interest withholding tax will be postponed until 1 March 2014. Should this amendment be made to the current South African Income Tax Act, the interest withholding tax will come into effect on 1 March 2014 and not on 1 July 2013 as proposed in the TLAA. Nevertheless, under the TLAA 2013, it is proposed that the implementation of the interest withholding tax will be 1 January 2015 and will apply to interest received or accrued on or after that date.

In terms of the TLAA, South African sourced interest that is paid to a foreign person in respect of any listed debt will be exempt from the withholding tax on interest. In terms of the legislation, a "listed debt" is a debt that is listed on a recognised exchange as defined in the South African Income Tax Act. Also exempt from the withholding tax on interest is any amount of interest from a South African source paid to a foreign person if firstly such foreign person is a natural person who was physically present in South Africa for a period exceeding 183 days in aggregate during the twelve month period preceding the date on which the interest is paid or secondly to a foreign person who at any time during the twelve month period preceding the date on which the interest is paid carried on business in South Africa through a permanent establishment.

Under the TLAA 2013, it is proposed that the second exemption will apply if the debt claim in respect of which that interest is paid is effectively connected to a permanent establishment of that person in South Africa and that person is registered as a taxpayer in terms of Chapter 3 of the Tax Administration Act.

Documentary requirements exist in order to rely on the latter exemption.

Securities Transfer Tax

The issue, transfer and redemption of the SA Notes will not attract securities transfer tax under the South African Securities Transfer Tax Act, 2007. Any future transfer duties and/or taxes that may be introduced in respect of (or applicable to) the transfer of SA Notes under South African law will be for the account of Noteholders.

Value-Added Tax

No value-added tax (**VAT**) is payable on the issue or transfer of SA Notes. The issue, sale or transfer of SA Notes constitute "*financial services*" as defined in section 2 of the South African Value-Added Tax Act, 1991 (the **SA VAT Act**). In terms of section 2 of the SA VAT Act, the issue, allotment,

drawing, acceptance, endorsement or transfer of ownership of a debt security is exempt from VAT in terms of section 12(a) of that Act.

Commissions, fees or similar charges raised for the facilitation of these services will however be subject to VAT at the standard rate (currently 14 percent), except where the recipient is a non-resident as contemplated below.

Services (including exempt financial services) rendered to non-residents who are not in South Africa when the services are rendered, are subject to VAT at the zero rate in terms of section 11(2)(l) of the SA VAT Act.

Income Tax

Under current taxation law effective in South Africa, a “resident” (as defined in section 1 of the South African Income Tax Act) is subject to income tax on his/her world-wide income. Accordingly, all Noteholders who are “residents” of South Africa will generally be liable to pay income tax, subject to available deductions, allowances and exemptions, on any interest earned pursuant to the SA Notes.

Non-residents of South Africa are subject to income tax on all income derived from a South African source (subject to applicable double taxation treaties). Under current law, interest income is deemed to be derived from a South African source if it is derived from the utilisation or application in South Africa by any person of funds or credit obtained in terms of any form of “interest bearing arrangement”. The SA Notes will constitute an “interest bearing arrangement”. The place of utilisation or application of funds will, unless the contrary is proved, be deemed, in the case of a juristic person, to be that juristic person’s place of effective management. The Issuer has its place of effective management in Namibia as at the Programme Date. Accordingly, if the funds raised from the issuance of any Tranche of SA Notes are applied by the Issuer in South Africa, the interest earned by a Noteholder will be deemed to be from a South African source and subject to South African income tax unless such interest income is exempt from South African income tax under section 10 (1) (h) of the South African Income Tax Act (see below).

Under amendments proposed to be made to section 10(1)(h) of the South African Income Tax Act, any amount of interest which is received or accrued (during any year of assessment) by or to any person that is not a resident of South Africa is exempt from income tax, unless that person:

- (a) is a natural person who was physically present in South Africa for a period exceeding 183 days in aggregate during the twelve-month period preceding the date on which the interest is received or accrued by or to that person; or
- (b) at any time during that year carried on business through a permanent establishment in South Africa.

In terms of the draft Taxation Laws Amendment Bill, 2013 (the TLAB 2013), the implementation of the above amendments to section 10(1)(h) will be delayed until 1 January 2015. It is proposed that section 10(1)(h)(b) be amended to provide that the exemption will not apply where the debt from which the interest arose is effectively connected to a permanent establishment in South Africa if a tax reference number, as defined in the Tax Administration Act, has been allocated to that person. If the TLAB 2013 becomes law, until 1 January 2015, under section 10(1)(h), interest which accrues or is paid to a non-resident will be exempt from South African tax unless that person:

- (a) is a natural person who was physically present in South Africa for a period exceeding 183 days in aggregate during that year; or
- (b) at any time during that year carried on a business through a permanent establishment in South Africa.

The TLAA 2012 amends the provisions of section 10(1)(h) of the South African Income Tax Act as described above, to take into account the introduction of the withholding tax on interest in terms of sections 37I to 37K, and, in terms of current law, the amendment to section 10(1)(h) is due to come into effect from 1 July 2013. It is unclear whether the commencement date of the amendments to section 10(1)(h) will also be delayed to 1 March 2014.

If a Noteholder does not qualify for the exemption under section 10(1)(h) of the South African Income Tax Act, an exemption from or reduction of any South African tax liability may be available under an applicable double taxation agreement. Furthermore, certain entities may be exempt from income tax. Investors are advised to consult their own professional advisers as to whether the interest income

earned on the South African Notes will be exempt under section 10(1)(h) of the South African Income Tax Act or under an applicable double taxation agreement.

Under section 24J of the South African Income Tax Act, broadly speaking, any discount or premium to the Nominal Amount of a SA Note is treated as part of the interest income on the SA Note. Interest income which accrues (or is deemed to accrue) to a Noteholder is deemed, in accordance with section 24J of the South African Income Tax Act, to accrue on a day to-day basis until that Noteholder disposes of the Note or until maturity unless an election has been made by the Noteholder (if the Noteholder is entitled under Section 24J(9) of the South African Income Tax Act to make such election) to treat its SA Notes as trading stock on a mark to market basis. This day to day basis accrual is determined by calculating the yield to maturity and applying it to the capital involved for the relevant tax period. In practice the premium or discount is treated as interest for the purposes of the exemption under section 10(1)(h) of the South African Income Tax Act. With effect from 1 January 2014, the section 24J(9) election is no longer available and with effect from that date, section 24JB will deal with the fair value taxation of financial instruments for certain types of taxpayers.

Capital Gains Tax

Capital gains and losses of residents of South Africa on the disposal of SA Notes are subject to capital gains tax. Any discount or premium on acquisition which has already been treated as interest for income tax purposes, under section 24J of the South African Income Tax Act will not be taken into account when determining any capital gain or loss. If the SA Notes are disposed of or redeemed prior to or on maturity, a gain or loss must be calculated. The gain or loss is deemed to have been incurred or to have accrued in the year of assessment in which the transfer or redemption occurred.

Capital gains tax under the Eighth Schedule to the South African Income Tax Act will not be levied in relation to SA Notes disposed of by a person who is not a resident of South Africa unless the SA Notes disposed of are attributable to a permanent establishment of that person through which a trade is carried on in South Africa during the relevant year of assessment.

Purchasers are advised to consult their own professional advisers as to whether a disposal of SA Notes will result in a liability to capital gains tax.

Definition of Interest

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

Namibia

Income Tax

Interest received by or accrued to any Namibian domestic company or any person who is ordinarily resident in Namibia shall be deemed to have been derived from a source within Namibia, unless the provisions of section 16(1)(r) of the Namibian Income Tax Act apply or relief is provided under a double taxation treaty.

Under section 16(1)(r) of the Namibian Income Tax Act, interest received by or accrued to any Namibian domestic company or any person who is ordinarily resident in Namibia in respect of any loan, deposit, advance, participation bond, debenture or interest bearing security which accrues from a source outside of Namibia shall be exempt from income tax, subject to the conditions prescribed in section 16(1)(r) of the Namibian Income Tax Act being proved to the satisfaction of the relevant authority.

Withholding Tax

In terms of section 34A of the Namibian Income Tax Act, as at the Programme Date, there is levied a withholding tax equal to 10% (ten percent) of any amount of interest (excluding interest on negotiable instruments) accruing to or in favour of any person, other than a Namibian company, from a banking institution registered under the Namibian Banking Institutions Act.

Stamp Duty

Stamp duties of NAD2.00 per every NAD1,000 of the Nominal Amount of the Notes are payable by the Issuer to the Namibian Receiver of Revenue on the original issue of such Notes. On the transfer of the SA Notes, stamp duties of NAD2.00 per every NAD1,000 is payable by the transferee, but is exempted if the instrument of transfer is executed outside of Namibia and the registration of transfer is effected in a branch register kept by the Issuer outside of Namibia and provided that the Permanent Secretary of the Namibian Ministry of Finance (the **Permanent Secretary**) is satisfied that –

- (a) such branch register is kept in a country in which there is a recognised stock exchange;
- (b) the marketable securities which have been issued by the Issuer are of the same kind as the marketable security in respect of which the registration of transfer is effected and are regularly bought and sold on that stock exchange; and
- (c) such branch register is kept solely or mainly for the convenience of investors who are not ordinarily resident in Namibia,

and the Permanent Secretary has notified the Issuer that he or she is so satisfied.

EXCHANGE CONTROL

Capitalised terms in this section headed “Exchange Control” shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or clearly inappropriate from the context.

The information below is intended as a general guide to the position under the Exchange Control Regulations as at the Programme Date. The South African Exchange Control Regulations and the Namibian Exchange Control Regulations are subject to change at any time without notice. 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.

South Africa/Namibia

Non-South African or non-Namibian resident Noteholders and emigrants from the Common Monetary Area

Dealings in the SA Notes and/or NAM Notes and the performance by the Issuer of its obligations under the SA Notes and/or NAM Notes and the Terms and Conditions may be subject to the South African Exchange Control Regulations or Namibian Exchange Control Regulations, as the case may be.

Blocked Rand/Namibian Dollars

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

Any amounts payable by the Issuer in respect of NAM Notes subscribed for or purchased with Blocked Namibian Dollars may not, in terms of Namibian Exchange Control Regulations, be remitted out of Namibia or paid to any non-Namibian bank account unless specific approval is sought and obtained from the Bank of Namibia via the Authorised Dealer concerned.

Emigrants from the Common Monetary Area

Any Individual Certificates issued to Noteholders who are emigrants from the Common Monetary Area will be endorsed “*non-resident*”. Such restrictively endorsed Individual Certificates shall be deposited with an authorised foreign exchange dealer controlling such emigrant’s blocked assets.

In the event that a Beneficial Interest in SA Notes is held by an emigrant from the Common Monetary Area through the SA CSD, the securities account maintained for such emigrant by the Relevant Participant will be designated as a “*emigrant*” account.

Any payments of interest due to a Noteholder who is an emigrant from the Common Monetary Area will be deposited into such emigrant Noteholder’s non-resident Rand or Namibian Dollar account, as the case may be. Only interest amounts are freely transferable from the Common Monetary Area. Payments of principal may only be dealt with in terms of the South African Exchange Control Regulations or Namibian Exchange Control Regulations, as the case may be.

Non-residents of the Common Monetary Area

Any Individual Certificates issued to Noteholders who are not resident in the Common Monetary Area will be endorsed “*non-resident*”. In the event that a Beneficial Interest in SA Notes is held by a non-resident of the Common Monetary Area through the CSD, the securities account maintained for such Noteholder by the Relevant Participant will be designated as a “*non-resident*” account.

It will be incumbent on any such non-resident Noteholder to instruct the non-resident’s nominated or authorised dealer in foreign exchange as to how any funds due to such non-resident in respect of SA Notes or NAM Notes, as the case may be, are to be dealt with. Such funds may, in terms of the South African Exchange Control Regulations and/or the Namibian Exchange Control Regulations, be remitted abroad only if the relevant SA Notes and/or NAM Notes, as the case may be, are acquired with foreign currency introduced into South Africa or Namibia and provided that the relevant Individual

Certificate has been endorsed “*non-resident*” or the relevant securities account has been designated as a “*non-resident*” account, as the case may be.

The Issuer is established and domiciled in Namibia and as such there is no exchange control approval required for the establishment of the Programme.

For the purposes of this section headed “Exchange Control”, Common Monetary Area shall mean South Africa, Lesotho, Namibia and Swaziland.

Other restrictions

Credit-Linked Notes

Any Listed Deliverable Obligations due to a non-resident Noteholder of Credit-Linked Notes may be Delivered (as defined in the ISDA Credit Derivatives Definitions) to such non-resident Noteholder, and any distributions under such Deliverable Obligations and any proceeds due to such non-resident Noteholder on the sale at market value of such Deliverable Obligations may be remitted from the Common Monetary Area. The delivery of any other Deliverable Obligations to a non-resident Noteholder may require the prior approval of the Relevant Exchange Control Authorities in terms of the South African Exchange Control Regulations and the Namibian Exchange Control Regulations.

Foreign Reference Entities and Reference Obligations

The issue of a Tranche of Credit-Linked Notes (or any other Tranche of Notes) which references one or more foreign Reference Entity/ies and/or foreign Reference Obligation/s and/or other foreign asset/s requires the prior written approval of the Exchange Control Authorities in terms of the South African Exchange Control Regulations and the Namibian Exchange Control Regulations.

For the purposes of this section headed “*Credit-Linked Notes*”, Relevant Exchange Control Authority shall mean the Financial Surveillance Department of the South African Reserve Bank and the Exchange Control Division of the Bank of Namibia, as the case may be.

GENERAL INFORMATION

Words used in this section headed "General Information" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

Authorisation

All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of South Africa and Namibia as at the date of this Programme Memorandum have been given for the establishment of the Programme and the issue of SA Notes and/or NAM Notes and for the Issuer to undertake and perform its obligations under the Programme Memorandum and the SA Notes and/or NAM Notes.

Listing

The Programme Memorandum has been approved by the JSE and the NSX on [●] 2013. Notes to be issued under the Programme will be listed on the Interest Rate Market of the JSE or the NSX or any other Financial Exchange(s). Unlisted Notes may also be issued under the Programme Memorandum.

Documents Available

So long as Notes are capable of being issued under the Programme, copies of the documents incorporated under the section headed "*Documents Incorporated by Reference*" will, when published, be available from the registered office of the Issuer and the relevant Transfer Agent as set out at the end of this Programme Memorandum. This Programme Memorandum, any supplement and/or amendment hereto, and the Applicable Pricing Supplement relating to any issue of listed Notes will also be available on the Issuer's website, <http://www.bankwindhoek.com.na>. In addition, this Programme Memorandum, together with any supplement and/or amendment thereto, and any Applicable Pricing Supplements relating to the any issue of listed SA Notes will be filed with the JSE and/or the NSX, as the case may be, which in the case of the JSE, will publish such documents on its website at <http://www.jse.co.za>.

Material Change

As at the Programme Date, and after due and careful enquiry, there has been no material change in the financial or trading position of the Issuer since the date of the Issuer's latest audited financial statements. As at the Programme Date, there has been no involvement by PricewaterhouseCoopers in making the aforementioned statement.

Litigation

Save as disclosed herein, neither the Issuer, nor any of its Subsidiaries is or has been involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had a significant effect on the financial position of the Issuer or its Subsidiaries.

Auditors

PricewaterhouseCoopers has acted as the auditor of the financial statements of the Issuer for the financial years ended 30 June 2011, 2012 and 2013 and, in respect of those years, has issued unqualified audit reports.

Approvals

Notes, the proceeds of which are intended to qualify as Regulatory Capital, to be issued under the Programme are "*debt instruments*" as contemplated by the Namibian Banking Institutions Act. Accordingly, the Issuer requires the consent of the Bank of Namibia in accordance with the Namibian Banking Institutions Act and the regulations thereunder, for permission to issue Notes the proceeds of which are intended to qualify as Regulatory Capital under the Programme. No authorisation is required from the Bank of Namibia to issue unsubordinated Notes.

An investment in the Notes, the proceeds of which are intended to qualify as Regulatory Capital, by a Noteholder, is subject to the risks detailed in the section of this Programme Memorandum headed "*Investor Considerations*".

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