

---

## MACQUARIE BANK LIMITED

(ABN 46 008 583 542)

(incorporated with limited liability in the Commonwealth of Australia)

### STRUCTURED NOTE PROGRAMME

---

#### Issue of ZAR120,000,000 Credit Linked Notes due 22 December 2016

The Issuer has established the Macquarie Bank Limited US\$5,000,000,000 Structured Note Programme ("**Programme**") pursuant to the amended and updated Base Prospectus, dated 14 August 2015, as supplemented by the Supplement, dated 11 November 2015, and as further amended and/or supplemented from time to time ("**Base Prospectus**").

The Inward Listings Supplement, dated 31 March 2015, as amended and/or supplemented from time to time ("**Inward Listings Supplement**") is a supplement to the Base Prospectus and must be read in conjunction with the Base Prospectus and the documents incorporated by reference into the Base Prospectus.

The Inward Listings Supplement as read with the Base Prospectus is a "**Placing Document**" for purposes of the JSE Debt Listings Requirements. The Inward Listings Supplement was approved by the JSE on 27 March 2015.

This document (including Annex 1 hereto entitled "*Additional Terms*") constitutes the applicable Final Terms relating to the issue of the Tranche of SA Notes described herein ("**SA Notes**").

References in these applicable Final Terms to the "**Base Conditions**" are to the Additional Terms and Conditions for Credit Linked Notes (2014 ISDA Credit Derivatives Definitions Version) which are applicable to this Tranche of SA Notes (set out in Annex 7 to the Base Prospectus) as read with the section of the Base Prospectus headed "*Terms and Conditions of the Notes*" ("**Terms and Conditions**").

This Tranche of SA Notes will be issued on and subject to the Base Conditions as read with these applicable Final Terms.

These applicable Final Terms must be read in conjunction with the Inward Listings Supplement. The section of the Inward Listings Supplement headed "*South African Terms and Conditions*" ("**SA Terms and Conditions**") is incorporated by reference into and forms part of these applicable Final Terms.

References in these applicable Final Terms to any "Condition" are to that Condition of the Terms and Conditions. Capitalised terms not defined in these applicable Final Terms shall have the meanings ascribed to them in the SA Terms and Conditions.

If and to the extent that there is any conflict or inconsistency between any of the provisions of these applicable Final Terms (including the SA Terms and Conditions) and any of the provisions of the Base Conditions, the provisions of these applicable Final Terms (including the SA Terms and Conditions) shall prevail.

- |    |  |  |
|----|--|--|
| 1. | Issuer   | Macquarie Bank Limited, Sydney   |
| 2. | a) Series Number   | MBLSA004   |
|    | b) Tranche Number  | 1  |
| 3. | Specified Currency   | ZAR  |
| 4. | Aggregate Nominal Amount   |  |
|    | a) Series:   | ZAR120,000,000   |
|    | b) Tranche:  | ZAR120,000,000   |
| 5. | Inward Listings Amount:  |  |
|    | a) Inward Listings Amount as at the Issue Date:  | ZAR10,000,000,000  |
|    | b) Aggregate Outstanding Nominal Amount of all of the SA Notes issued under the Programme pursuant to the Placing Document as at the Issue Date: | ZAR510,000,000, excluding the aggregate Nominal Amount of this Tranche of SA Notes and any other Tranche/s of SA Notes issued on the Issue Date specified in item (8)(a) below   |
|    | c) Issuer confirmation as to Inward Listings Amount:   | The Inward Listings Supplement will only apply to SA Notes issued under the Programme, pursuant to the Placing Document, in an aggregate Outstanding Nominal Amount which does not exceed ZAR10,000,000,000 (" <b>Inward Listings Amount</b> "). |

The Issuer confirms that the issue of this Tranche of SA Notes

		will not cause the Issuer to exceed the Inward Listings Amount.
6.	Issue Price:	100 per cent. of the Aggregate Nominal Amount
7.	a) Specified Denomination:	ZAR10,000,000
	b) Calculation Amount:	ZAR10,000,000
8.	a) Issue Date and Interest Commencement Date:	18 December 2015
	b) Interest Commencement Date (if different from the Issue Date):	Not Applicable
	c) Listing Date:	Issue Date
9.	Maturity Date:	22 December 2016
10.	Type of SA Notes	Credit Linked Notes
11.	Security:	Unsecured SA Notes
12.	Interest Basis:	Floating Rate
13.	Redemption/Payment Basis:	Credit Linked Redemption
14.	Change of Interest Basis or Redemption/ Payment Basis:	Not Applicable
15.	Put/Call Options:	Not Applicable
16.	Status of the SA Notes:	Senior
17.	Tax gross-up obligation of the Issuer:	Not Applicable (see however item 26 below)

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

18.	Fixed Rate SA Notes:	Not Applicable
19.	Floating Rate SA Notes:	Applicable (subject to the "Interest Payment Condition" provisions set out in Annex 1 hereto entitled "Additional Terms")
	a) Specified Period(s)/Specified Interest Payment Dates:	Quarterly, on the 22 <sup>nd</sup> day of each March, June, September and December in each year, commencing on 22 March 2016 and ending on (and including) the earlier of (a) the Scheduled Maturity Date and (b) the Credit Event Redemption Date or the Early Redemption Date.
	b) Business Day Convention:	Modified Following
	c) Business Day Centre(s):	Johannesburg, London and New York
	d) Manner in which the Rate of Interest and Interest Amount is to be determined:	Screen Rate Determination
	e) Calculation Agent (entity responsible for calculating the Rate of Interest and Interest Amount):	Macquarie Bank Limited
	f) Specified Office of the Calculation Agent:	Level 6, 50 Martin Place, Sydney 2000, New South Wales, Australia
	g) Screen Rate Determination:	Applicable
	<input type="checkbox"/> Reference Rate:	3-month JIBAR, being the average mid-market rate per annum for 3-month deposits denominated in ZAR that appears on the Relevant Screen Page as at the Relevant Time, on the relevant Interest Determination Date, determined by the Calculation Agent; provided that if such average mid-market rate does not appear on the Relevant Screen Page on the relevant Interest Determination Date, the Reference Rate will be determined as if the Issuer and the SA Noteholders had, in respect of the relevant Interest Period, specified JIBAR-Reference Banks as the applicable Reference Rate.

For purposes of the above paragraph:

	<input type="checkbox"/>	"JIBAR-Reference Banks" means the average mid-market deposit rate per annum for 3-month deposits denominated in ZAR quoted by the Reference Banks at approximately 1 hour after the Relevant Time, on the relevant Interest Determination Date, on the basis that the Calculation Agent will request the principal Johannesburg office of each Reference Bank to provide a quotation at approximately 1 hour after the Relevant Time, on the relevant Interest Determination Date, and the Reference Rate will be the arithmetic mean of the rates quoted, unless only one quotation is provided, in which event the Reference Rate will be that rate; and
	<input type="checkbox"/>	"Reference Banks" means three or more major banks in the Johannesburg inter-bank market selected by the Calculation Agent.
	<input type="checkbox"/>	Interest Determination Date(s): The first day of each Interest Period; provided that the first Interest Determination Date shall be the Issue Date
	<input type="checkbox"/>	Relevant Screen Page: Reuters Screen SAFETY page "SF X 3M YIELD" or any successor page
	<input type="checkbox"/>	Relevant Time 11h00 (South African time)
	<input type="checkbox"/>	Rate Multiplier Not Applicable
	h)	ISDA Determination: Not Applicable
	i)	Other Determination: Not Applicable
	j)	Margin: plus 8 basis points per annum
	k)	Minimum Rate of Interest: Not Applicable
	l)	Maximum Rate of Interest: Not Applicable
	m)	Day Count Fraction: Actual /365 Fixed
	n)	Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate SA Notes, if different from those set out in the Terms and Conditions: Not Applicable
20.	Zero Coupon SA Notes:	Not Applicable
21.	Other SA Notes:	Index Linked Interest Notes: Not Applicable FX Linked Interest Notes: Not Applicable Commodity Linked Interest Notes: Not Applicable Fund Linked Interest Notes: Not Applicable

#### PROVISIONS RELATING TO REDEMPTION

22.	Issuer Call:	Not Applicable
23.	Investor Put:	Not Applicable
24.	Automatic Early Redemption:	Not Applicable
25.	Final Redemption Amount of each SA Note:	Not Applicable
26.	Early Redemption Amount(s) of each SA Note payable on Adverse Change in Law (as contemplated in the "Issuer Redemption" provisions set out in Annex hereto entitled "Additional Terms") or on an event of default (as set out in Condition 10) or on an illegality (as set out in Condition 7.9) or following a Currency Event or Cross Border Disruption Event, if applicable (if required or if different from that set out in Condition 7.5) and subject to	ZAR10,000,000 per Calculation Amount (subject to the "Limited Recourse" provisions set out in Annex 1 hereto entitled "Additional Terms")

the special conditions set out in paragraph 31(zz) below:

- |     |  |  |
|-----|--|--|
| 27. | Index Linked Redemption Notes:   | Not Applicable   |
| 28. | FX Linked Redemption Notes:  | Not Applicable   |
| 29. | Commodity Linked Redemption Notes:   | Not Applicable   |
| 30. | Fund Linked Redemption Notes:  | Not Applicable   |
| 31. | Credit Linked Notes  | Applicable. The provisions of Annex 7 (Additional Terms and Conditions for Credit Linked Notes (2014 ISDA Credit Derivatives Definitions Version)) of the Terms and Conditions (" <b>Credit Linked Conditions</b> ") shall apply.<br><br>References in this paragraph 31 below to any "Credit Linked Condition" are to that Condition of the Credit Linked Conditions. |
| a)  | Final Redemption Amount:   | ZAR10,000,000 per Calculation Amount   |
| b)  | Settlement Method:   | Cash Settlement (subject to the "Cash Settlement" provisions set out in Annex 1 hereto entitled "Additional Terms")  |
| c)  | Trade Date:  | 14 December 2015   |
| d)  | Calculation Agent responsible for making calculations and determinations in respect of this Tranche of SA Notes: | Macquarie Bank Limited   |
| e)  | Reference Entity(ies):   | Old Mutual Plc   |
| f)  | Physical Settlement Matrix:  | Not Applicable   |
| g)  | Transaction Type:  | Not Applicable   |
| h)  | Financial Reference Entity   | Not Applicable   |
| i)  | Subordinated European Insurance Terms:   | Not Applicable   |
| j)  | Reference Entity Notional Amount:  | ZAR 120,000,000  |
| k)  | Reference Obligation(s):   | The obligation identified in paragraph (l) below.  |
| l)  | The obligation identified as follows:  |  |
|     | <input type="checkbox"/> Primary Obligor:  | Old Mutual Plc   |
|     | <input type="checkbox"/> Guarantor:  | Not Applicable   |
|     | <input type="checkbox"/> Maturity:   | 19 October 2016  |
|     | <input type="checkbox"/> Coupon:   | 7.125%   |
|     | <input type="checkbox"/> CUSIP/ISIN:   | XS0458316550   |
| m)  | All Guarantees:  | Applicable   |
| n)  | Credit Events:   | Bankruptcy<br>Failure to Pay<br><input type="checkbox"/> Grace Period Extension: Not Applicable<br>Restructuring<br><input type="checkbox"/> Mod Mod R: Applicable<br><input type="checkbox"/> Multiple Holder Obligation: Applicable  |
| o)  | Default Requirement:   | USD 10,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event   |
| p)  | Payment Requirement:   | USD 1,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay  |
| q)  | Sovereign No Asset Package Delivery:   | Not Applicable   |

- r) Credit Event Determination Date: Notice of Publicly Available Information: Applicable  
 Specified Number: 2
- s) Obligation(s):
- Obligation Category Borrowed Money
  - Obligation Characteristics None
  - Additional Obligation(s) None
  - Domestic Currency Notional Amount: Not Applicable
  - Excluded Obligation(s): None
- t) Whether on satisfaction of Conditions to Settlement redemption of this Tranche of SA Notes will be by (a) Cash Settlement, (b) Physical Delivery or (c) Auction Settlement: Conditions to Settlement – Cash Settlement
- u) Accrual of Interest upon Credit Event: Applicable
- v) Merger Event: Credit Linked Condition 12: Not Applicable
- w) Unwind Costs: "Unwind Costs" as defined in Annex 1 to these Final Terms.
- x) Provisions relating to Monoline Insurer as Reference Entity: Credit Linked Condition 15: Not Applicable
- y) Provisions relating to LPN Reference Entities: Credit Linked Condition 16: Not Applicable

***Terms relating to Cash Settlement***

- z) Credit Event Redemption Amount: ZAR10,000,000 per Calculation Amount (subject to the "Limited Recourse" and "Cash Settlement" provisions set out in Annex 1 hereto entitled "Additional Terms")
- aa) Credit Event Redemption Date: Cash Settlement Date (as set out in in Annex 1 hereto entitled "Additional Terms")
- bb) Valuation Date: Not Applicable.
- cc) Valuation Time: Not Applicable.
- dd) Quotation Method: Not Applicable.
- ee) Quotation Amount: Not Applicable.
- ff) Minimum Quotation Amount: Not Applicable.
- gg) Quotation Dealers: Not Applicable.
- hh) Quotations: Not Applicable.
- ii) Valuation Method: Not Applicable.
- jj) Other terms or special conditions: See the provisions set out in Annex 1 hereto entitled "Additional Terms".

***Additional terms relating to Auction Settlement***

- kk) Fallback Settlement Method: Not Applicable
- ll) Business Day Convention: Not Applicable
- mm) Succession Event Backstop Date subject to adjustment in accordance with Business Day Convention: Not Applicable
- nn) Limitation Dates subject to adjustment in accordance with Business Day Convention: Not Applicable

***Terms relating to Physical Delivery***

oo) Physical Settlement Period:	Not Applicable
pp) Accrued Interest on Entitlement:	Not Applicable
qq) Settlement Currency:	Not Applicable
rr) Deliverable Obligations:	Not Applicable
<input type="checkbox"/> Deliverable Obligation Category	Not Applicable
<input type="checkbox"/> Deliverable Obligation Characteristics	Not Applicable
ss) Additional Deliverable Obligation(s):	Not Applicable
tt) Excluded Deliverable Obligation(s):	Not Applicable
uu) Indicative Quotations:	Not Applicable
vv) Cut-Off Date:	Not Applicable
ww) Guaranteed Cash Settlement Amount:	Not Applicable
xx) Delivery provisions for Entitlement if different from Physical Delivery Note Conditions:	Not Applicable
yy) Reference Obligation Only Termination Amount:	Not Applicable
zz) Other terms or special conditions:	None

***Terms relating to Credit Linked Notes to which Emerging Market Redemption provisions are applicable***

aaa) Currency Event:	Not Applicable
bbb) Reference Obligation Disruption Event:	Not Applicable
ccc) Tax Disruption Event:	Not Applicable

32. Physical Delivery Notes: Not Applicable

**GENERAL PROVISIONS APPLICABLE TO THE SA NOTES**

33. Form of SA Notes:	The SA Notes in this Tranche are issued in registered uncertificated form and will be held in the CSD.
34. Payment Day:	Modified Following
35. Financial Centre(s) or other special provisions relating to Payment Days:	Johannesburg
36. Talons for future Coupons or Receipts to be attached (and dates on which such Talons mature):	Not Applicable
37. Details relating to Partly Paid SA Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the SA Notes and interest due on late payment:	Not Applicable
38. Details relating to Instalment SA Notes:	
a) Instalment Amount(s):	Not Applicable
b) Instalment Date(s):	Not Applicable
39. SA Paying Agent:	The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division
a) Specified Office of the Paying Agent:	25 Sauer Street, Johannesburg 2000, South Africa
41. Redenomination applicable:	Not Applicable
42. Other Final Terms:	See the provisions set out in Annex 1 hereto entitled "Additional Terms".

**DISTRIBUTION**

43. Method of distribution: Non-syndicated
44. a) If syndicated, names and addresses of Managers and underwriting commitments: Not Applicable
- b) Date of Subscription Agreement: Not Applicable
- c) Stabilising Manager(s) (if any): Not Applicable
45. If non-syndicated, name of relevant Dealer: Macquarie Securities South Africa Limited
46. Debt Sponsor: The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division
47. Exchange Control Approval: The Issuer has obtained the prior written approval of the Exchange Control Authorities for the issue and listing of this Tranche of SA Notes on the Interest Rate Market of the JSE.
48. Additional selling restrictions: Not Applicable
49. Commercial Paper Regulations: Not Applicable

#### OTHER INFORMATION

50. a) Listing and admission to trading This Tranche of SA Notes will be listed on the Interest Rate Market of the JSE
- b) International Securities Numbering (ISIN) ZAG000132440
- c) Stock Code Number MBLSA4
51. a) Rating of the Issuer as at the Issue Date and the date on which the rating of the Issuer is to be reviewed Standard & Poor's: Long-term rating A/Stable last reviewed in December 2014 and expected to be reviewed in December of 2015
- b) Rating (if any) assigned to this Tranche of SA Notes as at the Issue Date Not Applicable
45. a) Last Day to Register Up until 17h00 (South African time) on 11<sup>th</sup> March, 10<sup>th</sup> June, 12<sup>th</sup> September and 12<sup>th</sup> December of each year until the date of redemption of this Tranche of SA Notes ("**Redemption Date**") being, in each instance, the last date on which the SA Transfer Agent will accept Transfer Forms and record in the Register the transfer of SA Notes in this Tranche represented by Certificates
- b) Books Closed Period The Register will be closed during the 10 (ten) days preceding each Interest Payment Date and the Redemption Date from 17h00 (South African time) on the Last Day to Register until 17h00 (South African time) on the day preceding the Interest Payment Date and the Redemption Date, being the period during which the Register is closed for purposes of giving effect to transfers, redemptions or payments in respect of the SA Notes in this Tranche
- c) Books Closed Date 14<sup>th</sup> March, 13<sup>th</sup> June, 13<sup>th</sup> September and 13<sup>th</sup> December of each year until the Redemption Date
46. SA Transfer Agent The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division
- a) Specified Office of the SA Transfer Agent 25 Sauer Street, Johannesburg 2000, South Africa
48. Use of Proceeds: The proceeds from the issue of this Tranche of SA Notes will be applied by the Issuer for its general corporate purposes

The Issuer accepts full responsibility for the accuracy of the information contained in the Placing Document, these applicable Final Terms, the annual financial reports of the Issuer and any amendments to such annual financial reports, and each supplement to the Inward Listings Supplement and/or the Base Prospectus published by the Issuer from time to time (except as otherwise stated therein).

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

Application is hereby made to list Tranche 1 of Series MBLSA004 of the SA Notes on the Interest Rate Market of the JSE, as from 18 December 2015, under the Macquarie Bank Limited Structured Note Programme pursuant to the Placing Document.



For: Macquarie Bank Limited

By: 

Duly authorised

Date: 16 December 2015

**Stephen Vallely**  
Division Director  
Legal Risk Management

By: 

Duly authorised

Date: 16/12/2015

**Martin Mayne**  
Division Director

## Annex 1 – Additional Terms

### 1. Additional Definitions

- (a) **“Adverse Change in Law”** means any Change in Law applicable to the Issuer (and/or any of its Affiliates), where the Issuer determines in good faith that such Change in Law will or is reasonably likely to have the effect of increasing the cost of the performance by the Issuer under the terms and conditions of the SA Notes (including, without limitation, costs associated with any increase in tax liability, the deductibility of any expense or other adverse effect on the tax position of the Issuer and/or any of its Affiliates);
- (b) **“Change in Law”** means, with respect to any applicable jurisdiction:
- (i) any amendment or proposed amendment to or change or proposed change (including a change in Tax rates) in the laws of such jurisdiction; and/or
  - (ii) any amendment or proposed amendment to or change or proposed change in an official, administrative or judicial interpretation, pronouncement or application of, or practice under, the laws of such jurisdiction; and/or
  - (iii) any official, administrative or judicial interpretation, pronouncement or application of, or practice under, the laws of such jurisdiction which differs in any material respect (as determined by the affected party acting in good faith) from the interpretation, pronouncement, application or practice applying at the Issue Date; and/or
  - (iv) any change or proposed change in the published practice of any Tax, legal or regulatory authority in such jurisdiction; and/or
  - (v) any change or proposed change in the official application, pronouncement or interpretation of, or any execution of or amendment to, any treaty or treaties to which such jurisdiction or political subdivision is a party with South Africa; and/or
  - (vi) any change or proposed change to any accounting standard or generally accepted accounting practice to which the affected party or the group of companies of which it is a member is subject or follows in the preparation and/or presentation of its accounts or financial statements.

provided that for the purposes of this definition:

- (vii) the term “affected party” shall mean that party that is affected by the Change in Law in question or is a member of the group of companies (meaning such party and its affiliates in its country of domicile and/or abroad) which is so affected; and
  - (viii) references to “proposed changes” or “proposed amendments” shall be construed to refer to changes and/or amendments (as the case may be) that are generally accepted by the class of persons who would be affected by such changes and/or amendments to be reasonably imminent (notwithstanding that there may be a formal condition that requires fulfilment before the change and/or amendment becomes effective);
- (c) **“Currency Swap Transaction”** means the transaction concluded by the Issuer or any of its Affiliates for purposes of hedging the ZAR USD currency risk associated with the SA Notes;
- (d) **“Credit Default Swap Transaction”** means the credit default swap transaction in respect of the Reference Obligation concluded by the Issuer or any of its Affiliates for purposes of hedging the credit risk associated with, and return in respect of, the SA Notes, having a floating rate payer calculation amount denominated in ZAR.
- (e) **“Deposit”** means all or a portion of the proceeds of the Issue Price that is held by and/or applied to the operating activities of the Issuer and/or any of its Affiliates or is otherwise applied to asset(s) for purposes of hedging the return in respect of the SA Notes;
- (f) **“Hedge Position”** shall mean the position acquired by the Issuer or any of its Affiliates directly or indirectly which hedges, funds, maintains, or otherwise ensures, the performance of any obligations or the generation of any profit or return contemplated in or connected to the SA Notes comprising of either:
- (i) the Reference Obligation and Currency Swap Transaction; or

- (ii) the Credit Default Swap Transaction, the Currency Swap Transaction and the Deposit; or
- (iii) a combination of the above,

in each case as determined by the Issuer (in its sole and absolute discretion) as an appropriate Hedge Position in relation to the SA Notes;

- (g) "**Taxes**" means, with respect to any applicable jurisdiction, in all present and future taxes, duties, imposts, levies, charges, fees withholdings or deductions of whatever nature imposed, levied, collected, withheld or assessed by, or on behalf of, any governmental, fiscal or other competent authority in relevant jurisdiction and "Tax" and "Taxation" will be construed accordingly;
- (h) "**Unwind Costs**" shall mean all costs, expenses, tax and duties incurred by the Issuer and/or any of its Affiliates and/or agents in connection with the selling, redeeming, unwinding or otherwise disposing of its Hedge Position (including, without limitation, any such costs associated with the selling, redeeming, unwinding or otherwise disposing of any Credit Default Swap Transaction, Currency Swap Transaction and/or Deposit. For the avoidance of doubt, Unwind Costs in respect of the Currency Swap Transaction shall exclude any costs incurred by the Issuer arising from movements in the then current USD / ZAR exchange rate from the rate at which the Currency Swap Transaction was entered into at its inception..

All other capitalised terms used but not defined in this Annex 1 shall have the meaning given to them elsewhere in these applicable Final Terms, the Base Prospectus and/or the Inward Listing Supplement.

## 2. Interest Payment Condition and non-cumulative Interest

- (a) Notwithstanding anything to the contrary elsewhere in these applicable Final Terms, the obligation of the Issuer to pay any amount of Interest on any Specified Interest Payment Date ("**Solvency Determination Date**") shall be conditional upon the market value of the assets of the Issuer not being less than the market value of the liabilities of the Issuer (the "**Interest Payment Condition**"). If an amount of Interest is not paid on an Interest Payment Date on account of the operation of this provision ("**Unpaid Interest**") then, notwithstanding the fact that the Issuer may fulfil the Interest Payment Condition on date occurring after the relevant Solvency Determination Date, the Issuer shall not be (nor become) obliged to pay such amount of Unpaid Interest at any other time under the SA Notes.
- (b) All determinations as to whether the condition stated above has been satisfied shall be made by the Calculation Agent.
- (c) The market value of the Issuer's assets and liabilities shall be determined by the Calculation Agent with reference to the price that, in the reasonable opinion of the Calculation Agent, would be obtained upon a sale of the relevant asset between a willing buyer and willing seller dealing at arm's length in a competitive open market.
- (d) On the Business Day before each Solvency Determination Date, the Calculation Agent shall make the determination as to whether the condition stated above has been satisfied and shall deliver to the Noteholder and the Issuer a written notice only in circumstances where such condition has not been satisfied;
- (e) In the event that the Noteholder disputes any determination by the Calculation Agent of the market value of the assets or liabilities of the Issuer, the Noteholder shall be entitled to require that a determination in respect of such market value be made by an independent auditor agreed to and appointed by both the Issuer and the Noteholder, and, failing such agreement within 2 Business Days after the date of the Noteholder disputing the relevant determination, one of KPMG, PricewaterhouseCoopers, Deloitte or Ernst & Young at the instance of either or both parties. If the Issuer and the Noteholder are unable to agree on the firm to which the dispute is to be referred within 5 Business Days after the expiry of the first 2 Business Day period referred to in this paragraph, then they shall as soon as possible procure that the then President of the South African Institute of Chartered Accountants appoints, at the request of either party, one of KPMG, PricewaterhouseCoopers, Deloitte or Ernst & Young to determine the dispute. The determination of the independent auditor will, in the absence of manifest error, be binding on the Issuer and the Noteholder. If the independent auditor agrees with the determination made by the Calculation Agent, the Noteholder shall bear the costs of such independent auditor. In all other circumstances, the cost will be for the account of the Issuer.

## 3. Limited Recourse

- a) Notwithstanding anything to the contrary elsewhere in these applicable Final Terms, the Issuer's liability in respect of the Credit Event Redemption Amount or the Early Redemption Amount (as the case may be) shall only be

discharged from, and recourse against the Issuer in respect of any such amount is limited to, the net proceeds which the Issuer actually obtains from selling, redeeming, unwinding, settling or otherwise disposing of its Hedge Position.

- b) The Noteholder agrees and acknowledges that it shall not be entitled to take any action or institute proceedings of whatever nature against the Issuer to recover any shortfall in respect of the Credit Event Redemption Amount or the Early Redemption Amount (as the case may be) or to recover any amounts payable by or obtain any performance to be made by the Issuer under or in connection with any shortfall in the Credit Event Redemption Amount or the Early Redemption Amount (as the case may be) or to otherwise enforce any rights of the Noteholder under or arising from any shortfall in the Credit Event Redemption Amount or the Early Redemption Amount (as the case may be), whether by set off or otherwise, or levy any execution or attachment against the assets of the Issuer, except to extent of the recovery of the net proceeds which the Issuer actually obtains from selling, redeeming, unwinding, settling or otherwise disposing of its Hedge Position. For avoidance of doubt, the proceeds which the Issuer actually obtains from selling, redeeming, unwinding or otherwise disposing of its Hedge Position shall be net of Unwind Costs.
- c) The Issuer agrees that it shall, in the course of selling, redeeming, unwinding, settling or otherwise disposing of its Hedge Position, act in commercially reasonable manner and with due regard for the fair market value of the relevant Hedge Position less Unwind Costs (as determined by the Calculation Agent taking into account all factors which the Calculation Agent determines relevant, save that no account shall be taken of the financial condition or creditworthiness of the Issuer which shall be presumed to be able to perform fully its obligations in respect of such SA Notes).

#### 4. Cash Settlement

For purposes of these applicable Final Terms and with reference to Annex 7 (Additional Terms and Conditions for Credit Linked Notes (2014 ISDA Credit Derivatives Definitions Version)) of the Terms and Conditions (being the Credit Linked Conditions):

- (a) the term "**Credit Event Redemption Amount**" set out in Credit Linked Condition 4 (Cash Settlement) shall pursuant to the operation of paragraph 4 of this Annex 1 (and for the avoidance of doubt) be construed to be an amount equal to the lesser of (a) the Credit Event Redemption Amount or the Early Redemption Amount (as the case may be) and (b) the net proceeds which the Issuer actually obtains from selling, redeeming, unwinding, settling or otherwise disposing of its Hedge Position as contemplated by paragraph 3 of this Annex 1; and
- (b) the term "**Credit Event Redemption Date**" set out in Credit Linked Condition 4 (Cash Settlement) shall be 5 Business Days following the Issuer's sale, redemption, unwinding, settling or otherwise disposal of its Hedge Position, which steps shall be taken as soon as reasonably practicable following the occurrence of such Credit Event.

#### 5. Issuer Redemption following the occurrence of an Adverse Change in Law

- a) The Issuer may redeem the Notes, in whole, but not in part, at any time or on any Interest Payment Date (if applicable) at their Early Redemption Amount, together, if appropriate, with accrued interest to (but excluding) the date fixed for redemption, upon or after the occurrence of an Adverse Change in Law.
- b) Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Principal Paying Agent a certificate signed by an authorised officer/person of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and confirming that the Issuer has received an 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.
- c) Notes redeemed pursuant to this paragraph 5 will be redeemed at their Early Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption.
- d) Notice of intention to redeem Notes will be given at least once in accordance with Condition 14 not less than 30 days nor more than 60 days prior to the date fixed for redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the effective date of such change or amendment and that at the time notice of such redemption is given, such obligation to pay such additional amounts remains in effect and cannot be avoided by the Issuer's taking reasonable measures available to it. From and after any redemption date, if monies for the redemption of Notes shall have been made available for redemption on such redemption date, such Notes shall cease to bear interest, if applicable, and the only right of the holders of such Notes and any Receipts or Coupons appertaining thereto shall be to receive payment of the Early Redemption Amount and, if appropriate, all unpaid interest accrued to such redemption date.